This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

HTS Continuing Disclosure Services
A Division of Hilltop Securities
(See "Continuing Disclosure of Information" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated: March 16, 2026

Ratings:
S&P: "AA+"
(See "Other Information - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein.

$29,730,000*
CITY OF EL PASO, TEXAS
(El Paso County)
MUNICIPAL DRAINAGE UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2026

Dated Date: April 15, 2026 **Due: March 1, as shown on Page 2**
Interest to Accrue From Date of Delivery

PAYMENT TERMS . . . Interest on the $29,730,000* City of El Paso, Texas, Municipal Drainage Utility System Revenue Refunding Bonds, Series 2026 (the "Bonds") will accrue from the Date of Delivery (defined below) of the Bonds, will be payable March 1 and September 1 of each year, commencing September 1, 2026, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar (identified below) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Houston, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Texas Government Code, Chapter 1207, as amended ("Chapter 1207"), Texas Government Code, Chapter 1371, as amended ("Chapter 1371"), Texas Government Code, Chapter 1502, as amended ("Chapter 1502"), the City of El Paso, Texas (the "City") home rule charter, and an ordinance authorizing the issuance of the Bonds (the "Bond Ordinance") adopted by the City Council of the City on April 29, 2025. In the Bond Ordinance, the City Council delegated to certain officers of the El Paso Water Utilities (the "El Paso Water Utilities"), pursuant to Chapter 1207 and Chapter 1371, authority to complete the sale of the Bonds. The terms of the sale will be included in a "Pricing Certificate" which will complete the sale of the Bonds (the Bond Ordinance and the Pricing Certificate are jointly referred to as the "Ordinance"). The Bonds are special obligations of the City payable, both as to principal and interest, solely from and, together with the outstanding Previously Issued Bonds (as defined herein) and any Additional Bonds (as defined herein), secured by a first lien on and pledge of the Net Revenues (hereinafter defined) of the City's municipal drainage utility system (the "System"). **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "THE BONDS – Authority for Issuance" and – "Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) refund all of the City's presently outstanding Municipal Drainage Utility System Extendable Commercial Paper Notes, Series A (Tax-Exempt) (the "Refunded ECP Notes"), (ii) refund all of the City's presently outstanding Municipal Drainage Utility System Revenue Bonds, Series 2016 (the "Refunded Bonds" and, together with the Refunded ECP Notes, the "Refunded Obligations"), and (iii) pay costs of issuance of the Bonds. The Refunded ECP Notes were issued to provide interim financing for the construction of System projects. Such projects are completed or in the design or construction phases (see "PLAN OF FINANCING – Purpose - Refunded ECP Notes" and " - Refunded Bonds" and "Schedule I - Schedule of Refunded Bonds" for more information regarding the Refunded Bonds.)

CUSIP PREFIX: 283791- MATURITY SCHEDULE & 9 Digit CUSIP - SEE SCHEDULE ON PAGE 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the underwriters listed below (the "Underwriters") and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel. The opinion of Bond Counsel will be printed on or attached to the Bonds (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by Cantu Harden Montoya LLP, San Antonio, Texas, counsel for the Underwriters.

DELIVERY . . . It is expected that the Bonds will be available for delivery through the services of DTC on or about April 23, 2026 (the "Date of Delivery").

RBC CAPITAL MARKETS **JEFFERIES**

STIFEL **TRB CAPITAL MARKETS**

*Preliminary; subject to change.

MATURITY SCHEDULE* **CUSIP Prefix: 283791 (1)**

Principal Amount	March 1 Maturity	Interest Rate	Initial Yield(2)	CUSIP Suffix(1)	Principal Amount	March 1 Maturity	Interest Rate	Initial Yield(2)	CUSIP Suffix(1)
$ 255,000	2027				$ 995,000	2037			
725,000	2028				1,045,000	2038			
1,100,000	2029				1,095,000	2039			
1,855,000	2030				1,150,000	2040			
1,950,000	2031				1,210,000	2041			
2,045,000	2032				1,270,000	2042			
2,155,000	2033				1,330,000	2043			
2,260,000	2034				1,400,000	2044			
2,385,000	2035				1,470,000	2045			
2,495,000	2036				1,540,000	2046			

(Interest accrues from Date of Delivery)

REDEMPTION. . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. Additionally, the Bonds will be subject to mandatory sinking fund redemption if the Underwriters elect to combine two or more consecutive maturities identified above into one or more term bonds. (See "The Bonds – Optional Redemption").

(1) CUSIP numbers are included solely for the convenience of the owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services which is managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. The City, the Municipal Advisor (as defined herein) and the Underwriters take no responsibility for the accuracy of such numbers.
(2) The Initial Yield represents the initial offering yield to the public which will be determined by the Underwriters and may subsequently be changed by the Underwriters without notice to the City and is the sole responsibility of the Underwriters.

* Preliminary, subject to change.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission ("SEC"), as amended and in effect on the date hereof ("Rule 15c2-12"), this document constitutes an "official statement" of the City with respect to the Bonds that has been deemed "final" by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

This Official Statement, which includes the cover page, maturity schedule, Schedule I, and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Municipal Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide, or cause to be provided, certain information on a continuing basis.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof.

None of the City, the Municipal Advisor, or the Underwriters make any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its Book-Entry-Only System as such information has been provided by DTC.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The information contained in this Official Statement has been furnished by the City, DTC and other sources that are believed to be reliable. No dealer, broker, salesperson, or other person has been authorized by the City or the Underwriters to give any information or to make any representations other than those made herein. Any such other information or representations must not be relied upon as having been authorized. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this document nor the sale of any of the Bonds shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. Neither the SEC nor any state securities commission has passed upon the accuracy or adequacy of this document. Any representation to the contrary is unlawful.

All inquiries relating to this Official Statement and the offering contemplated herein should be directed to the Underwriters. Prospective investors may obtain additional information from the Underwriters or the City which they may reasonably require in connection with the decision to purchase any of the Bonds from the Underwriters.

The yields at which the Bonds are offered to the public may vary from the initial reoffering yields on the inside cover page of this Official Statement. In addition, the Underwriters may allow concessions of discounts from the initial offering prices of the Bonds to dealers and others.

This Official Statement contains "forward-looking" statements within the meaning of section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements (see "OTHER INFORMATION – Forward-Looking Statements Disclaimer" herein).

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The cover page hereof, maturity schedule, this page, Schedule I, and the appendices included herein and any addendum, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds (defined herein) to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE ISSUER..... The City of El Paso, Texas (the "City"), is a political subdivision and municipal corporation of the State of Texas (the "State"), located in El Paso County. The City covers approximately 256 square miles.

THE PUBLIC SERVICE BOARD..... The City's municipal drainage utility system (the "System") is managed by a seven-member Board of Trustees (the "Public Service Board") appointed by the City Council. The Public Service Board has complete authority for the management and operation of the System but has no authority to issue obligations such as the Bonds (see "THE PUBLIC SERVICE BOARD"). The Bonds are issued by the City upon the request of the Public Service Board.

THE BONDS..... The $29,730,000* City of El Paso, Texas, Municipal Drainage Utility System Revenue Refunding Bonds, Series 2026 (the "Bonds") are being issued as serial Bonds maturing March 1 in each of the years 2027 through 2046, inclusive, unless the underwriters listed on the cover page hereof (the "Underwriters") designate two or more consecutive maturities as one or more term bonds (see "THE BONDS - Description of the Bonds" and "The Bonds - Optional Redemption" and –"Mandatory Sinking Fund Redemption").

PAYMENT OF INTEREST ..... Interest on the Bonds will accrue from the date of delivery of the Bonds to the Underwriters, and is payable September 1, 2026, and each March 1 and September 1 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds" and "THE BONDS - Optional Redemption").

AUTHORITY FOR ISSUANCE ..... The Bonds are issued pursuant to the Constitution and general laws of the State, particularly Texas Government Code, Chapter 1207, as amended ("Chapter 1207"), Texas Government Code, Chapter 1371, as amended ("Chapter 1371"), Texas Government Code, Chapter 1502, as amended ("Chapter 1502"), the City's home rule charter, and an ordinance (the "Bond Ordinance") adopted by the City Council of the City on April 29, 2025. In the Bond Ordinance, the City Council delegated to certain officers of El Paso Water Utilities, pursuant to Chapter 1207 and Chapter 1371, authority to complete the sale of the Bonds. The terms of the sale will be included in a "Pricing Certificate," which will complete the sale of the Bonds (the Bond Ordinance and the Pricing Certificate are jointly referred to as the "Ordinance") (see "THE BONDS - Authority for Issuance").

SECURITY FOR THE BONDS ..... The Bonds constitute special obligations of the City, payable, both as to principal and interest, solely from and, together with the outstanding Previously Issued Bonds and any Additional Bonds (each hereinafter defined), secured by a first lien on and pledge of the Net Revenues (hereinafter defined) of the System. **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "THE BONDS - Security and Source of Payment").

REDEMPTION ..... The City reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. Additionally, the Bonds will be subject to mandatory sinking fund redemption if the Underwriters elect to combine two or more consecutive maturities into one or more term bonds. (See "The Bonds – Optional Redemption").

TAX EXEMPTION..... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein.

USE OF PROCEEDS..... Proceeds from the sale of the Bonds will be used to (i) refund all of the City's presently outstanding Municipal Drainage Utility System Extendable Commercial Paper Notes, Series A (Tax-Exempt) (the "Refunded ECP Notes"), (ii) refund all of the City's presently outstanding Municipal Drainage Utility System Revenue Bonds, Series 2016 (the "Refunded Bonds" and, together with the Refunded ECP Notes, the "Refunded Obligations"), and (iii) pay costs of issuance of the Bonds. The Refunded ECP Notes were issued to provide interim financing for the construction of System projects. Such projects are completed or in the design or construction phases (see "PLAN OF FINANCING – Purpose - Refunded ECP Notes" and " - Refunded Bonds" and "Schedule I - Schedule of Refunded Bonds" for more information regarding the Refunded Obligations.)

* Preliminary; subject to change.

RATINGS ..... The Bonds and certain of the presently outstanding Previously Issued Bonds are rated "AA+" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), without regard to credit enhancement. (see "OTHER INFORMATION – Ratings").

BOOK-ENTRY-ONLY SYSTEM ..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter identified) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

PAYING AGENT/REGISTRAR ..... The initial paying agent/registrar is Zions Bancorporation, National Association, Houston, Texas.

PAYMENT RECORD ..... The City has never defaulted in payment of its System revenue bonds.

Fiscal Year Ending 2/28	Estimated City Population [1]	Net Revenue Available For Debt Service		Annual Debt Service Requirements	Coverage of Debt Service
2022	678,415	19,474,100	[2]	9,421,926	2.07 x
2023	677,456	21,565,906		10,522,426	2.05 x
2024	678,958	25,640,481		11,658,959	2.20 x
2025	678,456	28,846,848		14,352,770	2.01 x
2026	681,723	29,997,282	[3]	16,826,555	1.78 x

[1] Information provided by the City.
[2] Restated due to the implementation of GASB 87.
[3] Unaudited for period March 1, 2025, through December 31, 2025.

For additional information regarding the El Paso Water Utilities, please contact:

Mr. Jeffrey Tepsick
Chief Financial Officer
El Paso Water Utilities
1154 Hawkins Blvd.
El Paso, Texas 79925
(915) 594-5527

or

Ms. Maria Fernanda Urbina
Managing Director
Hilltop Securities Inc.
221 N. Kansas, Suite 600
El Paso, Texas 79901
(915) 351-7228

CITY ADMINISTRATION

CITY COUNCIL

Renard Johnson, Mayor
Alejandra Chavez
Josh Acevedo
Deanna Maldonado-Rocha
Cynthia Boyar Trejo
Ivan Niño
Art Fierro
Lily Limón
Chris Canales

THE PUBLIC SERVICE BOARD

Bryan Morris, Chair
Anna Gitter, Vice-Chair
Renard Johnson, Mayor – City of El Paso [1]
Stefanie Block Uribarri, Secretary/Treasurer
Charlie Intebi, Member
Hector Ocaranza, Member
Lane Gaddy, Member

[1] Ex-officio member.

CERTAIN CITY ADMINISTRATIVE STAFF

Dionne Mack	City Manager
Robert Cortinas	Deputy City Manager and CFO
Laura D. Prine	City Clerk
Karla Nieman	City Attorney
Maria Pasillas	Tax Assessor/Collector
Margarita Marin	Deputy CFO - Comptroller

CERTAIN EL PASO WATER UTILITIES ADMINISTRATIVE STAFF

John Balliew, P.E.	President & CEO
Ana Sanchez,	Vice President
Gilbert Trejo P.E.	Vice President
Adam Wickersham	Vice President
Jeffrey Tepsick	Chief Financial Officer
Daniel Ortiz	General Counsel

CONSULTANTS AND ADVISORS (EL PASO WATER UTILITIES)

Auditors	Gibson Ruddock Patterson LLC El Paso, Texas
Bond Counsel	Norton Rose Fulbright US LLP Dallas, Texas
Municipal Advisor	Hilltop Securities Inc. El Paso, Texas

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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$29,730,000*
CITY OF EL PASO, TEXAS
MUNICIPAL DRAINAGE UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2026

INTRODUCTION

This Official Statement, which includes Schedule I and the Appendices hereto, provides certain information regarding the issuance of $29,730,000* City of El Paso, Texas, Municipal Drainage Utility System Revenue Refunding Bonds, Series 2026 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Ordinance (defined herein), except as otherwise indicated herein (see "SELECTED PROVISIONS OF THE BOND ORDINANCE - Definitions").

The City of El Paso, Texas (the "City") is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, including its duly adopted home rule charter (the "Charter") and is authorized by the Charter and by Chapter 1502, Texas Government Code, as amended ("Chapter 1502"), to own, operate and maintain a municipal drainage utility system. The City operates under a City Manager form of government. City Council consists of the Mayor and eight members that serve staggered four-year terms. The Mayor also serves a four-year term. Each elected official may serve no more than two consecutive terms. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2020 Census population for the City was 678,815, an increase of 4.6% over the 2010 Census population of 649,121, while the estimated population for 2026 is 681,723. The City covers approximately 256 square miles.

The City Council has previously established a board of trustees, known as the "Public Service Board" (the "Board" or "PSB"). The PSB is a seven-member board consisting of the Mayor of the City, as an ex-officio, voting member, and six residents of El Paso County, Texas. With the exception of the Mayor, all other trustees are appointed by the City Council and serve staggered four-year terms. The Board has no authority to issue obligations such as the Bonds, but, on March 12, 2025, the Board adopted two resolutions requesting the City to issue the Bonds. The City Council adopted the Bond Ordinance on April 29, 2025.

In June 2007, City Ordinance No. 016668 established a municipal drainage utility system (the "System") for the City. The PSB was given complete management and control of the System, effective March 1, 2008, see "Public Service Board".

There follow in this Official Statement descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Municipal Advisor, Hilltop Securities Inc., El Paso, Texas.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the final Official Statement will be filed with the Municipal Securities Rulemaking Board at www.emma.msrb.org, 1300 I St NW Ste 1000, Washington, DC 20005. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) refund all of the City's presently outstanding Municipal Drainage Utility System Extendable Commercial Paper Notes, Series A (Tax-Exempt) (the "Refunded ECP Notes"), (ii) refund all of the City's presently outstanding Municipal Drainage Utility System Revenue Bonds, Series 2016 (the "Refunded Bonds" and, together with the Refunded ECP Notes, the "Refunded Obligations"), and (iii) pay costs of issuance of the Bonds. The Refunded ECP Notes were issued to provide interim financing for the construction of System projects. Such projects are completed or in the design or construction phases (see "Schedule I - Schedule of Refunded Bonds" for more information regarding the Refunded Bonds.)

REFUNDED ECP NOTES . . . The principal and interest due on the Refunded ECP Notes are to be paid on their scheduled maturity date from funds to be deposited with Zions Bancorporation, National Association, as issuing and paying agent for the Refunded ECP Notes (the "Refunded ECP Notes Paying Agent") pursuant to a deposit agreement (the "Refunded ECP Notes Agreement") between the City and the Refunded ECP Notes Paying Agent. The Ordinance (defined herein) provides that a portion of the proceeds of the sale of the Bonds received from the underwriters listed on the cover page hereof (the "Underwriters"), together with funds contributed by the City, if necessary, will be deposited with the Refunded ECP Notes Paying Agent in an amount sufficient to accomplish the discharge and final payment of the Refunded ECP Notes on their scheduled maturity date. Such funds will be invested by the Refunded ECP Notes Paying Agent pending payment of the Refunded ECP Notes on their maturity date. The Refunded ECP Notes Paying Agent will certify as to the sufficiency of cash deposited with the Refunded ECP Notes Paying Agent pursuant to the Refunded ECP Notes Agreement for the purpose of paying the outstanding principal of and interest on the Refunded ECP Notes.

Upon the refunding of the Refunded ECP Notes, the City will not have any Municipal Drainage Utility System Extendable Commercial Paper Notes, Series A (Tax-Exempt) (the "ECP Notes") outstanding, and the City will have $60,000,000 in available authority to issue ECP Notes (see "DEBT INFORMATION - Anticipated Issuance of ECP Notes").

* Preliminary; subject to change

REFUNDED BONDS . . . The principal and interest due on the Refunded Bonds are to be paid on the redemption date shown on Schedule I hereto (the "Redemption Date") from funds to be deposited with Computershare Trust Company, N.A., the paying agent for the Refunded Bonds (the "Refunded Bonds Paying Agent"), pursuant to a deposit agreement (the "Refunded Bonds Agreement") between the City and the Refunded Bonds Paying Agent. The Ordinance provides that from a portion of the proceeds of the sale of the Bonds received from the Underwriters, and other available funds of the City, if necessary, the City will deposit with the Refunded Bonds Paying Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds on their Redemption Date. The Municipal Advisor or the Refunded Bonds Paying Agent will certify as to the sufficiency of the amounts initially deposited under the Refunded Bonds Agreement to pay the principal of and interest on the Refunded Bonds on their Redemption Date.

By the deposit of the proceeds from the sale of the Bonds and cash, if necessary, with the Refunded Bonds Paying Agent, the City will have effected the defeasance of the Refunded Bonds in accordance with State law, and as a result of such defeasance, the Refunded Bonds will be outstanding only for the purpose of receiving payment from the Refunded Bonds Paying Agent and such Refunded Bonds will not be deemed as being outstanding obligations of the City payable from System revenues nor for the purpose of applying any limitation on the issuance of debt.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds, together with funds contributed by the City, if necessary, will be applied approximately as follows:

Sources of Funds:	
Par Amount of Bonds	$ -
[Net] Reoffering Premium	-
Total Sources of Funds	$ -
Uses of Funds:	
Deposit with Refunded ECP Notes Paying Agent (1)	$ -
Deposit with Refunded Bonds Paying Agent	-
Underwriters' Discount	-
Costs of Issuance/Rounding Amount	-
Total Uses of Funds	$ -

(1) Interest on the Refunded ECP Notes will be paid from System revenues, not Bond proceeds.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated April 15, 2026 and mature on March 1 in each of the years and in the amounts shown in the Maturity Schedule on page two hereof unless redeemed prior to maturity as described herein (see "THE BONDS – Optional Redemption"). Interest on the Bonds will accrue from the date of their delivery to the Underwriters, anticipated to be April 23, 2026, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on March 1 and September 1 of each year, commencing September 1, 2026, until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by Zions Bancorporation, National Association, Houston, Texas, the initial paying agent/registrar (the "Paying Agent/Registrar") to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System" herein).

Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States mail, first class, postage prepaid, to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at their stated maturity or upon earlier redemption upon presentation and surrender to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS - Book-Entry-Only System" herein. If the date for any payment on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State, particularly Texas Government Code, Chapter 1207, as amended ("Chapter 1207"), Texas Government Code, Chapter 1371, as amended ("Chapter 1371"), Chapter 1502, the Charter, and an ordinance adopted by the City Council of the City on April 29, 2025, authorizing the issuance of the Bonds (the "Bond Ordinance"). In the Bond Ordinance, the City Council delegated to certain officers of El Paso Water Utilities, pursuant to Chapter 1207 and Chapter 1371, authority to complete the sale of the Bonds. The terms of the sale will be included in a "Pricing Certificate," which will complete the sale of the Bonds (the Bond Ordinance and the Pricing Certificate are jointly referred to as the "Ordinance").

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are special obligations of the City payable, both as to principal and interest, solely from and, together with certain outstanding System revenue bonds of the City (the "Previously Issued Bonds") and any Additional Bonds (hereinafter defined) which may be issued in the future, secured by a first lien on and pledge of the Net Revenues of the System. "Net Revenues" includes all revenues of every nature received through the operation of the System (except as otherwise provided in the Ordinance), less operation and maintenance expenses. Operation and maintenance expenses means all current expenses of operating and maintaining the System not paid from the proceeds of debt, including contractual payments which under State laws and their provisions are established as operating expenses (see "SELECTED PROVISIONS OF THE BOND ORDINANCE" for a complete definition of "Net Revenues" and "Operating and Maintenance Expenses"). The City has outstanding Previously Issued Bonds secured by and payable from Net Revenues on a parity with the Bonds, as follows:

Dated Date	Outstanding Debt[1][2]	Issue Description
11/15/2009	$ 535,000	Municipal Drainage Utility System Revenue Bonds, Series 2009A
3/15/2016	12,645,000 [3]	Municipal Drainage Utility System Revenue Bonds, Series 2016
10/15/2017	23,500,000	Municipal Drainage Utility System Revenue Improvement & Refunding Bonds, Series 2017
3/15/2021	5,770,000	Municipal Drainage Utility System Revenue Refunding Bonds, Taxable Series 2021
4/1/2021	10,975,000	Municipal Drainage Utility System Revenue Refunding Bonds, Series 2021A
4/1/2022	8,210,000	Municipal Drainage Utility System Revenue Bonds, Series 2022
5/15/2022	22,500,000	Municipal Drainage Utility System Revenue Refunding Bonds, Series 2022A
6/1/2023	21,620,000	Municipal Drainage Utility System Revenue Refunding Bonds, Series 2023
4/1/2024	53,395,000	Municipal Drainage Utility System Revenue Refunding Bonds, Series 2024
4/15/2025	30,345,000	Municipal Drainage Utility System Revenue Refunding Bonds, Series 2025
	$ 189,495,000	

(1) As of March 1, 2026. Reflects the principal payments made by the City on the Previously Issued Bonds on March 1, 2026.
(2) Excludes the up to $60,000,000, from time-to-time outstanding ECP Notes (as defined herein), which are subordinate to the Previously Issued Bonds. The City currently has $20,000,000 in principal amount of outstanding ECP Notes which will be refunded with proceeds of the Bonds (see "DEBT INFORMATION – Anticipated Issuance of ECP Notes").
(3) Includes the Refunded Bonds.

The Bonds are not a charge upon any other income or revenues of the City and **shall never constitute an indebtedness or pledge of the general credit or taxing powers of the City**. The Ordinance does not create a lien or mortgage on the System, except for the pledge of the Net Revenues, and any judgment against the City may not be enforced by levy and execution against any property owned by the City.

RESERVE FUND . . . As additional security, a Reserve Fund is required to be maintained in an amount equal to the lesser of (i) the Average Annual Debt Service (calculated on a Fiscal Year basis) for all Bonds Similarly Secured then Outstanding, as determined on the date each series of Additional Bonds are delivered or incurred, as the case may be, or (ii) the maximum amount in a reasonably required reserve fund that can be invested without restriction as to yield pursuant to Subsection (d) of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder (see "SELECTED PROVISIONS OF THE BOND ORDINANCE").

PLEDGED REVENUES . . . The Net Revenues of the System are irrevocably pledged to the payment of the Bonds, the Previously Issued Bonds and any Additional Bonds. Net Revenues in excess of the amounts described in the immediately preceding sentence shall be transferred in the order of priority, in the manner, and in the amounts set forth in the Ordinance (see "SELECTED PROVISIONS OF THE BOND ORDINANCE").

FEES . . . The City has covenanted in the Ordinance to establish and maintain fees for services supplied by the System which shall produce or yield Net Revenues equal to 1.25 times the Average Annual Debt Service requirements of all Bonds Similarly Secured (see "SELECTED PROVISIONS OF THE BOND ORDINANCE").

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY SINKING FUND REDEMPTION. . In the event any of the Bonds are structured as "term" Bonds at the option of the Underwriters, such term Bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Ordinance, which provisions will be included in the Official Statement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. **If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.**

DEFEASANCE . . . The Ordinance provides that Bonds or any principal amount(s) thereof shall be deemed to have been defeased and discharged when (i) money sufficient to pay in full such Bonds at maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) "Government Obligations" (defined below) shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Obligations shall mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the Bonds on the stated maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. In the event of a defeasance of the Bonds, the City shall deliver a certificate from its Municipal Advisor, the Paying Agent/Registrar, an independent certified public accountant, or another qualified third party concerning the sufficiency of the deposit of cash and/or Government Obligations to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Bonds. The City covenants that no deposit of moneys or Government Obligations will be made under the terms of the Ordinance and no use made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto. The City has the right, subject to satisfying the requirements of (i) and (ii) above, to substitute other Government Obligations for the Government Obligations originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. As used in the Ordinance, the term "Government Obligations" means (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State. Certain officers of El Paso Water Utilities may further limit the permitted Government Obligations in connection with the sale of the Bonds. In the event the City restricts such eligible Government Obligations, the final Official Statement will reflect the new authorized Government Obligations. The foregoing obligations may be in book entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Ordinance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds which have been defeased to maturity for redemption or take any other action amending the terms of such Bonds are extinguished; provided, however, that the right to call Bonds defeased to maturity for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

ADDITIONAL BONDS . . . The City may issue additional revenue obligations payable from the Net Revenues of the System which, together with the Previously Issued Bonds and the Bonds, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the System (the "Additional Bonds"), subject, however, to complying with certain conditions in the Ordinance. See "SELECTED PROVISIONS OF THE BOND ORDINANCE – Additional Covenants - Additional Bonds" for terms and conditions to be satisfied for the issuance of Additional Bonds.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The City and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participant to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tender defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, the Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to DTC is the responsibility of the City, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, physical Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Bonds will be printed and delivered.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Municipal Advisor or the Underwriters.

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM. In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE BONDS – Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Houston, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event use of the Book-Entry-Only System should be discontinued, the Bonds will be printed and delivered to the registered owners thereof, and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS – Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the month preceding such interest payment date.

In the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new Record Date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

AMENDMENTS . . . The City may amend the Ordinance without notice to or the consent of any owner of the Bonds or any other Previously Issued Bonds solely for any one or more of the following purposes: (1) to add to the covenants and agreements of the City contained in the Ordinance, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the City in the Ordinance; (2) to cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in the Ordinance, upon receipt by the City of an opinion of nationally recognized bond counsel, that the same is needed for such purpose, and will more clearly express the intent of the Ordinance; (3) to supplement the security for the Bonds, replace or provide additional credit facilities, or change the form of the Bonds or make such other changes in the provisions of the Ordinance as the City may deem necessary or desirable and which shall not, in the judgment of the City, materially adversely affect the interests of the owners of the outstanding Bonds; (4) to make any changes or amendments requested by any bond rating agency then rating or requested to rate Bonds Similarly Secured, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the City, materially adversely affect the interests of the owners of the outstanding Bonds Similarly Secured; or (5) to make such other changes in the provisions of the Ordinance as the City may deem necessary or desirable and which shall not, in the judgment of the City, materially adversely affect the interests of the owners of outstanding Previously Issued Bonds.

In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding, amend, add to, or rescind any of the provisions of the Ordinance which may be deemed necessary or desirable by the City; except that, without consent of the registered owners of all of the outstanding Bonds, no such amendment, addition or rescission may (1) make any change in the maturity of the outstanding Bonds, (2) reduce the rate of interest borne by outstanding Bonds, (3) reduce the amount of the principal payable on outstanding Bonds, (4) modify the terms of payment of principal of or interest on the outstanding Bonds, or impose any conditions with respect to such payment, (5) affect the rights of the owners of less than all Bonds then outstanding; or (6) change the minimum percentage of the outstanding principal amount of Bonds necessary for consent to such amendment.

BONDHOLDERS' REMEDIES . . . In addition to all the rights and remedies provided by the laws of the State, the City covenants and agrees in the Ordinance that in the event the City (a) defaults in payments to be made to the Interest and Sinking Fund or the Reserve Fund as required by the Ordinance, or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Ordinance, the Owner or Owners of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the City and its officers to observe and perform any covenant, condition or obligation prescribed in the Ordinance. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. The enforcement of such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interests of the bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and financed by, the registered owners.

The Texas Supreme Court ruled in Wasson Interests, Ltd. V. City of Jacksonville, 489 S.W. 3d 427 (Tex. 2016) ("Wasson") that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. The Texas Supreme Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in Tooke v. City of Mexia, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Bonds may not be able to bring such a suit against the City for breach of the Bonds or Ordinance covenants. Chapter 1371, which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its obligations. The City has relied upon Chapter 1371 in connection with the issuance of the Bonds, but the City has not waived sovereign immunity. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property.

The enforcement of a claim for payment of principal of or interest on the Bonds and the City's other obligations with respect to the Bonds are subject to the applicable provisions of the federal bankruptcy laws and to any other similar laws affecting the rights of creditors of political subdivisions generally. The City may seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Should the City become a debtor in a Chapter 9 bankruptcy proceeding, the owners of the Bonds would continue to have a lien on Net Revenues after the commencement of the bankruptcy case so long as the Net Revenues constitute "special revenues" within the meaning of the Bankruptcy Code. "Special revenues" are defined under the Bankruptcy Code to include, among other things, receipts by local governments from the ownership, operation or disposition of projects or systems that are primarily used to provide utility services. While the Net Revenues appear to be "special revenues," no assurance can be given that a court would not determine otherwise. Bankruptcy courts are courts of equity and as such have broad discretionary powers. If Net Revenues do not constitute "special revenues," there could be delays or reductions in payments by the City with respect to the Bonds.

If the City were to become a debtor in a proceeding under Chapter 9, the automatic stay of section 362 of the Bankruptcy Code would be applicable to the City's proceedings, subject to certain possible exceptions. For example, the proceeding should not operate to stay application of pledged "special revenues" to the payment of indebtedness secured by such revenue. However, although the automatic stay has historically been understood not to stay the collection and application of such "special revenues" to payment of bonds secured by such special revenues, the bankruptcy court could possibly decide that (i) post-bankruptcy Bond payments by the City are merely optional and not mandatory under the special revenues provisions of the Bankruptcy Code and/or (ii) the automatic stay exception for special revenues in those provisions does not apply (including to possible enforcement actions by the owners of the Bonds) or is limited to amounts then in the possession of the owners of the Bonds. If the bankruptcy court were to interpret the Bankruptcy Code in that (or a similar) fashion, the parties to the proceeding may thus be prohibited from taking any action to collect the Net Revenues, or to enforce any related obligation connected with the Bonds, without the bankruptcy court's permission.

Regardless of any specific determinations by a bankruptcy court in a City bankruptcy proceeding, the mere filing by the City for bankruptcy protection likely would have a material adverse effect on the marketability and market price of the Bonds. In addition, there may be delays or reductions in payments on the Bonds in a Chapter 9 proceeding, especially if the City does not voluntarily pay debt service on the Bonds as and when required by the Ordinance.

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THE PUBLIC SERVICE BOARD

In the ordinances authorizing the outstanding Previously Issued Bonds and the Bonds, the City has delegated the complete authority and control of the management and operation of the System, during such time as any of such bonds are outstanding and unpaid, to the Board.

MEMBERSHIP . . . The Board consists of seven citizens of the United States of America residing in El Paso County, Texas. The Mayor of the City is an ex-officio, voting member of the Board. The remaining six members of the Board are named by the City Council for four-year terms.

TERM OF OFFICE AND FILLING OF VACANCIES . . . Each member of the Board serves for a term of four years, with such terms beginning as specified by the City Council Resolution appointing the member. Board members serve no more than two consecutive terms. A Board member whose term has expired serves until his or her successor qualifies and is appointed or until thirty days have passed, whichever occurs first. All vacancies in membership, whether occasioned by expiration of office or otherwise, are filled by appointment of the majority vote of the City Council from a slate of three persons eligible to serve as Board members and presented to the City Council by the Chair of the PSB Nominating Committee (the "Committee"). The Committee is chaired by the Mayor of the City and is comprised of the Board and such additional members as appointed by the City Council. If the City Council rejects all three names, three others are submitted in like manner, and so on until an appointment is made.

ORGANIZATION OF THE BOARD . . . The Board shall elect one of its own members as Chairman and one as Vice-Chairman and appoint a Secretary and a Treasurer or a Secretary-Treasurer, who may, but need not, be a member or members of the Board. The Board makes such regulations and by-laws for the orderly handling of its affairs as it sees fit.

POWERS AND DUTIES . . . The Board has complete authority and control of the management and operation of the System and the expenditure and application of its revenues and operates and manages the System with the same freedom and in the same manner as a board of directors of a private corporation operating properties of a similar nature. The Board elects or appoints all officers and employees which it may consider desirable. The Board has no authority to issue obligations such as the Bonds, or to convey real property; those rights are reserved to the City and the City Council.

Effective March 1, 2008, the PSB was given complete management and control of the System. The PSB's drainage functions are funded by a fee that appears on its customers' monthly water and wastewater bills. **Such fees are accounted for separately from revenues generated from the operation of the City's water and wastewater utility system. Revenues from the City's water and wastewater utility system which is also managed by the PSB are not revenues of the System and are not pledged to pay debt service on the Bonds, the Previously Issued Bonds or any Additional Bonds.**

THE MUNICIPAL DRAINAGE UTILITY SYSTEM

HISTORY OF THE STORMWATER UTILITY . . The City experienced extreme flooding in 2006, during a violent rainstorm ("Storm 2006"). The City was not prepared and the stormwater system had not been well maintained. Some storm drainage trunk lines, pump stations, channels and culverts were undersized, and some were in need of major maintenance or repair. As a result, stormwater runoff damaged much of the City's infrastructure. Estimates are that the damage to public and private property totaled more than $250 million.

The City conducted an assessment of stormwater management and organization following Storm 2006. The assessment found that City stormwater needs had not been adequately funded, and stormwater management, currently shared by several departments, would be better served by a centralized organization. Previously, stormwater services were funded by the City's general fund. However, the assessment report recommended establishing a separate user fee to fund stormwater management functions and the City Council agreed. As a result, the City decided that it would create the System as a stand-alone and self-sufficient utility.

On June 19, 2007, the City of El Paso adopted Ordinance #016668 establishing the System. The ordinance states the following:

- The Public Service Board – El Paso Water Utilities shall have complete authority and control of the management and operation of the System on behalf of the City. The System is necessary and essential to ensure that the management and control of the stormwater runoff adequately protects the health, safety, and welfare of the citizens of the City. El Paso Water Utilities ("EPWater") assumed full responsibility and control of the System, and began billing drainage fees to fund the operating and capital expenses of the System, as of March 1, 2008. City personnel, equipment, and all assets of the System including infrastructure and land were transferred to EPWater.

- EPWater to prepare a Master Stormwater Management Plan (the "Stormwater Plan") which was approved by the City Council and took effect in March of 2009. In developing the Stormwater Plan, the Board considered the use of open space as natural drainage and to the extent reasonably possible to preserve the City's open spaces, greenways, arroyos, and wilderness areas in their natural state.

- The Board shall also allocate an amount equal to 10% of the System's annual drainage utility fee revenues for Open Space and Green Projects which have the potential dual purposes of stormwater management and preservation of the City's open spaces, greenways, arroyos, and wilderness areas. Since March 1, 2008 through December 31, 2025, $42,004,205 has been set aside from 10% of revenues for Green Projects and as of December 31, 2025, $33,916,598 has been spent including the following purchases:

- 202.658 acres for $2,465,000 on March 31, 2010,
- 140.799 acres for $2,949,000 on July 14, 2015,
- 69.63 acres for $1,669,000 on November 6,2015,
- 152.66 acres for $2,000,000 in May 2018,
- 1,107 acres for $11,300,000 on July 23, 2019,
- 1,056 acres for $14,044,800 on July 3, 2021, of which four payments totaling $7,000,000 have been made and the remainder to be paid back within five years,
- 68.8 acres for $2,255,658 in August 2024 and,
- Eight Park-Pond Conversions throughout the City for $1,800,000

- A drainage utility fee is imposed on each improved parcel within the City for services and facilities provided by the System, except as to exemptions provided for by law or by the ordinance. At least once a year the Board shall present to the City Council a report on the status of the System.

- Requires that the revenues collected from drainage utility fees must be segregated and completely identifiable from other City or EPWater accounts.

- Adopted a debt service coverage ratio of 1.25 times the Average Annual Debt Service (as defined in the Bond Ordinance) for all bonds secured by a first lien on and pledge of the Net Revenues of the System which is included in the bond ordinances for such bonds.

FACILITIES . . . Following Storm 2006, an evaluation identified extensive damage to the stormwater system. The City began repairing the most severely damaged items and EPWater is responsible for the remaining projects, as well as the operation and maintenance of the System and the construction projects needed to reach an adequate level of service.

EPWater is responsible for operating and maintaining the following stormwater facilities:

- 22 stormwater pump stations
- 482 ponds comprising 1,820 acres
- 37 dams and basins comprising 1,875 acres
- 75 miles of channels
- 19 miles of agricultural drains
- 365 miles of storm drain conduits
- 8,039 storm drain drop inlets

TABLE 1 – CURRENT DRAINAGE FEES (EFFECTIVE MARCH 1, 2026)

RESIDENTIAL PROPERTIES (INCLUDING DUPLEXES AND TRIPLEXES)[1]:

Residential Category	Impervious Area (Square Feet)	Stormwater Monthly Charge
Extra Small	0 - 900	$ 3.00
Small	901 - 1,200	$ 3.71
Typical	1,201 - 3,000	$ 7.42
Large	3,001 - 4,000	$ 14.81
Extra Large	Over 4,001	$ 18.55

[1] On January 8, 2026, the Board approved two new categories for extra-small and extra-large residential customers with fees of $3.00 and $18.55 respectably, no fee changes to the other categories in the stormwater fee, effective March 1, 2026.

Residential properties may be assigned to the Extra Small, Small, Typical, Large or Extra Large category using data obtained from the El Paso Central Appraisal District, the Board's GIS database, or any other source deemed reasonable by the Board.

STORMWATER CHARGE FOR NON-RESIDENTIAL

Non-residential properties shall include apartments, quadruplexes, commercial, industrial customers, and any other customer class not designated as residential but excluding those subject to mandatory exemption. Non-residential properties shall be charged for their estimated impervious square footage on a per Equivalent Residential Unit ("ERU") basis. The ERUs shall be determined by dividing the property's estimated impervious square footage by 2,000 square feet. The monthly charge per non-residential ERU is $7.55.

Non-Residential Properties	Units of Measurement	Monthly Fee
All	Each 2,000 sq. ft. of impervious area	$ 7.55

An example of the monthly stormwater bill for a non-residential property is shown below:

Non-residential impervious square footage	20,000 sq. ft.
Equivalent residential unit value	2,000 sq. ft.
Equals calculated ERUs	10 ERUs
Monthly charge (10 ERUs x $7.55/ERU/Mo.)	$75.50

DEBT INFORMATION

TABLE 2 – PRO-FORMA MUNICIPAL DRAINAGE REVENUE DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 2/28	Outstanding Debt Service[1][2]			The Bonds[2]			Grand Total Requirements	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total		
2027	$ 9,697,000	$ 8,279,181	$ 17,976,181	$ -	$ 529,902	$ 529,902	$ 18,506,083	
2028	9,087,000	7,546,001	16,633,001	255,000	1,483,975	1,738,975	18,371,976	
2029	9,482,000	7,134,746	16,616,746	725,000	1,459,475	2,184,475	18,801,221	
2030	9,902,000	6,725,326	16,627,326	1,100,000	1,413,850	2,513,850	19,141,176	
2031	9,162,000	6,328,601	15,490,601	1,855,000	1,339,975	3,194,975	18,685,576	23.70%
2032	9,552,000	5,923,561	15,475,561	1,950,000	1,244,850	3,194,850	18,670,411	
2033	9,855,000	5,499,231	15,354,231	2,045,000	1,144,975	3,189,975	18,544,206	
2034	9,280,000	5,066,206	14,346,206	2,155,000	1,039,975	3,194,975	17,541,181	
2035	9,710,000	4,619,106	14,329,106	2,260,000	929,600	3,189,600	17,518,706	
2036	10,170,000	4,149,281	14,319,281	2,385,000	813,475	3,198,475	17,517,756	51.15%
2037	9,025,000	3,706,081	12,731,081	2,495,000	691,475	3,186,475	15,917,556	
2038	9,445,000	3,281,506	12,726,506	995,000	604,225	1,599,225	14,325,731	
2039	9,880,000	2,840,931	12,720,931	1,045,000	553,225	1,598,225	14,319,156	
2040	10,325,000	2,393,806	12,718,806	1,095,000	499,725	1,594,725	14,313,531	
2041	9,525,000	1,955,031	11,480,031	1,150,000	443,600	1,593,600	13,073,631	76.57%
2042	9,955,000	1,535,453	11,490,453	1,210,000	384,600	1,594,600	13,085,053	
2043	9,445,000	1,119,240	10,564,240	1,270,000	322,600	1,592,600	12,156,840	
2044	7,675,000	738,474	8,413,474	1,330,000	257,600	1,587,600	10,001,074	
2045	6,040,000	449,846	6,489,846	1,400,000	189,350	1,589,350	8,079,196	
2046	1,325,000	311,713	1,636,713	1,470,000	117,600	1,587,600	3,224,313	95.58%
2047	1,365,000	264,000	1,629,000	1,540,000	40,425	1,580,425	3,209,425	
2048	1,420,000	210,125	1,630,125	-	-	-	1,630,125	
2049	1,475,000	153,500	1,628,500	-	-	-	1,628,500	
2050	1,530,000	94,125	1,624,125	-	-	-	1,624,125	
2051	1,590,000	31,875	1,621,875	-	-	-	1,621,875	99.71%
2052	315,000	-	315,000	-	-	-	315,000	
2053	315,000	-	315,000	-	-	-	315,000	100.00%
	$ 186,547,000	$ 80,356,949	$ 266,903,949	$ 29,730,000	$ 15,504,477	$ 45,234,477	$ 312,138,426	

(1) "Outstanding Debt Service" includes all Previously Issued Bonds but does not include the Refunded Bonds or the ECP Notes which are authorized to be outstanding from time to time in a principal amount up to $60,000,000. The City currently has $20,000,000 in principal amount of outstanding ECP Notes which will be refunded with proceeds of the Bonds.
(2) Preliminary, subject to change.

AUTHORIZED BUT UNISSUED REVENUE BONDS

Pursuant to State law, the City is not required to obtain voter approval of the issuance of its revenue bonds through an election. The City may issue Additional Bonds secured by the Net Revenues of the System in accordance with the terms of the Bond Ordinance, as described herein. See "SELECTED PROVISIONS OF THE BOND ORDINANCE." Additionally, the City may issue ECP Notes secured by a subordinate lien on the Net Revenues of the System as described below. The City may issue Additional Bonds to refund ECP Notes issued during the fiscal year ending on February 28, 2027, to the extent necessary. The City anticipates issuing an additional $40,000,000 ECP Notes during the fiscal year ending on February 28, 2027, as described below.

ANTICIPATED ISSUANCE OF ECP NOTES. . . The City Council of the City authorized the "City of El Paso, Texas Municipal Drainage Utility System Extendable Commercial Paper Program" (the "Program") through an ordinance adopted on May 9, 2023 (the "ECP Ordinance"). Pursuant to the Program, the City issues tax-exempt ECP Notes from time to time, in an aggregate principal amount not to exceed $60,000,000, to finance, on an interim basis, capital improvements to the System.

The ECP Ordinance provides that the ECP Notes are secured by and payable only from a lien on and pledge of (i) Net Revenues, subordinate to the lien on and pledge of Net Revenues securing the Previously Issued Bonds, the Bonds, and any Additional Bonds hereafter issued, (ii) the proceeds from the sale of (a) ECP Notes issued to refinance maturing ECP Notes (i.e., "roll") and (b) Additional Bonds issued to refund, retire or defease ECP Notes, and (iii) all amounts in the funds and accounts created or maintained pursuant to the ECP Ordinance and the issuing and paying agent agreement between the City and Paying Agent/ Registrar Zions Bancorporation, National Association. The ECP Ordinance also provides that the ECP Notes are intended to be bond anticipation notes and that the City will undertake its best efforts to issue and deliver Additional Bonds at the times and in the amounts necessary to refinance the ECP Notes at their extended maturity date and apply the proceeds of such bonds to retire the maturing ECP Notes. The City does not reasonably expect to pay principal of the ECP Notes from Net Revenues; however, the Board covenanted in the ECP Ordinance that it will establish and maintain rates for the services supplied by the System which shall produce Gross Revenues sufficient (1) to pay all current operating and maintenance expenses of the System, (2) to produce an additional amount equal to 1.25 times the Average Annual Debt Service (as defined in the ordinances authorizing the Bonds Similarly Secured) requirements of all Outstanding Bonds Similarly Secured for that Fiscal Year, and (3) to make all payments and deposits required to be made into the payment fund for the ECP Notes and produce amounts required to pay all other obligations of the System reasonably anticipated to be paid from Net Revenues during the current fiscal year. The City's debt management policy provides that any ECP Notes will be refunded by issuing Additional Bonds when dictated by economic and business conditions. It is anticipated that an ordinance authorizing Additional Bonds to refinance maturing ECP Notes will be adopted on an annual basis.

The City reserved the right in the ECP Ordinance to enter into a credit agreement to provide liquidity for the ECP Notes; however, as of the date of this Official Statement, the City has not entered into a credit agreement and the ECP Notes are not secured by a liquidity facility.

As of the date of this Official Statement, ECP Notes in the aggregate principal amount of $20,000,000 are outstanding, all of which is expected to be refunded with a portion of the proceeds of the Bonds. The City currently anticipates issuing an additional $40,000,000 in principal amount of ECP Notes during the PSB's fiscal year ending on February 28, 2027.

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EMPLOYEE BENEFIT OBLIGATIONS

PENSION PLANS

The employees of the City and El Paso Water ("EPWater") participate in one of two single-employer defined benefit pension plans: the City Employees Retirement Trust ("CERT") and the Firemen and Policemen's Pension Funds ("FPPF"), which consists of separate divisions for firemen (FPPF-Firemen Division) and policemen (FPPF-Policemen Division). Separate boards of trustees administer these pension plans as described in Note 1 (CERT Board and FPPF Board, respectively) of the City's Annual Comprehensive Financial Report for the Fiscal Year Ended August 31, 2025, which can be accessed at https://www.elpasotexas.gov/office-of-the-comptroller/.

The CERT was established in accordance with authority granted by Chapter 2.64 of the El Paso City Code and is a component unit (fiduciary fund type) of the City. The FPPF was established in accordance with authority granted by Article 6243b of Vernon's Annotated Texas Statutes and is a component unit (fiduciary fund type) of the City. Each pension plan issues stand-alone financial statements that may be obtained from the respective funds' administrative offices.

The total for the City's pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense are as follows:

		FPPF			
	CERT	Firemen Division	Policemen Division	Total	Total Pension Trust Funds
Net Pension Liability	$ 202,936,411	$ 206,969,335	$ 308,297,058	$ 515,266,393	$ 718,202,804
Deferred Outflows of Resources					
Subsequent Contributions	30,867,752	11,246,647	15,120,605	26,367,252	57,235,004
Change in Experience	29,428,207	6,453,744	11,947,076	18,400,820	47,829,027
Change in Assumptions	17,674,984	1,316,117	628,033	1,944,150	19,619,134
Investment Earnings	14,103,830	36,848,009	50,536,205	87,384,214	101,488,044
Deferred Inflows of Resources					
Change in Experience	-	98,244	59,199	157,443	157,443
Pension Expense	25,201,388	26,125,648	39,186,180	65,311,828	90,513,216

The CERT amounts exclude an allocated portion for EPWater (19.9%).

MEMBERSHIP

Membership of each plan as of the measurement date consisted of the following:

	August 31, 2024	December 31, 2024		
	CERT	Firemen Division	Policemen Division	Total FPPF
Retirees and Beneficiaries Receiving Benefits	3,657	848	1,199	2,047
Inactive Plan Members Entitled but not yet receiving benefits	173	6	12	18
Active Plan Members	4,128	912	1,113	2,025
Total	7,958	1,766	2,324	4,090

CITY EMPLOYEES RETIREMENT TRUST

PLAN DESCRIPTION

Substantially, all full-time employees of the City are eligible to participate in the retirement plan, except for uniformed firefighters and police officers who are covered under separate plans. Non-employer contributions are limited to participating employees of the CERT.

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

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

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

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

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 5 years of service receive a refund of their contributions. Participants leaving the Plan with more than 5 years but less than 10 years of service may receive a refund of their 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, or (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 actuarial reduced pension benefit payment 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 0.2083 of 1% of such average for each additional completed or fractional part of a month of service.

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 seven years of service, or (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 payment 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 three-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 cost of living or other increases in retirement benefits.

BASIS OF ACCOUNTING

The accounting policies of the CERT have been established to conform to GAAP for state and local governments as promulgated by authoritative pronouncements issued by the GASB. The CERT is accounted for using an economic resources measurement focus and the accrual basis of accounting.

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

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

In general, the fair value of the underlying securities held in the 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 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 statement 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.

CONCENTRATION OF INVESTMENTS

Concentration of credit risk is the risk of loss attributed to the magnitude of the CERT's investment in a single issuer. The CERT's investment policy does not allow for the investment portfolio to hold more than 10% in any one company. At August 31, 2025, the CERT did not have any single investment in any one organization which represents 5% or more of the fiduciary net position since the portfolio is invested in diversified bank collective investment funds, commingled funds, real estate trusts and private equity partnerships.

CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

Contribution rates for the CERT 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.

Contributions to CERT for the year ended August 31, 2025, were made as follows:

	Amount	Stated Percentage of Covered Payroll
Employer contribution	$ 38,536,521	14.05%
Employee contributions	24,649,953	8.95%
Total contributions	$ 63,186,474	23.00%

ACTUARIAL ASSUMPTIONS:

The total pension liability as of August 31, 2025 was determined based on the September 1, 2024 actuarial valuation for the August 31, 2024 measurement date and rolled forward to the measurement date of August 31, 2025. The results of the actuarial valuation as of September 1, 2024 are consistent with the August 31, 2024 measurement date. The following actuarial assumptions used in the measurement of the total pension liability:

Cost of living benefits increases Inflation	None
Inflation	2.5%
Salary increases	2.5%, average, including inflation
Investment rate of return	7.25%, 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 active and deferred participants are based on the Pub-2010 employee tables with Blue Collar adjustment projected with Scale MP-2021 on a fully generational basis. Mortality rates for healthy retirees and survivors are based on 112% of the Pub-2010 healthy annuitant tables with Blue Collar adjustment (92% of male rates and 100% of female rates) projected with Scale MP-2021 on a fully generational basis. Mortality rates for disabled participants are based on the Pub-2010 Non-safety disabled annuitant table projected with Scale MP-2021 on a fully generational basis.

The actuarial assumptions used in the September 1, 2024 valuation were based on the results of an actuarial experience study performed in 2022.

The long-term expected rate of return on pension fund investments was determined using a buildingblock 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 CERT's target asset allocation as of August 31, 2025 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	6.48%
International equity	6.26%
Fixed income	2.26%
Real estate	4.30%
Private Equity	9.52%

DISCOUNT RATE: The discount rate used to measure the total pension liability was 7.25%. 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 pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB Statement No. 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 5.23% as of August 31, 2025.

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Changes in the total pension liability, plan fiduciary net position and the net pension liability through the respective fiscal years ended, are as follows for CERT and as apportioned to the City and EPWater, as determined by the City at August 31, 2025:

Changes in Net Pension Liability - City Employees Retirement Trust

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 1, 2024	$ 1,195,447,246	$ 914,311,891	$ 281,135,355
Changes for the year:			
Service Cost	21,983,377	-	21,983,377
Interest on Total Pension Liability	85,174,781	-	85,174,781
Benefit Payments	(85,212,114)	(85,212,114)	-
Employer Contributions	-	34,170,525	(34,170,525)
Difference in Expected and Actual Experience	26,896,034	-	26,896,034
Plan Member Contributions	-	21,776,219	(21,776,219)
Net Investment Income (loss)	-	108,547,460	(108,547,460)
Administrative Expense	-	(2,658,478)	2,658,478
Net Changes	48,842,078	76,623,612	(27,781,534)
Balances as of August 31, 2025	$ 1,244,289,324	$ 990,935,503	$ 253,353,821

Changes in Net Pension Liability - City

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 1, 2024	$ 957,553,240	$ 732,363,824	$ 225,189,416
Changes for the year:			
Service Cost	17,608,688	-	17,608,688
Interest on Total Pension Liability	68,225,000	-	68,225,000
Difference in Expected and Actual Experience	21,543,723	-	21,543,723
Benefit Payments	(68,254,903)	(68,254,903)	-
Employer Contributions	-	27,370,591	(27,370,591)
Plan Member Contributions	-	17,442,751	(17,442,751)
Net Investment Income (loss)	-	86,946,515	(86,946,515)
Administrative Expense	-	(2,129,441)	2,129,441
Net Changes	39,122,508	61,375,513	(22,253,005)
Balances as of August 31, 2025	$ 996,675,748	$ 793,739,337	$ 202,936,411

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Changes in Net Pension Liability - EPWater

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 1, 2024	$ 237,894,006	$ 181,948,066	$ 55,945,940
Changes for the year:			
Service Cost	4,374,689	-	4,374,689
Interest on Total Pension Liability	16,949,781	-	16,949,781
Diff in expected and actual experience	5,352,311	-	5,352,311
Benefit Payments	(16,957,211)	(16,957,211)	-
Employer Contributions	-	6,799,934	(6,799,934)
Plan Member Contributions	-	4,333,468	(4,333,468)
Net Investment Income (loss)	-	21,600,945	(21,600,945)
Administrative Expense	-	(529,037)	529,037
Net Changes	9,719,570	15,248,099	(5,528,529)
Balances as of August 31, 2025	$ 247,613,576	$ 197,196,165	$ 50,417,411

SENSITIVITY TO INTEREST RATE CHANGES: The following presents the resulting net pension liability as of August 31, 2024 (measurement date) calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's Net Pension Liability	$ 390,759,825	$ 253,353,821	$137,981,608

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended August 31, 2025, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of $25,201,388 for the City and $6,261,019 for EPWater. The reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the City Employees Retirement Trust in total and as apportioned to the City and EPWater, as determined by the City at August 31, 2025:

City Employees Retirement Trust	Deferred Outflows of of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	$ 36,739,330	$ -
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	17,607,789	-
Change in Assumptions for Pensions	22,066,145	-
Contributions Subsequent to the Measurement Date	38,536,521	-
Total City Employees Retirement Trust	$ 114,949,785	$ -

City	Deferred Outflows of of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	$ 29,428,207	$ -
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	14,103,830	-
Change in Assumptions for Pensions	17,674,984	-
Contributions Subsequent to the Measurement Date	30,867,752	-
Total City	$ 92,074,773	$ -

EPWater	Deferred Outflows of of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	$ 7,311,123	$ -
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	3,503,959	-
Change in Assumptions for Pensions	4,391,161	-
Contributions Subsequent to the Measurement Date	7,668,769	-
Total EPWater	$ 22,875,012	$ -

An amount of $30.9 million reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date but before the end of the City's fiscal year ended, will be recognized as a reduction in the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

Other amounts reported as deferred outflows and inflows of resources to the plan will be recognized in pension expense as follows:

Ending August 31	Total	City	EPWater
2026	$ 16,116,025	$ 12,908,936	$ 3,207,089
2027	43,930,875	35,188,631	8,742,244
2028	11,776,145	9,432,692	2,343,453
2029	1,881,265	1,506,889	374,376
2030	2,708,954	2,169,873	539,081
Total	$ 76,413,264	$ 61,207,021	$ 15,206,243

FIREMEN AND POLICEMEN'S PENSION FUND

PLAN DESCRIPTION

The designated purpose of the FPPF is to provide retirement, death and disability benefits to participants 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.

The FPPF is a defined benefit pension plan covering uniformed firefighters and police officers employed by the City of El Paso. Non-employer contributions are limited to participating employees. The City of El Paso is the only participating employer. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of the legal funding limitations.

The FPPF - Firemen Division is a defined benefit, contributory retirement plan covering uniformed employees of the Fire Department. Participants are required to contribute 18% of their compensation to the FPPF.

The FPPF – Policemen Division is a defined benefit, contributory retirement plan covering uniformed employees of the Police Department. Participants are required to contribute 18% of their compensation to the FPPF.

Under both divisions, membership is mandatory and effective upon commencement of the probationary period. Participant contributions are not refunded if a participant terminates with less than five years of service and all benefits under the FPPF are terminated. Participant contributions (without interest) are refunded upon request if a participant terminates with five or more years of service but less than twenty years of service. All benefits under the FPPF are terminated if contributions are refunded.

The FPPF is maintained under the provisions of Article 6243b of Vernon's Annotated Texas Statutes. All current FPPF provisions are set forth in the City of El Paso Firemen and Policemen's Pension Fund Plan Document. 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.

Benefits are calculated as follows for the Base Plan and Second Tier Plan. Any member originally enrolled on July 1, 2007 or thereafter is automatically enrolled in the Second Tier Plan.

a. Base Plan

Retirement benefits for members with at least 20 years of vested 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 vested service, under the age of 45 are calculated at 2.75% of the member's final wages multiplied by 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 vested service and at least 50 years of age are calculated at 2.75% of the member's final wages multiplied by the member's years of credited service.

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 adjustment ("COLA") is 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.

b. 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.

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.

c. 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, 2024 the DROP payable totaled $91,201,326.

BASIS OF ACCOUNTING

The accounting policies of the Fund have been established to conform to GAAP for state and local governments as promulgated by authoritative pronouncements issued by GASB. The Fund is accounted for on an economic resources measurement focus using the accrual basis of accounting.

VALUATION OF INVESTMENTS

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 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 market value of investments at the beginning versus the end of the year, plus or minus gains or losses realized during the year.

CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

Employee contributions are established by the Board of Trustees and a vote of active participants in accordance with Article 6243b (Act) 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 liability over a forty (30) year period.

SECURITIES LENDING TRANSACTIONS

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. Non-cash collateral must have a market value equal to no less than 102% of the market value of the borrowed securities, or 105% of the borrowed securities if the collateral are denominated in different currencies.

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, 2024, 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, 2024			
Securities Lent	Fair Value of Underlying Securities	Collateral Received	Collateral Investment Value	
Domestic Equities	$ 35,912,800	$ 36,813,359	$ 36,938,512	(a)

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

As of December 31, 2024, the Fund also holds securities collateral that cannot be pledged or sold absent a borrower's default totaling $14,045,582. 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 year ended December 31, 2024 resulting from a default of a borrower or the lending agent.

ACTUARIAL METHODS AND ASSUMPTIONS

The total pension liability was determined by three actuarial valuations as of January 1, 2024 rolled forward to a measurement date of December 31, 2024. The actuarial assumptions included a 7.75% investment rate of return; projected salary increases of 2.75% plus promotion, step and longevity increases that vary by service for fire and police; and an inflation rate of 2.75% per year. Mortality rates were based on the PubS-2010 (public safety) total dataset tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using scale MP-2020.

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 weighing 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, 2024 are summarized in the following table (rates shown exclude inflation).

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	Target Allocation	Long-term Expected Real Rate of Return
Equities		
Large Cap Domestic	16%	6.19%
Mid Cap Domestic	5%	6.45%
Small Cap Domestic	6%	6.06%
International Developed	21%	6.42%
Emerging markets	5%	7.19%
Real estate/Assets	10%	3.90%
Private Equity	15%	6.75%
Fixed Income		
Domestic Care	10%	2.11%
Bank Loans	4%	2.45%
Emerging Markets	3%	2.54%
Multi-Sector	3%	1.65%
Cash	2%	0.00%

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.

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended August 31, 2025 were as follows:

Firemen Division			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2024	$ 944,290,628	$ 740,283,478	$ 204,007,150
Changes for the Year:			
Service Cost	12,392,831	-	12,392,831
Interest (On the Total Pension Liability)	72,065,871	-	72,065,871
Differences Between Expected and Actual Experience	-	-	-
Contributions by the City	-	15,524,006	(15,524,006)
Contributions by the Firefighters	-	15,358,219	(15,358,219)
Net Investment Income	-	51,816,967	(51,816,967)
Benefit Payments	(53,602,501)	(53,602,501)	-
Assumption Changes	-	-	-
Administrative Expenses	-	(1,202,675)	1,202,675
Net Changes	30,856,201	27,894,016	2,962,185
Amounts as of December 31, 2024	$ 975,146,829	$ 768,177,494	$ 206,969,335

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Policemen Division	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2024	$ 1,362,272,157	$ 1,054,931,421	$ 307,340,736
Changes for the Year:			
Service Cost	14,158,135	-	14,158,135
Interest (On the Total Pension Liability)	103,599,037	-	103,599,037
Differences Between Expected and Actual Experience	-	-	-
Contributions by the City	-	21,411,138	(21,411,138)
Contributions by the Policemen	-	21,192,741	(21,192,741)
Net Investment Income	-	75,399,543	(75,399,543)
Benefit Payments	(79,337,064)	(79,337,064)	-
Assumption Changes	-	-	-
Administrative Expenses	-	(1,202,572)	1,202,572
Net Changes	38,420,108	37,463,786	956,322
Amounts as of December 31, 2024	$ 1,400,692,265	$ 1,092,395,207	$ 308,297,058

FPPF	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2024	$ 2,306,562,785	$ 1,795,214,899	$ 511,347,886
Changes for the Year:			
Service Cost	26,550,966	-	26,550,966
Interest (On the Total Pension Liability)	175,664,908	-	175,664,908
Differences Between Expected and Actual Experience	-	-	-
Contributions by the City	-	36,935,144	(36,935,144)
Contributions by the Policemen and Firefighters	-	36,550,960	(36,550,960)
Net Investment Income	-	127,216,510	(127,216,510)
Benefit Payments	(132,939,565)	(132,939,565)	-
Administrative Expenses	-	(2,405,247)	2,405,247
Net Changes	69,276,309	65,357,802	3,918,507
Amounts as of December 31, 2024	$ 2,375,839,094	$ 1,860,572,701	$ 515,266,393

SENSITIVITY TO INTEREST RATE CHANGES: 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 one-percent lower (6.75%) or one-percent point higher (8.75%) than the current rate:

Firemen Division		
1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
$335,914,324	$206,969,335	$101,461,556

Policemen Division		
1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
$491,230,222	$308,297,058	$158,349,510

FPPF		
1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
$827,144,546	$515,266,393	$259,811,066

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE PLAN: For the fiscal year ended August 31, 2025, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of $26,125,648 for firemen division and $39,186,180 for policemen division, and reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

Firemen Division

	Deferred Outflows of of Resources	Deferred Inflows of Resources
Net difference Between Projected and Actual Earnings on Pension Plan Investments	$ 36,848,009	$ -
Change in Assumptions	1,316,117	-
Differences Between Expected and Actual Experience	6,453,477	98,244
Contributions Subsequent to Measurement Date	11,246,647	-
	$ 55,864,250	$ 98,244

Policemen Division

	Deferred Outflows of of Resources	Deferred Inflows of Resources
Net difference Between Projected and Actual Earnings on Pension Plan Investments	$ 50,536,205	$ -
Change in Assumptions	628,033	-
Differences Between Expected and Actual Experience	11,947,076	59,199
Contributions Subsequent to Measurement Date	15,120,605	-
	$ 78,231,919	$ 59,199

FPPF

	Deferred Outflows of of Resources	Deferred Inflows of Resources
Net difference Between Projected and Actual Earnings on Pension Plan Investments	$ 87,384,214	$ -
Change in Assumptions	1,944,150	-
Differences Between Expected and Actual Experience	18,400,820	157,443
Contributions Subsequent to Measurement Date	26,367,252	-
	$134,096,436	$ 157,443

Contributions of $26,367,252 were reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date but before the end of the City's reporting period will be recognized as a reduction in the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

Amounts reported as deferred outflows or deferred inflows of resources related to the plan will be recognized in pension expense as follows:

Fiscal Year Ending August 31,	Policemen Division	Firemen Division	FPPF Total
2026	$ 26,143,026	$ 17,695,626	$ 43,838,652
2027	42,661,816	27,998,999	70,660,815
2028	(6,730,286)	(2,227,140)	(8,957,426)
2029	977,559	1,052,141	2,029,700
2030	-	-	-
Total	$ 63,052,115	$ 44,519,626	$ 107,571,741

For more information concerning the City's pension plans for fiscal year ended August 31, 2025, see the City's Annual Comprehensive Financial Report for the Fiscal Year Ended August 31, 2025, particularly Note 13, which can be accessed at https://www.elpasotexas.gov/office-of-the-comptroller/.

OTHER POST EMPLOYMENT BENEFITS

Plan Description: Texas statute provides that retirees from a municipality with a population of 25,000 or more and who receive retirement benefits from a municipal retirement plan are entitled to purchase continued health benefits coverage for the retiree and the retiree's dependents unless the retiree is eligible for group health benefits coverage through another employer. The State of Texas has the authority to establish and amend the requirements of this statute. The City provides certain healthcare benefits for retired employees. The postemployment Aetna Choice POS II Medical Plan is a single-employer plan administered by Aetna.

Benefits Provided: The City offers medical, dental and vision benefits for retired employees and their dependents. There are three medical plan options for retirees under age 65. Upon Medicare eligibility, retirees move to a Medicare Advantage plan. All plans are fully insured and are not pooled with active employees. Retirees are also eligible to continue fully insured dental and vision benefits.

To be eligible to continue coverage under the City's plan, employees must satisfy the retirement eligibility requirements of the pension plan to which they belong. In addition, they must be enrolled in the City's active employee health benefit plan at the time of retirement. Prior to January 1, 2019, election to continue coverage could only be made at retirement. Retirees were not eligible to rejoin at any other time. Effective with employees who retire on or after January 1, 2019, an employee must have been covered by the City prior to retirement to be eligible for coverage. The retiree has the option to continue coverage or to drop medical coverage but rejoin upon Medicare eligibility.

Retirees are required to contribute a portion of the medical and Medicare Advantage premium rates. To continue with dental and vision, retirees must pay the full premium amount. Retirees pay a premium ranging from $144.18 to $2,899.71 per month depending on the coverage elected. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms: At August 31, 2025, the following employees were covered by the benefit terms of the OPEB plan:

Inactive employees currently receiving benefits payments	863
Inactive employees entitled to but not yet receiving benefits payments	-
Active employees	4,268
Total	5,131

Total OPEB Liability: The City's total OPEB liability of $123.4 million was measured as of August 31, 2025, and was determined by an actuarial valuation as of August 31, 2024.

Actuarial Assumptions and Other Inputs: Projections of benefits for financial reporting purposes are based on assumptions regarding the survival of plan members, the average per-capita claims cost, when current employees are expected to retire, and so forth. The assumptions were derived from a combination of plan experience, actuarial judgement, and the City's pension plans' valuations.

The City's total OPEB liability in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation:	2.40 percent
Salary Increases:	3.25 percent, including inflation
Discount Rate:	4.89 percent
Prior Year Discount Rate	3.99 percent
Healthcare Cost Trend Rates:	Initial rates are based on actual changes in the fully-insured premiums

The discount rate was based on the August 31, 2025 Fidelity Municipal General Obligation AA 20- Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee and Retiree Mortality Tables for males or females, Generational with Projection Scale MP-2021.

The following table shows the changes in the City's total OPEB liability.

	Total OPEB Liability
Balance at 08/31/2024	$ 138,705,777
Changes for the Year:	
Service Cost	6,043,101
Interest	5,684,045
Differences Between Expected and Actual Experience	(1,477,887)
Change in Assumptions/Inputs	(20,997,340)
Benefit Payments	(4,583,234)
Net Changes	(15,331,315)
Balance at 08/31/2024	$ 123,374,462

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using discount rates that are one-percent lower or one-percent higher than the current discount rate.

	1% Decrease (3.89%)	Discount Rate (4.89%)	1% Increase (5.89%)
Total OPEB liability	$ 131,450,937	$ 123,374,462	$ 105,061,199

The following presents the total OPEB liability of the City, as well as what the City's total liability would be if it were calculated using healthcare cost trend rates that are one-percent lower or one-percent higher than the median current healthcare cost trend baseline of 4.64%.

	1% Decrease (3.64%)	Healthcare Cost Trend Baseline (4.64%)	1% Increase (5.64%)
Total OPEB liability	$ 101,672,520	$ 123,374,462	$ 136,047,971

For the fiscal year ended August 31, 2025, the City recognized OPEB income in the amount of $3.9 million. As of August 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB as presented below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 5,938,824	$ 6,016,724
Changes of Assumptions or Other Inputs	18,274,388	52,391,518
	$ 24,213,212	$ 58,408,242

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB expense will be recognized in OPEB expense as follows:

Year Ended August 31,	Amount
2026	$ (9,509,819)
2027	(9,509,819)
2028	(9,509,819)
2029	(2,120,232)
2030	(334,595)
Thereafter	(3,210,746)
Total	$ (34,195,030)

COMPENSATED ABSENCE LIABILITY . . . City employees, excluding uniformed Police Department and Fire Department employees, earn vacation leave, which may either be taken or accumulated (up to a maximum of 400 hours) until paid upon termination or retirement. For uniformed Police Department and Fire Department employees only, special provisions apply based on the most current Articles of Agreement between the City and the local associations of Fire and Police unions. Leave benefits are accrued as a liability as the benefits are earned by employees, but only to the extent that it is probable that the City will compensate the employees through paid time off or cash payments, conditioned on the employee's termination or retirement. For governmental funds, a liability for these amounts is reported only if they have matured as a result of termination or retirement. For the government-wide and proprietary fund financial statements, all of the outstanding compensated absences are recorded as a liability. The change in compensated absences is presented as a net amount, in accordance with GASB 101.

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PENSION AND RETIREMENT PLAN

General - The Public Service Board - El Paso Water Utilities contributes to the City of El Paso Employees Retirement Trust (CERT) which is a single employer Public Employee Retirement System defined benefit pension plan. However, in accordance with GASB Statement No. 68, as a component unit of the City, EPWater reports its proportionate share of the collective net pension liability as if it was a cost-sharing employer.

Plan Description - The CERT was established in accordance with authority granted by Chapter 2.64 of the El Paso City Code and is a component unit (fiduciary fund type) of the City. It is the responsibility of the CERT to function as an investment and administrative agent for the City of El Paso and EPWater with respect to the pension plan. The CERT is not required to maintain any legally required reserves.

Basis of Accounting - The accounting policies of the CERT 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 CERT is accounted for on an economic resources measurement focus using the accrual basis of accounting.

Pension Plan Fiduciary Net Position - Detailed information about the City of El Paso Employees Retirement Trust fiduciary net position is available in separately issued audited plan financial statements, including required supplementary information (RSI). That report may be obtained from the City of El Paso Employees Retirement Trust Administrative Office at 1039 Chelsea St., El Paso, Texas 79903, or online at http://eppension.org/fund-overview.php.

The collective net pension liability was measured as of August 31, 2024 and August 31, 2023. The total pension liability is based on the interim actuarial valuation as of September 1, 2023 and the actuarial valuation as of September 1, 2022, respectively, and update procedures were used to roll forward the total pension liability to the measurement dates of August 31, 2024 and August 31, 2023.

	2025	2024
Total Pension Liability	$ 1,244,289,324	$ 1,195,447,246
Less: Fiduciary Net Position	(990,935,503)	(914,311,891)
Net Pension Liability	253,353,821	281,135,355
Fiduciary Net Position as percentage of Total Pension Liability	79.64%	76.48%

Benefits Provided: Substantially all full-time employees of the City (including EPWater) are eligible to participate in the Plan. Non-employer contributions are limited to participating employees. Participation is mandatory for classified employees (except permanent part-time employees). For non-classified 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 CERT. The designated purpose of the CERT is to provide retirement, death, and disability benefits to participants or their beneficiaries. The CERT is administered by the CERT Board of Trustees, which is comprised of two members of the City Council, two citizens of the City who are not officers or employees of the City, four city employees who are qualified to participate in the trust, and one retired city employee receiving pension benefits from the trust. The CERT Board contracts with an independent pension custodian, investment managers, an investment consultant, an actuary and an attorney to assist in managing the CERT.

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 but less than ten years of service may receive a refund of their contributions plus interest at 5.5%, compounded annually, provided they are not eligible for normal retirement. Participants become fully vested after reaching forty years of age and ten years of service or forty-five years of age and seven years of service. Normal retirement is the earlier of (i) fifty-five years of age with ten years of service, (ii) sixty years of age with seven years of service or (iii) thirty 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 payment 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 0.2083 of 1% of such average for each additional completed or fractional part of a month of service.

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 ten years of service may receive a refund of their contributions plus interest at 3%, compounded annually, provided they are not eligible for normal retirement. Participants become fully vested after reaching forty-five years of age and seven years of service. Normal retirement is the earlier of (i) sixty years of age with seven years of service or (ii) thirty-five 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 payment 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 0.1875 of 1% of such average for each additional completed or fractional part of a month of service, limited to 90% of the three year average final pay.

A pension benefit is available to surviving spouses and dependents. The plan includes no automatic increase in retirement benefits, including automatic COLAs. However, the Board, at its discretion after consideration of a recent actuarial review of the funding status, may provide ad hoc cost of living or other increases in retirement benefits. There were no ad-hoc payments issued for the plan years ended August 31, 2024 and August 31, 2023.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the September 1, 2023 interim and September 1, 2022 actuarial valuations, rolled forward to the measurement dates of August 31, 2024 and August 31, 2023, respectively, the entry-age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the fair value of investments over a five-year period. The actuarial assumptions at September 1, 2023 and at September 1, 2022 included a 7.25% investment rate of return (net of expenses), projected salary increases of 2.5%, which is solely due to the effect of inflation on salaries, with no allowance for future membership growth. The remaining amortization period at September 1, 2023 and at September 1, 2022 was 25 years using closed periods ("layers"). For the September 1, 2023 interim actuarial valuation, rolled forward to August 31, 2024, mortality rates for active and deferred vested participants and for disabled retirees are based on the Pub-2010 General Employee and-Pub 2010 Non-Safety Disabled benefit weighted tables, respectively, and mortality rates for healthy retirees and survivors are based on 112% of the Pub-2010 General Retiree and Pub-2010 Contingent Annuitant benefit-weighted tables, respectively, all projected with Scale MP-2021 on a fully generational basis. For the September 1, 2022 actuarial valuation, rolled forward to August 31, 2023, mortality rates for active and deferred participants were based on the RP-2014 employee tables with Blue Collar adjustment projected with Scale MP-2019 on a fully generational basis. Mortality rates for healthy retirees and survivors were based on the 2014 healthy annuitant tables with Blue Collar adjustment (92% of male rates and 100% of female rates) projected with Scale MP-2019 on a fully generational basis. Mortality rates for disabled participants were based on the RP-2014 disabled annuitant table projected with Scale MP-2019 on a fully generational basis. The actuarial assumptions and methods used in the September 1, 2023 interim valuation were based on the experience study for the period September 1, 2018 to August 31, 2022. The actuarial assumptions and methods used in the September 1, 2022 valuation were based on the experience study for the period September 1, 2014 through August 31, 2018, and the funding policy that was formalized in 2019.

Changes of Assumptions since August 31, 2023 - Changes to the salary scale, marriage assumptions, mortality rates, termination rates, disability rates, and retirement rates were made based on the experience study for the period September 1, 2018 to August 31, 2022. The new assumptions are reflected in the September 1, 2023 interim valuation.

There were no changes of benefit terms that affected the measurement of the total pension liability since the prior measurement date.

There were no changes between the measurement date of the collective net pension liability and the employer's reporting date that are expected to have a significant effect on EPWater's proportionate share of the collective net pension liability.

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The long-term expected rate of return on pension plan 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) 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 returns by the asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the CERT's target asset allocations as of August 31, 2024 and August 31, 2023 are summarized in the following table:

Asset Class	2024 Target Allocation	2023 Target Allocation	2024 Long-term Expected Real Rate of Return	2023 Long-term Expected Real Rate of Return
Domestic equity	31%	31%	5.34%	6.34%
International equity	21%	21%	7.02%	6.77%
Fixed income	24%	24%	2.19%	1.74%
Real estate	10%	10%	3.87%	5.11%
Private Equity	13%	13%	8.59%	11.86%
Cash	1%	1%	-	-
	100%	100%		

Discount Rate: The discount rate used to measure the total pension liability was 7.25 percent for plan years ended August 31, 2024 and August 31, 2023. 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Contributions Required and Contributions Made - Contribution rates for the CERT 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 accrued liability (using entry-age-normal cost method) over twenty-five years. As of the most recent actuarial valuation, the contribution rate was 23.00 percent of annual covered payroll with employer contributions of 14.05 percent and employee contributions of 8.95 percent.

EPWater Contributions for the years ended February 28, 2025 and February 29, 2024 were as follows:

	2025 Contributions Required and Made		2024 - Contributions Required and Made	
	Water and Wastewater Utility	Municipal Drainage Utility	Water and Wastewater Utility	Municipal Drainage Utility
Employer contribution	$ 8,834,305	$ 389,434	$ 7,614,139	$ 338,838
Employee contributions	5,627,566	248,074	4,850,322	216,293
Total contributions	$ 14,461,871	$ 637,508	$ 12,464,461	$ 555,131

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Sensitivity to Changes in the Discount Rate: The following presents EPWater's proportionate share for the Water and Wastewater Utility and Municipal Drainage Utility of the resulting net pension liability calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

8/31/2024 - Water and Wastewater Utility's proportionate share of the net pension liability	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Water and Wastewater Utility	$74,479,152	$48,289,452	$26,299,411

8/31/2024 - Municipal Drainage Utility's proportionate share of the net pension liability	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Municipal Drainage Utility	$3,282,053	$2,127,958	$1,158,929

8/31/2023 - Water and Wastewater Utility's proportionate share of the net pension liability	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Water and Wastewater Utility	$78,611,335	$53,560,388	$34,125,027

8/31/2023 - Municipal Drainage Utility's proportionate share of the net pension liability	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Municipal Drainage Utility	$3,501,302	$2,385,548	$1,519,908

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At February 28, 2025, EPWater reported a net pension liability for its proportionate share of the CERT's net pension liability of $48,289,452 for the Water and Wastewater Utility and $2,127,958 for the Municipal Drainage Utility. At February 29, 2024, EPWater reported a net pension liability for its proportionate share of the CERT's net pension liability of $53,560,388 for the Water and Wastewater Utility and $2,385,548 for the Municipal Drainage Utility. EPWater's net pension liability reported at February 28, 2025 was measured at August 31, 2024. EPWater's net pension liability reported at February 29, 2024 was measured at August 31, 2023.

EPWater's proportion of the net pension liability was based on EPWater's contributions to the pension plan relative to the contributions of the City to the plan for the periods from September 1, 2023 through August 31, 2024 and September 1, 2022 to August 31, 2023. At August 31, 2024 and August 31, 2023, EPWater's proportion of the collective net pension liability was 19.90 percent.

For the years ended February 28, 2025 and February 29, 2024, EPWater recognized pension expense, as measured in accordance with GASB Statement No. 68, of $6,655,479 and $8,840,741, respectively, for the Water and Wastewater Utility, and $199,045 and $294,691, respectively, for the Municipal Drainage Utility.

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At February 28, 2025 and February 29, 2024, EPWater reported its proportionate share of the deferred outflows of resources and deferred inflows of resources related to the CERT from the following sources:

	2025 - Water and Wastewater Utility		2025 - Municipal Drainage Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual pension experience	$ 7,036,332	$ -	$ 313,843	$ -
Changes in assumptions	4,205,819	-	185,342	-
Net difference between projected and actual earnings on pension assets	3,378,225	-	156,757	-
Changes in proportionate share	1,875,753	221,902	76,610	156,495
Employer contributions subsequent to the measurement date	4,899,649	-	215,662	-
Total	$ 21,395,778	$ 221,902	$ 948,214	$ 156,495

	2024 - Water and Wastewater Utility		2024 - Municipal Drainage Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual pension experience	$ 9,219,296	$ -	$ 413,898	$ -
Changes in assumptions	2,036	-	98	-
Net difference between projected and actual earnings on pension assets	10,422,650	-	446,258	-
Changes in proportionate share	678,927	317,254	21,960	214,570
Employer contributions subsequent to the measurement date	4,260,330	-	191,276	-
Total	$ 24,583,239	$ 317,254	$ 1,073,490	$ 214,570

For the year ended February 28, 2025, EPWater reported $4,899,649 for the Water and Wastewater Utility and $215,662 for the Municipal Drainage Utility as deferred outflows of resources related to pensions resulting from EPWater contributions subsequent to the measurement date and prior to year-end. These amounts will be recognized as a reduction of the net pension liability for the year ending February 28, 2026.

For the year ended February 29, 2024, EPWater reported $4,260,330 for the Water and Wastewater Utility and $191,276 for the Municipal Drainage Utility as deferred outflows of resources related to pensions resulting from EPWater contributions subsequent to the measurement date and prior to year-end. These amounts were recognized as a reduction of the net pension liability for the year ending February 28, 2025.

For the year ended February 28, 2025, the amount recognized as pension expense for the deferred outflows and inflows related to pensions was $2,288,805 for the Water and Wastewater Utility and $6,620 for the Municipal Drainage Utility. For the year ended February 29, 2024, the amount recognized as pension expense for the deferred outflows and inflows related to pensions was $5,007,675 for the Water and Wastewater Utility and $123,969 for the Municipal Drainage Utility.

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Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending February	Water and Wastewater Utility	Municipal Drainage Utility
2026	$ 3,467,547	$ 85,382
2027	8,743,398	355,335
2028	2,652,158	87,914
2029	722,939	19,251
2030	688,185	28,175
Thereafter	-	-
Total	$ 16,274,227	$ 576,057

Payable to the Pension Plan: At February 28, 2025 and February 29, 2024, EPWater reported a payable, including accruals where applicable, of $528,299 for the Water and Wastewater Utility and $23,611 for the Municipal Drainage Utility and $441,806 for the Water and Wastewater Utility and $19,577 for the Municipal Drainage Utility, respectively, for the outstanding amount of contributions to the pension plan required for each fiscal year.

POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - EPWater through the City of El Paso offers its employees a single employer defined healthcare plan with OPEB benefits for retirees. The City sponsors and administers the informal plan. Texas statute provides that retirees from a municipality with a population of 25,000 or more and who receive retirement benefits from a municipal retirement plan are entitled to purchase continued health benefits coverage for the retiree and the retiree's dependents unless the retiree is eligible for group health benefits coverage through another employer. The State of Texas has the authority to establish and amend the requirements of this statute. The City does not issue stand-alone financial statements of the healthcare plan but all required information is presented in this report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

Benefits Provided - The contribution requirements of plan members are established by City ordinance and may be amended as needed. Retiree coverage for health care benefits for retirees under age 65 is the same as the coverage provided to active City employees. Retirees over age 65 are covered through a Medicare Advantage Plan. Retirees pay premiums ranging from $144 per month to $2,900 per month depending on the coverage elected. The cost of retiree health care benefits in the form of a share of the premiums is recognized on a pay-as-you go financing method and is recorded as an expense as liabilities are incurred. Retirees contributed approximately 47% of the total current year cost.

Employees Covered by Benefit Terms - At February 28, 2025 and February 29, 2024, the following employees were covered by the benefit terms:

	2025		2024	
	Water and Wastewater Utility	Municipal Drainage Utility	Water and Wastewater Utility	Municipal Drainage Utility
Inactive employees or beneficiaries currently receiving benefits	127	2	134	1
Active employees	1,016	57	918	50
Total	1,143	59	1,052	51

Total OPEB Liability - EPWater's total OPEB liability of $13,803,258 and $13,883,605 reported at February 28, 2025 and February 29, 2024, respectively, is based on the actuarial valuation performed as of January 1, 2025 and January 1, 2023, respectively. Update procedures were used to roll forward the total OPEB liability to the measurement dates of February 28, 2025 and February 29, 2024.

Actuarial assumptions and other inputs - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial assumptions for OPEB are based on the experience study for the period September 1, 2018 through August 31, 2022 performed for the pension plan. OPEB specific assumptions, such as healthcare trend rates and plan participation, are reviewed during each full actuarial valuation.

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The EPWater's total OPEB liability is based on the actuarial valuation as of January 1, 2025 and was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	4.15% as of February 28, 2025 3.92% as of February 29, 2024
Inflation	2.50%
Salary Increases	3.25% to 5.00%
Demographic Assumptions	The demographic assumptions are the same as those used in the City of El Paso Employees Retirement Trust actuarial valuation as of September 1, 2024.
Mortality	For healthy retirees, the gender-distinct Pub-2010 General Retirees mortality tables are used, with male and female rates multiplied by 112%. The rates are projected on a fully generational basis using the mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Health Care Trend Rates	Pre-65 - Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years. Post-65 - Initial rate of 5.90% declining to an ultimate rate of 4.25% after 9 years.
Participation Rates	35% for eligible employees retiring between the ages of 50 and 65. 40% for eligible employees retiring at the age of 65 or older. 0% for eligible employees retiring before the age of 50. 45% of retirees were assumed to elect 2-person coverage.

The discount rate at February 28, 2025 is based on the Bond Buyer "20-Bond GO Index" . The discount rate at February 29, 2024 is based on the Fidelity 20-Year Municipal GO AA Index.

Changes in the Total OPEB Liability:

	2025	
	Water and Wastewater Utility	Municipal Drainage Utility
Balances as of March 1, 2024	$ 13,166,477	$ 717,128
Changes for the year:		
Service Cost	928,099	52,068
Interest	523,179	29,352
Difference between expected and actual experience	(2,082,237)	(116,818)
Changes in assumptions	1,082,294	60,719
Changes in proportionate share	(20,398)	20,398
Benefit payments	(527,414)	(29,589)
Net Changes	(96,477)	16,130
Balances as of February 28, 2025	$ 13,070,000	$ 733,258

Changes of assumptions reflect a change in the discount rate from 3.92% as of February 29, 2024 to 4.15% as of February 28, 2025. Additionally, the demographic and salary increase assumptions were updated to reflect the 2024 City of El Paso pension valuation, and updates were made to the health care trend assumption. Of the total OPEB liability at February 28, 2025, $543,409 and $30,487 for the Water and Wastewater Utility and the Municipal Drainage Utility, respectively, reflect the expected benefits to be paid within one year and are reported within the current liabilities category. The remaining amounts of $12,526,591 and $702,771 for the Water and Wastewater Utility and the Municipal Drainage Utility, respectively, are reported within noncurrent liabilities.

	2024	
	Water and Wastewater Utility	Municipal Drainage Utility
Balances as of March 1, 2023	$ 12,201,866	$ 715,926
Changes for the year:		
Service Cost	704,984	38,398
Interest	501,982	27,341
Difference between expected and actual experience	(33,363)	(1,817)
Changes in assumptions	220,224	11,995
Changes in proportionate share	48,686	(48,686)
Benefit payments	(477,902)	(26,029)
Net Changes	964,611	1,202
Balances as of February 29, 2024	$ 13,166,477	$ 717,128

Changes of assumptions reflect the change in the discount rate from 4.06% as of February 28, 2023 to 3.92% as of February 29, 2024. Of the total OPEB liability at February 29, 2024, $568,654 and $30,972 for the Water and Wastewater Utility and the Municipal Drainage Utility, respectively, reflect the expected benefits to be paid within one year and are reported within the current liabilities category. The remaining amounts of $12,597,823 and $686,156 for the Water and Wastewater Utility and the Municipal Drainage Utility, respectively, are reported within noncurrent liabilities.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of EPWater by utility, calculated using the discount rate of 4.15% as of February 28, 2025, and 3.92% as of February 29, 2024, as well as what EPWater's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the respective discount rate:

2/28/2025	1% Decrease (3.15%)	Discount Rate (4.15%)	1% Increase (5.15%)
Water and Wastewater Utility			
Total OPEB Liability	$14,544,266	$13,070,000	$11,811,849

2/28/2025	1% Decrease (3.15%)	Discount Rate (4.15%)	1% Increase (5.15%)
Municipal Drainage Utility			
Total OPEB Liability	$815,958	$733,258	$662,673

2/29/2024	1% Decrease (2.92%)	Discount Rate (3.92%)	1% Increase (4.92%)
Water and Wastewater Utility			
Total OPEB Liability	$14,928,832	$13,166,477	$11,714,028

2/29/2024	1% Decrease (2.92%)	Discount Rate (3.92%)	1% Increase (4.92%)
Municipal Drainage Utility			
Total OPEB Liability	$813,117	$717,128	$638,019

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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of EPWater by utility, calculated using the assumed trend rates, as well as what EPWater's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

2/28/2025	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Water and Wastewater Utility Total OPEB Liability	$11,457,168	$13,070,000	$15,040,984

2/28/2025	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Municipal Drainage Utility Total OPEB Liability	$642,774	$733,258	$843,835

2/29/2024	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Water and Wastewater Utility Total OPEB Liability	$11,328,798	$13,166,477	$15,479,933

2/29/2024	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Municipal Drainage Utility Total OPEB Liability	$617,037	$717,128	$843,134

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For fiscal years ended February 28, 2025 and February 29, 2024, EPWater recognized OPEB (recovery)/ expense of $119,665 and $(15,602), respectively, for the Water and Wastewater Utility, and $(40,109) and $(51,975), respectively, for the Municipal Drainage Utility.

At February 28, 2025 and February 29, 2024, EPWater reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025 - Water and Wastewater Utility		2025 - Municipal Drainage Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 7,446,925	$ -	$ 440,183
Changes in assumptions	3,263,162	3,146,141	198,212	188,368
Changes in proportionate share	190,112	42,346	42,346	190,112
Total	$ 3,453,274	$ 10,635,412	$ 240,558	$ 818,663

	2024 - Water and Wastewater Utility		2024 - Municipal Drainage Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 6,853,731	$ -	$ 412,377
Changes in assumptions	2,954,733	3,803,637	185,556	227,887
Changes in proportionate share	237,565	28,340	28,340	237,565
Total	$ 3,192,298	$ 10,685,708	$ 213,896	$ 877,829

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending February	Water and Wastewater Utility	Municipal Drainage Utility
2025	$ (1,331,613)	$ (121,529)
2026	(1,331,613)	(121,529)
2027	(1,335,261)	(121,817)
2028	(1,625,069)	(121,027)
2029	(769,686)	(47,473)
Thereafter	(788,896)	(44,730)
Total	$ (7,182,138)	$ (578,105)

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FINANCIAL INFORMATION

TABLE 3 – CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended February 28,				
	2026 [1]	2025	2024 [2]	2023 [3]	2022 [4]
Revenues:					
Drainage Fees	$ 37,017,852	$ 38,144,557	$ 33,517,191	$ 28,815,723	$ 25,903,612
Interest Income	2,347,540	2,292,177	1,766,963	942,080	13,410
Pension Recovery Credit	-	-	-	-	168,988
OPEB Recovery Credit	-	40,109	51,975	30,310	-
Billing Fees - City Solid Waste Management	673,563	640,044	382,217	382,616	324,132
Other Operating Revenue	328,618	312,800	50,445	110,014	106,288
Other Nonoperating Revenue	-	57,114	60,628	88,051	78,891
Total Revenues	$ 40,367,573	$ 41,486,801	$ 35,829,419	$ 30,368,794	$ 26,595,321
Expenses:					
Operations and Maintenance	$ 8,052,495	$ 9,787,731	$ 7,043,588	$ 6,568,397	$ 5,088,786
Indirect Cost Allocation	1,990,000	2,038,000	2,385,000	1,756,000	1,678,000
Other Operating/Nonoperating Expenses	327,796	814,222	760,350	478,491	354,435
Total Expenses	$ 10,370,291	$ 12,639,953	$ 10,188,938	$ 8,802,888	$ 7,121,221
REVENUE AVAILABLE FOR DEBT SERVICE	$ 29,997,282	$ 28,846,848	$ 25,640,481	$ 21,565,906	$ 19,474,100
Drainage Customers	207,726	206,144	205,219	205,324	203,190

[1] Unaudited as of December 31, 2025.
[2] February 29 of year shown.
[3] Restated due to the implementation of GASB 96.
[4] Restated due to the implementation of GASB 87.

TABLE 4 – COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements (2027-2053) [1]	$ 11,560,682
Coverage of Average Requirements from Net Revenue Available for Debt Service	2.59 x
Maximum Principal and Interest Requirements (2030) [1]	$ 19,141,176
Coverage of Maximum Requirements from Net Revenue Available for Debt Service	1.57 x
Municipal Drainage Utility System Revenue Bonds Outstanding, March 1, 2026 [2]	$ 176,850,000
Interest and Sinking Fund, December 31, 2025	$ 11,090,312
Reserve Fund, December 31, 2025	$ 7,195,080

(1) Includes the Bonds. Excludes the ECP Notes and the Refunded Bonds. Preliminary; subject to change.
(2) Reflects the principal payments made by the City on the Previously Issued Bonds on March 1, 2026. Excludes the Refunded Bonds. Preliminary, subject to change.

TABLE 5 – VALUE OF THE SYSTEM

	Fiscal Year Ended February 28,				
	2026 [1]	2025	2024 [2]	2023 [3]	2022
Land and Right-of-Way	$ 99,322,180	$ 99,322,180	$ 81,886,447	$ 71,666,966	$ 56,999,449
Right to use subscription assets	58,865	58,865	58,865	58,865	-
Drainage implementation costs	544,106	544,106	544,106	544,106	544,106
Buildings and Shops	979,849	979,849	979,849	895,357	765,655
Vehicles	7,084,125	7,084,125	6,700,906	6,307,633	6,266,377
Equipment and Tools	1,196,247	1,196,247	1,239,788	1,247,298	1,211,175
Drainage System	231,759,020	231,732,603	209,671,921	189,199,439	169,906,354
Construction In Progress	86,370,925	60,146,942	72,255,689	43,105,943	47,945,387
Total Value	$ 427,315,317	$ 401,064,917	$ 373,337,571	$ 313,025,607	$ 283,638,503
Less: Depreciation	(47,520,026)	(42,936,692)	(38,560,516)	(34,427,681)	(30,789,925)
Net System Value	$ 379,795,291	$ 358,128,225	$ 334,777,055	$ 278,597,926	$ 252,848,578

(1) Unaudited as of December 31, 2025.
(2) February 29 of year shown.
(3) Restated due to the implementation of GASB 96.

Source: El Paso Water Utilities Annual Comprehensive Financial Report for fiscal years 2022 through 2025. Information for fiscal year ended February 28, 2026 is unaudited information, as of December 31, 2025, provided by the City.

TABLE 6 – CITY'S EQUITY IN SYSTEM

	Fiscal Year Ended February 28,				
Resources	2026 [1]	2025	2024 [2]	2023 [3]	2022 [4]
Net System Value	$ 379,795,291	$ 358,128,225	$ 334,777,055	$ 278,597,926	$ 252,848,578
Cash and Investments	63,914,848	82,229,084	80,664,597	54,995,019	37,372,868
Other Resources	7,848,113	4,412,225	4,660,403	4,442,933	4,649,765
Total Resources	$ 451,558,252	$ 444,769,534	$ 420,102,055	$ 338,035,878	$ 294,871,211
Obligations					
Revenue Bonds Payable	$ 219,772,559	$ 209,328,893	$ 157,423,243	$ 139,763,007	$ 111,880,600
Other Obligations	26,800,729	48,348,360	92,341,850	43,739,646	42,058,342
Total Obligations	$ 246,573,288	$ 257,677,253	$ 249,765,093	$ 183,502,653	$ 153,938,942
City's Equity in System	$ 204,984,964	$ 187,092,281	$ 170,336,962	$ 154,533,225	$ 140,932,269
Percentage City's Equity in System	45.40%	42.06%	40.55%	45.72%	47.79%

(1) Unaudited as of December 31, 2025.
(2) February 29 of year shown.
(3) Restated due to the implementation of GASB 96.
(4) Restated due to the implementation of GASB 87.

Source: El Paso Water Utilities Annual Comprehensive Financial Report for fiscal years 2022 through 2025.

CAPITAL IMPROVEMENT PLANS . . . The FY 2026-2027 capital budget focuses on the construction of projects identified in the revised Master Plan as the highest priority and funded with the bonds issued in prior years. The following list describes the major projects included in the FY 2026-2027 budget:

- $45 million for improvements to stormwater storage capacity, which includes $21 million for the Will Ruth Pond and $3 million for the Americas Ten Basin system, and;
- $11 million in conveyance improvements, which includes $4.5 million for Hondo Pass Drive Drainage, and;
- $4.5 million for the acquisition of open space, preservation of arroyos and development of park/ponds funded with 10% of revenue dedicated for open space

Additionally, over the next ten years, the Utility plans include $367 million of improvements to the stormwater infrastructure.

Table 7 – CAPITAL IMPROVEMENT PLAN SUMMARY

	Budget Year 2026-27	Budget Year 2027-28	Budget Year 2028-29	Budget Year 2029-30	Budget Year 2030-31
MUNICIPAL DRAINAGE					
Conveyance	$ 11,148,000	$ 13,120,000	$ 10,198,000	$ 5,150,000	$ 6,830,000
Pumping Systems	325,000	-	-	-	300,000
Storage	44,580,000	24,463,000	19,205,000	34,727,000	45,079,000
IT & Automation	240,000	240,000	240,000	240,000	240,000
Other Major Capital Projects	1,890,000	150,000	350,000	350,000	2,100,000
Total Drainage Capital Programs	$58,183,000	$37,973,000	$29,993,000	$40,467,000	$54,549,000
Project Overhead (OH)	$ 1,164,000	$ 759,000	$ 600,000	$ 809,000	$ 1,091,000
Total Drainage Capital Programs Including OH	$ 59,347,000	$ 38,732,000	$ 30,593,000	$ 41,276,000	$ 55,640,000

FINANCIAL POLICIES . . . In developing and evaluating the PSB's accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding safeguarding assets against loss from unauthorized use or disposition and reliable financial records for preparing financial statements and maintaining accountability for assets.

As a recipient of federal and state assistance, the PSB is responsible for ensuring that an adequate internal control structure is in place to guarantee compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

The internal audit function was outsourced in October 2018 to Porch & Associates LLC. The internal auditor's responsibilities include (1) measuring and evaluating the effectiveness of the accounting and administrative controls, (2) assisting management in achieving the most efficient administration of the PSB's operations, and (3) maintaining budgetary controls to ensure compliance with legal provisions.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Board's enterprise fund are charges to customers for sales and services. The Board also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the PSB's policy to use restricted resources first, then unrestricted resources as they are needed.

INVESTMENTS

The PSB invests its investable funds in investments authorized by State law in accordance with investment policies approved by the Board. Both State law and the PSB's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under State law, the PSB is authorized to invest in obligations meeting the requirements of the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the "PFIA"), which may include: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the PSB selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the PSB selects; (B) the broker or depository institution selected as described

by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the PSB appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under Securities and Exchange Commission Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for PSB deposits, or (ii) certificates of deposits where (a) the funds are invested by the PSB through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the PSB as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the PSB, (b) the broker or the depository institution selected by the PSB arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the PSB, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the PSB appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the PSB with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1), require the securities being purchased by the PSB or cash held by the PSB to be pledged to the PSB, held in the PSB's name, and deposited at the time the investment is made with the PSB or with a third party selected and approved by the PSB, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the SEC that provide the PSB with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and have either (a) a duration of one year or more and invest exclusively in obligations described under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and (15) for bond proceeds, guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the PSB and deposited with the PSB or a third party selected and approved by the PSB.

Under the PSB's current investment policy dated April 9, 2025, authorized investments for the PSB consist of those instruments numbered (1), (2), (4), (5), (9), (10), (13) and (14) in the preceding paragraph.

The PSB is also authorized to invest its funds through an eligible investment pool if the Board of the PSB by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. To be eligible to receive funds from and invest funds on behalf of the PSB, an investment pool must furnish to the investment officer or other authorized representative of the PSB an offering circular or other similar disclosure instrument that contains, at a minimum, the following information: (1) the types of investments in which money is allowed to be invested; (2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool; (3) the maximum stated maturity date any investment security within the portfolio has; (4) the objectives of the pool; (5) the size of the pool; (6) the names of the members of the advisory board of the pool and the dates their terms expire; (7) the custodian bank that will safekeep the pool's assets; (8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation; (9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment; (10) the name and address of the independent auditor of the pool; (11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool; (12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios; and (13) the pool's policy regarding holding deposits of cash.

Governmental bodies in the State are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (8) and (12) through (14) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the PSB or a third party designated by the PSB; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

The PSB may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The PSB is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under State law, the PSB is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for PSB funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All PSB funds must be invested in a manner consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type; (2) preservation and safety of principal; (3) liquidity; (4) marketability of each investment; (5) diversification of the portfolio; and (6) yield.

Under State law, PSB investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the PSB shall submit an investment report detailing: (1) the investment position of the PSB; (2) that all investment officers jointly prepared and signed the report; (3) the beginning market value, the ending market value and the fully accrued interest during the reporting period of each pooled fund group; (4) the book value and market value of each separately listed asset at the end of the reporting period; (5) the maturity date of each separately invested asset; (6) the account or fund or pooled fund group for which each individual investment was acquired; and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. No person may invest PSB funds without express written authority from the PSB.

ADDITIONAL PROVISIONS . . . Under State law, the PSB is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the PSB to disclose the relationship and file a statement with the Texas Ethics Commission and the PSB; (4) require the qualified representative of firms offering to engage in an investment transaction with the PSB to: (a) receive and review the PSB's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the PSB and the business organization that are not authorized by the PSB's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the PSB's entire portfolio or requires an interpretation of subjective investment standards or relates to investment transactions of the PSB that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the PSB and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the PSB's investment policy; (6) provide specific investment training for the PSB's designated Investment Officer; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load money market mutual funds in the aggregate to no more than 15% of the PSB's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the PSB.

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TABLE 8 – CURRENT INVESTMENTS*

As of December 31, 2025, the PSB's investable funds of the System were invested in the following categories:

Investment Type	Market Value	% of Portfolio
TexPool	$ 213,342	0.4%
TexPool Prime	12,552,689	21.5%
TexSTAR [(1)]	576,807	1.0%
LOGIC	13,241,533	22.7%
Advantage Fund	54,891	0.1%
AllSpring	435,421	0.7%
AMEGY Bank of Texas	10,924,576	18.7%
Federal Agencies	13,229,388	22.7%
Treasury Bill	1,567,358	2.7%
Treasruy Notes	5,534,530	9.5%
	$ 58,330,535	100.0%

* Unaudited.

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SELECTED PROVISIONS OF THE BOND ORDINANCE

The following is a summary of certain provisions of the Bond Ordinance. Such summary does not purport to be complete and reference should be made to the Bond Ordinance for the complete provisions and the precise wording thereof.

Section 1.01 Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise, in [the Bond] Ordinance, the following terms shall have the meanings specified below:

"Act" means Chapter 552 of the Texas Local Government Code, as amended.

"Additional Bonds" means the additional revenue bonds permitted to be issued on a parity with the Bonds and the Previously Issued Bonds by Section 10.03(a) of [the Bond] Ordinance.

"Average Annual Debt Service" means an amount which, at the time of computation, is derived by dividing the total amount of Debt Service to be paid over a period of years as the same is scheduled to become due and payable by the number of years taken into account in determining the total Debt Service. Capitalized interest payments provided from bond proceeds shall be excluded in making the aforementioned computation.

"Board" or "Board of Trustees" means that certain board of trustees known as the "Public Service Board" heretofore established for the purpose of managing the System and other water utilities of the City, as represented by the various persons appointed from time to time, and any successors thereto.

"Bond" means any of the Bonds.

"Bond Counsel" means a firm of nationally recognized attorneys experienced in the issuance of bonds and acceptable to the City, initially Norton Rose Fulbright US LLP.

"Bonds" means the City of El Paso, Texas, Municipal Drainage Utility System Revenue Refunding Bonds authorized by Section 3.01 of [the Bond] Ordinance, with any additional or different series or designation specified in an applicable Pricing Certificate.

"Bonds Similarly Secured" means collectively, the Previously Issued Bonds, the Bonds and Additional Bonds.

"Bullet Obligation" means all Bonds Similarly Secured of a series maturing in any single year in a principal amount that totals at least 15% of the initial aggregate principal amount of the entire series of such Bonds Similarly Secured.

"Business Day" means any day other than a Saturday, Sunday or legal holiday or other day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located in the State of Texas are generally authorized or obligated by law or executive order to close.

"Chapter 1207" means Texas Government Code, Chapter 1207, as amended.

"Chapter 1371" means Texas Government Code, Chapter 1371, as amended.

"City" means the City of El Paso, Texas, and with respect to those matters requiring action regarding the authority and control of management and operation of the System or the expenditure and application of the System's revenues, "City" shall mean the Board acting on behalf of the City.

"City Council" means the governing body of the City of El Paso, Texas.

"Closing Date" means the date of the initial delivery of and payment for each series of Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, including the regulations and published rulings thereunder.

"Debt Service" means as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the City as of such date or in such period for the payment of the principal of premium if any, and interest (to the extent not capitalized) on such obligations; provided, however, that in making such calculation the following rules shall apply:

(1) For any series of Bonds Similarly Secured issued at a variable rate, that such obligations bear, or would have borne, interest at the highest rate of (i) the actual rate on the date of calculation, or if the indebtedness is not yet outstanding, the initial rate (if established and binding), (ii) if the indebtedness has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation and (iii) (A) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Internal Revenue Code, the most recently published Bond Buyer "Revenue Bond Index" (or comparable index if no longer published) plus 50 basis points, or (B) if interest is not so excludable, the interest rate on direct United States Treasury Obligations with comparable maturities plus 50 basis points; provided, however, that for purposes of any rate covenant measuring actual debt service during a test period, variable rate indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period; and

(2) For any series of Bonds Similarly Secured issued as Short Term Obligations, Demand Obligations, or Bullet Obligations, Debt Service may be computed on the assumption that the principal amount shall be refinanced at maturity (or an earlier date on which principal thereof is payable on demand) by fixed rate Bonds Similarly Secured bearing interest at (a) if the interest on such obligations is excludable from gross income of the owners thereof for federal income tax purposes, a Revenue Bond Index published by the Bond Buyer or any successor publication or (b) if the interest on such obligations is not excludable from gross income of the owners thereof for federal income tax purposes, the yield on the Treasury Constant Maturity Series as reported in Federal Reserve Statistical Release H.15, Selected Interest Rates of the Board of Governors of the Federal Reserve System, or any successor publication as certified by the City's [Municipal Advisor], in both cases (a) and (b) within 30 days prior to the date of such calculation (or the gross fixed or capped rate payable by the City under an interest rate swap or cap agreement that substantially hedges the rate of interest on such Bonds Similarly Secured) and maturing in substantially equal annual payments of principal and interest over a term of 25 years (or such longer period as a nationally recognized [Municipal Advisor] or investment banker certifies is then reasonably attainable) or less; and

(3) For any series of Bonds Similarly Secured for which the City is entitled to receive payments from the federal or state government in such period on account of, and substantially contemporaneously with, interest paid on such Bonds Similarly Secured, the amount to be received in such period shall be deducted from such interest in computing Debt Service.

"Demand Obligations" means any Bonds Similarly Secured the principal of which is payable by the City on demand of the owner or holder thereof.

"Depository Bank" means any financial institution duly designated by the Board to serve as a depository for funds controlled by the Board.

"Designated Payment/Transfer Office" means (i) with respect to the initial Paying Agent/Registrar named herein, its designated office specified in the Pricing Certificate, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

"DTC" means The Depository Trust Company of New York, New York, or any successor securities depository.

"DTC Participant" means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"ECP Notes" means the extendable commercial paper notes authorized to be issued in accordance with the terms of the ordinance establishing the City of El Paso, Texas, Municipal Drainage Utility System Extendable Commercial Paper Program, adopted by the City Council of the City on May 9, 2023.

"EPWU" means the El Paso Water Utilities, a component unit of the City of El Paso and any successors thereto.

"Fiscal Year" means the twelve month financial accounting period used by the Board in connection with the operation of the System which may be any twelve consecutive month period established by the Board.

"Government Obligations" means, unless otherwise provided in the Pricing Certificate, (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii)

noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas.

"Improvement Fund" means the fund by such name described in Section 8.01(a)(iv) [of the Bond Ordinance].

"Initial Bond" means the Initial Bond authorized by Section 3.03 of [the Bond] Ordinance.

"Interest and Sinking Fund" means the fund by that name described in Section 8.01(a) [of the Bond Ordinance].

"Interest Payment Date" means the date or dates on which interest on the principal of the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being March 1 and September 1, commencing on the date specified in the Pricing Certificate.

"[Municipal Advisor]" means a registered "municipal advisor" under Section 15B of the Securities Exchange Act of 1934, as amended, selected by the City to provide advice to the City in the area of municipal financial products or the issuance of municipal securities, initially Hilltop Securities Inc.

"Net Revenues" shall mean Revenues of the System, with respect to any period, after deducting the System's Operating and Maintenance Expenses during such period.

"Note Payment Fund" means the fund so designated in Section 8.01(b) [of the Bond Ordinance].

"Operating and Maintenance Expenses" shall mean all current expenses of operating and maintaining the System not paid from the proceeds of any Debt, including all salaries, labor, materials and administrative costs, allocable under generally accepted accounting principles, to the System. Depreciation charges and other costs and disbursements which may be capitalized under generally accepted accounting principles shall not be considered Operating and Maintenance Expenses.

"Outstanding" means when used in [the Bond] Ordinance with respect to Bonds or Bonds Similarly Secured, as the case may be, means, as of the date of determination, all Bonds and Bonds Similarly Secured theretofore sold, issued and delivered by the City, except:

(1) Bonds or Bonds Similarly Secured canceled or delivered to the transfer agent or registrar for cancellation in connection with the exchange or transfer of such obligations;

(2) Bonds or Bonds Similarly Secured paid or deemed to be paid in accordance with applicable law; and

(3) Bonds or Bonds Similarly Secured that have been mutilated, destroyed, lost, or stolen and replacement bonds have been registered and delivered in lieu thereof.

"Owner" means the person who is the registered owner of a Bond or Bonds.

"Previously Issued Bonds" means the outstanding bonds of the following issues: (1) City of El Paso, Texas, Municipal Drainage Utility System Revenue Bonds, Series 2009A, (2) City of El Paso, Texas, Municipal Drainage Utility System Revenue Bonds, Series 2016, (3) City of El Paso, Texas, Municipal Drainage Utility System Revenue Improvement and Refunding Bonds, Series 2017, (4) City of El Paso, Texas, Municipal Drainage Utility System Revenue Refunding Bonds, Taxable Series 2021, (5) City of El Paso, Texas, Municipal Drainage Utility System Revenue Refunding Bonds, Series 2021A, (6) City of El Paso, Texas, Municipal Drainage Utility System Revenue Bonds, Series 2022, (7) City of El Paso, Texas, Municipal Drainage Utility System Revenue Refunding Bonds, Series 2022A, (8) City of El Paso, Texas, Municipal Drainage Utility System Revenue Refunding Bonds, Series 2023, (9) City of El Paso, Texas, Municipal Drainage Utility System Revenue Refunding Bonds, Series 2024, and (10) City of El Paso, Texas, Municipal Drainage Utility System Revenue Refunding Bonds, Series 2025.

"Pricing Certificate" means collectively one or more pricing certificates that set forth the terms of one or more series of Bonds in accordance with Section 3.02 of [the Bond] Ordinance and executed by the Pricing Officer, all in accordance with the provisions of Chapter 1207 and Chapter 1371.

"Pricing Officer" means the President/Chief Executive Officer of the EPWU, or in the absence thereof, any Vice President of the EPWU or the Chief Financial Officer of the EPWU, each acting in such capacity severally and not jointly.

"Record Date" means with respect to each interest payment date the fifteenth day of the month next preceding such interest payment date.

"Refundable Bonds" [means the City of El Paso, Texas, Municipal Drainage Utility System Revenue Bonds, Series 2016.]

"Refunded Bonds" means those Refundable Bonds actually refunded in accordance with the terms [of the Bond Ordinance], as further described in the Pricing Certificate.

"Refunded ECP Notes" means the extendable commercial paper notes actually refunded in accordance with the terms [of the Bond Ordinance], as further described in the Pricing Certificate.

"Refunded Obligations" means the Refunded Bonds and the Refunded ECP Notes [as defined above] and further described in the Pricing Certificate.

"Register" means the Register specified in Section 3.07 of [the Bond] Ordinance.

"Reserve Fund" means the fund by that name described in Section 8.01(a)(iii) [of the Bond Ordinance].

"Reserve Fund Requirement" means the amount which is equal to the lesser of (i) the Average Annual Debt Service (calculated on a Fiscal Year basis) for all Bonds Similarly Secured then Outstanding, as determined on the date each series of Additional Bonds are delivered or incurred, as the case may be, or (ii) the maximum amount in a reasonably required reserve fund that can be invested without restriction as to yield pursuant to Subsection (d) of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

"Revenue Fund" means the Drainage Utility System Revenue Fund established in Section 8.01(a)(i) [of the Bond Ordinance].

"Revenues" shall mean all income, receipts and revenues of every nature derived or received from the operation and ownership (excluding restricted gifts, grants in aid of construction and any amounts received from drainage charges specifically provided by ordinance for contribution to the funding of future drainage system construction) of the System, including earnings and income derived from the investment or deposit of moneys in any special funds or accounts created and established for the payment and security of the Bonds Similarly Secured and other obligations payable solely from and secured only by a lien on and pledge of the Net Revenues of the System, and excluding those amounts subject to payment to the United States of America as rebate pursuant to section 148 of the Code and any federal subsidies received pursuant to section 6431 of the Code.

"Short Term Obligations" means each series of bonds, notes and other debt obligations issued pursuant to a commercial paper or other similar financing program, the payment of principal of which is scheduled to be payable within one year from the date of issuance and is contemplated at the time of issuance to be refinanced through the issuance of Additional Bonds.

"Subordinate Lien Obligations" means each series of bonds, notes and other debt obligations payable from and secured by a lien on and pledge of the Net Revenues of the System, junior and subordinate in rank and dignity to the lien and pledge securing the payment of the Bonds Similarly Secured.

"System" or "Municipal Drainage Utility System" shall mean all land, easements and interest in land, together with all structures, equipment and facilities used in draining benefitted property (within the meaning of the Act), including, but not limited to, catch basins, channels, conduits, creeks, culverts, detention ponds, ditches, draws, flumes, pipes, pumps, sloughs, treatment works, and appurtenances to those items, whether natural or artificial, or using force or gravity, that are used to draw off surface water from land, carry the water away, collect, store, or treat the water, or divert the water into natural or artificial watercourses (but excluding City parks, roads, streets and bridges in existence on June 19, 2007) and excluding the property or entities exempted from the Act pursuant to Section 552.053 of the Act.

* * *

Section 2.01 Security for the Bonds. The Bonds Similarly Secured, both principal and interest, are and shall be equally and ratably secured by and payable from an irrevocable first lien on and pledge of the Net Revenues.

Section 2.02 Limited Obligations. The Bonds Similarly Secured are special obligations of the City, payable solely from the Net Revenues, and do not constitute a prohibited indebtedness of the City. The Bonds Similarly Secured shall never be payable out of funds raised or to be raised by taxation.

Section 2.03 Security Interest. The City represents that, under Chapter 1208.002, Texas Government Code, a security interest in property, other than real property, that is created by the City is valid and effective according to the terms of the

security agreement and is perfected from the time the security agreement is entered into or adopted continuously through the termination of the security interest, without physical delivery or transfer of control of the property, filing of a document, or another act. The City covenants that, if Chapter 1208.002 is amended at any time while the Bonds Similarly Secured are Outstanding, the City shall take all actions required in order to preserve for the Owners of the Previously Issued Bonds, the Bonds or Additional Bonds a perfected security interest in the property in which such security interest is granted pursuant to Section 2.01 [of the Bond Ordinance].

* * *

Section 7.01 Public Service Board.

(a) Pursuant to the authority contained in Texas Government Code, Section 1502.070, as amended, during such time as any of the Bonds herein authorized are outstanding and unpaid, the Board shall have complete authority and control of the management and operation of the System.

* * *

Section 8.01 Special Funds.

(a) The City covenants and agrees that all revenues derived from the operation of the System shall be kept separate from other funds of the City. To that end, the following special funds heretofore established are hereby reaffirmed and shall be maintained at the Depository Bank so long as any of the Bonds Similarly Secured are Outstanding, to-wit:

(i) "City of El Paso, Texas, Municipal Drainage Utility System Revenue Fund" (herein called the "Revenue Fund");

(ii) "City of El Paso, Texas, Municipal Drainage Utility System Bonds Interest and Sinking Fund" (herein called the "Interest and Sinking Fund");

(iii) "City of El Paso, Texas, Municipal Drainage Utility System Bonds Reserve Fund" (herein called the "Reserve Fund"); and

(iv) "City of El Paso, Texas, Municipal Drainage Utility System Improvement Fund" (herein called the "Improvement Fund").

The Interest and Sinking Fund and the Reserve Fund shall be held in trust solely for the benefits of the Owners and the Owners of the Bonds Similarly Secured.

(b) The "City of El Paso, Texas Municipal Drainage Utility System ECP Note Series A Interest and Sinking Fund" (the "Note Payment Fund") heretofore created by prior City Ordinance is hereby reaffirmed and shall be maintained for the benefit of the holders of the Subordinate Lien Obligations.

Section 8.02 Revenue Fund. All Revenues shall be deposited from day to day as collected into the Revenue Fund. Moneys on deposit in the Revenue Fund shall first be used to pay all Operating and Maintenance Expenses. The Revenues of the System not actually required to pay Operating and Maintenance Expenses (the "Net Revenues") shall be transferred from the Revenue Fund to the other Funds in [the Bond] Ordinance, in the order of priority, in the manner, and in the amounts set forth below:

(a) Interest and Sinking Fund. In addition to the deposits required by ordinances authorizing the Previously Issued Bonds, there shall be deposited into the Interest and Sinking Fund the following:

(i) such amounts, in equal monthly installments, commencing on the first day of the month next following the Closing Date, and on the first day of each month thereafter, as will be sufficient to pay the interest scheduled to come due on the Bonds on the next interest payment date, less any amounts already on deposit therein for such purpose derived from the proceeds of the Bonds or from any other lawfully available source; and

(ii) such amounts, in equal monthly installments, commencing on the first day of the month next following the Closing Date, and on the first day of each month thereafter, as will be sufficient to pay the next maturing principal of the Bonds, including any scheduled mandatory redemption of Bonds.

The Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds Similarly Secured as such principal matures and such interest becomes due.

(b) Reserve Fund. So long as the funds on deposit in the Reserve Fund created for the benefit of the Bonds Similarly Secured are equal to the Reserve Fund Requirement, no deposits need to be made to the credit of the Reserve Fund; but should the Reserve Fund at any time contain less than the Reserve Fund Requirement, then, subject and subordinate to making the required deposits to the credit of the Interest and Sinking Fund, the City shall transfer from the Net Revenues in the Revenue Fund

and deposit to the credit of the Reserve Fund, on the first day of each month, such amounts in equal monthly installments to accumulate within sixty (60) months a sum equal to the Reserve Fund Requirement. The money on deposit in the Reserve Fund may be used to pay the principal of and interest on the Bonds Similarly Secured at any time there are not sufficient funds on deposit in the Interest and Sinking Fund for such purpose.

In accordance with the procedures specified in the preceding paragraph, the City hereby directs that the deposits, if any, being made to the Reserve Fund be increased to accumulate in the Reserve Fund within sixty (60) months from the date of the Bonds an amount equal to the Reserve Fund Requirement.

Notwithstanding anything herein to the contrary, the City retains the right, with respect to the Bonds and subsequent issues of Additional Bonds to fund the Reserve Fund Requirement in whole or in part with a surety bond or insurance policy issued by an insurance company or other entity that is rated either for the long term unsecured debt of the issuer of such surety bond or for obligations insured, secured or guaranteed by such issuer have a rating in the highest letter category by two major municipal securities rating or evaluation services, and money deposited to the credit of the Reserve Fund may be used to make any payments required to satisfy the City's repayment obligation to the issuer of such surety bond or insurance policy in the same manner and with like effect as if such payments were being used to accumulate, maintain or restore the Reserve Fund Requirement in cash or with authorized investments.

(c) Note Payment Fund. In addition to the foregoing deposits, in order to provide for the payment of and security for any Subordinate Lien Obligations there shall be deposited to the Note Payment Fund amounts sufficient to pay when due the principal of and interest on the Subordinate Lien Obligations.

(d) Improvement Fund. All money remaining in the Revenue Fund at the end of each month after all payments required to be made therefrom in such month have been made and all deficiencies accumulated from prior months have been remedied shall continue to be paid to the Improvement Fund established in connection with the System, and shall be held in and paid out from such Fund for the following purposes:

(i) To pay the cost of any special or extraordinary repairs or replacements to or of the properties comprising the System, properly payable with such money under the laws of the State of Texas, necessitated by reason of some emergency; and

(ii) To the extent now or hereafter permitted by law, any lawful purpose.

Section 8.03 Investment of Funds.

(a) Money deposited to the credit of any Fund referenced in [the Bond] Ordinance may, at the option of the City, be invested in obligations identified in, and in accordance with the provisions of the "Public Funds Investment Act" (Texas Government Code, Chapter 2256, as amended) relating to the investment of "bond proceeds"; provided that all such investments shall be made in such a manner that the money required to be expended from such Funds will be available at the proper time or times. Such investments (except State and Local Government Series investments held in book entry form, which shall at all times be valued at cost) shall be valued in terms of current market value within 45 days of the close of each Fiscal Year and, with respect to investments held for the account of the Reserve Fund, within 30 days of the date of passage of each ordinance authorizing the issuance of Additional Bonds. All interest and income derived from deposits and investments in the Interest and Sinking Fund immediately shall be credited to, and any losses debited to, the Interest and Sinking Fund. All interest and interest income derived from deposits in and investments of the Reserve Fund shall, subject to the limitations provided in Section 8.02(b) [of the Bond Ordinance], be credited to and deposited in the Revenue Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

All moneys on deposit in the funds for which [the Bond] Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds.

Section 8.04 Contributions in Aid of Construction. Any moneys that may be received by the Board that shall represent contributions in aid of construction shall be deposited in a separate account at the Depository Bank. Such contributions shall not be considered as part of the Revenues of the System. Payments from such bank account shall be made only for the purposes for which the contributions were made, including any refunds that may become due to any contributor.

* * *

Section 10.01 Insurance. The City hereby agrees that it will carry at all times for the benefit of the Owners of the Bonds, such insurance on the System that is reasonably obtainable of the kinds and in the amounts which are usually carried by private companies operating similar properties. Such insurance may be provided by means of a self-insurance fund in which event deposits to such fund shall be a maintenance and operating expense of the System.

Section 10.02 Books and Records. The City hereby covenants and agrees that complete and proper books of records and account will be kept and that the Owners of any of the Bonds, or any duly authorized agent or agents of such Owners, shall have the right to inspect such records at all reasonable times. The Board will within sixty (60) days following the close of each Fiscal Year, cause an audit of the books and accounts to be made by an independent firm of certified public accountants and that such audit will be available for inspection by the Owners of any of the Bonds.

Section 10.03 Additional Covenants.

(a) Additional Bonds. The City may issue "Additional Bonds" if the following conditions are met:

(i) the City is not then in default as to any covenant, condition or obligation prescribed by an ordinance authorizing the issuance of any bonds payable from and secured by a first lien on and pledge of the Net Revenues;

(ii) the Additional Bonds are made to mature on March 1 or September 1 in each of the years in which they are scheduled to mature;

(iii) the City has secured a certificate or opinion of a Certified Public Accountant to the effect that, according to the books and records of the City, the Net Revenues for the last completed Fiscal Year, or for 12 consecutive months out of the 15 months, immediately preceding the date of issuance of the Additional Bonds (the date of issuance being the date of delivery of all or a portion of the Additional Bonds to the initial purchasers) are at least equal to 1.25 times the Average Annual Debt Service for all Outstanding Bonds Similarly Secured after giving effect to the issuance of the Additional Bonds then being issued. In making a determination of the Net Revenues, the Accountant may take into consideration a change in the charges for services afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Revenues are determined and, for purposes of satisfying the above Revenues test, make a pro forma determination of the Net Revenues of the System for the period of time covered by his certification or opinion based on such change in charges being in effect for the entire period covered by the certificate or opinion of the Accountant; and

(iv) the Reserve Fund Requirement shall be increased as necessary and any such additional amount shall be accumulated in equal monthly installments during a period not to exceed sixty (60) months.

(b) Refunding Bonds. The City reserves the right to issue refunding bonds to refund all or any part of the Bonds Similarly Secured (pursuant to any law then available) upon such terms and conditions as the City Council of the City may deem to be in the best interest of the City and its inhabitants, and if less than all such Bonds Similarly Secured then Outstanding are refunded, the conditions precedent prescribed (for the issuance of Additional Bonds) set forth in subparagraph (a)(iii) of this Section shall be satisfied and the certificate of the Accountant required in subparagraph (a)(iii) shall give effect to the Debt Service requirements of the proposed refunding bonds (and shall not give effect to the Debt Service requirements of the Bonds Similarly Secured being refunded following their cancellation or provision being made for their payment).

(c) Obligations of Inferior Lien and Pledge. The City hereby reserves the right to issue obligations payable from and secured by a lien on and pledge of the Net Revenues of the System, junior and subordinate in rank and dignity to the lien and pledge securing the payment of the Bonds Similarly Secured, as may be authorized by the laws of the State of Texas.

(d) Maintain and Operate System Efficiently. The City and the Board hereby covenant, respectively, that they will maintain and operate the System with all possible efficiency, in good working order and at a reasonable cost while any of the Bonds remain Outstanding and faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State.

(e) Rate Covenant. The Board hereby covenants that it will establish and maintain rates for services supplied by the System which shall produce or yield Net Revenues equal to 1.25 times the Average Annual Debt Service requirements of all Bonds Similarly Secured.

(f) Debt Service Coverage Ratio. The Board hereby covenants that each Fiscal Year while the Bonds are Outstanding, it will operate the System in a manner that results in the Net Revenues equaling 1.25 times the Average Annual Debt Service requirements of all Bonds Similarly Secured.

(g) Charges for Water and Sewer and Drainage Service. The City and the Board hereby covenant that charges for drainage services will be made jointly with charges made for the sale of water and sewer services. Such charges shall be required to be paid by the customer at the same time.

(h) Enforcement. To exercise and pursue with due diligence available remedies provided by law for the collection of delinquent drainage charges, including the power under Section 552.050 of the Act to discontinue all utility services, particularly water and sewer services provided by the City to a user of benefited property who is delinquent in the payment of drainage charges.

(i) Nonimpairment of Lien. The City and the Board hereby covenant, respectively, to take no action or omit to take any action, or suffer to be done or omitted to be done, any matter or thing whatsoever whereby the lien of the Bonds Similarly Secured on the Net Revenues of the System might or could be lost or impaired, and that the Board will pay or cause to be paid, or will make adequate provision for the satisfaction and discharge of all lawful claims and demands for labor, materials, supplies, or other objects which, if unpaid, might by law be given precedence to, or an equality with the Bonds Similarly Secured as a lien or charge upon the revenues of the System or any part thereof; provided that nothing in this subsection (i) shall be construed to require the Board to pay, discharge or make provision for any such lien, charge, claim or demand so long as the validity thereof shall be by it in good faith contested.

(j) No Sale or Encumbrance of System. The City and the Board hereby covenant, respectively, that they will not in any manner dispose of the System or any substantial part thereof, including any and all extensions and additions that may be made thereto, until the Bonds Similarly Secured shall have been paid in full as to both principal and interest; provided, however, that this covenant shall not be construed to prevent the disposal by the City of property, which in the Board's judgment has become inexpedient to use in connection with the System, when other property of equal value is substituted therefor or when the proceeds of such disposition of such property are placed in the Interest and Sinking Fund, in addition to all other amounts required to be placed in the Interest and Sinking Fund in the current Fiscal Year, and are used for the retirement of Bonds Similarly Secured in advance of their respective maturities.

(k) No Competing Systems. The City hereby covenants that it will not grant a franchise for the operation of any competing drainage system in the City until all Bonds Similarly Secured have been paid in full with respect to principal and interest.

(l) No Free Service. The Board hereby covenants that it will not permit free drainage to be supplied to the City or to any other user (other than those persons exempt under the Act and/or applicable law) and the City hereby agrees that it will pay from its general fund the reasonable value of all drainage services obtained from the System by the City and all departments and agencies thereof.

* * *

Section 12.01 Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Interest and Sinking Fund or the Reserve Fund as required by [the Bond] Ordinance, or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the [Bond] Ordinance, the Owner or Owners of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the City and its officers to observe and perform any covenant, condition or obligation prescribed in the [Bond] Ordinance. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, nor shall such delay or omission be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 12.02 Remedies Not Exclusive. No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of [the Bond] Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under [the Bond] Ordinance.

The exercise of any remedy [in the Bond Ordinance] conferred or reserved shall not be deemed a waiver of any other available remedy.

* * *

Section 13.01 Discharge. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in [the Bond] Ordinance, then the pledge of Net Revenues of the System under [the Bond] Ordinance and all covenants, agreements, and other obligations of the City to the Owners shall thereupon cease, terminate, and be discharged and satisfied.

Bonds or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed in this Section when (i) money sufficient to pay in full such Bonds or the principal amount(s) thereof at maturity, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent or (ii) Government Obligations shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Obligations shall mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount(s) thereof, on and prior to the stated maturity thereof. In the event of a defeasance of the Bonds, the City shall deliver a certificate from its [Municipal Advisor], the Paying Agent/Registrar, an independent certified public accountant, or another qualified third party concerning the sufficiency of the deposit of cash and/or Government Obligations to pay, when due, the principal of, redemption premium (if any),

and interest due on any defeased Bonds. The City covenants that no deposit of moneys or Government Obligations will be made under this Section and no use will be made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code or the regulations adopted pursuant thereto.

All moneys so deposited with the Paying Agent/Registrar or an authorized escrow agent, and all income from Government Obligations held in trust by the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Obligations held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section, which is not required for the payment of the Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of three (3) years after the stated maturity of the Bonds such moneys were deposited and are held in trust to pay shall upon request of the City be remitted to the City against a written receipt therefor. The provisions of this paragraph are subject to the applicable unclaimed property law of the State of Texas.

The City reserves the right, subject to satisfying the requirements of (i) and (ii) above, to substitute other Government Obligations for the Government Obligations originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. Provided, however, the City has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the Owners immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

* * *

Section 17.01 Amendment to [Bond] Ordinance.

(a) ***Amendments Without Consent***. [The Bond] Ordinance, the Pricing Certificate, and the rights and obligations of the City and of the owners of the Bonds may be modified or amended at any time without notice to or the consent of any owner of the Bonds or any other Previously Issued Bonds, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the City contained in [the Bond] Ordinance or the Pricing Certificate, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the City in [the Bond] Ordinance or the Pricing Certificate;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in [the Bond] Ordinance or the Pricing Certificate, upon receipt by the City of an opinion of nationally recognized bond counsel, that the same is needed for such purpose, and will more clearly express the intent of [the Bond] Ordinance or the Pricing Certificate;

(iii) To supplement the security for the Bonds, replace or provide additional credit facilities, or change the form of the Bonds or make such other changes in the provisions [of the Bond Ordinance] as the City may deem necessary or desirable and which shall not, in the judgment of the City, materially adversely affect the interests of the owners of the outstanding Bonds;

(iv) To make any changes or amendments requested by any bond rating agency then rating or requested to rate Bonds Similarly Secured, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the City, materially adversely affect the interests of the owners of the outstanding Bonds Similarly Secured; or

(v) To make such other changes in the provisions [of the Bond Ordinance] as the City may deem necessary or desirable and which shall not, in the judgment of the City, materially adversely affect the interests of the owners of outstanding Previously Issued Bonds.

Notice of any such amendment may be published by the City in the manner described in subsection (c) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory resolution and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory resolution.

(b) ***Amendments With Consent***. Subject to the other provisions of [the Bond] Ordinance, the owners of outstanding Bonds aggregating a majority in outstanding principal amount shall have the right from time to time to approve any amendment, other than amendments described in subsection (a) of this Section, to [the Bond] Ordinance or the Pricing Certificate which may be deemed necessary or desirable by the City; provided, however, that nothing [in the Bond Ordinance] contained shall

permit or be construed to permit, without the approval of the owners of all of the outstanding Bonds, the amendment of the terms and conditions in [the Bond] Ordinance, in the Pricing Certificate or in the Bonds so as to:

(i) Make any change in the maturity of the outstanding Bonds;

(ii) Reduce the rate of interest borne by outstanding Bonds;

(iii) Reduce the amount of the principal payable on outstanding Bonds;

(iv) Modify the terms of payment of principal of or interest on the outstanding Bonds, or impose any conditions with respect to such payment;

(v) Affect the rights of the owners of less than all Bonds then outstanding; or

(vi) Change the minimum percentage of the outstanding principal amount of Bonds necessary for consent to such amendment.

(c) ***Notice***. If at any time the City shall desire to amend [the Bond] Ordinance or the Pricing Certificate other than pursuant to subsection (a) of this Section, the City shall cause written notice of the proposed amendment to be given by certified mail to each registered owner of the Bonds affected at the address shown on the Register. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file with the City Clerk or Alternate City Clerk for inspection by all owners of Bonds.

(d) ***Consent Irrevocable***. Any consent given by any owner of Bonds pursuant to the provisions of this Section shall be irrevocable for a period of eighteen (18) months from the date of mailing of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after eighteen (18) months from the date of mailing by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar and the City, but such revocation shall not be effective if the owners of a majority in outstanding principal amount of Bonds, prior to the attempted revocation, consented to and approved the amendment.

(e) ***Ownership***. For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the registration books kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

TAX MATTERS

TAX EXEMPTION . . . The delivery of the Bonds is subject to the receipt of an opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel's opinion is reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and the sufficiency certificate of the Refunded Obligations Paying Agent and will assume continuing compliance by the City with the provisions of the Ordinance subsequent to the issuance of the Bonds. The Ordinance contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of the proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations, such as the Bonds. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Bonds.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT OR PREMIUM ON CERTAIN BONDS… The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bonds. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes on the same terms and conditions as those for other interest on the Bonds described above under "TAX MATTERS -Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income credit, owners of an interest in a FASIT and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by the owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Bond, the yield based on a call date that results in the lowest yield on the Bond).

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City has obligated the PSB to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). In the Ordinance, the City has agreed to cause the PSB, acting on behalf of the City, to make all of the required filings set forth below.

ANNUAL REPORTS . . . The PSB will provide certain updated financial information and operating data with respect to the System to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the System of the general type included in this Official Statement under Tables numbered 1 through 8 and in Appendix B. The PSB will update and provide the information in the tables referenced above within six months after the end of each fiscal year ending in and after 2026 and will update and provide audited financial statements within 12 months after the end of each fiscal year ending in and after 2026. If the audit of such financial statements is not completed within 12 months after any such fiscal year end, then the PSB shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements become available.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's internet website or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the PSB commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the PSB will provide unaudited financial statements of the type described in the preceding paragraph by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the PSB may be required to employ from time to time pursuant to State law or regulation.

The PSB's current fiscal year end is the last day of February. Accordingly, the PSB must provide updated information in the tables by August 31 in each year following the end of its fiscal year, and the PSB must provide the audited financial statements by the end of February in each year following the end of its fiscal year (unless the audit of such financial statements is not available, in which case the PSB will file its unaudited financial statements by the required time), unless the PSB changes its fiscal year. If the PSB changes its fiscal year, the City will cause the PSB to notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the PSB otherwise would be required to provide financial information and operating data pursuant to this Section.

NOTICE OF CERTAIN EVENTS . . . The PSB will provide notice in a timely manner not in excess of ten business days after the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the PSB or the City; (13) the consummation of a merger, consolidation, or acquisition involving the PSB or the City or the sale of all or substantially all of the assets of the PSB or the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or change in the name of the trustee, if material; (15) incurrence of a Financial Obligation of the PSB, if material, or agreement to covenant, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the PSB, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the PSB, any of which reflect financial difficulties. In addition, the PSB will provide timely notice of any failure by the PSB to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

For these purposes, (a) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the PSB or City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the PSB or City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the PSB or City, and (b) the PSB and the City intend the words used in events (15) and (16) in the immediately preceding paragraph to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. The Bond Ordinance defines "Financial Obligation" as a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

AVAILABILITY OF INFORMATION . . . The PSB has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The PSB has agreed to update information and to provide notices of certain specified events only as described above. Neither the City nor the PSB have agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The PSB and the City make no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City and the PSB disclaim any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City and the PSB to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the PSB or the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The City may also amend or repeal the provisions of the continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that such amendment or repeal would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS — UTILITY SYSTEM BONDS . . . On June 13, 2024, the City established its Water and Sewer Utility System Extendable Commercial Paper Program and, pursuant to the program, issued $60 million of water and sewer utility system extendable commercial paper notes. On July 9, 2024, notice of the incurrence of such financial obligation was filed with EMMA. Except for such event, during the past five years, the PSB has complied in all material respects with all continuing disclosure agreements made by it or the City in accordance with the Rule with respect to any utility system revenue bonds.

COMPLIANCE WITH PRIOR UNDERTAKINGS — OTHER CITY BONDS . . . During the past five years and with respect to the City's non-utility system bonds, the City has complied in all material respects with its continuing disclosure agreements in accordance with the Rule.

OTHER INFORMATION

RATINGS

The Bonds and certain of the presently outstanding Previously Issued Bonds are rated "AA+" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), without regard to credit enhancement. The rating reflects only the view of the organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn by the rating company, if in the judgment of the company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

CYBERSECURITY

Computer networks and data transmission and collection are vital to the operation of the City. Information technology and infrastructure of the City may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the City. To mitigate these risks, the City continuously monitors threats and endeavors to improve the range of control for digital information operations, to add enhancements to the authentication process, and implement additional measures toward improving system protection/security posture.

WEATHER EVENTS

The City is located in West Texas. Land located in this area is susceptible to high winds, extreme heat, fires, and arid conditions. If a future weather event significantly damages all or part of the properties comprising the tax base within the City, the assessed value of property within the City could be substantially reduced, which could result in a decrease in tax revenue and/or necessitate an increase in the City's tax rate. Under certain conditions, Texas law allows the City to increase property tax rates without voter approval upon the occurrence of certain disasters such as a tornado, flooding, wild fire, or extreme drought and upon gubernatorial or presidential declaration of disaster. There can be no assurance that a casualty loss to taxable property within the City will be covered by insurance (or that property owners will carry flood or the appropriate, applicable other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds or that insurance proceeds will be used to rebuild or repay any damaged improvements within the City or be sufficient for such purposes. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the City could be adversely affected.

LITIGATION

It is the opinion of the General Counsel for the PSB that there is no pending litigation against the City that would have a material adverse financial impact upon the System, the PSB or its operations or on the ability of the City to issue the Bonds.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The Bonds have not been registered for sale under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201) the Bonds (i) are negotiable instruments, (ii) are investment securities to which Chapter 8 of the Texas Business and Commerce Code applies, and (iii) are legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions of the State which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds must be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital and savings and loan associations.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The City has been made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The City will furnish to the Underwriters a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the approving legal opinion of the Attorney General of the State to the effect that the Initial Bond is a valid and binding obligation of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel to the effect that the Bonds issued in compliance with the provisions of the Ordinance are valid and legally binding special obligations of the City and the interest on such Bonds is excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein. A form of such opinion is attached hereto as Appendix C. Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement under the captions, "PLAN OF FINANCING" (except for the subcaption "Sources and Uses of Proceeds"), "THE BONDS" (except for the subcaptions "Book-Entry-Only System and "Bondholders' Remedies"), "SELECTED PROVISIONS OF THE BOND ORDINANCE," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except for the subcaptions "Compliance with Prior Undertakings – Utility System Bonds" and "Compliance with Prior Undertakings -- Other City Bonds"), and under the subcaptions "Registration and Qualification of Bonds for Sale," "Legal Investments and Eligibility to Secure Public Funds in Texas" and "Legal Matters" (except for the last sentence of the first paragraph thereof) under the caption "OTHER INFORMATION" and is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Ordinance. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by Cantu Harden Montoya LLP, San Antonio, Texas, counsel to the Underwriters, whose legal fee is contingent on the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

MUNICIPAL ADVISOR

Hilltop Securities Inc. ("HilltopSecurities") is employed as "Municipal Advisor" to the City in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. HilltopSecurities, in its capacity as Municipal Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, at the aggregate purchase price of $_____ (representing the par amount of the Bonds, plus a premium of $_____ less an underwriting discount of $_____). The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, Municipal Advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the issuer for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the issuer.

The Underwriters and their respective affiliates also may communicate independent investment recommendations, market advice, or trading ideas and/or publish or express independent research views in respect of such assets, securities or other financial instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and other financial instruments.

RBC Capital Markets, LLC (RBCCM), an underwriter of the Bonds, has entered into a distribution arrangement with its affiliate RBC Securities, Inc. As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of RBC Securities, Inc. As part of this arrangement, RBCCM may compensate RBC Securities, Inc for its selling efforts with respect to the Bonds.

Stifel, Nicolaus & Company, Incorporated ("Stifel") and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses. In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the City or PSB, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

In the Bond Ordinance, the City Council authorized (i) the Pricing Officer to execute a Pricing Certificate approving, for and on behalf of the City, the form and content of this Official Statement, and any addenda, supplement or amendment hereto, and (ii) the Underwriters' use of this Official Statement in connection with the public offering and sale of the Bonds.

_____
Mayor
City of El Paso, Texas

SCHEDULE I

SCHEDULE OF REFUNDED BONDS*

City of El Paso, Texas
Municipal Drainage Utility System Revenue Bonds, Series 2016
Paying Agent: Computershare Trust Company, N.A., Minneapolis, MN

Original Dated Date	Original Issue Amount	Original Maturity (March 1)	Principal Amount Outstanding	Principal Amount Being Refunded	Principal Amount Remaining	Interest Rates	Call Date	Call Price
March 15, 2016	$ 19,790,000	2027	$ 1,000,000	$ 1,000,000	$ -	5.000%	4/24/2026	100%
		2028	1,050,000	1,050,000	-	5.000%	4/24/2026	100%
		2029	1,105,000	1,105,000	-	5.000%	4/24/2026	100%
		2030	1,160,000	1,160,000	-	5.000%	4/24/2026	100%
		2031	1,220,000	1,220,000	-	5.000%	4/24/2026	100%
		2032	1,280,000	1,280,000	-	5.000%	4/24/2026	100%
		2033	1,350,000	1,350,000	-	5.000%	4/24/2026	100%
		2034	1,415,000	1,415,000	-	5.000%	4/24/2026	100%
		2035	1,500,000	1,500,000	-	5.000%	4/24/2026	100%
		2036	1,565,000	1,565,000	-	5.000%	4/24/2026	100%
			$ 12,645,000	$ 12,645,000	$ -			

*Preliminary, subject to change.

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

LOCATION AND HISTORY . . . The City of El Paso (the "City" or "El Paso") is located in far West Texas on the international boundary between the United States and the Republic of Mexico, on the Rio Grande, and is the lowest altitude, all-weather pass through the Rocky Mountains. It is approximately equidistant from the Cities of Houston, Texas, Denver, Colorado, and Los Angeles, California. Since the first appearance of Europeans on the North American Continent, it has been a major crossroads for continental north-south and east-west traffic. In 1536, Cabeza de Vaca and his party crossed the Rio Grande at El Paso. In 1659, the first permanent European settlement was established in the El Paso region, and the Mission of Guadalupe was erected (the Mission still stands in the central square of the City of Ciudad Juarez, Mexico). The first trading post was erected in central El Paso in 1848, and the same year, the United States Military Post, later named Fort Bliss, was established. El Paso has continued since that time to be a highly strategic military base. The City's corporate limits encompass 256 square miles.

This historic City, situated at the foot of the Franklin Mountains, enjoys a diversified economy. Mining and manufacturing, important military establishments, domestic and foreign commerce, farming and tourist trade are major contributors to the economy. El Paso's large natural retail and wholesale trade territory extends into New Mexico and Arizona, as well as Texas and Mexico.

El Paso is the largest U.S. city on the Mexico border, the sixth largest city in Texas, and the nineteenth largest city in the U.S. according to estimates by the US Census Bureau. Population in the 1960 Census was 276,687; the 1970 Census was 322,261; the 1980 Census was 425,259; the 1990 Census was 515,342, the 2000 Census was 563,662, the 2010 Census was 649,121 and the 2020 Census was 678,815. From 2000 – 2006, El Paso was the seventh fastest growing large city in the nation. The City's 2025 population was 681,723. The population of El Paso County was estimated at 875,784 for 2025 and the population of the sister Mexican city of Ciudad Juarez was estimated at 1.6 million.

EDUCATION . . . Most of the public schools in El Paso are under the supervision of three independent school districts, the El Paso Independent School District (with approximately 50,000 students on 80 campuses), the Ysleta Independent School District (with approximately 47,200 students on 62 campuses) and the Socorro Independent School District (with approximately 47,500 students on 51 campuses). In addition to public schools, there are several private and parochial schools in the El Paso area, with enrollment of approximately 5,124.

A number of excellent junior colleges, colleges and universities are located within the El Paso trade area. Among these are: El Paso Community College (El Paso); University of Texas at El Paso (El Paso); New Mexico State University (Las Cruces, New Mexico); Sul Ross State College (Alpine, Texas); Western New Mexico University (Silver City, New Mexico); New Mexico School of Mines (Socorro, New Mexico); Eastern New Mexico University (Portales, New Mexico); and New Mexico Military Institute (Roswell, New Mexico).

The University of Texas at El Paso (the "University") was established in 1914, and attracts thousands of visitors to seminars, conferences, convocations, sport contests and other events. The University offers degrees in nine schools: Engineering, Business Administration, Science, Education, Health Sciences, Liberal Arts, Nursing, Pharmacy School and Graduate. At the University, 26,297 students were enrolled in the school for the Fall 2025 semester including in undergraduate and graduate programs with both full-time and part-time attending status.

The Texas Tech University Health Sciences Center (the "Health Sciences Center") is an educational multi-campus institution created under Chapter 110 of the Texas Education Code and is governed by the Texas Tech University Board of Regents. The Health Sciences Center's administrative center is located in Lubbock, Texas. Currently, the Health Sciences Center located in the City of El Paso includes the Paul L. Foster School of Medicine at El Paso, the Gayle Greve Hunt School of Nursing, and the Graduate School of Biomedical Sciences. In addition, approval was given to open the Woody L. Hunt School of Dental Medicine in 2021.

El Paso County Community College, which offers a range of studies for both daytime and evening classes, had a 2025 enrollment of 62,765.

Across the border, Ciudad Juárez is home to five colleges: El Colegio de Chihuahua, Instituto Tecnológico de Ciudad Juárez, Universidad Autónoma de Ciudad Juárez, Universidad Tecnológica de Ciudad Juárez and Tecnológico de Monterrey.

HOSPITALS . . . El Paso is a major medical center, with eight hospitals providing approximately 2,658 beds, including William Beaumont Army Medical Center.

AGRICULTURE . . . Agriculture is an important activity in El Paso County, with crop production in the lowlands and livestock in upland areas. Major farm products include beef and dairy cattle, cotton, alfalfa, grain, pecans, onions, forage and peppers.

CONVENTIONS AND TOURISM . . . The El Paso Civic and Convention Center (the "Center") includes a 70,000 square foot Assembly-Exhibition Hall, theatre-auditorium, and headquarters for the Chamber of Commerce. To accommodate conventioneers, approximately 10,894 hotel and motel rooms are available.

Ciudad Juarez, immediately adjacent to El Paso, is a major factor and attraction in the area.

TRANSPORTATION . . . Regional transportation facilities, together with El Paso's strategic location, have contributed to development and growth of the City. Four rail lines operate through El Paso, with the National Railway of Mexico serving Ciudad Juarez. Interstate Highways 10 and 25 provide direct access to El Paso for commercial truckers and tourists. Five other U.S. Highways and the Central Highway of Mexico link El Paso to its surrounding market areas.

The El Paso International Airport is a large, modern airport with facilities equipped for handling many types and sizes of commercial aircraft. The Airport is classified as a medium air traffic hub by the Federal Aviation Administration and is currently served by seven passenger airlines and three all-cargo airlines. The following table shows the total airline passenger enplanements for the past six years (Airport Fiscal Year):

2020	1,101,811	2023	2,016,607
2021	1,089,173	2024	2,079,773
2022	1,789,195	2025	1,972,922

(1) Information provided by the City.

MINING, SMELTING AND REFINERIES . . . Freeport-McMoRan Copper & Gold Inc., with facilities located in El Paso, processes approximately 30% of all copper refined in the United States. While mining within El Paso County is of negligible proportions, substantial supplies of ore are produced in the trade territory, both domestic and in Mexico. Other minerals are also processed in the trade area, notably potash from the Carlsbad vicinity where 90% of the United States' production is mined.

The steel rolling mill facility of Vinton Steel currently produces merchants rod and bar steel products. The modern electric furnaces use scrap metal as the basic ingredient.

Two oil refineries provide asphalt, jet fuel, gasoline and fuel oil for a market area encompassing West Texas, New Mexico and Arizona.

MANUFACTURING . . . Because of El Paso's location on the Mexican border, firms can maintain manufacturing plant operations in the United States but can assemble their goods in Mexico. This "dual plant" operation is commonly called the Maquila Program and enables certain firms to cut production costs by producing the main component of goods across the border while assembling the finished product in the United States.

The Directory of El Paso Manufacturers lists more than 500 industrial firms in El Paso County and Ciudad Juarez. Currently, according to employment and value, the electronics industry has emerged as the leader among El Paso manufacturers, surpassing both the automotive and apparel industries. Other current growth industries in the area include plastics (primarily injected molded parts), electrical equipment, and military defense manufacturing. Approximately 70 Fortune 500 companies are located in El Paso.

MAJOR EMPLOYERS

Name of Business	Nature of Business	Number of Employees
Fort Bliss (Military and Civilian)	Army Base	47,806
El Paso Independent School District	Education	10,774
Socorro Independent School District	Education	9,348
Ysleta Independent School District	Education	8,476
T&T Staff Management, LP	Professional employment organization	7,873
City of El Paso	City government	6,095
Hospitals of Providence	Healthcare	4,400
InterLogix	Call Center	4,324
County of El Paso	County Government	3,243
William Beaumont Army Medical Center	Hospital	3,000
Wal-Mart	Grocery Store	3,000

Source: City of El Paso 2025 ACFR.

EMPLOYMENT STATISTICS

	City of El Paso				
	Average Annual				December
Civilian Labor Force	2021	2022	2023	2024	2025
Total Employment	284,661	292,314	302,323	316,424	322,374
Total Unemployment	17,933	11,501	13,256	13,373	13,282
Percentage Unemployed	5.9%	3.8%	4.2%	4.1%	4.0%

	El Paso County				
	Average Annual				December
Civilian Labor Force	2021	2022	2023	2024	2025
Total Employment	341,151	350,323	362,318	396,846	404,309
Total Unemployment	22,692	14,535	16,620	17,272	17,242
Percentage Unemployed	6.2%	4.0%	4.4%	4.2%	4.1%

Source: Texas Workforce Commission, Labor Market Information Department.

BANKING . . . The City is the banking center for El Paso County with 52 financial institutions, as well as the El Paso Branch of the Federal Reserve Bank of Dallas.

MILITARY INSTALLATIONS . . . Military installations in and around El Paso have a significant impact on the economy of the City and El Paso County. The employment of civilian personnel is substantial, and, combined with the military payrolls, has a pronounced effect on the level and stability of business volume. Large additional expenditures for supplies and contractual services, when added to the military payrolls, place many millions of dollars annually in local commercial channels.

Fort Bliss, historically important since its establishment as a post in 1848, is now the Army's Air Defense Training Center. From its common boundary with the City, Fort Bliss extends northward to adjoin White Sands Missile Range. The combined facilities represent an uninterrupted distance in excess of 100 miles dedicated to military and scientific pursuits. According to the Department of Defense, Fort Bliss is home to over 91,000 people between active and reserve duty personnel, family members, and other civilians.

Biggs Army Base adjoins both the City and Fort Bliss. Having fulfilled a variety of missions during its history, the base, which once was a major installation of the Strategic Air Command, has now been transferred to the Army. The Army Air Materiel Command, the Defense Language Institute and the Army Aviation Laboratory utilize the facilities of the base.

William Beaumont Army Medical Center, the Army's hospital in El Paso, is a 12-story facility and a fully accredited, permanent teaching and specialized-treatment hospital. The campus contains a Level III Trauma Center. It has 135 beds, 10 operating rooms, and 30 primary/specialty clinics with 269 exam rooms. With a complement of approximately 2,200 military and civilian personnel, the hospital's contribution to the El Paso economy is substantial.

White Sands Missile Range in New Mexico has long played an important role in weapons testing. With increasing technology involved in modern weapons, the facility's activities continue to be of significant importance. It is the largest all-land missile range in the Western Hemisphere.

Holloman Air Development Center, near Alamogordo, New Mexico, specializes in the testing and evaluation of new weapons for the Air Force. More than 25 electronic and aircraft companies operate at the Center.

McGregor Range is a testing and experimental area for missiles, rockets and anti-aircraft weapons. Like its neighbors, the impact of both construction and expansion programs, and operations requirements, make the Range an important economic factor in the region.

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APPENDIX B

EXCERPTS FROM THE

PUBLIC SERVICE BOARD - CITY OF EL PASO, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended February 28, 2025

The information contained in this Appendix consists of excerpts from the Public Service Board - City of El Paso, Texas Annual Comprehensive Financial Report for the Fiscal Year Ended February 28, 2025 and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

The information contained in this report is provided as of the respective dates and for the periods specified herein and is subject to change without notice, and the filing of this report does not, under any circumstances, imply that there has been no change in the affairs of the City since the specified date as of which such information is provided. The historical information set forth in this report is not indicative of future results or performance due to various factors, including those discussed in the Official Statement.

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certified public accountants

INDEPENDENT AUDITOR'S REPORT

Public Service Board - El Paso Water Utilities,
a component unit of the City of El Paso

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and each major fund of the Public Service Board - El Paso Water Utilities, a component unit of the City of El Paso, as of and for the years ended February 28, 2025 and February 29, 2024, and the related notes to the financial statements, which collectively comprise the Public Service Board - El Paso Water Utilities' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Public Service Board - El Paso Water Utilities, a component unit of the City of El Paso, as of February 28, 2025 and February 29, 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Public Service Board - El Paso Water Utilities and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, the Public Service Board - El Paso Water Utilities adopted new accounting guidance, GASB Statement No. 100, *Accounting Changes and Error Corrections.* Additionally, as described in Note 1 to the financial statements, the Public Service Board - El Paso Water Utilities adopted the provisions of GASB Statement No. 101, *Compensated Absences.* Accordingly, the accounting changes have been retroactively applied to the earliest period presented. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Public Service Board - El Paso Water Utilities' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Public Service Board - El Paso Water Utilities' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Public Service Board - El Paso Water Utilities' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents on pages 14 through 23 and pages 119 through 128, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 audits 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Public Service Board - El Paso Water Utilities', a component unit of the City of El Paso, basic financial statements. The accompanying supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 GAAS. In our opinion, the supplementary schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our separate report dated August 8, 2025, on our consideration of the Public Service Board - El Paso Water Utilities', a component unit of the City of El Paso, 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 Public Service Board - El Paso Water Utilities' 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 Public Service Board - El Paso Water Utilities' internal control over financial reporting and compliance.

Gibson Rudolock Patterson LLC

El Paso, Texas
August 8, 2025

Public Service Board - El Paso Water Utilities

Management's Discussion and Analysis

This Management Discussion and Analysis (MD&A) provides an overview and evaluation of El Paso Water Utilities' (EPWater) financial activities for the fiscal year ending February 28, 2025. It is intended to provide readers with a clear understanding of the utility's financial condition, operational results, and key developments during the year. To gain a more comprehensive insight into EPWater's financial performance and strategic direction, readers are encouraged to review this section alongside the accompanying letter of transmittal and the audited financial statements.

Financial Highlights

- The assets and deferred outflows of resources of EPWater exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $1.72 billion (*net position*).
- EPWater's total assets and deferred outflows of resources increased by $319 million from 2024 to 2025. This was primarily driven by a $378.5 million increase in water, wastewater, and stormwater infrastructure net of accumulated depreciation and amortization, partially offset by a $88.2 million decrease in investments restricted for construction and improvements.
- EPWater's total liabilities and deferred inflows of resources increased by $198.1 million during the fiscal year, mainly due to a $240 million increase in outstanding Extendable Commercial Paper (ECP) notes, and partially offset by a $60 million decrease in outstanding Commercial Paper (CP) notes.
- The debt service coverage for the Water and Wastewater Utility of 2.08 times is well above the required 1.50 times debt service coverage as per its bond ordinance. The Municipal Drainage Utility's debt service coverage of 2.01 times is also well above the required 1.25 times as per its bond ordinance.

Overview of Financial Statements

- Enterprise Funds – EPWater operates two enterprise funds: the Water and Wastewater Utility Fund and the Municipal Drainage Utility Fund. All transactions between these two funds are eliminated in the combined financial statements.
- Statements of Net Position – Provide a snapshot of EPWater's assets, liabilities, deferred outflows and inflows of resources, and total net position at the end of the fiscal year. These statements help assess the utility's overall financial health.
- Statements of Revenues, Expenses, and Changes in Net Position – Show how EPWater's net position has changed over the fiscal years presented. They are useful in determining whether the utility covered its costs through rates and other charges.
- Statements of Cash Flows – Present cash inflows and outflows from operating, capital, and related financing, and investing activities for each fiscal year.
- Notes to financial statements – Contain detailed information essential for a full understanding of EPWater's financial statements.
- Required Supplemental Information – Provides insight into EPWater's funding progress for other post-employment benefits and pension liabilities.

Additional supplementary information is included to provide further analysis, although it is not considered a required component of the basic financial statements.

- Supplementary Schedules – Present separate financial statements by fund, along with additional schedules offering detailed financial data for each individual fund.
- Statistical Section – Offers contextual summary information to help readers better understand the data presented in the financial statements, notes, and required supplementary information. It provides a broader perspective on EPWater's financial trends and overall health.

El Paso Service Area and Customer Growth

Over the last five years, the average annual retail customer growth has been a manageable 0.9%. The following table shows water, wastewater, and drainage retail customer growth for the past three years:

Water Customers	FY 2025	FY 2024	FY 2023
Metered water customers, beginning of year	221,673	220,749	218,646
Additions, net	537	924	2,103
Metered water customers, end of year	222,210	221,673	220,749
Wastewater Customers			
Wastewater customers, beginning of year	211,782	210,925	208,718
Additions, net	840	857	2,207
Wastewater customers, end of year	212,622	211,782	210,925
Drainage Customers			
Drainage customers, beginning of year	205,219	205,324	203,190
Additions (deletions), net	925	(105)	2,134
Drainage customers, end of year	206,144	205,219	205,324

EPWater provides wholesale water and wastewater services beyond the city limits to several entities. These include the Lower Valley Water District, Gaslight Square MHE, Paseo Del Este, Square Dance, the Village of Vinton, Fort Bliss, and the County East Montana area. Haciendas Del Norte WID receives water service only.

Retail water and wastewater services outside the city are offered to Westway and Canutillo, while retail water services are provided to Ponderosa/Western Village, Homestead, and Esperanza. The Public Service Board (PSB) has set outside-city retail water and wastewater rates at 115% of inside-city rates.

Drainage services are offered exclusively to customers located within the city limits of the City of El Paso, Texas.

Fiscal Year 2025 Financial Results

The following Enterprise Funds Statements of Net Position summarize the financial position of the Water and Wastewater Utility and the Municipal Drainage Utility after eliminating inter-fund payables, receivables, and land asset transfers.

Enterprise Funds Statements of Net Position			
	FY 2025	RESTATED FY 2024	RESTATED FY 2023
Current Assets	$795,975,704	$860,529,958	$792,316,211
Noncurrent Assets	86,758,362	78,250,155	78,871,609
Capital Assets (Net)	3,126,327,752	2,747,850,016	2,381,010,642
Total Assets	**4,009,061,818**	**3,686,630,129**	**3,252,198,462**
Deferred Outflows of Resources	**27,215,514**	**30,626,720**	**18,676,388**
Total Assets and Deferred Outflows of Resources	**$4,036,277,332**	**$3,717,256,849**	**$ 3,270,874,850**
Current Liabilities	$265,878,870	$245,748,096	$200,090,857
Noncurrent Liabilities	1,969,548,900	1,799,853,768	1,530,181,010
Total Liabilities	**2,235,427,770**	**2,045,601,864**	**1,730,271,867**
Deferred Inflows of Resources	**78,571,673**	**70,277,207**	**73,057,161**
Net Position:			
Restricted	244,254,614	219,579,477	206,910,925
Net Investment in Capital Assets	1,393,973,922	1,299,896,410	1,198,392,085
Unrestricted	84,049,353	81,901,891	62,242,812
Total Net Position	**1,722,277,889**	**1,601,377,778**	**1,467,545,822**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$4,036,277,332**	**$3,717,256,849**	**$ 3,270,874,850**

*2024 and 2023 were restated in 2025 due to the implementation of GASB Statement No. 101. See Note 30 for more information.

Enterprise Funds Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position

Total Assets and Deferred Outflows

- From 2024 to 2025, EPWater's total assets and deferred outflows of resources increased by $319 million, reaching $4 billion. This increase was primarily driven by a $378.5 million increase in water, wastewater, and stormwater infrastructure, net of accumulated depreciation, and partially offset by a $88.2 million decrease in investments restricted for construction and improvements.
- From 2023 to 2024, EPWater's total assets and deferred outflows of resources increased by $446.4 million, reaching $3.7 billion. This increase was primarily driven by a $366.8 million rise in water, wastewater, and stormwater infrastructure, net of accumulated depreciation, along with a $55.4 million increase in cash, cash equivalents, and investments.

Current Assets

- From 2024 to 2025, current assets decreased by $64.6 million, mainly due to a decrease of $62.9 million in cash and cash equivalents and investments, and a decrease in customers' accounts receivable of $2.5 million.
- From 2023 to 2024, current assets increased by $68.2 million, primarily due to a $194.4 million increase in cash and cash equivalents from restricted assets. This increase was driven by bond proceeds from the Water and Sewer Revenue Improvement and Refunding Bonds Series 2023 and 2023A, and the Municipal Drainage Utility Revenue Bond, Series 2023. The overall increase was partially offset by a $158.2 million decrease in investments restricted for construction and improvements.

Total Liabilities

- From 2024 to 2025, total liabilities increased by $189.8 million, mainly due to a $240 million increase in outstanding ECP notes, partially offset by a $60 million decrease in CP notes. In 2023, the City Council approved a $60 million ECP program for the Drainage Utility, followed by a $300 million ECP program for the Water and Wastewater Utility in 2024, replacing the CP program as the primary funding source for its Capital Improvement Program.

- From 2023 to 2024, total liabilities rose by $315.3 million, primarily due to a $162.5 million increase in revenue bonds (net of premiums/discounts) from issuing two Water and Wastewater bonds and one Stormwater bond. Additional increases included $50 million in CP notes for the Water and Wastewater Utility and $60 million in ECP notes for the Municipal Drainage Utility.

Enterprise Funds Statements of Revenues, Expenses, and Changes in Net Position			
	FY 2025	RESTATED FY 2024	RESTATED FY 2023
Operating Revenues:			
Water	$178,011,384	$170,207,883	$146,817,647
Water supply replacement charge	40,877,194	38,880,293	35,503,953
Reclaimed Water	6,426,578	5,631,875	5,137,535
Wastewater	158,998,404	152,914,105	110,264,375
Drainage fees	37,944,836	33,345,709	28,660,599
Customer connection fees	5,929,408	6,507,724	5,009,431
City of El Paso Franchise fee	6,550,000	6,550,000	6,550,000
Other operating revenue	8,899,580	6,037,403	5,280,387
Total Operating Revenues	**443,637,384**	**420,074,992**	**343,223,927**
Operating Expenses:			
O&M – Water and Reclaimed Water	81,655,823	72,415,274	61,458,008
O&M – Wastewater	42,226,125	37,705,421	40,622,488
General, Administrative, and Engineering	53,128,512	45,673,660	34,873,512
O&M – Drainage	9,749,581	7,054,203	6,644,930
Other Operating Expenses	6,462,950	4,694,714	4,940,735
Other Post-Employment Benefits	119,665	-	164,923
Pension Expense	6,854,524	9,135,432	3,108,123
Depreciation and amortization	91,264,116	82,502,764	76,033,958
Payment to the City of El Paso Franchise fee	6,550,000	6,550,000	6,550,000
Payment to the City of El Paso per Bond Covenants	20,992,232	20,226,629	17,593,314
Total Operating Expenses	**319,003,528**	**285,958,097**	**251,989,991**
Operating Income	**124,633,856**	**134,116,895**	**91,233,936**
Interest Earnings	27,004,079	31,801,837	14,450,518
Gain on Land Assets Converted by Sale	835,758	2,806,363	1,948,237
Gain on Sale of Miscellaneous Assets	278,771	465,835	3,955,125
Federal Grant Revenue – Non-Capital	287,100	1,016,932	-
Other nonoperating lease revenue	2,948,414	2,803,537	2,761,095
Other nonoperating expenses	(1,529,768)	(2,129,069)	(5,076,188)
Interest on Long-Term Debt	(58,498,264)	(52,727,108)	(38,281,338)
Total Nonoperating Expense	**(28,673,910)**	**(15,961,673)**	**(20,242,551)**
Increase in Net Position, Before Contributions	95,959,946	118,155,222	70,991,385
Federal Grant Revenue - Capital Contributions	10,653,124	2,686,245	710,370
Non-Federal grant revenue - capital contributions	552,940	3,138,165	1,470,333
Capital and Non-Federal Grant Contributions	13,734,101	9,852,324	8,385,861
Change in Net Position	120,900,111	133,831,956	81,557,949
Net position - Beginning, as previously reported	-	1,472,265,379	1,385,972,373
Restatements and adjustments	-	(4,719,557)	15,500
Net position - Beginning, as restated	1,601,377,778	1,467,545,822	1,385,972,373
Total Net Position – Ending	**$1,722,277,889**	**$1,601,377,778**	**$1,467,545,822**

*** 2024 and 2023 were restated in 2025 due to the implementation of GASB Statement No. 101. See Note 30 for more information.**

Water and Wastewater Utility Fund

Total operating revenues increased by $18.5 million from 2024 to 2025, mainly due to rate increases for water and wastewater service and increase in customers. The revenue increases were as following:

- $9.8 million in water and water supply replacement charge revenue (4% rate increase)
- $6 million in wastewater revenue (4% rate increase)

Total operating revenues increased by $72.2 million from 2023 to 2024, mainly due to rate increases for water and wastewater service and increase in customers. The revenue increases were as following:

- $26.8 million in water and water supply replacement charge revenue (9% rate increase)
- $42.6 million in wastewater revenue (40% rate increase)

Total operating expenses of $302.4 million for 2025 increased by $30.4 million from 2024, mainly due to the following:

- Increase of $21.6 million in operations and maintenance for the water and wastewater system mainly due to an increase of $7 million in personnel services as the Utility filled 94 vacant positions and implemented budgeted salary increases, and an increase of $8 million in system maintenance
- Increase of $8.3 million in depreciation and amortization expense

Total operating expenses of $272 million for 2024 increased by $32.3 million from 2023, mainly due to the following:

- Increase of $18.2 million in operations and maintenance for the water and wastewater system mainly due to an increase of $13.8 million in personnel services as the Utility filled 125 vacant positions and implemented budgeted salary increases, and an increase of $9.3 million in system maintenance, and $7 million in materials and supplies
- Increase of $6.1 million in depreciation and amortization expense
- Increase of $5.7 million in pension expenses due to increases in salary expenses

Total non-operating expenses of $52.3 million for 2025 increased by $3.4 million from 2024, mainly due to an increase in ECP interest expense of $3.6 million.

Total non-operating expenses of $48.8 million for 2024 increased by $10.2 million from 2023, mainly due to an increase in interest on long-term debt of $13.1 million as the Utility completed two bond issues for $180.6 million to fund water and wastewater CIP projects.

Total non-operating revenue of $29 million for 2025 decreased by $8 million from 2024, mainly due to a decrease in interest earnings of $5.3 million due to a decrease in interest rate yields and a decrease in bond funds available for investment as these funds continue to be depleted to pay for expenditures for construction projects.

Total non-operating revenue of $37 million for 2024 increased by $14.9 million from 2023, mainly due to an increase in interest earnings of $16.5 million as the federal funds rate increased during 2024, and by the end of the fiscal year was at 5.5%.

Net position before capital contributions - The balance of $79 million decreased by $23.3 million from 2024 to 2025, primarily due to the following factors:

- Decrease in operating income of $11.9 million
- Decrease in interest income of $5.3 million

Net position before capital contributions of $102.4 million increased by $44.6 million from 2023 to 2024, mainly due to the following:

- Increase of $39.9 million in operating income.
- Increase in interest income of $16.5 million.

- Offset by an increase in interest expense on long-term debt of $13.1 million.

Total contributions of $24.9 million in 2025 were $9.3 million more than in 2024, mainly due to an increase of $3.9 million in capital contributions and an increase in federal and non-federal grant contributions of $5.4 million.

Total contributions of $15.7 million for 2024 were $5.1 million more than in 2023, mainly due to an increase of $1.5 million in capital contributions and an increase in federal and non-federal grant contributions of $3.6 million.

Water and Wastewater Capital Improvement Program

EPWater spent $418 million on water, wastewater, and reclaimed water system capital improvements in fiscal year 2025. Major expenditures included the following:

- $110.3 million for wastewater plants upgrades and rehabilitation
- $24.6 million for the construction of the EPWater administration building
- $21.8 million for well rehabilitation and construction
- $15.6 million for the Frontera Force Main rehabilitation

Water and Wastewater Utility Financial Indicators

Over the past three years, the Water and Wastewater Utility's debt service coverage ratio has ranged from 2.08 to 2.49 times. The decrease in coverage in 2025 compared to 2024 is primarily due to higher operating expenses and the increase of more than $14.5 million in bond principal and interest payments. In recent years, the Utility has issued additional debt to fund the large-scale Capital Improvement Program, which is essential for maintaining and expanding critical water and wastewater infrastructure. Despite these financial pressures, the Utility remains financially stable, and the debt service coverage for 2025 of 2.08 times is above our budgeted 2.05 times coverage and well above the 1.50 times as required by the bond ordinance. The debt service coverage is discussed in Note 19.

Financial Indicators for the Water and Wastewater Utility

	FY 2025	RESTATED FY 2024	RESTATED FY 2023
Current Assets/Current Liabilities	2.96	3.56	4.09
Operating Ratio	0.53	0.50	0.53
Debt Service Coverage	2.08 times	2.49 times	2.42 times
Debt Ratio	0.45	0.44	0.43

Municipal Drainage Utility Fund

Total operating revenues of $39.1 million increased by $5.1 million from 2024 to 2025 due to EPWater approving a 13% stormwater fee increase effective March 1, 2024.

Total operating revenues of $34 million increased by $4.7 million from 2023 to 2024 due to EPWater approving a 15% stormwater fee increase effective March 1, 2023.

Operating expenses of $16.8 million increased by $2.7 million from 2024, mainly due to an increase of $2.7 million in stormwater operations and maintenance and an increase in depreciation expense of $426,000.

Operating expenses of $14.2 million increased by $1.7 million from 2023, mainly due to an increase of $406,000 in stormwater operations and maintenance, an increase of $629,000 in indirect cost allocations, and an increase in depreciation and amortization expense of $366,000.

Drainage Utility Capital Improvement Program

EPWater spent $29.2 million in fiscal year 2025 on capital improvements for the Municipal Drainage Utility, including:

- $6.1 million for the Arroyo 1 Dam detention improvements

- $3.5 million for the corrugated metal pipe replacement program
- $3.3 million in open space acquisitions
- $2.8 million in land acquisitions for stormwater projects

Municipal Drainage Utility Financial Indicators

Over the past three years, the Municipal Drainage Utility's debt service coverage ratio has ranged from 2.01 to 2.20 times. The Utility remains financially stable, and the debt service coverage for 2025 of 2.01 times is above the budgeted 1.86 times coverage and well above the 1.25 times as required by the bond ordinance. The debt service coverage is discussed in Note 19.

Financial Indicators for the Municipal Drainage Utility			
	FY 2025	RESTATED FY 2024	RESTATED FY 2023
Current Assets/Current Liabilities	3.17	2.89	2.62
Operating Ratio	0.31	0.29	0.29
Debt Service Coverage	2.01 times	2.20 times	2.05 times
Debt Ratio	0.47	0.48	0.42

EPWater fulfilled all financial obligations during the fiscal year, including operating expenses and debt service requirements. In addition, the utility continued to address the demands of a growing community by rehabilitating existing infrastructure and investing in new water, wastewater, and drainage systems to enhance service delivery and meet customer needs.

Capital Assets

EPWater's net investment in water, wastewater, and drainage capital assets as of February 28, 2025, was $3.1 billion (net of accumulated depreciation and amortization), an increase of 13.8% from 2024. The following table reflects the changes within each classification of capital assets net of depreciation and amortization. The increase in capital assets was primarily due to the addition of $143.2 million in new water, wastewater, and reclaimed water and drainage projects placed in service during the year, and an increase of $210.9 million in construction work in progress. The capital asset information is detailed in Note 10. The commitments related to construction work in progress are discussed in Note 26.

Capital Assets (Net of Accumulated Depreciation/Amortization)			
	FY 2025	FY 2024	RESTATED FY 2023
Land and Right-of-Way	$395,049,413	$371,082,593	$359,033,667
Right to use lease assets	5,599,390	4,857,447	$5,175,982
SBITA assets	1,560,657	1,931,671	2,851,638
Irrigation Water Rights Contracts	13,055,442	13,030,296	12,754,043
Buildings and Shops	55,719,123	46,958,776	48,252,507
Vehicles	16,791,124	13,054,613	8,373,902
Equipment and Tools	32,030,656	32,403,841	32,856,855
Water System	917,797,055	863,513,238	809,471,541
Wastewater System	581,104,592	521,861,939	424,482,607
Drainage System	196,302,052	178,734,742	162,330,302
Construction Work in Progress	911,318,248	700,420,860	515,427,598
Total	**$3,126,327,752**	**$2,747,850,016**	**$2,381,010,642**

Debt Administration

EPWater issued one bond during this fiscal year:

- In April 2024, EPWater issued $54.1 million of Municipal Drainage Utility System Revenue Refunding Bonds, Series 2024, to take long $60 million of outstanding ECP notes.

The total long-term liabilities are summarized in Note 11 of the financial statements, and the revenue bonds in Note 12.

An adequate level of debt and a strong financial position reflect superior fiscal management, which has allowed EPWater to continue to earn among the highest ratings awarded by rating agencies:

Bond, Commercial Paper, and Extendable Commercial Paper Ratings			
	Standard & Poor's	Fitch	Moody's
Water and Wastewater Extendable Commercial Paper	A-1+	AA+	-
Water and Wastewater Commercial Paper	A-1+	AA+	P-1
Water and Sewer System Bonds	AA	AA+	-
Municipal Drainage System Bonds	AA+	AA+	-
Municipal Drainage Extendable Commercial Paper	A-1+	-	-

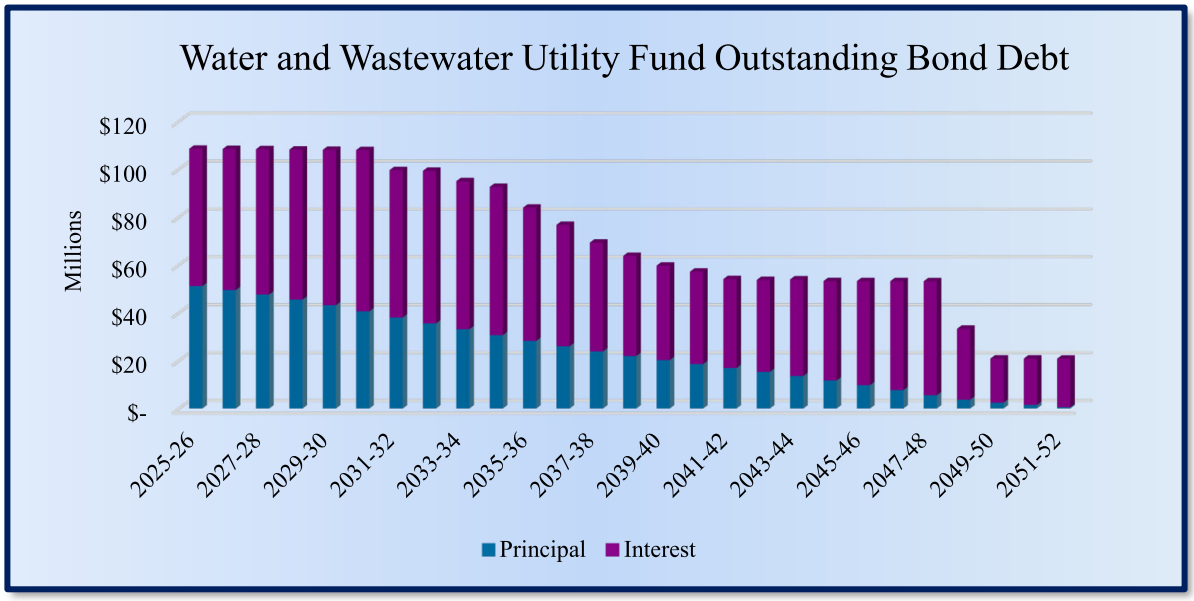
EPWater, through the City of El Paso and Bank of America, N.A., currently has a revolving credit agreement in which Bank of America, N.A., is obligated under the Credit Agreement to loan to the City of El Paso amounts not to exceed $80 million for interim financing for the Water and Wastewater Utility. The Commercial Paper program information is detailed in Note 13.

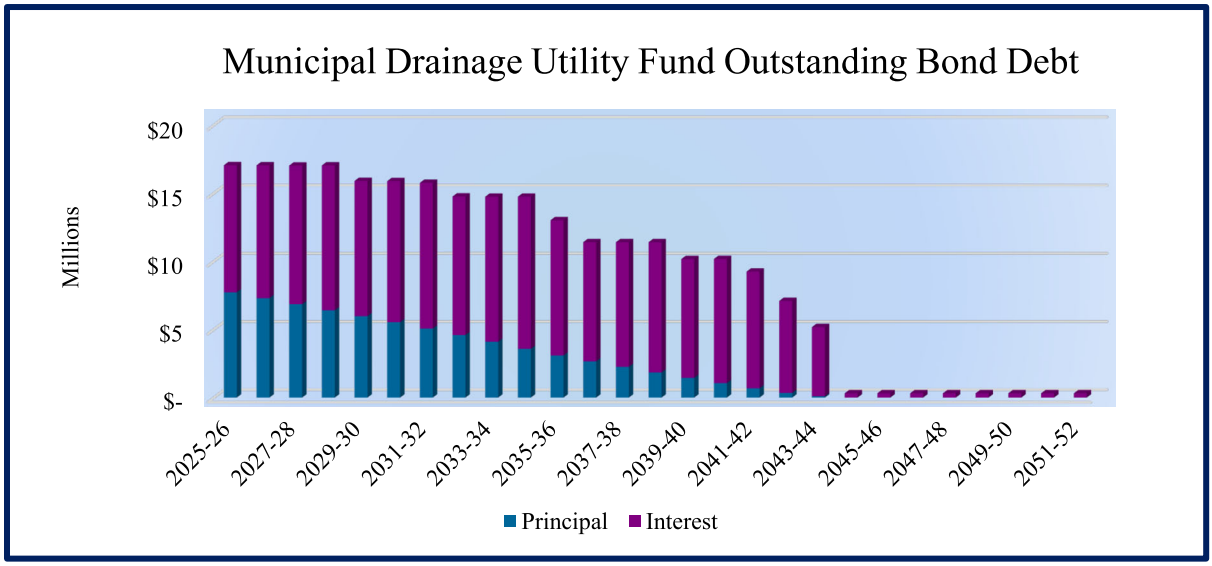
EPWater, through the City of El Paso, approved an ECP program not to exceed $60 million for interim financing for the Municipal Drainage Utility CIP and entered into a dealer agreement with Morgan Stanley & Co. LLC to solicit and arrange sales of ECP notes. EPWater issued $60 million in ECP notes during the fiscal year 2025. The ECP information is detailed in Note 15.

EPWater, through the City of El Paso, approved an ECP program not to exceed $300 million for interim financing for the Water and Sewer Utility CIP and entered into a dealer agreement with Morgan Stanley & Co. LLC to solicit and arrange sales of ECP notes. EPWater issued $280 million in ECP notes during the fiscal year 2025. The ECP information is detailed in Note 15.

Summary of Significant Outstanding Debt			
	FY 2025	FY 2024	FY 2023
Water and Wastewater Revenue Bonds	$1,329,315,000	$1,383,620,000	1,251,640,000
Water and Wastewater Commercial Paper	-	60,000,000	10,000,000
Water and Sewer Extendable Commercial Paper	280,000,000	-	-
Water and Wastewater Unamortized Premiums Net of Discounts	112,996,239	119,857,089	107,017,891
Municipal Drainage System Bonds	189,354,000	142,622,000	126,385,000
Municipal Drainage System Revolving Note	-	-	15,000,000
Municipal Drainage System Extendable Commercial Paper	20,000,000	60,000,000	-
Municipal Unamortized Premiums Net of Discounts	19,974,893	14,801,243	13,378,007
Total	**$1,951,640,132**	**$1,780,900,332**	**$1,523,420,898**

As of February 28, 2025, the following charts show all outstanding principal and interest owed by EPWater.





Economic Factors and Next Year's Budget and Rates

Several key economic and environmental factors were considered in preparing the EPWater budget for Fiscal Year 2025-2026:

- Drought conditions are expected in 2025 due to the below-normal snowpack in Colorado, and the estimated river water allocation to EPWater is estimated at 30,000 acre-feet, which is half of the normal allotment.

- In 2024, the El Paso MSA home sales increased by 4%, with the median sales prices increasing by 4.1% to $264,950 according to the Texas Realtors. The number of months Single-Family Housing remained in inventory increased from 3 months to 3.4 months, and the average days on market increased from 54 days to 63 days during the same period.

- EPWater budget includes $891.1 million in new CIP funding with $737.8 million in ECP to fund the Water and Wastewater Utility CIP for Fiscal Year 2025-2026. The Municipal Drainage Utility budget includes $62 million in new CIP funding for fiscal year 2025-2026, with $46.5 million being funded by ECP.

All of these factors were taken into consideration in preparing EPWater's budget for the fiscal year 2025-2026. The Public Service Board adopted a Water and Wastewater Utility budget that includes a seven percent rate increase for water and a six percent increase for wastewater services, in addition to a sixteen percent stormwater fee increase for the Municipal Drainage Utility. EPWater will continue to look for efficiencies, refinancing debt opportunities, and cutting costs whenever possible. In 2024, EPWater conducted a rate study focused on affordability, conservation, and customer input. Based on the study, the Public Service Board approved the following two water and wastewater rate changes effective March 1, 2025:

- A 30% discount on minimum water and wastewater charges for customers using 1 CCF or less
- An increase in the monthly water billed threshold from 3 CCFs to 4 CCFs for the waiver of the water supply replacement charge.

Request for Information

The financial report is designed to provide a general overview of EPWater's finances and for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Chief Financial Officer: 1154 Hawkins Blvd. El Paso, Texas 79925.

el paso
WATER

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF NET POSITION

February 28, 2025

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 68,187,596	$ 3,762,355	$ -	$ 71,949,951
Investments	15,046,311	3,000,000	-	18,046,311
Accounts receivable - customers	44,123,787	2,045,740	-	46,169,527
Leases receivable	1,854,344	31,359	-	1,885,703
Accounts receivable - other	4,819,162	348,845	-	5,168,007
Property investment costs	373,137	-	-	373,137
Due from Municipal Drainage Utility	92,020	-	(92,020)	-
Due from Municipal Drainage Utility land transfer	2,000,000	-	(2,000,000)	-
Accrued interest receivable	3,552,507	67,198	-	3,619,705
Inventory - materials and supplies	10,284,788	-	-	10,284,788
Other current assets	666,417	-	-	666,417
Prepaid expenses	2,664,901	-	-	2,664,901
Accounts receivable - City of El Paso land transfer	831,643	-	-	831,643
Restricted current assets:				
Restricted for bond requirements:				
Cash and cash equivalents	93,028,770	13,048,605	-	106,077,375
Investments	52,630,090	6,156,346	-	58,786,436
Restricted for construction and improvements:				
Cash and cash equivalents	271,334,683	56,261,778	-	327,596,461
Investments	132,131,306	-	-	132,131,306
Accounts receivable - government grants	9,649,025	-	-	9,649,025
Notes receivable	75,011	-	-	75,011
Total current assets	713,345,498	84,722,226	(2,092,020)	795,975,704
Noncurrent assets:				
Leases receivable	61,018,501	730,311	-	61,748,812
Accounts receivable - City of El Paso land transfer	23,889,943	-	-	23,889,943
Property investment costs	1,119,607	-	-	1,119,607
Due from Municipal Drainage Utility land transfer	5,044,800	-	(5,044,800)	-
Capital assets net of accumulated depreciation/amortization:				
Water and Wastewater Utility capital assets	1,614,149,787	-	-	1,614,149,787
Municipal Drainage Utility capital assets	-	198,650,257	-	198,650,257
Right to use lease assets	5,599,390	-	-	5,599,390
Right to use SBITA assets	1,551,811	8,846	-	1,560,657
Land and right of way	320,398,202	99,322,180	(24,670,969)	395,049,413
Construction work in progress	851,458,306	60,146,942	(287,000)	911,318,248
Total capital assets	2,793,157,496	358,128,225	(24,957,969)	3,126,327,752
Total noncurrent assets	2,884,230,347	358,858,536	(30,002,769)	3,213,086,114
Total assets	3,597,575,845	443,580,762	(32,094,789)	4,009,061,818
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on bond refunding	1,177,690	-	-	1,177,690
Deferred outflows - pension	21,395,778	948,214	-	22,343,992
Deferred outflows - OPEB	3,453,274	240,558	-	3,693,832
Total deferred outflows of resources	26,026,742	1,188,772	-	27,215,514
Total assets and deferred outflows of resources	$ 3,623,602,587	$ 444,769,534	$ (32,094,789)	$ 4,036,277,332

	Water and Wastewater Utility	Municipal Drainage Utility	Eliminations	Total
LIABILITIES				
Current liabilities:				
Accounts payable	$ 8,175,058	$ 298,587	$ -	$ 8,473,645
Environmental Services collections and other payments due to City of El Paso	10,770,464	-	-	10,770,464
Customer deposits	13,320,139	-	-	13,320,139
Accrued compensated absences	3,212,546	154,568	-	3,367,114
Accrued payroll and benefits	3,059,239	170,045	-	3,229,284
Due to Water and Wastewater Utility	-	92,020	(92,020)	-
Due to Water and Wastewater Utility land transfer	-	2,000,000	(2,000,000)	-
Unearned rent revenue	2,134,908	20,603	-	2,155,511
Lease liabilities	229,778	-	-	229,778
SBITA liabilities	654,432	-	-	654,432
Other current liabilities	1,579,262	-	-	1,579,262
Self-insurance workers' compensation and health claims	416,484	-	-	416,484
Other government payable	211,316	-	-	211,316
Customer advances for construction	500,377	-	-	500,377
OPEB Liability	543,409	30,487	-	573,896
Current liabilities payable from restricted assets:				
Revenue bonds payable and unamortized premiums net of discounts	61,800,569	9,794,447	-	71,595,016
Unearned non-federal grant revenue - TWDB	21,343,923	5,698,001	-	27,041,924
Accrued interest on long term debt	27,963,078	4,158,365	-	32,121,443
Accounts payable	68,974,288	4,133,371	-	73,107,659
Retainage payable on construction contracts	16,370,369	160,757	-	16,531,126
Total current liabilities	241,259,639	26,711,251	(2,092,020)	265,878,870
Noncurrent liabilities:				
Accrued compensated absences	6,268,898	226,643	-	6,495,541
Due to Water and Wastewater Utility land transfer	-	5,044,800	(5,044,800)	-
Lease liabilities	5,770,639	-	-	5,770,639
SBITA liabilities	88,740	-	-	88,740
Self-insurance workers' compensation claims	626,549	-	-	626,549
Other government payable	756,163	-	-	756,163
Revenue bonds payable and unamortized premiums net of discounts	1,380,510,670	199,534,446	-	1,580,045,116
Extendable commercial paper notes	280,000,000	20,000,000	-	300,000,000
OPEB Liability	12,526,591	702,771	-	13,229,362
Net Pension Liability	48,289,452	2,127,958	-	50,417,410
Noncurrent liabilities payable from restricted assets:				
Arbitrage liability	10,595,935	1,523,445	-	12,119,380
Total noncurrent liabilities	1,745,433,637	229,160,063	(5,044,800)	1,969,548,900
Total liabilities	1,986,693,276	255,871,314	(7,136,820)	2,235,427,770
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - gain on bond refunding	3,218,936	100,852	-	3,319,788
Deferred inflows - leases	62,689,484	729,929	-	63,419,413
Deferred inflows - pension	221,902	156,495	-	378,397
Deferred inflows - OPEB	10,635,412	818,663	-	11,454,075
Total deferred inflows of resources	76,765,734	1,805,939	-	78,571,673
NET POSITION				
Restricted:				
Restricted for debt service	117,695,782	15,046,586	-	132,742,368
Restricted for construction and improvements	93,795,098	17,717,148	-	111,512,246
Total restricted	211,490,880	32,763,734	-	244,254,614
Net investment in capital assets	1,263,204,355	155,727,536	(24,957,969)	1,393,973,922
Unrestricted	85,448,342	(1,398,989)	-	84,049,353
Total net position	1,560,143,577	187,092,281	(24,957,969)	1,722,277,889
Total liabilities, deferred inflows of resources, and net position	$ 3,623,602,587	$ 444,769,534	$ (32,094,789)	$ 4,036,277,332

The notes to the financial statements are an integral part of this statement.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF NET POSITION
RESTATED
February 29, 2024

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 62,215,564	$ 10,720,729	$ -	$ 72,936,293
Investments	9,997,884	3,007,778	-	13,005,662
Accounts receivable - customers	46,649,478	2,040,149	-	48,689,627
Leases receivable	2,237,838	41,581	-	2,279,419
Accounts receivable - other	6,088,809	350,954	-	6,439,763
Property investment costs	373,137	-	-	373,137
Due from Municipal Drainage Utility land transfer	2,000,000	-	(2,000,000)	-
Accrued interest receivable	4,224,242	139,162	-	4,363,404
Due from Water and Wastewater Utility	-	39,501	(39,501)	-
Inventory - materials and supplies	10,256,767	-	-	10,256,767
Other current assets	562,704	-	-	562,704
Prepaid expenses	3,116,057	-	-	3,116,057
Accounts receivable - City of El Paso land transfer	822,979	-	-	822,979
Restricted current assets:				
Restricted for bond requirements:				
Cash and cash equivalents	94,317,459	9,833,261	-	104,150,720
Investments	44,769,721	5,303,075	-	50,072,796
Restricted for construction and improvements:				
Cash and cash equivalents	267,220,052	49,799,754	-	317,019,806
Investments	218,310,458	2,000,000	-	220,310,458
Accounts receivable - government grants	6,020,525	-	-	6,020,525
Notes receivable	109,841	-	-	109,841
Total current assets	779,293,515	83,275,944	(2,039,501)	860,529,958
Noncurrent assets:				
Leases receivable	51,274,356	761,670	-	52,036,026
Accounts receivable - City of El Paso land transfer	24,721,583	-	-	24,721,583
Property investment costs	1,492,546	-	-	1,492,546
Due from Municipal Drainage Utility land transfer	6,044,800	-	(6,044,800)	-
Capital assets net of accumulated depreciation/amortization:				-
Water and Wastewater Utility capital assets	1,488,948,044	-	-	1,488,948,044
Municipal Drainage Utility capital assets	-	180,609,400	-	180,609,400
Right to use lease assets	4,857,448	-	-	4,857,448
Right to use SBITA assets	1,906,152	25,519	-	1,931,671
Land and right of way	313,867,115	81,886,447	(24,670,969)	371,082,593
Construction work in progress	628,452,171	72,255,689	(287,000)	700,420,860
Total capital assets	2,438,030,930	334,777,055	(24,957,969)	2,747,850,016
Total noncurrent assets	2,521,564,215	335,538,725	(31,002,769)	2,826,100,171
Total assets	3,300,857,730	418,814,669	(33,042,270)	3,686,630,129
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on bond refunding	1,563,797	-	-	1,563,797
Deferred outflows - pension	24,583,239	1,073,490	-	25,656,729
Deferred outflows - OPEB	3,192,298	213,896	-	3,406,194
Total deferred outflows of resources	29,339,334	1,287,386	-	30,626,720
Total assets and deferred outflows of resources	$ 3,330,197,064	$ 420,102,055	$ (33,042,270)	$ 3,717,256,849

	Water and Wastewater Utility	Municipal Drainage Utility	Eliminations	Total
LIABILITIES				
Current liabilities:				
Accounts payable	$ 9,128,128	$ 218,331	$ -	$ 9,346,459
Environmental Services collections and other payments due to City of El Paso	12,608,858	-	-	12,608,858
Customer deposits	12,890,913	-	-	12,890,913
Accrued compensated absences	2,852,257	134,880	-	2,987,137
Accrued payroll and benefits	2,546,926	129,295	-	2,676,221
Due to Municipal Drainage Utility	39,501	-	(39,501)	-
Due to Water and Wastewater Utility land transfer	-	2,000,000	(2,000,000)	-
Unearned rent revenue	1,681,427	15,861	-	1,697,288
Lease liabilities	111,772	-	-	111,772
SBITA liabilities	907,665	20,586		928,251
Other current liabilities	1,770,091	53	-	1,770,144
Self-insurance workers' compensation and health claims	365,396	-	-	365,396
Other government payable	202,034	-	-	202,034
Customer advances for construction	574,598	-	-	574,598
OPEB Liability	568,654	30,972	-	599,626
Current liabilities payable from restricted assets:				
Revenue bonds payable and unamortized premiums net of discounts	61,165,850	8,420,142	-	69,585,992
Unearned non-federal grant revenue - TWDB	20,419,933	5,437,040	-	25,856,973
Accrued interest on long term debt	29,753,113	3,409,052	-	33,162,165
Accounts payable	49,615,872	8,359,121	-	57,974,993
Retainage payable on construction contracts	11,784,384	624,892	-	12,409,276
Total current liabilities	218,987,372	28,800,225	(2,039,501)	245,748,096
Noncurrent liabilities:				
Accrued compensated absences	6,633,421	236,456	-	6,869,877
Due to Water and Wastewater Utility land transfer	-	6,044,800	(6,044,800)	-
Lease liabilities	5,036,445	-	-	5,036,445
SBITA liabilities	542,012	-	-	542,012
Self-insurance workers' compensation claims	442,958	-	-	442,958
Other governments payable	967,479	-	-	967,479
Revenue bonds payable and unamortized premiums net of discounts	1,442,311,239	149,003,101	-	1,591,314,340
Commercial paper notes	60,000,000	-	-	60,000,000
Extendable commercial paper notes	-	60,000,000	-	60,000,000
OPEB Liability	12,597,823	686,156	-	13,283,979
Net Pension Liability	53,560,388	2,385,548	-	55,945,936
Noncurrent liabilities payable from restricted assets:				
Arbitrage liability	4,681,854	768,888	-	5,450,742
Total noncurrent liabilities	1,586,773,619	219,124,949	(6,044,800)	1,799,853,768
Total liabilities	1,805,760,991	247,925,174	(8,084,301)	2,045,601,864
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - gain on bond refunding	3,964,339	115,259	-	4,079,598
Deferred inflows - leases	53,315,205	787,043	-	54,102,248
Deferred inflows - pension	317,254	214,570	-	531,824
Deferred inflows - OPEB	10,685,708	877,829	-	11,563,537
Total deferred inflows of resources	68,282,506	1,994,701	-	70,277,207
NET POSITION				
Restricted:				
Restricted for debt service	109,334,067	11,727,284	-	121,061,351
Restricted for construction and improvements	89,342,643	9,175,483	-	98,518,126
Total restricted	198,676,710	20,902,767	-	219,579,477
Net investment in capital assets	1,180,202,082	144,652,297	(24,957,969)	1,299,896,410
Unrestricted	77,274,775	4,627,116	-	81,901,891
Total net position	1,456,153,567	170,182,180	(24,957,969)	1,601,377,778
Total liabilities, deferred inflows of resources, and net position	$ 3,330,197,064	$ 420,102,055	$ (33,042,270)	$ 3,717,256,849

The notes to the financial statements are an integral part of this statement.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

For the Year Ended February 28, 2025

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Operating revenues:				
Water	$ 178,025,535	$ -	$ (14,151)	$ 178,011,384
Water supply replacement charge	40,877,194	-	-	40,877,194
Reclaimed water	6,426,578	-	-	6,426,578
Wastewater	158,998,404	-	-	158,998,404
Drainage fees	-	38,144,557	(199,721)	37,944,836
Customer connection fees	5,929,408	-	-	5,929,408
City of El Paso Franchise fee	6,550,000	-	-	6,550,000
Other operating revenue	7,930,627	992,953	(24,000)	8,899,580
Total operating revenues	404,737,746	39,137,510	(237,872)	443,637,384
Operating expenses:				
Operations and maintenance - water and reclaimed water	81,728,679	-	(72,856)	81,655,823
Operations and maintenance - wastewater	42,314,130	-	(88,005)	42,226,125
General, administrative and engineering expenses	51,129,372	-	1,999,140	53,128,512
Operations and maintenance - drainage	-	9,787,732	(38,151)	9,749,581
Indirect cost allocation	-	2,038,000	(2,038,000)	-
Other operating expenses	6,462,950	-	-	6,462,950
Other Post-Employment Benefits	119,665	-	-	119,665
Pension expense	6,655,479	199,045	-	6,854,524
Depreciation and amortization	86,453,106	4,811,010	-	91,264,116
Payment to City of El Paso Franchise fee	6,550,000	-	-	6,550,000
Payment to City of El Paso per bond covenants	20,992,232	-	-	20,992,232
Total operating expenses	302,405,613	16,835,787	(237,872)	319,003,528
Operating income	102,332,133	22,301,723	-	124,633,856
Nonoperating revenues (expenses):				
Interest earnings and net change in fair value of investments	24,711,902	2,292,177	-	27,004,079
Gain on sale of land	835,758	-	-	835,758
Gain on sale of miscellaneous assets	278,771	-	-	278,771
Federal grant revenue - non capital	287,100	-	-	287,100
Other nonoperating lease revenues	2,891,300	57,114	-	2,948,414
Other nonoperating expenses	(914,591)	(615,177)	-	(1,529,768)
Interest on long term debt	(51,372,528)	(7,125,736)	-	(58,498,264)
Total nonoperating expenses	(23,282,288)	(5,391,622)	-	(28,673,910)
Increase in net position, before contributions	79,049,845	16,910,101	-	95,959,946
Federal grant revenue - capital	10,653,124	-	-	10,653,124
Non-Federal grant revenue - capital	552,940	-	-	552,940
Capital contributions	13,734,101	-	-	13,734,101
Total contributions	24,940,165	-	-	24,940,165
Change in net position	103,990,010	16,910,101	-	120,900,111
Net position - Beginning	1,456,153,567	170,182,180	(24,957,969)	1,601,377,778
Total net position - Ending	$ 1,560,143,577	$187,092,281	$ (24,957,969)	$ 1,722,277,889

The notes to the financial statements are an integral part of this statement.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
RESTATED
For the Year Ended February 29, 2024

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Operating revenues:				
Water	$ 170,216,061	$ -	$ (8,178)	$ 170,207,883
Water supply replacement charge	38,880,293	-	-	38,880,293
Reclaimed water	5,631,875	-	-	5,631,875
Wastewater	152,914,105	-	-	152,914,105
Drainage fees	-	33,517,191	(171,482)	33,345,709
Customer connection fees	6,507,724	-	-	6,507,724
City of El Paso Franchise fee	6,550,000	-	-	6,550,000
Other operating revenue	5,576,766	484,637	(24,000)	6,037,403
Total operating revenues	386,276,824	34,001,828	(203,660)	420,074,992
Operating expenses:				
Operations and maintenance - water and reclaimed water	72,476,885	-	(61,611)	72,415,274
Operations and maintenance - wastewater	37,780,910	-	(75,489)	37,705,421
General, administrative and engineering expenses	43,323,042	-	2,350,618	45,673,660
Operations and maintenance - drainage	-	7,086,381	(32,178)	7,054,203
Indirect cost allocation	-	2,385,000	(2,385,000)	-
Other operating expenses	4,694,714	-	-	4,694,714
Pension expense	8,840,741	294,691	-	9,135,432
Depreciation and amortization	78,117,941	4,384,823	-	82,502,764
Payment to City of El Paso Franchise fee	6,550,000	-	-	6,550,000
Payment to City of El Paso per bond covenants	20,226,629	-	-	20,226,629
Total operating expenses	272,010,862	14,150,895	(203,660)	285,958,097
Operating income	114,265,962	19,850,933	-	134,116,895
Nonoperating revenues (expenses):				
Interest earnings and net change in fair value of investments	30,034,874	1,766,963	-	31,801,837
Gain on sale of land	2,714,126	92,237	-	2,806,363
Gain on sale of miscellaneous assets	465,835	-	-	465,835
Federal grant revenue - non capital	1,016,932	-	-	1,016,932
Other nonoperating lease revenues	2,742,909	60,628	-	2,803,537
Other nonoperating expenses	(1,663,410)	(465,659)	-	(2,129,069)
Interest on long term debt	(47,182,950)	(5,544,158)	-	(52,727,108)
Total nonoperating expenses	(11,871,684)	(4,089,989)	-	(15,961,673)
Increase in net position, before contributions	102,394,278	15,760,944	-	118,155,222
Federal grant revenue - capital	2,686,245	-	-	2,686,245
Non-Federal grant revenue - capital	3,138,165	-	-	3,138,165
Capital contributions	9,852,324	-	-	9,852,324
Total contributions	15,676,734	-	-	15,676,734
Change in net position	118,071,012	15,760,944	-	133,831,956
Net position, 2/28/23, as previously reported	1,342,690,123	154,533,225	(24,957,969)	1,472,265,379
Restatements - change in accounting principle	(4,607,568)	(111,989)	-	(4,719,557)
Net position, 2/28/23, as restated	1,338,082,555	154,421,236	(24,957,969)	1,467,545,822
Total net position, 2/29/2024	$ 1,456,153,567	$170,182,180	$ (24,957,969)	$ 1,601,377,778

The notes to the financial statements are an integral part of this statement.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended February 28, 2025

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 403,558,534	$ 38,899,581	$ -	$ 442,458,115
Cash received from Municipal Drainage Utility	1,944,630	-	(1,944,630)	-
Cash received from Water and Wastewater Utility	-	199,721	(199,721)	-
Environmental Services fees collected for the City of El Paso	88,582,899	-	-	88,582,899
Franchise fees collected	6,550,000	-	-	6,550,000
Cash payments to suppliers for goods and services	(120,436,323)	(7,581,504)	-	(128,017,827)
Cash payments to employees for services	(72,482,240)	(2,456,218)	-	(74,938,458)
Environmental Services fees paid to the City of El Paso	(90,363,119)	-	-	(90,363,119)
Payments to City of El Paso per bond covenants	(21,057,304)	-	-	(21,057,304)
Payments to City of El Paso Franchise fees	(6,550,000)	-	-	(6,550,000)
Cash payments to Municipal Drainage Utility	(199,721)	-	199,721	-
Cash payments to Water and Wastewater Utility	-	(1,944,630)	1,944,630	-
Net cash provided by operating activities	189,547,356	27,116,950	-	216,664,306
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from:				
Revenue bonds	-	54,145,000	-	54,145,000
Premiums and gains on revenue bonds	-	6,451,879	-	6,451,879
Extendable Commercial paper	280,000,000			
Commercial paper	10,000,000	20,000,000	-	30,000,000
Revolving note	-	-	-	-
Principal payments on leases receivable	2,938,673	41,581	-	2,980,254
Interest payments on leases receivable	679,503	17,005	-	696,508
Cash receipts from grants	7,844,946	-	-	7,844,946
Acquisition and construction from capital grants	(11,206,064)	-	-	(11,206,064)
Acquisition and construction of capital assets net of disposals	(390,659,868)	(33,852,065)	3,787,000	(420,724,933)
Principal payments on lease liabilities	(178,177)	-	-	(178,177)
Interest payments on lease liabilities	(386,161)	-	-	(386,161)
Principal payments on SBITA liabilities	(1,594,225)	(20,586)	-	(1,614,811)
Interest payments on SBITA liabilities	(10,938)	(114)	-	(11,052)
Refunding commercial paper	(70,000,000)	-	-	(70,000,000)
Principal payments on revenue bonds	(54,305,000)	(7,413,000)	-	(61,718,000)
Interest and fees on revenue bonds and commercial paper	(54,937,749)	(7,529,680)	-	(62,467,429)
Refunding of revolving notes	-	(60,000,000)	-	(60,000,000)
Interest payments on notes and other long term debt	(48,495)	-	-	(48,495)
Proceeds from sale of assets net of related expenses	2,897,942	-	(3,787,000)	(889,058)
Proceeds from unearned non-federal grant	923,990	260,961	-	1,184,951
Net cash used by capital and related financing activities	(278,041,623)	(27,899,019)	-	(585,940,642)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale and maturities of investment securities	322,085,156	-	-	322,085,156
Purchase of investment securities	(248,806,972)	1,155,547	-	(247,651,425)
Interest received on investment securities	24,014,057	2,345,516	-	26,359,573
Net cash provided by investing activities	97,292,241	3,501,063	-	100,793,304
Net increase in cash and cash equivalents	8,797,974	2,718,994	-	11,516,968
Cash and cash equivalents:				
Beginning of year	423,753,075	70,353,744	-	494,106,819
End of year	$ 432,551,049	$ 73,072,738	$ -	$ 505,623,787

The notes to the financial statements are an integral part of this statement.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended February 28, 2025

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 102,332,133	$ 22,301,723	$ -	$ 124,633,856
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	86,453,106	4,811,011	-	91,264,117
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	4,526,232	(2,841)	-	4,523,391
Due from Municipal Drainage Utility	(92,020)	-	92,020	-
Due from Water and Wastewater Utility	-	39,501	(39,501)	-
Inventory	(28,021)	-	-	(28,021)
Prepaid expenses	451,156	-	-	451,156
Other current assets	(103,713)	-	-	(103,713)
Deferred outflows - pension	3,187,461	125,276	-	3,312,737
Deferred outflows - OPEB	(260,976)	(26,662)	-	(287,638)
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	(953,070)	80,256	-	(872,814)
Other current liabilities	(1,155,128)	4,742	-	(1,150,386)
Due to Municipal Drainage Utility	(39,501)	-	39,501	-
Due to Water and Wastewater Utility	-	92,020	(92,020)	-
Accrued compensated absences	(4,234)	9,875	-	5,641
Accrued payroll and benefits	512,313	40,750	-	553,063
Total OPEB Liability	(96,477)	16,130	-	(80,347)
Net Pension Liability	(5,270,936)	(257,590)	-	(5,528,526)
Deferred inflows - Pension	(95,352)	(58,075)	-	(153,427)
Deferred inflows - OPEB	(50,296)	(59,166)	-	(109,462)
Self-insurance claims	234,679	-	-	234,679
Net cash provided by operating activities	189,547,356	27,116,950	-	216,664,306
Noncash investing, capital, and financing activities:				
Capital contributions from developers	$ 13,734,101	$ -	$ -	$ 13,734,101
Assets aquired through leases	1,030,377	-	-	1,030,377
Assets aquired through SBITA's	861,620	-	-	861,620
Change in fair value of investments	(7,829)	(1,040)	-	(8,869)
	$ 15,618,269	$ (1,040)	$ -	$ 15,617,229

The notes to the financial statements are an integral part of this statement.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF CASH FLOWS
RESTATED
For the Year Ended February 29, 2024

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 375,025,302	$ 33,951,251	$ -	$ 408,976,553
Cash received from Municipal Drainage Utility	2,185,111	-	(2,185,111)	-
Cash received from Water and Wastewater Utility	-	171,482	(171,482)	-
Environmental Services fees collected for the City of El Paso	85,522,149	-	-	85,522,149
Franchise fees collected	6,550,000	-	-	6,550,000
Cash payments to suppliers for goods and services	(102,006,552)	(5,402,938)	-	(107,409,490)
Cash payments to employees for services	(63,478,771)	(1,816,923)	-	(65,295,694)
Environmental Services fees paid to the City of El Paso	(86,842,174)	-	-	(86,842,174)
Payments to City of El Paso per bond covenants	(19,933,264)	-	-	(19,933,264)
Payments to City of El Paso Franchise fees	(6,550,000)	-	-	(6,550,000)
Cash payments to Municipal Drainage Utility	(171,482)	-	171,482	-
Cash payments to Water and Wastewater Utility	-	(2,185,111)	2,185,111	-
Net cash provided by operating activities	190,300,319	24,717,761	-	215,018,080
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from:				
Revenue bonds	180,605,000	22,870,000	-	203,475,000
Premiums and gains on revenue bonds	19,510,624	2,399,999	-	21,910,623
Commercial paper	90,000,000	60,000,000	-	150,000,000
Revolving note	-	10,000,000	-	10,000,000
Principal payments on leases receivable	2,278,756	45,014	-	2,323,770
Interest payments on leases receivable	802,261	16,420	-	818,681
Cash receipts from grants	2,569,643	-	-	2,569,643
Acquisition and construction from capital grants	(5,629,672)	-	-	(5,629,672)
Acquisition and construction of capital assets net of disposals	(371,390,649)	(59,152,142)	3,787,000	(426,755,791)
Principal payments on lease liabilities	(212,122)	-	-	(212,122)
Interest payments on lease liabilities	(381,618)	-	-	(381,618)
Principal payments on SBITA liabilities	(1,502,886)	(19,533)	-	(1,522,419)
Interest payments on SBITA liabilities	(14,539)	(222)	-	(14,761)
Refunding commercial paper	(40,000,000)	-	-	(40,000,000)
Principal payments on revenue bonds	(48,625,000)	(6,633,000)	-	(55,258,000)
Interest and fees on revenue bonds and commercial paper	(44,319,070)	(5,546,393)	-	(49,865,463)
Payments on revolving notes	-	(25,000,000)	-	(25,000,000)
Interest payments on notes and other long term debt	(57,368)	-	-	(57,368)
Proceeds from sale of assets net of related expenses	7,293,938	92,237	(3,787,000)	3,599,175
Proceeds from unearned non-federal grant	20,419,933	248,297	-	20,668,230
Net cash used by capital and related financing activities	(188,652,769)	(679,323)	-	(189,332,092)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale and maturities of investment securities	830,084,040	23,069,173	-	853,153,213
Purchase of investment securities	(642,599,420)	(26,637,208)	-	(669,236,628)
Interest received on investment securities	27,878,214	1,613,562	-	29,491,776
Net cash provided (used) by investing activities	215,362,834	(1,954,473)	-	213,408,361
Net increase in cash and cash equivalents	217,010,384	22,083,965	-	239,094,349
Cash and cash equivalents:				
Beginning of year	206,742,691	48,269,779	-	255,012,470
End of year	$ 423,753,075	$ 70,353,744	$ -	$ 494,106,819

The notes to the financial statements are an integral part of this statement.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF CASH FLOWS
RESTATED
For the Year Ended February 29, 2024

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 114,265,962	$ 19,850,933	$ -	$ 134,116,895
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	78,117,941	4,384,823	-	82,502,764
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	(5,362,223)	177,416	-	(5,184,807)
Due from Water and Wastewater Utility	-	232,067	(232,067)	-
Inventory	(1,287,868)	-	-	(1,287,868)
Prepaid expenses	(779,560)	-	-	(779,560)
Other current assets	(124,266)	-	-	(124,266)
Deferred outflows - pension	(12,267,493)	(539,481)	-	(12,806,974)
Deferred outflows - OPEB	436,744	33,791	-	470,535
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	3,555,633	69,948	-	3,625,581
Other current liabilities	(87,705)	(4,536)	-	(92,241)
Due to Municipal Drainage Utility	(232,067)	-	232,067	-
Accrued compensated absences	914,462	96,780	-	1,011,242
Accrued payroll and benefits	791,410	32,481	-	823,891
Total OPEB Liability	964,611	1,202	-	965,813
Net Pension Liability	13,589,447	522,332	-	14,111,779
Deferred inflows - pension	(95,352)	(26,998)	-	(122,350)
Deferred inflows - OPEB	(1,894,859)	(112,997)	-	(2,007,856)
Self-insurance claims	(204,498)	-	-	(204,498)
Net cash provided by operating activities	190,300,319	24,717,761	-	215,018,080
Noncash investing, capital, and financing activities:				
Capital contributions from developers	$ 9,852,324	$ -	$ -	$ 9,852,324
Assets aquired through SBITA's	160,859	-	-	160,859
Change in fair value of investments	(241,623)	(17,578)	-	(259,201)
	$ 9,771,560	$ (17,578)	$ -	$ 9,753,982

The notes to the financial statements are an integral part of this statement.

el paso
WATER

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - El Paso City Ordinance No. 752, adopted May 22, 1952, established a five-member board of trustees known as the "Public Service Board" (PSB) which was given the complete management and control of the city's Water and Wastewater Utility System, and as such a separate entity known as Public Service Board - El Paso Water Utilities (EPWater) was created. Ordinance No. 017167 adopted August 11, 2009 increased the number of board members from five to seven. The PSB consists of the Mayor of the City of El Paso and six residents of El Paso County, Texas. With the exception of the Mayor, all other trustees are appointed by the City Council and serve staggered four-year terms.

EPWater prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB), and it complies with the requirements of contracts and grants of agencies from which it receives funds. In accordance with GASB, a financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the elected officials of EPWater are financially accountable, or for which the relationship to EPWater is such that exclusion would cause EPWater's financial statements to be misleading or incomplete. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize they are legally separate from the primary government. Blended component units, although a legally separate entity, are in substance a part of EPWater's operations, and thus the data is combined with data of the primary government.

The criteria used to determine whether an organization is a component unit of EPWater includes: financial accountability of EPWater for the component unit, whether EPWater appoints a voting majority of the entity's board, the ability to impose EPWater's will on the component unit, fiscal dependency criterion, if it is a financial benefit to or burden to EPWater, and whether services are provided entirely or almost entirely to EPWater. As noted below, EPWater has one blended component unit which is the El Paso and Hudspeth Counties Regional Water Supply Corporation. EPWater's basic financial statements include all operations of the financial reporting entity. In addition, EPWater is included as a component unit of the City of El Paso based upon the selection of the governing authority.

The Enterprise Funds Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position are the financial statements for EPWater as a whole. They report information on both of EPWater's funds after elimination of the interfund activities, payables and receivables. The Statement of Net Position reports all financial and capital resources of the EPWater. It presents information on assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. The two funds of EPWater are the Water and Wastewater Utility Fund and the Municipal Drainage Utility Fund.

Nature of Activities - EPWater provides water, wastewater, and drainage services for the El Paso area residents. In addition to the water, wastewater, and drainage system revenue, EPWater receives funding from state and federal government sources and must comply with the requirements of these funding source entities.

During the year ended February 28, 2006, EPWater acquired a municipal golf course and contracted a managing agent to operate the facility. The assets, liabilities, and results of operations are included in these financial statements as part of the Water and Wastewater Utility Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EPWater also purchased agricultural properties in Hudspeth County, Texas commonly referred to as CLM farm and the Carpenter farm (collectively the "Property") in order to obtain the rights to the groundwater. At the time of purchase, much of the Property was being used for farming operations. On December 16, 2016 EPWater contracted with Dell Valley Ranch Management, LLC (DVRM) and its affiliate DanJay Enterprises, LLC (DanJay) on an interim basis to manage and farm the Property and, with the intention of leasing the Property to a third party, continued farming operations into 2018. On December 7, 2018, EPWater entered into a cash farm lease with DVRM and DanJay. The property investment costs included in the February 28, 2025 and February 29, 2024 financial statements are expenses related to preservation of the farming operations on the Property. The expenses prevented deterioration in the value of the Property investment and facilitated leasing the Property. The property investment costs are being repaid over the initial term of the lease, which became effective retroactively to January 1, 2018.

On June 9, 2021, the El Paso and Hudspeth Counties Regional Water Supply Corporation (Corporation) was formed with the purpose of managing the operations and maintenance of the Esperanza Water System in El Paso, County, which is owned by EPWater. The Corporation is managed by the Board of Directors which consists of the seven board members of the Public Service Board. The fiscal year of the Corporation is from March 1 to last day of February. The Esperanza Water System is next to Fort Hancock, Texas and consists of over 300 water customers. On March 1, 2022, the Corporation assumed responsibility to oversee the business activities of EPWater's farm land leases in Hudspeth-Culberson and Jeff Davis counties as part of its long term water supply strategy. The Corporation is reported as a blended component unit of EPWater in the Water and Wastewater Utility Fund. The assets, liabilities, and results of operations are included in these financial statements. The criteria used to include the Corporation as a blended component unit of EPWater include: EPWater appoints a voting majority of the Corporation's governing body, EPWater is able to impose its will on the Corporation, and a financial benefit or burden relationship exists between EPWater and the Corporation.

Fund Accounting - EPWater is comprised of two funds, the Water and Wastewater Utility and the Municipal Drainage Utility. The funds are accounted for as enterprise funds, which are proprietary funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

EPWater reports the following major enterprise funds:

- Water and Wastewater Utility - This fund is used to account for the activity related to providing water and wastewater services to El Paso area residents.

- Municipal Drainage Utility - This fund is used to account for the activity related to the management and collection of storm water runoff within the City of El Paso.

City Ordinance No. 752 established certain "funds" for the Water and Wastewater Utility Fund. These "funds" are mandatory asset segregation and not funds in the sense of governmental fiscal and accounting entities with self-balancing sets of accounts. These "funds" are more fully explained in Note 2.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On June 19, 2007, the City of El Paso adopted City Ordinance No. 016668 establishing certain "funds" for the Municipal Drainage Utility Fund. These "funds" are mandatory asset segregation and not funds in the sense of governmental fiscal and accounting entities with self-balancing sets of accounts. These "funds" are more fully explained in Note 3.

Annual Budget - EPWater prepares, prior to the beginning of each fiscal year, separate detailed comprehensive annual budgets for the Water and Wastewater Utility and Municipal Drainage Utility funds reflecting estimates of revenues and expenses and other requirements for the ensuing fiscal year in sufficient detail to indicate the probable gross revenues and pledged revenues for such fiscal year. The budgets are prepared using the accrual basis of accounting and are approved by the Public Service Board. The budgets are used to control, monitor, and manage the operations of the two utility funds.

Basis of Accounting - The financial statements are prepared using the accrual basis of accounting. Revenue is recognized as it is earned and expenses are recognized when goods or services are delivered and the liability is incurred.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of EPWater are charges to customers for sales and services related to the water and wastewater systems. EPWater also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. In addition, EPWater acts as a billing and collecting agent on behalf of the City of El Paso for environmental services collection, and an administrative fee is recognized as operating revenue for this service. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets as well as payments to the City of El Paso based upon 10% of water sales. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is EPWater's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates - Preparation of these financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Flows Statement - For purposes of the statement of cash flows, EPWater considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments - All investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year end. Investments with an original maturity of less than or equal to one year are reported at amortized cost, which approximates fair value. Premiums and discounts on investments are amortized or accreted using the straight-line method, which approximates the interest method, over the terms of the related securities. It is the intent of management to hold securities until maturity, and the securities not maturing within a year after year-end are considered non-current.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Realized gains or losses resulting from the sale of investments are determined by the specific cost of the securities sold.

Inventory - Materials and Supplies - EPWater reports inventories of supplies at average cost. Supplies are recorded as expenses when they are consumed.

Restricted Assets - Based upon certain bond covenants and other requirements, EPWater is required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt and other activities specifically restricted (construction and improvements).

Capital Assets - Effective March 1, 2021 on a prospective basis, EPWater increased the threshold for capitalization from $5,000 to $25,000 and increased the estimated useful life from one year to two years. The primary reason for the change is to reduce administrative costs and enhance overall stewardship and control of EPWater's assets by eliminating the requirement to track relatively low valued items. Water and wastewater and drainage additions are recorded at cost, which includes materials, labor, and overhead. Overhead consists of internal costs that are clearly related to the acquisition of capital assets. New services, meters, newly installed pipe, and associated costs will be capitalized and depreciated when placed into service. Assets acquired through contributions, such as from developers, are capitalized and recorded at estimated acquisition value as of the date of contribution. Included in capital assets are intangible assets, which consist of purchased water rights, land easements, and right to use lease assets. It is the policy of EPWater to capitalize infrastructure assets. Maintenance and repairs that do not add to the value or life of the asset are charged to operating expense. Major plant replacements are capitalized.

EPWater records depreciation of capital assets in service on the straight-line method at amounts estimated to amortize costs of assets over their estimated useful lives. Intangible assets not considered to have indefinite useful lives are amortized over their estimated useful life. At the time of retirement of capital assets, the accumulated depreciation is removed with the original cost of the asset plus any cost of removal and any gain or loss on disposal of the asset is recognized.

The following estimated useful lives are used in providing for depreciation of capital assets:

Drainage system	50-100 years
Building and shops	25-33 years
Water plant	10-50 years
Wastewater plant	5-50 years
Management information systems	5-20 years
Equipment and tools	3-33 years
Vehicles and heavy equipment	5-7 years
Water rights contract	75 years

Right to use lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. When a lease contains a purchase option EPWater chooses to exercise, the lease asset is amortized over the useful life of the underlying asset. The amortization expense is presented with depreciation expense for financial reporting purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences - EPWater implemented *GASB Statement No. 101, Compensated Absences,* as of March 1, 2023, the earliest period presented, as required by the standard. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Also, see Note 30 for details related to the financial statement impact of the GASB 101 implementation.

Full time, permanent EPWater employees earn vacation leave as follows:

Years Employed	Vacation Leave
1 - 5	12 days/year
6 - 15	17 days/year
Over 15	20 days/year

Permanent EPWater employees who work 40 hours per week can accumulate a total of 400 vacation leave hours. Vacation is recorded as an expense and related liability in the year earned.

Sick leave is earned at a rate of 15 days per year for permanent, full time EPWater employees, with an unlimited accumulation of days. Sick pay is recorded as an expense in the year incurred. As of February 28, 2025 and February 29, 2024, EPWater's total compensated absences liability was $9,862,655 and $9,857,014, respectively.

Accrued compensated absences for the Water and Wastewater Utility is as follows:

	2025	2024
Total payable, beginning of year	**$ 9,485,678**	$ 8,571,216
Compensated absences earned	**4,477,912**	4,326,734
Compensated absences used	**(4,482,146)**	(3,412,272)
Total payable, end of year	**$ 9,481,444**	$ 9,485,678

Accrued compensated absences for the Municipal Drainage Utility is as follows:

	2025	2024
Total payable, beginning of year	**$ 371,336**	$ 274,556
Compensated absences earned	**226,936**	258,811
Compensated absences used	**(217,061)**	(162,031)
Total payable, end of year	**$ 381,211**	$ 371,336

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement category represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/reduction) until then.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement category represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

EPWater has the following items that qualify for reporting in these categories:

Deferred charges or gains on bond refunding - A deferred charge or gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred leases - A deferred inflow of resources for leases occurs at the time the value of the leases receivable is measured plus any payment received at or before the commencement of the lease term that relates to future periods. This deferred inflow will be amortized in a systematic and rational manner over the term of the lease.

Deferred pension contributions - These contributions are deferred and reduce net pension liability in the subsequent fiscal year.

Difference in expected and actual experience - For pensions and OPEB, this difference is deferred and amortized over the average remaining service life of all participants in the pension and OPEB plans and recorded as a component of pension or OPEB expense beginning with the period in which the difference occurred.

Net difference in projected and actual earnings on pension assets - This difference is deferred and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Change in assumptions - For pensions and OPEB, this change is deferred and amortized over the average remaining service life of all participants in the pension and OPEB plans and recorded as a component of pension or OPEB expense beginning with the period in which the change occurred.

Change in proportionate share - For pensions and OPEB, this change is deferred and amortized over the average remaining service life of all participants in the pension and OPEB plans and recorded as a component of pension or OPEB expense beginning with the period that first experienced the change in proportionate share.

Pensions - For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of El Paso Employees Retirement Trust (CERT) and additions to/deductions from CERT fiduciary net position have been determined on the same basis as they are reported by the CERT. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases - A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset, the underlying asset, as specified in the contract for a period of time, in excess of one year, in an exchange or exchange-like transaction. The lease liability is measured at the present value of the payments expected to be made, less any lease incentives, over the noncancellable term of the lease using the stated rate present in the contract or, when that is not present, an estimated incremental borrowing rate. The corresponding lease asset is measured at the amount of the initial measurement of the lease liability plus any payments made to the lessor at or before commencement of the lease term, including certain direct costs. In addition, in accordance with the capitalization policy, EPWater capitalizes right to use lease assets with individual values at initial measurement of $25,000 and above. Subsequent to the initial measurement, the lease liability is reduced by the principal portion of the lease payments made. The right to use lease asset is also subsequently amortized on a straight-line basis over lease asset's useful life. Interest expense is also recognized based on the rate applied to each agreement. When EPWater enters into a lease liability agreement where the payments require periodic increases for either usage of the underlying asset or adjustments for changes in the consumer price index, only the variable payments that are fixed in substance are included in the initial measurement of the liability and corresponding lease asset.

A lease receivable for EPWater as lessor is measured at the present value of the lease payments expected to be received during the noncancellable lease term, using an estimated incremental borrowing rate. Escalation payments that require fixed periodic payment increases are included in the initial measurement of the lease receivable as part of the future minimum rent payments. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. Interest revenue is also recorded based on the rate applied to each lease agreement. Under certain lease agreements, EPWater receives variable lease payments that are dependent on changes in the consumer price index. Certain other agreements stipulate EPWater is to receive revenue from production royalties based on mining operations conducted at leased properties, which provide for the payment of a fee based on the greater of the value of the product extracted from the leased properties or a guaranteed minimum royalty. Payments in excess of the guaranteed minimum royalty are considered variable payments and are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is also measured at the initial lease receivable amount and adjusted for lease payments received at or before the lease commencement date. This deferred inflow is amortized and recognized as lease revenue over the life of the lease.

Subscription-Based Information Technology Arrangements - EPWater implemented *GASB Statement No. 96, Subscription-Based Information Technology Arrangements*, during fiscal year February 29, 2024. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. 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. See Note 10 for information regarding EPWater's right to use SBITA assets and Note 17 for the related liabilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A SBITA is defined as a contract that conveys control of the right to use another party's information technology software (IT) alone or in combination with tangible capital assets, the underlying IT assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a noncancellable right to use the underlying assets. The subscription term also includes periods covered by an option to extend, if it is reasonably certain that the option will be exercised, or to terminate, if it is reasonably certain that the option will not be exercised. The SBITA liability is measured at the present value of subscription payments expected to be made during the subscription term, using the estimated incremental borrowing rate. The corresponding subscription asset is measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. In addition, in accordance with the capitalization policy, EPWater capitalizes right to use SBITA assets with individual values at initial measurement of $25,000 and above. Subsequent to the initial measurement, the SBITA liability is reduced by the principal portion of the SBITA payment made. Interest expense is recognized based on the rate applied to each agreement. The right to use SBITA asset is subsequently amortized on a straight-line basis over the subscription term.

Reclassifications - Certain amounts presented in the prior year data have been reclassified in order to be more consistent with current year's data. See Note 30 for more information.

In the Statement of Revenues, Expenses, and Changes in Net Position certain amounts have been reclassified within operating revenues and expenses, which did not affect the overall operating income.

In the Statement of Net Position certain amounts have been reclassified in Restricted Net Position for Construction and Improvements, Net Investment in Capital Assets, and Unrestricted due to a recalculation of unspent bond proceeds, a reclassification of an internal advance, and a reclassification for capital accounts and retainage payable that arise from construction of capital assets.

EPWater implemented GASB No. 100, *Accounting Changes and Error Corrections - an amendment of GASB No. 62*, as of March 1, 2023, the earliest period presented, as required by the standard. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections and to provide more understandable, reliable, relevant, consistent, and comparable information for making or assessing accountability. See Note 30 for more details.

EPWater also implemented GASB No. 101, *Compensated Absences,* as of March 1, 2023, the earliest period presented, as required by the standard. The primary objective of this Statement is to improve the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. See Note 30 for more details.

2. CITY ORDINANCE NO. 752

On May 22, 1952, City Ordinance No. 752 created the Public Service Board - El Paso Water Utilities for the purpose of providing water and wastewater services that are reported in the Water and Wastewater Utility Fund. This ordinance authorized the issuance of a series of Revenue Bonds entitled "City of El Paso, Texas, Water and Sewer Revenue Bonds Series 1952 (the Series 1952 Bonds)," and the City reserved the right and option in the 1952 resolution to issue, under certain conditions, additional bonds on a parity as to lien and right with the Series 1952 Bonds. This bond ordinance has been amended as a result of subsequent bond issues, but still contains the following key covenants.

Ordinance No. 752, as amended, requires that gross revenues of the System be applied in sequence to: (a) current expenses of maintenance and operations; (b) debt service and reserve requirements; (c) capital expenditures, or unexpected or extraordinary repairs or replacements, or for any other lawful purpose. The following funds have been established to account for the application of the gross revenues: (i) Water and Sewer Revenue Bonds Waterworks and Sewage Fund; (ii) Water and Sewer Revenue Bonds Interest and Sinking Fund; (iii) Water and Sewer Revenue Bonds Reserve Fund; and (iv) Water and Sewer Improvement Fund. All revenues of every nature received through operations of the System shall be paid into the Waterworks and Sewage Fund. The Bond Funds are required to contain an amount of money and investments equal to the principal and interest requirements during the fiscal year.

Ordinance No. 752 also requires that EPWater maintain rates sufficient to produce or yield revenues in each fiscal year in an amount adequate to pay all expenses incurred for the operations and maintenance of the System as such expenses shall accrue during the year and to produce an additional amount equal to 150% of the aggregate amount required to be paid in such year for principal and interest and redemption premiums on bonds payable from the Bond Funds.

Ordinance No. 752 also provides that EPWater will permit no free water or services to be supplied to the City or to any other user. However, the ordinance requires that 10% of the total amounts received by EPWater from the sale of water be paid to the City Treasurer. The money received by the City Treasurer may be expended by the City under the direction of the City Council for any purpose for which revenues of the System may legally be used under the laws of the State of Texas.

3. CITY ORDINANCE NO. 016668 ESTABLISHMENT OF A MUNICIPAL DRAINAGE UTILITY SYSTEM

On June 19, 2007, the City of El Paso adopted Ordinance #016668 establishing a Municipal Drainage Utility System. The ordinance states that the Public Service Board - El Paso Water Utilities shall have complete authority and control of the management and operation of the Municipal Drainage Utility on behalf of the City. The Municipal Drainage Utility is necessary and essential to ensure that the management and control of the stormwater runoff adequately protects the health, safety, and welfare of the citizens of the City. EPWater assumed full responsibility and control of the Municipal Drainage Utility as of March 1, 2008. City personnel, equipment, and all assets of the Drainage System including infrastructure and land were transferred to EPWater. EPWater began billing drainage fees to fund the operating and capital expenses of the Municipal Drainage Utility as of March 1, 2008.

The Ordinance further stated that the Board prepare a Master Stormwater Management Plan which was approved by the City Council and took effect in March of 2009. In developing the Stormwater Plan, the Board considered the use of open space as natural drainage and to the extent reasonably possible to preserve the City's open spaces, greenways, arroyos, and wilderness areas in their natural state. The Board shall also allocate an amount equal to 10% of the System's annual drainage utility fee revenues for Green Projects which have the potential dual purposes of stormwater management and preservation of the City's open spaces, greenways, arroyos, and wilderness areas. Since March 1, 2008, $37,307,963 has been set aside from 10% of revenues and interest earnings for Green Projects and as of February 28, 2025, $33,916,598 been spent including the following purchases:

- Eight Park-Pond Conversions throughout the city for $1,800,000,
- 202.658 acres for $2,465,000 on March 31, 2010,
- 140.799 acres for $2,949,000 on July 14, 2015,
- 69.63 acres for $1,669,000 on November 6, 2015,
- 152.66 acres for $2 million in May 2018,
- 1,107 acres for $11,300,000 on July 23, 2019,
- 1,056 acres for $14,044,800 on July 3, 2021, of which three payments totaling $7 million have been made and the remainder to be paid back within four years and,
- 68.635 acres for $2,255,700 on August 28, 2024.

The Ordinance also requires that a drainage utility fee be imposed on each improved parcel within the City for services and facilities provided by the System, except as to exemptions provided for by law or by the ordinance. At least once a year the Board shall present to the City Council a report on the status of the system.

Ordinance #016668 also requires that the revenues collected from drainage utility fees must be segregated and completely identifiable from other City or Board accounts. The Board has adopted a debt service coverage ratio of 1.25 times for all Municipal Drainage Utility bonds which is included in the bond ordinances for such bonds.

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The cash, cash equivalents, and investments of EPWater must be deposited and invested under the terms of a contract, contents of which are set out in the depository contract. EPWater accepts as collateral to secure its deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation ("FDIC"), allowable pledged book-entry securities (Eligible Securities) of any type permitted by the provisions of the Public Funds Collateral Act, Title 10, Chapter 2257 of the Texas Government Code, which are eligible to be held in a Securities Account at a Federal Reserve Bank under Federal Reserve Bank Operating Circular 7. The depository bank places these allowable government securities as collateral for safekeeping and trust with EPWater's agent bank in an amount sufficient to protect EPWater deposits on a day-to-day basis during the period of the contract.

The carrying amount of cash for the Water and Wastewater Utility at February 28, 2025 and February 29, 2024, was $(11,395,571) and $847,465, respectively, and the bank balances totaled $334,283 and $11,073,275, respectively. The carrying amount of cash for the Municipal Drainage Utility at February 28, 2025 and February 29, 2024, was $(270,357) and $(372,682), respectively, and the bank balances totaled $0 and $0, respectively. The FDIC standard maximum deposit insurance amount of $250,000 for interest bearing account is permanent. As of February 28, 2025, $1,250,000 of the bank balances were covered by FDIC and secured by government securities with a fair value of $58,932,093. As of February 29, 2024, $1,250,000 of the bank balances were covered by FDIC and secured by government securities with a fair value of $144,408,308. The negative balances represent outstanding items due to the accounts being zero balance accounts as mentioned below.

As of February 28, 2025, EPWater held 20 Wells Fargo Money Market Sweep accounts with the advantage to gain a higher yield in lieu of receiving the Earnings Credit rating. This is an EPWater strategy to gain more yield on bank account funds. The in-transit sweeps are collateralized by Wells Fargo and the sweep balances are invested in US Treasury Obligations and repurchase agreements which are collateralized by US Treasury Obligations.

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Cash, cash equivalents and investments for the Water and Wastewater Utility consist of the following:

	February 28, 2025	
	Cash and Cash Equivalents	Investments
Unrestricted assets	$ 68,187,596	$ 15,046,311
Restricted assets		
Bond requirements	93,028,770	52,630,090
Construction and improvements	271,334,683	132,131,306
Total restricted assets	364,363,453	184,761,396
Total	$ 432,551,049	$ 199,807,707

	February 29, 2024	
	Cash and Cash Equivalents	Investments
Unrestricted assets	$ 62,215,564	$ 9,997,884
Restricted assets		
Bond requirements	94,317,459	44,769,721
Construction and improvements	267,220,052	218,310,458
Total restricted assets	361,537,511	263,080,179
Total	$ 423,753,075	$ 273,078,063

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Cash, cash equivalents and investments for the Municipal Drainage Utility consist of the following:

	February 28, 2025	
	Cash and Cash Equivalents	Investments
Unrestricted assets	$ 3,762,355	$ 3,000,000
Restricted assets		
Bond requirements	13,048,605	6,156,346
Construction and improvements	56,261,778	-
Total restricted assets	69,310,383	6,156,346
Total	$ 73,072,738	$ 9,156,346

	February 29, 2024	
	Cash and Cash Equivalents	Investments
Unrestricted assets	$ 10,720,729	$ 3,007,778
Restricted assets		
Bond requirements	9,833,261	5,303,075
Construction and improvements	49,799,754	2,000,000
Total restricted assets	59,633,015	7,303,075
Total	$ 70,353,744	$ 10,310,853

The **Public Funds Investment Act** (Texas Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires EPWater to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Texas statutes and ordinances of the City of El Paso authorize EPWater to expend funds for the operation of EPWater, including the purchase of investments. EPWater is permitted to invest available funds in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market mutual funds, (5) investment pools, (6) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; obligations of states, agencies, counties, cities, and other political subdivisions of any state having a rating of not less than A or its equivalent, and (7) fully collateralized repurchase agreements having a defined termination date and secured by obligations of the United States or its agencies and instrumentalities.

The Act also requires EPWater to have independent auditors perform test procedures related to investment practices as provided by the Act. EPWater's management asserts that they are in substantial compliance with the requirements of the Act and with local policies.

EPWater participates in TEXPOOL, which is a government investment pool in the State of Texas. The State Comptroller of Public Accounts maintains oversight responsibility for TEXPOOL. There is also the TEXPOOL Advisory Board which advises on TEXPOOL's Investment Policy and approves any fee increases. The Advisory Board is composed equally of participants in TEXPOOL and other persons who are qualified to advise TEXPOOL. The TEXPOOL Portfolios are comprised of two investment alternatives: TEXPOOL and TEXPOOL PRIME. Federated Hermes, Inc. manage the daily operations of the pool under a contract with the Comptroller. TEXPOOL has elected to continue reporting assets at amortized cost.

EPWater also participates in TexSTAR (Texas Short Term Asset Reserve Program), which is an investment service created by local governments for local governments. TexSTAR was organized in conformity with the interlocal cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These acts provide for the creation of public funds investment pools such as TexSTAR and authorize eligible governmental entities to invest their public funds in investment pools. Although all securities in the Fund are marked to market daily using the fair value method, amortized cost, which generally approximates the fair value of securities, is utilized. For financial reporting purposes, TexSTAR uses the fair value method to report its investments. The stated objective of TexSTAR is to maintain a stable $1 per unit net asset value. Section 2256.016(g)(1) of the Public Funds Investment Act requires TexSTAR to establish and maintain an advisory board composed of Participants in TexSTAR and other persons who do not have a business relationship with TexSTAR. Members are appointed and serve at the will of the Board. The names of the Advisory Board members are available on the TexSTAR website at www.texstar.org. The business and affairs of TexSTAR are managed by the Board in accordance with the bylaws (the *"Bylaws"*). The Bylaws set forth procedures governing the selection of, and action taken by, the Board. Board oversight of TexSTAR is maintained through various reporting requirements.

EPWater also participates in LOGIC (Local Government Investment Cooperative), which is a local government investment pool administered by Hilltop Securities and J.P. Morgan Chase. Portfolio assets are valued on the basis of the amortized cost valuation technique.

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Management is not aware of the presence of any limitations or restrictions on withdrawals such as redemption notice periods, maximum transaction amounts, or the investment pool's authority to impose liquidity fees or redemption gates.

The Water and Wastewater Utility cash equivalents and investments at February 28, 2025 and February 29, 2024 are categorized as summarized below:

February 28, 2025

Investment Type	Value	Original Maturities - EPWater Position: Less than 1 year	Original Maturities - EPWater Position: 1-5 years	EPWater's Weighted Average Maturity (days)	Pool's/Fund's Weighted Average Maturity (days)	Credit Rating	Percent of Grand Total
Government Investment Pools Account							
TexPool	$ 7,747,426	$ 7,747,426	$ -	1	36	AAAm	1.20%
TexPool Prime	139,178,538	139,178,538	-	1	49	AAAm	21.62%
TexStar	12,885,452	12,885,452	-	1	35	AAAm	2.00%
LOGIC	135,477,953	135,477,953	-	1	43	AAAm	21.05%
Total Pools	295,289,369	295,289,369	-				45.87%
Money Market Funds							
Fidelity Investment Money Market Treasury	93,028,770	93,028,770	-	1	26	AAAm	14.45%
Cavanal Hill US Treasury	30,492,781	30,492,781	-	1	30	AAAm	4.74%
Allspring Treasury Plus Money Market Fund	25,135,700	25,135,700	-	1	52	AAAm	3.90%
Total Money Market Funds	148,657,251	148,657,251	-				23.09%
Securities							
Federal Agency Discount:							
US Treasury Notes	38,602,360	25,142,088	13,460,272	201		Aaa	6.00%
Treasury Bills	26,339,084	26,339,084	-	26		AA+	4.09%
Federal Agency Coupon:							
Federal Home Loan Bank	15,548,979	15,548,979	-	30		Aaa	2.42%
Federal Farm Credit Bank	10,547,508	10,547,508	-	42		Aaa	1.64%
Federal National Mortgage	3,769,776	3,769,776	-	178		Aaa	0.59%
Certificate of Deposit*	105,000,000	75,000,000	30,000,000	36		Not Rated	16.31%
Total Securities	199,807,707	156,347,435	43,460,272	69			31.04%
Portfolio Total	$ 643,754,327	$ 600,294,055	$ 43,460,272	22			100.00%

*Certificates of Deposit are not rated but are fully collateralized or FDIC insured.

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

February 29, 2024

Investment Type	Value	Original Maturities - EPWater Position: Less than 1 year	Original Maturities - EPWater Position: 1-5 years	EPWater's Weighted Average Maturity (days)	Pool's/Fund's Weighted Average Maturity (days)	Credit Rating	Percent of Grand Total
Government Investment Pools Account							
TexPool	$ 6,935,796	$ 6,935,796	$ -	1	34	AAAm	1.00%
TexPool Prime	118,212,683	118,212,683	-	1	42	AAAm	16.99%
TexStar	11,986,156	11,986,156	-	1	37	AAAm	1.72%
LOGIC	117,312,838	117,312,838	-	1	42	AAAm	16.86%
Total Pools	254,447,473	254,447,473	-				36.56%
Money Market Funds							
Fidelity Investment Money Market Treasury	94,317,459	94,317,459	-	1	42	AAAm	13.55%
Cavanal Hill US Treasury	29,172,732	29,172,732	-	1	17	AAAm	4.19%
Allspring Treasury Plus Money Market Fund	44,967,946	44,967,946	-	1	43	AAAm	6.46%
Total Money Market Funds	168,458,137	168,458,137	-				24.20%
Securities							
Federal Agency Discount:							
Federal Home Loan Bank Discount Notes	65,474,518	65,474,518	-	83		Aaa	9.41%
US Treasury Notes	10,606,093	10,046,446	559,647	152		AA+	1.52%
Treasury Bills	83,993,710	83,993,710	-	76		AA+	12.07%
Federal Agency Coupon:							
Federal Home Loan Bank	9,999,657	9,999,657	-	179		Aaa	1.44%
Federal Agricultural Mortgage Corp	5,004,085	-	5,004,085	267		N/A	0.72%
Certificate of Deposit*	98,000,000	-	98,000,000	78		Not Rated	14.08%
Total Securities	273,078,063	169,514,331	103,563,732	88			39.24%
Portfolio Total	$ 695,983,673	$ 592,419,941	$ 103,563,732	36			100.00%

*Certificates of Deposit are not rated but are fully collateralized or FDIC insured.

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

The Municipal Drainage Utility cash equivalents and investments at February 28, 2025 and February 29, 2024 are categorized as summarized below:

February 28, 2025

Investment Type	Value	Original Maturities - EPWater Position: Less than 1 year	Original Maturities - EPWater Position: 1-5 years	EPWater's Weighted Average Maturity (days)	Pool's/Fund's Weighted Average Maturity (days)	Credit Rating	Percent of Grand Total
Government Investment Pools Account							
TexPool	$ 205,957	$ 205,957	$ -	1	36	AAAm	0.25%
TexPool Prime	18,861,698	18,861,698	-	1	49	AAAm	22.86%
TexStar	2,365,412	2,365,412	-	1	35	AAAm	2.87%
LOGIC	22,073,087	22,073,087	-	1	43	AAAm	26.76%
Total Pools	43,506,154	43,506,154	-				52.74%
Money Market Funds							
Fidelity Treasury Class III FOIXX	15,951,351	15,951,351	-	1	46	AAAm	19.34%
State Street Institutional Treasury (TRVXX)	328,793	328,793	-	1	50	AAAm	0.40%
Allspring 100% Treasury Money Market Fund	13,048,605	13,048,605	-	1	51	AAAm	15.82%
Allspring Treasury Plus Money Market Fund	508,192	508,192	-	1	52	AAAm	0.62%
Total Money Market Funds	29,836,941	29,836,941	-				36.17%
Securities							
Federal Agency Coupon:							
Federal Home Loan Bank	1,585,080	1,585,080	-	56		Aaa	1.92%
Federal Agency Discount:							
US Treasury Notes	2,707,691	497,306	2,210,385	323		Aaa	3.28%
Treasury Bills	1,863,575	1,863,575	-	188		AA+	2.26%
Certificate of Deposit*	3,000,000	3,000,000	-	103		Not Rated	3.64%
Total Securities	9,156,346	6,945,961	2,210,385	99			11.10%
Portfolio Total	$ 82,499,441	$ 80,289,056	$ 2,210,385	12			100.00%

*Certificates of Deposit are not rated but are fully collateralized or FDIC insured.

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

February 29, 2024

Investment Type	Value	Original Maturities - EPWater Position: Less than 1 year	Original Maturities - EPWater Position: 1-5 years	EPWater's Weighted Average Maturity (days)	Pool's/Fund's Weighted Average Maturity (days)	Credit Rating	Percent of Grand Total
Government Investment Pools Account							
TexPool	$ 195,925	$ 195,925	$ -	1	34	AAAm	0.24%
TexPool Prime	19,742,656	19,742,656	-	1	42	AAAm	24.36%
TexStar	2,502,140	2,502,140	-	1	37	AAAm	3.09%
LOGIC	20,214,163	20,214,163	-	1	42	AAAm	24.94%
Total Pools	42,654,884	42,654,884	-				52.64%
Money Market Funds							
Fidelity Treasury Only Class III FOIXX	15,466,573	15,466,573	-	1	45	AAAm	19.09%
State Street Institutional Treasury (TRVXX)	67,832	67,832	-	1	48	AAAm	0.08%
Allspring 100% Treasury Money Market Fund	10,863,424	10,863,424	-	1	51	AAAm	13.41%
Allspring Treasury Plus Money Market Fund	1,673,713	1,673,713	-	1	43	AAAm	2.07%
Total Money Market Funds	28,071,542	28,071,542	-				34.64%
Securities							
Federal Agency Coupon:							
Federal Home Loan Bank	3,848,690	3,848,690	-	256		Aaa	4.75%
Federal Agency Discount:							
Federal Home Loan Bank Discount Notes	432,559	432,559	-	8		Aaa	0.53%
Treasury Bills	3,029,604	3,029,604	-	100		AA+	3.74%
Certificate of Deposit*	3,000,000	-	3,000,000	85		Not Rated	3.70%
Total Securities	10,310,853	7,310,853	3,000,000	150			12.72%
Portfolio Total	$ 81,037,279	$ 78,037,279	$ 3,000,000	20			100.00%

*Certificates of Deposit are not rated but are fully collateralized or FDIC insured.

Disclosures about Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 Other significant observable inputs other than level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Recurring Measurements

The following tables present the fair value measurements of assets for the Water and Wastewater Utility recognized in the accompanying statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy at which the assets are measured at February 28, 2025 and February 29, 2024:

February 28, 2025	Fair Value Measurements Using			
Investments by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Securities				
U.S. Agencies	$ 94,807,707	$ -	$ 94,807,707	$ -
Total Securities	$ 94,807,707	$ -	$ 94,807,707	$ -

February 29, 2024	Fair Value Measurements Using			
Investments by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Securities				
U.S. Agencies	$ 175,078,063	$ -	$ 175,078,063	$ -
Total Securities	$ 175,078,063	$ -	$ 175,078,063	$ -

Per GASB No. 72, non-negotiable certificates of deposit are not subject to fair value and are not subject to the fair value level disclosures.

Securities classified as Level 2 are valued using market closing prices under the market approach.

The following tables present the fair value measurements of assets for the Municipal Drainage Utility recognized in the accompanying statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy at which the assets are measured at February 28, 2025 and February 29, 2024:

February 28, 2025	Fair Value Measurements Using			
Investments by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Securities				
U.S. Agencies	$ 6,156,346	$ -	$ 6,156,346	$ -
Total Securities	$ 6,156,346	$ -	$ 6,156,346	$ -

February 29, 2024	Fair Value Measurements Using			
Investments by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Securities				
U.S. Agencies	$ 7,310,853	$ -	$ 7,310,853	$ -
Total Securities	$ 7,310,853	$ -	$ 7,310,853	$ -

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Per GASB No. 72, non-negotiable certificates of deposit are not subject to fair value and are not subject to the fair value level disclosures.

Securities classified as Level 2 are valued using market closing prices under the market approach.

Credit Risk
Credit risk is the risk of loss due to failure of an issuer not fulfilling its obligations.

EPWater minimizes credit risk by limiting investments to the safest types of securities as authorized by the investment policy and described on pages 48 and 49, and by pre-qualifying the financial institutions and broker/dealers that EPWater conducts business with.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

EPWater minimizes concentration of credit risk by diversifying the investment portfolio so that potential losses on individual securities will be minimized. In addition, they also invest in securities with varying maturities, and are continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs) and money market funds.

Diversification by investment type shall be established by the following maximum percentages of investment type to the total EPWater portfolio:

U.S. Government Securities	100%
State, Agencies, Counties, Cities, and other	50%
Certificates of Deposit	50%
Money Market Mutual Funds	80%
Eligible Investment Pools	100%

Custodial Credit Risk
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, EPWater will not be able to recover deposits or collateral securities that are in the possession of an outside party. For investments, the custodial credit risk, is the risk that, in the event of the failure of the counterparty to a transaction, EPWater will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

EPWater minimizes depository custodial credit risk by depositing and investing under the terms of a contract, contents of which are set out in the depository contract. The depository bank approved pledged securities for safekeeping and trust with EPWater's agent bank in an amount sufficient to protect EPWater funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

EPWater minimizes investment custodial credit risk by requiring that all collateral securities be held by a third party institution. EPWater requires full collateralization of all EPWater investments, other than investments which are obligations of the U.S. government and its agencies and instrumentalities, or by the Federal Reserve Bank, except the collateral for certificates of deposits in banks. The collateral for certificates of deposits in banks will be registered in EPWater's name in the bank's trust department or, alternatively, in a Federal Reserve Bank account in EPWater's name.

Interest Rate Risk
Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of investments.

EPWater minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. It is also minimized by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. The operating funds portfolio should have a weighted average maturity less than 270 days with a maximum of two years.

Foreign Currency Risk
Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

EPWater does not directly invest in foreign securities; however, the money market funds might invest a minimal amount of the fund's portfolio in foreign securities.

5. RECEIVABLES

No reserve has been provided for doubtful accounts as EPWater charges directly to income those accounts determined to be uncollectible. The accounts written off for the Water and Wastewater Utility during the years ended February 28, 2025 and February 29, 2024, totaled $3,824,610 and $2,293,778, respectively. The write-off for the Municipal Drainage Utility for fiscal year ending February 28, 2025 and February 29, 2024, totaled $318,441 and $162,685, respectively. Management is of the opinion that any additional losses resulting from the collection of receivables will not be material.

EPWater uses the cycle method of billing customers for services. Under this method, customer billings are made by specified cycles established for the service area and each cycle is billed on a specific day each month. For financial reporting purposes, billings made in March which relate to services provided for the month of February are included in customer accounts receivable as unbilled charges. These amounts are summarized as follows for the fiscal years included in the accompanying financial statements:

	2025	2024
Water and Wastewater Utility		
Water	**$ 5,544,534**	$ 5,618,206
Wastewater	**6,897,100**	6,831,968
Total unbilled accounts receivable	**$ 12,441,634**	$ 12,450,174

6. INTERFUND BALANCES AND TRANSACTION ACTIVITY

Interfund Balances - The following interfund balances are the result of normal operations and are periodically cleared out. Management intends to pay these balances within one year.

	February 28, 2025	
	Due from Other Funds	Due to Other Funds
Water and Wastewater Utility	$ 92,020	$ -
Municipal Drainage Utility	-	92,020
Total	$ 92,020	$ 92,020

	February 29, 2024	
	Due from Other Funds	Due to Other Funds
Water and Wastewater Utility	$ -	$ 39,501
Municipal Drainage Utility	39,501	-
Total	$ 39,501	$ 39,501

6. INTERFUND BALANCES AND TRANSACTION ACTIVITY (Continued)

Interfund Charges - The following eliminations were made in order to eliminate duplicate transactions at the overall entity level for revenue and expenses between the two funds.

	February 28, 2025	
	Water and Wastewater Utility	Municipal Drainage Utility
Water revenue	$ 14,151	$ -
Drainage fee revenue	-	199,721
Rent revenue - water and wastewater	24,000	-
Operations and maintenance - water and reclaimed water	(72,856)	-
Operations and maintenance - wastewater	(88,005)	-
General, administrative and engineering	1,999,140	-
Operation and maintenance - drainage	-	(38,151)
Indirect cost allocation	-	(2,038,000)
Total	$ 1,876,430	$ (1,876,430)

	February 29, 2024	
	Water and Wastewater Utility	Municipal Drainage Utility
Water revenue	$ 8,178	$ -
Drainage fee revenue	-	171,482
Rent revenue - water and wastewater	24,000	-
Operations and maintenance - water and reclaimed water	(61,611)	-
Operations and maintenance - wastewater	(75,489)	-
General, administrative and engineering	2,350,618	-
Operation and maintenance - drainage	-	(32,178)
Indirect cost allocation	-	(2,385,000)
Total	$ 2,245,696	$ (2,245,696)

Indirect Cost Allocation - The indirect cost allocation from the Water and Wastewater Utility to the Municipal Drainage Utility is to pay for indirect costs that the Water and Wastewater Utility incurs related to the general and administrative functions to manage the Municipal Drainage Utility. For fiscal years 2025 and 2024, the budgeted and actual indirect cost were $2,038,000 and $2,385,000, respectively. During the budget process the indirect cost allocation will be adjusted based on estimated indirect costs.

6. INTERFUND BALANCES AND TRANSACTION ACTIVITY (Continued)

Interfund Land - The following interfund balances are the result of land transactions between the Water and Wastewater Utility and the Municipal Drainage Utility to preserve the land as open space.

In fiscal year ended February 29, 2020, the Water and Wastewater Utility transferred/sold 1,005.79 acres to the Municipal Drainage Utility for $11,300,000 of which the first payment of $5,000,000 was made in fiscal year 2020. A second payment of $2,000,000 was made in fiscal year 2021, a third payment of $1,500,000 in fiscal year 2022, fourth payment of $1,500,000 in fiscal year 2023, and the final payment of $2,000,000 was made in fiscal year 2024. In fiscal year ending February 28, 2022, the Water and Wastewater Utility transferred/sold 1,056 acres to the Municipal Drainage Utility for a sales price of $14,044,800 of which the first payment of $2,000,000 was made in fiscal year 2022, and the second payment of $2,000,000 was made in fiscal year 2023. A third payment of $2,000,000 was made in fiscal year 2024, and a fourth payment of $1,000,000 was made in fiscal year 2025 with the remaining balance to be paid in four years.

The following table presents the balance remaining on the land transfers:

	February 28, 2025	
	Due from Municipal Drainage	Due to Water and Wastewater
Water and Wastewater Utility	$ 7,044,800	$ -
Municipal Drainage Utility	-	7,044,800
Total	$ 7,044,800	$ 7,044,800

	February 29, 2024	
	Due from Municipal Drainage	Due to Water and Wastewater
Water and Wastewater Utility	$ 8,044,800	$ -
Municipal Drainage Utility	-	8,044,800
Total	$ 8,044,800	$ 8,044,800

7. WATER AND WASTEWATER UTILITY GOVERNMENT GRANTS RECEIVABLE

The Water and Wastewater Utility had $9,649,025 and $6,020,525 in Federal and Non-Federal grants receivable for years ended February 28, 2025 and February 29, 2024. EPWater received funding from the Texas Water Development Board through the Economically Distressed Areas Program and in accordance with Texas Water Code, Chapter 16, Section 16.356, EPWater did not use any revenue received from fees collected from a water supply or sewer service constructed in whole or in part from funds from the Economically Distressed Areas Program account for purposes other than utility purposes.

Government Grant Projects	**2025**	2024
Federal Grants		
Northwest Development Water and Sewer - EDA #08-01-05242	**$ -**	$ 212,855
Aquifer Storage and Recovery Design - USBR #R21AP10323	**74,347**	72,550
Aquifer Storage and Recovery Construction - USBR #R22AP00675	**855,520**	426,164
Advanced Water Purification Facility - USBR #R23AP00273	**2,353,452**	1,066,137
Upper Valley Water Treatment Plant Reuse Study - USBR #R24AP00669	**213,781**	-
Installation of Smart Meters in El Paso, TX - USBR #R23AP00496	**2,357,640**	-
Fort Bliss Infrastructure Resilience Implementation - DOD #HQ00052410013	**451,548**	-
ARPA County of El Paso Water and Wastewater-DOT #SLFRP1174	**3,341,491**	261,527
ARPA Village of Vinton Water and Wastewater-DOT #SLFRP4644	**-**	98,595
Non-Federal Grants		
Montana Vista Collector Phase 1 - TWDB Project #10438 G1000915	**-**	753,015
Aquifer Storage and Recovery - DEAAG #2020-02-09	**-**	3,129,682
McGregor Range Booster Station - DEAAG #2024-01-10	**1,246**	-
Totals	**$ 9,649,025**	$ 6,020,525

8. ACCOUNTS RECEIVABLE LAND TRANSFERS - CITY OF EL PASO

During the fiscal year ending February 28, 2022, EPWater transferred 2,313 acres of land to the City of El Paso's for $18,600,000 for economic development. In addition, the City of El Paso agreed to pay EPWater in 30 equal payments beginning August 31, 2022 at an interest rate of 1.758%. As of February 28, 2025, the balance was $17,146,377.

During the fiscal year ending February 28, 2017, EPWater transferred land totaling 42.7209 acres to the City of El Paso's land inventory. The City of El Paso agreed to pay EPWater $4,275,542 for Parcel A when the City of El Paso completes the sale of Parcel A for economic development. In addition, the City agreed to pay EPWater $4,949,500 for Parcel B in 15 equal payments commencing September 30, 2020. As of February 28, 2025, the balance remaining on Parcel B was $3,299,667. As of February 28, 2025, the City had not yet sold Parcel A that the $4,275,542 payment is contingent upon and thus it is reported as long term.

The following is a list of the principal payments due from the City.

Year ended February	Amount
2026	$ 831,643
2027	840,463
2028	849,437
2029	858,569
2030	867,862
2031 - 2035	4,484,522
2036 - 2040	3,092,775
2041 - 2045	3,374,358
2046 - 2050	3,681,577
2051 - 2052	1,564,838
Total	20,446,044
Due upon sale of land	4,275,542
Total Receivable	$ 24,721,586
Less current portion	(831,643)
Noncurrent receivable	$ 23,889,943

9. LEASES RECEIVABLE

Water and Wastewater Utility

The Water and Wastewater Utility as lessor has several land lease agreements. The lease terms varied from 5 to 81 years with payments varying from $0 to $886,830, paid on a monthly, quarterly and annual basis. Additionally, for new leases entered into during fiscal years 2025 and 2024, a receivable balance in the amount of $26,081,800 and $3,275,083, respectively, was established. The leases receivable are measured at the present value of the future minimum rent payments expected to be received during the lease term using EPWater's estimated incremental borrowing rates ranging from 0.36% to 4.01%. Lease revenue recognized by the Water and Wastewater Utility at February 28, 2025 and February 29, 2024 was $2,889,677 and $2,742,909, respectively and interest revenue recognized was $1,361,751 and $886,857, respectively. At February 28, 2025 and February 29, 2024, the Water and Wastewater Utility reported a total lease receivable of $62,872,845 and $53,512,194, respectively, with a current portion of $1,854,344 and $2,237,838, respectively, and a noncurrent portion of $61,018,501 and $51,274,356, respectively. A related deferred inflow of resources is also recognized in the amount of $62,689,484 and $53,315,205, which will be recognized as revenue over the lease terms. As of February 28, 2025 and February 29, 2024, the Water and Wastewater Utility reported recognized inflows of resources for variable payments not previously included in the measurement of the lease receivable in the amount of $173,773 and $215,086, respectively.

Water and Wastewater Utility Fund annual future receivable payments are as follows:

Year Ending February,	Principal	Interest	Total
2026	$ 1,854,344	$ 1,542,225	$ 3,396,569
2027	1,789,123	1,550,572	3,339,695
2028	1,840,852	1,552,620	3,393,472
2029	1,889,347	1,563,898	3,453,245
2030	1,953,824	1,556,410	3,510,234
2031 - 2035	9,152,725	7,757,443	16,910,168
2036 - 2040	9,524,317	6,541,529	16,065,846
2041 - 2045	8,414,455	5,502,444	13,916,899
2046 - 2050	6,676,795	4,438,326	11,115,121
2051 - 2055	7,645,099	3,184,562	10,829,661
2056 - 2060	8,522,756	1,404,848	9,927,604
2061 - 2065	423,670	498,388	922,058
2066 - 2070	473,753	448,305	922,058
2071 - 2075	530,460	391,598	922,058
2076 - 2080	595,195	326,863	922,058
2081 - 2085	350,496	262,121	612,617
2086 - 2090	264,803	215,197	480,000
2091 - 2095	319,026	160,974	480,000
2096 - 2100	384,354	95,646	480,000
2101 - 2104	267,451	20,549	288,000
Total	$ 62,872,845	$ 39,014,518	$ 101,887,363

9. LEASES RECEIVABLE (Continued)

Municipal Drainage Utility

The Municipal Drainage Utility as lessor has several land lease agreements. The lease terms vary from 5 to 61 years with payments varying from $1,000 to $28,933, paid on a monthly and annual basis. No new leases were entered into during fiscal year 2025. For new leases entered into during fiscal year 2024, a receivable in the amount of $46,874 was established. The lease receivables are measured at the present value of the future minimum rent payments expected to be received during the lease term using EPWater's estimated incremental borrowing rates ranging from 0.36% to 3.93%. Lease revenue recognized by the Municipal Drainage Utility at February 28, 2025 and February 29, 2024 was $57,114 and $60,628, respectively and interest revenue recognized was $17,585 and $17,188, respectively. As of February 28, 2025 and February 29, 2024, the Municipal Drainage Utility reported a total receivable of $761,670 and $803,251, respectively, with a current portion of $31,359 and $41,581, respectively, and a noncurrent portion of $730,311 and $761,670, respectively. A related deferred inflow of resources is also recognized in the amount of $729,929 and $787,043, respectively, which will be recognized as revenue over the lease terms.

Municipal Drainage Utility Fund annual future receivable payments are as follows:

Year Ending February,	Principal	Interest	Total
2026	$ 31,359	$ 16,346	$ 47,705
2027	33,123	15,797	48,920
2028	34,963	15,208	50,171
2029	36,944	14,617	51,561
2030	40,089	13,899	53,988
2031 - 2035	224,588	57,606	282,194
2036 - 2040	226,620	34,204	260,824
2041 - 2045	89,307	12,710	102,017
2046 - 2050	-	10,173	10,173
2051 - 2055	-	11,793	11,793
2056 - 2060	-	13,671	13,671
2061 - 2065	-	15,849	15,849
2066 - 2070	-	18,373	18,373
2071 - 2075	10,094	11,206	21,300
2076 - 2080	19,183	5,509	24,692
2081 - 2083	15,400	1,264	16,664
Total	$ 761,670	$ 268,225	$ 1,029,895

10. CAPITAL ASSETS

Components of the capital assets for the Water and Wastewater Utility are summarized as follows:

	Beginning Balance 03/01/2024	Additions	Transfers	Deletions	Ending Balance 02/28/2025
Utility plant, not being depreciated:					
Land and right-of-way	$ 20,759,345	$ -	$ 4,915,913	$ 37,590	$ 25,637,668
Land	293,107,770	-	2,768,365	1,115,601	294,760,534
Construction work in progress	628,452,171	417,986,462	(194,980,327)	-	851,458,306
Total utility plant, not being depreciated:	942,319,286	417,986,462	(187,296,049)	1,153,191	1,171,856,508
Utility plant and irrigation water rights being depreciated and amortized:					
Irrigation water rights contracts	15,691,741	235,943	-	-	15,927,684
Buildings and shops	70,193,515	-	11,756,401	6,981	81,942,935
Vehicles	43,528,287	-	6,713,794	1,500,502	48,741,579
Equipment and tools	83,047,430	28,014	2,552,208	724,667	84,902,985
Water system	1,596,506,857	14,566,502	85,977,698	5,969,019	1,691,082,038
Wastewater system	1,100,836,380	8,389,465	80,295,948	1,067,343	1,188,454,450
Total utility plant, being depreciated and amortized	2,909,804,210	23,219,924	187,296,049	9,268,512	3,111,051,671
Right-to-use lease assets:					
Land	5,233,605	-	-	58,752	5,174,853
Vehicles	341,082	678,072	-	341,082	678,072
Equipment	241,603	352,305	-	241,602	352,306
Total Right-to-use lease assets	5,816,290	1,030,377	-	641,436	6,205,231
Subscription-based IT arrangements (SBITAs)	4,257,962	887,720	-	861,446	4,284,236
Less accumulated depreciation and amortization for:					
Irrigation water rights contracts	(2,661,446)	(210,796)	-	-	(2,872,242)
Buildings and shops	(24,082,234)	(2,956,860)	-	(6,981)	(27,032,113)
Vehicles	(31,486,206)	(3,504,679)	-	(1,500,530)	(33,490,355)
Equipment and tools	(50,658,220)	(2,938,780)	-	(724,667)	(52,872,333)
Water system	(732,993,619)	(46,260,383)	-	(5,969,019)	(773,284,983)
Wastewater system	(578,974,441)	(29,051,112)	-	(675,695)	(607,349,858)
Total accumulated depreciation and amortization	(1,420,856,166)	(84,922,610)	-	(8,876,892)	(1,496,901,884)
Less accumulated amortization for Right-to-use lease assets:					
Land	(464,623)	(135,290)	-	(58,752)	(541,161)
Vehicles	(311,385)	(85,474)	-	(341,082)	(55,777)
Equipment	(182,834)	(67,671)	-	(241,602)	(8,903)
Subscription-based IT arrangements (SBITAs)	(2,351,810)	(1,242,061)	-	(861,446)	(2,732,425)
Total accumulated amortization	(3,310,652)	(1,530,496)	-	(1,502,882)	(3,338,266)
Total utility plant capital assets being depreciated and amortized, net	1,495,711,644	(61,315,085)	187,296,049	391,620	1,621,300,988
Total Utility plant assets, net	$ 2,438,030,930	$ 356,671,377	$ -	$ 1,544,811	$ 2,793,157,496

Total depreciation and amortization charged to operations for the year ended February 28, 2025 was $86,453,106.

10. CAPITAL ASSETS (Continued)

Land not in service is essentially unimproved land that EPWater has purchased for its surface and ground water rights. EPWater owns a total of 168,709.94 acres of land, which includes 20,499.15 acres in El Paso County, 76,437.39 acres in Hudspeth, Presidio, Jeff Davis, and Culberson County, 71,005.12 acres in Dell City, and 768.28 acres in New Mexico.

Components of the capital assets for the Water and Wastewater Utility are summarized as follows:

	Restated Beginning Balance 03/01/2023	Additions	Transfers	Deletions	Ending Balance 02/29/2024
Utility plant, not being depreciated:					
Land and right-of-way	$ 20,327,847	$ -	$ 431,498	$ -	$ 20,759,345
Land	291,709,823	-	2,001,948	604,001	293,107,770
Construction work in progress	472,608,655	373,099,931	(217,256,415)	-	628,452,171
Total utility plant, not being depreciated:	784,646,325	373,099,931	(214,822,969)	604,001	942,319,286
Utility plant and irrigation water rights being depreciated and amortized:					
Irrigation water rights contracts	15,209,481	482,260	-	-	15,691,741
Buildings and shops	68,827,540	-	1,365,975	-	70,193,515
Vehicles	36,553,979	-	7,408,694	434,386	43,528,287
Equipment and tools	81,120,734	15,598	2,407,607	496,509	83,047,430
Water system	1,505,262,968	9,549,462	86,147,554	4,453,127	1,596,506,857
Wastewater system	977,744,362	5,912,538	117,493,139	313,659	1,100,836,380
Total utility plant, being depreciated and amortized	2,684,719,064	15,959,858	214,822,969	5,697,681	2,909,804,210
Right-to-use lease assets:					
Land	5,233,605	-	-	-	5,233,605
Vehicles	341,082	-	-	-	341,082
Equipment	241,603	-	-	-	241,603
Total Right-to-use lease assets	5,816,290	-	-	-	5,816,290
Subscription-based IT arrangements (SBITAs)	3,935,564	322,398	-	-	4,257,962
Less accumulated depreciation and amortization for:					
Irrigation water rights contracts	(2,455,438)	(206,008)	-	-	(2,661,446)
Buildings and shops	(21,375,540)	(2,706,694)	-	-	(24,082,234)
Vehicles	(28,771,034)	(3,149,558)	-	(434,386)	(31,486,206)
Equipment and tools	(48,324,938)	(2,829,791)	-	(496,509)	(50,658,220)
Water system	(695,791,427)	(41,655,319)	-	(4,453,127)	(732,993,619)
Wastewater system	(553,261,755)	(26,026,345)	-	(313,659)	(578,974,441)
Total accumulated depreciation and amortization	(1,349,980,132)	(76,573,715)	-	(5,697,681)	(1,420,856,166)
Less accumulated amortization for Right-to-use lease assets:					
Land	(310,828)	(153,795)	-	-	(464,623)
Vehicles	(207,590)	(103,795)	-	-	(311,385)
Equipment	(121,890)	(60,944)	-	-	(182,834)
Subscription-based IT arrangements (SBITAs)	(1,126,118)	(1,225,692)	-	-	(2,351,810)
Total accumulated amortization	(1,766,426)	(1,544,226)	-	-	(3,310,652)
Total utility plant capital assets being depreciated and amortized, net	1,342,724,360	(61,835,685)	214,822,969	-	1,495,711,644
Total Utility plant assets, net	$ 2,127,370,685	$ 311,264,246	$ -	$ 604,001	$ 2,438,030,930

10. CAPITAL ASSETS (Continued)

Total depreciation and amortization charged to operations for the year ended February 29, 2024 was $78,117,941.

Land not in service is essentially unimproved land that EPWater has purchased for its surface and ground water rights. EPWater owns a total of 168,760.46 acres of land, which includes 20,494.12 acres in El Paso County, 76,437.39 acres in Hudspeth, Presidio, Jeff Davis, and Culberson County, 71,005.12 acres in Dell City, and 823.83 acres in New Mexico.

Components of the capital assets for the Municipal Drainage Utility (MDU) are summarized as follows:

	Beginning Balance 03/01/2024	Additions	Transfers	Deletions	Ending Balance 02/28/2025
MDU non-depreciable assets					
Land and right-of-way	$ 81,886,447	$ -	$ 18,435,733	$ 1,000,000	$ 99,322,180
Construction work in progress	72,255,689	29,162,180	(41,270,927)	-	60,146,942
Total MDU non-depreciable assets	154,142,136	29,162,180	(22,835,194)	1,000,000	159,469,122
MDU depreciable assets					
Drainage implementation costs	544,106	-	-	-	544,106
Buildings and shops	979,849	-	-	-	979,849
Vehicles	6,700,906	-	774,512	391,293	7,084,125
Equipment and tools	1,239,788	-	-	43,541	1,196,247
Drainage system	209,671,921	-	22,060,682	-	231,732,603
Total MDU depreciable assets	219,136,570	-	22,835,194	434,834	241,536,930
Subscription-based IT arrangements (SBITAs)	58,865	-	-	-	58,865
Less accumulated depreciation for:					
Drainage implementation costs	(544,106)	-	-	-	(544,106)
Buildings and shops	(132,354)	(39,194)	-	-	(171,548)
Vehicles	(5,688,374)	(247,144)	-	(391,293)	(5,544,225)
Equipment and tools	(1,225,157)	(14,627)	-	(43,541)	(1,196,243)
Drainage system	(30,937,179)	(4,493,372)	-	-	(35,430,551)
Total accumulated depreciation	(38,527,170)	(4,794,337)	-	(434,834)	(42,886,673)
Less accumulated amortization for:					
Subscription-based IT arrangements (SBITAs)	(33,346)	(16,673)	-	-	(50,019)
Total MDU depreciable assets	180,634,919	(4,811,010)	22,835,194	-	198,659,103
Total MDU assets, net	$334,777,055	$ 24,351,170	$ -	$ 1,000,000	$358,128,225

Total depreciation and amortization charged to operations for the year ended February 28, 2025 was $4,811,010.

10. CAPITAL ASSETS (Continued)

Components of the capital assets for the Municipal Drainage Utility (MDU) are summarized as follows:

	Restated Beginning Balance 03/01/2023	Additions	Transfers	Deletions	Ending Balance 02/29/2024
MDU non-depreciable assets					
Land and right-of-way	$ 71,666,966	$ -	$ 13,529,481	$ 3,310,000	$ 81,886,447
Construction work in progress	43,105,943	63,873,952	(34,724,206)	-	72,255,689
Total MDU non-depreciable assets	114,772,909	63,873,952	(21,194,725)	3,310,000	154,142,136
MDU depreciable assets					
Drainage implementation costs	544,106	-	-	-	544,106
Buildings and shops	895,357	-	84,492	-	979,849
Vehicles	6,307,633	-	637,751	244,478	6,700,906
Equipment and tools	1,247,298	-	-	7,510	1,239,788
Drainage system	189,199,439	-	20,472,482	-	209,671,921
Total MDU depreciable assets	198,193,833	-	21,194,725	251,988	219,136,570
Subscription-based IT arrangements (SBITAs)	58,865	-	-	-	58,865
Less accumulated depreciation for:					
Drainage implementation costs	(544,106)	-	-	-	(544,106)
Buildings and shops	(94,850)	(37,504)	-	-	(132,354)
Vehicles	(5,716,676)	(216,176)	-	(244,478)	(5,688,374)
Equipment and tools	(1,186,239)	(46,428)	-	(7,510)	(1,225,157)
Drainage system	(26,869,137)	(4,068,042)	-	-	(30,937,179)
Total accumulated depreciation	(34,411,008)	(4,368,150)	-	(251,988)	(38,527,170)
Less accumulated amortization for:					
Subscription-based IT arrangements (SBITAs)	(16,673)	(16,673)	-	-	(33,346)
Total MDU depreciable assets, net	163,825,017	(4,384,823)	21,194,725	-	180,634,919
Total MDU assets, net	$278,597,926	$ 59,489,129	$ -	$ 3,310,000	$334,777,055

Total depreciation and amortization charged to operations for the year ended February 29, 2024 was $4,384,823.

10. CAPITAL ASSETS (Continued)

Water and Wastewater Utility construction work in progress at February 28, 2025 and February 29, 2024, composed of the following:

	February 28, 2025	
	Estimated Cost	Cost Incurred To Date
Water Projects		
Pure Water Center	$ 109,045,466	$ 18,603,222
Hawkins Administration Building	71,997,995	32,498,722
Well Construction, Equipping, Drilling and Testing	40,426,910	18,359,390
Aquifer Storage and Recovery - Phase I	28,941,405	9,888,827
Pumping System Improvements and Rehabilitation	26,619,000	16,660,158
Texas Senate Bill 3 Backup Energy Compliance	25,817,740	11,084,810
Planned Water Line Replacement Program	25,144,940	12,611,395
Heath De Leon Tank and Pump Station - Engineering	23,090,154	6,432,331
Jonathan Rogers WTP Power Reliability Upgrade	21,758,014	6,355,629
Gas Line Crossings - Construction	17,402,200	9,414,319
Montana Waterline Replacement	17,387,164	13,107,373
Riverside International Industrial Center - Phase I	17,268,854	5,075,170
Eastwood Reservoir Roof Rehabilitation	15,217,972	14,474,177
Airport Booster Station Replacement - Engineering	14,615,064	13,048,987
Joe Caro Pump Station Reconstruction	11,774,637	7,724,818
Airport Well Collector 30" Water Main Replacement	9,878,684	9,260,527
Northeast Development Wells Drilling	9,333,000	9,205,930
Water Rights - Land Acquisition	9,278,019	-
John Hayes 24" Water Line Main Extension	9,019,683	8,889,497
Ranchos Real Pump Station - Design	8,722,224	7,409,520
Montana East Marvin Desert Meadows 24" Water Line	8,711,310	32,052
Water Routine Construction On-Call Services Program	8,348,361	6,990,692
Franklin East Water Line - Design	8,178,361	6,129,072
Sierra Crest 1-2, Mountain Park 2 - Design	7,140,000	596,029
Jonathan Rogers WTP Structural Rehabilitation	7,068,600	4,485,269
Cross Feeder Main Valve Replacement	6,861,540	6,618,040
Water and Wastewater Vehicles and Heavy Equipment	6,568,230	-
TXDOT Loop 375 - Montana to Spur 601	6,284,749	6,124,333
Los Siglos Drive 16" Water Main	6,171,000	1,178,948
Well Rehabilitation	5,607,064	4,195,584
Ortho-Polyphosphate Treatment - Construction	5,334,600	5,214,948
Northeast Dyer/Railroad 16" Water Line Extension	5,256,912	5,005,348
Jonathan Rogers WTP Settling Pond Gate Improvements - Design	5,044,241	3,730,948
North 2 Pump Station - Construction	4,933,877	4,871,375
Northwest Water Supply Service Area Improvement	4,792,611	2,239,080
Northwest Water Distribution Mains	4,760,081	4,612,520
Southside Road Reconstruction	4,569,600	4,116,053
TXDOT - Sean Haggerty - Green Belt	4,562,860	175,385
McGregor 16" Water Line Extension - Design	4,358,146	3,206,450
Woods Water Storage Reservoir Rehabilitation	4,348,957	4,288,065
Yandell 24" Water Main Replacement	4,336,086	2,958,864

10. CAPITAL ASSETS (Continued)

	February 28, 2025	
	Estimated Cost	Cost Incurred To Date
TXDOT Borderland Expressway Water Mains	4,155,480	3,379,310
Sheridan 16" Water Line Replacement - Design	4,074,900	3,339,777
Leak Detection Loggers	4,043,280	2,037,960
Canutillo Pump Station Chlorination Scrubber Improvements	3,754,142	806,697
Cielo Vista Blend Tank Replacement	3,572,183	3,461,765
Riverside Canal Bridge and Access	3,542,270	5,811,613
Airport Well Field Corridor F	3,202,278	3,057,192
Cross Feeder Main Valve Replacement Phase II	3,195,150	2,798,862
Disinfection Byproducts Removal at Crown Point and Nevins	3,086,155	2,325,594
Asset Management Program	3,060,000	452,452
Canal Street WTP Primary Sedimentation Basin Covers	3,060,000	2,562,686
Gate Valve Replacement Project	2,986,560	146,045
TXDOT Artcraft Road Water Line Improvements	2,790,941	1,797,126
County Water System - Tierra De Oro	2,754,000	742,264
TXDOT US 62 Montana Global Reach to Tierra Este	2,739,861	2,267,839
Canal Street WTP Actuators Replacement	2,726,031	1,240,396
EDA Northwest Development Waterline Extension	2,556,000	-
East High and Franklin East 1 Pressure Zone	2,550,000	1,605,000
Hawkins Administration Building Data Center	2,550,000	-
Electromagnetic Conditional Assessment	2,516,614	2,478,451
Jonathan Rogers WTP Small Upgrades and Emergency Replacement	2,366,400	766,099
North I - East Reservoir Roof Rehabilitation - Design	2,316,859	2,161,515
Water Facilities Rehabilitation	2,288,001	2,245,218
Westway Booster Station Improvements - Design	2,264,400	1,220,740
Kay Baily Hutchison Desalination Plant 33 MGD Expansion - Skid #6	2,244,000	1,920,343
Pure Water Center Well Flow Lines	2,142,000	70,089
PeopleSoft Financials Upgrade	2,084,880	1,700,526
Other Water Projects Under $2,000,000	122,276,078	65,711,354
Subtotal - Water Projects	836,874,774	422,980,770

10. CAPITAL ASSETS (Continued)

	February 28, 2025	
	Estimated Cost	Cost Incurred To Date
Wastewater Projects		
Roberto R. Bustamante WWTP Expansion and Upgrade - Construction	$ 291,052,887	$ 44,311,186
Roberto R. Bustamante WWTP Grit Screen	176,483,204	100,213,562
Frontera New Force Main Phase III - Design	60,869,306	39,829,263
Fred Hervey WRP Headworks and Filter Improvements	54,433,950	24,346,003
Roberto R. Bustamante WWTP Digester #2 Rehabilitation	32,927,221	14,073,604
John T. Hickerson WRF Emergency Backup Power	32,308,890	5,266,188
Montana Vista Sewer Line Extension Phase II	31,414,150	406,255
On-Call Manhole Rehabilitation	17,857,577	17,644,237
Haskell R. Street WWTP Emergency Generator	16,481,879	1,770,815
Fred Hervey WRP Emergency Generator	15,765,722	2,098,876
Grouse Lift Station	15,573,213	14,984,470
Luckett Court Wastewater Line Replacement	13,769,966	12,756,045
Haskell R. Street WWTP Upgrades and Rehabilitation	13,455,475	1,300,421
Northeast Dyer/Railroad Lift Station - Construction	11,043,490	9,196,487
Wastewater Pipe Rehabilitation	10,512,708	4,351,552
Northwest Area First Time Wastewater Area No. 1	10,377,000	3,940,348
Boone Interceptor Phase II	9,703,377	9,099,715
Country Club and Sunset Lift Station Rehabilitation	8,457,354	8,312,558
Fred Hervey WRP Blower Building - Construction	7,162,849	6,330,618
John T. Hickerson WRF Screens Rehabilitation	6,731,082	6,650,538
Prado, Mansfield and Knowles Lift Station	5,974,059	702,500
Alfalfa Lift Station Rehabilitation - Design	5,941,500	2,097,350
Miranda and Roxanne Sewer Relief Line	5,837,460	5,592,771
Sewer Construction On-Call Services Program	5,771,645	1,938,543
Northeast Dyer/Railroad 18" and 36" Interceptor	5,760,491	5,619,867
Doniphan Wastewater Collector	5,160,180	4,644,644
Fred Hervey WRP Clarifier Replacement Project - Construction	5,151,610	5,114,241
Fred Hervey WRP Road Access	4,290,001	363,238
Wastewater Facilities Rehabilitation	3,916,800	3,513,940
Independence Interceptor Mansfield and Prado - Design	3,901,500	2,786,896
Air Release Valve Rehabilitation Phase I - East	3,779,100	1,476,693
Northeast Dyer/Railroad 36" Sewer Interceptor Phase IV - Design	3,717,995	1,870,242
Northeast Dyer/Railroad Interceptor Extension Phase III	3,446,042	3,430,626
Roberto R. Bustamante WWTP Electric Rooms HVAC Improvements	3,077,320	2,606,168
Mesa Del Castillo Lift Station - Decommissioning 8" Sewer Line	3,060,000	2,779,147
Energy Management Master Plan Wastewater Systems	3,043,094	2,975,080
Wastewater Field Office Reconstruction	2,862,090	2,719,737
Upper Valley Outfall Relocation Phase II - Design	2,778,762	1,854,674
Remote Access and Multi-factor Authentication	2,750,000	-
Fred Hervey WRP Small Upgrades and Emergency Replacement	2,394,017	-
Coronado Country Club III Reclaimed Tank Rehabilitation - Design	2,227,013	699,486
Coronado I Tank Rehabilitation	2,113,978	308,108

10. CAPITAL ASSETS (Continued)

	February 28, 2025	
	Estimated Cost	Cost Incurred To Date
Pellicano Wastewater Improvements Loop 375 County Project - Construction	2,079,984	1,807,705
Other Wastewater Projects Under $2,000,000	75,194,794	46,693,139
Subtotal-Wastewater Projects	1,000,610,735	428,477,536
Totals	$ 1,837,485,509	$ 851,458,306

	February 29, 2024	
	Estimated Cost	Cost Incurred To Date
Water Projects		
Hawkins Administration Building	$ 75,893,360	$ 14,895,387
Advanced Water Treatment Facility - Engineering	35,019,676	13,326,790
Aquifer Storage and Recovery - Phase I	24,836,490	7,664,908
Heath De Leon Tank and Pump Station - Engineering	23,093,154	1,096,543
Montana Waterline Replacement	21,109,000	478,428
Well Construction, Equipping, Drilling and Testing	21,004,750	11,830,437
Texas Senate Bill 3 Backup Energy Compliance	20,296,645	3,304,775
Pumping System Improvements and Rehabilitation	16,269,006	15,409,007
Riverside International Industrial Center - Phase I	16,181,463	3,062,474
Eastwood Reservoir Roof Rehabilitation	14,390,600	12,352,714
Airport Booster Station Replacement - Engineering	13,766,664	8,335,792
Montana East 36" Water Line - Design	13,220,503	12,346,170
Joe Caro Pump Station Reconstruction	12,120,505	2,133,231
Gas Line Crossings - Construction	11,635,200	6,387,194
Airport Well Collector 30" Water Main Replacement	11,179,973	8,766,543
Planned Water Line Replacement Program	10,433,000	6,515,366
Mesa Street, Crestmont to Festival 30" Water Line	10,193,412	9,317,389
John Hayes 24" Water Line Main Extension	9,957,093	8,735,809
Northeast Development Wells Drilling	9,078,000	6,045,998
Water Routine Construction On-Call Services Program	8,935,200	4,780,629
Pumping Systems Emergency Rehabilitation	8,670,000	1,574,696
Ranchos Real Pump Station - Design	8,455,800	5,381,749
Franklin East Water Line - Design	7,630,621	323,621
Jonathan Rogers WTP Power Reliability Upgrade	7,497,000	647,067
TXDOT Loop 375 - Montana to Spur 601	6,080,749	5,553,521
Jonathan Rogers WTP Settling Pond Gate Improvements - Design	6,028,118	2,310,901
Water and Wastewater Vehicles and Heavy Equipment	6,013,118	-
Well Rehabilitation	5,975,298	2,870,769
Planned Water Line Replacement Phase XIII - Design	5,849,840	1,292,729
Northeast Dyer/Railroad 16" Water Line Extension	5,636,521	2,633,498
Cross Feeder Main Valve Replacement	5,484,540	4,444,063

10. CAPITAL ASSETS (Continued)

	February 29, 2024	
	Estimated Cost	Cost Incurred To Date
Ortho-Polyphosphate Treatment - Construction	5,334,600	4,810,579
Mountain Parks Water Line Extension - Construction	5,304,000	5,129,421
North 2 Pump Station - Construction	4,933,877	4,871,375
Northwest Water Distribution Mains	4,834,800	4,591,010
Ridgecrest Tank - Land Acquisition	4,750,000	4,701,342
Southside Road Reconstruction	4,569,600	3,973,406
Woods Water Storage Reservoir Rehabilitation	4,468,620	4,096,698
Granular Activated Carbon Replacement	4,408,197	-
McGregor 16" Water Line Extension - Design	4,401,300	174,127
Water Rights - Land Acquisition	4,334,377	-
TXDOT Borderland Expressway Water Mains	4,145,280	1,669,190
Yandell 24" Water Main Replacement	4,120,800	212,748
PeopleSoft Financials Upgrade	4,080,000	-
Sheridan 16" Water Line Replacement - Design	3,972,900	478,358
Leak Detection Loggers	3,890,606	2,519,726
Sierra Crest 1-2, Mountain Park 2 - Design	3,723,000	372,183
Riverside Canal Bridge and Access	3,493,500	3,792,862
Delta Drive Water Line Replacement	3,368,100	2,926,576
Cielo Vista Blend Tank Replacement	3,366,383	3,138,167
Airport Well Field Corridor F	3,320,100	2,802,204
Vinton (Westway) 1.25 MG Tank Construction	3,309,753	3,144,121
Disinfection Byproducts Removal at Crown Point and Nevins	3,264,000	2,015,021
TXDOT Mesa Paving - Water Improvements	3,080,400	1,946,588
Canal Street WTP Actuators Replacement	3,065,100	859,957
Canal Street WTP Primary Sedimentation Basin Covers	3,060,000	2,512,232
Pico Norte Elevated Tank Land Acquisition	3,000,000	870,725
TXDOT US 62 Montana Global Reach to Tierra Este	2,943,861	2,248,862
Jonathan Rogers WTP Transmission Pipeline Surge Protection Tanks - Construction	2,831,624	2,820,229
North I - East Reservoir Roof Rehabilitation - Design	2,774,400	1,479,179
EDA Northwest Development Waterline Extension	2,556,000	-
Electromagnetic Conditional Assessment	2,518,897	2,388,092
Canal Street WTP Raw Water Intake Screens	2,499,000	2,424,861
Sean Haggerty 16" Water Line Extension Phase I - Construction	2,417,400	1,747,823
Plant Equipment Maintenance Shop - Construction	2,376,000	2,176,258
Upper Valley - Strahan 36" Water Line 2A	2,365,380	783,472
Supplement Oversized Water Lines	2,300,000	1,310,649
Jonathan Rogers WTP Equipment Replacement	2,225,000	1,005,369
Advanced Water Purification Facility Well Flow Lines	2,142,000	27,971
Westway Booster Station Improvements - Design	2,060,400	205,056
Pecos Street Water Line Replacement	2,040,510	1,679,070
Other Water Projects Under $2,000,000	114,256,812	59,352,362
Subtotal - Water Projects	703,841,876	325,076,067

10. CAPITAL ASSETS (Continued)

	February 29, 2024	
	Estimated Cost	Cost Incurred To Date
Wastewater Projects		
Roberto R. Bustamante WWTP Expansion and Upgrade - Construction	$ 248,316,897	$ 24,001,436
Roberto R. Bustamante WWTP Grit Screen	175,473,204	53,881,650
Frontera New Force Main Phase III	62,637,486	22,256,018
John T. Hickerson WRF Train Improvements	33,508,630	30,776,116
Fred Hervey WRP Headworks and Filter Improvements	31,237,419	2,814,279
John T. Hickerson WRF Emergency Backup Power	28,653,890	1,232,256
Roberto R. Bustamante WWTP Digester #2 Rehabilitation	15,168,609	9,643,231
Grouse Lift Station Phase VI - Construction	14,475,710	9,781,089
Luckett Court Wastewater Line Replacement	12,378,800	10,518,135
On-Call Manhole Rehabilitation	11,734,080	7,693,843
Northeast Dyer/Railroad Lift Station - Construction	10,967,740	3,901,284
Sewer Construction On-Call Services Program	9,832,752	3,157,727
Haskell R. Street WWTP Emergency Generator	8,812,800	354,842
Country Club and Sunset Lift Station Rehabilitation	8,486,400	5,459,198
Fred Hervey WRP Emergency Generator	8,304,840	352,713
Northwest Area First Time Wastewater Area No. 1	7,650,000	-
Boone Interceptor Phase II - Construction	7,548,000	4,741,017
Northeast Interceptor System	7,211,400	5,741,954
John T. Hickerson WRF Screens Rehabilitation	6,487,200	1,601,662
Prado, Mansfield and Knowles Lift Station	6,078,180	479,436
Miranda and Roxanne Sewer Relief Line	5,837,460	4,926,528
Northeast Dyer/Railroad 18" and 36" Interceptor	5,753,073	5,640,396
Sunland Park Lift Station Rehabilitation - Construction	5,712,000	4,709,990
Fred Hervey WRP Clarifier Replacement Project - Construction	5,628,360	3,977,118
Fred Hervey WRP Blower Building - Construction	5,599,800	4,959,114
Northeast Dyer/Railroad 36" Sewer Interceptor Phase IV - Design	5,251,913	182,473
Frontera Lift Station Header Rehabilitation	5,100,000	2,856,000
Fred Hervey Road Access - Design	4,902,001	316,510
Doniphan Wastewater Collector - Construction	4,590,000	4,422,840
Energy Management Master Plan Wastewater Systems - Construction	4,590,000	1,891,065
Haskell R. Street WWTP Upgrades and Rehabilitation	4,439,040	12,621
Air Release Valve Rehabilitation Phase I - East	4,388,040	88,415
Northeast Dyer/Railroad Interceptor Extension Phase III	4,013,700	171,810
Alameda Sewer Line Replacement - Construction	3,871,920	3,066,161
Independence Interceptor Mansfield and Prado - Design	3,825,000	189,374
Alfalfa Lift Station Rehabilitation - Design	3,799,500	732,306
Mesquite Hills Wastewater Collector Line	3,774,000	-
Bird Avenue/RiverBend to Doniphan Sewer Collection Main	3,416,976	3,396,151
Mesa Del Castillo Lift Station - Decommissioning 8" Sewer Line	3,060,000	1,230,757
Roberto R. Bustamante WWTP Electric Rooms HVAC Improvements	3,050,800	2,246,964
Haskell R. Street WWTP Chlorine Scrubber Replacement	2,994,720	2,402,907
Zaragoza Sewer Line Replacement - Design	2,866,200	2,688,876
Sean Haggerty Sewer Interceptor Phase I - Construction	2,805,000	2,355,312

10. CAPITAL ASSETS (Continued)

	February 29, 2024	
	Estimated Cost	Cost Incurred To Date
Wastewater Field Office Reconstruction	2,687,139	2,363,281
Wastewater Facilities Rehabilitation	2,590,800	2,017,998
Coronado Country Club III Reclaimed Tank Rehabilitation - Design	2,547,960	101,023
EDA Northwest Development Wastewater Line Extension	2,500,491	2,074,505
Supplement Oversized Wastewater Lines	2,500,000	1,749,000
Wastewater Pipe Rehabilitation - Capacity, Management, Operation, and Maintenance	2,431,680	1,912,751
Coronado I Tank Rehabilitation	2,197,078	158,651
Wastewater Plant Power Upgrades	2,172,478	14,176
Pellicano Wastewater Improvements Loop 375 County Project - Construction	2,079,984	1,807,705
Pecos Street Sewer Line Rehabilitation	2,040,000	1,417,856
Other Wastewater Projects Under $2,000,000	79,605,576	38,907,584
Subtotal-Wastewater Projects	917,586,726	303,376,104
Totals	$ 1,621,428,602	$ 628,452,171

Municipal Drainage Utility construction work in progress at February 28, 2025 and February 29, 2024 composed of the following:

	February 28 2025	
	Estimated Cost	Cost Incurred To Date
Drainage Projects		
Will Ruth Pond - Construction	$ 54,713,252	$ 9,078,237
John T. Hickerson WRF Stormwater Basin - Construction	9,180,000	192,767
Corrugated Metal Pipe Replacement Program	9,081,916	7,481,464
Arroyo I Dam - Detention Improvements	6,729,960	6,223,627
Morehead Dam Desilting and Improvements	5,766,200	4,417,311
Americas 10 Watershed Improvement	3,942,300	602,542
Dallas Street Outfall Basin Phase 2	3,770,520	243,781
Various Open Space Projects and Ponds	3,496,443	-
North Hills Dam Rehabilitation	2,846,926	2,838,673
Desilting for Various Ponds	2,738,700	1,140,205
Coors Channel Improvements - Design	2,540,494	2,482,689
Other Drainage Projects Under $2,000,000	38,943,530	25,445,646
Total Drainage Projects	$ 143,750,241	$ 60,146,942

10. CAPITAL ASSETS (Continued)

	February 29, 2024	
	Estimated Cost	Cost Incurred To Date
Drainage Projects		
Will Ruth Pond	$ 24,181,569	$ 8,262,063
Socorro Activity Complex 2 - Land Acquisition	13,700,000	12,346,010
Palisades Stormwater System - Design	9,675,600	843,212
John T. Hickerson WRF Stormwater Basin - Construction	9,180,000	-
Corrugated Metal Pipe Replacement Program	6,745,056	3,989,337
Arroyo I Dam - Detention Improvements	6,160,800	123,995
Pico Norte Pond Rehabilitation	5,790,418	5,591,716
Morehead Dam Desilting and Improvements	5,341,740	2,963,606
Tremont and Coates Dams Rehabilitation	4,240,481	2,928,838
St. Mark Drainage Improvements - Design	3,184,459	2,675,918
Coors Channel Improvements - Design	3,006,584	2,112,827
North Hills Dam Rehabilitation	2,958,000	2,809,298
Various Open Space Projects and Ponds	2,734,101	-
Silver Springs Arroyo Dam	2,375,070	2,317,698
Lower Memphis Dam Improvements	2,343,960	1,684,564
Other Drainage Projects Under $2,000,000	39,188,229	23,606,607
Total Drainage Projects	$ 140,806,067	$ 72,255,689

11. LONG-TERM LIABILITIES

Long-term liabilities activity for the Water and Wastewater Utility for the years ended February 28, 2025 and February 29, 2024 was as follows:

	Restated Beginning Balance 03/01/2024	Additions	Reductions	Ending Balance 02/28/2025	Due Within One Year	Long-term Portion
Water and Wastewater Utility:						
Revenue Bonds Payable:						
Revenue Bonds	$1,214,925,000	$ -	$ 43,325,000	$1,171,600,000	$ 44,075,000	$1,127,525,000
Unamortized premiums net of discounts	119,857,089	-	6,860,850	112,996,239	6,435,569	106,560,670
Direct Placements:						
Revenue bonds	168,695,000	-	10,980,000	157,715,000	11,290,000	146,425,000
Total bonds and premiums payable	$1,503,477,089	$ -	$ 61,165,850	$1,442,311,239	$ 61,800,569	$1,380,510,670
Compensated absences	9,485,678	4,477,912	4,482,146	9,481,444	3,212,546	6,268,898
Lease Liabilities	5,148,217	1,030,377	178,177	6,000,417	229,778	5,770,639
SBITA Liabilities	1,449,677	861,620	1,568,125	743,172	654,432	88,740
Self-insurance claims	808,354	3,701,578	3,466,899	1,043,033	416,484	626,549
Other government payable	1,169,513	-	202,034	967,479	211,316	756,163
Commercial Paper payable	60,000,000	10,000,000	70,000,000	-	-	-
Extendable Commercial Paper payable	-	280,000,000	-	280,000,000	-	280,000,000
Total OPEB Liability	13,166,477	1,451,278	1,547,755	13,070,000	543,409	12,526,591
Net Pension Liability	53,560,388	6,072,977	11,343,913	48,289,452	-	48,289,452
Arbitrage Liability	4,681,854	5,914,081	-	10,595,935	-	10,595,935
Total Long-term liabilities Water and Wastewater Utility	$1,652,947,247	$313,509,823	$153,954,899	$1,812,502,171	$ 67,068,534	$1,745,433,637

	Restated Beginning Balance 03/01/2023	Restated Additions	Restated Reductions	Restated Ending Balance 02/29/2024	Restated Due Within One Year	Restated Long-term Portion
Water and Wastewater Utility:						
Revenue Bonds Payable:						
Revenue Bonds	$1,081,680,000	$171,925,000	$ 38,680,000	$1,214,925,000	$ 43,325,000	$1,171,600,000
Unamortized premiums net of discounts	107,017,891	19,510,623	6,671,425	119,857,089	6,860,850	112,996,239
Direct Placements:						
Revenue bonds	169,960,000	8,680,000	9,945,000	168,695,000	10,980,000	157,715,000
Total bonds and premiums payable	$1,358,657,891	$200,115,623	$ 55,296,425	$1,503,477,089	$ 61,165,850	$1,442,311,239
Compensated absences	8,571,216	4,326,734	3,412,272	9,485,678	2,852,257	6,633,421
Lease Liabilities	5,360,340	-	212,123	5,148,217	111,772	5,036,445
SBITA Liabilities	2,641,008	160,859	1,352,190	1,449,677	907,665	542,012
Self-insurance claims	1,012,852	2,635,396	2,839,894	808,354	365,396	442,958
Other government payable	1,362,674	-	193,161	1,169,513	202,034	967,479
Commercial Paper payable	10,000,000	90,000,000	40,000,000	60,000,000	-	60,000,000
Total OPEB Liability	12,201,866	1,442,513	477,902	13,166,477	568,654	12,597,823
Net Pension Liability	39,970,941	20,324,631	6,735,184	53,560,388	-	53,560,388
Arbitrage Liability	-	4,681,854	-	4,681,854	-	4,681,854
Total Long-term liabilities Water and Wastewater Utility	$1,439,778,788	$323,687,610	$110,519,151	$1,652,947,247	$ 66,173,628	$1,586,773,619

11. LONG-TERM LIABILITIES (Continued)

Long-term liabilities activity for the Municipal Drainage Utility for the years ended February 28, 2025 and February 29, 2024 was as follows:

	Restated Beginning Balance 03/01/2024	Additions	Reductions	Ending Balance 02/28/2025	Due Within One Year	Long-term Portion
Municipal Drainage Utility:						
Revenue Bonds Payable:						
Revenue Bonds	$ 124,540,000	$ 54,145,000	$ 6,275,000	$ 172,410,000	$ 7,370,000	$ 165,040,000
Unamortized premiums net of discounts	14,801,243	6,451,879	1,278,229	19,974,893	1,332,447	18,642,446
Direct Placements:						
Revenue bonds	18,082,000	-	1,138,000	16,944,000	1,092,000	15,852,000
Total bonds and premiums payable	$ 157,423,243	$ 60,596,879	$ 8,691,229	$ 209,328,893	$ 9,794,447	$ 199,534,446
Compensated absences	371,336	226,936	217,061	381,211	154,568	226,643
Due to Water and Wastewater Utility Land Transfer	8,044,800	-	1,000,000	7,044,800	2,000,000	5,044,800
SBITA Liabilities	20,586	-	20,586	-	-	-
Extendable Commercial Paper payable	60,000,000	20,000,000	60,000,000	20,000,000	-	20,000,000
Total OPEB Liability	717,128	45,719	29,589	733,258	30,487	702,771
Net Pension Liability	2,385,548	266,713	524,303	2,127,958	-	2,127,958
Arbitrage Liability	768,888	754,557	-	1,523,445	-	1,523,445
Total Long-term liabilities Municipal Drainage Utility	$ 229,731,529	$ 81,890,804	$ 70,482,768	$ 241,139,565	$ 11,979,502	$ 229,160,063

11. LONG-TERM LIABILITIES (Continued)

	Restated Beginning Balance 03/01/2023	Restated Additions	Restated Reductions	Restated Ending Balance 02/29/2024	Restated Due Within One Year	Restated Long-term Portion
Municipal Drainage Utility:						
Revenue Bonds Payable:						
Revenue Bonds	$ 107,105,000	$ 22,870,000	$ 5,435,000	$ 124,540,000	$ 6,275,000	$ 118,265,000
Unamortized premiums net of discounts	13,378,007	2,399,999	976,763	14,801,243	1,007,142	13,794,101
Direct Placements:						
Revenue bonds	19,280,000	-	1,198,000	18,082,000	1,138,000	16,944,000
Total bonds and premiums payable	$ 139,763,007	$ 25,269,999	$ 7,609,763	$ 157,423,243	$ 8,420,142	$ 149,003,101
Compensated absences	274,556	258,811	162,031	371,336	134,880	236,456
Due to Water and Wastewater Utility Land Transfer	11,344,800	-	3,300,000	8,044,800	2,000,000	6,044,800
SBITA Liabilities	40,118	-	19,532	20,586	20,586	-
Revolving notes	15,000,000	10,000,000	25,000,000	-	-	-
Extendable Commercial Paper payable	-	60,000,000	-	60,000,000	-	60,000,000
Total OPEB Liability	715,926	75,917	74,715	717,128	30,972	686,156
Net Pension Liability	1,863,216	901,893	379,561	2,385,548	-	2,385,548
Arbitrage Liability	-	768,888	-	768,888	-	768,888
Total Long-term liabilities Municipal Drainage Utility	$ 169,001,623	$ 97,275,508	$ 36,545,602	$ 229,731,529	$ 10,606,580	$ 219,124,949

12. REVENUE BONDS

Water and Wastewater Utility

Water and Sewer Revenue Bonds payable and Texas Water Development Board (TWDB) direct placement revenue bonds for the Water and Wastewater Utility Fund, in the amount of $1,329,315,000 and $1,383,620,000 as of February 28, 2025 and February 29, 2024, respectively, are equally and ratably secured by and payable from an irrevocable first lien on and pledge of the net revenue of the Water and Wastewater Utility Fund which is presented in Note 19. The pledge of net revenue is in effect until the bonds are extinguished in 2052. The general purpose of the debt is to improve the water and wastewater services EPWater provides to area residents. The TWDB direct placement debt was issued at subsidized interest rates for qualified water and wastewater projects. The Revenue Bonds payable and TWDB direct placement revenue bonds as of February 28, 2025 and February 29, 2024 include the following individual issues:

	Amounts Outstanding 2/29/24	Issued	Retired/ Refunded	Amounts Outstanding 2/28/25	Due Within One Year
*$1,000,000 2003A Series with final installment of $50,000 and interest of 0.00% paid in fiscal year 2025.	$ 50,000	$ -	$ 50,000	$ -	$ -
$64,900,000 2014 Series with final installment of $4,010,000 and interest due of 5.00%. Final payment due March 2025. Refunded $34,705,000 with the 2021A Bonds.	7,815,000	-	3,805,000	4,010,000	4,010,000
$131,650,000 2015 Series due in annual installments of $1,405,000 to $9,680,000 with interest due at 3.25% to 5.00%. Final payment due March 2035. Refunded $32,035,000 with the 2021A Bonds.	25,780,000	-	9,215,000	16,565,000	9,680,000
$18,600,000 2015A Series due in annual installments of $880,000 to $1,330,000 with interest due at 3.00% to 5.00%. Final payment due March 2035.	12,775,000	-	835,000	11,940,000	880,000
*$50,000,000 2015B Series due in annual installments of $2,410,000 to $2,995,000 with interest due at 1.47% to 2.41%. Final payment due March 2035.	31,790,000	-	2,370,000	29,420,000	2,410,000
$48,565,000 2015C Series due in annual installments of $2,545,000 to $3,200,000 with interest due at 4.00% to 5.00%. Final payment due March 2035.	33,250,000	-	2,430,000	30,820,000	2,545,000
$68,670,000 2016 Series due in annual installments of $2,345,000 to $5,085,000 with interest due at 4.00% to 5.00%. Final payment due March 2037.	49,345,000	-	4,055,000	45,290,000	4,255,000

12. REVENUE BONDS (Continued)

	Amounts Outstanding 2/29/24	Issued	Retired/ Refunded	Amounts Outstanding 2/28/25	Due Within One Year
*$100,000,000 2016A Series due in annual installments of $6,000,000 to $7,000,000 with interest due at 1.08% to 2.12%. Final payment due March 2036.	83,000,000	-	6,000,000	77,000,000	6,000,000
$83,880,000 2017 Series due in annual installments of $4,075,000 to $5,505,000 with interest due at 4.00% to 5.00%. Final payment due March 2038.	70,160,000	-	2,920,000	67,240,000	4,075,000
*$50,000,000 2017A Series due in annual installments of $2,500,000 to $4,000,000 with interest due at 1.21% to 2.29%. Final payment due March 2037.	44,000,000	-	2,500,000	41,500,000	2,500,000
$26,670,000 2018 Series due in annual installments of $1,015,000 to $2,790,000 with interest due at 5.00%. Final payment due March 2039.	26,670,000	-	-	26,670,000	2,080,000
*$1,415,000 2019 Series due in annual installments of $60,000 to $90,000 with interest due at 2.00% to 3.60%. Final payment due March 2039.	1,175,000	-	60,000	1,115,000	60,000
$33,400,000 2019A Series due in annual installments of $1,850,000 to $3,500,000 with interest due at 3.00% to 5.00%. Final payment due March 2039.	33,400,000	-	-	33,400,000	-
$30,570,000 2019B Series due in annual installments of $385,000 to $4,160,000 with interest due at 5.00%. Final payment due March 2031.	17,365,000	-	2,660,000	14,705,000	3,000,000
$33,880,000 2020 Series due in annual installments of $2,020,000 to $3,270,000 with interest due at 3.00% to 5.00%. Final payment due March 2040.	33,880,000	-	-	33,880,000	-
$62,990,000 2020A Series due in annual installments of $2,260,000 to $7,325,000 with interest due at 0.77% to 1.89%. Final payment due March 2033.	50,285,000	-	11,395,000	38,890,000	7,325,000
$35,490,000 2021 Series due in annual installments of $1,900,000 to $3,075,000 with interest due at 2.00% to 5.00%. Final payment due March 2041.	35,490,000	-	-	35,490,000	-

12. REVENUE BONDS (Continued)

	Amounts Outstanding 2/29/24	Issued	Retired/ Refunded	Amounts Outstanding 2/28/25	Due Within One Year
$76,310,000 2021A Series due in annual installments of $1,235,000 to $15,640,000 with interest due at 0.94% to 2.27%. Final payment due March 2034.	73,800,000	-	1,275,000	72,525,000	1,235,000
$305,900,000 2022 Series due in annual installments of $500,000 to $20,320,000 with interest due at 4.47% to 5.00%. Final payment due March 2052.	305,400,000	-	500,000	304,900,000	500,000
$267,585,000 2022A Series due in annual installments of $880,000 to $19,395,000 with interest due at 4.00% to 5.00%. Final payment due March 2048.	267,585,000	-	1,450,000	266,135,000	2,200,000
$171,925,000 2023 Series due in annual installments of $2,290,000 to $12,085,000 with interest due at 4.00% to 5.25%. Final payment due March 2049.	171,925,000	-	2,785,000	169,140,000	2,290,000
*$8,680,000 2023A Series due in annual installments of $320,000 to $595,000 with interest due at 2.83% to 4.13%. Final payment due March 2044.	8,680,000	-	-	8,680,000	320,000
Total bonds outstanding	1,383,620,000	$ -	$ 54,305,000	1,329,315,000	$ 55,365,000
Less current maturities	(54,305,000)			(55,365,000)	
Total long term portion	$1,329,315,000			$1,273,950,000	

**Direct placement revenue bonds*

Interest costs incurred on revenue bonds totaled $53,887,000 in 2025 and $52,982,680 in 2024.

12. REVENUE BONDS (Continued)

Water and Wastewater Utility Fund Annual Debt Service Requirements

	Revenue Bonds		Direct Placements	
Year Ending February	Principal	Interest	Principal	Interest
2026	$ 44,075,000	$ 49,882,509	$ 11,290,000	$ 3,011,854
2027	45,805,000	48,266,835	11,545,000	2,863,696
2028	47,295,000	46,770,017	11,600,000	2,700,385
2029	49,010,000	45,082,475	11,660,000	2,521,263
2030	50,910,000	43,174,148	11,720,000	2,321,851
2031 - 2035	253,495,000	182,519,237	65,845,000	7,806,838
2036 - 2040	224,165,000	129,039,366	31,305,000	1,555,436
2041 - 2045	191,155,000	84,234,699	2,750,000	290,114
2046 - 2050	207,620,000	38,349,695	-	-
2051 - 2052	58,070,000	4,450,750	-	-
	$ 1,171,600,000	$ 671,769,731	$ 157,715,000	$ 23,071,437

On April 1, 2021, EPWater issued $76,310,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series 2021A with an average interest rate of 1.70% to refund the following outstanding bonds:

Series	Amount	Average Coupon
2014	$ 34,705,000	4.76%
2015	32,035,000	4.63%

The liabilities associated with these bonds were removed from the related payables. As of February 28, 2025 and February 29, 2024, $0 and $66,740,000 of the bonds remained outstanding with an estimated escrow balance of $0 and $68,224,183.

The refunding of the 2014 and 2015 bonds reduced debt service by $5,110,663 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $4,834,217.

On June 1, 2023, EPWater issued $171,925,000 in Water and Sewer System Revenue Improvement and Refunding Bonds, Series 2023 with an average interest rate of 4.93% to refund $40 million of Water and Sewer Commercial Paper Notes with an average interest rate of 3.15%, and to finance $150 million of capital improvement projects for the water and wastewater system.

12. REVENUE BONDS (Continued)

On November 1, 2023, EPWater issued $8,680,000 in Water and Sewer System Revenue Bonds, Series 2023A, through a private placement with the Texas Water Development Board, through the Economically Distressed Areas Program, with an average interest rate of 3.70% to finance Phase II of the wastewater collection system in the Colonia of Montana Vista in El Paso County, Texas to provide first time wastewater services.

Municipal Drainage Utility

Municipal Drainage Revenue Bonds payable and direct placement revenue bonds for the Municipal Drainage Utility Fund in the amount of $189,354,000 and $142,622,000 as of February 28, 2025 and February 29, 2024, respectively, are equally and ratably secured by and payable from an irrevocable first lien on and pledge of the net revenue of the Municipal Drainage Utility Fund which is presented in Note 19. The pledge of net revenue is in effect until the bonds are extinguished in 2052. The general purpose of the debt is to improve the drainage services EPWater provides to area residents. The Revenue Bonds payable and direct placement revenue bonds as of February 28, 2025 and February 29, 2024 include the following individual issues:

	Amounts Outstanding 2/29/24	Issued	Retired/ Refunded	Amounts Outstanding 2/28/25	Due Within One Year
*$2,163,000 2009A Series due in annual installments of $107,000 with interest at 0.00%. Final payment due March 2031.	$ 857,000	$ -	$ 108,000	$ 749,000	$ 107,000
$22,240,000 2015 Series due in annual installments of $1,020,000 to $1,665,000 with interest due at 5.00%. Final payment due March 2035.	15,485,000	-	975,000	14,510,000	1,020,000
$19,790,000 2016 Series due in annual installments of $905,000 to $1,565,000 with interest due at 5.00%. Final payment due March 2036.	15,360,000	-	860,000	14,500,000	905,000
$48,940,000 2017 Series due in annual installments of $820,000 to $4,815,000 with interest due at 4.00% to 5.00%. Final payment due March 2039.	34,650,000	-	3,480,000	31,170,000	3,710,000
*$8,945,000 2021 Series due in annual installments of $665,000 to $1,000,000 with interest due at 1.60%. Final payment due March 2032.	8,055,000	-	710,000	7,345,000	665,000
$13,330,000 2021A Series due in annual installments of $485,000 to $905,000 with interest due at 2.00% to 5.00%. Final payment due March 2041.	12,425,000	-	460,000	11,965,000	485,000
*$9,490,000 2022 Series due in annual installments of $315,000 to $320,000 with interest due at 0.00%. Final payment due March 2052.	9,170,000	-	320,000	8,850,000	320,000

12. REVENUE BONDS (Continued)

	Amounts Outstanding 2/29/24	Issued	Retired/ Refunded	Amounts Outstanding 2/28/25	Due Within One Year
$23,750,000 2022A Series due in annual installments of $500,000 to $2,095,000 with interest due at 4.25% to 5.00%. Final payment due March 2042.	23,750,000	-	250,000	23,500,000	500,000
$22,870,000 2023 Series due in annual installments of $500,000 to $1,900,000 with interest due at 4.00% to 5.00%. Final payment due March 2043.	22,870,000	-	250,000	22,620,000	500,000
$54,145,000 2024 Series due in annual installments of $250,000 to $4,760,000 with interest due at 4.00% to 5.00%. Final payment due March 2044.	-	54,145,000	-	54,145,000	250,000
Total bonds outstanding	142,622,000	$ 54,145,000	$ 7,413,000	189,354,000	$ 8,462,000
Less current maturities	(7,413,000)			(8,462,000)	
Total long term portion	$135,209,000			$180,892,000	

**Direct placement revenue bonds*

Interest costs incurred on revenue bonds totaled $7,871,177 in 2025 and $5,664,087 in 2024.

12. REVENUE BONDS (Continued)

Municipal Drainage Utility Fund Annual Debt Service Requirements

	Revenue Bonds		Direct Placements	
Year Ending February	Principal	Interest	Principal	Interest
2026	$ 7,370,000	$ 8,005,294	$ 1,092,000	$ 112,200
2027	7,990,000	7,621,294	1,337,000	99,600
2028	8,390,000	7,211,794	1,352,000	84,920
2029	8,805,000	6,781,919	1,362,000	70,040
2030	9,245,000	6,352,369	1,382,000	54,920
2031 - 2035	47,025,000	25,178,866	4,749,000	71,400
2036 - 2040	46,955,000	13,418,665	1,575,000	-
2041 - 2045	36,630,000	3,625,153	1,575,000	-
2046 - 2050	-	-	1,575,000	-
2051 - 2053	-	-	945,000	-
	$ 172,410,000	$ 78,195,354	$ 16,944,000	$ 493,080

On June 1, 2023, EPWater issued $22,870,000 in Municipal Drainage Revenue Refunding Bonds, Series 2023 with an average interest rate of 4.65%, to refund $25 million of Municipal Drainage Revolving Notes with an average interest rate of 4.23%.

On April 1, 2024, EPWater issued $54,145,000 in Municipal Drainage Revenue Refunding Bonds, Series 2024 with an average interest rate of 4.87%, to refund $60 million of Municipal Drainage Extendable Commercial Paper Notes with an average interest rate of 3.86%.

12. REVENUE BONDS (Continued)

Arbitrage - The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. Arbitrage is evaluated and estimated on an annual basis by a third party arbitrage rebate service company. The company has estimated and EPWater accrued a liability for the Water and Wastewater Utility fund and the Municipal Drainage Utility fund of $10,595,935 and $1,523,445, respectively, as of February 28, 2025. The company has estimated and EPWater accrued a liability for the Water and Wastewater Utility fund and the Municipal Drainage Utility fund of $4,681,854 and $768,888, respectively, as of February 29, 2024.

EPWater is required to comply with various requirements in the ordinances authorizing the bond issuances. EPWater management has indicated they are in compliance with all significant requirements.

13. COMMERCIAL PAPER

In October 1997, EPWater, through the City of El Paso, approved a Commercial Paper Program in the amount of $50 million and in August 2021, the City of El Paso Council approved an increase to the program up to $80 million. The purpose of the Commercial Paper Program is to provide funds for the interim financing of a portion of the costs of capital improvements to the system.

The borrowings under the Commercial Paper Program are equally and ratably secured by and are payable from (i) the proceeds from the sale of bonds or additional borrowing under the Commercial Paper Program and (ii) borrowing under and pursuant to the revolving credit agreement.

On August 1, 2015, EPWater, through the City of El Paso and Bank of America, N.A., entered into a direct placement Revolving Credit Agreement pursuant to which Bank of America, N.A. is obligated under the Credit Agreement to loan to the City amounts not to exceed $40 million for the purpose of paying amounts due on the Commercial Paper Program. Any borrowing under the Credit Agreement is equally and ratably secured by and payable from the above-described sources pledged for payment of the Commercial Paper Program and from a pledge of the Net Revenues of the Water and Wastewater Utility, such pledge being subordinate to the pledge of Net Revenues securing all Senior Lien Obligations. Per the Agreement, the outstanding commercial paper resulting from direct borrowing have a termination event for failure to pay any interest or principal on the loan note, or commitment fees when due for a period of five business days from the date given by the bank. The revolving credit agreement also contains a clause to accelerate payment of principal and accrued interest to become immediately due, if EPWater defaults on any payment on specified debt within the agreement or any other "events of default" as defined in the agreement. Management intends to continue the remarketing of the tax-exempt commercial paper notes as it intends to maintain a portion of its debt in variable rates. On August 14, 2018, the first amendment to the credit agreement was executed to extend the contract until August 23, 2021, and reduced the commitment fee rate from 0.040% to 0.037%. On August 20, 2021, the second amendment to the credit agreement was executed to extend the contract until August 21, 2026, and with an option to increase the Commitment (as defined in the credit Agreement), from time to time, in a maximum aggregate amount not to exceed $80 million.

13. COMMERCIAL PAPER (Continued)

Since the commercial paper represents activity that is the result of EPWater's long-term financing plan, the amounts outstanding are presented as long-term. The "paper" can be sold in $100,000 increments and matures from one to 270 days. As of February 28, 2025 and February 29, 2024, there were $0 and $60 million outstanding, respectively.

14. REVOLVING NOTE

EPWater, through the City of El Paso and Bank of America, N.A., entered into a five year directly placed Note Purchase Agreement on June 19, 2018, with an expiration date of June 19, 2023, with an available commitment of $25 million and the program was not extended. Any borrowing under this agreement was equally and ratably secured from a pledge of the Net Revenues of the Municipal Drainage Utility, such pledge being subordinate to the pledge of Net Revenues securing all Senior Lien Obligations.

The borrowings under the agreement were ratably secured by and were payable from (i) the proceeds from the sale of additional bonds hereafter issued and to be used to pay outstanding Notes, (ii) borrowings under the agreement, (iii) the amounts held in the Note Payment Fund until the amounts deposited therein are used for authorized purposes, (iv) the Net Revenues, such lien and pledge of Net Revenues, however, being subordinated to the prior and superior lien on and pledge of securing the payment of borrowings made under and pursuant to the agreement, (v) the amounts remaining on deposit in the Note Construction Fund after the payment of all project costs; and the principal of and interest on the Notes and any amounts due under the agreement shall be and hereby equally and ratably secured by and payable from a lien on and pledge of the sources hereby identified. Per the Agreement, the outstanding notes resulting from direct borrowing had a termination event for failure to pay any interest or principal on the loan note, or commitment fees when due for a period of five business days from the date such obligation was due. The Revolving Credit Agreement also contained a clause to accelerate payment of principal and accrued interest to become immediately due, if EPWater defaulted on any payment on specified debt within the agreement or any other "events of default" as defined in the agreement.

Since these notes represent activity that was the result of EPWater's Municipal Drainage Utility's long-term financing plan, the amounts outstanding were presented as long term. The note program expired June 19, 2023, and no amounts were outstanding as of February 28, 2025 and February 29, 2024.

15. EXTENDABLE COMMERCIAL PAPER NOTES

Municipal Drainage Utility

On May 9, 2023, the City Council of the City of El Paso, approved an ordinance establishing an Extendable Commercial Paper (ECP) program for the Municipal Drainage Utility in the amount of $60 million with an expiration date of April 1, 2053. The purpose of the ECP program is to provide funds for interim financing for a portion of the costs of the capital improvements to the stormwater system.

On June 1, 2023, EPWater through the City and Morgan Stanley & Co. LLC entered into a Dealer Agreement with an expiration date of April 1, 2053, to solicit and arrange sales of the ECP Notes.

The ECP Notes are special obligations of the City, and the payment of the principal of and interest on the ECP Notes are secured by and payable only from a lien on and pledge of (i) the Net Revenues, and the Net Revenues are further pledged to the establishment and maintenance of the Payment Fund; provided that the pledge of Net Revenues securing the ECP Notes is expressly made subordinate and inferior to the lien on and pledge of Net Revenues securing Bonds Similarly Secured, and the ECP Notes shall constitute Subordinate Lien Obligations, as provided in the ordinances authorizing the Bonds Similarly Secured, (ii) the Proceeds from the sale of ECP Notes to refinance maturing ECP Notes (i.e., "roll") and the proceeds of Refunding Bonds to be issued by the City, and (iii) all amounts in the funds and accounts created or maintained pursuant to the Ordinance and the Issuing and Paying Agent Agreement, and such amounts constitute funds held for that purpose, subject only to the provisions of the Ordinance and the Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein. The ordinance contains a clause for remedies for default, if EPWater defaults on any specified debt resulting from ECP program for failure to pay any interest or principal on the loan note when due for a period of five business days from the date such obligation was due.

Since these notes represent activity that is the result of EPWater's Municipal Drainage Utility's long-term financing plan, the amounts outstanding are presented as long term. The "notes" can be sold in denominations of $100,000 or in integral multiples of $1,000 in excess thereof with an initial maturity not to exceed 90 days and a final maturity if extended, of not more than 270 days from the issue date. As of February 29, 2024, there was $60 million outstanding and as of February 28, 2025, the following amount of ECP Notes were outstanding:

	2025	Maturity Date	Coupon Rate
$	20,000,000	04/11/2025	2.94%
$	20,000,000		

Water and Wastewater Utility

On May 7, 2024, the City Council of the City of El Paso, approved an ordinance establishing an Extendable Commercial Paper (ECP) program for the Water and Wastewater Utility in the amount of $300 million with an expiration date of May 1, 2054. The purpose of the ECP program is to provide funds for interim financing of a portion of the costs of the capital improvements to the water and wastewater systems.

On May 1, 2024, EPWater through the City and Morgan Stanley & Co. LLC entered into a Dealer Agreement with an expiration date of May 1, 2054, to solicit and arrange sales of the ECP Notes.

15. EXTENDABLE COMMERCIAL PAPER NOTES (Continued)

The ECP Notes are special obligations of the City, and the payment of the principal of and interest on the ECP Notes are secured by and payable only from a lien on and pledge of (i) the Net Revenues, and the Net Revenues are further pledged to the establishment and maintenance of the Payment Fund; provided that the pledge of Net Revenues securing the ECP Notes is expressly made subordinate and inferior to the lien on and pledge of Net Revenues securing Bonds Similarly Secured, and the ECP Notes shall constitute Subordinate Lien Obligations, as provided in the ordinances authorizing the Bonds Similarly Secured, (ii) the Proceeds from the sale of ECP Notes to refinance maturing ECP Notes (i.e., "roll") and the proceeds of Refunding Bonds to be issued by the City, and (iii) all amounts in the funds and accounts created or maintained pursuant to the Ordinance and the Issuing and Paying Agent Agreement, and such amounts constitute funds held for that purpose, subject only to the provisions of the Ordinance and the Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein. The ordinance contains a clause for remedies for default, if EPWater defaults on any specified debt resulting from ECP program for failure to pay any interest or principal on the loan note when due for a period of five business days from the date such obligation was due.

Since these notes represent activity that is the result of EPWater's Water and Wastewater Utility's long-term financing plan, the amounts outstanding are presented as long term. The "notes" can be sold in denominations of $100,000 or in integral multiples of $1,000 in excess thereof with an initial maturity not to exceed 90 days and a final maturity if extended, of not more than 270 days from the issue date. As of February 29, 2024, there was $0 outstanding and as of February 28, 2025, the following amounts of ECP Notes were outstanding:

2025	Maturity Date	Coupon Rate
$ 60,000,000	3/6/2025	3.25%
60,000,000	3/13/2025	3.25%
55,000,000	3/24/2025	3.05%
50,000,000	3/24/2025	3.05%
55,000,000	3/26/2025	3.05%
$ 280,000,000		

16. LEASE LIABILITIES

As of February 28, 2025, the Water and Wastewater Utility has one lease agreement as a lessee to lease land with a 39-year term. During fiscal year ending February 29, 2024, the Water and Wastewater Utility also had another land lease which expired February 1, 2024. At February 28, 2025 and February 29, 2024, the right to use lease liability was $5,036,445 and $5,065,963, respectively, based on the present value calculations of future minimum lease payments and a stated incremental borrowing rate of 7.50%. The agreements call for monthly payments during the lease term. Principal payments made by the Water and Wastewater Utility during fiscal year 2025 and 2024 for the land leases were $29,518 and $46,940, respectively and interest expense recognized was $378,777 and $381,979, respectively.

Principal and interest requirements to maturity for right to use leases are as follows:

Year Ending February	Principal	Interest	Total Requirements
2026	$ 32,925	$ 376,575	$ 409,500
2027	35,482	374,018	409,500
2028	38,237	371,263	409,500
2029	40,121	369,379	409,500
2030	44,321	365,179	409,500
2031 - 2035	277,682	1,769,818	2,047,500
2036 - 2040	403,557	1,643,943	2,047,500
2041 - 2045	585,715	1,461,785	2,047,500
2046 - 2050	852,596	1,194,904	2,047,500
2051 - 2055	1,239,316	808,184	2,047,500
2056 - 2060	1,486,493	253,882	1,740,375
	$ 5,036,445	$ 8,988,930	$ 14,025,375

The Water and Wastewater Utility has lease agreements as a lessee to lease office equipment with a 5-year lease terms. At February 28, 2025 and February 29, 2024, the right to use lease liability was $340,559 and $56,191, respectively, based on the present value calculations of future minimum lease payments and an estimated incremental borrowing rate 2.93%. The agreement calls for monthly payments during the lease term. Principal payments made by the Water and Wastewater Utility during fiscal year 2025 and 2024 for office equipment leases were $67,937 and $61,111, respectively and interest expense recognized was $1,272 and $281, respectively.

Principal and interest requirements to maturity for right to use leases are as follows:

Year Ending February	Principal	Interest	Total Requirements
2026	$ 66,570	$ 9,071	$ 75,641
2027	68,545	7,096	75,641
2028	70,578	5,063	75,641
2029	72,661	2,980	75,641
2030	62,205	829	63,034
	$ 340,559	$ 25,039	$ 365,598

16. LEASE LIABILITIES (Continued)

The Water and Wastewater Utility has entered into lease agreements as a lessee to lease golf cart vehicles with a 5-year lease term. At February 28, 2025 and February 29, 2024, the right to use lease liability was $623,413 and $26,064, respectively, based on the present value calculations of future minimum lease payments and an estimated incremental borrowing rate of 2.38%. The agreement calls for monthly payments during the lease term. Principal payments made by the Water and Wastewater Utility during fiscal year 2025 and 2024, were $80,722 and $104,072, respectively and interest expense recognized was $6,243 and $221, respectively.

Principal and interest requirements to maturity for right to use leases are as follows:

Year Ending February	Principal	Interest	Total Requirements
2026	$ 130,283	$ 13,417	$ 143,700
2027	133,419	10,281	143,700
2028	136,632	7,068	143,700
2029	139,906	3,794	143,700
2030	83,173	652	83,825
	$ 623,413	$ 35,212	$ 658,625

17. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS)

As discussed in Note 1, EPWater implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements, during fiscal year February 29, 2024.

The Water and Wastewater Utility has various agreements for software licenses and hosted subscriptions with terms ranging from one to five years. At February 28, 2025 and February 29, 2024, the liability was $743,172 and $1,449,677, respectively, based on present value calculations of future minimum subscription payments and estimated incremental borrowing rates that range from 0.43% to 3.02%. Liabilities of $318,620 and $160,859 for new arrangements entered into during fiscal years 2025 and 2024, respectively, have been recorded based on present value calculations of future minimum subscription payments and estimated incremental borrowing rates that range between 2.40% to 2.93%. The agreements call for annual payments during the subscription terms. Principal payments made by the Water and Wastewater Utility during fiscal years 2025 and 2024 were $1,025,125 and $1,352,190, respectively, and interest expense recognized was $11,439 and $11,996, respectively. Variable payments made by the Water and Wastewater Utility during fiscal years 2025 and 2024 were $38,895 and $13,993, respectively.

Principal and interest requirements to maturity for SBITAs of the Water and Wastewater Utility are as follows:

Year Ending February	Principal	Interest	Total Requirements
2026	$ 654,432	$ 9,734	$ 664,166
2027	88,740	2,545	91,285
	$ 743,172	$ 12,279	$ 755,451

17. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS) (Continued)

The Municipal Drainage Utility has an agreement for software licenses with a term of four years. At February 28, 2025 and February 29, 2024, the liability was $0 and $20,586, based on the present value calculations of future minimum subscription payments and an estimated incremental borrowing rate of 0.55%. The agreement calls for annual payments during the subscription term. Principal payments made by the Municipal Drainage Utility during fiscal years 2025 and 2024 were $20,586 and $19,533, respectively, and interest expense recognized was $61 and $172, respectively.

There are no future principal and interest requirements for SBITAs for the Municipal Drainage Utility.

18. OTHER GOVERNMENT PAYABLE

During the fiscal year ending February 28, 2010, EPWater entered into a wholesale contract with Fort Bliss to provide water services for 30 years, with an option to renew for an additional 20 year period effective June 1, 2009. EPWater is to credit Fort Bliss $3,300,000 with an interest rate of 4.5% totaling $5,010,583 over 20 years ($20,877 monthly) for the engineering/environmental analysis in connection with the Kay Bailey Hutchison Desalination Plant. The following is a list of the principal and interest payments due to Fort Bliss as of February 28, 2025:

Year Ending February	Principal	Interest	Total
2026	$ 211,316	$ 39,214	$ 250,530
2027	221,023	29,506	250,529
2028	231,177	19,352	250,529
2029	241,797	8,732	250,529
2030	62,166	466	62,632
	$ 967,479	$ 97,270	$ 1,064,749

19. REVENUE PLEDGED AND DEBT SERVICE COVERAGE

Water and Wastewater Utility

The bond ordinances require EPWater to maintain revenues in each fiscal year, after deductions for maintenance and operation expenses, in an amount equal to at least 1.5 times the debt service requirements in such year for the Water and Wastewater Utility Fund. The computations of this ratio are summarized below for the years ended February 28, 2025 and February 29, 2024.

Revenues available for debt service are determined as follows:

	2025	Restated 2024
Water and wastewater revenue	**$ 384,327,711**	$ 367,642,334
Operating revenue deductions	**181,947,325**	162,421,578
Net water and wastewater revenue	**202,380,386**	205,220,756
Other revenues available for debt service:		
Interest income	**24,711,902**	30,034,874
Other miscellaneous operating revenue	**7,930,627**	5,576,766
Gain on sale of miscellaneous assets	**278,771**	465,835
Other nonoperating revenues	**2,891,300**	2,742,909
Less: Other miscellaneous expenses	**(7,377,541)**	(6,358,124)
Net other revenues available for debt service	**28,435,059**	32,462,260
Revenues available for debt service	**$ 230,815,445**	$ 237,683,016

Comparison of pledged revenues to debt requirements:

	2025	2024
Revenues available for debt service	**$ 230,815,445**	$ 237,683,016
Debt service requirements		
Principal	**54,305,000**	48,625,000
Interest	**56,505,050**	46,728,122
Total requirements	**$ 110,810,050**	$ 95,353,122
Debt service ratio	**2.08**	2.49

As calculated above, the approximate amount of pledged revenue for the years ended February 28, 2025 and February 29, 2024 were $230,815,445 and $237,683,016, respectively.

The proportion of the specific revenue stream that has been pledged to cover the debt requirements to the total revenue was 57.03% and 61.53% for the years ended February 28, 2025 and February 29, 2024, respectively.

The bonds, both principal and interest, are secured by a first lien and pledge of the net revenues of the Water and Wastewater Utility Fund.

19. REVENUE PLEDGED AND DEBT SERVICE COVERAGE (Continued)

Municipal Drainage Utility

The bond ordinances require EPWater to maintain revenues in each fiscal year, after deductions for maintenance and operation expenses, in an amount equal to at least 1.25 times the debt service requirements in such year for the Municipal Drainage Utility Fund. The computations of this ratio are summarized below for the years ended February 28, 2025 and February 29, 2024.

Revenues available for debt service are determined as follows:

	2025	Restated 2024
Municipal drainage utility revenue	**$ 38,144,557**	$ 33,517,191
Operating revenue deductions	**12,024,776**	9,766,072
Net municipal drainage utility revenue	**26,119,781**	23,751,119
Other revenues available for debt service:		
Interest income	**2,292,177**	1,766,963
Other miscellaneous operating revenue	**992,953**	484,637
Other nonoperating revenues	**57,114**	60,628
Less: Other miscellaneous expenses	**(615,177)**	(465,659)
Net other revenues available for debt service	**2,727,067**	1,846,569
Revenues available for debt service	**$ 28,846,848**	$ 25,597,688

Comparison of pledged revenues to debt requirements:

	2025	2024
Revenues available for debt service	**$ 28,846,848**	$ 25,597,688
Debt service requirements		
Principal	**7,413,000**	6,633,000
Interest	**6,939,770**	5,025,959
Total requirements	**$ 14,352,770**	$ 11,658,959
Debt service ratio	**2.01**	2.20

As calculated above, the approximate amount of pledged revenue for the years ended February 28, 2025 and February 29, 2024 were $28,846,848 and $25,597,688, respectively.

The proportion of the specific revenue stream that has been pledged to cover the debt requirements to the total revenue were 73.71% and 75.28% for the years ended February 28, 2025 and February 29, 2024, respectively.

The bonds, both principal and interest, are secured by a first lien and pledge of the net revenues of the Municipal Drainage Utility Fund.

20. RISK MANAGEMENT

EPWater is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters and is covered under certain policies purchased from independent insurance carriers. Additionally, EPWater, through the City of El Paso, maintains insurance policies acquired from independent insurance carriers covering material structural properties.

EPWater, in conjunction with the City of El Paso, provides health benefits and workers' compensation benefits for eligible employees and a fully insured health benefit plan for retirees. EPWater and the City of El Paso fund these plans separately, and EPWater is responsible for the costs incurred related to the employees and retirees of EPWater. EPWater, in conjunction with the City of El Paso, provides basic life insurance for eligible employees and dependents through a commercial carrier.

The City maintains group health insurance administered through Aetna which is self-insured for active employees and their eligible dependents and fully insured for retired employees and their eligible dependents. Reinsurance coverage limits the annual liability of EPWater to $275,000 per claim per covered member for the self-insured plans. Effective January 1, 2024, the amount increased to $350,000, and beginning January 1, 2025, the amount increased again to $400,000. Contributions are shared by EPWater, participating employees, and retirees. Eligible health expenses and liabilities are paid and recorded separately for the City of El Paso and EPWater.

Claims Administrative Services administers the workers' compensation self-insurance program. A separate bank account is used to pay all claims for workers' compensation, and EPWater accrues estimated future liabilities for workers' compensation claims filed as of the end of the fiscal year based on an actuarial study performed every two years. Management feels that the contributions made during the year for workers' compensation will offset any claims paid during the year.

For the years ended February 28, 2025, February 29, 2024, and February 28, 2023, the amount of settlements did not exceed insurance coverage and there were no significant reductions in the coverage from the prior year. The estimated liability for unpaid health claims is based upon the claim lag report. The estimated liability for unpaid workers' compensation claims is the discounted future payments, as actuarially determined, of case reserves plus claims incurred but not reported as of the actuarial report date of February 28, 2025. Accrued liabilities for these self-insurance programs are summarized below for the years ended February 28, 2025, February 29, 2024, and February 28, 2023:

	2025	2024	2023
Health Insurance	**$ 331,796**	$ 97,117	$ 46,760
Workers' Compensation	**711,237**	711,237	966,092
Total payable	**1,043,033**	808,354	1,012,852
Less current portion	**416,484**	365,396	176,723
Estimated long-term portion	**$ 626,549**	$ 442,958	$ 836,129

20. RISK MANAGEMENT (Continued)

Changes in accrued liabilities for self-insurance programs were as follows:

	2025	2024	2023
Total payable, beginning of year	**$ 808,354**	$ 1,012,852	$ 1,085,850
Additional claims incurred	**3,701,578**	2,635,396	1,676,246
Claims paid during the year	**(3,466,899)**	(2,839,894)	(1,749,244)
Total payable, end of year	**$ 1,043,033**	$ 808,354	$ 1,012,852

21. PENSION AND RETIREMENT PLAN

General - EPWater contributes to the City of El Paso Employees Retirement Trust (CERT) which is a single-employer Public Employee Retirement System defined benefit pension plan. However, in accordance with GASB Statement No. 68, as a component unit of the City, EPWater reports its proportionate share of the collective net pension liability as if it was a cost-sharing employer.

Plan Description - The CERT was established in accordance with authority granted by Chapter 2.64 of the El Paso City Code and is a component unit (fiduciary fund type) of the City. It is the responsibility of the CERT to function as an investment and administrative agent for the City of El Paso and EPWater with respect to the pension plan. The CERT is not required to maintain any legally required reserves.

Basis of Accounting - The accounting policies of the CERT 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 CERT is accounted for on an economic resources measurement focus using the accrual basis of accounting.

Pension Plan Fiduciary Net Position - Detailed information about the City of El Paso Employees Retirement Trust fiduciary net position is available in separately issued audited plan financial statements, including required supplementary information (RSI). That report may be obtained from the City of El Paso Employees Retirement Trust Administrative Office at 1039 Chelsea St., El Paso, Texas 79903, or online at http://eppension.org/fund-overview.php.

The collective net pension liability was measured as of August 31, 2024 and August 31, 2023. The total pension liability is based on the interim actuarial valuation as of September 1, 2023 and the actuarial valuation as of September 1, 2022, respectively, and update procedures were used to roll forward the total pension liability to the measurement dates of August 31, 2024 and August 31, 2023.

21. PENSION AND RETIREMENT PLAN (Continued)

	2025	2024
Total Pension Liability	**$ 1,244,289,324**	$ 1,195,447,246
Less: Fiduciary Net Position	**(990,935,503)**	(914,311,891)
Net Pension Liability	**$ 253,353,821**	$ 281,135,355
Fiduciary Net Position as a percentage of the Total Pension Liability	**79.64%**	76.48%

Benefits Provided: Substantially all full-time employees of the City (including EPWater) are eligible to participate in the Plan. Non-employer contributions are limited to participating employees. Participation is mandatory for classified employees (except permanent part-time employees). For non-classified 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 CERT. The designated purpose of the CERT is to provide retirement, death, and disability benefits to participants or their beneficiaries. The CERT is administered by the CERT Board of Trustees, which is comprised of two members of the City Council, two citizens of the City who are not officers or employees of the City, four city employees who are qualified to participate in the trust, and one retired city employee receiving pension benefits from the trust. The CERT Board contracts with an independent pension custodian, investment managers, an investment consultant, an actuary and an attorney to assist in managing the CERT.

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 but less than ten years of service may receive a refund of their contributions plus interest at 5.5%, compounded annually, provided they are not eligible for normal retirement. Participants become fully vested after reaching forty years of age and ten years of service or forty-five years of age and seven years of service. Normal retirement is the earlier of (i) fifty-five years of age with ten years of service, (ii) sixty years of age with seven years of service or (iii) thirty 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 payment 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 0.2083 of 1% of such average for each additional completed or fractional part of a month of service.

21. PENSION AND RETIREMENT 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 ten years of service may receive a refund of their contributions plus interest at 3%, compounded annually, provided they are not eligible for normal retirement. Participants become fully vested after reaching forty-five years of age and seven years of service. Normal retirement is the earlier of (i) sixty years of age with seven years of service or (ii) thirty-five 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 payment 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 0.1875 of 1% of such average for each additional completed or fractional part of a month of service, limited to 90% of the three year average final pay.

A pension benefit is available to surviving spouses and dependents. The plan includes no automatic increase in retirement benefits, including automatic COLAs. However, the Board, at its discretion after consideration of a recent actuarial review of the funding status, may provide ad hoc cost of living or other increases in retirement benefits. There were no ad-hoc payments issued for the plan years ended August 31, 2024 and August 31, 2023.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

21. PENSION AND RETIREMENT PLAN (Continued)

For the September 1, 2023 interim and September 1, 2022 actuarial valuations, rolled forward to the measurement dates of August 31, 2024 and August 31, 2023, respectively, the entry-age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the fair value of investments over a five-year period. The actuarial assumptions at September 1, 2023 and at September 1, 2022 included a 7.25% investment rate of return (net of expenses), projected salary increases of 2.5%, which is solely due to the effect of inflation on salaries, with no allowance for future membership growth. The remaining amortization period at September 1, 2023 and at September 1, 2022 was 25 years using closed periods ("layers"). For the September 1, 2023 interim actuarial valuation, rolled forward to August 31, 2024, mortality rates for active and deferred vested participants and for disabled retirees are based on the Pub-2010 General Employee and-Pub 2010 Non-Safety Disabled benefit weighted tables, respectively, and mortality rates for healthy retirees and survivors are based on 112% of the Pub-2010 General Retiree and Pub-2010 Contingent Annuitant benefit-weighted tables, respectively, all projected with Scale MP-2021 on a fully generational basis. For the September 1, 2022 actuarial valuation, rolled forward to August 31, 2023, mortality rates for active and deferred participants were based on the RP-2014 employee tables with Blue Collar adjustment projected with Scale MP-2019 on a fully generational basis. Mortality rates for healthy retirees and survivors were based on the 2014 healthy annuitant tables with Blue Collar adjustment (92% of male rates and 100% of female rates) projected with Scale MP-2019 on a fully generational basis. Mortality rates for disabled participants were based on the RP-2014 disabled annuitant table projected with Scale MP-2019 on a fully generational basis. The actuarial assumptions and methods used in the September 1, 2023 interim valuation were based on the experience study for the period September 1, 2018 to August 31, 2022. The actuarial assumptions and methods used in the September 1, 2022 valuation were based on the experience study for the period September 1, 2014 through August 31, 2018, and the funding policy that was formalized in 2019.

Changes of Assumptions since August 31, 2023 - Changes to the salary scale, marriage assumptions, mortality rates, termination rates, disability rates, and retirement rates were made based on the experience study for the period September 1, 2018 to August 31, 2022. The new assumptions are reflected in the September 1, 2023 interim valuation.

There were no changes of benefit terms that affected the measurement of the total pension liability since the prior measurement date.

There were no changes between the measurement date of the collective net pension liability and the employer's reporting date that are expected to have a significant effect on EPWater's proportionate share of the collective net pension liability.

The long-term expected rate of return on pension plan 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) 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 returns by the asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the CERT's target asset allocations as of August 31, 2024 and August 31, 2023 are summarized in the following table:

21. PENSION AND RETIREMENT PLAN (Continued)

Asset Class	**2024 Target Allocation**	2023 Target Allocation	**2024 Long-term Expected Real Rate of Return**	2023 Long-term Expected Real Rate of Return
Domestic Equity	**31%**	31%	**5.34%**	6.34%
International Equity	**21%**	21%	**7.02%**	6.77%
Fixed Income	**24%**	24%	**2.19%**	1.74%
Real Estate	**10%**	10%	**3.87%**	5.11%
Private Equity	**13%**	13%	**8.59%**	11.86%
Cash	**1%**	1%	**-**	-
	100%	100%		

Discount Rate: The discount rate used to measure the total pension liability was 7.25 percent for plan years ended August 31, 2024 and August 31, 2023. 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Contributions Required and Contributions Made - Contribution rates for the CERT 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 accrued liability (using entry-age-normal cost method) over twenty-five years. As of the most recent actuarial valuation, the contribution rate was 23.00 percent of annual covered payroll with employer contributions of 14.05 percent and employee contributions of 8.95 percent.

EPWater Contributions for the years ended February 28, 2025 and February 29, 2024 were as follows:

	2025 - Contributions Required and Made		2024 - Contributions Required and Made	
	Water and Wastewater Utility	**Municipal Drainage Utility**	Water and Wastewater Utility	Municipal Drainage Utility
Employer contributions	**$ 8,834,305**	**$ 389,434**	$ 7,614,139	$ 338,838
Employee contributions	**5,627,566**	**248,074**	4,850,322	216,293
Total contributions	**$ 14,461,871**	**$ 637,508**	$ 12,464,461	$ 555,131

21. PENSION AND RETIREMENT PLAN (Continued)

Sensitivity to Changes in the Discount Rate: The following presents EPWater's proportionate share for the Water and Wastewater Utility and Municipal Drainage Utility of the resulting net pension liability calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

8/31/2024 - Water and Wastewater Utility's proportionate share of the net pension liability	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Water and Wastewater Utility	$ 74,479,152	$ 48,289,452	$ 26,299,411

8/31/2024 - Municipal Drainage Utility's proportionate share of the net pension liability	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Municipal Drainage Utility	$ 3,282,053	$ 2,127,958	$ 1,158,929

8/31/2023 - Water and Wastewater Utility's proportionate share of the net pension liability	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Water and Wastewater Utility	$ 78,611,335	$ 53,560,388	$ 34,125,027

8/31/2023 - Municipal Drainage Utility's proportionate share of the net pension liability	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Municipal Drainage Utility	$ 3,501,302	$ 2,385,548	$ 1,519,908

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At February 28, 2025, EPWater reported a net pension liability for its proportionate share of the CERT's net pension liability of $48,289,452 for the Water and Wastewater Utility and $2,127,958 for the Municipal Drainage Utility. At February 29, 2024, EPWater reported a net pension liability for its proportionate share of the CERT's net pension liability of $53,560,388 for the Water and Wastewater Utility and $2,385,548 for the Municipal Drainage Utility. EPWater's net pension liability reported at February 28, 2025 was measured at August 31, 2024. EPWater's net pension liability reported at February 29, 2024 was measured at August 31, 2023.

EPWater's proportion of the net pension liability was based on EPWater's contributions to the pension plan relative to the contributions of the City to the plan for the periods from September 1, 2023 through August 31, 2024 and September 1, 2022 to August 31, 2023. At August 31, 2024 and August 31, 2023, EPWater's proportion of the collective net pension liability was 19.90 percent.

21. PENSION AND RETIREMENT PLAN (Continued)

For the years ended February 28, 2025 and February 29, 2024, EPWater recognized pension expense, as measured in accordance with GASB Statement No. 68, of $6,655,479 and $8,840,741, respectively, for the Water and Wastewater Utility, and $199,045 and $294,691, respectively, for the Municipal Drainage Utility.

At February 28, 2025 and February 29, 2024, EPWater reported its proportionate share of the deferred outflows of resources and deferred inflows of resources related to the CERT from the following sources:

	2025- Water and Wastewater Utility		2025 - Municipal Drainage Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual pension experience	$ 7,036,332	$ -	$313,843	$ -
Changes of assumptions	4,205,819	-	185,342	-
Net difference between projected and actual earnings on pension assets	3,378,225	-	156,757	-
Changes in proportionate share	1,875,753	221,902	76,610	156,495
Employer contributions subsequent to the measurement date	4,899,649	-	215,662	-
Total	$ 21,395,778	$ 221,902	$ 948,214	$ 156,495

	2024- Water and Wastewater Utility		2024 - Municipal Drainage Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual pension experience	$ 9,219,296	$ -	$413,898	$ -
Changes of assumptions	2,036	-	98	-
Net difference between projected and actual earnings on pension assets	10,422,650	-	446,258	-
Changes in proportionate share	678,927	317,254	21,960	214,570
Employer contributions subsequent to the measurement date	4,260,330	-	191,276	-
Total	$ 24,583,239	$ 317,254	$ 1,073,490	$ 214,570

For the year ended February 28, 2025, EPWater reported $4,899,649 for the Water and Wastewater Utility and $215,662 for the Municipal Drainage Utility as deferred outflows of resources related to pensions resulting from EPWater contributions subsequent to the measurement date and prior to year-end. These amounts will be recognized as a reduction of the net pension liability for the year ending February 28, 2026.

21. PENSION AND RETIREMENT PLAN (Continued)

For the year ended February 29, 2024, EPWater reported $4,260,330 for the Water and Wastewater Utility and $191,276 for the Municipal Drainage Utility as deferred outflows of resources related to pensions resulting from EPWater contributions subsequent to the measurement date and prior to year-end. These amounts were recognized as a reduction of the net pension liability for the year ending February 28, 2025.

For the year ended February 28, 2025, the amount recognized as pension expense for the deferred outflows and inflows related to pensions was $2,288,805 for the Water and Wastewater Utility and $6,620 for the Municipal Drainage Utility. For the year ended February 29, 2024, the amount recognized as pension expense for the deferred outflows and inflows related to pensions was $5,007,675 for the Water and Wastewater Utility and $123,969 for the Municipal Drainage Utility.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended February	Water and Wastewater Utility	Municipal Drainage Utility
2026	$ 3,467,547	$ 85,382
2027	8,743,398	355,335
2028	2,652,158	87,914
2029	722,939	19,251
2030	688,185	28,175
Thereafter	-	-
Total	$ 16,274,227	$ 576,057

Payable to the Pension Plan: At February 28, 2025 and February 29, 2024, EPWater reported a payable, including accruals where applicable, of $528,299 for the Water and Wastewater Utility and $23,611 for the Municipal Drainage Utility and $441,806 for the Water and Wastewater Utility and $19,577 for the Municipal Drainage Utility, respectively, for the outstanding amount of contributions to the pension plan required for each fiscal year.

22. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - EPWater through the City of El Paso offers its employees a single employer defined healthcare plan with OPEB benefits for retirees. The City sponsors and administers the informal plan. Texas statute provides that retirees from a municipality with a population of 25,000 or more and who receive retirement benefits from a municipal retirement plan are entitled to purchase continued health benefits coverage for the retiree and the retiree's dependents unless the retiree is eligible for group health benefits coverage through another employer. The State of Texas has the authority to establish and amend the requirements of this statute. The City does not issue stand-alone financial statements of the healthcare plan but all required information is presented in this report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

22. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Benefits Provided - The contribution requirements of plan members are established by City ordinance and may be amended as needed. Retiree coverage for health care benefits for retirees under age 65 is the same as the coverage provided to active City employees. Retirees over age 65 are covered through a Medicare Advantage Plan. Retirees pay premiums ranging from $144 per month to $2,900 per month depending on the coverage elected. The cost of retiree health care benefits in the form of a share of the premiums is recognized on a pay-as-you go financing method and is recorded as an expense as liabilities are incurred. Retirees contributed approximately 47% of the total current year cost.

Employees Covered by Benefit Terms - At February 28, 2025 and February 29, 2024, the following employees were covered by the benefit terms:

	2025		2024	
	Water and Wastewater Utility	**Municipal Drainage Utility**	Water and Wastewater Utility	Municipal Drainage Utility
Inactive employees or beneficiaries currently receiving benefits	**127**	**2**	134	1
Active employees	**1016**	**57**	918	50
Total	**1143**	**59**	1052	51

Total OPEB Liability - EPWater's total OPEB liability of $13,803,258 and $13,883,605 reported at February 28, 2025 and February 29, 2024, respectively, is based on the actuarial valuation performed as of January 1, 2025 and January 1, 2023, respectively. Update procedures were used to roll forward the total OPEB liability to the measurement dates of February 28, 2025 and February 29, 2024.

Actuarial assumptions and other inputs - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial assumptions for OPEB are based on the experience study for the period September 1, 2018 through August 31, 2022 performed for the pension plan. OPEB specific assumptions, such as healthcare trend rates and plan participation, are reviewed during each full actuarial valuation.

22. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The EPWater's total OPEB liability is based on the actuarial valuation as of January 1, 2025 and was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	4.15% as of February 28, 2025 3.92% as of February 29, 2024
Inflation	2.50%
Salary Increases	3.25% to 5.00%
Demographic Assumptions	The demographic assumptions are the same as those used in the City of El Paso Employees Retirement Trust actuarial valuation as of September 1, 2024.
Mortality	For healthy retirees, the gender-distinct Pub-2010 General Retirees mortality tables are used, with male and female rates multiplied by 112%. The rates are projected on a fully generational basis using the mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Health Care Trend Rates	Pre-65 - Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years. Post-65 - Initial rate of 5.90% declining to an ultimate rate of 4.25% after 9 years.
Participation Rates	35% for eligible employees retiring between the ages of 50 and 65. 40% for eligible employees retiring at the age of 65 or older. 0% for eligible employees retiring before the age of 50. 45% of retirees were assumed to elect 2-person coverage.

The discount rate at February 28, 2025 is based on the Bond Buyer "20-Bond GO Index" . The discount rate at February 29, 2024 is based on the Fidelity 20-Year Municipal GO AA Index.

22. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Changes in the Total OPEB Liability:

	2025	
	Water and Wastewater Utility	Municipal Drainage Utility
Balance at March 1, 2024	$ 13,166,477	$ 717,128
Changes for the year:		
Service cost	928,099	52,068
Interest	523,179	29,352
Differences between expected and actual experience	(2,082,237)	(116,818)
Changes of assumptions	1,082,294	60,719
Change in proportionate share	(20,398)	20,398
Benefit payments	(527,414)	(29,589)
Net changes	(96,477)	16,130
Balance at February 28, 2025	$ 13,070,000	$ 733,258

Changes of assumptions reflect a change in the discount rate from 3.92% as of February 29, 2024 to 4.15% as of February 28, 2025. Additionally, the demographic and salary increase assumptions were updated to reflect the 2024 City of El Paso pension valuation, and updates were made to the health care trend assumption. Of the total OPEB liability at February 28, 2025, $543,409 and $30,487 for the Water and Wastewater Utility and the Municipal Drainage Utility, respectively, reflect the expected benefits to be paid within one year and are reported within the current liabilities category. The remaining amounts of $12,526,591 and $702,771 for the Water and Wastewater Utility and the Municipal Drainage Utility, respectively, are reported wit hin noncurrent liabilities.

	2024	
	Water and Wastewater Utility	Municipal Drainage Utility
Balance at March 1, 2023	$ 12,201,866	$ 715,926
Changes for the year:		
Service cost	704,984	38,398
Interest	501,982	27,341
Differences between expected and actual experience	(33,363)	(1,817)
Changes of assumptions	220,224	11,995
Change in proportionate share	48,686	(48,686)
Benefit payments	(477,902)	(26,029)
Net changes	964,611	1,202
Balance at February 29, 2024	$ 13,166,477	$ 717,128

Changes of assumptions reflect the change in the discount rate from 4.06% as of February 28, 2023 to 3.92% as of February 29, 2024. Of the total OPEB liability at February 29, 2024, $568,654 and $30,972 for the Water and Wastewater Utility and the Municipal Drainage Utility, respectively, reflect the expected benefits to be paid within one year and are reported within the current liabilities category. The remaining amounts of $12,597,823 and $686,156 for the Water and Wastewater Utility and the Municipal Drainage Utility, respectively, are reported within noncurrent liabilities.

22. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of EPWater by utility, calculated using the discount rate of 4.15% as of February 28, 2025, and 3.92% as of February 29, 2024, as well as what EPWater's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the respective discount rate:

02/28/2025	1% Decrease (3.15%)	Discount Rate (4.15%)	1% Increase (5.15%)
Water and Wastewater Utility			
Total OPEB Liability	$ 14,544,266	$ 13,070,000	$ 11,811,849

02/28/2025	1% Decrease (3.15%)	Discount Rate (4.15%)	1% Increase (5.15%)
Municipal Drainage Utility			
Total OPEB Liability	$ 815,958	$ 733,258	$ 662,673

02/29/2024	1% Decrease (2.92%)	Discount Rate (3.92%)	1% Increase (4.92%)
Water and Wastewater Utility			
Total OPEB Liability	$ 14,928,832	$ 13,166,477	$ 11,714,028

02/29/2024	1% Decrease (2.92%)	Discount Rate (3.92%)	1% Increase (4.92%)
Municipal Drainage Utility			
Total OPEB Liability	$ 813,117	$ 717,128	$ 638,019

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of EPWater by utility, calculated using the assumed trend rates, as well as what EPWater's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

02/28/2025	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Water and Wastewater Utility			
Total OPEB Liability	$ 11,457,168	$ 13,070,000	$ 15,040,984

22. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

02/28/2025	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Municipal Drainage Utility			
Total OPEB Liability	$ 642,774	$ 733,258	$ 843,835

02/29/2024	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Water and Wastewater Utility			
Total OPEB Liability	$ 11,328,798	$ 13,166,477	$ 15,479,933

02/29/2024	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Municipal Drainage Utility			
Total OPEB Liability	$ 617,037	$ 717,128	$ 843,134

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For fiscal years ended February 28, 2025 and February 29, 2024, EPWater recognized OPEB (recovery)/ expense of $119,665 and $(15,602), respectively, for the Water and Wastewater Utility, and $(40,109) and $(51,975), respectively, for the Municipal Drainage Utility.

At February 28, 2025 and February 29, 2024, EPWater reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025 - Water and Wastewater Utility		**2025 - Municipal Drainage Utility**	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$7,446,925	$ -	$440,183
Changes of assumptions	3,263,162	3,146,141	198,212	188,368
Change in proportionate share	190,112	42,346	42,346	190,112
Total	$ 3,453,274	$ 10,635,412	$ 240,558	$ 818,663

22. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

	2024 - Water and Wastewater Utility		2024 - Municipal Drainage Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$6,853,731	$ -	$412,377
Changes of assumptions	2,954,733	3,803,637	185,556	227,887
Change in proportionate share	237,565	28,340	28,340	237,565
Total	$ 3,192,298	$ 10,685,708	$ 213,896	$ 877,829

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended February	Water and Wastewater Utility	Municipal Drainage Utility
2025	$ (1,331,613)	$ (121,529)
2026	(1,331,613)	(121,529)
2027	(1,335,261)	(121,817)
2028	(1,625,069)	(121,027)
2029	(769,686)	(47,473)
Thereafter	(788,896)	(44,730)
Total	$ (7,182,138)	$ (578,105)

23. DEFERRED COMPENSATION

The EPWater through the City of El Paso offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457.

The plan, available to all EPWater employees, permits them to defer a portion of their salaries until future years. EPWater does not make any contributions to the plan. The deferred compensation benefits are not available to employees until termination, retirement, or an unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death. The investments are managed by an outside administrator and investment options are made to participants for their selection.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants.

In management's opinion, EPWater has no liability for losses under the Plan. The City of El Paso has the duty of due care that would be required of an ordinary, prudent fiduciary.

24. WHOLESALE WATER SUPPLY AND WASTEWATER TREATMENT CONTRACTS

EPWater has entered into various wholesale water supply and wastewater treatment contracts to supply water and provide wastewater treatment to several Municipal Utility Districts and other entities who provide retail service to their customers. The contracts vary in length from 5 years to 40 years with renewal options available with the consent of both parties. The wholesale rates are updated annually based on cost of service including specific cost credits or offsets to specific entities due to grant proceeds related to specific water and wastewater service areas.

The following is a summary of wholesale water and wastewater rates to each entity served by EPWater:

Name of Entity	Water Rate	Wastewater Rate
Lower Valley Water District	$2.16 per ccf	$3.32 per ccf
Haciendas Del Norte WID	$3.24 per ccf	N/A
Gaslight Square MHE	$4.49 per ccf	$3.58 per ccf
Paseo del Este MUD	$4.62 per ccf	$3.82 per ccf
(includes fixed base differential rate of $0.26 for water and $0.33 for wastewater)		
Fort Bliss	$1.78 per ccf	$2.79 per ccf
Village of Vinton	$5.18 per ccf	$4.34 per ccf
County East Montana Water and Wastewater Systems	$4.29 per ccf	$4.75 per ccf

Transactions with these entities are summarized below:

	2025	2024
Water Sales	**$ 17,559,890**	$ 15,243,835
Wastewater Services	**$ 12,396,482**	$ 10,438,155

25. SURFACE WATER CONTRACTS

The EPWater purchases all its Rio Grande Project surface water from the El Paso County Water Improvement District #1 (District) through various contracts, briefly described below, among the United States Department of Interior-Bureau of Reclamation, the Lower Valley Water District (LVWD), and the City of El Paso, through EPWater.

In calendar year 2024, EPWater was allocated approximately 27,737.29 acre feet (AF) of District water under two contracts titled the "1941 Contract" and the "1962 Contract". The 1941 Contract authorizes EPWater to purchase up to 2,000 acres of water rights land and to receive the water appurtenant to such land. The 1962 Contract authorizes EPWater to lease the water rights from residential land tracts inside the city limits and to receive the annual water allotment up to a maximum of 3.50 AF per acre. Under these two contracts, EPWater currently receives water based on its full land purchase authorization of 2,000 acres and 5,924.94 acres of leased water rights, whose terms are for 75 years. During calendar year 2024, the cost of the water purchased from the District for the water associated with the land owned was composed of two parts; a tax assessment fee of $25 per acre, plus a water allotment assessment fee of $10 per AF. These two charges plus a one-time administrative fee of $100 and an annual account service charge of $20 which also applies to the water acquired through leases. EPWater also receives water rights associated with land owned and leases on 4,772.51 acres obtained within the LVWD.

In April of 2001, EPWater executed a contract titled "2001 Implementing Third Party Contract" (ITPC) which allows EPWater to purchase up to 28,116 AF of District water, and as little as zero AF, based on the District's annual water allotment. EPWater, currently owns 2,907.48 acres of water rights land. Under the terms of the ITPC (as amended March 2010), EPWater pays $15 per AF in the initial year of the contract for water allotted to EPWater owned acreage in excess of 2,000 acres, up to a 2,250 acre maximum. This price is adjusted annually by the "Consumer Price Index-All Urban Consumers, All Items" for calendar years 2024 and 2023 the price per AF was $26.44 and $25.59. For all other water made available by the District under this contract, EPWater pays $193.50 per AF for the calendar year commencing January 1, 2001, escalating to $260 per AF for the calendar year commencing January 1, 2010. In March of 2010, the PSB and the District executed a First Amendment to the TPC in which the parties agreed to increase said price by the CPI starting on January 1, 2013, with the price for the 2011 and 2012 calendar years set a $260 per AF, for calendar years 2024 and 2023 the price per AF was $347.36 and $336.09. This amendment also increased the quantity of water allotted pursuant to PSB owned acreage in excess of 3,000 acres to 3,250 acres.

Also, under the terms of the TPC, in any year when the Directors of the District determine that the annual water allotment is two AF or greater, then for each AF of usable sewage effluent discharged by EPWater from the Haskell Street Wastewater Treatment Plant into the American Canal, the District allows the City a credit against any charges of the District equal to the current year's price per AF multiplied by one-half. The maximum allowable credit for usable sewage effluent for any given year is 15,000 AF.

In addition to the price of District water, EPWater pays the federal revenue component on all District water delivered to EPWater. This federal revenue component is $5 per AF or 5% of current year's contract price of the water, whichever is greater. In calendar year 2024, EPWater received an allotment of 4.0 AF of surface water or approximately 53,040 AF of water delivered to the two surface water treatment plants for treatment and distribution to its customers.

This note is intended to summarize major components of the contracts; however, it is recommended that the contracts be reviewed, in their entirety, by interested parties.

26. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Through the ordinary course of its operations, EPWater becomes subject to various claims and litigation. As of the date of these financial statements, EPWater was named in various legal actions. To the extent the outcome of such litigation is determined to result in probable loss to the EPWater, such loss is accrued in the financial statements. However, as of February 28, 2025 and February 29, 2024, no amounts have been accrued because legal counsel has not determined that the litigation will result in a probable loss to EPWater since the outcomes cannot be determined at this time. Management and legal counsel are of the opinion that settlement of these claims and pending litigation will not have a materially adverse effect on EPWater's financial statements.

In August 2021, EPWater experienced several breaks to a 36 and a 42 inch wastewater force main caused by corrosion of the steel pipelines resulting in the discharge of 10 million gallons daily of wastewater on the westside of El Paso. The wastewater was diverted to the Rio Grande River to protect public health and safety between August 2021 and January 2022. To mitigate the impacts to the river and ecological habitats, EPWater diverted the wastewater into cement lined canals and pumped some of the wastewater so it could be treated at two of its wastewater treatment plants. Prior to the breaks in 2021, a new replacement pipeline was already being installed, and it was accelerated and completed in December 2021. By early January 2022, discharge of wastewater into the Rio Grande was stopped. Impacts to the river continue to be assessed but no adverse impacts have currently been observed. Further, EPWater developed a remediation approach to remove impacted in-stream sediments, improve water quality, and restore impacted ecological habitats. The removal of impacted in-stream sediments was completed in May 2022 and water quality samples continue to be collected. Results show the river water quality has returned to baseline, pre-discharge levels. A notice of enforcement was received on June 9, 2022, for alleged violations of regulations under the New Mexico Water Quality Act or the New Mexico Water Quality Control Commission Regulations and fined EPWater $1.2 million. EPWater filed litigation against the New Mexico Environment Department (NMED) in federal court challenging the Orders. On July 12, 2024 NMED agreed to fully and finally withdraw both of these Compliance Orders which includes the release of all claims that EPWater violated New Mexico law and also includes dismissal of the $1.2 million fine and any associated costs. The Environmental Protection Agency has not issued any financial penalties or fines as part of their investigation of this incident. As to the Texas Commission on Environmental Quality (TCEQ), an Agreed Order was approved in September 2023 which allowed El Paso Water to avoid paying the $2,016,000 penalty in exchange for EPWater's performance of a Supplemental Environmental Project which included cleanup and remediation. The remediation of the Rio Grande River and other impacted areas was completed by December 2022, and in May 2023, EPWater submitted the final remediation report to TCEQ. On April 17, 2024 TCEQ accepted the final remediation report and provided a Note of Compliance with a Commission Order stating that no further action was necessary with respect to the enforcement matter.

EPWater has received federal and state financial assistance for specific purposes that are subject to review and audit by the grantor agencies. Although management believes compliance with grant guidelines is adhered to, grantor audits could result in requests for reimbursement of expenditures determined to be disallowed. Management believes such disallowances, if any, would be immaterial.

EPWater has ongoing construction projects under non-cancelable contracts. At February 28, 2025 and February 29, 2024, the Water and Wastewater Utility had appropriations and estimated commitments for services yet to be performed that totaled $986,047,203 and $992,976,431, respectively. At February 28, 2025 and February 29, 2024, the Municipal Drainage Utility had appropriations and estimated commitments for services yet to be performed totaling $83,603,299 and $68,550,378, respectively.

27. RELATED PARTY TRANSACTIONS WITH CITY OF EL PASO

From time to time, EPWater may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter.

EPWater makes payments to the City of El Paso based upon a percentage of water sales. In addition, EPWater acts as a billing and collecting agent for garbage collection services and other fees for the City. The following is a summary of those transactions:

	2025	2024
Revenues from City:		
Water and Wastewater Sales	**$ 9,901,528**	$ 9,516,761
Billing and Collecting Agent fees	**2,133,480**	1,274,057
Drainage fees	**893,833**	786,063
Interest earnings	**255,767**	264,359
Expenses to City:		
10% of Water Sales	**20,950,444**	20,090,922
5% on gain on sale of land	**41,788**	135,706
Interest paid on garbage collection fees	**357,194**	383,880
Franchise fee	**6,550,000**	6,550,000
Receivable:		
Accounts Receivable from City	**24,876,578**	25,674,912
Payable:		
Garbage collections fees payable to City	**8,996,107**	10,769,428
10% of water sales payable to City	**1,228,524**	1,293,596
Franchise fee payable to City	**545,833**	545,833
Property and health insurance payable to City	**46,016**	86,285
City projects and other expenses payable to City	**1,935,628**	4,126,102

28. FRANCHISE FEE DUE TO THE CITY OF EL PASO

Effective September 1, 2014, through February 28, 2025, the City Council of the City of El Paso established a franchise fee to be paid by EPWater to compensate the City of El Paso for the use of city streets and rights of way for utility lines and wear and tear on City streets in a total amount of Three Million Five Hundred Fifty Thousand and No/100 Dollars ($3,550,000). Effective March 1, 2020, the fee was increased to Six Million Five Hundred Fifty Thousand and No/100 Dollars ($6,550,000) For fiscal year ending February 28, 2025, $6,550,000 has been billed of which $6,004,167 has been paid to the City of El Paso. For fiscal year ending February 29, 2024, $6,550,000 was billed of which $6,004,167 was paid to the City of El Paso.

29. RESTRICTED NET POSITION

Amounts have been restricted for construction projects and for payment of bonded debt.

30. GASB 100 and 101 IMPLEMENTATION - RESTATEMENTS

GASB Statement No. 100, *Accounting Changes and Error Corrections*., and GASB Statement No. 101, *Compensated Absences*, were both effective for fiscal year ending February 28, 2025. These statements require that the effects of a change in accounting principle be applied retroactively by restating the financial statements for all years presented. Accordingly, the Water and Wastewater Utility and the Municipal Drainage Utility have been restated to reflect the implementation of GASB Statement 101 for the fiscal year ending February 29, 2024.

Restatements of net position related to the implementation of GASB 101 are as follows for each of the Utilities:

	Water and Wastewater Utility	Municipal Drainage Utility
February 29, 2024, as previously reported	$ 1,461,035,193	$ 170,336,962
Change in accounting principle (GASB 101)	(4,881,626)	(154,782)
February 29, 2024, as restated	$ 1,456,153,567	$ 170,182,180

In addition to the implementation of GASB 101, amounts were also reclassified within the various categories of net position to be consistent with the current year presentation. The net investment in capital assets net position category was updated to include accounts payable and retainage payable restricted for construction instead of having those items included in the restricted for construction net position category. For the Municipal Drainage Utility, the investment in capital assets net position category was updated to remove the loan payable due to the Water and Wastewater Utility related to a land purchase of the Municipal Drainage Utility and was reclassified to the unrestricted net position category. These reclassifications had no effect on the total net position reported for February 29, 2024.

Water and Wastewater Utility

	Restricted for Debt Service	Restricted for Construction and Improvements	Net Investment in Capital Assets	Unrestricted	Total Net Position
February 29, 2024, as previously reported	$ 109,334,067	$ 27,940,997	$ 1,241,603,728	$ 82,156,401	$ 1,461,035,193
Reclassifications	-	61,401,646	(61,401,646)	-	-
February 29, 2024, as adjusted or restated	$ 109,334,067	$ 89,342,643	$ 1,180,202,082	$ 82,156,401	$ 1,461,035,193

Municipal Drainage Utility

	Restricted for Debt Service	Restricted for Construction and Improvements	Net Investment in Capital Assets	Unrestricted	Total Net Position
February 29, 2024, as previously reported	$ 11,727,284	$ 192,093	$ 145,590,887	$ 12,826,698	$ 170,336,962
Reclassifications	-	8,984,013	(939,213)	(8,044,800)	-
February 29, 2024, as adjusted or restated	$ 11,727,284	$ 9,176,106	$ 144,651,674	$ 4,781,898	$ 170,336,962

30. GASB 100 and 101 IMPLEMENTATION - RESTATEMENTS (Continued)

The tables below provide additional information of the effects of implementation of GASB 101.

Water and Wastewater Utility	February 29, 2024 As Previously Reported	February 29, 2024 As Restated	Effects of Implementation of GASB 101
Statement of Net Position			
Current liabilities:			
Accrued compensated absences	$ 2,132,482	$ 2,852,257	$ 719,775
Noncurrent liabilities:			
Accrued compensated absences	2,471,570	6,633,421	4,161,851
Net Position			
Unrestricted	82,156,401	77,274,775	(4,881,626)
Statement of Revenues, Expenses and Changes in Net Position			
Operating Expenses			
Operations and maintenance - water & reclaimed water	72,342,104	72,476,885	134,781
Operations and maintenance - wastewater	37,711,244	37,780,910	69,666
General, administrative and engineering expenses	43,253,431	43,323,042	69,611
Change in net position	118,345,070	118,071,012	(274,058)
Net position - Beginning	1,342,690,123	1,338,082,555	(4,607,568)

Municipal Drainage Utility	February 29, 2024 As Previously Reported	February 29, 2024 As Restated	Effects of Implementation of GASB 101
Statement of Net Position			
Current liabilities:			
Accrued compensated absences	$ 102,029	$ 134,880	$ 32,851
Noncurrent liabilities:			
Accrued compensated absences	114,525	236,456	121,931
Statement of Revenues, Expenses and Changes in Net Position			
Operating Expenses			
Operations and maintenance	7,043,588	7,086,381	42,793
Change in net position	15,803,737	15,760,944	(42,793)
Net position - Beginning	154,533,225	154,421,236	(111,989)

31. NEW ACCOUNTING PRONOUNCEMENTS

EPWater has not completed the process of evaluating the impact on its financial position that will result from adopting the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 102, *Certain Risk Disclosures,* effective for fiscal years beginning after June 15, 2024. GASBS No. 102 provides uses of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

- GASB Statement No. 103, *Financial Reporting Model Improvements,* effective for fiscal years beginning after June 15, 2025. GASBS No. 103 improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

- GASB Statement No. 104, *Disclosure of Certain Capital Assets,* effective for fiscal years beginning after June 15, 2025. GASBS No. 104 provides users of governmental financial statements with essential information about certain types of capital assets.

32. SUBSEQUENT EVENTS

On April 1, 2025, EPWater closed on $296,805,000 of Water and Sewer System Revenue Refunding Bonds, Series 2025 with an average interest rate of 4.92% to refund $11,060,000 of Water and Sewer System Revenue and Improvement Bonds, Series 2015A, and $28,275,000 of Water and Sewer System Revenue and Refunding Bonds, Series 2015C with a combined average interest rate of 4.54%, and to refund $280 million of Water and Wastewater Extendable Commercial Paper Notes outstanding with an average interest rate of 3.05%.

On April 15, 2025, EPWater closed on $31,790,000 in Municipal Drainage Utility System Revenue Bonds, Series 2025 with an average interest rate of 4.85% to refund $13,490,000 of Municipal Drainage Utility System Revenue Bonds, Series 2015 with an average interest rate of 5.00%, and to refund $20 million of Municipal Drainage Extendable Commercial Paper Notes outstanding with an average interest rate of 4.00%.

REQUIRED SUPPLEMENTARY INFORMATION

el paso
WATER

REQUIRED SUPPLEMENTARY INFORMATION

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

Schedule of EPWater's Proportionate Share of the Net Pension Liability - City of El Paso Employees Retirement Trust

WATER AND WASTEWATER UTILITY	September 1, 2023 through August 31, 2024	September 1, 2022 through August 31, 2023	September 1, 2021 through August 31, 2022	September 1, 2020 through August 31, 2021
Water and Wastewater Utility Proportion of the net pension liability	19.06%	19.05%	19.01%	18.98%
Water and Wastewater Utility Proportionate Share of the net pension liability	$ 48,289,452	$ 53,560,388	$ 39,970,941	$ 13,167,917
Water and Wastewater Utility covered payroll	$ 58,591,102	$ 47,929,685	$ 38,489,432	$ 36,337,906
Water and Wastewater Utility proportionate share of the net pension liability as a percentage of its covered payroll	82.42%	111.75%	103.85%	36.24%
Plan fiduciary net position as a percentage of the total pension liability	79.64%	76.48%	81.20%	93.74%

MUNICIPAL DRAINAGE UTILITY	September 1, 2023 through August 31, 2024	September 1, 2022 through August 31, 2023	September 1, 2021 through August 31, 2022	September 1, 2020 through August 31, 2021
Municipal Drainage Utility Proportion of the net pension liability	0.84%	0.85%	0.89%	0.92%
Municipal Drainage Utility Proportionate Share of the net pension liability	$ 2,127,958	$ 2,385,548	$ 1,863,216	$ 641,590
Municipal Drainage Utility covered payroll	$ 2,610,327	$ 2,165,495	$ 1,822,551	$ 1,849,290
Municipal Drainage Utility proportionate share of the net pension liability as a percentage of its covered payroll	81.52%	110.16%	102.23%	34.69%
Plan fiduciary net position as a percentage of the total pension liability	79.64%	76.48%	81.20%	93.74%

Notes to Schedules:

GASB 68, paragraph 81, requires that the information on this schedule be presented for the Plan's measurement year (September 1st- August 31st) as opposed to EPWater's fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

Schedule of EPWater's Proportionate Share of the Net Pension Liability - City of El Paso Employees Retirement Trust

(Continued)

September 1, 2019 through August 31, 2020	September 1, 2018 through August 31, 2019	September 1, 2017 through August 31, 2018	September 1, 2016 through August 31, 2017	September 1, 2015 through August 31, 2016	September 1, 2014 through August 31, 2015
18.90%	18.89%	18.80%	18.80%	18.42%	18.70%
$ 40,516,207	$ 47,544,990	$ 38,351,408	$ 37,581,946	$ 41,023,517	$ 36,549,779
$ 36,665,103	$ 36,061,909	$ 35,663,788	$ 31,819,525	$ 30,668,420	$ 30,351,808
110.50%	131.84%	107.54%	118.11%	133.76%	120.42%
80.22%	76.13%	80.09%	79.52%	76.46%	78.22%

September 1, 2019 through August 31, 2020	September 1, 2018 through August 31, 2019	September 1, 2017 through August 31, 2018	September 1, 2016 through August 31, 2017	September 1, 2015 through August 31, 2016	September 1, 2014 through August 31, 2015
1.00%	1.01%	1.10%	1.10%	1.30%	1.20%
$ 2,138,235	$ 2,529,593	$ 2,237,204	$ 2,189,770	$ 2,897,485	$ 2,385,949
$ 1,989,369	$ 2,003,066	$ 1,991,054	$ 2,111,541	$ 2,139,251	$ 1,984,729
107.48%	126.29%	112.36%	103.70%	135.44%	120.22%
80.22%	76.13%	80.09%	79.52%	76.46%	78.22%

REQUIRED SUPPLEMENTARY INFORMATION

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

Schedule of EPWater's Contributions -
City of El Paso Employees Retirement Trust

WATER AND WASTEWATER UTILITY	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Statutorily required Water and Wastewater Utility contribution	$ 8,834,305	$ 7,614,139	$ 5,969,988	$ 5,115,316
Contributions in relation to the statutorily required contribution	$ 8,834,305	$ 7,614,139	$ 5,969,988	$ 5,115,316
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Water and Wastewater Utility covered payroll	$ 62,501,646	$ 53,574,859	$ 42,094,994	$ 36,295,269
Contributions as a percentage of covered payroll	14.13%	14.21%	14.18%	14.09%

MUNICIPAL DRAINAGE UTILITY	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Statutorily required Municipal Drainage Utility contribution	$ 389,434	$ 338,838	$ 278,167	$ 249,017
Contributions in relation to the statutorily required contribution	$ 389,434	$ 338,838	$ 278,167	$ 249,017
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Municipal Drainage Utility covered payroll	$ 2,754,239	$ 2,388,143	$ 1,963,092	$ 1,768,833
Contributions as a percentage of covered payroll	14.14%	14.19%	14.17%	14.08%

Notes to Schedules:

GASB 68, paragraph 81, requires that the data in this schedule be presented for EPWater's respective fiscal year of March 1 through the last day of February as opposed to the measurement year.

The amounts listed above are the actual employer contributions. The actuarially determined contributions required to be disclosed under GASB 68 were not determined since the City and Member contribution rates are established by ordinance.

REQUIRED SUPPLEMENTARY INFORMATION

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

Schedule of EPWater's Contributions -
City of El Paso Employees Retirement Trust

(Continued)

Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
$ 5,150,746	$ 5,168,935	$ 4,993,530	$ 4,656,649	$ 4,349,696	$ 4,298,584
$ 5,150,746	$ 5,168,935	$ 4,993,530	$ 4,656,649	$ 4,349,696	$ 4,298,584
$ -	$ -	$ -	$ -	$ -	$ -
$ 36,578,293	$ 37,972,121	$ 35,239,408	$ 33,036,310	$ 30,853,310	$ 30,595,084
14.08%	13.61%	14.17%	14.10%	14.10%	14.05%

Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
$ 271,386	$ 273,425	$ 293,007	$ 267,945	$ 320,122	$ 292,582
$ 271,386	$ 273,425	$ 293,007	$ 267,945	$ 320,122	$ 292,582
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,930,412	$ 2,020,269	$ 2,055,806	$ 1,924,892	$ 2,179,051	$ 2,082,429
14.06%	13.53%	14.25%	13.92%	14.69%	14.05%

Notes to Pension Required Supplementary Information Schedules - City of El Paso Employees Retirement Trust

Changes of benefit terms
There were no changes of benefit terms that affected the measurement of the total pension liability since the prior measurement date.

Changes of assumptions
Changes to the salary scale, marriage assumptions, mortality rates, termination rates, disability rates, and retirement rates were made based on the experience study for the period September 1, 2018 to August 31, 2022. The new assumptions are reflected in the September 1, 2023 interim valuation.

Methods and Assumptions Used to Determine Contribution Rates:

	2024	2023	2022	2021
Actuarial Cost Method	Entry-age normal	Entry-age normal	Entry-age normal	Entry-age normal
Amortization Method	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period*	25 years	25 years	25 years	25 years
Asset Valuation Method	Plan invested assets are reported at fair value	Plan invested assets are reported at fair value	Plan invested assets are reported at fair value	Plan invested assets are reported at fair value
Inflation	2.50%	2.50%	2.50%	2.50%
Salary Increases	2.50%, including inflation	2.50%, including inflation	2.50%, including inflation	2.50%, including inflation
Investment Rate of Return	7.25%	7.25%	7.25%	7.25%
Retirement Age	Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2023 interim valuation.	Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2022 valuation.	Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2020 valuation.	Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2020 valuation.
Mortality	Active and deferred vested participants and disabled retirees: Based on respective Pub-2010 weighted table with Scale MP-2021 on a fully generational basis. Healthy retirees and survivors: Based on 112% of the respective Pub-2010 weighted table projected with Scale MP-2021 on a fully generational basis.	RP-2014 Tables with Blue Collar adjustment projected with Scale MP-2019 on a fully generational basis. Mortality rates for disabled participants are based on the RP-2014 disabled annuitant table projected with Scale MP-2019 on a fully generational basis.	RP-2014 Tables with Blue Collar adjustment projected with Scale MP-2019 on a fully generational basis. Mortality rates for disabled participants are based on the RP-2014 disabled annuitant table projected with Scale MP-2019 on a fully generational basis.	RP-2014 Tables with Blue Collar adjustment projected with Scale MP-2019 on a fully generational basis. Mortality rates for disabled participants are based on the RP-2014 disabled annuitant table projected with Scale MP-2019 on a fully generational basis.

Notes to Schedule:

GASB 68, paragraph 81, requires that the information on this schedule be presented for the Plan's measurement year (September 1st- August 31st) as opposed to EPWater's fiscal year.

*Effective with the September 1, 2019 roll-forward valuation, the Unfunded Actuarial Accrued Liability is amortized over closed 25-year periods ("layers"). For EPWater, this change is reflected beginning in the 2021 plan measurement year.

As of April 2018, the plan name formally changed from El Paso City Employees' Pension Fund (CEPF) to City of El Paso Employees Retirement Trust (CERT).

Notes to Pension Required Supplementary Information Schedules -
City of El Paso Employees Retirement Trust

(Continued)

2020	2019	2018	2017	2016	2015
Entry-age normal	Entry-age normal	Entry-age normal	Entry-age normal	Entry-age normal	Entry-age normal
Level Percentage of Payroll, Open	Level Percentage of Payroll, Open	Level Percentage of Payroll, Open	Level Percentage of Payroll, Open	Level Percentage of Payroll, Open	Level Percentage of Payroll, Open
17 years	17 years	14 years	14 years	17 years	17 years
Plan invested assets are reported at fair value	Plan invested assets are reported at fair value	Plan invested assets are reported at fair value	Plan invested assets are reported at fair value	Plan invested assets are reported at fair value	Plan invested assets are reported at fair value
3.00%	3.00%	3.00%	3.00%	3.00%	3.50%
3.00%, including inflation	3.00%, including inflation	3.00%, including inflation	3.00%, including inflation	3.00%, including inflation	4.00% to 5.7%, including inflation
7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2018 valuation.	Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2018 valuation.	Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2018 valuation.	Experience-based table of rates that are specific to the CEPF plan of benefits. Last updated for the 2016 valuation.	Experience-based table of rates that are specific to the CEPF plan of benefits. Last updated for the 2016 valuation.	Experience-based table of rates that are specific to the CEPF plan of benefits. Last updated for the 2011 valuation.
RP-2014 Table 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.	RP-2014 Table 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.	RP-2014 Table 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.	RP-2014 Table 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.	RP-2014 Table 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.	RP2000 Combined Mortality Table set forward two years projected to 2017 with Scale AA forecasts of mortality improvement, with separate rates for males and females.

REQUIRED SUPPLEMENTARY INFORMATION

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

Schedule of Changes in the EPWater's Total OPEB Liability and Related Ratios

	February 28, 2025	February 29, 2024	February 28, 2023	February 28, 2022
Total OPEB Liability				
Service cost	$ 928,099	$ 704,984	$ 1,008,192	$ 1,101,938
Interest	523,179	501,982	406,285	427,047
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(2,082,237)	(33,363)	(3,005,779)	(1,128,149)
Changes of assumptions	1,082,294	220,224	(2,581,663)	293,481
Change in proportionate share	(20,398)	48,686	(36,764)	77,624
Benefit payments	(527,414)	(477,902)	(527,753)	(571,720)
Net change in total OPEB liability	(96,477)	964,611	(4,737,482)	200,221
Total OPEB liability - beginning	13,166,477	12,201,866	16,939,348	16,739,127
Total OPEB liability - ending	$ 13,070,000	$ 13,166,477	$ 12,201,866	$ 16,939,348
Covered employee payroll	$ 64,102,148	$ 55,042,927	$ 42,935,150	$ 37,998,079
Total OPEB liability as a percentage of covered employee payroll	20.39%	23.92%	28.42%	44.58%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits.

Changes of assumptions. Changes of assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2025	4.15%
2024	3.92%
2023	4.06%
2022	2.37%
2021	2.50%
2020	1.81%
2019	3.70%

In fiscal year 2025, the demographic assumptions were updated to reflect the 2024 City of El Paso pension valuation. Additionally, the health care trend rates were updated to reflect the plan's anticipated experience.

In fiscal year 2023, the health care trend rates were reset to better reflect the plan's anticipated experience.

In fiscal year 2021, the demographic assumptions were updated to reflect the 2020 City of El Paso pension valuation. The underlying costs of the Medicare Advantage plan are no longer assumed to vary by age. For fiscal year 2020, the ultimate trend assumption was decreased from 4.75% to 4.25% to reflect the repeal of certain federal taxes. The difference between expected and actual experience is mostly related to the favorable premium changes for the years presented.

Only seven years of data are presented in accordance with GASB 75, paragraph 245: "The information for all years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In those cases, during the transition period, that information should be presented for as many years as are available. The schedule should not include information that is not measured in accordance with the requirements of this Statement."

REQUIRED SUPPLEMENTARY INFORMATION

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

Schedule of Changes in the EPWater's Total OPEB Liability and Related Ratios

	February 28, 2021	February 29, 2020	February 28, 2019
Total OPEB Liability			
Service cost	$ 1,734,662	$ 1,063,751	$ 1,009,932
Interest	438,168	699,964	648,110
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(5,251,336)	(1,866,069)	-
Changes of assumptions	(3,260,418)	5,516,624	49,392
Change in proportionate share	56,117	245,243	-
Benefit payments	(525,611)	(505,639)	(462,189)
Net change in total OPEB liability	(6,808,418)	5,153,874	1,245,245
Total OPEB liability - beginning	23,547,545	18,393,671	17,148,426
Total OPEB liability - ending	$ 16,739,127	$ 23,547,545	$ 18,393,671
Covered employee payroll	$ 38,041,762	$ 39,291,239	$ 36,499,902
Total OPEB liability as a percentage of covered employee payroll	44.00%	59.93%	50.39%

REQUIRED SUPPLEMENTARY INFORMATION

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

Schedule of Changes in the EPWater's Total OPEB Liability and Related Ratios

	February 28, 2025	February 29, 2024	February 28, 2023	February 28, 2022
Total OPEB Liability				
Service cost	$ 52,068	$ 38,398	$ 59,154	$ 62,123
Interest	29,352	27,341	23,838	24,075
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(116,818)	(1,817)	(176,360)	(63,600)
Changes of assumptions	60,719	11,995	(151,475)	16,545
Change in proportionate share	20,398	(48,686)	36,764	(77,624)
Benefit payments	(29,589)	(26,029)	(30,965)	(32,231)
Net change in total OPEB liability	16,130	1,202	(239,044)	(70,712)
Total OPEB liability - beginning	717,128	715,926	954,970	1,025,682
Total OPEB liability - ending	$ 733,258	$ 717,128	$ 715,926	$ 954,970
Covered employee payroll	$ 2,847,447	$ 2,480,131	$ 2,043,218	$ 1,864,554
Total OPEB liability as a percentage of covered employee payroll	25.75%	28.91%	35.04%	51.22%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits.

Changes of assumptions. Changes of assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2025	4.15%
2024	3.92%
2023	4.06%
2022	2.37%
2021	2.50%
2020	1.81%
2019	3.70%

In fiscal year 2025, the demographic assumptions were updated to reflect the 2024 City of El Paso pension valuation. Additionally, the health care trend rates were updated to reflect the plan's anticipated experience.

In fiscal year 2022, the health care trend rates were reset to better reflect the plan's anticipated experience.

In fiscal year 2021, the demographic assumptions were updated to reflect the 2020 City of El Paso pension valuation. The underlying costs of the Medicare Advantage plan are no longer assumed to vary by age. For fiscal year 2020, the ultimate trend assumption was decreased from 4.75% to 4.25% to reflect the repeal of certain federal taxes. The difference between expected and actual experience is mostly related to the favorable premium changes for the years presented.

Only seven years of data are presented in accordance with GASB 75, paragraph 245: "The information for all years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In those cases, during the transition period, that information should be presented for as many years as are available. The schedule should not include information that is not measured in accordance with the requirements of this Statement."

REQUIRED SUPPLEMENTARY INFORMATION

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

Schedule of Changes in the EPWater's Total OPEB Liability and Related Ratios

	February 28, 2021	February 29, 2020	February 28, 2019
Total OPEB Liability			
Service cost	$ 106,290	$ 67,871	$ 78,762
Interest	26,849	44,661	50,544
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(321,773)	(119,062)	-
Changes of assumptions	(199,780)	351,981	3,852
Change in proportionate share	(56,117)	(245,243)	-
Benefit payments	(32,207)	(32,262)	(36,045)
Net change in total OPEB liability	(476,738)	67,946	97,113
Total OPEB liability - beginning	1,502,420	1,434,474	1,337,361
Total OPEB liability - ending	$ 1,025,682	$ 1,502,420	$ 1,434,474
Covered employee payroll	$ 2,023,772	$ 2,115,059	$ 2,153,701
Total OPEB liability as a percentage of covered employee payroll	50.68%	71.03%	66.61%

SUPPLEMENTARY SCHEDULES

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

STATEMENTS OF NET POSITION

February 28, 2025 and February 29, 2024

	2025	RESTATED 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 68,187,596	$ 62,215,564
Investments	15,046,311	9,997,884
Accounts receivable - customers	44,123,787	46,649,478
Leases receivable	1,854,344	2,237,838
Accounts receivable - other	4,819,162	6,088,809
Property investment costs	373,137	373,137
Due from Municipal Drainage Utility	92,020	-
Due from Municipal Drainage Utility land transfer	2,000,000	2,000,000
Accrued interest receivable	3,552,507	4,224,242
Inventory - materials and supplies	10,284,788	10,256,767
Other current assets	666,417	562,704
Prepaid expenses	2,664,901	3,116,057
Accounts receivable - City of El Paso land transfer	831,643	822,979
Restricted current assets:		
Restricted for bond requirements:		
Cash and cash equivalents	93,028,770	94,317,459
Investments	52,630,090	44,769,721
Restricted for construction and improvements:		
Cash and cash equivalents	271,334,683	267,220,052
Investments	132,131,306	218,310,458
Accounts receivable - government grants	9,649,025	6,020,525
Notes receivable	75,011	109,841
Total current assets	713,345,498	779,293,515
Noncurrent assets:		
Leases receivable	61,018,501	51,274,356
Accounts receivable - City of El Paso land transfer	23,889,943	24,721,583
Property investment costs	1,119,607	1,492,546
Due from Municipal Drainage Utility land transfer	5,044,800	6,044,800
Capital assets net of accumulated depreciation/amortization:		
Water and Wastewater Utility capital assets	1,614,149,787	1,488,948,044
Right to use lease assets	5,599,390	4,857,448
Right to use SBITA assets	1,551,811	1,906,152
Land and right of way	320,398,202	313,867,115
Construction work in progress	851,458,306	628,452,171
Total capital assets	2,793,157,496	2,438,030,930
Total noncurrent assets	2,884,230,347	2,521,564,215
Total assets	3,597,575,845	3,300,857,730
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on bond refunding	1,177,690	1,563,797
Deferred outflows - pension	21,395,778	24,583,239
Deferred outflows - OPEB	3,453,274	3,192,298
Total deferred outflows of resources	26,026,742	29,339,334
Total assets and deferred outflows of resources	$ 3,623,602,587	$ 3,330,197,064

	2025	RESTATED 2024
LIABILITIES		
Current liabilities:		
Accounts payable	$ 8,175,058	$ 9,128,128
Environmental Services collections and other payments due to City of El Paso	10,770,464	12,608,858
Customer deposits	13,320,139	12,890,913
Accrued compensated absences	3,212,546	2,852,257
Accrued payroll and benefits	3,059,239	2,546,926
Due to Municipal Drainage Utility	-	39,501
Unearned rent revenue	2,134,908	1,681,427
Lease liabilities	229,778	111,772
SBITA liabilities	654,432	907,665
Other current liabilities	1,579,262	1,770,091
Self-insurance workers' compensation and health claims	416,484	365,396
Other government payable	211,316	202,034
Customer advances for construction	500,377	574,598
OPEB Liability	543,409	568,654
Current liabilities payable from restricted assets:		
Revenue bonds payable and unamortized premiums net of discounts	61,800,569	61,165,850
Accrued interest on long term debt	27,963,078	29,753,113
Unearned non-federal grant revenue - TWDB	21,343,923	20,419,933
Accounts payable	68,974,288	49,615,872
Retainage payable on construction contracts	16,370,369	11,784,384
Total current liabilities	241,259,639	218,987,372
Noncurrent liabilities:		
Accrued compensated absences	6,268,898	6,633,421
Lease liabilities	5,770,639	5,036,445
SBITA liabilities	88,740	542,012
Self-insurance workers' compensation claims	626,549	442,958
Other government payable	756,163	967,479
Revenue bonds payable and unamortized premiums net of discounts	1,380,510,670	1,442,311,239
Extendable commercial paper notes	280,000,000	-
Commercial paper notes	-	60,000,000
OPEB Liability	12,526,591	12,597,823
Net Pension Liability	48,289,452	53,560,388
Noncurrent liabilities payable from restricted assets:		
Arbitrage liability	10,595,935	4,681,854
Total noncurrent liabilities	1,745,433,637	1,586,773,619
Total liabilities	1,986,693,276	1,805,760,991
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - gain on bond refunding	3,218,936	3,964,339
Deferred inflows - leases	62,689,484	53,315,205
Deferred inflows - pension	221,902	317,254
Deferred inflows - OPEB	10,635,412	10,685,708
Total deferred inflows of resources	76,765,734	68,282,506
NET POSITION		
Restricted:		
Restricted for debt service	117,695,782	109,334,067
Restricted for construction and improvements	93,795,098	89,342,643
Total restricted	211,490,880	198,676,710
Net investment in capital assets	1,263,204,355	1,180,202,082
Unrestricted	85,448,342	77,274,775
Total net position	1,560,143,577	1,456,153,567
Total liabilities, deferred inflows of resources, and net position	$ 3,623,602,587	$ 3,330,197,064

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

For the Years Ended February 28, 2025 and February 29, 2024

	2025	RESTATED 2024
Operating revenues:		
Water	$ 178,025,535	$ 170,216,061
Water supply replacement charge	40,877,194	38,880,293
Reclaimed water	6,426,578	5,631,875
Wastewater	158,998,404	152,914,105
Customer connection fees	5,929,408	6,507,724
City of El Paso Franchise fee	6,550,000	6,550,000
Other operating revenue	7,930,627	5,576,766
Total operating revenues	404,737,746	386,276,824
Operating expenses:		
Operations and maintenance - water and reclaimed water	81,728,679	72,476,885
Operations and maintenance - wastewater	42,314,130	37,780,910
General, administrative and engineering expenses	51,129,372	43,323,042
Other operating expenses	6,462,950	4,694,714
Other Post-Employment Benefits	119,665	-
Pension expense	6,655,479	8,840,741
Depreciation and amortization	86,453,106	78,117,941
Payment to City of El Paso Franchise fee	6,550,000	6,550,000
Payment to City of El Paso per bond covenants	20,992,232	20,226,629
Total operating expenses	302,405,613	272,010,862
Operating income	102,332,133	114,265,962
Nonoperating revenues (expenses):		
Interest earnings and net change in fair value of investments	24,711,902	30,034,874
Gain on sale of land	835,758	2,714,126
Gain on sale of miscellaneous assets	278,771	465,835
Federal grant revenue - non capital	287,100	1,016,932
Other nonoperating lease revenues	2,891,300	2,742,909
Other nonoperating expenses	(914,591)	(1,663,410)
Interest on long term debt	(51,372,528)	(47,182,950)
Total nonoperating expenses	(23,282,288)	(11,871,684)
Increase in net position, before contributions	79,049,845	102,394,278
Federal grant revenue - capital	10,653,124	2,686,245
Non-Federal grant revenue - capital	552,940	3,138,165
Capital contributions	13,734,101	9,852,324
Total contributions	24,940,165	15,676,734
Change in net position	103,990,010	118,071,012
Net position, 2/28/23, as previously reported	1,456,153,567	1,342,690,123
Restatements - change in accounting principle	-	(4,607,568)
Net position, 2/28/23, as restated	1,456,153,567	1,338,082,555
Total net position, 2/29/2024	$ 1,560,143,577	$ 1,456,153,567

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

STATEMENTS OF CASH FLOWS

For the Years Ended February 28, 2025 and February 29, 2024

	2025	RESTATED 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 403,558,534	$ 375,025,302
Cash received from Municipal Drainage Utility	1,944,630	2,185,111
Environmental Services fees collected for the City of El Paso	88,582,899	85,522,149
Franchise fees collected	6,550,000	6,550,000
Cash payments to suppliers for goods and services	(120,436,323)	(102,006,552)
Cash payments to employees for services	(72,482,240)	(63,478,771)
Environmental Services fees paid to the City of El Paso	(90,363,119)	(86,842,174)
Payments to City of El Paso per bond covenants	(21,057,304)	(19,933,264)
Payments to City of El Paso Franchise fees	(6,550,000)	(6,550,000)
Cash payments to Municipal Drainage Utility	(199,721)	(171,482)
Net cash provided by operating activities	189,547,356	190,300,319
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from:		
Revenue bonds	-	180,605,000
Premiums and gains on revenue bonds	-	19,510,624
Extendable Commercial paper	280,000,000	-
Commercial paper	10,000,000	90,000,000
Principal payments on leases receivable	2,938,673	2,278,756
Interest payments on leases receivable	679,503	802,261
Cash receipts from grants	7,844,946	2,569,643
Acquisition and construction from capital grants	(11,206,064)	(5,629,672)
Acquisition and construction of capital assets net of disposals	(390,659,868)	(371,390,649)
Principal payments on lease liabilities	(178,177)	(212,122)
Interest payments on lease liabilities	(386,161)	(381,618)
Principal payments on SBITA liabilities	(1,594,225)	(1,502,886)
Interest payments on SBITA liabilities	(10,938)	(14,539)
Refunding commercial paper	(70,000,000)	(40,000,000)
Principal payments on revenue bonds	(54,305,000)	(48,625,000)
Interest and fees on revenue bonds and commercial paper	(54,937,749)	(44,319,070)
Interest payments on notes and other long term debt	(48,495)	(57,368)
Proceeds from sale of assets net of related expenses	2,897,942	7,293,938
Proceeds from unearned non-federal grant	923,990	20,419,933
Net cash used by capital and related financing activities	(278,041,623)	(188,652,769)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale and maturities of investment securities	322,085,156	830,084,040
Purchase of investment securities	(248,806,972)	(642,599,420)
Interest received on investment securities	24,014,057	27,878,214
Net cash provided by investing activities	97,292,241	215,362,834
Net increase in cash and cash equivalents	8,797,974	217,010,384
Cash and cash equivalents:		
Beginning of year	423,753,075	206,742,691
End of year	$ 432,551,049	$ 423,753,075

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

STATEMENTS OF CASH FLOWS

For the Years Ended February 28, 2025 and February 29, 2024

	2025	RESTATED 2024
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 102,332,133	$ 114,265,962
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	86,453,106	78,117,941
(Increase) decrease in assets and deferred outflows:		
Accounts receivable	4,526,232	(5,362,223)
Inventory	(28,021)	(1,287,868)
Prepaid expenses	451,156	(779,560)
Other current assets	(103,713)	(124,266)
Due from Municipal Drainage Utility	(92,020)	-
Deferred outflows - pension	3,187,461	(12,267,493)
Deferred outflows - OPEB	(260,976)	436,744
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	(953,070)	3,555,633
Other current liabilities	(1,155,128)	(87,705)
Due to Municipal Drainage Utility	(39,501)	(232,067)
Accrued compensated absences	(4,234)	914,462
Accrued payroll and benefits	512,313	791,410
Total OPEB Liability	(96,477)	964,611
Net Pension Liability	(5,270,936)	13,589,447
Deferred inflows - pension	(95,352)	(95,352)
Deferred inflows - OPEB	(50,296)	(1,894,859)
Self-insurance claims	234,679	(204,498)
Net cash provided by operating activities	$ 189,547,356	$ 190,300,319
Noncash investing, capital, and financing activities:		
Capital contributions from developers	$ 13,734,101	$ 9,852,324
Assets aquired through leases	1,030,377	-
Assets aquired through SBITA's	861,620	160,859
Change in fair value of investments	(7,829)	(241,623)
	$ 15,618,269	$ 9,771,560

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY

OPERATING REVENUES

For the Years Ended February 28, 2025 and February 29, 2024

	2025	2024
Water and reclaimed water revenue		
Metered sales to general customers	$ 143,218,530	$ 138,150,899
Metered sales to City of El Paso	8,704,916	8,359,023
Metered sales to Lower Valley Water District	6,880,576	6,279,759
Metered sales to Haciendas Del Norte	290,346	264,170
Metered sales to Gaslight Square	71,749	72,762
Metered sales to Paseo Del Este	6,834,356	5,182,518
Metered sales to Fort Bliss	1,160,733	1,376,181
Metered sales to County East Montana Water and Wastewater Systems	2,033,671	1,855,531
Metered sales to Vinton	288,459	212,914
Reclaimed water sales	6,426,578	5,631,875
Private fire protection	1,839,427	1,718,926
El Paso Electric Company - Newman Plant special rate	377,002	447,975
Outside city charges	6,325,770	6,295,403
Total water and reclaimed water revenue	184,452,113	175,847,936
Water supply replacement charge	40,877,194	38,880,293
Total water revenue	225,329,307	214,728,229
Wastewater revenue		
General customers	142,116,813	138,144,890
City of El Paso	1,196,612	1,157,738
Outside City Sales	3,007,690	2,691,288
Lower Valley Water District	4,937,159	4,649,474
Gaslight Square	42,930	41,650
Paseo Del Este	3,575,832	2,693,370
Fort Bliss	3,683,218	2,949,662
Vinton	48,228	8,868
East Montana	109,115	95,131
Industrial sewer surcharge	280,807	482,034
Total wastewater revenue	158,998,404	152,914,105
Other operating revenue		
Customer connection fees	5,929,408	6,507,724
City of El Paso Franchise fee	6,550,000	6,550,000
Billing fees - City Environmental Services	1,493,436	891,840
OPEB Recovery Credit	-	15,602
Other operating revenue	6,437,191	4,669,324
Total other operating revenue	20,410,035	18,634,490
Total operating revenue	$ 404,737,746	$ 386,276,824

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY

OPERATING EXPENSES

For the Years Ended February 28, 2025 and February 29, 2024

	2025	RESTATED 2024
Water and Reclaimed Water Divisions		
Supply	$ 14,546,617	$ 14,495,377
Treatment	41,856,248	36,238,443
Distribution	24,804,290	21,018,296
Reclaimed Water System	521,524	724,769
Total water and reclaimed water divisions	81,728,679	72,476,885
Wastewater Division		
Treatment	28,132,606	28,335,682
Lift stations	3,557,027	3,400,979
Collection lines	10,624,497	6,044,249
Total wastewater division	42,314,130	37,780,910
General and administrative	51,129,372	43,323,042
Other operating expenses		
Depreciation and amortization	86,453,106	78,117,941
Other operating expenses	6,462,950	4,694,714
Other Post-Employment Benefits	119,665	-
Pension expense	6,655,479	8,840,741
Payment to City of El Paso Franchise fee	6,550,000	6,550,000
Payment to City of El Paso per bond covenants	20,992,232	20,226,629
Total other operating expenses	127,233,432	118,430,025
Total operating expenses	$ 302,405,613	$ 272,010,862

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY

NET OPERATING REVENUE - WATER AND RECLAIMED WATER

For the Years Ended February 28, 2025 and February 29, 2024

	2025	RESTATED 2024
Operating revenue - water and reclaimed water	$ 184,452,113	$ 175,847,936
Operating revenue deductions		
Operating expenses	81,728,679	72,476,885
General and administrative	33,745,386	28,593,208
Total operating expense deductions	115,474,065	101,070,093
Net operating revenue - water and reclaimed water	$ 68,978,048	$ 74,777,843

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY

NET OPERATING REVENUE - WASTEWATER

For the Years Ended February 28, 2025 and February 29, 2024

	2025	RESTATED 2024
Operating revenue - wastewater	$ 158,998,404	$ 152,914,105
Operating revenue deductions		
Operating expenses	42,314,130	37,780,910
General and administrative	17,383,986	14,729,834
Total operating expense deductions	59,698,116	52,510,744
Net operating revenue - wastewater	$ 99,300,288	$ 100,403,361

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

ACCOUNTS RECEIVABLE GOVERNMENT GRANTS - OTHER ACCOUNTS RECEIVABLE

February 28, 2025 and February 29, 2024

ACCOUNTS RECEIVABLE - GOVERNMENT GRANTS

Government Grant Projects	**2025**	2024
Federal Grants		
Northwest Development Water and Sewer - EDA #08-01-05242	**$ -**	$ 212,855
Aquifer Storage and Recovery Design - USBR #R21AP10323	**74,347**	72,550
Aquifer Storage and Recovery Construction - USBR #R22AP00675	**855,520**	426,164
Advanced Water Purification Facility - USBR #R23AP00273	**2,353,452**	1,066,137
Upper Valley Water Treatment Plant Reuse Study - USBR #R24AP00669	**213,781**	-
Installation of Smart Meters in El Paso, TX - USBR #R23AP00496	**2,357,640**	-
Fort Bliss Infrastructure Resilience Implementation - DOD #HQ00052410013	**451,548**	-
ARPA County of El Paso Water and Wastewater - DOT #SLFRP1174	**3,341,491**	261,527
ARPA Village of Vinton Water and Wastewater - DOT #SLFRP4644	**-**	98,595
Non-Federal Grants		
Montana Vista Collector Phase I - TWDB Project #10438 G1000915	**-**	753,015
Aquifer Storage and Recovery - DEAAG #2020-02-09	**-**	3,129,682
McGregor Range Booster Station - DEAAG #2024-01-10	**1,246**	**-**
TOTALS	**$ 9,649,025**	$ 6,020,525

OTHER ACCOUNTS RECEIVABLE

	2025	2024
Charges to contractors and job damages	**$ 1,496,261**	$ 2,482,985
Local and State Governments	**708,996**	1,186,481
Rent revenue receivables	**1,555,035**	2,048,506
Lease interest receivables	**966,416**	270,352
SERVLINE leak protection program receivables	**92,454**	100,485
TOTALS	**$ 4,819,162**	$ 6,088,809

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

CHANGES IN REVENUE BONDS PAYABLE

For the Year Ended February 28, 2025

Bond Series	Bonds payable February 29, 2024	Additions	Retirements	Bonds payable February 28, 2025
*2003A Revenue Series	$ 50,000	$ -	$ 50,000	$ -
2014 Refunding Series	7,815,000	-	3,805,000	4,010,000
2015 Refunding Series	25,780,000	-	9,215,000	16,565,000
2015A Revenue & Improvement S	12,775,000	-	835,000	11,940,000
*2015B Revenue Series	31,790,000	-	2,370,000	29,420,000
2015C Refunding Series	33,250,000	-	2,430,000	30,820,000
2016 Refunding & Improvement	49,345,000	-	4,055,000	45,290,000
*2016A Revenue Series	83,000,000	-	6,000,000	77,000,000
2017 Refunding & Improvement	70,160,000	-	2,920,000	67,240,000
*2017A Revenue Series	44,000,000	-	2,500,000	41,500,000
2018 Refunding Series	26,670,000	-	-	26,670,000
*2019 Revenue Series	1,175,000	-	60,000	1,115,000
2019A Refunding Series	33,400,000	-	-	33,400,000
2019B Refunding Series	17,365,000	-	2,660,000	14,705,000
2020 Refunding Series	33,880,000	-	-	33,880,000
2020A Refunding Series	50,285,000	-	11,395,000	38,890,000
2021 Refunding Series	35,490,000	-	-	35,490,000
2021A Refunding Series	73,800,000	-	1,275,000	72,525,000
2022 Refunding & Improvement	305,400,000	-	500,000	304,900,000
2022A Refunding & Improvement	267,585,000	-	1,450,000	266,135,000
2023 Refunding & Improvement	171,925,000	-	2,785,000	169,140,000
*2023A Revenue Series	8,680,000	-	-	8,680,000
TOTALS	$ 1,383,620,000	$ -	$ 54,305,000	$ 1,329,315,000

**Direct placement revenue bonds*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

SUMMARY STATEMENT OF DEBT SERVICE REQUIREMENTS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

	Revenue Bonds				Direct Placement Bonds				
Calendar	Interest		Total	Principal	Interest		Total	Principal	Total Net
Year	March 1	September 1	Interest	Due March 1	March 1	September 1	Interest	Due March 1	Requirements
2025	$ 25,402,198	$ 24,480,311	$ 49,882,509	$ 44,075,000	$ 1,541,302	$ 1,470,552	$ 3,011,854	$ 11,290,000	$ 108,259,363
2026	24,480,311	23,786,524	48,266,835	45,805,000	1,470,552	1,393,144	2,863,696	11,545,000	108,480,531
2027	23,786,525	22,983,492	46,770,017	47,295,000	1,393,143	1,307,242	2,700,385	11,600,000	108,365,402
2028	22,983,492	22,098,983	45,082,475	49,010,000	1,307,241	1,214,022	2,521,263	11,660,000	108,273,738
2029	22,098,984	21,075,164	43,174,148	50,910,000	1,214,022	1,107,829	2,321,851	11,720,000	108,125,999
2030	21,075,164	19,959,085	41,034,249	52,395,000	1,107,829	986,761	2,094,590	12,495,000	108,018,839
2031	19,959,086	18,749,576	38,708,662	54,790,000	986,760	858,524	1,845,284	12,570,000	107,913,946
2032	18,749,576	17,670,922	36,420,498	48,200,000	858,523	719,181	1,577,704	13,350,000	99,548,202
2033	17,670,923	16,581,399	34,252,322	50,300,000	719,181	575,232	1,294,413	13,425,000	99,271,735
2034	16,581,396	15,522,110	32,103,506	47,810,000	575,232	419,615	994,847	14,005,000	94,913,353
2035	15,522,112	14,430,878	29,952,990	47,790,000	419,614	261,818	681,432	14,100,000	92,524,422
2036	14,430,878	13,412,953	27,843,831	44,110,000	261,818	133,299	395,117	11,525,000	83,873,948
2037	13,412,954	12,358,403	25,771,357	46,145,000	133,299	77,703	211,002	4,540,000	76,667,359
2038	12,358,403	11,326,828	23,685,231	44,890,000	77,702	67,160	144,862	560,000	69,280,093
2039	11,326,829	10,459,128	21,785,957	41,230,000	67,160	55,863	123,023	580,000	63,718,980
2040	10,459,128	9,656,153	20,115,281	38,935,000	55,862	45,788	101,650	505,000	59,656,931
2041	9,656,150	8,822,681	18,478,831	38,055,000	45,788	35,108	80,896	530,000	57,144,727
2042	8,822,681	8,028,606	16,851,287	36,580,000	35,108	23,943	59,051	550,000	54,040,338
2043	8,028,607	7,208,106	15,236,713	37,830,000	23,943	12,287	36,230	570,000	53,672,943
2044	7,208,106	6,344,481	13,552,587	39,755,000	12,287	-	12,287	595,000	53,914,874
2045	6,344,482	5,381,275	11,725,757	41,485,000	-	-	-	-	53,210,757
2046	5,381,275	4,372,494	9,753,769	43,420,000	-	-	-	-	53,173,769
2047	4,372,495	3,315,106	7,687,601	45,480,000	-	-	-	-	53,167,601
2048	3,315,106	2,207,856	5,522,962	47,595,000	-	-	-	-	53,117,962
2049	2,207,856	1,451,750	3,659,606	29,640,000	-	-	-	-	33,299,606
2050	1,451,750	991,500	2,443,250	18,410,000	-	-	-	-	20,853,250
2051	991,500	508,000	1,499,500	19,340,000	-	-	-	-	20,839,500
2052	508,000	-	508,000	20,320,000	-	-	-	-	20,828,000
	$ 348,585,967	$ 323,183,764	$ 671,769,731	$ 1,171,600,000	$ 12,306,366	$ 10,765,071	$ 23,071,437	$ 157,715,000	$ 2,024,156,168

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2014 REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 100,250	$ -	$ 100,250	$ 4,010,000	$ 4,110,250
		$ 100,250	$ -	$ 100,250	$ 4,010,000	$ 4,110,250

Bonds dated: January 15, 2014

Original issue: $64,900,000

Source of funding requirements: Net revenues only

Call Option: None.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2015 REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 356,856	$ 114,856	$ 471,712	$ 9,680,000	$ 10,151,712
2026	5.00	114,856	114,856	229,712	-	229,712
2027	5.00	114,856	114,856	229,712	-	229,712
2028	4.00	114,856	114,856	229,712	-	229,712
2029	4.00	114,856	114,856	229,712	-	229,712
2030	3.25	114,856	76,263	191,119	2,375,000	2,566,119
2031	3.25	76,263	53,431	129,694	1,405,000	1,534,694
2032	3.38	53,431	28,963	82,394	1,450,000	1,532,394
2033	5.00	28,963	28,963	57,926	-	57,926
2034	5.00	28,963	28,963	57,926	-	57,926
2035	3.50	28,964	-	28,964	1,655,000	1,683,964
		$ 1,147,720	$ 790,863	$ 1,938,583	$ 16,565,000	$ 18,503,583

Bonds dated: December 01, 2014

Original issue: $131,650,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2025 may be redeemed on March 1, 2024 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2015A REVENUE BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 256,078	$ 234,078	$ 490,156	$ 880,000	$ 1,370,156
2026	3.00	234,078	220,203	454,281	925,000	1,379,281
2027	4.00	220,203	201,203	421,406	950,000	1,371,406
2028	4.00	201,203	181,403	382,606	990,000	1,372,606
2029	4.00	181,403	160,803	342,206	1,030,000	1,372,206
2030	4.25	160,803	138,066	298,869	1,070,000	1,368,869
2031	4.38	138,066	113,675	251,741	1,115,000	1,366,741
2032	4.50	113,675	87,463	201,138	1,165,000	1,366,138
2033	4.50	87,463	60,125	147,588	1,215,000	1,362,588
2034	4.63	60,125	30,756	90,881	1,270,000	1,360,881
2035	4.63	30,756	-	30,756	1,330,000	1,360,756
		$ 1,683,853	$ 1,427,775	$ 3,111,628	$ 11,940,000	$ 15,051,628

Bonds dated: July 01, 2015

Original issue: $18,600,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2026 may be redeemed on March 1, 2025 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2015B REVENUE BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - TEXAS WATER DEVELOPMENT BOARD)

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2025	1.47%	$ 309,847	$ 292,134	$ 601,981	$ 2,410,000	$ 3,011,981
2026	1.64	292,134	272,044	564,178	2,450,000	3,014,178
2027	1.81	272,044	249,464	521,508	2,495,000	3,016,508
2028	1.96	249,464	224,523	473,987	2,545,000	3,018,987
2029	2.10	224,523	197,275	421,798	2,595,000	3,016,798
2030	2.20	197,275	168,070	365,345	2,655,000	3,020,345
2031	2.28	168,070	137,062	305,132	2,720,000	3,025,132
2032	2.32	137,062	104,756	241,818	2,785,000	3,026,818
2033	2.37	104,756	70,984	175,740	2,850,000	3,025,740
2034	2.39	70,984	36,090	107,074	2,920,000	3,027,074
2035	2.41	36,090	-	36,090	2,995,000	3,031,090
		$ 2,062,249	$ 1,752,402	$ 3,814,651	$ 29,420,000	$ 33,234,651

Bonds dated: November 01, 2015

Original issue: $50,000,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2027 may be redeemed on March 1, 2026 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2015C REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 709,088	$ 645,463	$ 1,354,551	$ 2,545,000	$ 3,899,551
2026	4.00	645,463	592,263	1,237,726	2,660,000	3,897,726
2027	4.00	592,263	537,063	1,129,326	2,760,000	3,889,326
2028	5.00	537,063	464,688	1,001,751	2,895,000	3,896,751
2029	5.00	464,688	388,813	853,501	3,035,000	3,888,501
2030	5.00	388,813	308,813	697,626	3,200,000	3,897,626
2031	4.50	308,813	247,500	556,313	2,725,000	3,281,313
2032	4.50	247,500	183,488	430,988	2,845,000	3,275,988
2033	4.50	183,488	116,438	299,926	2,980,000	3,279,926
2034	4.50	116,438	59,513	175,951	2,530,000	2,705,951
2035	4.50	59,513	-	59,513	2,645,000	2,704,513
		$ 4,253,130	$ 3,544,042	$ 7,797,172	$ 30,820,000	$ 38,617,172

Bonds dated: November 01, 2015

Original issue: $48,565,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2026 may be redeemed on March 1, 2025 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2016 REVENUE IMPROVEMENT AND REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 1,045,700	$ 939,325	$ 1,985,025	$ 4,255,000	$ 6,240,025
2026	5.00	939,325	827,700	1,767,025	4,465,000	6,232,025
2027	5.00	827,700	710,825	1,538,525	4,675,000	6,213,525
2028	4.00	710,825	612,825	1,323,650	4,900,000	6,223,650
2029	4.00	612,825	511,125	1,123,950	5,085,000	6,208,950
2030	4.00	511,125	464,225	975,350	2,345,000	3,320,350
2031	4.00	464,225	415,425	879,650	2,440,000	3,319,650
2032	4.00	415,425	364,625	780,050	2,540,000	3,320,050
2033	5.00	364,625	298,625	663,250	2,640,000	3,303,250
2034	5.00	298,625	229,375	528,000	2,770,000	3,298,000
2035	5.00	229,375	156,625	386,000	2,910,000	3,296,000
2036	5.00	156,625	80,250	236,875	3,055,000	3,291,875
2037	5.00	80,250	-	80,250	3,210,000	3,290,250
		$ 6,656,650	$ 5,610,950	$ 12,267,600	$ 45,290,000	$ 57,557,600

Bonds dated: July 15, 2016

Original issue: $68,670,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2027 may be redeemed on March 1, 2026 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2016A REVENUE (SWIFT) BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - TEXAS WATER DEVELOPMENT BOARD)

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	1.08%	$ 666,960	$ 634,560	$ 1,301,520	$ 6,000,000	$ 7,301,520
2026	1.15	634,560	598,910	1,233,470	6,200,000	7,433,470
2027	1.31	598,910	558,300	1,157,210	6,200,000	7,357,210
2028	1.41	558,300	514,590	1,072,890	6,200,000	7,272,890
2029	1.68	514,590	462,510	977,100	6,200,000	7,177,100
2030	1.82	462,510	404,270	866,780	6,400,000	7,266,780
2031	1.91	404,270	343,150	747,420	6,400,000	7,147,420
2032	1.95	343,150	278,800	621,950	6,600,000	7,221,950
2033	2.00	278,800	212,800	491,600	6,600,000	7,091,600
2034	2.11	212,800	143,170	355,970	6,600,000	6,955,970
2035	2.09	143,170	74,200	217,370	6,600,000	6,817,370
2036	2.12	74,200	-	74,200	7,000,000	7,074,200
		$ 4,892,220	$ 4,225,260	$ 9,117,480	$ 77,000,000	$ 86,117,480

Bonds dated: November 15, 2016

Original issue: $100,000,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2028 may be redeemed on March 1, 2027 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2017 REVENUE IMPROVEMENT AND REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 1,506,675	$ 1,404,800	$ 2,911,475	$ 4,075,000	$ 6,986,475
2026	5.00	1,404,800	1,297,300	2,702,100	4,300,000	7,002,100
2027	5.00	1,297,300	1,184,050	2,481,350	4,530,000	7,011,350
2028	5.00	1,184,050	1,064,800	2,248,850	4,770,000	7,018,850
2029	5.00	1,064,800	939,175	2,003,975	5,025,000	7,028,975
2030	5.00	939,175	806,800	1,745,975	5,295,000	7,040,975
2031	5.00	806,800	697,300	1,504,100	4,380,000	5,884,100
2032	4.00	697,300	605,300	1,302,600	4,600,000	5,902,600
2033	4.00	605,300	509,700	1,115,000	4,780,000	5,895,000
2034	4.00	509,700	415,600	925,300	4,705,000	5,630,300
2035	4.00	415,600	317,800	733,400	4,890,000	5,623,400
2036	4.00	317,800	216,000	533,800	5,090,000	5,623,800
2037	4.00	216,000	110,100	326,100	5,295,000	5,621,100
2038	4.00	110,100	-	110,100	5,505,000	5,615,100
		$ 11,075,400	$ 9,568,725	$ 20,644,125	$ 67,240,000	$ 87,884,125

Bonds dated: October 01, 2017

Original issue: $83,880,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2028 may be redeemed on March 1, 2027 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2017A REVENUE (SWIFT) BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - TEXAS WATER DEVELOPMENT BOARD)

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	1.21%	$ 397,725	$ 382,600	$ 780,325	$ 2,500,000	$ 3,280,325
2026	1.29	382,600	366,475	749,075	2,500,000	3,249,075
2027	1.37	366,475	349,350	715,825	2,500,000	3,215,825
2028	1.51	349,350	330,475	679,825	2,500,000	3,179,825
2029	1.68	330,475	309,475	639,950	2,500,000	3,139,950
2030	1.83	309,475	282,025	591,500	3,000,000	3,591,500
2031	1.98	282,025	252,325	534,350	3,000,000	3,534,350
2032	2.06	252,325	216,275	468,600	3,500,000	3,968,600
2033	2.13	216,275	179,000	395,275	3,500,000	3,895,275
2034	2.18	179,000	135,400	314,400	4,000,000	4,314,400
2035	2.22	135,400	91,000	226,400	4,000,000	4,226,400
2036	2.26	91,000	45,800	136,800	4,000,000	4,136,800
2037	2.29	45,800	-	45,800	4,000,000	4,045,800
		$ 3,337,925	$ 2,940,200	$ 6,278,125	$ 41,500,000	$ 47,778,125

Bonds dated: November 14, 2017

Original issue: $50,000,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2029 may be redeemed on March 1, 2028 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2018 REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 666,750	$ 614,750	$ 1,281,500	$ 2,080,000	$ 3,361,500
2026	5.00	614,750	560,000	1,174,750	2,190,000	3,364,750
2027	5.00	560,000	502,500	1,062,500	2,300,000	3,362,500
2028	5.00	502,500	442,125	944,625	2,415,000	3,359,625
2029	5.00	442,125	378,750	820,875	2,535,000	3,355,875
2030	5.00	378,750	312,250	691,000	2,660,000	3,351,000
2031	5.00	312,250	242,500	554,750	2,790,000	3,344,750
2032	5.00	242,500	217,125	459,625	1,015,000	1,474,625
2033	5.00	217,125	190,375	407,500	1,070,000	1,477,500
2034	5.00	190,375	162,375	352,750	1,120,000	1,472,750
2035	5.00	162,375	133,000	295,375	1,175,000	1,470,375
2036	5.00	133,000	102,125	235,125	1,235,000	1,470,125
2037	5.00	102,125	69,750	171,875	1,295,000	1,466,875
2038	5.00	69,750	35,750	105,500	1,360,000	1,465,500
2039	5.00	35,750	-	35,750	1,430,000	1,465,750
		$ 4,630,125	$ 3,963,375	$ 8,593,500	$ 26,670,000	$ 35,263,500

Bonds dated: December 01, 2018

Original issue: $26,670,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2029 may be redeemed on March 1, 2028 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2019 REVENUE BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - TEXAS WATER DEVELOPMENT BOARD)

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2025	2.00%	$ 16,390	$ 15,790	$ 32,180	$ 60,000	$ 92,180
2026	2.08	15,790	15,114	30,904	65,000	95,904
2027	2.18	15,114	14,406	29,520	65,000	94,520
2028	2.28	14,406	13,665	28,071	65,000	93,071
2029	2.37	13,665	12,894	26,559	65,000	91,559
2030	2.68	12,894	11,956	24,850	70,000	94,850
2031	2.95	11,956	10,924	22,880	70,000	92,880
2032	2.98	10,924	9,806	20,730	75,000	95,730
2033	3.10	9,806	8,644	18,450	75,000	93,450
2034	3.20	8,644	7,444	16,088	75,000	91,088
2035	3.31	7,444	6,120	13,564	80,000	93,564
2036	3.39	6,120	4,679	10,799	85,000	95,799
2037	3.46	4,679	3,209	7,888	85,000	92,888
2038	3.53	3,209	1,620	4,829	90,000	94,829
2039	3.60	1,620	-	1,620	90,000	91,620
		$ 152,661	$ 136,271	$ 288,932	$ 1,115,000	$ 1,403,932

Bonds dated: March 01, 2019

Original issue: $1,415,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2030 may be redeemed on March 1, 2029 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2019A REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 746,600	$ 746,600	$ 1,493,200	$ -	$ 1,493,200
2026	5.00	746,600	746,600	1,493,200	-	1,493,200
2027	5.00	746,600	679,100	1,425,700	2,700,000	4,125,700
2028	5.00	679,100	597,350	1,276,450	3,270,000	4,546,450
2029	5.00	597,350	513,725	1,111,075	3,345,000	4,456,075
2030	5.00	513,725	428,225	941,950	3,420,000	4,361,950
2031	5.00	428,225	340,725	768,950	3,500,000	4,268,950
2032	5.00	340,725	294,475	635,200	1,850,000	2,485,200
2033	5.00	294,475	245,850	540,325	1,945,000	2,485,325
2034	3.00	245,850	215,250	461,100	2,040,000	2,501,100
2035	4.00	215,250	173,250	388,500	2,100,000	2,488,500
2036	4.00	173,250	129,550	302,800	2,185,000	2,487,800
2037	3.00	129,550	95,500	225,050	2,270,000	2,495,050
2038	4.00	95,500	48,700	144,200	2,340,000	2,484,200
2039	4.00	48,700	-	48,700	2,435,000	2,483,700
		$ 6,001,500	$ 5,254,900	$ 11,256,400	$ 33,400,000	$ 44,656,400

Bonds dated: September 01, 2019

Original issue: $33,400,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2029 may be redeemed on March 1, 2028 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2019B REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 367,625	$ 292,625	$ 660,250	$ 3,000,000	$ 3,660,250
2026	5.00	292,625	194,000	486,625	3,945,000	4,431,625
2027	5.00	194,000	90,000	284,000	4,160,000	4,444,000
2028	5.00	90,000	64,500	154,500	1,020,000	1,174,500
2029	5.00	64,500	37,750	102,250	1,070,000	1,172,250
2030	5.00	37,750	9,625	47,375	1,125,000	1,172,375
2031	5.00	9,625	-	9,625	385,000	394,625
		$ 1,056,125	$ 688,500	$ 1,744,625	$ 14,705,000	$ 16,449,625

Bonds dated: September 01, 2019

Original issue: $30,570,000

Source of funding requirements: Net revenues only

Call Option: None

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2020 REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 629,350	$ 629,350	$ 1,258,700	$ -	$ 1,258,700
2026	5.00	629,350	629,350	1,258,700	-	1,258,700
2027	5.00	629,350	629,350	1,258,700	-	1,258,700
2028	5.00	629,350	557,350	1,186,700	2,880,000	4,066,700
2029	5.00	557,350	483,600	1,040,950	2,950,000	3,990,950
2030	3.00	483,600	438,225	921,825	3,025,000	3,946,825
2031	5.00	438,225	360,725	798,950	3,100,000	3,898,950
2032	5.00	360,725	281,100	641,825	3,185,000	3,826,825
2033	3.00	281,100	232,050	513,150	3,270,000	3,783,150
2034	3.00	232,050	201,750	433,800	2,020,000	2,453,800
2035	3.00	201,750	170,550	372,300	2,080,000	2,452,300
2036	3.00	170,550	138,450	309,000	2,140,000	2,449,000
2037	3.00	138,450	105,375	243,825	2,205,000	2,448,825
2038	3.00	105,375	71,250	176,625	2,275,000	2,451,625
2039	3.00	71,250	36,150	107,400	2,340,000	2,447,400
2040	3.00	36,150	-	36,150	2,410,000	2,446,150
		$ 5,593,975	$ 4,964,625	$ 10,558,600	$ 33,880,000	$ 44,438,600

Bonds dated: September 01, 2020

Original issue: $33,880,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2030 may be redeemed on March 1, 2029 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2020A REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	0.77%	$ 242,101	$ 213,900	$ 456,001	$ 7,325,000	$ 7,781,001
2026	1.04	213,900	180,664	394,564	6,410,000	6,804,564
2027	1.14	180,664	143,882	324,546	6,470,000	6,794,546
2028	1.31	143,882	97,829	241,711	7,015,000	7,256,711
2029	1.46	97,829	81,297	179,126	2,260,000	2,439,126
2030	1.56	81,297	63,401	144,698	2,290,000	2,434,698
2031	1.68	63,401	43,794	107,195	2,330,000	2,437,195
2032	1.76	43,794	22,858	66,652	2,375,000	2,441,652
2033	1.89	22,858	-	22,858	2,415,000	2,437,858
		$ 1,089,726	$ 847,625	$ 1,937,351	$ 38,890,000	$ 40,827,351

Bonds dated: September 01, 2020

Original issue: $62,990,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2031 may be redeemed on March 1, 2030 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2021 REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 618,872	$ 618,872	$ 1,237,744	$ -	$ 1,237,744
2026	5.00	618,872	618,872	1,237,744	-	1,237,744
2027	5.00	618,872	618,872	1,237,744	-	1,237,744
2028	5.00	618,872	571,372	1,190,244	1,900,000	3,090,244
2029	5.00	571,372	521,372	1,092,744	2,000,000	3,092,744
2030	5.00	521,372	468,997	990,369	2,095,000	3,085,369
2031	5.00	468,997	413,997	882,994	2,200,000	3,082,994
2032	5.00	413,997	356,247	770,244	2,310,000	3,080,244
2033	4.00	356,247	307,647	663,894	2,430,000	3,093,894
2034	4.00	307,647	257,147	564,794	2,525,000	3,089,794
2035	3.00	257,147	217,772	474,919	2,625,000	3,099,919
2036	3.00	217,772	177,197	394,969	2,705,000	3,099,969
2037	3.00	177,197	135,422	312,619	2,785,000	3,097,619
2038	3.00	135,422	92,372	227,794	2,870,000	3,097,794
2039	2.00	92,372	62,822	155,194	2,955,000	3,110,194
2040	2.00	62,822	32,672	95,494	3,015,000	3,110,494
2041	2.13	32,668	-	32,668	3,075,000	3,107,668
		$ 6,090,520	$ 5,471,652	$ 11,562,172	$ 35,490,000	$ 47,052,172

Bonds dated: April 01, 2021

Original issue: $35,490,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2030 may be redeemed on March 1, 2029 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2021A TAXABLE REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	0.94%	$ 583,497	$ 577,686	$ 1,161,183	$ 1,235,000	$ 2,396,183
2026	1.14	577,686	488,460	1,066,146	15,640,000	16,706,146
2027	1.44	488,460	393,535	881,995	13,230,000	14,111,995
2028	1.57	393,535	310,629	704,164	10,595,000	11,299,164
2029	1.78	310,629	212,017	522,646	11,080,000	11,602,646
2030	1.88	212,017	159,189	371,206	5,620,000	5,991,206
2031	1.97	159,189	102,748	261,937	5,730,000	5,991,937
2032	2.07	102,748	81,272	184,020	2,075,000	2,259,020
2033	2.17	81,272	41,995	123,267	3,620,000	3,743,267
2034	2.27	41,992	-	41,992	3,700,000	3,741,992
		$ 2,951,025	$ 2,367,531	$ 5,318,556	$ 72,525,000	$ 77,843,556

Bonds dated: April 01, 2021

Original issue: $76,310,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2030 may be redeemed on March 1, 2029 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2022 REVENUE IMPROVEMENT AND REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 7,577,300	$ 7,564,800	$ 15,142,100	$ 500,000	$ 15,642,100
2026	5.00	7,564,800	7,524,800	15,089,600	1,600,000	16,689,600
2027	5.00	7,524,800	7,487,300	15,012,100	1,500,000	16,512,100
2028	5.00	7,487,300	7,328,300	14,815,600	6,360,000	21,175,600
2029	5.00	7,328,300	7,161,300	14,489,600	6,680,000	21,169,600
2030	5.00	7,161,300	6,985,925	14,147,225	7,015,000	21,162,225
2031	5.00	6,985,925	6,801,800	13,787,725	7,365,000	21,152,725
2032	5.00	6,801,800	6,608,550	13,410,350	7,730,000	21,140,350
2033	5.00	6,608,550	6,405,550	13,014,100	8,120,000	21,134,100
2034	5.00	6,405,550	6,192,425	12,597,975	8,525,000	21,122,975
2035	5.00	6,192,425	5,968,675	12,161,100	8,950,000	21,111,100
2036	5.00	5,968,675	5,733,800	11,702,475	9,395,000	21,097,475
2037	5.00	5,733,800	5,487,175	11,220,975	9,865,000	21,085,975
2038	5.00	5,487,175	5,228,175	10,715,350	10,360,000	21,075,350
2039	4.72	5,228,175	4,971,175	10,199,350	10,880,000	21,079,350
2040	4.47	4,971,175	4,716,500	9,687,675	11,395,000	21,082,675
2041	5.00	4,716,500	4,419,000	9,135,500	11,900,000	21,035,500
2042	5.00	4,419,000	4,106,625	8,525,625	12,495,000	21,020,625
2043	5.00	4,106,625	3,787,125	7,893,750	12,780,000	20,673,750
2044	5.00	3,787,125	3,444,500	7,231,625	13,705,000	20,936,625
2045	5.00	3,444,500	3,084,625	6,529,125	14,395,000	20,924,125
2046	5.00	3,084,625	2,706,625	5,791,250	15,120,000	20,911,250
2047	5.00	2,706,625	2,308,625	5,015,250	15,920,000	20,935,250
2048	5.00	2,308,625	1,890,625	4,199,250	16,720,000	20,919,250
2049	5.00	1,890,625	1,451,750	3,342,375	17,555,000	20,897,375
2050	5.00	1,451,750	991,500	2,443,250	18,410,000	20,853,250
2051	5.00	991,500	508,000	1,499,500	19,340,000	20,839,500
2052	5.00	508,000	-	508,000	20,320,000	20,828,000
		$ 138,442,550	$ 130,865,250	$ 269,307,800	$ 304,900,000	$ 574,207,800

Bonds dated: April 01, 2022

Original issue: $305,900,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on March 1, 2032 to March 1, 2042, March 1, 2046 and March 1, 2052 may be redeemed on March 1, 2031 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2022A REVENUE IMPROVEMENT AND REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 5,835,275	$ 5,780,275	$ 11,615,550	$ 2,200,000	$ 13,815,550
2026	5.00	5,780,275	5,746,525	11,526,800	1,350,000	12,876,800
2027	5.00	5,746,525	5,705,275	11,451,800	1,650,000	13,101,800
2028	5.00	5,705,275	5,705,275	11,410,550	-	11,410,550
2029	5.00	5,705,275	5,683,275	11,388,550	880,000	12,268,550
2030	5.00	5,683,275	5,516,275	11,199,550	6,680,000	17,879,550
2031	5.00	5,516,275	5,243,775	10,760,050	10,900,000	21,660,050
2032	5.00	5,243,775	5,001,650	10,245,425	9,685,000	19,930,425
2033	5.00	5,001,650	4,747,400	9,749,050	10,170,000	19,919,050
2034	5.00	4,747,400	4,480,400	9,227,800	10,680,000	19,907,800
2035	5.00	4,480,400	4,200,150	8,680,550	11,210,000	19,890,550
2036	5.00	4,200,150	3,905,900	8,106,050	11,770,000	19,876,050
2037	5.00	3,905,900	3,596,900	7,502,800	12,360,000	19,862,800
2038	5.00	3,596,900	3,272,400	6,869,300	12,980,000	19,849,300
2039	4.00	3,272,400	2,999,800	6,272,200	13,630,000	19,902,200
2040	4.00	2,999,800	2,716,300	5,716,100	14,175,000	19,891,100
2041	4.00	2,716,300	2,421,500	5,137,800	14,740,000	19,877,800
2042	4.00	2,421,500	2,114,900	4,536,400	15,330,000	19,866,400
2043	4.00	2,114,900	1,796,100	3,911,000	15,940,000	19,851,000
2044	4.00	1,796,100	1,464,500	3,260,600	16,580,000	19,840,600
2045	4.00	1,464,500	1,119,600	2,584,100	17,245,000	19,829,100
2046	4.00	1,119,600	760,900	1,880,500	17,935,000	19,815,500
2047	4.00	760,900	387,900	1,148,800	18,650,000	19,798,800
2048	4.00	387,900	-	387,900	19,395,000	19,782,900
		$ 90,202,250	$ 84,366,975	$ 174,569,225	$ 266,135,000	$ 440,704,225

Bonds dated: September 15, 2022

Original issue: $267,585,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2031 may be redeemed on March 1, 2030 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2023 REVENUE IMPROVEMENT AND REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 4,160,181	$ 4,102,931	$ 8,263,112	$ 2,290,000	$ 10,553,112
2026	5.00	4,102,931	4,044,931	8,147,862	2,320,000	10,467,862
2027	5.00	4,044,932	3,985,681	8,030,613	2,370,000	10,400,613
2028	5.00	3,985,681	3,985,681	7,971,362	-	7,971,362
2029	5.00	3,985,682	3,887,306	7,872,988	3,935,000	11,807,988
2030	5.00	3,887,306	3,782,806	7,670,112	4,180,000	11,850,112
2031	5.00	3,782,807	3,672,181	7,454,988	4,425,000	11,879,988
2032	5.00	3,672,181	3,537,806	7,209,987	5,375,000	12,584,987
2033	5.00	3,537,807	3,396,681	6,934,488	5,645,000	12,579,488
2034	5.00	3,396,681	3,248,556	6,645,237	5,925,000	12,570,237
2035	5.00	3,248,557	3,093,056	6,341,613	6,220,000	12,561,613
2036	5.00	3,093,056	2,929,681	6,022,737	6,535,000	12,557,737
2037	5.00	2,929,682	2,758,181	5,687,863	6,860,000	12,547,863
2038	5.00	2,758,181	2,578,181	5,336,362	7,200,000	12,536,362
2039	5.00	2,578,182	2,389,181	4,967,363	7,560,000	12,527,363
2040	5.00	2,389,181	2,190,681	4,579,862	7,940,000	12,519,862
2041	5.00	2,190,682	1,982,181	4,172,863	8,340,000	12,512,863
2042	4.00	1,982,181	1,807,081	3,789,262	8,755,000	12,544,262
2043	4.00	1,807,082	1,624,881	3,431,963	9,110,000	12,541,963
2044	4.00	1,624,881	1,435,481	3,060,362	9,470,000	12,530,362
2045	5.25	1,435,482	1,177,050	2,612,532	9,845,000	12,457,532
2046	5.25	1,177,050	904,969	2,082,019	10,365,000	12,447,019
2047	5.25	904,970	618,581	1,523,551	10,910,000	12,433,551
2048	5.25	618,581	317,231	935,812	11,480,000	12,415,812
2049	5.25	317,231	-	317,231	12,085,000	12,402,231
		$ 67,611,168	$ 63,450,976	$ 131,062,144	$ 169,140,000	$ 300,202,144

Bonds dated: June 01, 2023

Original issue: $171,925,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2034 may be redeemed on March 1, 2033 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2023A REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - TEXAS WATER DEVELOPMENT BOARD)

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	3.07%	$ 150,380	$ 145,468	$ 295,848	$ 320,000	$ 615,848
2026	2.95	145,468	140,601	286,069	330,000	616,069
2027	2.87	140,600	135,722	276,322	340,000	616,322
2028	2.83	135,721	130,769	266,490	350,000	616,490
2029	2.83	130,769	125,675	256,444	360,000	616,444
2030	2.83	125,675	120,440	246,115	370,000	616,115
2031	2.83	120,439	115,063	235,502	380,000	615,502
2032	2.83	115,062	109,544	224,606	390,000	614,606
2033	2.87	109,544	103,804	213,348	400,000	613,348
2034	3.07	103,804	97,511	201,315	410,000	611,315
2035	3.30	97,510	90,498	188,008	425,000	613,008
2036	3.49	90,498	82,820	173,318	440,000	613,318
2037	3.66	82,820	74,494	157,314	455,000	612,314
2038	3.81	74,493	65,540	140,033	470,000	610,033
2039	3.95	65,540	55,863	121,403	490,000	611,403
2040	3.99	55,862	45,788	101,650	505,000	606,650
2041	4.03	45,788	35,108	80,896	530,000	610,896
2042	4.06	35,108	23,943	59,051	550,000	609,051
2043	4.09	23,943	12,287	36,230	570,000	606,230
2044	4.13	12,287	-	12,287	595,000	607,287
		$ 1,861,311	$ 1,710,938	$ 3,572,249	$ 8,680,000	$ 12,252,249

Bonds dated: November 01, 2023

Original issue: $8,680,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2035 may be redeemed on March 1, 2034 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

STATEMENTS OF NET POSITION

February 28, 2025 and February 29, 2024

	2025	RESTATED 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,762,355	$ 10,720,729
Investments	3,000,000	3,007,778
Accounts receivable - customers	2,045,740	2,040,149
Leases receivable	31,359	41,581
Accounts receivable - other	348,845	350,954
Due from Water and Wastewater Utility	-	39,501
Accrued interest receivable	67,198	139,162
Restricted current assets:		
Restricted for bond requirements:		
Cash and cash equivalents	13,048,605	9,833,261
Investments	6,156,346	5,303,075
Restricted for construction and improvements:		
Cash and cash equivalents	56,261,778	49,799,754
Investments	-	2,000,000
Total current assets	84,722,226	83,275,944
Noncurrent assets:		
Leases receivable	730,311	761,670
Capital assets net of accumulated depreciation/amortization:		
Municipal Drainage Utility capital assets	198,650,257	180,609,400
Right to use SBITA assets	8,846	25,519
Land and right of way	99,322,180	81,886,447
Construction work in progress	60,146,942	72,255,689
Total capital assets	358,128,225	334,777,055
Total noncurrent assets	358,858,536	335,538,725
Total assets	443,580,762	418,814,669
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	948,214	1,073,490
Deferred outflows - OPEB	240,558	213,896
Total deferred outflows of resources	1,188,772	1,287,386
Total assets and deferred outflows of resources	$ 444,769,534	$ 420,102,055

	2025	RESTATED 2024
LIABILITIES		
Current liabilities:		
Accounts payable	$ 298,587	$ 218,331
Accrued compensated absences	154,568	134,880
Accrued payroll and benefits	170,045	129,295
Unearned rent revenue	20,603	15,861
Due to Water and Wastewater Utility	92,020	-
Due to Water and Wastewater Utility land transfer	2,000,000	2,000,000
SBITA liabilities	-	20,586
OPEB Liability	30,487	30,972
Other current liabilities	-	53
Current liabilities payable from restricted assets:		
Revenue bonds payable and unamortized premiums net of discounts	9,794,447	8,420,142
Accrued interest on long term debt	4,158,365	3,409,052
Unearned non-federal grant revenue - TWDB	5,698,001	5,437,040
Accounts payable	4,133,371	8,359,121
Retainage payable on construction contracts	160,757	624,892
Total current liabilities	26,711,251	28,800,225
Noncurrent liabilities:		
Accrued compensated absences	226,643	236,456
Due to Water and Wastewater Utility land transfer	5,044,800	6,044,800
Revenue bonds payable and unamortized premiums net of discounts	199,534,446	149,003,101
Extendable commercial paper notes	20,000,000	60,000,000
OPEB Liability	702,771	686,156
Net Pension Liability	2,127,958	2,385,548
Noncurrent liabilities payable from restricted assets:		
Arbitrage liability	1,523,445	768,888
Total noncurrent liabilities	229,160,063	219,124,949
Total liabilities	255,871,314	247,925,174
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - gain on bond refunding	100,852	115,259
Deferred inflows - leases	729,929	787,043
Deferred inflows - pension	156,495	214,570
Deferred inflows - OPEB	818,663	877,829
Total deferred inflows of resources	1,805,939	1,994,701
NET POSITION		
Restricted:		
Restricted for debt service	15,046,586	11,727,284
Restricted for construction and improvements	17,717,148	9,175,483
Total restricted	32,763,734	20,902,767
Net investment in capital assets	155,727,536	144,652,297
Unrestricted	(1,398,989)	4,627,116
Total net position	187,092,281	170,182,180
Total liabilities, deferred inflows of resources, and net position	$ 444,769,534	$ 420,102,055

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

For the Years Ended February 28, 2025 and February 29, 2024

	2025	RESTATED 2024
Drainage operating revenues:		
Residential	$ 15,599,117	$ 13,704,282
Non-residential	22,545,440	19,812,909
Other operating revenue	992,953	484,637
Total operating revenues	39,137,510	34,001,828
Drainage operating expenses:		
Operations and maintenance	9,787,732	7,086,381
Indirect cost allocation	2,038,000	2,385,000
Pension expense	199,045	294,691
Depreciation and amortization	4,811,010	4,384,823
Total operating expenses	16,835,787	14,150,895
Operating income	22,301,723	19,850,933
Nonoperating revenues (expenses):		
Interest earnings and net change in fair value of investments	2,292,177	1,766,963
Gain on sale of land	-	92,237
Other nonoperating lease revenues	57,114	60,628
Other nonoperating expenses	(615,177)	(465,659)
Interest on long term debt	(7,125,736)	(5,544,158)
Total nonoperating expenses	(5,391,622)	(4,089,989)
Change in net position	16,910,101	15,760,944
Net position, 2/28/23, as previously reported	170,182,180	154,533,225
Restatements - change in accounting principle	-	(111,989)
Net position, 2/28/23, as restated	170,182,180	154,421,236
Total net position, 2/29/2024	$187,092,281	$170,182,180

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

STATEMENTS OF CASH FLOWS

For the Years Ended February 28, 2025 and February 29, 2024

	2025	RESTATED 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 38,899,581	$ 33,951,251
Cash received from Water and Wastewater Utility	199,721	171,482
Cash payments to Water and Wastewater Utility	(1,944,630)	(2,185,111)
Cash payments to suppliers for goods and services	(7,581,504)	(5,402,938)
Cash payments to employees for services	(2,456,218)	(1,816,923)
Net cash provided by operating activities	27,116,950	24,717,761
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from:		
Revenue bonds	54,145,000	22,870,000
Premiums received on revenue bonds	6,451,879	2,399,999
Extendable commercial paper	20,000,000	60,000,000
Revolving note	-	10,000,000
Principal payments on leases receivable	41,581	45,014
Interest payments on leases receivable	17,005	16,420
Acquisition and construction of capital assets net of disposals	(33,852,065)	(59,152,142)
Principal payments on SBITA liabilities	(20,586)	(19,533)
Interest payments on SBITA liabilities	(114)	(222)
Proceeds from sale of assets net of related expenses	-	92,237
Proceeds from unearned non-federal grant	260,961	248,297
Interest and fees on revenue bonds	(7,529,680)	(5,546,393)
Refunding of revolving notes	(60,000,000)	(25,000,000)
Principal payments on revenue bonds	(7,413,000)	(6,633,000)
Net cash used by capital and related financing activities	(27,899,019)	(679,323)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale and maturities of investment securities	-	23,069,173
Purchase of investment securities	1,155,547	(26,637,208)
Interest received on investment securities	2,345,516	1,613,562
Net cash provided (used) by investing activities	3,501,063	(1,954,473)
Net increase in cash and cash equivalents	2,718,994	22,083,965
Cash and cash equivalents:		
Beginning of year	70,353,744	48,269,779
End of year	$ 73,072,738	$ 70,353,744

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

STATEMENTS OF CASH FLOWS

For the Years Ended February 28, 2025 and February 29, 2024

	2025	RESTATED 2024
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 22,301,723	$ 19,850,933
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	4,811,011	4,384,823
(Increase) decrease in assets and deferred outflows:		
Accounts receivable	(2,841)	177,416
Due from Water and Wastewater Utility	39,501	232,067
Deferred outflows - pension	125,276	(539,481)
Deferred outflows - OPEB	(26,662)	33,791
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	80,256	69,948
Other Current Liabilities	4,742	(4,536)
Due to Water and Wastewater Utility	92,020	-
Accrued compensated balances	9,875	96,780
Accrued payroll and benefits	40,750	32,481
Total OPEB Liability	16,130	1,202
Net Pension Liability	(257,590)	522,332
Deferred inflows - pension	(58,075)	(26,998)
Deferred inflows - OPEB	(59,166)	(112,997)
Net cash provided by operating activities	$ 27,116,950	$ 24,717,761
Noncash investing, capital, and financing activities:		
Change in fair value of investments	$ (1,040)	$ (17,578)
	$ (1,040)	$ (17,578)

PUBLIC SERVICE BOARD - EL PASO STORMWATER UTILITY
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

OPERATING REVENUES AND EXPENSES

For the Years Ended February 28, 2025 and February 29, 2024

	2025	RESTATED 2024
Drainage operating revenues:		
Residential	$ 15,599,117	$ 13,704,282
Non-residential	22,545,440	19,812,909
Billing fees - City Environmental Services	640,044	382,217
OPEB Recovery Credit	40,109	51,975
Other operating revenue	312,800	50,445
Total operating revenue	39,137,510	34,001,828
Drainage operations		
Emergency Response	158,405	54,313
Maintenance	5,978,215	3,773,406
Total drainage division	6,136,620	3,827,719
General and administrative	3,651,112	3,258,662
Indirect cost allocation	2,038,000	2,385,000
Other operating expenses		
Depreciation	4,811,010	4,384,823
Pension Expense	199,045	294,691
Total other operating expenses	5,010,055	4,679,514
Total operating expenses	$ 16,835,787	$ 14,150,895

PUBLIC SERVICE BOARD - EL PASO STORMWATER UTILITY
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

NET OPERATING REVENUE

For the Years Ended February 28, 2025 and February 29, 2024

	2025	RESTATED 2024
Operating revenue	$ 39,137,510	$ 34,001,828
Operating revenue deductions		
Operating expenses	6,136,620	3,827,719
General and administrative	3,651,112	3,258,662
Indirect cost allocation	2,038,000	2,385,000
Total operating expense deductions	11,825,732	9,471,381
Net operating revenue	$ 27,311,778	$ 24,530,447

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

CHANGES IN REVENUE BONDS PAYABLE

For the Year Ended February 28, 2025

Bond Series	Bonds payable February 29, 2024	Additions	Retirements	Bonds payable February 28, 2025
*2009A Revenue Series	$ 857,000	$ -	$ 108,000	$ 749,000
2015 Revenue Series	15,485,000	-	975,000	14,510,000
2016 Revenue Series	15,360,000	-	860,000	14,500,000
2017 Refunding & Improvement	34,650,000	-	3,480,000	31,170,000
*2021 Refunding Series	8,055,000	-	710,000	7,345,000
2021A Refunding Series	12,425,000	-	460,000	11,965,000
*2022 Revenue Series	9,170,000	-	320,000	8,850,000
2022A Refunding Series	23,750,000	-	250,000	23,500,000
2023 Refunding Series	22,870,000	-	250,000	22,620,000
2024 Refunding Series	-	54,145,000	-	54,145,000
TOTALS	$ 142,622,000	$ 54,145,000	$ 7,413,000	$ 189,354,000

**Direct placement revenue bonds*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

SUMMARY STATEMENT OF DEBT SERVICE REQUIREMENTS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

	Revenue Bonds				Direct Placement Bonds				
Calendar	Interest		Total	Principal	Interest		Total	Principal	Total Net
Year	March 1	September 1	Interest	Due March 1	March 1	September 1	Interest	Due March 1	Requirements
2025	$ 4,094,772	$ 3,910,522	$ 8,005,294	$ 7,370,000	$ 58,760	$ 53,440	$ 112,200	$ 1,092,000	$ 16,579,494
2026	3,910,522	3,710,772	7,621,294	7,990,000	53,440	46,160	99,600	1,337,000	17,047,894
2027	3,710,772	3,501,022	7,211,794	8,390,000	46,160	38,760	84,920	1,352,000	17,038,714
2028	3,501,022	3,280,897	6,781,919	8,805,000	38,760	31,280	70,040	1,362,000	17,018,959
2029	3,280,897	3,071,472	6,352,369	9,245,000	31,280	23,640	54,920	1,382,000	17,034,289
2030	3,071,472	2,862,447	5,933,919	8,525,000	23,640	15,880	39,520	1,397,000	15,895,439
2031	2,862,447	2,643,071	5,505,518	8,945,000	15,880	8,000	23,880	1,407,000	15,881,398
2032	2,643,072	2,412,996	5,056,068	9,380,000	8,000	-	8,000	1,315,000	15,759,068
2033	2,412,997	2,174,921	4,587,918	9,850,000	-	-	-	315,000	14,752,918
2034	2,174,922	1,920,521	4,095,443	10,325,000	-	-	-	315,000	14,735,443
2035	1,920,522	1,657,096	3,577,618	10,845,000	-	-	-	315,000	14,737,618
2036	1,657,097	1,430,071	3,087,168	9,610,000	-	-	-	315,000	13,012,168
2037	1,430,072	1,227,521	2,657,593	8,430,000	-	-	-	315,000	11,402,593
2038	1,227,522	1,025,371	2,252,893	8,830,000	-	-	-	315,000	11,397,893
2039	1,025,372	818,021	1,843,393	9,240,000	-	-	-	315,000	11,398,393
2040	818,022	626,096	1,444,118	8,400,000	-	-	-	315,000	10,159,118
2041	626,097	435,694	1,061,791	8,790,000	-	-	-	315,000	10,166,791
2042	435,694	246,575	682,269	8,245,000	-	-	-	315,000	9,242,269
2043	246,575	95,200	341,775	6,435,000	-	-	-	315,000	7,091,775
2044	95,200	-	95,200	4,760,000	-	-	-	315,000	5,170,200
2045	-	-	-	-	-	-	-	315,000	315,000
2046	-	-	-	-	-	-	-	315,000	315,000
2047	-	-	-	-	-	-	-	315,000	315,000
2048	-	-	-	-	-	-	-	315,000	315,000
2049	-	-	-	-	-	-	-	315,000	315,000
2050	-	-	-	-	-	-	-	315,000	315,000
2051	-	-	-	-	-	-	-	315,000	315,000
2052	-	-	-	-		-	-	315,000	315,000
	$ 41,145,068	$ 37,050,286	$ 78,195,354	$ 172,410,000	$ 275,920	$ 217,160	$ 493,080	$ 16,944,000	$ 268,042,434

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2009A REVENUE (CWSRF) ARRA BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - TEXAS WATER DEVELOPMENT BOARD)

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Payment Due Total	Principal Due March 1	Total Requirements
2025	0.00%	$ -	$ -	$ -	$ 107,000	$ 107,000
2026	0.00	-	-	-	107,000	107,000
2027	0.00	-	-	-	107,000	107,000
2028	0.00	-	-	-	107,000	107,000
2029	0.00	-	-	-	107,000	107,000
2030	0.00	-	-	-	107,000	107,000
2031	0.00	-	-	-	107,000	107,000
		$ -	$ -	$ -	$ 749,000	$ 749,000

Bonds dated: November 15, 2009

Original issue: $2,163,000

Source of funding requirements: Net revenues only

Call Option: Bonds may be redeemed at any time.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2015 REVENUE BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 362,750	$ 337,250	$ 700,000	$ 1,020,000	$ 1,720,000
2026	5.00	337,250	310,375	647,625	1,075,000	1,722,625
2027	5.00	310,375	282,250	592,625	1,125,000	1,717,625
2028	5.00	282,250	252,750	535,000	1,180,000	1,715,000
2029	5.00	252,750	221,750	474,500	1,240,000	1,714,500
2030	5.00	221,750	189,125	410,875	1,305,000	1,715,875
2031	5.00	189,125	154,875	344,000	1,370,000	1,714,000
2032	5.00	154,875	119,000	273,875	1,435,000	1,708,875
2033	5.00	119,000	81,250	200,250	1,510,000	1,710,250
2034	5.00	81,250	41,625	122,875	1,585,000	1,707,875
2035	5.00	41,625	-	41,625	1,665,000	1,706,625
		$ 2,353,000	$ 1,990,250	$ 4,343,250	$ 14,510,000	$ 18,853,250

Bonds dated: March 01, 2015

Original issue: $22,240,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2026 may be redeemed on March 1, 2025 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2016 REVENUE BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 362,500	$ 339,875	$ 702,375	$ 905,000	$ 1,607,375
2026	5.00	339,875	316,125	656,000	950,000	1,606,000
2027	5.00	316,125	291,125	607,250	1,000,000	1,607,250
2028	5.00	291,125	264,875	556,000	1,050,000	1,606,000
2029	5.00	264,875	237,250	502,125	1,105,000	1,607,125
2030	5.00	237,250	208,250	445,500	1,160,000	1,605,500
2031	5.00	208,250	177,750	386,000	1,220,000	1,606,000
2032	5.00	177,750	145,750	323,500	1,280,000	1,603,500
2033	5.00	145,750	112,000	257,750	1,350,000	1,607,750
2034	5.00	112,000	76,625	188,625	1,415,000	1,603,625
2035	5.00	76,625	39,125	115,750	1,500,000	1,615,750
2036	5.00	39,125	-	39,125	1,565,000	1,604,125
		$ 2,571,250	$ 2,208,750	$ 4,780,000	$ 14,500,000	$ 19,280,000

Bonds dated: March 15, 2016

Original issue: $19,790,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2027 may be redeemed on March 1, 2026 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2017 REVENUE BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 723,150	$ 630,400	$ 1,353,550	$ 3,710,000	$ 5,063,550
2026	5.00	630,400	531,400	1,161,800	3,960,000	5,121,800
2027	5.00	531,400	425,650	957,050	4,230,000	5,187,050
2028	5.00	425,650	312,775	738,425	4,515,000	5,253,425
2029	4.10	312,775	214,100	526,875	4,815,000	5,341,875
2030	4.00	214,100	197,700	411,800	820,000	1,231,800
2031	4.00	197,700	180,700	378,400	850,000	1,228,400
2032	4.00	180,700	163,000	343,700	885,000	1,228,700
2033	4.00	163,000	144,600	307,600	920,000	1,227,600
2034	5.00	144,600	120,725	265,325	955,000	1,220,325
2035	5.00	120,725	95,600	216,325	1,005,000	1,221,325
2036	4.00	95,600	74,500	170,100	1,055,000	1,225,100
2037	5.00	74,500	47,000	121,500	1,100,000	1,221,500
2038	4.00	47,000	24,000	71,000	1,150,000	1,221,000
2039	4.00	24,000	-	24,000	1,200,000	1,224,000
		$ 3,885,300	$ 3,162,150	$ 7,047,450	$ 31,170,000	$ 38,217,450

Bonds dated: October 15, 2017

Original issue: $48,940,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2028 may be redeemed on March 1, 2027 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2021 TAXABLE REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - ALLIANCE BANK)

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	1.60%	$ 58,760	$ 53,440	$ 112,200	$ 665,000	$ 777,200
2026	1.60	53,440	46,160	99,600	910,000	1,009,600
2027	1.60	46,160	38,760	84,920	925,000	1,009,920
2028	1.60	38,760	31,280	70,040	935,000	1,005,040
2029	1.60	31,280	23,640	54,920	955,000	1,009,920
2030	1.60	23,640	15,880	39,520	970,000	1,009,520
2031	1.60	15,880	8,000	23,880	985,000	1,008,880
2032	1.60	8,000	-	8,000	1,000,000	1,008,000
		$ 275,920	$ 217,160	$ 493,080	$ 7,345,000	$ 7,838,080

Bonds dated: March 15, 2021

Original issue: $8,945,000

Source of funding requirements: Net revenues only

Call Option: Bonds may be redeemed at any time.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2021A REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 220,191	$ 208,065	$ 428,256	$ 485,000	$ 913,256
2026	5.00	208,066	195,440	403,506	505,000	908,506
2027	5.00	195,441	182,065	377,506	535,000	912,506
2028	5.00	182,066	168,065	350,131	560,000	910,131
2029	5.00	168,066	153,440	321,506	585,000	906,506
2030	5.00	153,441	138,065	291,506	615,000	906,506
2031	5.00	138,066	121,815	259,881	650,000	909,881
2032	5.00	121,816	104,815	226,631	680,000	906,631
2033	4.00	104,816	90,515	195,331	715,000	910,331
2034	4.00	90,516	75,615	166,131	745,000	911,131
2035	3.00	75,616	64,065	139,681	770,000	909,681
2036	3.00	64,066	52,140	116,206	795,000	911,206
2037	3.00	52,141	39,840	91,981	820,000	911,981
2038	3.00	39,841	27,165	67,006	845,000	912,006
2039	2.00	27,166	18,465	45,631	870,000	915,631
2040	2.00	18,466	9,615	28,081	885,000	913,081
2041	2.13	9,616	-	9,616	905,000	914,616
		$ 1,869,397	$ 1,649,190	$ 3,518,587	$ 11,965,000	$ 15,483,587

Bonds dated: April 01, 2021

Original issue: $13,330,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2030 may be redeemed on March 1, 2029 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2022 REVENUE BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - TEXAS WATER DEVELOPMENT BOARD)

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	0.00%	$ -	$ -	$ -	$ 320,000	$ 320,000
2026	0.00	-	-	-	320,000	320,000
2027	0.00	-	-	-	320,000	320,000
2028	0.00	-	-	-	320,000	320,000
2029	0.00	-	-	-	320,000	320,000
2030	0.00	-	-	-	320,000	320,000
2031	0.00	-	-	-	315,000	315,000
2032	0.00	-	-	-	315,000	315,000
2033	0.00	-	-	-	315,000	315,000
2034	0.00	-	-	-	315,000	315,000
2035	0.00	-	-	-	315,000	315,000
2036	0.00	-	-	-	315,000	315,000
2037	0.00	-	-	-	315,000	315,000
2038	0.00	-	-	-	315,000	315,000
2039	0.00	-	-	-	315,000	315,000
2040	0.00	-	-	-	315,000	315,000
2041	0.00	-	-	-	315,000	315,000
2042	0.00	-	-	-	315,000	315,000
2043	0.00	-	-	-	315,000	315,000
2044	0.00	-	-	-	315,000	315,000
2045	0.00	-	-	-	315,000	315,000
2046	0.00	-	-	-	315,000	315,000
2047	0.00	-	-	-	315,000	315,000
2048	0.00	-	-	-	315,000	315,000
2049	0.00	-	-	-	315,000	315,000
2050	0.00	-	-	-	315,000	315,000
2051	0.00	-	-	-	315,000	315,000
2052	0.00	-	-	-	315,000	315,000
		$ -	$ -	$ -	$ 8,850,000	$ 8,850,000

Bonds dated: April 01, 2022

Original issue: $9,490,000

Source of funding requirements: Net revenues only

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2022A REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 558,306	$ 545,807	$ 1,104,113	$ 500,000	$ 1,604,113
2026	5.00	545,806	533,307	1,079,113	500,000	1,579,113
2027	5.00	533,306	520,807	1,054,113	500,000	1,554,113
2028	5.00	520,806	508,307	1,029,113	500,000	1,529,113
2029	5.00	508,306	495,807	1,004,113	500,000	1,504,113
2030	5.00	495,806	466,057	961,863	1,190,000	2,151,863
2031	5.00	466,056	434,806	900,862	1,250,000	2,150,862
2032	5.00	434,806	401,931	836,737	1,315,000	2,151,737
2033	5.00	401,931	367,431	769,362	1,380,000	2,149,362
2034	5.00	367,431	331,181	698,612	1,450,000	2,148,612
2035	5.00	331,181	293,181	624,362	1,520,000	2,144,362
2036	5.00	293,181	253,306	546,487	1,595,000	2,141,487
2037	5.00	253,306	211,431	464,737	1,675,000	2,139,737
2038	4.50	211,431	171,831	383,262	1,760,000	2,143,262
2039	4.50	171,831	130,431	302,262	1,840,000	2,142,262
2040	4.50	130,431	87,231	217,662	1,920,000	2,137,662
2041	4.25	87,231	44,519	131,750	2,010,000	2,141,750
2042	4.25	44,519	-	44,519	2,095,000	2,139,519
		$ 6,355,671	$ 5,797,371	$ 12,153,042	$ 23,500,000	$ 35,653,042

Bonds dated: May 15, 2022

Original issue: $23,750,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2032 may be redeemed on March 1, 2031 or any interest payment date thereafter.

Mandatory Redemption: Term bonds stated to mature on March 1, 2042 shall be subject to mandatory redemption prior to maturity at the price of par plus accrued interest to the mandatory redemption date on the respective dates.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2023 REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 538,050	$ 525,550	$ 1,063,600	$ 500,000	$ 1,563,600
2026	5.00	525,550	513,050	1,038,600	500,000	1,538,600
2027	5.00	513,050	500,550	1,013,600	500,000	1,513,600
2028	5.00	500,550	488,050	988,600	500,000	1,488,600
2029	5.00	488,050	475,550	963,600	500,000	1,463,600
2030	5.00	475,550	449,800	925,350	1,030,000	1,955,350
2031	5.00	449,800	422,800	872,600	1,080,000	1,952,600
2032	5.00	422,800	394,425	817,225	1,135,000	1,952,225
2033	5.00	394,425	364,675	759,100	1,190,000	1,949,100
2034	5.00	364,675	333,425	698,100	1,250,000	1,948,100
2035	5.00	333,425	300,550	633,975	1,315,000	1,948,975
2036	5.00	300,550	266,050	566,600	1,380,000	1,946,600
2037	5.00	266,050	229,800	495,850	1,450,000	1,945,850
2038	5.00	229,800	191,800	421,600	1,520,000	1,941,600
2039	5.00	191,800	151,800	343,600	1,600,000	1,943,600
2040	5.00	151,800	109,800	261,600	1,680,000	1,941,600
2041	4.00	109,800	74,600	184,400	1,760,000	1,944,400
2042	4.00	74,600	38,000	112,600	1,830,000	1,942,600
2043	4.00	38,000	-	38,000	1,900,000	1,938,000
		$ 6,368,325	$ 5,830,275	$ 12,198,600	$ 22,620,000	$ 34,818,600

Bonds dated: June 01, 2023

Original issue: $22,870,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2034 may be redeemed on March 1, 2033 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2024 REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2025

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2025	5.00%	$ 1,329,825	$ 1,323,575	$ 2,653,400	$ 250,000	$ 2,903,400
2026	5.00	1,323,575	1,311,075	2,634,650	500,000	3,134,650
2027	5.00	1,311,075	1,298,575	2,609,650	500,000	3,109,650
2028	5.00	1,298,575	1,286,075	2,584,650	500,000	3,084,650
2029	5.00	1,286,075	1,273,575	2,559,650	500,000	3,059,650
2030	5.00	1,273,575	1,213,450	2,487,025	2,405,000	4,892,025
2031	5.00	1,213,450	1,150,325	2,363,775	2,525,000	4,888,775
2032	5.00	1,150,325	1,084,075	2,234,400	2,650,000	4,884,400
2033	5.00	1,084,075	1,014,450	2,098,525	2,785,000	4,883,525
2034	5.00	1,014,450	941,325	1,955,775	2,925,000	4,880,775
2035	5.00	941,325	864,575	1,805,900	3,070,000	4,875,900
2036	5.00	864,575	784,075	1,648,650	3,220,000	4,868,650
2037	5.00	784,075	699,450	1,483,525	3,385,000	4,868,525
2038	5.00	699,450	610,575	1,310,025	3,555,000	4,865,025
2039	5.00	610,575	517,325	1,127,900	3,730,000	4,857,900
2040	5.00	517,325	419,450	936,775	3,915,000	4,851,775
2041	5.00	419,450	316,575	736,025	4,115,000	4,851,025
2042	5.00	316,575	208,575	525,150	4,320,000	4,845,150
2043	5.00	208,575	95,200	303,775	4,535,000	4,838,775
2044	4.00	95,200	-	95,200	4,760,000	4,855,200
		$ 17,742,125	$ 16,412,300	$ 34,154,425	$ 54,145,000	$ 88,299,425

Bonds dated: April 01, 2024

Original issue: $54,145,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2035 may be redeemed on March 1, 2034 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

INSURANCE COVERAGE

February 28, 2025

Insurance Providers	Policy Number	Policy Period
Alliant Property Insurance Agent: USI Southwest Inc.	APIP2024	07/01/24 to 07/01/25
Texas Municipal League	Entity ID# 889	10/01/24 to 10/01/25
Travelers Casualty & Surety Co. of America Agent: USI Southwest Inc.	105715307	12/07/24 to 12/07/25
Texas Municipal League	Entity ID# 0944	05/01/24 to 05/01/25
Evanston Insurance Company Agent: USI Southwest Inc.	3AA842356	11/11/24 to 11/11/25
Scottsdale Insurance Company Agent: USI Southwest Inc.	CPS8055423	09/16/24 to 09/16/25
Cowbell Cyber/ Palomar Excess & Surplus Insurance Agent: USI Southwest Inc.	PLM-CB-S6TERRECJ003	03/01/24 to 03/01/25

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO

INSURANCE COVERAGE

February 28, 2025

Type of Insurance	Property Insured	Insurance
Blanket coverages for Building, Boiler & Machinery, Equipment & Personal Property	Blanket Building & Contents	$1,031,685,021 $250,000 Deductible
	Sublimit	
	Flood	$50,000,000 $250,000 Deductible
	Flood (Zones A & V)	$2,000,000 $500,000 Deductible
	Earthquake	$50,000,000 $250,000 Deductible
	Boiler & Machinery	$100,000,000 Various Deductible
Auto Liability	Four Vehicles	$500,000 $10,000 Deductible
Money & Securities on Premises	Money & Securities	$100,000 $5,000 Deductible
Money & Securities Messenger	Money & Securities	$100,000 $5,000 Deductible
Computer Fraud	Non-authorized access of computer information	$3,000,000 $50,000 Deductible
Employee Dishonesty	Covers against financial loss loss of money, securities, and other property	$3,000,000 $50,000 Deductible
Misc. Professional Liability	Errors & Omissions For Public Officials & Employees	$5,000,000 $10,000,000 $50,000 Deductible
Special Event General Liability	TECH2O and Desalination Plant	$2,000,000 Aggregate No Deductible
General Liability	Palisades & Trailheads	$2,000,000 Aggregate No Deductible
Cyber Liability	El Paso Water Utilities	$5,000,000 Aggregate $50,000 Deductible

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

INSURANCE COVERAGE

February 28, 2025

Insurance Providers	Policy Number	Policy Period
City of El Paso - El Paso Water Utilities Aetna	Self-insurance Plan	12/15/24 to 12/14/27
Aetna	Stop Loss	12/15/24 to 12/14/27
Aetna	Fully Insured	12/15/24 to 12/14/27
Aetna	Fully Insured	12/15/24 to 12/14/27
Blue Cross Blue Shield Underwriter ReliaStar Life Ins. Co.	F022145-0001	12/15/24 to 12/14/27
CAS, Inc. (Administrator)	Self-insurance Plan	03/30/21 to 03/29/26
Homeserve Leak Virginia Surety Company, Inc	#17675	03/01/23 to 03/01/25

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

INSURANCE COVERAGE

February 28, 2025

Type of Insurance	Property Insured	Insurance
Health Insurance Choice POS II	Employees & Family	Annual Deductible Co-insurance 80% High Deductible Plan 100%
Specific and Aggregate Stop Loss Insurance	Employees & Family	Individual Claims over $400,000
Health Insurance Choice POS II	Retirees under 65	Annual Deductible Co-insurance 80% or 90% High Deductible Plan 100%
Health Insurance Medicare Advantage Plan	Retirees over 65 - Part A & Part B Required	$0 Deductible 90% Co-Insurance
Employee Basic Life Insurance	Active Employees Only	$50,000 per employee $2,000 for spouse $1,000 per child
Accidental Death & Dismemberment	Active Employees Only	
Supplemental/Optional Life	Active Employees and Family Only	$200,000 per employee $100,000 for spouse $10,000 per child
Workers' Compensation	Self-insured	
Water Leak Protection	Insured for Loss	$0 Deductible $1,000 protection limit for customers

el paso
WATER

STATISTICAL SECTION

A - FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how the financial performance and well-being of the Water and Wastewater Utility Fund and the Municipal Drainage Utility Fund have changed over time.

el paso
WATER

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
ENTERPRISE FUNDS

A-1 - NET POSITION

2016 thru 2025*
(accrual basis of accounting)
(amounts expressed in thousands)

	2025	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017	2016
NET POSITION										
Restricted:										
Restricted for debt service	$ 132,742	$ 121,061	$ 106,906	$ 102,533	$ 97,569	$ 95,910	$ 90,651	$ 78,899	$ 73,715	$ 69,473
Restricted for construction and improvements	111,512	98,518	100,005	55,624	67,790	63,851	38,713	43,596	33,841	28,756
Total restricted	244,255	219,579	206,911	158,156	165,359	159,761	129,364	122,495	107,556	98,228
Net investment in capital assets	1,393,974	1,299,896	1,198,392	1,168,309	1,069,231	993,793	948,468	894,333	846,265	808,631
Unrestricted	84,049	81,902	62,243	74,352	27,377	10,663	764	(242)	6,849	(3,989)
Total Net Position	$ 1,722,278	$ 1,601,378	$ 1,467,546	$ 1,400,817	$ 1,261,967	$ 1,164,217	$ 1,078,597	$ 1,016,586	$ 960,670	$ 902,870

Note:
Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted, and unrestricted. Net position is considered restricted when constraints placed on net position use are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Fiscal year March 1 thru last day of February of year shown

[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year has been restated as a result of the adoption of GASB 96, *SBITAs*

[3] Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

A-2 - NET POSITION

2016 thru 2025*
(accrual basis of accounting)
(amounts expressed in thousands)

	2025	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017	2016
NET POSITION										
Restricted:										
Restricted for debt service	$ 117,696	$ 109,334	$ 95,567	$ 89,838	$ 85,803	$ 84,992	$ 80,593	$ 71,959	$ 65,549	$ 61,979
Restricted for construction and improvements	93,795	89,343	86,059	46,184	54,785	49,067	26,199	32,763	23,324	28,273
Total restricted	211,491	198,677	181,627	136,021	140,588	134,059	106,792	104,723	88,873	90,252
Net investment in capital assets	1,263,204	1,180,202	1,092,503	1,065,104	978,391	914,008	865,579	827,188	781,349	742,320
Unrestricted	85,448	77,275	63,952	68,586	25,443	9,017	(602)	(11,287)	5,886	(5,082)
Total Net Position	$ 1,560,144	$ 1,456,154	$ 1,338,083	$ 1,269,711	$ 1,144,422	$ 1,057,084	$ 971,770	$ 920,624	$ 876,109	$ 827,490

Note:
Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted, and unrestricted. Net position is considered restricted when constraints placed on net position use are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Fiscal year March 1 thru last day of February of year shown
[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*
[2]Fiscal year has been restated as a result of the adoption of GASB 96, SBITAs
[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
ENTERPRISE FUNDS

A-3 - STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

2016 thru 2025*
(accrual basis of accounting)
(amounts expressed in thousands)

	2025	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017	2016
Revenue										
Water and reclaimed water	$ 225,315	$ 214,720	$ 187,459	$ 173,591	$ 178,873	$ 159,977	$ 157,351	$ 145,915	$ 137,996	$ 123,015
Wastewater	158,998	152,914	110,264	100,790	94,808	90,022	83,943	76,002	69,632	62,068
Drainage fees	37,945	33,346	28,661	25,736	23,908	23,557	23,143	22,266	18,819	16,674
Other operating revenue	21,379	19,095	16,840	17,541	21,142	20,222	15,277	20,835	14,521	13,518
Total operating revenue	443,637	420,075	343,224	317,659	318,731	293,778	279,714	265,019	240,968	215,275
Expenses										
Operations and maintenance - water and reclaimed water	81,656	72,415	61,458	49,566	51,948	47,360	49,228	45,496	42,245	39,673
Operations and maintenance - wastewater	42,226	37,705	40,622	33,887	25,429	24,434	25,364	23,772	21,325	21,485
General, administrative and engineering expenses	53,129	45,674	34,874	30,638	28,634	25,522	27,132	24,477	21,995	21,516
Operations and maintenance - drainage	9,750	7,054	6,645	5,031	5,213	5,747	4,664	4,820	5,004	4,437
Farm expenses	-	-	-	-	-	-	-	5,712	1,218	-
Other operating expenses	6,463	4,695	4,941	2,712	2,622	2,779	1,680	1,764	1,836	2,867
Other Post-Employment Benefits	120	-	165	930	1,727	2,299	1,793	893	893	1,054
Pension expense	6,855	9,135	3,108	-	6,354	9,696	5,337	5,283	6,471	4,464
Depreciation and amortization	91,264	82,503	76,034	72,190	73,728	71,892	68,573	65,897	62,721	57,894
Payment to City of El Paso Franchise Fee	6,550	6,550	6,550	6,550	6,550	3,470	3,589	3,584	3,578	3,367
Payment to City of El Paso per bond covenants	20,992	20,227	17,593	16,034	16,850	15,442	14,631	13,552	12,753	11,418
Total operating expenses	319,004	285,958	251,990	217,539	219,055	208,640	201,990	195,249	180,038	168,175
Operating income	124,634	134,117	91,234	100,119	99,676	85,138	77,723	69,770	60,930	47,100
Nonoperating revenues (expenses)										
Interest earnings and net change in fair value of investments	27,004	31,802	14,451	1,493	2,116	5,254	5,921	2,945	1,348	676
IRS Tax Credit for Build America Bonds	-	-	-	-	-	-	-	637	927	972
Gain on sale of land	836	2,806	1,948	20,106	1,146	8,010	1,091	5	5,561	1,697
Gain on sale of miscellaneous assets	279	466	3,955	519	112	404	357	401	176	332
Federal grant revenue-non capital	287	1,017	-	1,117	-	-	-	-	-	-
Other nonoperating revenues	2,948	2,804	2,761	2,703	-	-	-	-	-	-
Other nonoperating expenses	(1,530)	(2,129)	(5,076)	(1,716)	(1,153)	(1,008)	(834)	(1,595)	(1,434)	-
Interest on long term debt	(58,498)	(52,727)	(38,281)	(20,804)	(24,196)	(26,540)	(26,144)	(25,511)	(23,373)	(21,310)
Total nonoperating revenues (expenses)	(28,674)	(15,962)	(20,243)	3,419	(21,975)	(13,880)	(19,609)	(23,118)	(16,796)	(17,632)
Increase in net position, before contributions	95,960	118,155	70,991	103,539	77,701	71,258	58,115	46,652	44,135	29,468
Total Contributions	24,940	15,677	10,567	20,467	20,049	14,362	11,585	9,263	13,665	25,991
Change in net position	120,900	133,832	81,558	124,006	97,750	85,620	69,699	55,915	57,800	55,459
Total net position - beginning	1,601,378	1,472,265	1,385,972	1,261,967	1,164,217	1,078,597	1,016,586	960,670	902,870	847,411
Restatements and adjustments	-	(4,720)	16	-	-	-	(7,688)	-	-	-
Net Position-Beginning, as restated	1,601,378	1,467,546	1,385,972	1,261,967	1,164,217	1,078,597	1,016,586	960,670	902,870	847,411
Total net position - ending	$ 1,722,278	$ 1,601,378	$ 1,467,546	$ 1,385,972	$ 1,261,967	$ 1,164,217	$ 1,078,597	$ 1,016,586	$ 960,670	$ 902,870

* Fiscal year March 1 thru last day of February of year shown

[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year has been restated as a result of the adoption of GASB 96, SBITAs

[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

A-4 - STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

2016 thru 2025*
(accrual basis of accounting)
(amounts expressed in thousands)

	2025	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017	2016
Revenue										
Water and reclaimed water	$ 225,329	$ 214,728	$ 187,471	$ 173,625	$ 178,905	$ 160,007	$ 157,351	$ 145,915	$ 137,996	$ 123,015
Wastewater	158,998	152,914	110,264	100,790	94,808	90,022	83,943	76,002	69,632	62,068
Other operating revenue	20,410	18,634	16,341	16,966	20,678	19,533	14,643	20,194	13,884	12,812
Total operating revenue	404,738	386,277	314,076	291,380	294,391	269,562	255,937	242,111	221,511	197,895
Expenses										
Operations and maintenance - water and reclaimed water	81,729	72,477	61,515	49,630	52,008	47,419	49,305	45,569	42,321	39,747
Operations and maintenance - wastewater	42,314	37,781	40,690	33,964	25,501	24,506	25,437	23,843	21,385	21,541
General, administrative and engineering expenses	51,129	43,323	33,147	28,987	27,162	24,013	25,718	23,598	21,100	20,230
Farm expenses	-	-	-	-	-	-	-	5,712	1,218	-
Other operating expenses	6,463	4,695	4,941	2,712	2,622	2,779	1,680	1,764	1,836	2,588
Other Post-Employment Benefits expense	120	-	165	924	1,658	2,187	1,663	821	822	978
Pension expense	6,655	8,841	3,100	-	6,091	9,216	5,050	4,998	6,000	4,171
Depreciation and amortization	86,453	78,118	72,015	68,486	70,212	68,428	65,322	62,998	60,385	56,199
Payment to City of El Paso Franchise Fee	6,550	6,550	6,550	6,550	6,550	3,470	3,589	3,584	3,578	3,367
Payment to City of El Paso per bond covenants	20,992	20,227	17,593	16,034	16,850	15,442	14,631	13,552	12,753	11,418
Total operating expenses	302,406	272,011	239,717	207,287	208,654	197,460	192,393	186,438	171,398	160,239
Operating income	102,332	114,266	74,359	84,093	85,737	72,102	63,543	55,673	50,114	37,656
Nonoperating revenues (expenses)										
Interest earnings and net change in fair value of investments	24,712	30,035	13,508	1,480	1,956	4,413	4,979	2,451	1,085	544
IRS Tax Credit for Build America Bonds	-	-	-	-	-	-	-	121	196	206
Gain on sale of land	836	2,714	1,948	33,701	1,146	17,618	1,091	5	5,561	1,682
Gain on sale of miscellaneous assets	279	466	3,955	519	112	396	357	343	176	315
Federal grant revenue - non capital	287	1,017	-	1,117	-	-	-	-	-	-
Other nonoperating revenues	2,891	2,743	2,673	2,624	-	-	-	-	-	-
Other nonoperating expenses	(915)	(1,663)	(4,606)	(1,367)	(1,095)	(898)	(584)	(1,108)	(1,169)	-
Interest on long term debt	(51,373)	(47,183)	(34,048)	(17,344)	(20,567)	(22,678)	(22,987)	(22,035)	(21,009)	(18,608)
Total nonoperating revenue/expenses	(23,282)	(11,872)	(16,570)	20,729	(18,448)	(1,149)	(17,145)	(20,223)	(15,160)	(15,862)
Increase in net position, before capital contributions	79,050	102,394	57,789	104,822	67,289	70,953	46,399	35,450	34,954	21,794
Total contributions	24,940	15,677	10,567	20,467	20,049	14,362	11,585	9,065	13,665	25,991
Change in net position	103,990	118,071	68,356	125,289	87,338	85,315	57,983	44,515	48,619	47,785
Total net position - beginning of year	1,456,154	1,342,690	1,269,711	1,144,422	1,057,084	971,770	920,624	876,109	827,490	779,705
Restataments and adjustments	-	(4,608)	16	-	-	-	(6,838)	-	-	-
Net Position-Beginning, as restated	1,456,154	1,338,083	1,269,711	1,144,422	1,057,084	971,770	920,624	876,109	827,490	779,705
Total net position - ending	$ 1,560,144	$ 1,456,154	$ 1,338,083	$ 1,269,711	$ 1,144,422	$ 1,057,084	$ 971,770	$ 920,624	$ 876,109	$ 827,490

* Fiscal year March 1 thru last day of February of year shown

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[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

A-5 - NET POSITION

2016 thru 2025*
(accrual basis of accounting)

	2025	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017	2016
NET POSITION										
Restricted:										
Restricted for debt service	$ 15,046,586	$ 11,727,284	$ 11,338,768	$ 12,694,968	$ 11,766,462	$ 10,918,392	$ 10,058,099	$ 6,939,297	$ 8,165,763	$ 7,493,521
Restricted for construction and improvements	17,717,148	9,175,483	13,945,390	9,439,868	13,004,771	14,783,970	12,514,167	10,969,920	10,517,396	482,711
Total Restricted	32,763,734	20,902,767	25,284,158	22,134,836	24,771,233	25,702,362	22,572,266	17,909,217	18,683,159	7,976,232
Net investment in capital assets	155,727,536	144,652,297	130,846,632	113,030,797	101,514,366	90,459,004	82,888,753	76,369,996	64,915,497	66,311,237
Unrestricted	(1,398,989)	4,627,116	(1,709,554)	5,766,636	1,934,149	1,645,952	1,366,121	1,682,409	962,474	1,092,904
Total Net Position	$ 187,092,281	$ 170,182,180	$ 154,421,236	$ 140,932,269	$ 128,219,748	$ 117,807,318	$ 106,827,140	$ 95,961,622	$ 84,561,130	$ 75,380,373

Note:
Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted, and unrestricted. Net position is considered restricted when constraints placed on net position use are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

* Fiscal year March 1 thru last day of February of year shown

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

A-6 - STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

2016 thru 2025*
(accrual basis of accounting)

	2025	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017	2016
Drainage operating revenues:										
Residential	$ 15,599,117	$ 13,704,282	$ 11,763,625	$ 10,652,484	$ 9,913,888	$ 9,760,506	$ 9,661,849	$ 9,305,692	$ 7,865,371	$ 6,976,350
Non residential	22,545,440	19,812,909	17,052,098	15,251,128	14,151,183	13,952,988	13,638,666	13,113,510	11,083,902	9,812,150
Billing fees - City Solid Waste Management	640,044	382,217	382,616	324,132	281,193	277,952	274,877	271,905	268,793	266,405
OPEB Recovery Credit	40,109	51,975	30,310	-	-	-	-	-	-	-
Other operating revenue	312,800	50,445	110,014	275,276	207,393	434,387	383,284	393,198	392,592	463,584
Total operating revenue	39,137,510	34,001,828	29,338,663	26,503,020	24,553,657	24,425,833	23,958,676	23,084,305	19,610,658	17,518,489
Drainage operating expenses:										
Operations and maintenance	9,787,731	7,086,381	6,680,386	5,088,785	5,268,842	5,800,152	4,670,438	4,828,146	5,000,988	4,432,140
Indirect cost allocation	2,038,000	2,385,000	1,756,000	1,678,000	1,498,000	1,534,000	1,440,000	903,000	915,000	1,300,000
Other operating expenses	-	-	-	-	-	-	-	-	-	278,451
Other Post-Employment benefits expense	-	-	-	6,243	68,139	111,622	129,720	71,663	70,779	75,884
Pension expense	199,045	294,691	8,524	-	263,068	479,932	286,850	285,217	471,141	293,552
Depreciation	4,811,011	4,384,823	4,018,831	3,703,686	3,516,614	3,464,030	3,251,555	2,899,125	2,336,309	1,694,639
Total operating expenses	16,835,787	14,150,895	12,463,741	10,476,714	10,614,663	11,389,736	9,778,563	8,987,151	8,794,217	8,074,666
Operating income	22,301,723	19,850,933	16,874,922	16,026,306	13,938,994	13,036,097	14,180,113	14,097,154	10,816,441	9,443,823
Nonoperating revenues (expenses)										
Interest earnings and net change in fair value of investment	2,292,177	1,766,963	942,080	13,410	160,075	841,476	942,499	493,700	262,976	132,253
IRS tax credit for Build America Bonds	-	-	-	-	-	-	-	516,337	730,547	766,696
Gain on sale of land	-	92,237	287,000	402,026	-	1,066,633	-	-	-	15,359
Gain on sale of miscellaneous assets	-	-	-	-	-	7,785	-	58,712	-	17,136
Other nonoperating revenue	57,114	60,628	88,051	78,891	-	-	-	-	-	-
Other nonoperating expense	(615,177)	(465,659)	(469,967)	(348,193)	(57,722)	(110,183)	(249,613)	(487,336)	(264,852)	-
Interest on long term debt	(7,125,736)	(5,544,158)	(4,233,119)	(3,459,919)	(3,628,917)	(3,861,630)	(3,157,059)	(3,476,075)	(2,364,355)	(2,701,665)
Total nonoperating expenses	(5,391,622)	(4,089,989)	(3,385,955)	(3,313,785)	(3,526,564)	(2,055,919)	(2,464,173)	(2,894,662)	(1,635,684)	(1,770,221)
Increase in net position, before capital contributions	16,910,101	15,760,944	13,488,967	12,712,521	10,412,430	10,980,178	11,715,940	11,202,492	9,180,757	7,673,602
Total Contributions	-	-	-	-	-	-	-	198,000	-	-
Change in net position	16,910,101	15,760,944	13,488,967	12,712,521	10,412,430	10,980,178	11,715,940	11,400,492	9,180,757	7,673,602
Total net position - beginning as previously reported	170,182,180	154,533,225	140,932,269	128,219,748	117,807,318	106,827,140	95,961,622	84,561,130	75,380,373	67,706,771
Restatements and adjustments	-	(111,989)	-	-	-	-	(850,422)	-	-	-
Net Position-Beginning, as restated	170,182,180	154,421,236	140,932,269	128,219,748	117,807,318	106,827,140	95,961,622	84,561,130	75,380,373	67,706,771
Total net position - ending	$ 187,092,281	$ 170,182,180	$ 154,421,236	$ 140,932,269	$ 128,219,748	$ 117,807,318	$ 106,827,140	$ 95,961,622	$ 84,561,130	$ 75,380,373

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

A-7 - SELECTED FINANCIAL RATIOS

2016 thru 2025*

	2025	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017	2016
FINANCIAL RATIOS*										
Current Ratio (Current Assets/Current Liabilities)	2.96	3.56	4.09	2.11	2.41	1.78	2.34	3.44	3.21	2.95
Acid Test Ratio (Cash & Cash Equivalents/ Current Liabilities)	1.79	1.94	1.15	1.32	1.04	0.96	1.68	2.60	2.41	1.76
Operating Ratio ((O&M-Depreciation)/Total Operating Revenue)	0.53	0.50	0.53	0.48	0.47	0.48	0.50	0.51	0.51	0.53
Net Take-Down Ratio ((Total Operating Income+Depreciation)/Gross Revenue)	0.44	0.46	0.44	0.47	0.52	0.48	0.49	0.48	0.48	0.47
Total Liabilities/Total Assets	0.55	0.55	0.53	0.42	0.46	0.48	0.50	0.51	0.50	0.47
Debt to Equity Ratio ((Bonds Payable+Commercial Paper Notes+ Extendable Commercial Paper Notes)/Equity)	1.03	0.99	0.94	0.63	0.67	0.70	0.78	0.83	0.79	0.69
Debt Ratio ((Bonds Payable+Commercial Paper Notes+Extendable Commercial Paper Notes)/Total Assets)	0.45	0.44	0.43	0.34	0.36	0.37	0.39	0.41	0.40	0.37
Debt Service Safety Margin ((Net Operating Income-Debt Service)/(Total Operating Revenue+Interest Earnings))	0.20	0.25	0.24	0.31	0.30	0.26	0.26	0.23	0.26	0.25
Current Restricted Assets/Current Restricted Liabilities	2.84	3.65	4.44	1.72	2.18	1.68	2.34	4.00	3.60	3.18

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

A-8 - SELECTED FINANCIAL RATIOS

2016 thru 2025*

	2025	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017	2016
FINANCIAL RATIOS										
Current Ratio (Current Assets/Current Liabilities)	3.17	2.89	2.62	2.39	3.87	3.93	3.46	5.55	6.13	3.46
Acid Test Ratio (Cash & Cash Equivalents/ Current Liabilities)	2.74	2.44	2.18	1.50	2.51	3.37	2.87	5.08	5.22	2.28
Operating Ratio ((O&M-Depreciation)/Total Operating Revenue)	0.31	0.29	0.29	0.26	0.29	0.32	0.27	0.26	0.34	0.36
Net Take-Down Ratio ((Total Operating Income+Depreciation)/Gross Revenue)	0.65	0.68	0.68	0.73	0.71	0.63	0.70	0.70	0.63	0.60
Total Liabilities/Total Assets	0.58	0.59	0.54	0.51	0.50	0.53	0.55	0.57	0.57	0.57
Debt to Equity Ratio ((Bonds Payable+Revolving Notes+Extendable Commercial Paper Notes)/Equity)	1.12	0.84	0.92	0.81	0.82	0.90	0.96	1.07	1.14	1.07
Debt Ratio ((Bonds Payable+Revolving Notes+Extendable Commercial Paper Notes)/Total Assets)	0.47	0.48	0.42	0.39	0.41	0.42	0.44	0.46	0.49	0.47
Debt Service Safety Margin ((Net Operating Income-Debt Service)/(Total Operating Revenue+Interest Earnings))	0.29	0.35	0.33	0.36	0.32	0.28	0.43	0.33	0.26	0.28
Current Restricted Assets/Current Restricted Liabilities	3.15	2.55	2.27	2.18	3.42	3.45	3.20	5.35	5.93	3.28

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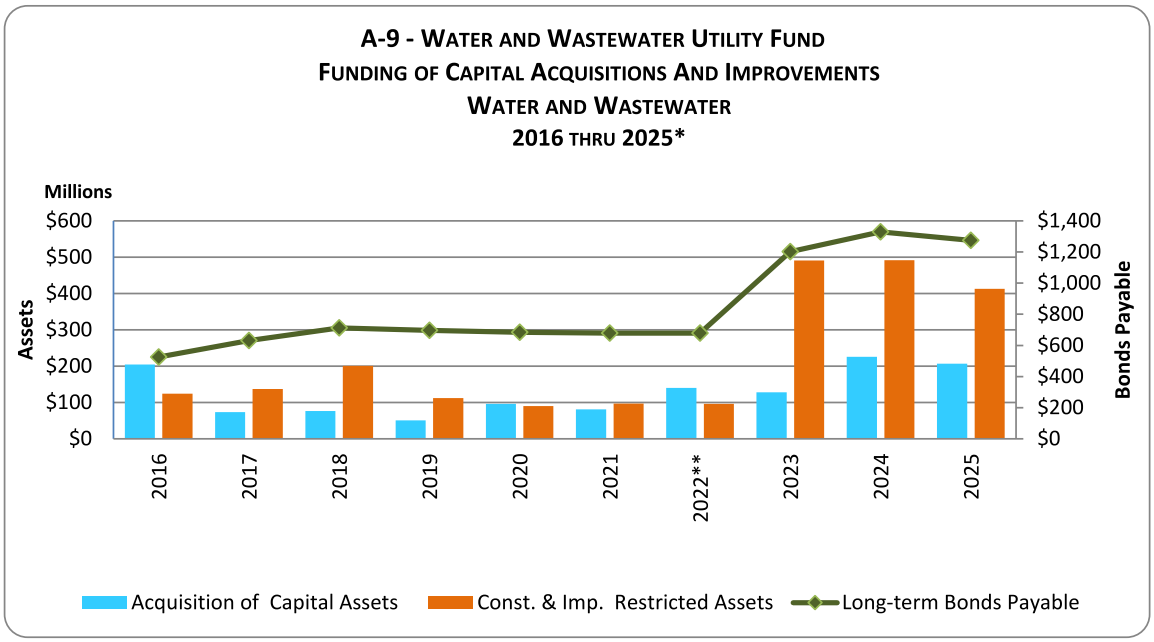

* Fiscal year March 1 thru last day of February of year shown

Funding of Capital Acquisitions and Improvements Data 2016 thru 2025* (amounts expressed in millions)			
Year	Acquisition of Capital Assets	Const. & Imp. Restricted Assets	Long-term Bonds Payable
2016	204.5	123.9	525.2
2017	73.6	137.1	631.3
2018	76.3	200.9	712.3
2019	50.7	111.8	696.7
2020	96.6	90.1	683.8
2021	81.0	96.7	679.6
2022[1]	139.8	96.3	678.2
2023[2,3]	127.9	491.3	1,203.0
2024[3]	225.8	491.7	1,329.3
2025	206.5	413.2	1,274.0

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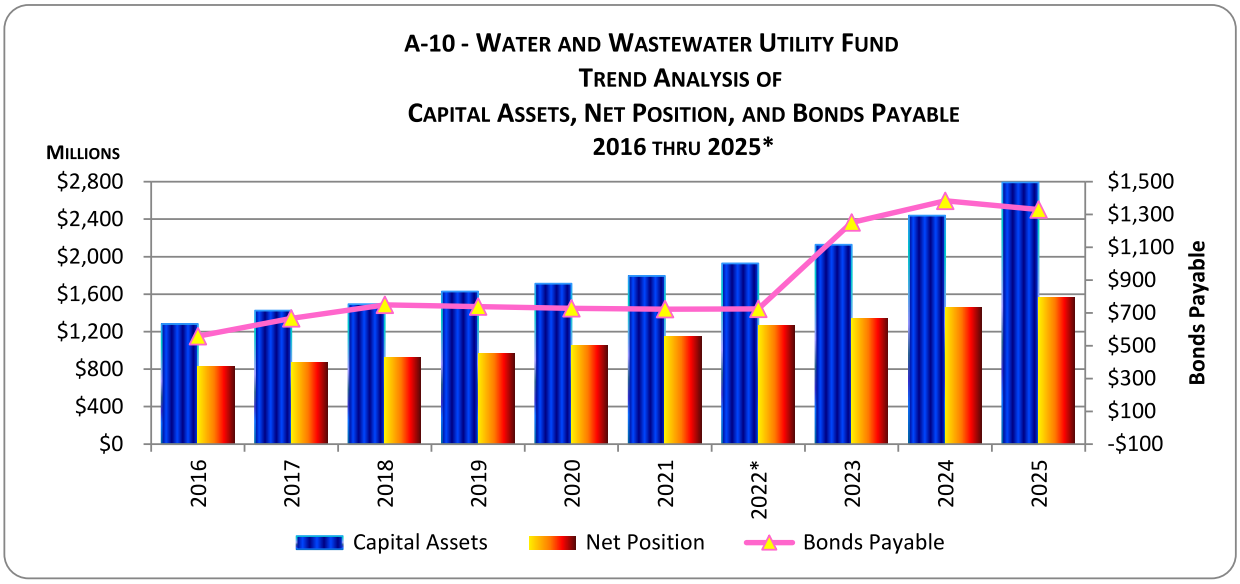

Trend Analysis of Capital Assets, Net Position and bonds Payable Data 2016 thru 2025* (amount expressed in millions)			
Year	Capital Assets	Net Position	Bonds Payable
2016	1,281.9	827.5	558.1
2017	1,424.8	876.1	665.7
2018	1,493.3	920.6	749.7
2019	1,628.3	971.8	739.0
2020	1,712.0	1,057.1	727.3
2022[1]	1,928.1	1,269.7	724.6
2023[2,3]	2,127.4	1,338.1	1,251.6
2024[3]	2,438.0	1,456.2	1,383.6
2025	2,793.2	1,560.1	1,329.3

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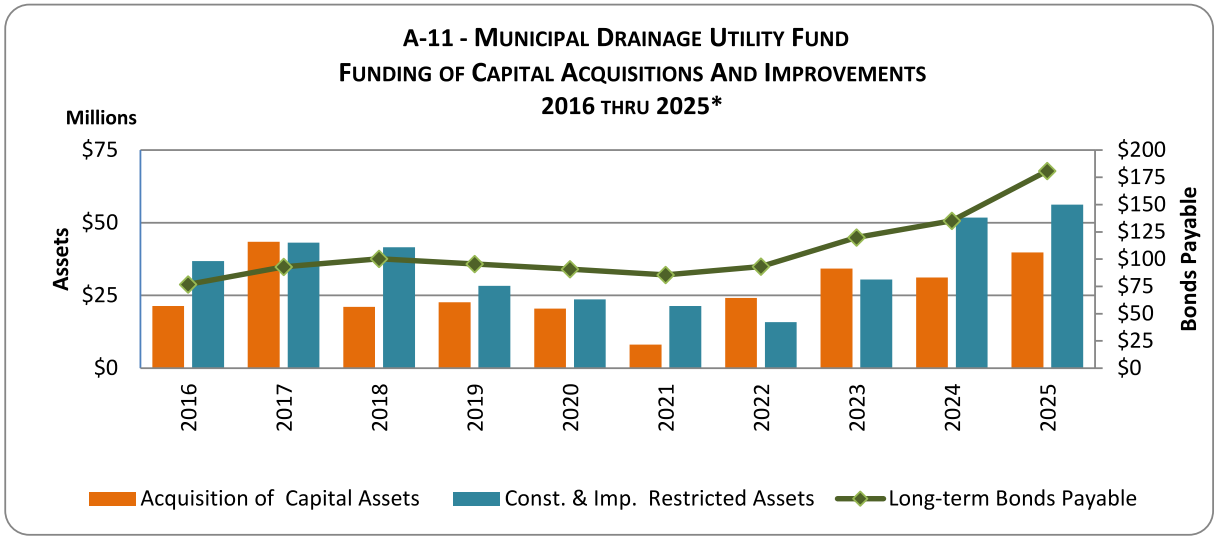
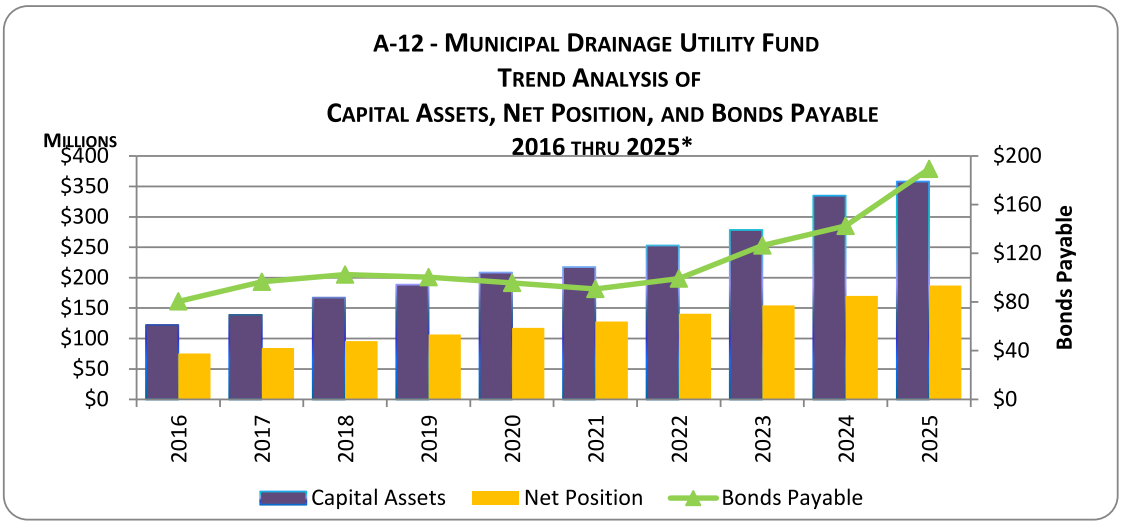


* Fiscal year March 1 thru last day of February of year shown

Funding of Capital Acquisitions and Improvements Data 2016 thru 2025* (amounts expressed in millions)			
Year	Acquisition of Capital Assets	Const. & Imp. Restricted Assets	Long-term Bonds Payable
2015	8.8	40.1	58.2
2016	21.4	36.8	76.8
2017	43.5	43.2	92.9
2018	21.1	41.5	100.3
2019	22.7	28.3	95.6
2020	20.5	23.6	90.7
2021	8.1	21.4	85.5
2022	24.1	15.8	93.1
2023[1]	34.2	30.5	119.8
2024	31.2	51.8	135.2
2025	39.8	56.3	180.9

*Fiscal year March 1 thru last day of February of year shown



Trend Analysis of Capital Assets, Net Position and Bonds Payable Data 2016 thru 2025* (amounts expressed in millions)			
Year	Capital Assets	Net Position	Bonds Payable
2016	122.5	75.4	80.5
2017	138.7	84.6	96.6
2018	167.3	96.0	102.5
2019	188.5	106.8	100.3
2020	208.4	117.8	95.6
2021	217.4	128.2	90.7
2022[1]	252.8	140.9	99.2
2023[2,3]	278.6	154.4	126.4
2024[3]	334.8	170.2	142.6
2025	358.1	187.1	189.4

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B - REVENUE CAPACITY INFORMATION

These schedules contain information to help the reader assess the Water and Wastewater Utility Fund's primary revenue sources and the Municipal Drainage Utility Fund's revenue information.

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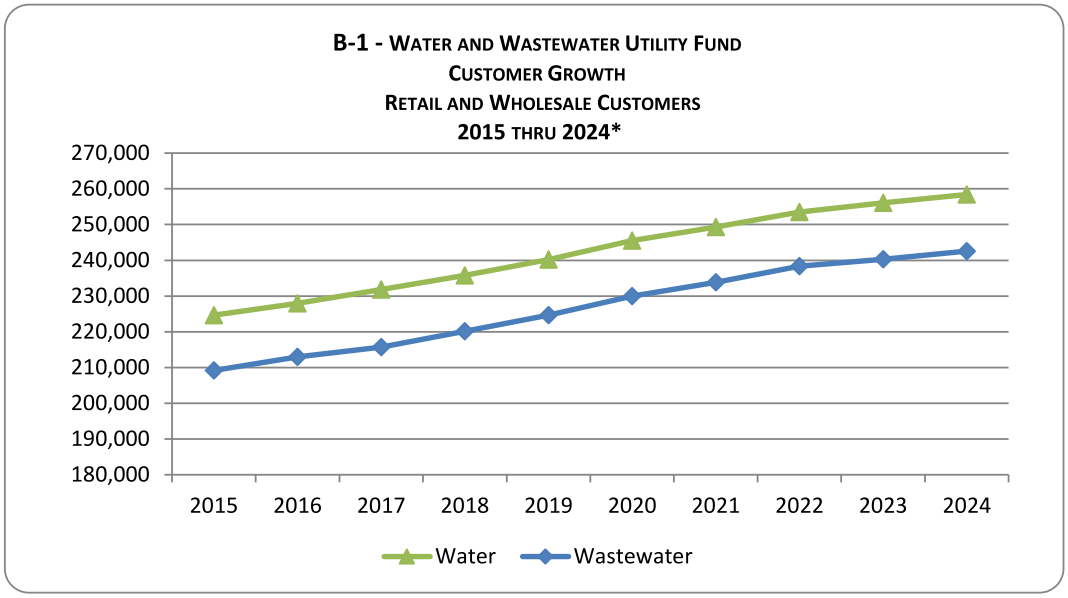
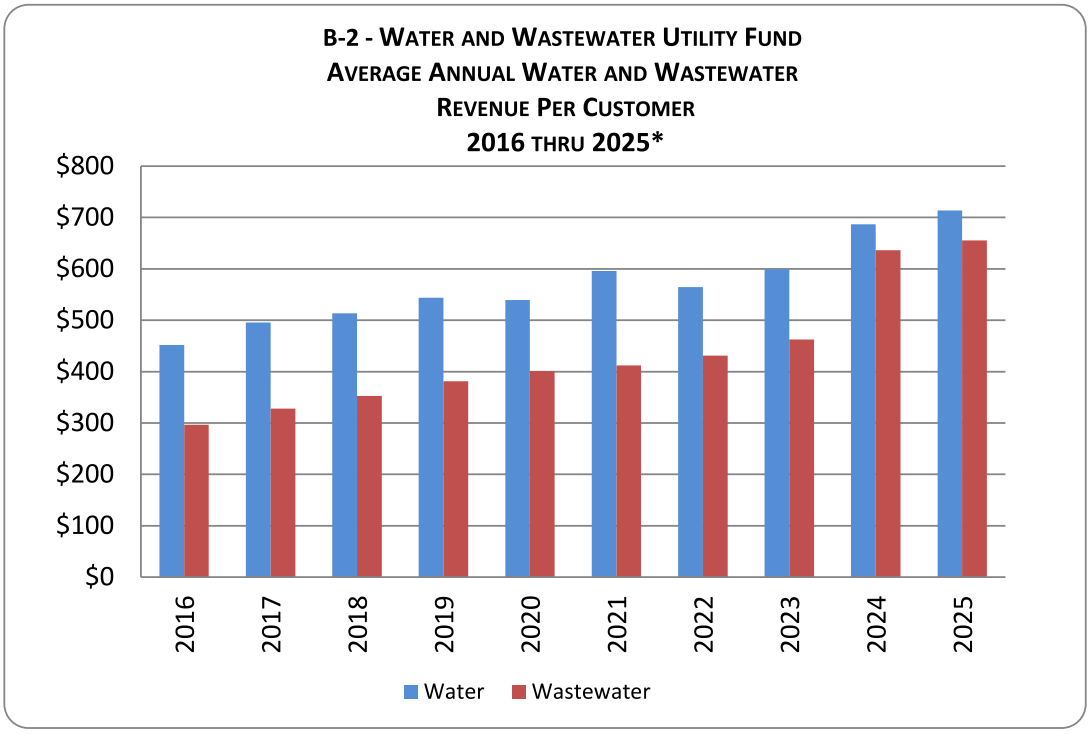
WATER



* Calendar Year
Source: Selected Operating Statistical Data page E-3

Water and Wastewater Customer Growth Data Retail and Wholesale Customers 2015 thru 2024*		
Year	**Water**	**Wastewater**
2015	224,656	209,178
2016	227,933	212,990
2017	231,846	215,673
2018	235,768	220,126
2019	240,168	224,633
2020	245,530	229,973
2021	249,281	233,847
2022	253,535	238,364
2023	256,061	240,317
2024	258,417	242,579

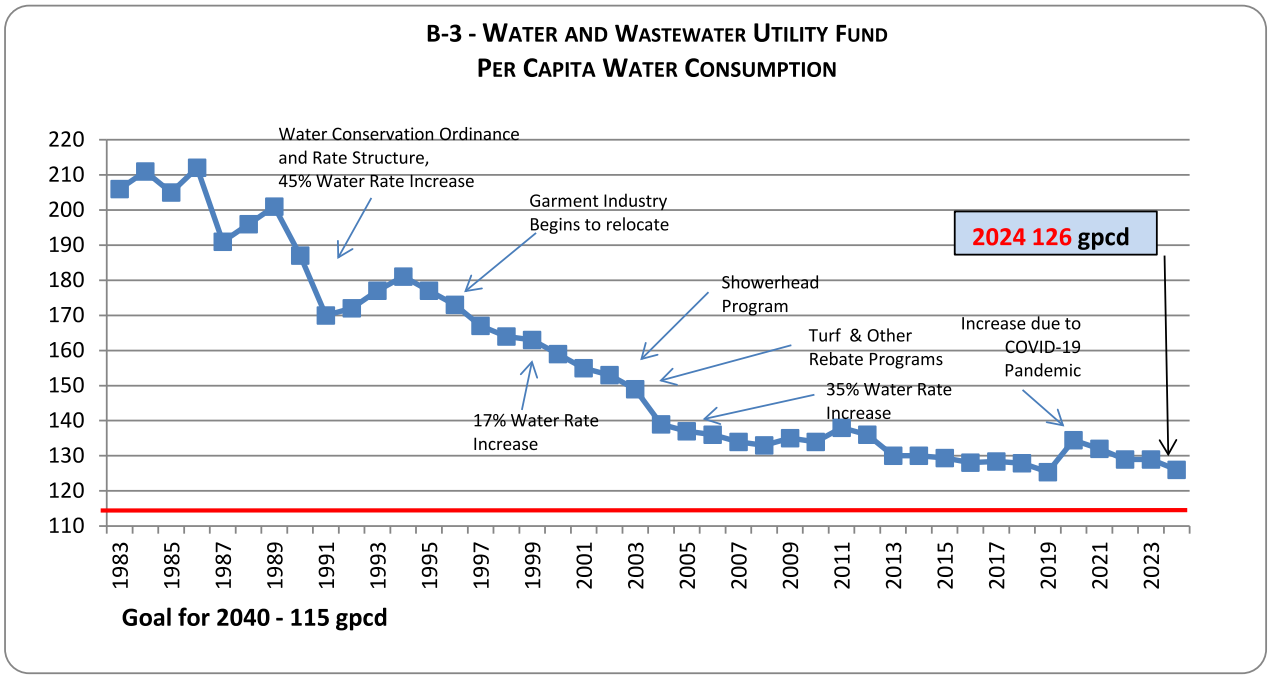
*Calendar Year



* Fiscal year March 1 thru last day of February of year shown
Note: retail & wholesale customers are included

Average Annual Water & Wastewater Revenue per Customer Data 2016 thru 2025*		
Year	**Water**	**Wastewater**
2016	451.66	296.72
2017	495.41	327.76
2018	513.80	352.66
2019	543.77	381.34
2020	539.28	400.75
2021	596.24	412.26
2022	564.69	431.01
2023	599.39	462.59
2024	686.74	636.30
2025	713.78	655.45

* Fiscal year March 1 thru last day of February of year shown



Calendar Year

Per Capita Consumption Data					
Year	gpcd*	Year	gpcd	Year	gpcd
1982	216	1996	173	2010	134
1983	206	1997	167	2011	138
1984	211	1998	164	2012	136
1985	205	1999	163	2013	130
1986	212	2000	159	2014	130
1987	191	2001	155	2015	129
1988	196	2002	153	2016	128
1989	201	2003	149	2017	128
1990	187	2004	139	2018	128
1991	170	2005	137	2019	125
1992	172	2006	136	2020	135
1993	177	2007	134	2021	132
1994	181	2008	133	2022	129
1995	177	2009	135	2023	129
				2024	126

Calendar Year

* gpcd=gallons per capita daily

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

B-4 - WATER BILLED BY TYPE OF CUSTOMER

2016 thru 2025*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
WATER CUSTOMERS BY TYPE AT END OF FISCAL YEAR										
Residential	203,359	200,345	199,320	197,760	195,625	192,359	189,490	187,040	184,741	182,766
Schools	664	651	655	664	679	651	646	651	646	662
Churches	423	419	418	422	430	430	433	454	448	452
Industrial	105	93	83	83	80	82	131	146	147	148
Commercial	18,697	18,339	15,872	15,402	15,195	14,974	14,768	14,430	14,111	13,960
Government	1,885	1,901	1,881	1,895	1,887	1,871	1,809	1,805	1,798	1,741
Very Large Water Users	11	10	9	9	9	9	8	13	13	13
Wholesale Customers***	35,150	34,209	32,836	31,144	29,581	27,687	26,289	25,088	23,975	23,007
Other*****	180	228	2,472	2,907	2,769	2,770	2,668	2,517	2,408	2,311
Total Water Customers	260,474	256,195	253,546	250,286	246,255	240,833	236,242	232,144	228,287	225,060
WATER BILLED BY TYPE OF CUSTOMER (1000 ccfs)										
Residential	22,215	22,137	21,961	22,863	24,769	22,962	23,400	23,864	24,406	24,125
Schools	1,438	1,390	1,377	1,442	1,370	1,674	1,670	1,702	1,681	1,630
Churches	129	124	129	124	126	146	141	149	155	143
Industrial	783	380	602	1,726	1,453	1,678	1,585	1,362	1,131	1,199
Commercial	11,499	10,051	7,593	10,178	9,928	9,920	9,775	9,499	9,464	9,457
Government	3,230	2,950	2,923	3,609	3,879	3,818	3,661	3,177	3,188	2,907
Very Large Water Users	1,368	1,423	1,021	785	973	1,012	1,331	1,475	1,193	1,570
Wholesale Customers	5,658	5,425	5,140	3,900	5,471	4,731	4,642	4,478	4,343	4,228
Other*****	339	318	332	309	271	218	242	309	251	220
Total Water Billed in CCFs	46,659	44,199	41,077	44,935	48,240	46,159	46,447	46,014	45,812	45,479
WATER REVENUE **	$225,329	$214,728	$187,471	$173,625	$178,905	$160,007	$157,351	$145,915	$137,996	$123,015
WASTEWATER RETAIL CUSTOMERS	212,622	211,782	210,925	208,718	206,541	202,919	199,788	196,560	194,376	192,194
WASTEWATER WHOLESALE CUSTOMERS***	29,343	28,531	27,412	25,767	24,120	22,219	20,742	19,429	18,443	17,081
TREATED WASTEWATER BILLED (MG)****	20,041	20,242	20,963	20,159	20,737	20,800	20,731	21,457	21,285	21,235
WASTEWATER REVENUE **	$158,998	$152,914	$110,264	$100,790	$94,808	$90,022	$83,943	$76,002	$69,632	$62,068

* Fiscal year March 1 thru last day of February of year shown
** Water and Wastewater Revenue expressed in thousands
*** Includes total number of EPWater's wholesale customers and their retail customers
**** Wastewater treated by calendar year
*****Some customers were reclassified as part of a new billing system implemented March 1, 2023

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

Fiscal Year 2025*

B-5 - TEN LARGEST WATER CUSTOMERS

Rank	Name of Customer	Type of Industry	Water Usage** (1000's)	% of Total Water Usage	Water Revenue	% of Total Water Revenue
1	El Paso Electric Co.	Utility	6,932,561	20.1%	$24,854,860	11.0%
2	Lower Valley Water District Authority	Wholesale Customer	2,383,529	6.9%	6,880,576	3.1%
3	El Paso City	City Government	1,616,846	4.7%	10,287,432	4.6%
4	Paseo del Este MUD	Wholesale Customer	1,112,341	3.2%	6,447,720	2.9%
5	Federal Government	U.S. Government	558,985	1.6%	1,603,489	0.7%
6	El Paso County (Retail)	County Government	492,355	1.4%	2,970,167	1.3%
7	Western Refining	Industrial	423,596	1.2%	3,734,933	1.7%
8	HACEP	Housing Authority	403,626	1.2%	2,338,845	1.0%
9	El Paso Independent School District	Public Schools	345,498	1.0%	3,313,815	1.5%
10	Ysleta Independent School District	Public Schools	269,541	0.8%	2,725,254	1.2%
			14,538,878	42.1%	$65,157,090	28.9%

* Fiscal year March 1 thru last day of February of year shown

** Based on gallons consumed

Note: The above list of the top ten largest water customers was not the same for the previous nine years, therefore, a ten year comparison for these customers is not presented.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

Fiscal Year 2025*

B-6 - TEN LARGEST WASTEWATER CUSTOMERS

Rank	Name of Customer	Type of Industry	Wastewater Revenue	% of Total Wastewater Revenue
1	Lower Valley Water District Authority	Wholesale Customer	$4,937,159	3.1%
2	Western Refining	Industrial	4,620,531	2.9%
3	Federal Government	U.S. Government	4,073,692	2.6%
4	Paseo del Este MUD	Wholesale Customer	3,266,709	2.1%
5	HACEP	Housing Authority	2,237,457	1.4%
6	El Paso, County (Retail)	County Government	1,323,742	0.8%
7	El Paso Independent School District	Public Schools	1,161,755	0.7%
8	El Paso, City	City Government	1,088,593	0.7%
9	EPT	Property Management	1,040,884	0.7%
10	Ysleta Independent School District	Public Schools	811,630	0.5%
			$24,562,152	15.4%

* Fiscal year March 1 thru last day of February of year shown

Note: The above list of the top ten largest wastewater customers was not the same for the previous nine years, therefore, a ten year comparison for these customers is not presented.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

B-7 - Water and Wastewater Utility Fund water rates
2016 thru 2025*

Monthly Minimum Charge by Meter Size (inches)	WATER RATES									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
¾	$9.86	$9.48	$8.70	$7.98	$7.82	$7.45	$7.16	$6.63	$6.20	$5.59
1	15.37	14.78	13.56	12.44	12.20	11.62	11.17	10.34	9.66	8.70
1½	26.36	25.35	23.26	21.34	20.92	19.92	19.15	17.73	16.57	14.93
2	31.72	30.50	27.98	25.67	25.17	23.97	23.05	21.34	19.94	17.96
3	63.34	60.90	55.87	51.26	50.25	47.86	46.02	42.61	39.82	35.87
4	94.55	90.91	83.40	76.51	75.01	71.44	68.69	63.60	59.44	53.55
6	143.33	137.82	126.44	116.00	113.73	108.31	104.14	96.43	90.12	81.19
8	245.52	236.08	216.59	198.71	194.81	185.53	178.39	165.18	154.37	139.07
10	472.12	453.96	416.48	382.09	374.60	356.76	343.04	317.63	296.85	
Volume Charges										
Residential Customers										
Block 1 - Over 4ccfs - 150% of AWC			$2.62	$2.40	$2.35	$2.24	$2.15	$1.99	$1.86	$1.68
Block 1 - Over 5ccfs - 150% of AWC	$3.19	$3.07								
Block 2 - 150% - 250% of AWC	7.54	7.25	6.20	5.69	5.58	5.31	5.11	4.73	4.42	3.98
Block 3 - over 250% of AWC	10.78	10.37	8.86	8.13	7.97	7.59	7.30	6.76	6.32	5.69
	4.0%	9.0%	9.0%	2.0%	5.0%	4.0%	8.0%	7.0%	11.0%	8.0%
Non-Residential Customers										
Block 1 - 150% of AWC	$3.19	$3.07	$2.62	$2.40	$2.35	$2.24	$2.15	$1.99	$1.86	$1.68
Block 2 - 150% - 250% of AWC	7.54	7.25	6.20	5.69	5.58	5.31	5.11	4.73	4.42	3.98
Block 3 - over 250% of AWC	10.78	10.37	8.86	8.13	7.97	7.59	7.30	6.76	6.32	5.69
	4.0%	17.0%	9.0%	2.0%	5.0%	4.0%	8.0%	7.0%	11.0%	8.0%
Water Supply Replacement Charge										
Meter Size (inches)										
¾ **	$14.60	$14.04	$12.88	$11.82	$11.59	$11.04	$10.62	$9.83	$8.81	$7.94
1	36.55	35.14	32.24	29.58	29.00	27.62	26.56	24.59	19.15	17.25
1½	73.08	70.27	64.47	59.15	57.99	55.23	53.11	49.18	38.30	34.50
2	116.94	112.44	103.16	94.64	92.78	88.36	84.96	78.67	61.27	55.20
3	233.77	224.78	206.22	189.19	185.48	176.65	169.86	157.28	122.49	110.35
4	365.31	351.26	322.26	295.65	289.85	276.05	265.43	245.77	191.41	172.44
6	730.63	702.53	644.52	591.30	579.71	552.10	530.87	491.55	382.83	344.89
8	1,358.93	1,306.66	1,198.77	1,099.79	1,078.23	1,026.89	987.39	914.25	712.03	641.47
10	2,587.08	2,487.58	2,282.18	2,093.74	2,052.69	1,954.94	1,879.75	1,740.51	1,355.54	
Rate Increase	4.0%	9.0%	9.0%	2.0%	5.0%	4.0%	8.0%	7.0%	11.0%	8.0%

* Fiscal year March 1 thru last day of February of year shown

**If the monthly water consumption is less than 4 Ccfs, the monthly Water Supply Replacement Charge will be waived

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

B-8 - Water and Wastewater Utility Fund wastewater rates
2016 thru 2025*

Monthly Minimum Charge by	WASTEWATER RATES									
Meter Size (inches)	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Less than 1	$28.82	$27.71	$19.79	$17.51	$17.17	$16.35	$15.14	$14.02	$13.10	$11.80
1	66.29	63.74	45.53	40.29	39.50	37.62	34.83	32.25	30.14	27.15
1½	141.08	135.65	96.89	85.74	84.06	80.06	74.13	68.64	64.15	57.79
2	177.52	170.69	121.92	107.89	105.77	100.73	93.27	86.36	80.71	72.71
3	392.36	377.27	269.48	238.48	233.80	222.67	206.18	190.91	178.42	160.74
4	604.32	581.08	415.06	367.31	360.11	342.96	317.56	294.04	274.80	247.57
6	936.02	900.02	642.87	568.91	557.75	531.19	491.84	455.41	425.62	383.44
8	1,631.02	1,568.29	1,120.21	991.34	971.90	925.62	857.06	793.57	741.65	668.15
10	3,148.70	3,027.60	2,162.57	1,913.78	1,876.25	1,786.90	1,654.54	1,531.98	1,431.76	
	4.0%	40.0%	13.0%	2.0%	5.0%	8.0%	8.0%	7.0%	11.0%	8.0%
Volume Charges										
Residential Customers										
Over 4 ccfs - 90% of AWC**			$2.49	$2.20	$2.16	$2.06	$1.91	$1.77	$1.65	$1.49
Over 5 ccfs - 90% of AWC**	$3.93	$3.78								
Non-Residential Customers										
90% of Average Winter Consumption	$3.93	$3.78	$2.49	$2.20	$2.16	$2.06	$1.91	$1.77	$1.65	$1.49
Rate Increase	4.0%	52.0%	13.0%	2.0%	5.0%	8.0%	8.0%	7.0%	11.0%	8.0%

* Fiscal year March 1 thru last day of February of year shown
**Average Winter Consumption

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

B-9 - MUNICIPAL DRAINAGE CUSTOMERS AND REVENUE BY TYPE

2016 thru 2025*

	2025	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017	2016
CUSTOMERS BY TYPE AT END OF FISCAL YEAR										
Residential	192,023	191,215	191,318	188,885	187,697	184,759	182,506	180,185	178,415	176,757
Apartments	2,208	2,202	2,211	2,205	2,205	2,197	2,156	2,061	2,056	2,035
Churches	417	414	414	421	428	429	431	431	436	440
Industrial	77	74	72	77	75	75	124	140	142	146
Commercial	10,662	10,626	10,703	10,809	10,669	10,575	10,498	10,677	10,604	10,586
Government	282	278	272	369	368	360	359	350	352	359
Other	475	410	334	424	418	408	384	384	386	395
Total Municipal Drainage Customers	206,144	205,219	205,324	203,190	201,860	198,803	196,458	194,228	192,391	190,718
REVENUE BY TYPE OF CUSTOMER										
Residential	$15,599,117	$13,704,282	$11,763,625	$10,652,484	$9,913,888	$9,760,506	$9,661,849	$9,305,692	$7,865,371	$6,976,350
Non residential	22,545,440	19,812,909	17,052,098	15,251,128	14,151,183	13,952,988	13,638,666	13,113,510	11,083,902	9,812,150
Billing Fees - City Solid Waste Management	640,044	382,217	382,616	324,132	281,193	277,952	274,877	271,905	268,793	266,405
Pension Recover Credit	-	-	-	168,988	-	-	-	-	-	-
OPEB Recovery Credit	40,109	51,975	30,310	-	-	-	-	-	-	-
Other Operating Revenue	312,800	50,445	110,014	106,288	207,393	434,387	383,284	393,198	392,592	463,584
Total Municipal Drainage Revenue	$39,137,510	$34,001,828	$29,338,663	$26,503,020	$24,553,657	$24,425,833	$23,958,676	$23,084,305	$19,610,658	$17,518,489

* Fiscal year March 1 thru last day of February of year shown

[1]Fiscal year was restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year was restated as a result of the adoption of GASB 96, SBITAs

[3]Fiscal year was restated as a result of the adoption of GASB 101, *Compensated Absences*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

B-10 - Ten Largest Municipal Drainage Customers
Fiscal Year 2025*

Rank	Name of Customer	Type of Industry	Revenue	% of Total Stormwater Revenue
1	El Paso, City	City Government	$651,411	1.9%
2	Walmart Sam's	Retail Sales	337,190	1.0%
3	Southern Pacific	Railroad Line	257,320	0.8%
4	Marshalls	Retail/Distribution	177,254	0.5%
5	EPT	Property Management	168,452	0.5%
6	ICON	Manufacturing	151,932	0.4%
7	GCC Sun City Materials	Manufacturing	141,670	0.4%
8	Mimco	Property Management	139,832	0.4%
9	B9 Joe Rodriguez Driver Owner LP	Commercial/Industrial	139,542	0.4%
10	Western Refining	Industrial	115,413	0.3%
			$2,280,016	6.7%

* Fiscal year March 1 thru last day of February of year shown

Note[1]: The above list of the top ten largest drainage customers based on billed amounts.

Note[2]: The above list of the top ten largest drainage customers was not the same for the previous nine years, therefore, a ten year comparison for these customers is not presented

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

B-11 - MUNICIPAL DRAINAGE UTILITY FEES
2016 thru 2025*

	Impervious area	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Residential Category											
Small	0-1,200	$3.20	$2.83	$2.46	$2.26	$2.13	$2.13	$2.13	$2.09	$1.79	$1.61
Typical	1,201-3,000	6.40	5.66	4.92	4.51	4.25	4.25	4.25	4.17	3.56	3.21
Large	> 3,000	12.77	11.30	9.83	9.02	8.51	8.51	8.51	8.34	7.13	6.42
Non-Residential Category	Per 2,000 sq. ft.	$6.51	$5.76	$5.01	$4.60	$4.34	$4.34	$4.34	$4.25	$3.63	$3.27
Fee Increase		13%	15%	9%	6%	0%	0%	2%	17%	11%	8%

* Fiscal year March 1 thru last day of February of year shown

el paso
WATER

C - DEBT CAPACITY INFORMATION

These schedules present information to help the reader assess the affordability of the Public Service Board - El Paso Water Utilities' current levels of outstanding debt and its ability to issue additional debt in the future for the Water and Wastewater Utility and the Municipal Drainage Utility funds.

el paso
WATER

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

C-1 - DEBT SERVICE COVERAGE
2016 thru 2025*
(amounts expressed in thousands, except debt service coverage)

Fiscal Year	Water & Wastewater Revenue	Less: Operating Revenue Deductions	Net Water and Wastewater Revenue	Other Revenues Available for Debt Service	Revenues Available for Debt Service	Debt Service		Debt Service Coverage
						Principal	Interest	
2025	$ 384,328	$ 181,947	$ 202,380	$ 28,435	$ 230,815	$ 54,305	$ 56,505	2.08
2024[3]	367,642	162,422	205,221	32,462	237,683	48,625	46,728	2.49
2023[2]	297,735	138,618	159,117	15,371	174,488	46,490	27,550	2.42
2022[1]	274,415	113,505	160,910	5,025	165,935	42,475	24,042	2.49
2021	273,713	112,420	161,293	5,949	167,241	43,560	26,658	2.38
2020	250,028	107,341	142,687	10,354	153,042	42,360	26,825	2.21
2019	241,294	107,173	134,121	8,221	142,342	37,370	26,627	2.22
2018	221,917	98,829	123,088	5,541	128,629	34,425	24,626	2.18
2017	207,627	91,627	116,000	1,986	117,986	32,935	20,950	2.17
2016	185,083	86,666	98,417	2,235	100,652	27,345	18,000	2.22

* Fiscal year March 1 thru last day of February of year shown

Note: Details regarding outstanding debt can be found in the notes to the financial statements. Operating revenue deductions do not include payment to city per bond covenants or depreciation and include pension and other post-employment benefit expenses. The bond ordinance requires debt service coverage of 1.5 times. See note 17 in the financial statements.

[1]Fiscal year 2022 has been restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year 2023 has been restated as a result of the adoption of GASB 96, *SBITAs*

[3]Fiscal year 2024 has been restated as a result of the adoption of GASB 101, *Compensated Absences*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

C-2 - TOTAL NET DEBT OUTSTANDING BY TYPE
2016 thru 2025*
(amounts expressed in thousands, except customers and debt per customer)

Fiscal Year	Revenue Bonds Payable & Unamortized Premiums	Extendable Commercial Paper Notes	Commercial Paper Notes	Total Outstanding Debt	Gross Revenue	Ratio of Total Debt to Gross Revenue	Water and Wastewater Customers**	Total Debt per Customer
2025	$ 1,442,311	$ 280,000	$ -	$ 1,722,311	$ 429,450	4.01	260,474	$ 6,612
2024[3]	1,503,477	-	60,000	1,563,477	416,312	3.76	256,195	6,103
2023[2]	1,358,658	-	10,000	1,368,658	327,584	4.18	253,546	5,398
2022[1]	780,341	-	80,000	860,341	292,860	2.94	250,286	3,437
2021	787,633	-	40,000	827,633	296,346	2.79	246,255	3,361
2020	800,095	-	15,000	815,095	273,975	2.98	240,833	3,384
2019	807,661	-	15,000	822,661	260,915	3.15	236,242	3,482
2018	819,077	-	10,000	829,077	244,562	3.39	232,144	3,571
2017	727,319	-	22,500	749,819	222,596	3.37	228,287	3,285
2016	610,389	-	10,000	620,389	198,439	3.13	225,060	2,757

* Fiscal year March 1 thru last day of February of year shown

** Includes retail and wholesale customers

[1]Fiscal year 2022 has been restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year 2023 has been restated as a result of the adoption of GASB 96, *SBITAs*

[3]Fiscal year 2024 has been restated as a result of the adoption of GABS 101,*Compensated Absences*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

C-3 - DEBT SERVICE COVERAGE
2016 thru 2025*
(amounts expressed in thousands, except debt service coverage)

Fiscal Year	Drainage Revenue	Less: Operating Revenue Deductions	Net Drainage Revenue	Other Revenues Available for Debt Service	Revenues Available for Debt Service	Debt Service		Debt Service Coverage**
						Principal	Interest	
2025	$ 38,145	$ 12,025	$ 26,120	$ 2,727	$ 28,847	$ 7,413	$ 6,940	2.01
2024[3]	33,517	9,766	23,751	1,847	25,598	6,633	5,026	2.20
2023[2]	28,816	8,445	20,371	1,083	21,454	6,073	4,449	2.05
2022[1]	25,904	6,773	19,131	344	19,474	5,208	4,214	2.07
2021	24,065	7,098	16,967	591	17,558	4,934	4,332	1.89
2020	23,713	7,926	15,788	1,451	17,239	4,689	4,533	1.87
2019	23,301	6,527	16,774	1,351	18,125	2,144	4,144	2.88
2018	22,419	6,088	16,331	1,247	17,578	3,704	5,089	2.00
2017	18,949	6,458	12,491	1,390	13,881	3,639	4,081	1.80
2016	16,789	6,102	10,687	1,368	12,055	2,644	3,324	2.02

* Fiscal year March 1 thru last day of February of year shown

**Details regarding outstanding debt can be found in the notes to the financial statements. Operating revenue deductions do not include depreciation, and include pension and other post-employment benefits expense. The bond ordinance requires debt service coverage of 1.25 times. See note 17 in the financial statements.

[1]Fiscal year 2022 has been restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year 2023 has been restated as a result of the adoption of GASB 96, *SBITAs*

[3]Fiscal year 2024 has been restated as a result of the adoption of GASB 101,*Compensated Absences*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

C-4 - TOTAL NET DEBT OUTSTANDING BY TYPE
2016 thru 2025*
(amounts expressed in thousands, except customers and debt per customer)

Fiscal Year	Revenue Bonds Payable & Unamortized Premiums	Extendable Commercial Paper Notes	Revolving Notes	Total Outstanding Debt	Gross Revenues	Ratio of Total Debt to Gross Revenue	Drainage Customers	Total Debt per Customer
2025	$ 209,329	$ 20,000	$ -	$ 229,329	$ 41,430	5.54	206,144	$ 1,112
2024[3]	157,423	60,000	-	217,423	35,769	6.08	205,219	1,059
2023[2]	139,763	-	15,000	154,763	30,281	5.11	205,324	754
2022[1]	111,881	-	15,000	126,881	26,516	4.78	203,190	624
2021	102,808	-	15,000	117,808	24,714	4.77	201,860	584
2020	108,500	-	10,000	118,500	25,267	4.69	198,803	596
2019	113,947	-	2,500	116,447	24,901	4.68	196,458	593
2018	116,850	-	-	116,850	23,578	4.96	194,228	602
2017	103,894	-	-	103,894	19,874	5.23	192,391	540
2016	84,118	-	-	84,118	17,651	4.77	190,718	441

* Fiscal year March 1 thru last day of February of year shown

[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year has been restated as a result of the adoption of GASB 96, *SBITAs*

[3]Fiscal Year has been restated as a result of the adoption of GASB 101, *Compensated Absences*

D - DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Public Service Board - El Paso Water Utilities' financial activities occur.

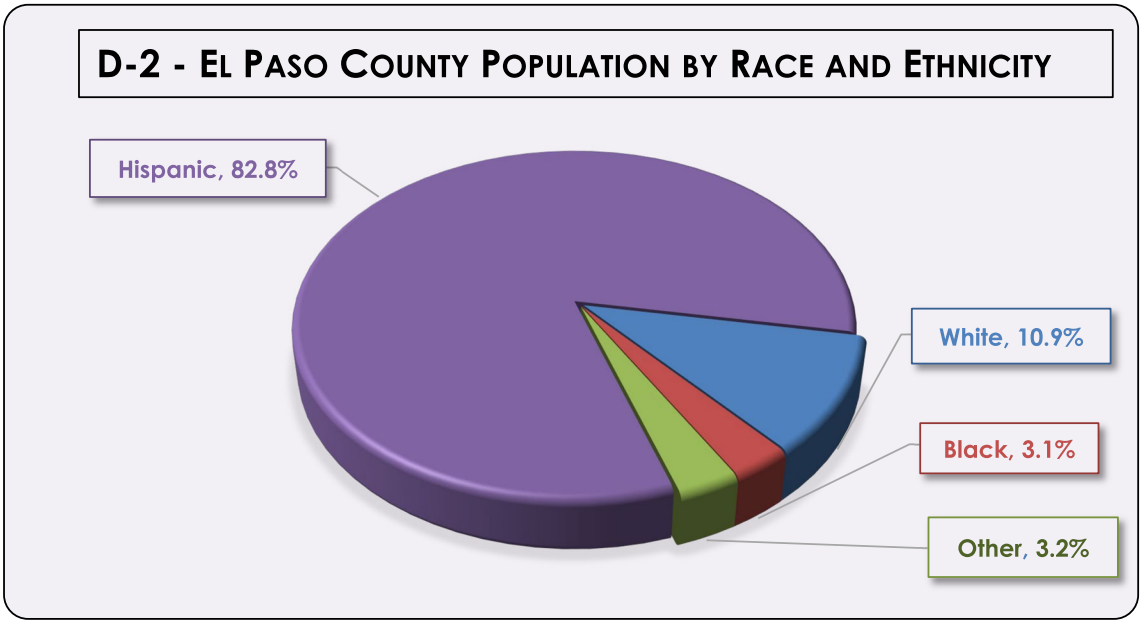
el paso
WATER

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
DEMOGRAPHIC AND ECONOMIC STATISTICS

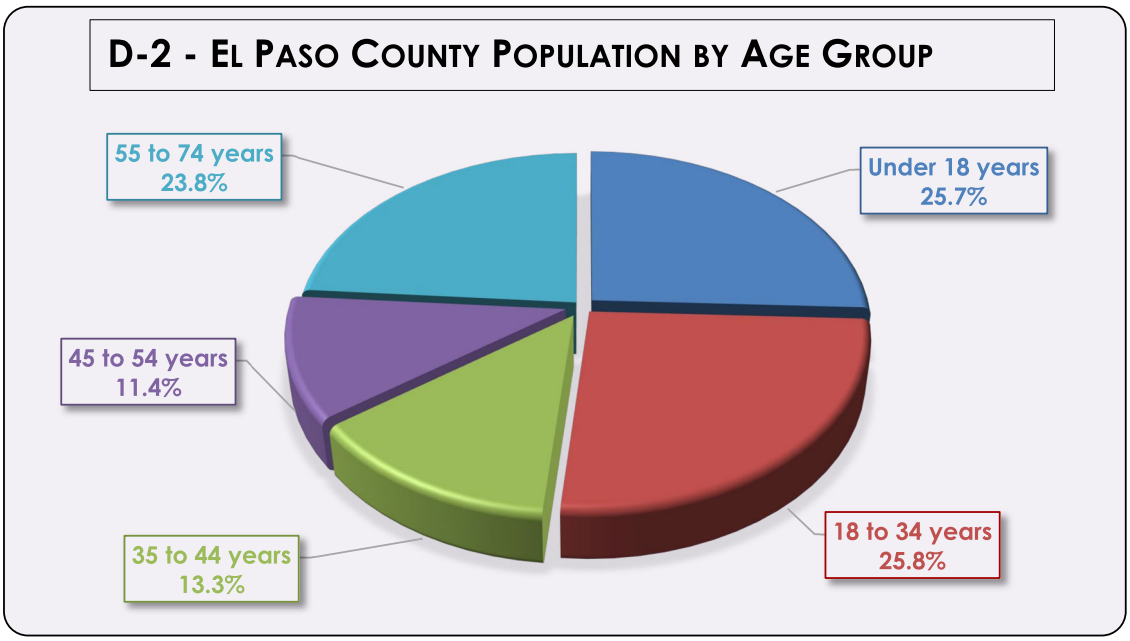
D-1 - El Paso Demographic and Economic Statistics
Last Ten Calendar Years

Year	El Paso County Population	El Paso County Total Personal Income (Million $)	El Paso County Per Capita Personal Income	Unemployment Rate
2015	843,895	$27,383	$32,448	5.2
2016	849,067	$27,893	$32,851	4.8
2017	853,479	$28,896	$33,857	4.5
2018	855,382	$30,237	$35,350	4.2
2019	859,744	$31,740	$36,918	3.7
2020	866,547	$34,823	$40,186	8.1
2021	868,086	$38,298	$44,118	6.0
2022	868,763	$38,398	$44,198	4.2
2023	869,880	$39,171	$45,030	4.3
2024	875,784	$40,982	$46,795	4.2

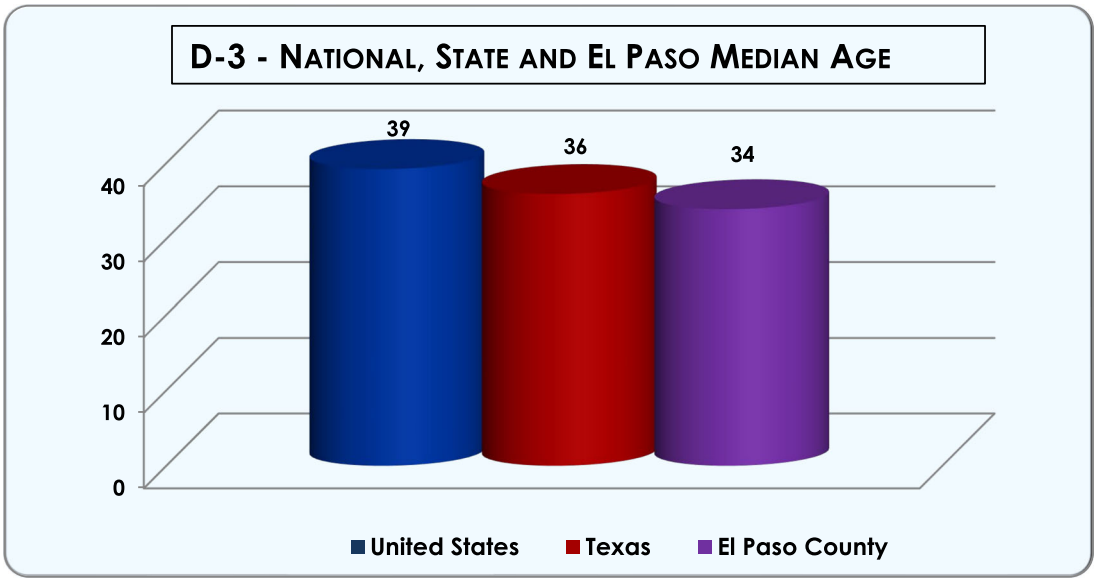
Note: Data provided by The University of Texas at El Paso, Department of Economics and Finance June 2025
All data subject to revision by federal statistical agencies.



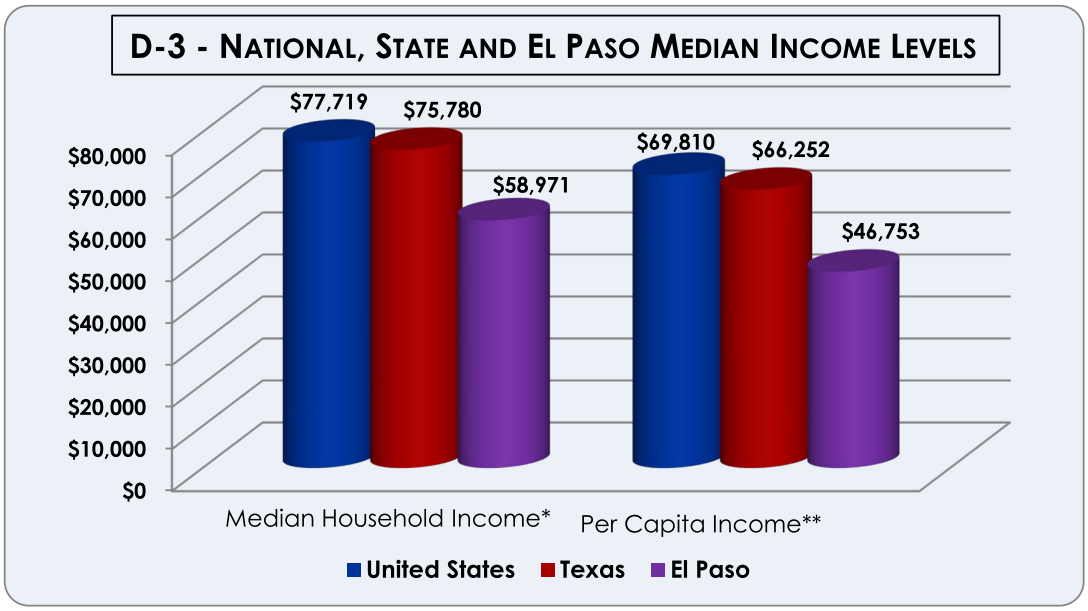
Source: U.S. Census Bureau, 2023 American Community Survey



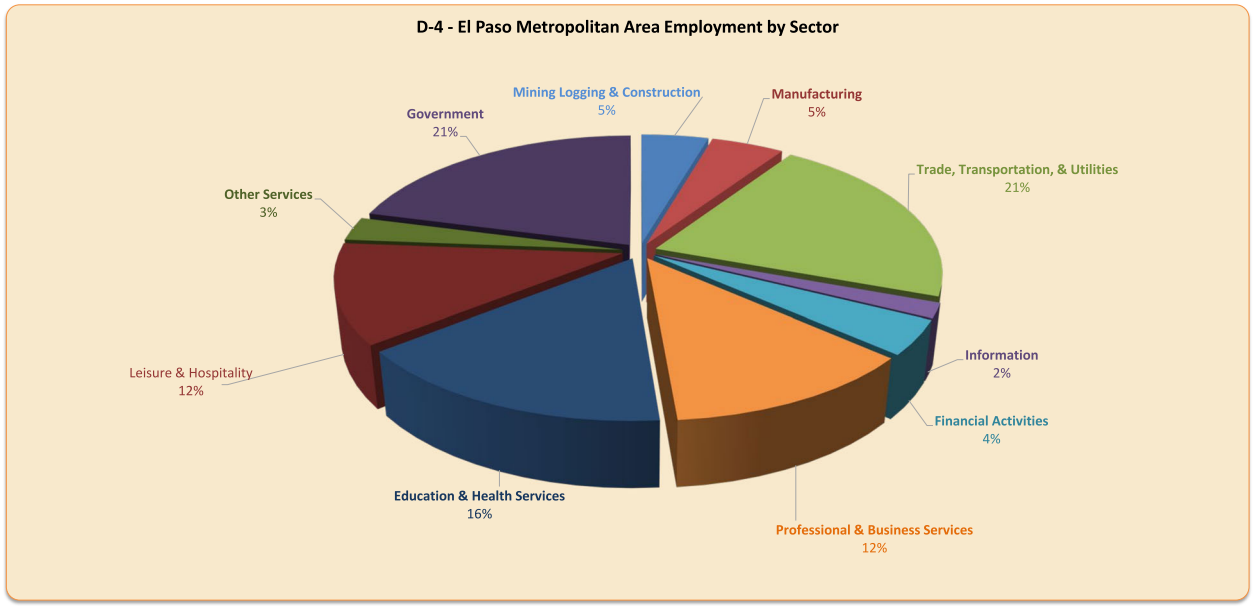
Source: U.S. Census Bureau, 2023 American Community Survey



Source: U.S. Census Bureau, 2023 American Community Survey



*Source: U.S. Census Bureau, 2023 American Community Survey
**Source: Bureau of Economic Analysis, Table: CAINC30, 2022



Source: Texas Labor Market Information June 2025

D-4 - Top 10 Public/Private Employers in the City of El Paso

2024

Rank	Employer	Type of Service	No. of Employees	% of Total Employment
1	Fort Bliss	Military	47,806	13.5%
2	El Paso Independent School District	Public School	10,774	3.0%
3	Socorro Independent School District	Public School	9,348	2.6%
4	T&T Staff Management	Employment Services	7,873	2.2%
5	City of El Paso	Government	6,095	1.7%
6	The Hospitals of Providence	Health Care	4,400	1.2%
7	InteLogix	Customer Service Center	4,324	1.2%
8	El Paso County	Government	3,243	0.9%
9	William Beaumont Army Medical Center	Health Care	3,000	0.8%
10	Walmart	Retail	3,000	0.8%

Source: List verified by Regional Economic Development, City of El Paso (June 2025)

* Excludes Retail

2014*

Rank	Employer	Type of Service	No. of Employees	% of Total Employment
1	T&T Staff Management LP	Employment Service	4,000	1.3%
2	Dish Network	Technical Support Center	1,800	0.6%
3	Alorica	Inbound Customer Service Center	1,755	0.6%
4	GC Services	Inbound Customer Service Center	1,526	0.5%
5	RM Personnel	Employment Service	1,368	0.5%
6	Del Sol Medical	Health Care	1,300	0.4%
7	Automatic Data Processing, Inc.	Contact Center	1,100	0.4%
8	El Paso Electric Company	Electric Utilities	1,000	0.3%
9	OSP Group LLC	Inbound Customer Service Center	1,000	0.3%
10	Las Palmas Medical Center	Health Care	800	0.3%

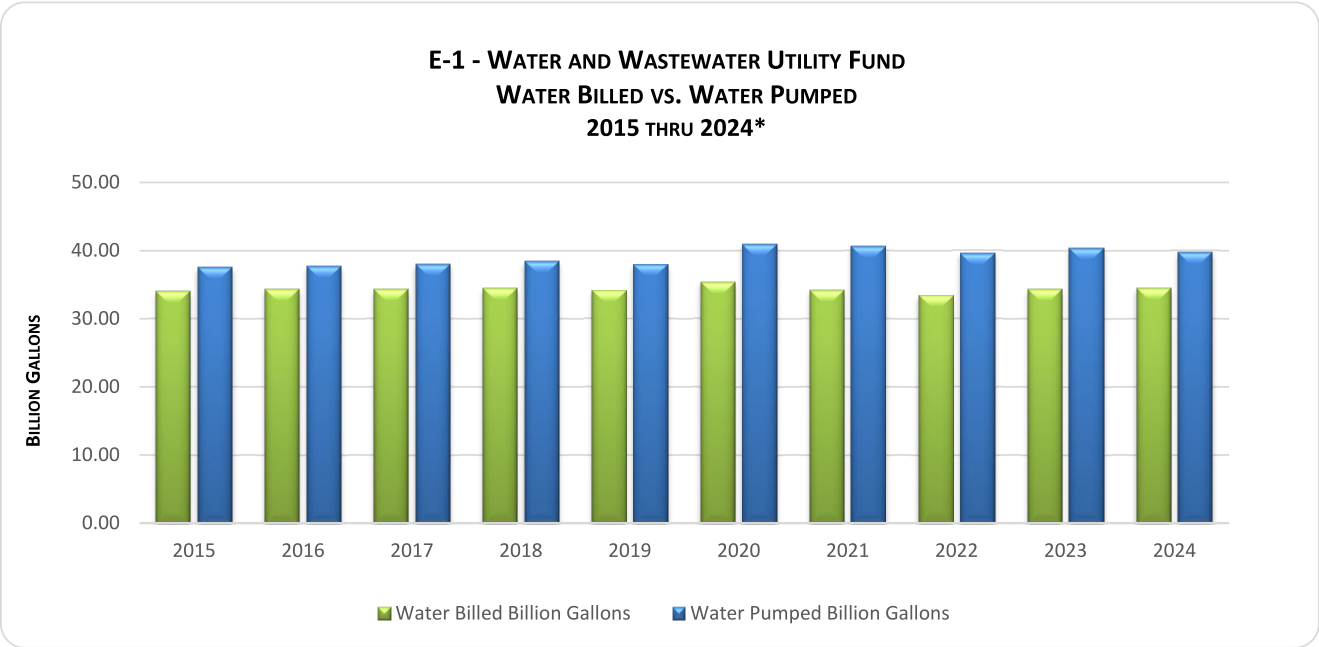
Source: List generated by Reference USA.com, verified by Regional Economic Development, City of El Paso

*Excludes Retail

E - OPERATING INFORMATION

These schedules contain information about the Public Service Board - El Paso Water Utilities' operations and resources, to help the reader understand how each utility's financial information relates to the services they provide and the activities they perform.

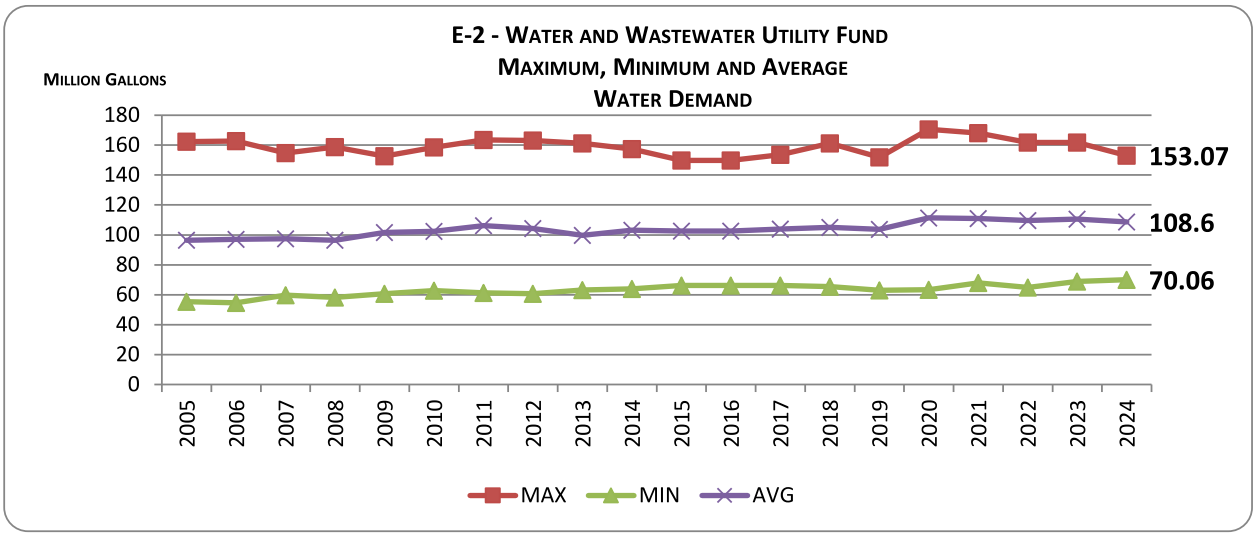
el paso
WATER



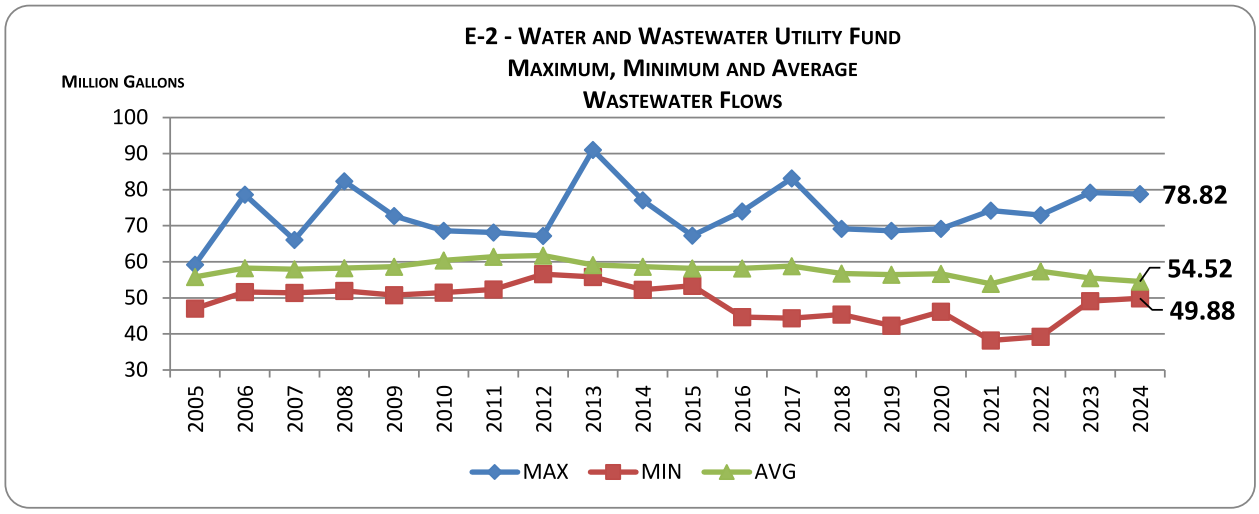
* Calendar Year

Water Billed vs. Water Pumped Data 2015 thru 2024*			
Calendar Year	**Water Billed Billion Gallons**	**Water Pumped Billion Gallons**	**Unbilled Water**
2015	33.98	37.49	9.4%
2016	34.32	37.69	9.0%
2017	34.29	37.96	9.7%
2018	34.46	38.39	10.2%
2019	34.09	37.91	10.1%
2020	35.40	40.94	13.6%
2021	34.14	40.59	15.9%
2022	33.34	39.66	15.9%
2023	34.30	40.37	15.0%
2024	34.44	39.70	13.2%

* Calendar Year



Calendar Year
Source: Selected Operating Statistical Data page E-3
2020 Increase in water demand due to COVID-19 Pandemic



Calendar Year
Source: Selected Operating Statistical Data page E-3
2006 Sharp increase in maximum wastewater flows due to a 100-year flood in August
2013 Heavy rains on September 12th infiltrated the sewer mains causing the spike in sewer flows

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

E-3 - SELECTED OPERATIONS AND STATISTICAL DATA
2015 thru 2024*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
WATER PRODUCTION AND USAGE DATA*										
Water Customers Retail at End of Year	223,068	221,659	220,397	218,160	216,238	212,724	209,624	206,609	204,140	201,807
Water Customers Retail & Wholesale at End of Year	258,417	256,061	253,535	249,281	245,530	240,168	235,768	231,846	227,933	224,656
Water Pumped - Million Gallons	39,701	40,375	39,665	40,590	40,944	37,914	38,390	37,958	37,693	37,487
Water Metered - Million Gallons - Retail	29,838	29,940	29,391	30,187	31,385	30,554	30,997	30,959	31,058	30,847
Water Metered - Million Gallons - (Retail/Wholesale)	34,435	34,303	33,340	34,143	35,395	34,092	34,459	34,292	34,317	33,981
Percent of Water Billed vs. Water Pumped (R/W)	87%	85%	84%	84%	86%	90%	90%	90%	91%	91%
Annual Billed Water per Customer Retail -1000 Gallons	134	135	133	138	145	144	148	150	152	153
Annual Billed Water per Customer (R/W) -1000 Gallons	133	134	132	137	144	142	146	148	151	151
Average Daily Water Demand-Million Gallons	108.6	110.6	109.6	111.0	111.5	103.7	105.1	103.9	102.9	102.6
Maximum Daily Water Demand-Million Gallons	153.1	161.9	161.8	168.0	170.7	151.8	161.3	153.6	160.9	149.8
Minimum Daily Water Demand-Million Gallons	70.1	68.8	64.8	68.0	59.8	62.9	65.5	66.3	64.5	66.2
Daily Average Consumption in Peak Week-Million Gallons	140.0	142.2	145.9	151.3	157.4	136.9	145.8	145.2	148.7	146.2
Peak day	June 13	June 28	June 15	June 23	July 17	July 4	August 7	June 23	July 13	June 24
Miles of Water Mains Installed	28.90	41.10	8.50	15.97	20.43	27.43	15.41	23.81	40.62	21.52
Miles of Water Mains Replaced or Abandoned	3.20	12.60	3.44	0.59	1.62	0.32	1.33	2.20	4.79	1.72
Miles of Water Mains in Place	2,403	2,801	2,773	2,767	2,752	2,733	2,706	2,692	2,670	2,635
Number of Fire Hydrants Installed	211	290	346	118	60	236	181	147	75	321
Number of Fire Hydrants in Place	12,414	12,203	11,913	11,567	11,449	11,389	11,153	10,972	10,825	10,750
WASTEWATER SYSTEM DATA*										
Wastewater Customers Retail & Wholesale at End of Year	242,579	240,317	238,364	233,847	229,973	224,633	220,129	215,673	212,990	209,178
Annual Wastewater Flow - Million Gallons	20,041	20,262	20,963	20,159	20,737	20,612	20,731	21,457	21,285	21,235
Average Daily Flow - Million Gallons	54.52	55.53	57.43	53.90	56.66	56.47	56.80	58.79	58.16	58.18
Maximum Daily Flow - Million Gallons	78.82	79.19	72.99	74.25	69.16	68.60	69.15	83.16	74.01	67.29
Minimum Daily Flow - Million Gallons	49.88	49.11	39.21	38.19	42.33	42.33	45.38	44.33	44.67	53.40
Average Daily Flow per Customer - Gallons	225	231	241	230	246	251	258	273	273	278
Miles of Wastewater Lines Installed	15.91	42.33	6.03	9.70	22.27	18.75	6.55	2.68	32.07	23.11
Miles of Wastewater Line in Place	2,462	2,444	2,374	2,368	2,358	2,336	2,317	2,311	2,308	2,276

* Calendar Year

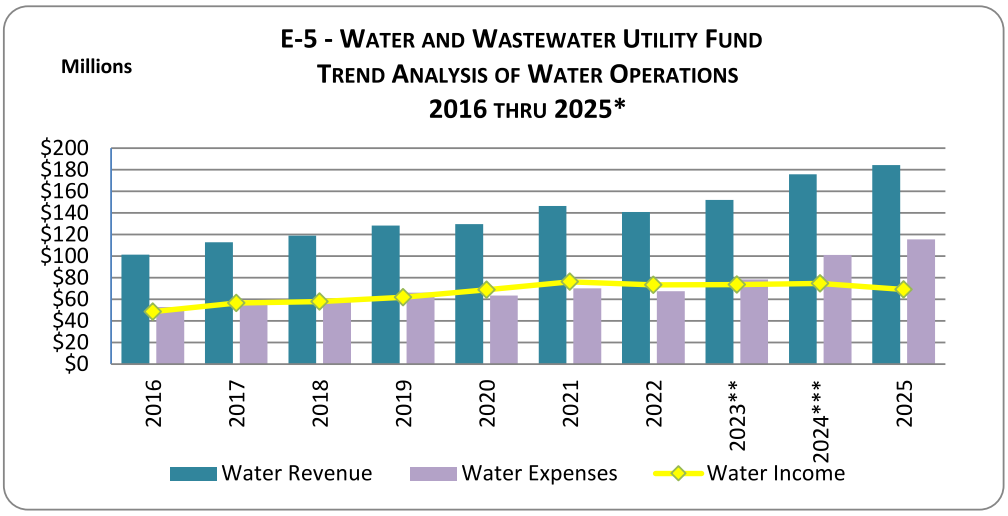
PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

E-4 - SELECTED OPERATIONS AND STATISTICAL DATA
2016 thru 2025*

DRAINAGE OPERATIONS	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Number of Ponds	489	481	469	461	454	450	434	403	394	388
Acres of Ponds Inventoried	2,106	2,098	1,820	1,856	1,866	1,855	1,805	1,019	958	904
Acres of Ponds Cleaned	689	242	398	402	443	447	104	258	243	377
Number of Dams/Basins	37	37	41	41	41	41	41	38	38	38
Acres of Dams/Basins Inventoried	1,822	1,822	1,875	1,875	2,430	2,430	2,430	2,430	2,430	2,430
Acres of Dams/Basins Cleaned	699	384	434	211	430	410	29	177	239	351
Miles of Channels Inventoried	75	75	71	71	71	71	74	74	74	74
Miles of Channels Cleaned	51	18	20	22	44	18	9	25	25	20
Miles of Agricultural Drains Inventoried	12	13	9	9	9	9	9	9	43	39
Miles of Agricultural Drains Cleaned	19	13	27	12	18	18	6	4	15	21
Miles of Drainage Conduits Inventoried	367	363	350	347	341	329	315	288	281	280
Miles of Drainage Conduits Cleaned	16	5	2	1	2	2	2	6	3	-
Drainage Inlets Inventoried	8,097	7,987	7,719	7,557	7,841	7,347	7,046	6,526	6,353	6,353
Drainage Inlets Cleaned	9,225	1,004	5,969	4,449**	206	225	77	494	616	465

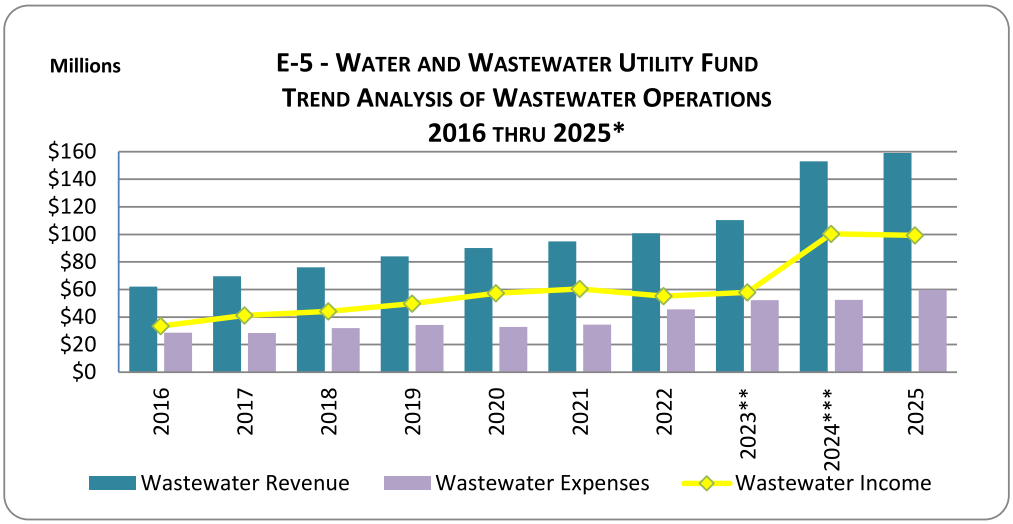
* Fiscal year March 1 thru last day of February of year shown

** 3,373 Cleaned by contractors



* Fiscal year March 1 thru last day of February of year shown
Source: Net Operating Revenue - Water & Reclaimed Water, page 137

**2023 Restated
***2024 Restated



* Fiscal year March 1 thru last day of February of year shown
Source: Net Operating Revenue - Wastewater, page 138
**2023 Restated
***2024 Restated

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

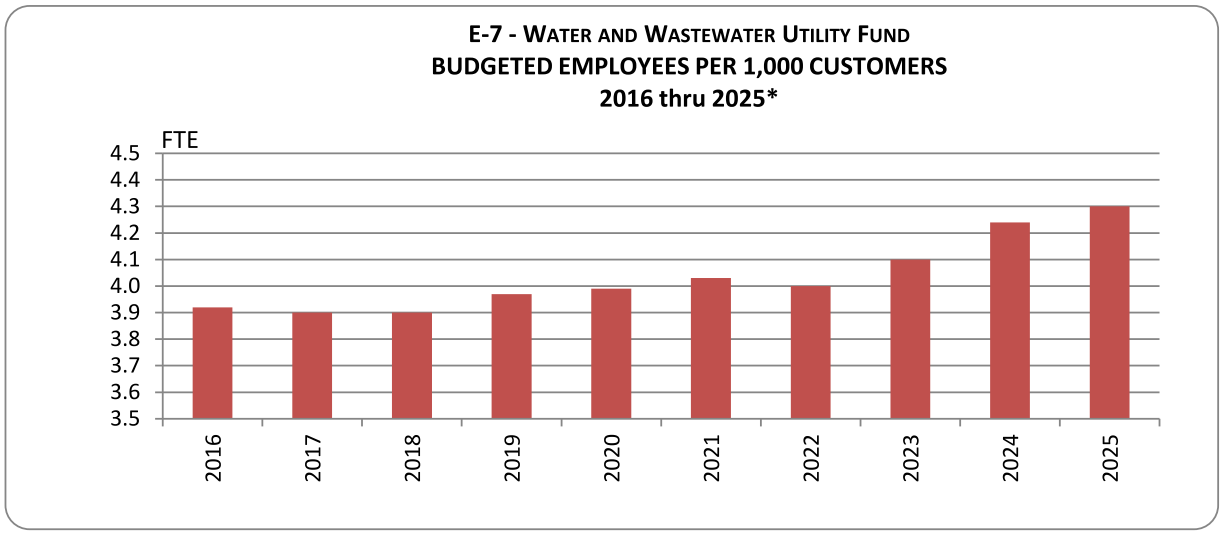
WATER, WASTEWATER AND MUNICIPAL DRAINAGE UTILITY FUNDS

E-6 - STAFFING BY DIVISION AND SECTION
Fiscal Year 2025*

				Budgeted FTE's		
	Division/Section	**2025****	**2024**	**2023**	**2022**	**2021**
Administration	Executive Services	11	10	9	8	9
	Legal Services	8	8	8	7	5
	Communications	15	10	10	10	10
	Human Resources	23	21	20	16	14
	Water Resources Management	4	5	5	5	5
	Land Management	13	11	11	11	10
	Tec$H_2$0 Learning Center	8	9	9	8	8
	Records Management	9	10	10	0	0
	Security, Emergency,and Safety	6	0	0	0	0
	Total Division	**97**	**84**	**82**	**65**	**61**
Technical Services	Technical Services	7	4	4	8	6
	Water/Wastewater Engineering	17	15	15	15	15
	Planning and Development	13	40	40	38	39
	Engineering Project Management- Wastewater	10	12	11	11	11
	Engineering Project Management- Water	10	0	0	0	0
	Construction Project Management	33	8	7	7	8
	Capital Improvements Program Management	3	5	5	0	0
	Total Division	**93**	**84**	**82**	**79**	**79**
Financial & Support Services	Finance	5	5	5	5	4
	Property and Treasury Management	13	13	12	12	14
	Customer Service	139	132	123	115	112
	Accounting	15	14	13	14	13
	Purchasing & Contract Administration	14	14	11	11	11
	Meter Repair Shop	18	19	14	14	14
	Total Division	**204**	**197**	**178**	**171**	**168**
Information Technology	Information Technology	56	45	53	49	47
	Instrumentation and Control	51	36	32	32	30
	Total Division	**107**	**81**	**85**	**81**	**77**
Operations (Water System)	Water Division Office	7	4	3	3	3
	Well Production	55	54	51	47	46
	Robertson/Umbenhauer Water Treatment Plant	24	21	21	21	21
	Water Distribution	118	120	115	109	109
	Jonathan W. Rogers Water Treatment Plant	22	18	18	18	18
	Upper Valley Water Treatment Plant	17	13	13	13	13
	Kay Bailey Hutchison Desalination Plant	20	14	13	13	13
	Reclaimed Water System	1	1	1	0	0
	Total Division	**264**	**245**	**235**	**224**	**223**
Operations (Wastewater System)	Wastewater Division Office	6	7	8	7	7
	Wastewater Lift Stations	20	20	18	18	18
	Wastewater Collection System Maintenance	37	35	33	33	33
	Northwest Wastewater Treatment Plant	26	25	23	20	20
	Haskell R. Street Wastewater Treatment Plant	30	29	29	29	29
	Roberto R. Bustamante Wastewater Treatment Plant	31	32	29	29	29
	Fred Hervey Water Reclamation Plant	27	28	26	26	27
	Wastewater System Repair & Construction	25	24	24	24	23
	Total Division	**202**	**200**	**190**	**186**	**186**
Operations (Operations Support)	Operations Management	8	12	9	8	8
	Environmental Compliance/Industrial Pretreatment	12	11	10	10	18
	Laboratory Services	34	34	33	32	32
	Code Compliance	10	8	8	8	0
	Reclaimed Water System	0	0	0	1	0.75
	Biosolids Management	0	0	0	0	0.25
	Plant Equipment Maintenance	13	15	12	8	8
	Total Division	**77**	**80**	**72**	**67**	**67**
Operations (Equipment & Facilities Maintenance)	Warehouse	8	8	8	8	9
	Fleet Maintenance	28.34	28.33	28	23	22
	Heavy Equipment Operations	56.33	54.33	53	49	48
	Facilities Maintenance	32.33	30.33	29	29	28
	Total Division	**125**	**121**	**119**	**110**	**107**
WATER AND WASTEWATER UTILITY'S TOTAL BUDGETED REQUIREMENTS		**1169**	**1092**	**1043**	**983**	**968**
Stormwater	Stormwater Operations	49	45	45	45	45
	Stormwater Design & Development Services	12	11	11	9	9
	Total Division	**61**	**56**	**56**	**54**	**54**
	Grand Total	**1230**	**1148**	**1099**	**1037**	**1022**

* Fiscal year March 1 thru last day of February of year shown

** Budgeted Positions adjusted per off-cycle staffing change requests



* Fiscal year March 1 thru last day of February of year shown

Budgeted Employees per 1,000 Customers Data	
2015	3.9
2016	3.9
2017	3.9
2018	3.9
2019	4.0
2020	4.0
2021	4.0
2022	4.0
2023	4.1
2024	4.2
2025	4.3

* FTE=full time equivalent

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WATER

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

NORTON ROSE FULBRIGHT

[CLOSING DATE]

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IN REGARD to the authorization and issuance of the "City of El Paso, Texas, Municipal Drainage Utility System Revenue Refunding Bonds, Series 2026," dated April 15, 2026, in the principal amount of $[_____] (the "Bonds"), we have examined into their issuance by the City of El Paso, Texas (the "City"), solely to express legal opinions as to the validity of the Bonds, the defeasance and discharge of the City's outstanding obligations being refunded by the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of $5,000 or any integral multiple thereof (within a maturity). The Bonds mature on March 1 in each of the years specified in the pricing certificate (the "Pricing Certificate") executed pursuant to an ordinance adopted by the City Council of the City authorizing the issuance of the Bonds (the "Bond Ordinance" and, jointly with the Pricing Certificate, the "Ordinance"), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Bonds, including the Ordinance, a sufficiency certification (the "Refunded Bonds Sufficiency Certification") of Computershare Trust Company, N.A. (the "Refunded Bonds Paying Agent"), as paying agent/registrar for the Refunded Bonds (as defined in the Ordinance), a sufficiency certification (the "Refunded ECP Notes Sufficiency Certification") of Zions Bancorporation, National Association (the "Refunded ECP Notes Paying Agent"), as issuing and paying agent for the Refunded ECP Notes (as defined in the Ordinance), and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City, and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City and, together with certain outstanding parity lien revenue bonds of the City, are payable solely from and equally and ratably secured by a first lien on and pledge of the Net Revenues (as defined in the

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Bond Ordinance) of the City's Municipal Drainage Utility System, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. The outstanding obligations refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in each respective fund with the Refunded Bonds Paying Agent and the Refunded ECP Notes Paying Agent in accordance with the provisions of Texas Government Code, Chapter 1207, as amended. In rendering this opinion, we have relied upon the Refunded Bonds Sufficiency Certification and the Refunded ECP Notes Sufficiency Certification as to the sufficiency of the cash deposited with the Refunded Bonds Paying Agent and the Refunded ECP Notes Paying Agent, respectively, for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

3. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.