PUBLIC SERVICE BOARD MEETING
AGENDA ITEM
REGULAR MEETING

Wednesday, July 10, 2019

SUBJECT

El Paso Water Utilities/Public Service Board Comprehensive Annual Financial Report (CAFR) for Fiscal Year ending February 28, 2019.

BACKGROUND

City of El Paso Bond Ordinance 752, as amended, requires that an annual audit of El Paso Water Utilities be performed by independent certified public accountants. The CAFR includes the Water and Wastewater Utility and the Municipal Drainage Utility.

STRATEGIC OBJECTIVES SUPPORTED

Strengthen Financial Viability

EVALUATION PROCESS

Gibson, Ruddock, Patterson LLC performed the independent audit for the Public Service Board. The firm, led by partner Craig Gibson, has done an excellent job in assisting staff in ensuring compliance with all Federal, State, and other accounting reporting requirements.

FINANCIAL IMPLICATIONS

N/A

PROPOSED ACTION REQUESTED

Consider and accept the El Paso Water Utilities/Public Service Board Comprehensive Annual Financial Report for Fiscal Year ending February 28, 2019.

SUPPORTING DOCUMENTATION PROVIDED

- FY 2018-19 Comprehensive Annual Financial Report

El Paso Water Utilities Public Service Board
A Component Unit of the City of El Paso, Texas

Comprehensive Annual Financial Report

Photo by David Mark

for the Fiscal Years Ended
February 28, 2019 and February 28, 2018
El Paso, Texas

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Public Service Board
El Paso Water Utilities

A Component Unit of the City of El Paso

Comprehensive

Annual Financial Report

For the Fiscal Years Ended
February 28, 2019 & February 28, 2018

El Paso, Texas

Prepared by:

Departments of Finance & Accounting

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

Comprehensive Annual Financial Report

For the Fiscal Years Ended February 28, 2019 & 2018

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July 10, 2019

Public Service Board
El Paso Water Utilities

Dear Public Service Board Member:

We are pleased to submit the Comprehensive Annual Financial Report of the Public Service Board - El Paso Water Utilities (EPWater) for the fiscal year, which ended February 28, 2019, pursuant to the City of El Paso Bond Ordinance 752, as amended and City Ordinance No. 016668 establishing the Municipal Drainage Utility System. This Comprehensive Annual Financial Report was prepared by the Accounting and Finance Departments of EPWater. We believe the data, as presented, is accurate in all material respects, and it is presented in a manner designed to fairly set forth the financial position and results of operations of EPWater. All disclosures necessary to enable the readers to gain the maximum understanding of EPWater's financial activity have been included.

This report consists of management's representation concerning the finances of the Public Service Board – El Paso Water Utilities and its Water and Wastewater Utility Fund and the Municipal Drainage Utility Fund. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with EPWater. To provide a reasonable basis for making these representations, management of EPWater has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of EPWater's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, EPWater's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

EPWater's financial statements have been audited by Gibson, Ruddock, Patterson LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of EPWater for the fiscal year ended February 28, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that

there was a reasonable basis for rendering an unmodified opinion that the EPWater's financial statements for the fiscal year February 28, 2019, are fairly presented in conformity with GAAP.

The independent auditor's report is presented as the first component of the financial section of this report. For fiscal year ending February 28, 2019, the independent audit of the financial statements of EPWater include a "Single Audit" that is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance involving the administration of federal awards. These reports are available in the EPWater's separately issued Compliance and Internal Control Report.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The EPWater's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

The El Paso Water Utilities – Public Service Board provides water, wastewater, reclaimed water, and drainage service to its customers. For financial reporting purposes, EPWater is considered a component unit of the City of El Paso. The PSB operates and manages EPWater on behalf of the City of El Paso. It adopts separate annual operating, capital, and debt service budgets for the Water and Wastewater Utility Fund and the Municipal Drainage Utility Fund, along with associated rates and fees for services, and issues updates to its Rules and Regulations, which have the force of law. EPWater recovers the cost of providing water, wastewater, reclaimed water, and drainage services primarily through user charges and fees. EPWater does not assess or collect ad valorem property taxes. As part of the mission and vision statements of the Public Service Board, EPWater strives to balance customer needs with proper resources and financial management as well as regional leadership.

City of El Paso Ordinance Number 752, adopted May 22, 1952, established the Public Service Board – El Paso Water Utilities. The board of trustees, known as the "Public Service Board (PSB)," was given complete management and control of the city's water system. Ordinance Number 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.

In June 2007, City Ordinance Number 016668 established a Municipal Drainage Utility for the City of El Paso. The Public Service Board – El Paso Water Utilities was given complete management and control of the city's drainage system, which EPWater assumed effective March 1, 2008.

Strategic Plan FY 2018-19

In 2015, EPWater started the implementation of the Balanced Scorecard, an integrated strategic planning and performance management system that:

- Communicates with clarity an organization's vision, mission, and strategy to employees and other stakeholders
- Aligns day-to-day work to vision and strategy
- Provides a framework for prioritizing programs, projects, services, products and resources
- Uses strategic performance measures and targets to measure progress

Mission Statement

To provide our customers a sustainable water supply and the highest quality water services to enhance the vitality of El Paso.

Vision Statement

We are an international model for water resource innovation, respected and trusted by our customers for our leadership in delivering sustainable water services to a thriving El Paso community.

We have completed seven of the nine steps in the Balanced Scorecard process and will complete the next steps during the following fiscal years.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when considered from the broader perspective of the specific environment with which the EPWater operates.

Local Economy - El Paso is currently the sixth largest city in Texas and the 20th largest city in the United States. El Paso County has an estimated population of over 840,000 people with another 1.3 million in El Paso's sister city of Juarez, Mexico, and over 220,000 in Southern New Mexico. These three areas constitute the Borderplex region, which is the largest international border community in the world.

Additional factors affecting the financial condition of the EPWater.

- Fort Bliss is a diverse community made up of soldiers, family members, students, employees and retirees. The Fort Bliss area is home to 39,000 military personnel. In addition, Fort Bliss supports over 40,000 family members of active duty and retired personnel. Fort Bliss employs over 13,000 civilians.

- According to Forbes Magazine in 2018, El Paso ranked among one of the best cities in cost of doing business. El Paso also ranked 1st on Forbes' "Cities Where You Can Live Comfortable On Less Than $60,000 a Year".

- El Paso economy gained 4,100 jobs during the year, representing an annual growth rate of 1.3% as the local economy continues with a steady growth. As of the end of March 2019, El Paso's unemployment rate was at 3.9%.

El Paso MSA Total Nonfarm Employment by Industry										
	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Mining, Logging and Construction	16,000	16,200	15,200	13,500	13,800	12,700	12,800	14,000	15,900	15,400
Manufacturing	16,700	16,500	17,000	17,100	17,100	18,200	17,800	17,300	16,400	17,500
Trade, Transportation, and Utilities	68,200	67,500	66,600	64,700	63,200	61,100	59,400	57,700	56,100	55,600
Information	5,000	5,000	5,100	5,300	5,500	5,900	5,700	5,400	5,300	5,400
Financial Activities	12,800	12,800	12,500	12,000	12,100	12,400	12,600	12,300	11,700	12,200
Professional and Business Services	34,600	35,200	33,400	32,200	31,600	30,200	30,500	31,000	31,500	31,700
Education and Health Services	46,100	45,900	43,700	42,400	40,900	39,500	38,400	37,300	35,900	34,000
Leisure and Hospitality	35,700	35,200	34,500	33,300	32,500	30,900	30,400	29,100	28,100	27,100
Other Services	9,100	9,100	9,500	9,300	9,200	9,200	9,400	9,200	8,900	9,000
Government	73,300	73,000	71,700	70,400	70,400	71,000	70,600	70,900	71,700	69,800
Total	**317,500**	**316,400**	**309,200**	**300,200**	**296,300**	**291,100**	**287,600**	**284,200**	**281,500**	**277,700**

- The El Paso Tri-State region is the fifth largest manufacturing center in North America.

- In 2019 El Paso ranked 6th among the safest metro cities in the United States with a population of over 500,000, according to SafeWise.

- El Paso is home to the University of Texas at El Paso (UTEP), which is the second oldest member of the University of Texas System and today serves the needs of 21,300 undergraduate and 3,700 graduate students.

Budget Process and Controls

EPWater's fiscal year begins March 1 and runs through the last day of February. The operating budget preparation process starts in August with the gathering of operating documents. In September, budget documents containing historical and current financial and statistical data are sent to all sections along with instructions on how to prepare the operating budget and identify new initiatives. The capital budget starts in May with a preliminary list of recommended project priorities for the next fiscal year and by September, a draft Capital Improvement Plan (CIP) is developed. Management reviews the operating and capital budgets and presents the recommended combined operating and capital budget to the Public Service Board over a series of public meetings. The PSB approves the combined annual operating and capital budget and updates to the Rules and Regulations in January, with an effective date of March 1.

The budget and the annual financial report are prepared using the accrual basis of accounting. Revenue is recognized as it is earned and expenses are recognized as goods or services are delivered. The operating budget is prepared at the object level. The object is the good or service for which the expenditure was made. Operating budget transfers are done at year end to cover actual expenses vs. approved original budget shortfalls for Utility Departments that overspent from Departments that underspent their budget. The transfers are done on a memorandum basis, submitted by the Finance Department with final approval by the President and CEO. The transfer

does not need approval by the PSB. Only the PSB can approve emergency funding authorizations and amendments to the approved operating and capital budgets.

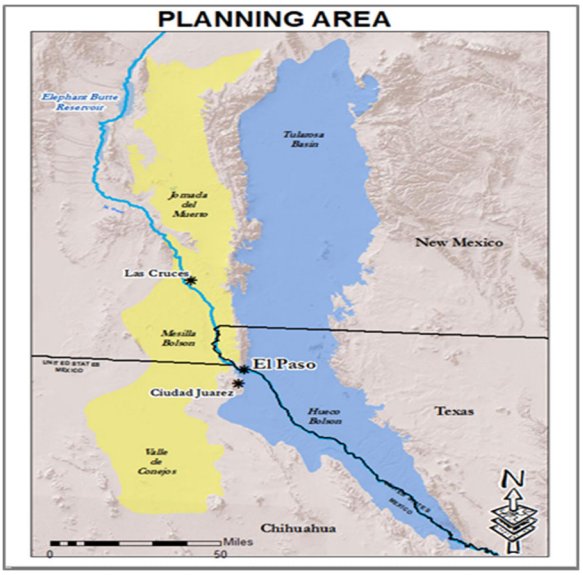
Financial Policies

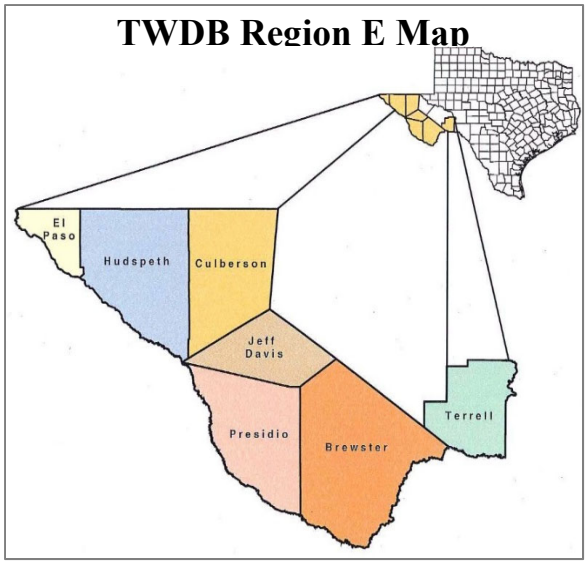
EPWater is accounted for as an Enterprise Fund, which is a proprietary fund. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collection. EPWater uses no other funds to account for its' activities; it consists solely of two enterprise funds, the Water and Wastewater Fund and the Municipal Drainage Fund, which are accounted for separately. EPWater uses these financial policies as a framework in creating the annual budget for both utilities.

Long-term Financial Planning

Long-term water and wastewater planning continues to be a critical component in managing the region's water resources. The State Legislature designated EPWater as the Regional Planner for El Paso County in 1995, which has resulted in a coordinated approach in developing water resources for this region. EPWater also has conducted joint water resources planning with New Mexico and Mexico. This unique regional cooperative effort will help to ensure that there is a reliable water supply to protect the economy, environment and quality of life for the residents in the region bordering the Rio Grande River. EPWater continues to take a leadership role in working with various entities throughout the region that are all devoted to regional planning efforts. Region E was one of sixteen regions in Texas created in 1997 as part of Senate Bill 1, which required long term water planning by region. In 2018, EPWater along with other stakeholders in the Far West Texas Regional Plan attended meetings and began working on the 2021 Far West Texas Water Plan (Region E). The Region E State Water Plan is included as part of the State Water Plan that will be submitted to the Texas Legislature. The Plan provides an evaluation of current and future water demands for all water-use categories and water supplies available during drought-of-record conditions to meet those demands. Where future water demands exceed an entity's ability to supply that need, alternative strategies are considered to meet the potential water shortages. State water planning is updated every 5 years and covers a 50 year time period.

The 2016 Plan includes new and increased use of current water management strategies for EPWater, including importation, increased reuse, aquifer storage and recovery, desalination, and additional conjunctive use, which includes surface and ground water. EPWater will continue to use diversified water supply portfolio to meet the water supply needs of the future. The major components of the EPWater supply portfolio include the Rio Grande, groundwater from Mesilla and Hueco Bolsons, desalination of brackish groundwater, water reuse and conservation. In the near future EPWater plans to start construction of an advance water purification plant and by 2050 water importation from acquired water rights land in the Dell City area.





Capital Improvement Program

EPWater is currently focused on a 10-year planning horizon and has identified specific projects costing over $1.6 billion that will need to be constructed to meet the water, wastewater and reclaimed water needs of the El Paso region, with an additional $348 million in drainage projects to address deficiencies in the drainage system. The estimated cumulative water and wastewater rate increases over the next five years is 22% to fund operations, the capital improvements program, debt service and maintain adequate cash reserves. A four percent water rate increase, and an eight percent wastewater rate increase was implemented in FY 2019-20. In May 2009, City Council adopted water and wastewater impact fees to help pay for growth infrastructure. In fiscal year 2018-19, EPWater collected $1.9 million and estimates that in future years between $1.2 - $1.9 million will be collected from impact fees annually. The estimated cumulative drainage fee increase over the next five years is 13% to fund drainage projects, debt service and maintenance of the system. No rate increase was implemented in FY 2019-20.

EPWater has budgeted $182 million in fiscal year 2019-20 for water, wastewater and reclaimed water facilities to meet the growth demands of the city and keep up with the rehabilitation of the system and $31 million for drainage facilities to improve the drainage infrastructure throughout the city. EPWater continues to address the increased reliance of well water and other sources of water as a result of the prolonged drought conditions and its associated capital costs within the next ten years. In addition, the Utility plans to continue targeting major rehabilitation of the three wastewater treatment plants with projected expenditures of over $300 million over the next ten years, including $121 million for the planned rehabilitation and expansion of the Roberto Bustamante Wastewater Treatment Plant.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the El Paso Water Utilities for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended February 28, 2018. This was the twenty-third

consecutive year that EPWater has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must have published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, EPWater received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year beginning March 1, 2018, which was the twentieth consecutive year EPWater has received this award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document must be judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and Accounting departments. We would like to express our appreciation to Lidia Carranco, Fiscal Operations Manager, Jeff Tepsick, Assistant Chief Financial Officer, and all members of the department who contributed to the preparation of this report. Credit also must be given to the Mayor and Public Service Board for their support for maintaining the highest standards of professionalism in the management of the EPWater finances.

John E. Balliew, P.E.
President and Chief Executive Officer

Marcela Navarrete

Marcela Navarrete, C.P.A.
Vice President Strategic, Financial & Management Services

Arturo Duran

Arturo Duran
Chief Financial Officer

Jeff Tepsick

Jeff Tepsick
Assistant Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

El Paso Water
Utilities Public Service Board
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

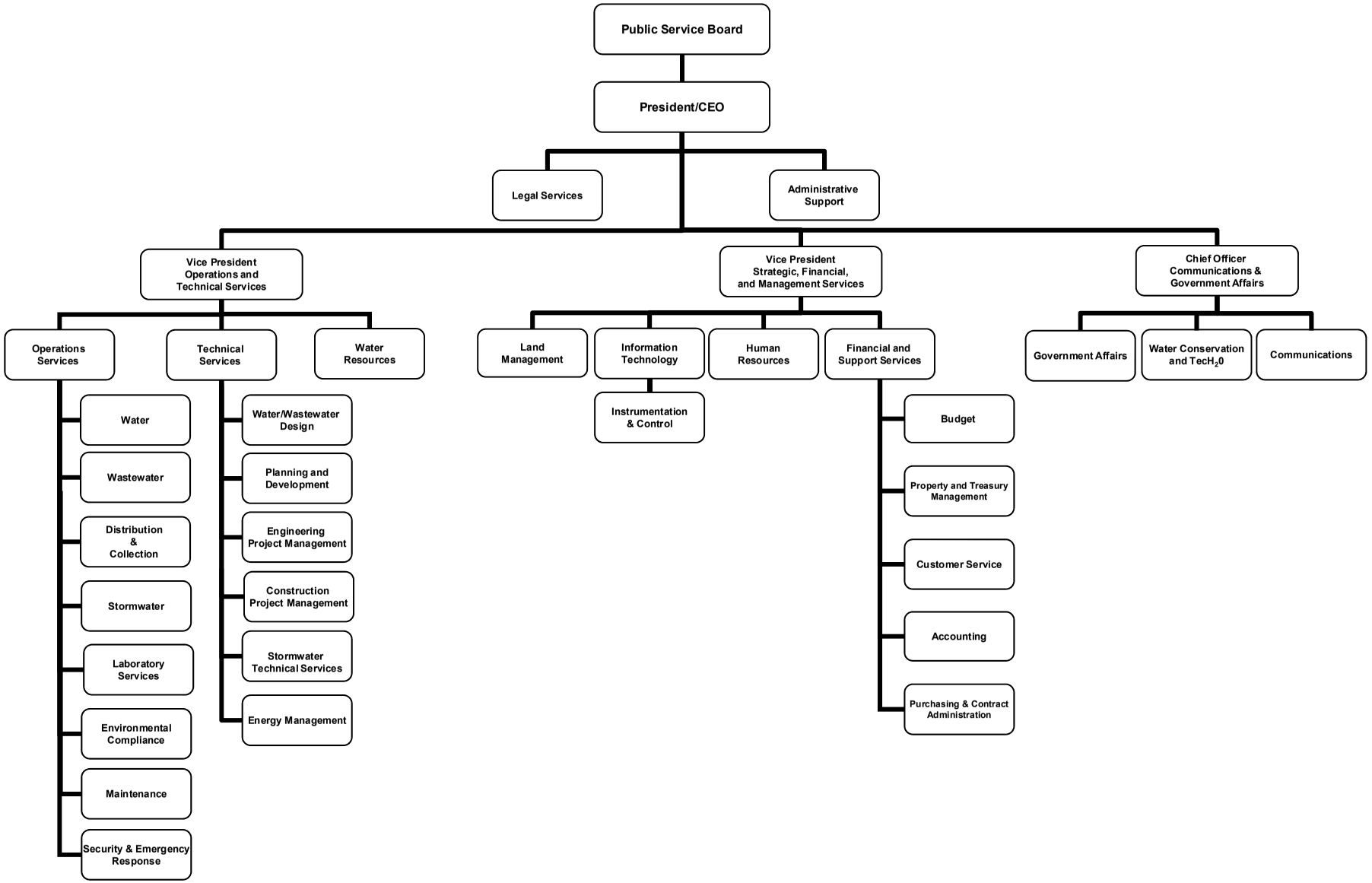
February 28, 2018

Christopher P. Morrill

Executive Director/CEO

El Paso Water

Organizational Structure



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED FEBRUARY 28, 2019

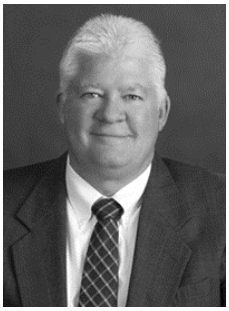
PUBLIC SERVICE BOARD

Christopher A. Antcliff, J.D.
Chair

Terri Garcia
Vice Chair

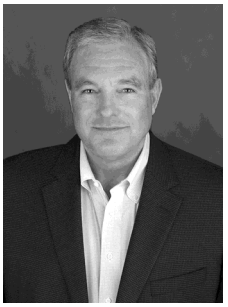
Kristina D. Mena, Ph.D.
Secretary-Treasurer

Ivonne Santiago, P.E., Ph.D.
Member



Bryan Morris, P.E.
Member

Henry Gallardo
Member



Dee Margo
Mayor, City of El Paso

EXECUTIVE STAFF

John Balliew, P.E., President and CEO

Marcela Navarrete, C.P.A., Vice President Strategic, Financial and Management Services
R. Alan Shubert, P.E., Vice President Operations and Technical Services
Paul Rivas, Acting Chief Operations Officer
Gilbert Trejo, P.E., Chief Technical Officer
Arturo Duran, Chief Financial Officer

ACCOUNTING/FINANCE

Jeff Tepsick, Assistant Chief Financial Officer
Jeanette Cordero, Assistant Chief Financial Officer
Lidia Carranco, Fiscal Operations Manager

GENERAL COUNSEL

Lee Ann Koehler, General Counsel
Daniel Ortiz, Assistant General Counsel
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GIBSON RUDDOCK PATTERSON LLC
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 Financial Statements

We have audited the accompanying 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, 2019 and 2018, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the 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, 2019 and 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, the Public Service Board - El Paso Water Utilities, a component unit of the City of El Paso, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

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 15 through 27 and pages 108 through 116, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 and Other 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 introductory section, supplementary schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our separate report dated July 3, 2019 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 RUDDOCK PATTERSON LLC

El Paso, Texas
July 3, 2019

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Management's Discussion and Analysis

As management of the Public Service Board - El Paso Water Utilities (EPWater), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended February 28, 2019. EPWater consists of two funds, the Water and Wastewater Utility fund and the Municipal Drainage Utility fund. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-7 of this report.

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 $1.08 billion (*net position*).

EPWater's total assets and deferred outflows of resources of $2.16 billion increased by $75.39 million from 2018 to 2019 mainly due to an increase of $134.98 million in water and wastewater infrastructure and $21.16 million in municipal drainage infrastructure put in service during fiscal year 2019 and offset by a decrease of $103.53 million in cash and cash equivalents restricted for construction and improvements as a result of the continued use of proceeds from prior year's constriction bond proceeds.

EPWater's total liabilities and deferred inflows of resources increased by $13.38 million during the fiscal year mainly due to an increase of $9.03 million in total OPEB liability as the Utility completed implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.", an increase of $10.97 million in accounts payable from restricted assets, an increase in commercial paper of $5.00 million, an increase to Revolving notes of $2.5 million and offset by a decrease in in revenue bonds payable and unamortized premiums of $14.32 million.

The debt service coverage for the Water and Wastewater Utility of 2.22 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 2.88 times is also well above the required 1.25 times as per its bond ordinance.

Overview of Financial Statements

- Enterprise Funds – EPWater consists of two funds, the Water and Wastewater Utility fund and the Municipal Drainage Utility fund. Enterprise Funds Statements eliminate all transactions between the two funds.
- Statements of Net Position – present information as of the end of each fiscal year on all of EPWater' s assets, liabilities, deferred outflows and inflows of resources and total net position. This statement is useful in evaluating the financial health of EPWater.
- Statements of Revenues, Expenses and Changes in Net Position – present information of changes in net position during the fiscal years presented. This statement is useful in evaluating if EPWater recovered all its costs through its rates and other charges.

- Statements of Cash Flows – provides information for the fiscal years presented of cash flows from operating, capital and related financing, and from investing activities.
- Notes to financial statements – present detail information that is essential for a complete understanding of EPWater's financial statements.
- Required Supplemental Information – present information concerning EPWater's progress in funding its other postemployment benefit plan and pension obligations.

Other supplemental information is provided for additional analysis and is not a required part of the basic financial statements.

- Supplementary Schedules – Includes separate financial statements by fund and other schedules that provide detail information for each fund.
- Statistical Section – Present summary information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information say about EPWater's financial health.

El Paso Service Area and Customer Growth

Over the last ten years, the average annual retail customer growth has been a manageable 1.4%. The following table shows water, wastewater and drainage customer growth for the past three years:

Water Customers	**FY 2019**	**FY 2018**	**FY2017**
Metered water customers, beginning of year	206,919	204,176	201,929
Additions, net	2,890	2,743	2,247
Metered water customers, end of year	209,809	206,919	204,176
Wastewater Customers	**FY 2019**	**FY 2018**	**FY 2017**
Wastewater customers, beginning of year	196,560	194,376	192,194
Additions, net	3,228	2,184	2,182
Wastewater customers, end of year	199,788	196,560	194,376
Drainage Customers	**FY 2019**	**FY 2018**	**FY 2017**
Drainage customers, beginning of year	194,228	192,391	190,718
Additions, net	2,230	1,837	1,673
Drainage customers, end of year	196,458	194,228	192,391

Outside the city limits, EPWater provides wholesale water service and wastewater service to the Lower Valley Water District, Gaslight Square MHE, Paseo Del Este, and Fort Bliss. Wholesale water service is provided to the County of El Paso – East Montana, Haciendas del Norte, Colonia Revolucion, and Mayfair/Nuway and Schuman. Outside city retail water and wastewater service is provided to Westway and Canutillo, and outside city retail water provided to Ponderosa/Western Village, Homestead, unincorporated areas and areas of Village of Vinton, an incorporated area. Drainage service is only provided for customers within the city limits of El Paso.

Wholesale Customers	FY 2019	FY 2018	FY 2017
Lower Valley Water District			
Water Customers	18,131	17,680	17,210
Wastewater Customers	15,092	14,568	14,222
County of El Paso - East Montana - *Water Customers*	1,843	1,818	1,812
Haciendas del Norte WID- *Water Customers*	345	345	345
Colonia Revolucion - *Water Customers*	71	70	67
Gaslight Square Mobile Home/RV Park - *Water and Wastewater*	*Varies*	*Varies*	*Varies*
Mayfair/Nuway and Schuman - *Water Customers*	299	303	308
Paseo Del Este MUD - *Water and Wastewater Customers*	5,650	4,861	4,221

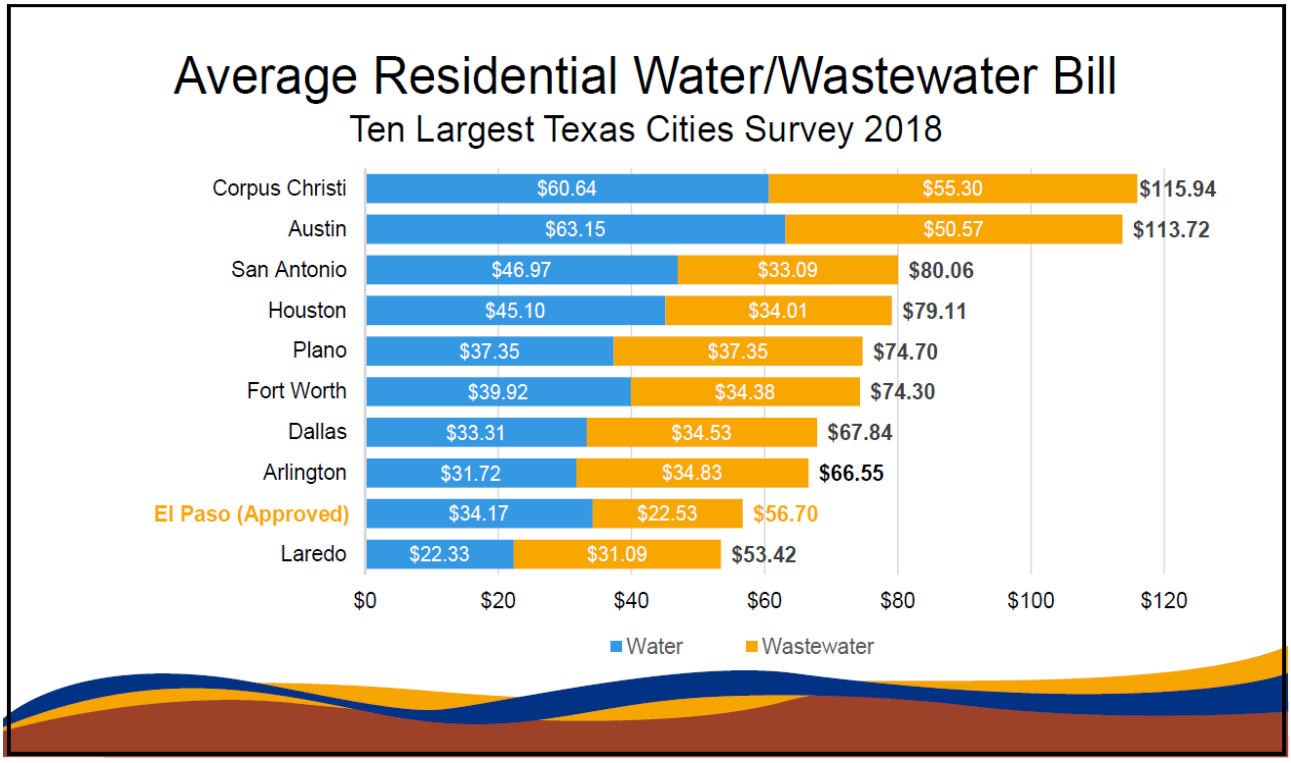
The table below shows the average monthly water, wastewater and drainage bill for a residential customer for fiscal years 2019, 2018 and 2017:

Average Residential Bill			
	FY 2019	FY 2018	FY 2017
Water (includes water supply replacement charge)	$32.83	$30.39	$28.03
Wastewater	$20.87	$19.33	$18.05
Drainage	$4.25	$4.17	$3.56
Total Bill	$57.95	$53.89	$49.64
Based on 11 CCF's of water, AWC of 8 CCF's and 7 CCF's for Wastewater			

The following graph shows a comparison of water and wastewater rates for the ten largest cities in Texas based on specific water and wastewater consumption and effective rates of other cities as of October 2018, and the approved rates for EPWater for fiscal year 2019-20.

In addition, the Public Service Board (PSB) has established outside city retail water and wastewater rates at 115% of inside city rates. El Paso's water and wastewater rates remain among the lowest in the Southwest and are extremely competitive with neighboring utilities.

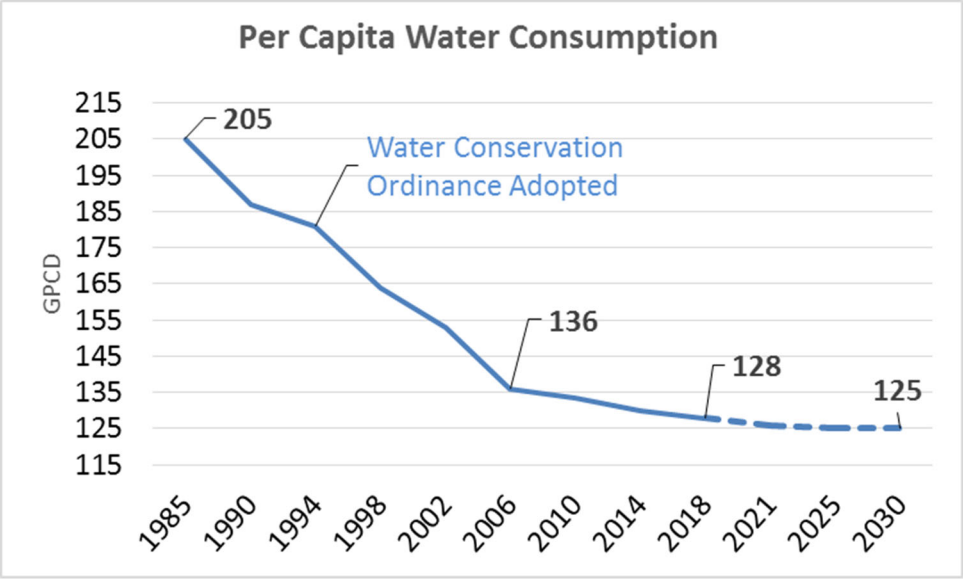
With the creation of the Municipal Drainage Utility, a dedicated funding source is available to meet the drainage system needs of the city. Drainage functions are funded by a fee that appears on the monthly water and wastewater bill. This user fee is calculated for every parcel with an active water meter within the city, except those exempted by state law, based on the impervious area of the property. The Board has a working five-year financial plan for all utilities that allows the Board to proactively manage its financial resources and plan for potential rate adjustments as required.



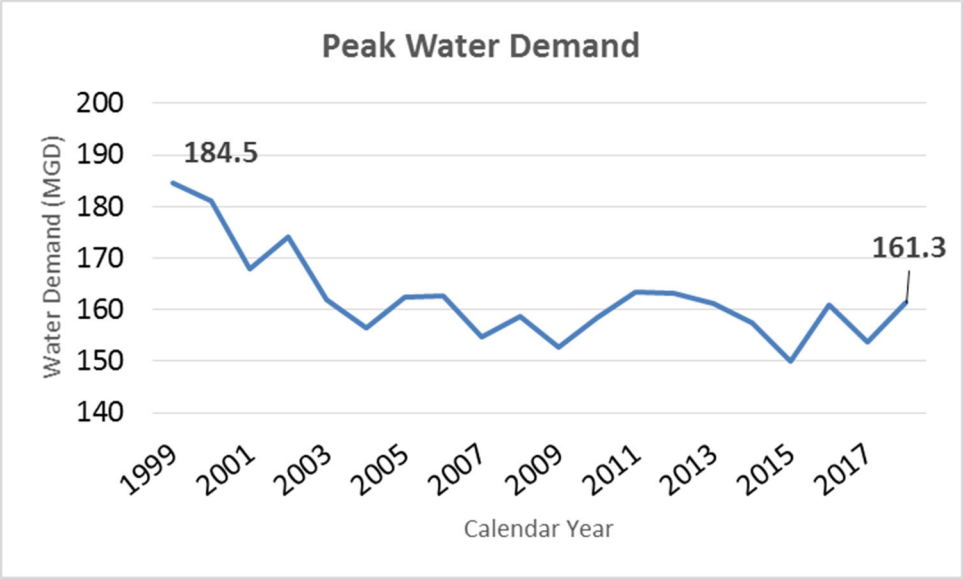
Water consumption decreased as compared to the previous year mainly due to a decrease in water demand during the summer months of August and September.

	FY 2019	FY 2018	FY 2017
Water Pumped (billion gallons)	38.19	38.15	37.48
Water Billed (billion gallons)	34.32	34.43	34.28

In calendar year 2018, EPWater produced about 122,000 acre feet (AF) of potable water for customers, of which 40 percent was supplied by the Hueco Bolson, 20 percent from the Mesilla Bolson, and 40 percent was supplied by surface water from the Rio Grande. In 2018, EPWater treated 49,413 AF of river water, 2,700 AF less than during 2017. In a full allotment year between 50,000 to 60,000 AF of river water is treated. Both surface water treatment plants operated during the 2018 seven-month irrigation season when Rio Grande Project water was available. The water system each year consistently receives a Superior Water System ranking by TCEQ. Water demand was at 201 gallons per capita per day (gpcd) in 1989 prior to the institution of an aggressive water conservation program and has been declining rapidly since. In 2013, EPWater achieved the overall per capita water consumption of 130 gpcd that was set as a goal for year 2020. The demand in 2018 was 128 gpcd.



Peak day demand has also declined significantly from 195.0 MGD in 1990 to 161.3 MGD in 2018. This highlights not only the significant changes in water use by El Pasoans, but also has allowed for the deferral of spending significant dollars on capital projects to meet peak water demands.



Fiscal Year 2019 Financial Information

The following are the Enterprise Funds Statements of Net Position for the activities for the Water & Wastewater Utility and the Municipal Drainage Utility after elimination of inter-fund payables and receivables.

Enterprise Funds Statements of Net Position			
	FY 2019	FY 2018	FY 2017
Current Assets	$319,269,518	$403,146,343	$339,917,164
Noncurrent Assets	13,208,852	9,225,042	9,225,042
Capital Assets (Net)	1,816,739,351	1,660,596,653	1,563,506,124
Total Assets	2,149,217,721	2,072,968,038	1,912,648,330
Deferred Outflows of Resources	13,072,573	13,927,923	19,732,124
Total Assets and Deferred Outflows of Resources	$2,162,290,294	$2,086,895,961	$1,932,380,454
Current Liabilities	129,913,925	110,968,172	97,239,606
Noncurrent Liabilities	951,113,607	955,580,188	870,138,200
Total Liabilities	1,081,027,532	1,066,548,360	967,377,806
Deferred Inflows of Resources	2,666,062	3,762,087	4,332,580
Net Position:			
Restricted	131,583,868	122,632,042	107,556,288
Net Investment in Capital Assets	949,808,026	894,332,869	846,264,889
Unrestricted	(2,795,194)	(379,397)	6,848,891
Total Net Position	1,078,596,700	1,016,585,514	960,670,068
Total Liabilities, Deferred Inflows of Resources and Net Position	$2,162,290,294	$2,086,895,961	$1,932,380,454

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

From fiscal year 2018 to 2019, total assets and deferred outflows of resources of $2.16 billion increased by $75.39 million mainly due to an increase of $134.98 million in water and wastewater infrastructure and $21.16 million in municipal drainage infrastructure put in service during fiscal year 2019 and offset by a decrease of $103.53 million in cash and cash equivalents restricted for construction and improvements as a result of the continued use of proceeds from prior year's construction bond proceeds. From fiscal year 2017 to 2018, total assets and deferred outflows of resources increased by $154.52 million mainly due to an increase of $61.65 million in cash and cash equivalents from restricted assets for construction and improvements; $47.30 million in acquisition of water rights including the purchase of 11,731 acres in Hudspeth County for future importation, bringing the total to 56,908 acres; $77.07 million in water and wastewater infrastructure and $11.48 million in municipal drainage infrastructure put in service during fiscal year 2018 and offset by an increase in accumulated depreciation of $61.91 million. From 2018 to 2019, current assets decreased by $83.88 million mainly due to a decrease of $103.53 million in cash and cash equivalents from assets restricted for construction. During the 2019 fiscal year, EPWater issued one bond issue to refund $30 million of Commercial Paper Notes. From 2017 to 2018, current assets increased by $63.23 million mainly due to an increase of $62.13 million in assets restricted for construction. During the 2018 fiscal year, EPWater issued three bond issues to fund capital acquisitions; two for the Water and Wastewater Utility that resulted in cash of $50 million to fund water rights land acquisition, and $51.60 million to fund capital water and wastewater projects, and one bond issue for the Municipal Drainage Utility with resulted in cash of $18.80 million to fund drainage capital projects. Total liabilities increased from 2018 to 2019 by $14.48 million mainly due to an increase of $9.03 million in total OPEB liability as the Utility

completed implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.". In addition, an increase of $10.97 million in accounts payable from restricted assets and offset by a decrease in revenue bonds payable and unamortized premiums of $14.32 million. Total liabilities increased from 2017 to 2018 by $99.17 million mainly due to an increase in revenue bonds payable and unamortized premiums of $104.71 million and an increase in accounts payable from restricted assets of $8.03 million and offset by a decrease in commercial paper of $12.50 million and a decrease in net pension liability of $4.15 million. The net position of $1.08 billion for fiscal year 2019 increased by $62.01 million from 2018 due to operating income of $77.72 million and offset by nonoperating expenses of $19.61 million. The net position of $1.02 billion for fiscal year 2018 increased by $55.92 million from 2017 due to operating income of $69.77 million and offset by nonoperating expenses of $23.12 million.

The following are the Enterprise Funds Statements of Revenues, Expenses and Changes in Net Position for EPWater, which include the Water and Wastewater Utility and the Municipal Drainage Utility after elimination of interfund activities.

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

	FY 2019	FY 2018	FY 2017
Operating Revenues:			
Water	$123,904,158	$115,534,990	$109,692,232
Water supply replacement charge	29,146,782	26,877,670	25,076,077
Reclaimed Water	4,299,939	3,502,798	3,227,366
Wastewater	83,943,118	76,001,732	69,631,768
Drainage fees	23,142,845	22,266,379	18,819,127
Other operating revenue	15,276,932	20,835,137	14,521,430
Total Operating Revenues	279,713,774	265,018,706	240,968,000
Operating Expenses:			
O&M – Water and Reclaimed Water	49,227,550	45,495,689	42,244,600
O&M – Wastewater	25,363,968	23,772,353	21,324,587
General, Administrative and Engineering	27,132,435	24,476,670	21,994,524
O&M – Drainage	4,664,369	4,819,751	5,004,082
Farming and Other Operating Expenses	1,679,657	7,475,655	3,054,644
Other Post-Employment Benefits	1,793,066	892,650	892,673
Pension Expense	5,336,585	5,283,284	6,470,717
Depreciation	68,573,241	65,896,670	62,721,005
Payment to City of El Paso Franchise fee	3,588,827	3,584,130	3,577,539
Payment to City of El Paso per Bond Covenants	14,630,638	13,551,952	12,753,390
Total Operating Expenses	201,990,336	195,248,804	180,037,761
Operating Income	77,723,438	69,769,902	60,930,239

Enterprise Funds Statements of Revenues, Expenses, and Changes in Net Position			
	FY 2019	FY 2018	FY 2017
Interest Earnings	5,921,048	2,944,578	1,347,567
Gain on Land Assets Converted by Sale	1,090,824	4,885	5,560,875
Gain on Sale of Miscellaneous Assets	356,577	401,403	176,222
IRS tax credit for Build America Bonds	-	637,381	926,876
Other nonoperating expenses	(833,653)	(1,594,988)	(1,433,881)
Interest on Long-Term Debt	(26,143,578)	(25,511,139)	(23,373,178)
Total Nonoperating Expenses	(19,608,782)	(23,117,880)	(16,795,519)
Increase in Net Position, Before Contributions	58,114,656	46,652,022	44,134,720
Federal Grant Contributions	1,957,033	2,202,247	298,106
Capital and Non-Federal Grant Contributions	9,627,603	7,061,177	13,366,922
Change in Net Position	69,699,292	55,915,446	57,799,748
Total Net Position – Beginning	1,016,585,514	960,670,068	902,870,320
Prior period adjustment	(7,688,106)	-	-
Total Net Position – Ending	$1,078,596,700	$1,016,585,514	$960,670,068

Water and Wastewater Utility Fund

Total operating revenues increased by $13.83 million from 2018 to 2019 mainly due to an increase of $8.37 million in water and $7.94 million in wastewater revenue. The increase in operating revenues was driven by an eight percent rate increase that was effective March 1, 2018. Water consumption for 2019 of 34.32 billion gallons decreased by 95 million gallons compared to 2018 as a result of reduction of water demand in the months of August and September. Total operating revenue increased by $20.60 million from 2017 to 2018 mainly due to an increase of $5.84 million in water and $6.37 million in wastewater revenue. The increase in operating revenues was driven by a seven percent rate increase that was effective March 1, 2017. Water consumption for 2018 of 34.42 billion gallons increased by 141 million gallons compared to 2017 as a result of an increase of 3,857 customers. In addition, fiscal year 2018 was the first full-year of farming operations from the farm land acquired in Dell City, farming operations revenue produced $7.30 million.

Total operating expenses of the Water and Wastewater Utility of $192.39 million for fiscal year 2019 increased by $5.95 million from 2018. The increase is mainly due to operation and maintenance, and general and administration expenses of $100.46 million which increased by $7.45 million due to an increase in salaries of $3.19 million and maintenance expense of $2.03 million. In addition, the Utility purchases river water through several contracts with El Paso County Water Improvement District #1 (EPCWID#1) and for calendar year 2018 water purchases increased by $2.97 million due to an increase in the allotment of river water. Depreciation expense of $65.32 million increased by $2.32 million from the previous year and continues to increase as water and wastewater infrastructure is placed into service to serve our customers. Total operating expenses of the Water and Wastewater Utility of $186.44 million for fiscal year 2018 increased by

$15.04 million from 2017. The increase is mainly due to $5.71 million in farm operation expenditures, and operation and maintenance expenses of $93.01 million increased by $8.20 million due to an increase in salaries of $2.19 million, chemical costs of $1.06 million, maintenance of $2.47 million and utilities of $1.25 million. Depreciation expense of $63.00 million increased by $2.61 million from the previous year and continues to increase as water and wastewater infrastructure is placed into service to serve our customers.

Total nonoperating expenses of $17.14 million for 2019 decreased by $3.08 million from 2018 due to an increase of $2.53 million in interest earnings, $1.09 million generated from land sales and offset by an increase in interest expense of $951,000 due to the additional debt cost associated with the issuance of one new bond issue in 2019. Total nonoperating expenses of $20.22 million for 2018 increased by $5.06 million from 2017 due to a decrease of $5.56 million in revenues generated from land sales and an increase in interest expense of $1.03 million due to the additional debt cost associated with the issuance of two new bond issues in 2018.

Change in net position before capital contributions had an increase of $10.95 million from 2018 to 2019 for the following reasons: an increase in operating revenues of $13.83 million mainly due to the additional revenues generated from the approved eight percent water and wastewater rate increase effective March 1, 2018, and offset by an increase in operating expenses of $5.95 million mainly due to an increase in operating and maintenance, and general and administration expenses expenses of $7.45 million and offset by a decrease in farm operations expenses of $5.71 million as the Utility entered into a new farm lease agreement. Net position before contributions had an increase of $496,000 from 2017 to 2018 for the following reasons: an increase in operating revenues of $20.60 million mainly due to the additional revenues generated from the approved seven percent water and wastewater rate increase effective March 1, 2017, and offset by an increase in operating expenses of $15.04 million mainly due to an increase in operating and maintenance expenses of $8.20 million and increase in farming expense of $4.49 million. In addition, nonoperating expenses increased by $5.06 million mainly due to a decrease in revenues from the sale of land of $5.56 million.

Total contributions of $11.58 million for 2019 were $2.52 million more than 2018 mainly due to an increase of $2.76 million in capital and non-federal contributions and offset by a decrease of $245,000 in federal grant contributions. Total contributions of $9.07 million for 2018 were $4.60 million less than 2017 mainly due to a decrease of $6.50 million in capital and non-federal contributions and offset by an increase of $1.90 million in federal grant contributions.

Water & Wastewater Capital Improvement Program

EPWater spent $184.83 million for water, wastewater and reclaimed water system capital improvements in fiscal year 2019. Major expenditures included $52.37 million for acquisition of water rights land in Hudspeth County, $13.61 million for water storage projects for rehabilitation and new elevated and ground storage tanks, $22.27 million for water distribution lines, $20.06 million for water system rehabilitation, $13.04 million for emergency backup power, $8.82 million for additions to the wastewater collection system, and $20.66 million for rehabilitation of the wastewater system. EPWater spent $117.12 million for water, wastewater and reclaimed water system capital improvements in fiscal year 2018. Major expenditures included $33.84 million for acquisition of water rights land in Hudspeth County, $8.88 million for water storage projects including new elevated ground storage tanks, $8.90 million for water distribution lines, $18.07 million for water system rehabilitation, $3.66 million for emergency backup power, $2.30 million

for additions to the wastewater collection system, and $15.32 million for rehabilitation of the wastewater system.

Financial Indicators for the Water & Wastewater Utility			
	FY 2019	FY 2018	FY 2017
Current Assets/Current Liabilities	2.34	3.44	3.21
Operating Ratio	0.50	0.51	0.51
Debt Service Coverage	2.22 times	2.18 times	2.17 times
Debt Ratio	0.39	0.41	0.40

Municipal Drainage Utility Fund

Total operating revenues increased $874,000 from 2018 to 2019 due to the approved two percent fee increase effective March 1, 2018 and increased $3.47 million from 2017 to 2018 due to the approved 17 percent fee increase effective March 1, 2017. EPWater added 2,230 new drainage accounts from 2018 to 2019.

Operating expenses for fiscal year 2019 were $9.78 million, an increase of $791,000 from 2018 mainly due to an increase of $537,000 in the indirect cost allocation for services provided by the Water and Sewer Utility and an increase of $352,000 in depreciation expense. Operating expenses for fiscal year 2018 were $8.99 million, an increase of $193,000 from 2017 mainly due to an increase of $563,000 in depreciation expense.

Drainage Utility Capital Improvement Program

EPWater spent $23.56 million in fiscal year 2019 in capital improvements for the Municipal Drainage Utility system. Major capital expenditures include $13.50 million on storage infrastructure, and $5.97 million in rehabilitation of storage and conveyance infrastructure and $2.06 million in open space acquisitions. EPWater spent $30.13 million in fiscal year 2018 in capital improvements for the Municipal Drainage Utility system. Major capital expenditures include $13.86 million on storage infrastructure, and $9.97 million in rehabilitation of storage facilities. Total assets are summarized in Note 9 of the financial statements.

Financial Indicators for the Municipal Drainage Utility			
	FY 2019	FY 2018	FY 2017
Current Assets/Current Liabilities	3.46	5.55	6.13
Operating Ratio	0.27	0.26	0.34
Debt Service Coverage	2.88 times	2.00 times	1.80 times
Debt Ratio	0.43	0.46	0.49

Overall, EPWater met all its financial obligations including operating expenses, debt service and the rehabilitation and addition of new water, wastewater and drainage infrastructure to meet the needs of a growing community.

Capital Assets

EPWater's investment in water, wastewater and drainage capital assets as of February 28, 2019 is $1.82 billion (net of accumulated depreciation). This is a net increase of 9.4% from 2018. The following table reflects the changes within each classification of capital assets net of depreciation. The increase in capital assets was primarily due to the addition of $156.14 million in new water, wastewater, and reclaimed water and drainage projects placed in service during the year. The capital asset information is detailed in Note 9. The commitments related to construction work in progress are discussed in Note 26.

Capital Assets (Net of Accumulated Depreciation)

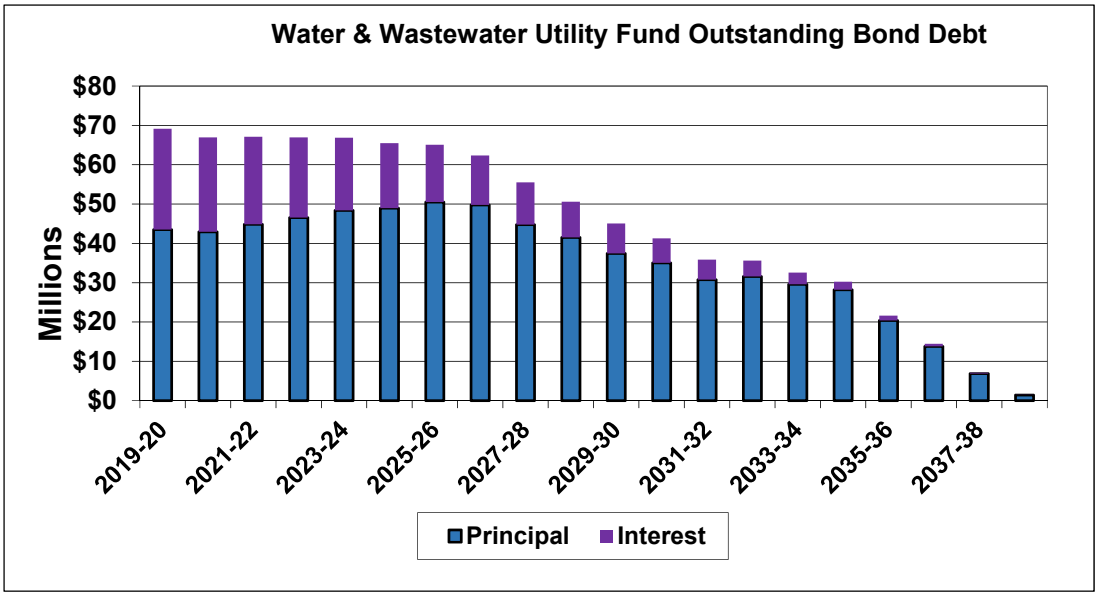
	FY 2019	FY 2018	FY 2017
Land and Right-of-Way	$306,975,974	$246,729,915	$199,433,527
Irrigation Water Rights Contracts	10,501,783	10,205,621	10,112,543
Buildings and Shops	25,797,920	27,166,822	28,043,601
Vehicles	9,127,689	9,627,753	6,024,024
Equipment and Tools	8,476,551	10,546,854	10,823,442
Water System	699,161,916	706,377,716	690,503,237
Wastewater System	415,174,229	419,675,846	420,069,533
Drainage System	133,198,472	119,642,279	111,029,648
Construction Work in Progress	208,324,817	110,623,847	87,466,569
Total	$1,816,739,351	$1,660,596,653	$1,563,506,124

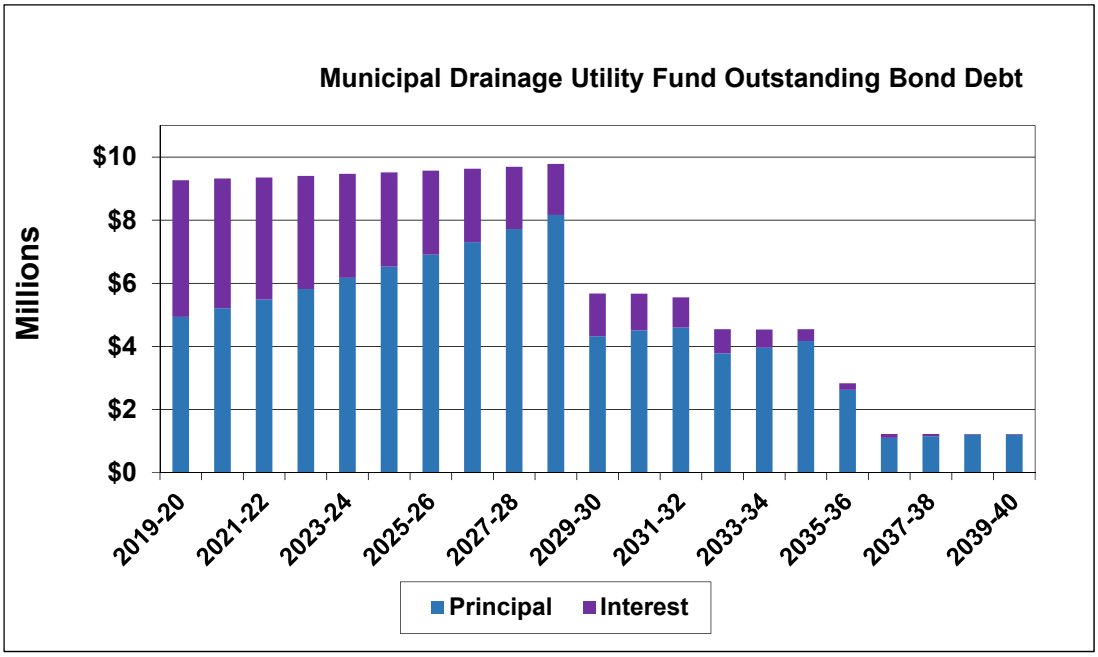
Debt Administration

EPWater had one bond issue this fiscal year. EPWater issued: $26.67 million in Water and Wastewater Revenue Refunding Bonds Series 2018 with a bond premium of $3.70 million to retire $30 million of commercial paper. Total long-term liabilities are summarized in Note 10 of the financial statements and the bonds in Note 11.

The following charts show, as of February 28, 2019, all outstanding principal and interest owed by EPWater. An adequate level of debt and strong financial position reflects superior fiscal management which have allowed EPWater to continue to earn among the highest ratings that can be awarded by rating agencies like Standard & Poor's (AA+) and Fitch Ratings (AA+). On August 1, 2015, EPWater through the City of El Paso and Bank of America, N.A. entered into a 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 $40,000,000 for the purpose of paying amounts due on the Commercial Paper Program. 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%. EPWater issued $35 million in commercial paper during fiscal year 2019. The commercial paper program information is detailed in Note 13.

Bond and Commercial Paper Ratings			
	Standard & Poor's	Fitch	Moody's
Water & Wastewater Revenue Bonds	AA+	AA+	-
Municipal Drainage System Bonds	AA+	AA+	-
Water & Wastewater Commercial Paper	-	A+/F1	P-1





Summary of Significant Outstanding Debt			
	FY 2019	FY 2018	FY 2017
Water & Wastewater Revenue Bonds	$739,010,000	$749,710,000	$665,715,000
Municipal Drainage System Bonds	100,324,000	102,468,000	96,607,000
Water & Wastewater Commercial Paper	15,000,000	10,000,000	22,500,000
Municipal Drainage System Revolving Note	2,500,000	-	-
Unamortized Premiums Net of Discounts	82,274,063	83,748,440	68,890,912
Other Governments Payable	2,054,121	2,208,428	2,355,957
Land Notes Payable	-	914,885	1,786,222
Total	$941,162,184	$949,049,753	$857,855,091

Economic Factors and Next Year's Budget and Rates

- The river water estimated allocation for 2019 is close to our normal allotment of approximately 58,000 acre feet.

- In 2018, the El Paso MSA home sales increased by 9.6% with median sales prices increasing by 4.98% according to the Texas A&M Real Estate Center. The number of months Single-Family Housing remained in inventory decreased from 5.3 months to 3.8 months during the same period.

- EPWater didn't include in the budget for fiscal year 2019-20 any new bond issues for the Water & Wastewater Utility Capital Improvement Projects but anticipate one or two bond issues to take commercial paper notes to a long-term liability. The Municipal Drainage Utility budget includes $10.39 million in new financing for fiscal year 2019-20 to take Direct Funded Revolving Loans to a long-term liability.

- EPWater has planned and prepared to meet growth and will partially finance growth projects with the water and wastewater impact fees that were adopted by City Council in May 2009. In April 2019, City Council did not consider nor approve any changes to the impact fees. The Utility will reevaluate a possible fee increase in future years or as prescribed by state statue.

All of these factors were taken into consideration in preparing EPWater's budget for fiscal year 2019-20. The Water and Wastewater Utility adopted a budget with a four percent rate increase for water an eight percent rate increase for wastewater and no fee increase for the Drainage Utility. EPWater will continue to look for efficiencies, refinancing debt and cutting costs whenever possible.

Request for Information

The financial report is designed to provide a general overview of the El Paso Water Utilities' 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 via hand delivery: 1154 Hawkins, 79925 or US Mail: PO Box 511, El Paso, TX 79961-0511.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF NET POSITION

February 28, 2019

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 29,858,943	$ 3,863,819	$ -	$ 33,722,762
Investments	2,975,082	-	-	2,975,082
Accounts receivable - customers	25,310,387	1,487,739	-	26,798,126
Accounts receivable - other	1,916,665	129,298	-	2,045,963
Leased property investment costs	373,137	-	-	373,137
Accrued interest receivable	191,388	26,551	-	217,939
Due from Municipal Drainage Utility	46,473	-	(46,473)	-
Inventory - materials and supplies	2,284,829	-	-	2,284,829
Other current assets	570,794	-	-	570,794
Prepaid expenses	1,970,076	-	-	1,970,076
Restricted current assets:				
Restricted for bond requirements:				
Cash and cash equivalents	67,076,517	7,116,349	-	74,192,866
Investments	26,502,646	5,266,881	-	31,769,527
Restricted for construction and improvements:				
Cash and cash equivalents	98,648,673	27,331,123	-	125,979,796
Investments	14,669,062	1,000,000	-	15,669,062
Accounts receivable government grants	672,730	-	-	672,730
Notes receivable	26,829	-	-	26,829
Total current assets	273,094,231	46,221,760	(46,473)	319,269,518
Noncurrent assets:				
Accounts receivable - City of El Paso	9,225,042	-	-	9,225,042
Leased property investment costs	3,358,229	-	-	3,358,229
Restricted noncurrent assets:				
Restricted for bond requirements:				
Investments	625,581	-	-	625,581
Capital assets:				
Water and Wastewater Utility capital assets	2,255,241,368	-	-	2,255,241,368
Municipal Drainage Utility capital assets	-	154,962,638	-	154,962,638
Land and right of way	278,966,362	28,009,612	-	306,975,974
Construction work in progress	182,300,846	26,023,971	-	208,324,817
Less accumulated depreciation	(1,088,248,936)	(20,516,510)	-	(1,108,765,446)
Total capital assets (net of accumulated depreciation)	1,628,259,640	188,479,711	-	1,816,739,351
Total noncurrent assets	1,641,468,492	188,479,711	-	1,829,948,203
Total assets	1,914,562,723	234,701,471	(46,473)	2,149,217,721
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on bond refunding	4,055,506	-	-	4,055,506
Deferred pension contributions	2,574,449	153,843	-	2,728,292
Difference in projected and actual earnings on pension assets	-	33,845	-	33,845
Difference in expected and actual pension experience	2,643,059	154,220	-	2,797,279
Change in assumptions pension	2,640,453	186,495	-	2,826,948
Change in proportionate share pension	503,765	79,412	-	583,177
Change in assumptions OPEB	44,088	3,438	-	47,526
Total deferred outflows of resources	12,461,320	611,253	-	13,072,573
Total assets and deferred outflows of resources	$ 1,927,024,043	$ 235,312,724	$ (46,473)	$ 2,162,290,294

	Water & Wastewater Utility	Municipal Drainage Utility	Eliminations	Total
LIABILITIES				
Current liabilities:				
Accounts payable	$ 3,588,935	$ 287,070	$ -	$ 3,876,005
Environmental Services collections and other payments due to City of El Paso	7,359,963	-	-	7,359,963
Customer deposits	10,722,705	-	-	10,722,705
Accrued vacation payable	1,936,844	93,148	-	2,029,992
Accrued payroll and benefits	2,601,156	182,065	-	2,783,221
Due to Water and Wastewater Utility	-	46,473	(46,473)	-
Unearned revenue on land leases	787,498	496	-	787,994
Other current liabilities	183,782	-	-	183,782
Self-insurance workers' compensation and health claims	238,627	-	-	238,627
Other governments payable - current	161,396	-	-	161,396
Current liabilities payable from restricted assets:				
Revenue bonds payables and unamortized premiums net of discounts	46,926,791	5,447,309	-	52,374,100
Accrued interest on long term debt	13,611,590	2,325,131	-	15,936,721
Accounts payable	23,831,539	4,638,079	-	28,469,618
Customer advances for construction	1,233,190	-	-	1,233,190
Retainage payable on construction contracts	3,433,985	322,626	-	3,756,611
Total current liabilities	116,618,001	13,342,397	(46,473)	129,913,925
Noncurrent liabilities:				
Revenue bonds payables and unamortized premiums net of discounts	760,734,062	108,499,901	-	869,233,963
Other governments payable	1,892,725	-	-	1,892,725
Commercial paper notes	15,000,000	-	-	15,000,000
Revolving note	-	2,500,000	-	2,500,000
Total OPEB Liability	18,393,671	1,434,474	-	19,828,145
Net Pension Liability	38,351,408	2,237,204	-	40,588,612
Accrued vacation payable	1,367,997	40,763	-	1,408,760
Self-insurance workers' compensation claims	661,402	-	-	661,402
Total noncurrent liabilities	836,401,265	114,712,342	-	951,113,607
Total liabilities	953,019,266	128,054,739	(46,473)	1,081,027,532
DEFERRED INFLOWS OF RESOURCES				
Gains on bond refunding	354,002	-	-	354,002
Difference in projected and actual earning on pension assets	51,697	-	-	51,697
Difference in expected and actual pension experience	1,597,238	112,812	-	1,710,050
Change in proportionate share pension	232,280	318,033	-	550,313
Total deferred inflows of resources	2,235,217	430,845	-	2,666,062
NET POSITION				
Restricted:				
Restricted for debt service	80,593,154	10,058,099	-	90,651,253
Restricted for construction and improvements	28,418,448	12,514,167	-	40,932,615
Total restricted	109,011,602	22,572,266	-	131,583,868
Net investment in capital assets	865,579,492	84,228,534	-	949,808,026
Unrestricted	(2,821,534)	26,340	-	(2,795,194)
Total net position	971,769,560	106,827,140	-	1,078,596,700
Total liabilities, deferred inflows of resources, and net position	$ 1,927,024,043	$ 235,312,724	$ (46,473)	$ 2,162,290,294

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

February 28, 2018

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 23,035,090	$ 3,230,423	$ -	$ 26,265,513
Investments	9,494,521	-	-	9,494,521
Accounts receivable - customers	22,582,767	1,382,544	-	23,965,311
Accounts receivable - other	942,748	218,405	-	1,161,153
Accrued interest receivable	125,966	-	-	125,966
Due from Municipal Drainage Utility	28,551	-	(28,551)	-
Inventory - materials and supplies	2,065,782	-	-	2,065,782
Other current assets	1,660,155	-	-	1,660,155
Prepaid expenses	1,967,549	-	-	1,967,549
Restricted current assets:				
Restricted for bond requirements:				
Cash and cash equivalents	51,349,773	5,674,472	-	57,024,245
Investments	33,916,717	3,097,035	-	37,013,752
Restricted for construction and improvements:				
Cash and cash equivalents	187,966,375	41,541,892	-	229,508,267
Investments	12,000,000	-	-	12,000,000
Accounts receivable government grants	859,804	-	-	859,804
Notes receivable	34,325	-	-	34,325
Total current assets	348,030,123	55,144,771	(28,551)	403,146,343
Noncurrent assets:				
Accounts receivable - City of El Paso	9,225,042	-	-	9,225,042
Capital assets:				
Water and Wastewater Utility capital assets	2,207,643,917	-	-	2,207,643,917
Municipal Drainage Utility capital assets	-	137,883,696	-	137,883,696
Land and right of way	224,302,145	22,427,770	-	246,729,915
Construction work in progress	86,353,500	24,270,347	-	110,623,847
Less accumulated depreciation	(1,025,019,767)	(17,264,955)	-	(1,042,284,722)
Total capital assets (net of accumulated depreciation)	1,493,279,795	167,316,858	-	1,660,596,653
Total noncurrent assets	1,502,504,837	167,316,858	-	1,669,821,695
Total assets	1,850,534,960	222,461,629	(28,551)	2,072,968,038
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on bond refunding	4,661,357	-	-	4,661,357
Deferred pension contributions	2,412,714	129,506	-	2,542,220
Difference in projected and actual earnings on pension assets	1,396,917	138,501	-	1,535,418
Difference in expected and actual pension experience	183,778	11,688	-	195,466
Change in assumptions pension	4,067,725	287,303	-	4,355,028
Change in proportionate share pension	524,567	113,867	-	638,434
Total deferred outflows of resources	13,247,058	680,865	-	13,927,923
Total assets and deferred outflows of resources	$ 1,863,782,018	$ 223,142,494	$ (28,551)	$ 2,086,895,961

	Water & Wastewater Utility	Municipal Drainage Utility	Eliminations	Total
LIABILITIES				
Current liabilities:				
Accounts payable	$ 3,882,318	$ 276,694	$ -	$ 4,159,012
Environmental Services collections and other payments due to City of El Paso	6,284,363	-	-	6,284,363
Customer deposits	10,214,425	-	-	10,214,425
Accrued vacation payable	1,898,673	89,386	-	1,988,059
Accrued payroll and benefits	2,159,375	133,036	-	2,292,411
Due to Water and Wastewater Utility	-	28,551	(28,551)	-
Unearned revenue on land leases	629,855	489	-	630,344
Other current liabilities	520,262	-	-	520,262
Self-insurance workers' compensation and health claims	517,178	-	-	517,178
Other governments payable - current	154,307	-	-	154,307
Current liabilities payable from restricted assets:				
Revenue bonds payables and unamortized premiums net of discounts	41,753,423	2,902,309	-	44,655,732
Accrued interest on long term debt	13,307,015	1,832,209	-	15,139,224
Accounts payable	13,584,952	3,910,756	-	17,495,708
Land notes payable	914,885	-	-	914,885
Land notes interest payable	12,397	-	-	12,397
Customer advances for construction	3,339,608	-	-	3,339,608
Retainage payable on construction contracts	1,891,699	758,558	-	2,650,257
Total current liabilities	101,064,735	9,931,988	(28,551)	110,968,172
Noncurrent liabilities:				
Revenue bonds payables and unamortized premiums net of discounts	777,323,497	113,947,211	-	891,270,708
Other governments payable	2,054,121	-	-	2,054,121
Commercial paper notes	10,000,000	-	-	10,000,000
Other Post-Employment Benefits	10,310,742	486,939	-	10,797,681
Net Pension Liability	37,581,946	2,189,770	-	39,771,716
Accrued vacation payable	1,167,053	67,477	-	1,234,530
Self-insurance workers' compensation claims	451,432	-	-	451,432
Total noncurrent liabilities	838,888,791	116,691,397	-	955,580,188
Total liabilities	939,953,526	126,623,385	(28,551)	1,066,548,360
DEFERRED INFLOWS OF RESOURCES				
Gains on bond refunding	386,154	-	-	386,154
Difference in expected and actual pension experience	2,460,610	173,792	-	2,634,402
Change in proportionate share pension	357,836	383,695	-	741,531
Total deferred inflows of resources	3,204,600	557,487	-	3,762,087
NET POSITION				
Restricted:				
Restricted for debt service	71,959,475	6,939,297	-	78,898,772
Restricted for construction and improvements	32,763,350	10,969,920	-	43,733,270
Total restricted	104,722,825	17,909,217	-	122,632,042
Net investment in capital assets	817,962,873	76,369,996	-	894,332,869
Unrestricted	(2,061,806)	1,682,409	-	(379,397)
Total net position	920,623,892	95,961,622	-	1,016,585,514
Total liabilities, deferred inflows of resources, and net position	$ 1,863,782,018	$ 223,142,494	$ (28,551)	$ 2,086,895,961

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, 2019

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Operating revenues:				
Water	$ 123,904,158	$ -	$ -	$ 123,904,158
Water supply replacement charge	29,146,782	-	-	29,146,782
Reclaimed water	4,299,939	-	-	4,299,939
Wastewater	83,943,118	-	-	83,943,118
Drainage fees	-	23,300,515	(157,670)	23,142,845
Customer connection fees	5,904,711	-	-	5,904,711
Billing fees - City Environmental Services	641,378	274,877	-	916,255
Rent revenue	3,158,095	-	(24,000)	3,134,095
City of El Paso Franchise fee	3,588,827	-	-	3,588,827
Other operating revenue	1,349,760	383,284	-	1,733,044
Total operating revenues	255,936,768	23,958,676	(181,670)	279,713,774
Operating expenses:				
Operations and maintenance - water & reclaimed water	49,304,582	-	(77,032)	49,227,550
Operations and maintenance - wastewater	25,436,858	-	(72,890)	25,363,968
General, administrative and engineering expenses	25,718,114	-	1,414,321	27,132,435
Operations and maintenance - drainage	-	4,670,438	(6,069)	4,664,369
Indirect cost allocation	-	1,440,000	(1,440,000)	-
Other operating expenses	1,679,657	-	-	1,679,657
Other Post-Employment Benefits	1,663,346	129,720	-	1,793,066
Pension expense	5,049,735	286,850	-	5,336,585
Depreciation	65,321,686	3,251,555	-	68,573,241
Payment to City of El Paso Franchise fee	3,588,827	-	-	3,588,827
Payment to City of El Paso per bond covenants	14,630,638	-	-	14,630,638
Total operating expenses	192,393,443	9,778,563	(181,670)	201,990,336
Operating income	63,543,325	14,180,113	-	77,723,438
Nonoperating revenues (expenses):				
Interest earnings and net change in fair value of investments	4,978,549	942,499	-	5,921,048
Gain on land assets converted by sale	1,090,824	-	-	1,090,824
Gain on sale of miscellaneous assets	356,577	-	-	356,577
Other nonoperating expenses	(584,040)	(249,613)	-	(833,653)
Interest on long term debt	(22,986,519)	(3,157,059)	-	(26,143,578)
Total nonoperating expenses	(17,144,609)	(2,464,173)	-	(19,608,782)
Increase in net position, before capital contributions	46,398,716	11,715,940	-	58,114,656
Federal grant contributions	1,957,033	-	-	1,957,033
Capital and non-federal grant contributions	9,627,603	-	-	9,627,603
Total contributions	11,584,636	-	-	11,584,636
Change in net position	57,983,352	11,715,940	-	69,699,292
Total net position - beginning	920,623,892	95,961,622	-	1,016,585,514
Prior period adjustment	(6,837,684)	(850,422)	-	(7,688,106)
Total net position - ending	$ 971,769,560	$ 106,827,140	$ -	$ 1,078,596,700

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, 2018

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Operating revenues:				
Water	$ 115,534,990	$ -	$ -	$ 115,534,990
Water supply replacement charge	26,877,670	-	-	26,877,670
Reclaimed water	3,502,798	-	-	3,502,798
Wastewater	76,001,732	-	-	76,001,732
Drainage fees	-	22,419,202	(152,823)	22,266,379
Customer connection fees	5,400,322	-	-	5,400,322
Billing fees - City Environmental Services	634,446	271,905	-	906,351
Rent revenue	2,041,465	-	(24,000)	2,017,465
City of El Paso Franchise fee	3,584,130	-	-	3,584,130
Farm operations revenues	7,295,255	-	-	7,295,255
Other operating revenue	1,238,416	393,198	-	1,631,614
Total operating revenues	242,111,224	23,084,305	(176,823)	265,018,706
Operating expenses:				
Operations and maintenance - water & reclaimed water	45,569,242	-	(73,553)	45,495,689
Operations and maintenance - wastewater	23,843,214	-	(70,861)	23,772,353
General, administrative and engineering expenses	23,597,684	-	878,986	24,476,670
Operations and maintenance - drainage	-	4,828,146	(8,395)	4,819,751
Indirect cost allocation	-	903,000	(903,000)	-
Farm operations expenses	5,712,023	-		5,712,023
Other operating expenses	1,763,632	-	-	1,763,632
Other Post-Employment Benefits	820,987	71,663	-	892,650
Pension expense	4,998,067	285,217	-	5,283,284
Depreciation	62,997,545	2,899,125	-	65,896,670
Payment to City of El Paso Franchise fee	3,584,130	-	-	3,584,130
Payment to City of El Paso per bond covenants	13,551,952	-	-	13,551,952
Total operating expenses	186,438,476	8,987,151	(176,823)	195,248,804
Operating income	55,672,748	14,097,154	-	69,769,902
Nonoperating revenues (expenses):				
Interest earnings and net change in fair value of investments	2,450,878	493,700	-	2,944,578
IRS tax credit for Build America Bonds	121,044	516,337	-	637,381
Gain on land assets converted by sale	4,885	-	-	4,885
Gain on sale of miscellaneous assets	342,691	58,712	-	401,403
Other nonoperating expenses	(1,107,652)	(487,336)	-	(1,594,988)
Interest on long term debt	(22,035,064)	(3,476,075)	-	(25,511,139)
Total nonoperating expenses	(20,223,218)	(2,894,662)	-	(23,117,880)
Increase in net position, before capital contributions	35,449,530	11,202,492	-	46,652,022
Federal grant contributions	2,202,247	-	-	2,202,247
Capital and non-federal grant contributions	6,863,177	198,000	-	7,061,177
Total contributions	9,065,424	198,000	-	9,263,424
Change in net position	44,514,954	11,400,492	-	55,915,446
Total net position - beginning	876,108,938	84,561,130	-	960,670,068
Total net position - ending	$ 920,623,892	$ 95,961,622	$ -	$ 1,016,585,514

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, 2019

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 249,295,823	$ 23,784,925	$ -	$ 273,080,748
Cash received from Municipal Drainage Utility	1,476,147	-	(1,476,147)	-
Cash received from Water and Wastewater Utility	-	157,670	(157,670)	-
Environmental Services fees collected for the City of El Paso	68,381,801	-	-	68,381,801
Franchise fees collected	3,588,827	-	-	3,588,827
Cash payments to suppliers for goods and services	(65,438,828)	(4,046,135)	-	(69,484,963)
Cash payments to employees for services	(42,617,681)	(862,834)	-	(43,480,515)
Environmental Services fees paid to the City of El Paso	(67,358,779)	-	-	(67,358,779)
Payments to City of El Paso per bond covenants	(14,583,611)	-	-	(14,583,611)
Payments to City of El Paso Franchise fees	(3,583,276)	-	-	(3,583,276)
Cash payments to Municipal Drainage Utility	(157,670)	-	157,670	-
Cash payments to Water and Wastewater Utility	-	(1,476,147)	1,476,147	-
Net cash provided by operating activities	129,002,753	17,557,479	-	146,560,232
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from:				
Revenue bonds	26,670,000	-	-	26,670,000
Premiums received on revenue bonds	3,697,917	-	-	3,697,917
Commercial paper	35,000,000	-	-	35,000,000
Revolving note	-	2,500,000	-	2,500,000
Cash receipts from grants	2,269,668	-	-	2,269,668
Acquisition and construction from capital grants	(2,082,591)	-	-	(2,082,591)
Acquisition and construction of capital assets net of disposals	(183,920,114)	(24,123,018)	-	(208,043,132)
Refunding commercial paper	(30,000,000)	-	-	(30,000,000)
Principal payments on revenue bonds	(37,370,000)	(2,144,000)	-	(39,514,000)
Interest and fees on revenue bonds and commercial paper	(26,998,230)	(3,672,059)	-	(30,670,289)
Principal payments on land notes payable	(914,885)	-	-	(914,885)
Interest payments on notes and other long term debt	(121,016)	-	-	(121,016)
Proceeds from sale of assets net of related expenses	1,447,400	-	-	1,447,400
Net cash used by capital and related financing activities	(212,321,851)	(27,439,077)	-	(239,760,928)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale and maturities of investment securities	169,483,814	14,376,562	-	183,860,376
Purchase of investment securities	(158,854,190)	(17,546,451)	-	(176,400,641)
Interest received on investment securities	4,922,369	915,991	-	5,838,360
Net cash provided (used) by investing activities	15,551,993	(2,253,898)	-	13,298,095
Net decrease in cash and cash equivalents	(67,767,105)	(12,135,496)	-	(79,902,601)
Cash and cash equivalents:				
Beginning of year	262,351,238	50,446,787	-	312,798,025
End of year	$ 194,584,133	$ 38,311,291	$ -	$ 232,895,424

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, 2019

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 63,543,325	$ 14,180,113	$ -	$ 77,723,438
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	65,321,686	3,251,555	-	68,573,241
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	(3,694,041)	(16,088)	-	(3,710,129)
Due from Municipal Drainage Utility	(17,922)	-	17,922	-
Inventory	(219,047)	-	-	(219,047)
Prepaid expenses	(2,527)	-	-	(2,527)
Other current assets	1,089,361	-	-	1,089,361
Deferred outflow-Pension contributions	(161,735)	(24,337)	-	(186,072)
Deferred outflow-Difference in projected and actual earnings on pension assets	1,396,917	104,656	-	1,501,573
Deferred outflow-Difference in expected and actual pension experience	(2,459,281)	(142,532)	-	(2,601,813)
Deferred outflow-Change in assumptions pension	1,427,272	100,808	-	1,528,080
Deferred outflow-Difference in expected and actual pension experience	-	34,455	-	34,455
Deferred outflow-Change in proportionate share pension	20,802	-	-	20,802
Deferred outflow-Change in assumptions OPEB	(44,088)	(3,438)		(47,526)
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	(293,383)	10,376	-	(283,007)
Other current liabilities	1,405,622	7	-	1,405,629
Due to Water and Wastewater Utility	-	17,922	(17,922)	-
Accrued vacation payable	239,115	(22,952)	-	216,163
Accrued payroll and benefits	441,781	49,029	-	490,810
Other Post-Employment Benefits	(10,310,742)	(486,939)	-	(10,797,681)
Total OPEB Liability	11,555,988	584,052	-	12,140,040
Net Pension Liability	769,462	47,434	-	816,896
Deferred inflows-Difference in projected and actual earnings on pension assets	51,697	-	-	51,697
Deferred inflows-Difference in expected and actual pension experience	(863,372)	(60,980)	-	(924,352)
Deferred inflows-Change in proportionate share	(125,556)	(65,662)	-	(191,218)
Self-insurance claims	(68,581)	-	-	(68,581)
Net cash provided by operating activities	$ 129,002,753	$ 17,557,479	$ -	$ 146,560,232
Noncash investing, capital, and financing activities:				
Contribution in aid of construction	$ 11,459,074	$ -	$ -	$ 11,459,074
Decrease in accounts receivable capital grants	(187,074)	-	-	(187,074)
Change in fair value of investments	9,242	43	-	9,285
	$ 11,281,242	$ 43	$ -	$ 11,281,285

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, 2018

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 236,352,475	$ 22,384,884	$ -	$ 258,737,359
Cash received from Municipal Drainage Utility	707,256	-	(707,256)	-
Cash received from Water and Wastewater Utility	-	152,823	(152,823)	-
Environmental Services fees collected for the City of El Paso	62,126,863	-	-	62,126,863
Franchise fees collected	3,577,539	-	-	3,577,539
Cash payments to suppliers for goods and services	(65,046,146)	(3,765,216)	-	(68,811,362)
Cash payments to employees for services	(39,910,147)	(1,095,113)	-	(41,005,260)
Environmental Services fees paid to the City of El Paso	(62,078,920)	-	-	(62,078,920)
Payments to City of El Paso per bond covenants	(13,462,791)	-	-	(13,462,791)
Payments to City of El Paso Franchise fees	(3,571,065)	-	-	(3,571,065)
Cash payments to Municipal Drainage Utility	(152,823)	-	152,823	-
Cash payments to Water and Wastewater Utility	-	(707,256)	707,256	-
Net cash provided by operating activities	118,542,241	16,970,122	-	135,512,363
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from:				
Revenue bonds	133,880,000	48,940,000	-	182,820,000
Premiums received on revenue bonds	12,068,682	7,584,744	-	19,653,426
Commercial paper	15,500,000	-	-	15,500,000
Cash receipts from grants	2,001,206	-	-	2,001,206
Acquisition and construction from capital grants	(2,291,652)	-	-	(2,291,652)
Acquisition and construction of capital assets net of disposals	(116,030,172)	(29,228,312)	-	(145,258,484)
Refunding revenue bonds	(15,460,000)	(39,375,000)	-	(54,835,000)
Refunding commercial paper	(28,000,000)	-	-	(28,000,000)
Principal payments on revenue bonds	(34,425,000)	(3,704,000)	-	(38,129,000)
Interest and fees on revenue bonds and commercial paper	(25,744,374)	(4,944,403)	-	(30,688,777)
IRS tax credit on Build America Bonds	121,044	516,337	-	637,381
Principal payments on land notes payable	(871,337)	-	-	(871,337)
Interest payments on notes and other long term debt	(140,868)	-	-	(140,868)
Proceeds from sale of assets net of related expenses	347,575	58,712	-	406,287
Net cash used by capital and related financing activities	(59,044,896)	(20,151,922)	-	(79,196,818)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale and maturities of investment securities	100,159,972	18,240,005	-	118,399,977
Purchase of investment securities	(112,539,247)	(14,099,607)	-	(126,638,854)
Interest received on investment securities	2,646,029	522,018	-	3,168,047
Net cash provided (used) by investing activities	(9,733,246)	4,662,416	-	(5,070,830)
Net increase in cash and cash equivalents	49,764,099	1,480,616	-	51,244,715
Cash and cash equivalents:				
Beginning of year	212,587,139	48,966,171	-	261,553,310
End of year	$ 262,351,238	$ 50,446,787	$ -	$ 312,798,025

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, 2018

	Water & Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 55,672,748	$ 14,097,154	$ -	$ 69,769,902
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	62,997,545	2,899,125	-	65,896,670
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	(2,741,532)	(537,854)	-	(3,279,386)
Due from Municipal Drainage Utility	(28,551)	-	28,551	-
Due from Water and Wastewater Utility	-	223,588	(223,588)	-
Inventory	(330,308)	-	-	(330,308)
Prepaid expenses	48,130	-	-	48,130
Other current assets	(117,046)	-	-	(117,046)
Deferred outflow-Pension contributions	(203,704)	39,754	-	(163,950)
Deferred outflow-Difference in projected and actual earnings on pension assets	3,892,902	246,985	-	4,139,887
Deferred outflow-Difference in expected and actual pension experience	180,013	11,429	-	191,442
Deferred outflow-Change in assumptions pension	1,427,272	100,808	-	1,528,080
Deferred outflow-Difference in expected and actual pension experience	-	27,458	-	27,458
Deferred outflow-Change in proportionate share pension	(524,567)	-	-	(524,567)
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	1,217,499	199,220	-	1,416,719
Other current liabilities	726,617	(8,745)	-	717,872
Due to Municipal Drainage Utility	(223,588)	-	223,588	-
Due to Water and Wastewater Utility	-	28,551	(28,551)	-
Accrued vacation payable	110,034	(5,148)	-	104,886
Accrued payroll and benefits	115,007	(14,705)	-	100,302
Other Post-Employment Benefits	820,987	71,663	-	892,650
Net Pension Liability	(3,441,571)	(707,715)	-	(4,149,286)
Deferred inflows-Difference in expected and actual pension experience	(863,372)	(60,980)	-	(924,352)
Deferred inflows-Change in proportionate share	(125,556)	359,534	-	233,978
Self-insurance claims	(66,718)	-	-	(66,718)
Net cash provided by operating activities	$ 118,542,241	$ 16,970,122	$ -	$ 135,512,363
Noncash investing, capital, and financing activities:				
Contribution in aid of construction	$ 8,976,018	$ 198,000	$ -	$ 9,174,018
Increase in accounts receivable capital grants	290,446	-	-	290,446
Change in fair value of investments	(4,226)	(513)	-	(4,739)
	$ 9,262,238	$ 197,487	$ -	$ 9,459,725

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

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. EPWater's basic financial statements include the accounts of all EPWater's operations, and there are no component units as defined by GASB which are included in EPWater's reporting entity. However, EPWater is 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 local, 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 has 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.

Over the past few years, EPWater purchased agricultural properties (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. EPWater, on an interim basis, and with the intention of leasing the Property to a third party, continued farming operations into 2018. The assets, liabilities, and results of the operations were included in the financial statement balances for fiscal year February 28, 2018. The leased property investment costs included in the February 28, 2019 financial statements are expenditures related to preservation of the farming operations on the Property pending EPWater's lease of the Property to a third party. The expenditures prevented deterioration in the value of the Property investment and facilitated leasing the Property. The leased property investment costs are being amortized over the initial term of the lease, which became effective retroactively to January 1, 2018.

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting - Public Service Board - El Paso Water Utilities 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 be 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.

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.

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.

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.

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. 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.

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 one year are reported at amortized cost. 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.

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 - Capital assets include assets with an individual cost of $5,000 or more and an estimated useful life in excess of one year. Water and wastewater and drainage additions are recorded at cost, which includes materials, labor, overhead, and interest capitalized during construction. Overhead consists of internal costs that are clearly related to the acquisition of capital assets. Assets acquired through contributions, such as from developers, are capitalized and recorded at acquisition value as of the date of donation. Included in capital assets are intangible assets, which consist of purchased water rights and land easements. 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. At the time of retirement of capital assets, the allowance for depreciation is charged with the original cost of the asset and the cost of removal.

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Vacation and Sick Pay - Full time, permanent Public Service Board - El Paso Water Utilities 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. As of February 28, 2019 and 2018, EPWater's total vacation leave liability was $3,438,752 and $3,222,589, respectively.

Vacation payable for the Water and Wastewater Utility is as follows:

	2019	2018
Total payable, beginning of year	**$ 3,065,726**	$ 2,955,692
Vacation earned	**2,245,565**	2,019,656
Vacation used	**(2,006,450)**	(1,909,622)
Total payable, end of year	**$ 3,304,841**	$ 3,065,726

Vacation payable for the Municipal Drainage Utility is as follows:

	2019	2018
Total payable, beginning of year	**$ 156,863**	$ 162,011
Vacation earned	**54,198**	94,727
Vacation used	**(77,150)**	(99,875)
Total payable, end of year	**$ 133,911**	$ 156,863

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. EPWater does not record any liability for sick pay as employees are not reimbursed upon termination.

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement category represents an acquisition of net position 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 pension contributions - These contributions are deferred and reduce net pension liability in the subsequent fiscal year.

Difference in expected and actual pension experience - This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

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 difference is deferred and amortized over the average remaining service life of all participants in the pension plan and OPEB. It is recorded as a component of pension and OPEB expense beginning with the period in which they are incurred.

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

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

GASB 75 - In fiscal year 2019, EPWater implemented *GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions,* which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. EPWater's financial statement as of February 28, 2019 are presented in accordance with the guidance provided by this statement. See Note 31, Prior Period Adjustment, for more information regarding implementation of this pronouncement.

Reclassifications - Certain amounts presented for the prior year data have been reclassified in order to be consistent with the current year's presentation.

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 to produce in each fiscal year 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.

2. CITY ORDINANCE NO. 752 (Continued)

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 No. 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 storm water 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 states that the Board shall 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 took into account the use of open space as natural drainage and to the extent reasonably possible 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, $18,881,916 has been set aside from 10% of revenues for Green Projects and as of February 28, 2019, $13,242,815 has been spent including the purchase of 202.658 acres for $2,465,000 on March 31, 2010, 140.799 acres for $2,750,000 on July 14, 2015, 69.63 acres for $1,666,416 on November 6, 2017, and eight Park-Pond Conversions throughout the city for $1,800,000.

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 beginning with the City's Fiscal Year ending August 31, 2009, the Board shall present to the City Council a report on the status of the System.

Ordinance No. 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, 2019 and 2018, was $11,448,923 and $9,026,123, respectively, and the bank balances totaled $16,437,472 and $12,659,621, respectively. The carrying amount of cash for the Municipal Drainage Utility at February 28, 2019 and 2018 was $342,111 and $1,499,196, respectively, and the bank balances totaled $954,101 and $2,031,928, respectively. As of February 28, 2019, $250,000 of the bank balances were covered by FDIC and the remaining balance was secured by government securities with a fair value of $18,073,124. As of February 28, 2018, $250,000 of the bank balances were covered by FDIC and the remaining balance was secured by government securities with a fair value of $19,716,971.

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

	February 28, 2019			
	Cash and Cash Equivalents			Investments
	Cash	Cash Equivalents	Total	
Unrestricted assets	$ 4,485,074	$ 25,373,869	$ 29,858,943	$ 2,975,082
Restricted assets				
Bond requirements	-	67,076,517	67,076,517	27,128,227
Construction and improvements	6,963,849	91,684,824	98,648,673	14,669,062
Total restricted assets	6,963,849	158,761,341	165,725,190	41,797,289
Total	$ 11,448,923	$ 184,135,210	$ 195,584,133	$ 44,772,371

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

	February 28, 2018			
	Cash and Cash Equivalents			Investments
	Cash	Cash Equivalents	Total	
Unrestricted assets	$ 8,409,984	$ 14,625,106	$ 23,035,090	$ 9,494,521
Restricted assets				
Bond requirements	-	51,349,773	51,349,773	33,916,717
Construction and improvements	616,139	187,350,236	187,966,375	12,000,000
Total restricted assets	616,139	238,700,009	239,316,148	45,916,717
Total	$ 9,026,123	$ 253,325,115	$ 262,351,238	$ 55,411,238

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

	February 28, 2019			
	Cash and Cash Equivalents			Investments
	Cash	Cash Equivalents	Total	
Unrestricted assets	$ -	$ 3,863,819	$ 3,863,819	$ -
Restricted assets				
Bond requirements	-	7,116,349	7,116,349	5,266,881
Construction and improvements	342,111	26,989,012	27,331,123	1,000,000
Total restricted assets	342,111	34,105,361	34,447,472	6,266,881
Total	$ 342,111	$ 37,969,180	$ 38,311,291	$ 6,266,881

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

	February 28, 2018			
	Cash and Cash Equivalents			Investments
	Cash	Cash Equivalents	Total	
Unrestricted assets	$ 1,032,326	$ 2,198,097	$ 3,230,423	$ -
Restricted assets				
Bond requirements	-	5,674,472	5,674,472	3,097,035
Construction and improvements	466,870	41,075,022	41,541,892	-
Total restricted assets	466,870	46,749,494	47,216,364	3,097,035
Total	$ 1,499,196	$ 48,947,591	$ 50,446,787	$ 3,097,035

The **Public Funds Investment Act** (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.

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.

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

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. This responsibility includes the ability to influence operations, designation of management and accountability for fiscal matters. 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 Investors 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 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. So long as the Fund continues to utilize amortized accounting, although all securities are marked to market daily using the fair value method, amortized cost, which generally approximates the market value of the securities, has been deemed to be a proxy for fair value. 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. The amortized cost approximates fair value as of February 28, 2018. 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.

During fiscal year 2017-2018, EPWater also participated in the Insured Deposit Portal Account (IDP), which is a money market program that provides next day liquidity and is fully FDIC insured. All banks within the IDP program are only those classified as "well capitalized" by the FDIC and are carefully screened and monitored. The current capacity for IDP is limited to $50 million.

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

The Water and Wastewater Utility investments at February 28, 2019 and 2018 are categorized as summarized below:

	February 28, 2019						
		Original Maturities - EPWater Position		EPWater's Weighted Avg. Maturity	Pool's Weighted Avg. Maturity	Credit Rating Standard &	Percent of Grand
Investment Type	Value	Less than 1 year	1-5 years	(days)	(days)	Poor's	Total
Government Investment Pools Account							
TexPool	$ 4,593,262	$ 4,593,262	$ -	1	24	AAA	2.01%
TexPool Prime	57,931,730	57,931,730	-	1	22	AAA	25.31%
TexSTAR	42,527,002	42,527,002	-	1	33	AAA	18.58%
Total Pools	105,051,994	105,051,994	-				45.90%
Money Market Funds							
Fidelity Investment Money Market Funds	67,076,516	67,076,516	-	1	17	AAA	29.30%
Fidelity Treasury Port-I	12,006,700	12,006,700	-	1	18	AAA	5.25%
Total Money Market Funds	79,083,216	79,083,216	-				34.55%
Securities							
Federal Agency Discounts:							
Federal Home Loan Bank Discount Note	2,493,554	2,493,554	-	43		AA	1.09%
Federal National Mortgage Association	1,633,325	1,633,325	-	223		AA	0.71%
Federal Agency Coupons:							
Federal Home Loan Bank	7,625,016	6,633,477	991,539	114		AA	3.33%
Federal Home Loan Mortgage Corporation	6,719,497	5,365,612	1,353,885	115		AA	2.94%
Federal National Mortgage Association	2,985,136	-	2,985,136	240		AA	1.30%
FARMER MAC	7,000,000	7,000,000	-	168		AA	3.06%
Certificate of Deposit*	5,000,000	4,000,000	1,000,000	147		Not Rated	2.18%
Municipal Bonds	11,315,843	4,253,727	7,062,116	220		AA	4.94%
Total Securities	44,772,371	31,379,695	13,392,676	162			19.55%
Portfolio Total	$ 228,907,581	$ 215,514,905	$ 13,392,676	32			100.00%

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

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

February 28, 2018

Investment Type	Value	Original Maturities - EPWater Position: Less than 1 year	Original Maturities - EPWater Position: 1-5 years	EPWater's Weighted Avg. Maturity (days)	Pool's Weighted Avg. Maturity (days)	Credit Rating Standard & Poor's	Percent of Grand Total
Government Investment Pools and IDP							
IDP*	$ 23,094,075	$ 23,094,075	$ -	1	-	Not Rated	7.48%
TexPool	255,488	255,488	-	1	26	AAA	0.08%
TexPool Prime	73,114,755	73,114,755	-	1	34	AAA	23.68%
TexSTAR	41,941,247	41,941,247	-	1	28	AAA	13.58%
Total Pools and IDP	138,405,565	138,405,565	-				44.82%
Mutual Funds for Safekeeping							
Fidelity Investment Money Market Funds	51,349,774	51,349,774	-	1	32	AAA	16.64%
Fidelity Treasury Port-I Money Market Funds	63,569,776	63,569,776	-	1	32	AAA	20.59%
Total Mutual Funds	114,919,550	114,919,550	-				37.23%
Securities							
Federal Agency Discounts: Federal Home Loan Bank Discount Note	30,937,554	30,937,554	-	20		AA	10.02%
Certificate of Deposit**	15,000,000	15,000,000	-	67		Not Rated	4.86%
Municipal Bonds	9,473,684	9,473,684	-	33		AA	3.07%
Total Securities	55,411,238	55,411,238	-	35			17.95%
Portfolio Total	$ 308,736,353	$ 308,736,353	$ -	6			100.00%

* IDP is not rated but is FDIC insured.

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

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

The Municipal Drainage Utility investments at February 28, 2019 and 2018 are categorized as summarized below:

	February 28, 2019						
		Original Maturities - EPWater Position		EPWater's Weighted Avg. Maturity	Pool's Weighted Avg. Maturity	Credit Rating	
Investment Type	Value	Less than 1 year	1-5 years	(days)	(days)	Standard & Poor's	Percent of Grand Total
Government Investment Pools Account							
TexPool	$ 963,612	$ 963,612	$ -	1	24	AAA	2.18%
TexPool Prime	18,245,561	18,245,561	-	1	22	AAA	41.27%
TexStar	11,643,658	11,643,658	-	1	33	AAA	26.34%
Total Pools	30,852,831	30,852,831	-				69.79%
Money Market Funds							
Advantage Fund #008	7,116,349	7,116,349	-	1	21	AAA	16.10%
Total Money Market Funds	7,116,349	7,116,349	-				16.10%
Securities							
Federal Agency Discounts:							
Federal Home Loan Bank Discount Note	114,600	114,600	-	182		AA	0.26%
Federal Agency Coupons:							
Federal Home Loan Bank	39,999	39,999	-	253		AA	0.09%
Federal Home Loan Mortgage Corporation	1,759,585	1,759,585	-	141		AA	3.98%
Federal National Mortgage Association	40,672	-	40,672	327		AA	0.09%
FARMER MAC	1,000,000	1,000,000	-	168		AA	2.26%
Certificate of Deposit*	1,000,000	1,000,000	-	56		Not Rated	2.26%
Municipal Bonds	2,312,025	2,286,711	25,314	125		AA	5.17%
Total Securities	6,266,881	6,200,895	65,986	1			14.11%
Portfolio Total	$ 44,236,061	$ 44,170,075	$ 65,986	18			100.00%

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

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

	February 28, 2018						
		Original Maturities - EPWater Position		EPWater's Weighted Avg. Maturity	Pool's Weighted Avg. Maturity	Credit Rating Standard & Poor's	Percent of Grand Total
Investment Type	Value	Less than 1 year	1-5 years	(days)	(days)		
Government Investment Pools and IDP							
IDP*	$ 6,163,529	$ 6,163,529	$ -	1	-	Not Rated	11.84%
TexPool	852,766	852,766	-	1	26	AAA	1.64%
TexPool Prime	30,216,023	30,216,023	-	1	34	AAA	58.06%
TexStar	6,040,801	6,040,801	-	1	28	AAA	11.61%
Total Pools and IDP	43,273,119	43,273,119	-				83.15%
Mutual Funds for Safekeeping							
Advantage Money Market Fund #008	5,674,472	5,674,472	-	1	44	AAA	10.90%
Total Mutual Funds	5,674,472	5,674,472	-				10.90%
Securities							
Federal Agency Discounts: Federal Home Loan Bank Discount Note	3,097,035	3,097,035	-	26		AA	5.95%
Total Securities	3,097,035	3,097,035	-	1			5.95%
Portfolio Total	$ 52,044,626	$ 52,044,626	$ -	2			100.00%

* IDP is not rated but is FDIC insured.

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

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.

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, 2019 and 2018:

February 28, 2019	Fair Value Measurements Using			
Investments by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Securities				
U.S. Agencies	$ 28,456,528	$ -	$ 28,456,528	$ -
Municipal Bonds	11,315,843	-	11,315,843	-
Total Securities	$ 39,772,371	$ -	$ 39,772,371	$ -

February 28, 2018	Fair Value Measurements Using			
Investments by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Securities				
U.S. Agencies	$ 30,937,554	$ -	$ 30,937,554	$ -
Municipal Bonds	9,473,684	-	9,473,684	-
Total Securities	$ 40,411,238	$ -	$ 40,411,238	$ -

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.

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

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, 2019 and 2018:

February 28, 2019	Fair Value Measurements Using			
Investments by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Securities				
U.S. Agencies	$ 2,954,856	$ -	$ 2,954,856	$ -
Municipal Bonds	2,312,025	-	2,312,025	-
Total Securities	$ 5,266,881	$ -	$ 5,266,881	$ -

February 28, 2018	Fair Value Measurements Using			
Investments by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Securities				
U.S. Agencies	$ 3,097,035	$ -	$ 3,097,035	$ -
Total Securities	$ 3,097,035	$ -	$ 3,097,035	$ -

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 page 47, and by pre-qualifying the financial institutions and broker/dealers with which EPWater will do 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.

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

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 places 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.

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.

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

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, 2019 and 2018, totaled $952,639 and $661,817, respectively. The write-off for the Municipal Drainage Utility for fiscal year ending February 28, 2019 and 2018, totaled $104,162 and $51,520, respectively. Management is of the opinion that any additional losses resulting from the collection of receivables will not be material.

The Public Service Board - El Paso Water Utilities 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 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:

	2019	2018
Water and Wastewater Utility		
Water	**$ 2,707,302**	$ 2,695,398
Wastewater	**2,920,896**	2,795,766
Total unbilled accounts receivable	**$ 5,628,198**	$ 5,491,164

6. INTERFUND BALANCES AND CHARGES

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, 2019	
	Due from Other Funds	Due to Other Funds
Water and Wastewater Utility	$ 46,473	$ -
Municipal Drainage Utility	-	46,473
Total	$ 46,473	$ 46,473

	February 28, 2018	
	Due From Other Funds	Due to Other Funds
Water and Wastewater Utility	$ 28,551	$ -
Municipal Drainage Utility	-	28,551
Total	$ 28,551	$ 28,551

Interfund Charges - The following eliminations were done in order to eliminate duplicate transactions at the overall entity level for revenue and expenses between the two funds.

	February 28, 2019	
	Water and Wastewater Utility	Municipal Drainage Utility
Drainage fee revenue	$ -	$ 157,670
Rent revenue - water and wastewater	24,000	-
Operation and maintenance - drainage	-	(6,069)
Operations and maintenance - water and reclaimed water	(77,032)	-
Operations and maintenance - wastewater	(72,890)	-
General, administrative and engineering	1,414,321	-
Indirect cost allocation	-	(1,440,000)
Total	$ 1,288,399	$ (1,288,399)

6. INTERFUND BALANCES AND CHARGES (Continued)

	February 28, 2018	
	Water and Wastewater Utility	Municipal Drainage Utility
Drainage fee revenue	$ -	$ 152,823
Rent revenue	24,000	-
Operation and maintenance - drainage	-	(8,395)
Operations and maintenance - water and reclaimed water	(73,553)	-
Operations and maintenance - wastewater	(70,861)	-
General, administrative and engineering	878,986	-
Indirect cost allocation	-	(903,000)
Total	$ 758,572	$ (758,572)

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 2019 and 2018, the budgeted and actual indirect cost were $1,440,000 and $903,000, respectively. During the budget process the indirect cost allocation will be adjusted based on estimated indirect costs.

7. WATER AND WASTEWATER UTILITY GOVERNMENT GRANTS RECEIVABLE

The Water and Wastewater Utility had $672,730 and $859,804 in government grants receivable for years ended February 28, 2019 and 2018, respectively. 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 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	**2019**	2018
Federal Grants		
North Central Reclaimed - EPA#XP96638401	**$ 547,169**	$ 571,700
CERRO Process Water Recovery from RO Concentrate Wells - USBR #R14AP00086	**-**	64,127
Aquifer Storage and Recovery - USBR R17AP00323	**-**	144,900
Non Federal Grants		
Agricultural Water Conservation Fund Demonstration Grant - TWDB Project #1813582260	**125,561**	-
Montana Vista Collector - TWDB Project #10438 G1000480	**-**	79,077
Totals	**$ 672,730**	$ 859,804

8. LAND RECEIVABLES - CITY OF EL PASO

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 has agreed to pay EPWater $4,275,542 when the City of El Paso completes the sale of a parcel of land for economic development. In addition, the City has agreed to pay EPWater $4,949,500 for a parcel of land in 15 equal payments commencing September 30, 2020. As of February 28, 2019, the full amount of $9,225,042 owed from the City of El Paso is reported as a non-current asset. The following is a list of the payments due from the City.

Future Payments Year ended February	Amount
2021	$ 329,967
2022	329,967
2023	329,967
2024	329,967
2025	329,967
2026 - 2030	1,649,835
2031 - 2035	1,649,830
Total Future Payments	4,949,500
Due upon sale of land	4,275,542
Total Receivable	$ 9,225,042

9. CAPITAL ASSETS

Components of the capital assets for the Water and Wastewater Utility are summarized as follows:

	Beginning Balance 03/01/2018	Additions	Transfers	Deletions	Ending Balance 02/28/2019
Utility plant, not being depreciated:					
Land and right-of-way	$ 224,302,145	$ 61,526	$ 54,719,030	$ 116,339	$ 278,966,362
Construction work in progress	86,353,500	185,775,984	(89,828,638)	-	182,300,846
Total utility plant, not being depreciated:	310,655,645	185,837,510	(35,109,608)	116,339	461,267,208
Utility plant and irrigation water rights being depreciated:					
Irrigation water rights contracts	11,775,127	456,205	-	-	12,231,332
Buildings and shops	39,901,549	1,109	144,806	-	40,047,464
Vehicles	24,916,340	-	1,925,481	564,678	26,277,143
Equipment and tools	49,925,503	42,656	889,706	96,399	50,761,466
Water system	1,225,932,287	9,611,773	18,099,924	1,428,080	1,252,215,904
Wastewater system	855,193,111	4,468,619	14,049,689	3,360	873,708,059
Total utility plant, being depreciated:	2,207,643,917	14,580,362	35,109,606	2,092,517	2,255,241,368
Less accumulated depreciation for:					
Irrigation water rights contracts	(1,569,506)	(160,044)	-	-	(1,729,550)
Buildings and shops	(12,804,042)	(1,510,759)	-	-	(14,314,801)
Vehicles	(16,147,279)	(2,727,759)	-	(564,678)	(18,310,360)
Equipment and tools	(39,427,104)	(2,975,702)	-	(96,399)	(42,306,407)
Water system	(519,554,571)	(34,927,497)	-	(1,428,080)	(553,053,988)
Wastewater system	(435,517,265)	(23,019,925)	-	(3,360)	(458,533,830)
Total accumulated depreciation	(1,025,019,767)	(65,321,686)	-	(2,092,517)	(1,088,248,936)
Total utility plant and irrigation water rights being depreciated, net	1,182,624,150	(50,741,324)	35,109,606	-	1,166,992,432
Utility plant	$1,493,279,795	$ 135,096,186	$ -	$ 116,339	$1,628,259,640

Total depreciation charged to operations for the year ended February 28, 2019 was $65,321,686.

As of February 28, 2019, EPWater owns a total of 166,644.18 acres of land which includes 25,129.23 acres in El Paso County, 74,678.68 acres in Hudspeth, Presidio, Jeff Davis, and Culberson County, 65,967.82 acres in Dell City, and 868.45 acres in New Mexico.

9. CAPITAL ASSETS (Continued)

Components of the capital assets for the Water and Wastewater Utility are summarized as follows:

	Beginning Balance 03/01/2017	Additions	Transfers	Deletions	Ending Balance 02/28/2018
Utility plant, not being depreciated:					
Land and right-of-way	$ 186,616,113	$ 542,172	$ 37,143,860	$ -	$ 224,302,145
Construction work in progress	73,469,182	116,065,210	(103,180,892)	-	86,353,500
Total utility plant, not being depreciated:	260,085,295	116,607,382	(66,037,032)	-	310,655,645
Utility plant and irrigation water rights being depreciated:					
Irrigation water rights contracts	11,526,703	248,424	-	-	11,775,127
Buildings and shops	39,287,855	81,412	532,282	-	39,901,549
Vehicles	20,836,244	-	5,716,970	1,636,874	24,916,340
Equipment and tools	47,672,687	1,535,238	1,080,376	362,798	49,925,503
Water system	1,178,097,025	8,861,502	40,850,152	1,876,392	1,225,932,287
Wastewater system	833,154,492	4,182,955	17,857,252	1,588	855,193,111
Total utility plant, being depreciated:	2,130,575,006	14,909,531	66,037,032	3,877,652	2,207,643,917
Less accumulated depreciation for:					
Irrigation water rights contracts	(1,414,160)	(155,346)	-	-	(1,569,506)
Buildings and shops	(11,312,818)	(1,491,224)	-	-	(12,804,042)
Vehicles	(15,569,486)	(2,214,667)	-	(1,636,874)	(16,147,279)
Equipment and tools	(36,924,663)	(2,865,239)	-	(362,798)	(39,427,104)
Water system	(487,593,788)	(33,837,175)	-	(1,876,392)	(519,554,571)
Wastewater system	(413,084,959)	(22,433,894)	-	(1,588)	(435,517,265)
Total accumulated depreciation	(965,899,874)	(62,997,545)	-	(3,877,652)	(1,025,019,767)
Total utility plant and irrigation water rights being depreciated, net	1,164,675,132	(48,088,014)	66,037,032	-	1,182,624,150
Utility plant	$1,424,760,427	$ 68,519,368	$ -	$ -	$1,493,279,795

Total depreciation charged to operations for the year ended February 28, 2018 was $62,997,545.

As of February 28, 2018, EPWater owns a total of 158,640.12 acres of land which includes 26,185.08 acres in El Paso County, 74,678.68 acres in Hudspeth, Presidio, Jeff Davis, and Culberson County, 56,907.91 acres in Dell City, and 868.45 acres in New Mexico.

9. CAPITAL ASSETS (Continued)

Components of the capital assets for the Municipal Drainage Utility are summarized as follows:

	Beginning Balance 03/01/2018	Additions	Transfers	Deletions	Ending Balance 02/28/2019
Drainage Work in Progress, not being depreciated					
Land and right-of-way	$ 22,427,770	$ -	$ 5,581,842	$ -	$ 28,009,612
Construction work in progress	24,270,347	24,010,400	(22,256,776)	-	26,023,971
Total drainage Work in Progress, not being depreciated:	46,698,117	24,010,400	(16,674,934)	-	54,033,583
Drainage System, being depreciated:					
Drainage implementation costs	544,106	-	-	-	544,106
Buildings and shops	101,432	-	-	-	101,432
Vehicles	5,723,580	-	699,072	-	6,422,652
Equipment and tools	1,052,648	-	-	-	1,052,648
Drainage system	130,461,930	404,009	15,975,861	-	146,841,800
Total Drainage system, being depreciated:	137,883,696	404,009	16,674,933	-	154,962,638
Less accumulated depreciation for:					
Drainage implementation costs	(544,106)	-	-	-	(544,106)
Buildings and shops	(32,117)	(4,057)	-	-	(36,174)
Vehicles	(4,864,888)	(396,858)	-	-	(5,261,746)
Equipment and tools	(1,004,193)	(26,963)	-	-	(1,031,156)
Drainage system	(10,819,651)	(2,823,677)	-	-	(13,643,328)
Total accumulated depreciation	(17,264,955)	(3,251,555)	-	-	(20,516,510)
Total Drainage System, being depreciated, net	120,618,741	(2,847,546)	16,674,933	-	134,446,128
Drainage System	$167,316,858	$ 21,162,854	$ -	$ -	$188,479,711

Total depreciation charged to operations for the year ended February 28, 2019 was $3,251,555.

9. CAPITAL ASSETS (Continued)

Components of the capital assets for the Municipal Drainage Utility are summarized as follows:

	Beginning Balance 03/01/2017	Additions	Transfers	Deletions	Ending Balance 02/28/2018
Drainage Work in Progress, not being depreciated					
Land and right-of-way	$ 12,817,414	$ 43,326	$ 9,567,030	$ -	$ 22,427,770
Construction work in progress	13,997,387	31,081,279	(20,808,319)	-	24,270,347
Total drainage Work in Progress, not being depreciated:	26,814,801	31,124,605	(11,241,289)	-	46,698,117
Drainage System, being depreciated:					
Drainage implementation costs	544,106	-	-	-	544,106
Buildings and shops	96,718	-	4,714	-	101,432
Vehicles	5,398,486	20,992	414,681	110,579	5,723,580
Equipment and tools	1,052,648	-	-	-	1,052,648
Drainage system	119,315,347	324,689	10,821,894	-	130,461,930
Total Drainage system, being depreciated:	126,407,305	345,681	11,241,289	110,579	137,883,696
Less accumulated depreciation for:					
Drainage implementation costs	(544,106)	-	-	-	(544,106)
Buildings and shops	(28,154)	(3,963)	-	-	(32,117)
Vehicles	(4,641,220)	(334,247)	-	(110,579)	(4,864,888)
Equipment and tools	(977,230)	(26,963)	-	-	(1,004,193)
Drainage system	(8,285,699)	(2,533,952)	-	-	(10,819,651)
Total accumulated depreciation	(14,476,409)	(2,899,125)	-	(110,579)	(17,264,955)
Total Drainage System, being depreciated, net	111,930,896	(2,553,444)	11,241,289	-	120,618,741
Drainage System	$138,745,697	$ 28,571,161	$ -	$ -	$167,316,858

Total depreciation charged to operations for the year ended February 28, 2018 was $2,899,125.

9. CAPITAL ASSETS (Continued)

Water and Wastewater Utility construction work in progress at February 28, 2019 and 2018, composed of the following:

	February 28, 2019	
	Estimated Cost	Cost Incurred To Date
Water Projects		
Land Acquisition - Hudspeth County	$ 20,858,002	$ 185,288
Jonathan Rogers WTP Upgrade-Ozone Generator - Construction	20,361,600	12,877,852
Well Construction, Plugging, & Test Holes	17,040,374	8,597,052
Emergency Back-Up Power	14,300,280	13,339,168
Vista Del Este & Ranchos Real Tanks	6,656,000	1,872,931
Franklin East 1A 3MG Elevated Tank - Construction	6,641,575	4,891,343
Canal Plant Discharge Lines - Construction	5,767,000	4,091,552
Ranchos Real Tank - Construction	5,575,000	1,018,302
North 2-Elevated Storage Tank - Construction	5,317,000	5,173,724
Field Operations Yard - Construction	5,117,950	-
Vehicles & Heavy Equipment Purchases	5,083,741	-
Jackson Reservoir 2.5 MG - Construction	4,880,000	3,419,251
Pumping System Furnish & Install	4,789,206	1,169
Memphis Elevated Storage Tank - Construction	4,685,947	4,646,655
Ventana's Elevated Storage Tank - Construction	4,208,639	4,063,213
Kay Bailey Hutchison Desalination Plant Improvement - Construction	4,020,733	3,915,411
Strahan Road Water Transmission Main Phase I	3,426,709	3,260,737
Customer Information System Replacement	3,400,000	183,729
North 2 to Franklin East 1A, 1B Waterline Phase I - Construction	2,910,000	2,886,464
George Dieter - Montwood & Rex Baxter 24" Main Replacement	2,863,336	1,445,364
Desert South Blvd 16" Waterline Replacement - Construction	2,800,000	930,604
Planned Water Line Replacement Phase VIII - Construction	2,675,633	2,664,143
Roseway 24" Water Line Replacement - Construction	2,550,000	4,227
Pershing Drive 16" Trans Mountain Phase II - Construction	2,550,000	2,447,379
Advanced Water Treatment Plant - Engineering	2,468,229	2,151,071
Jonathan Rogers WTP Transmission Pipeline Surge Protection Tanks - Construction	2,430,102	341,202
CERRO Process Water Recovery - Construction	2,255,064	2,178,643
North 2 to Franklin East 1A, 1B Waterline Phase II - Construction	2,250,000	2,153,259
Vista Del Sol Water Main Extension - Construction	2,041,710	2,020,660
Exterior Revetment Replacement - Construction	2,000,000	1,200,679
Canal WTP Raw Water Intake Screens	1,938,000	13,512
JDF Injection Test Wells	1,834,662	1,423,544
Field Operations Yard - Engineering	1,832,272	1,114,294
Water Construction On-Call Service Program	1,818,501	890,730
Montana East 16" Water Main Extension	1,803,000	1,119,881
Airport & Well Field Improvement	1,800,000	998,871

9. CAPITAL ASSETS (Continued)

	February 28, 2019	
	Estimated Cost	Cost Incurred To Date
Tim Floyd 16" Water Main - Construction	1,781,000	569,410
TXDOT US 62 Montana Global Reach to Tierra Este	1,774,000	1,004,873
North 2 Pump Station - Construction	1,768,700	-
Mission Ridge Water Main Installation	1,653,204	1,632,753
Jonathan Rogers WTP 20 MGD Expansion - Engineering	1,644,516	1,243,719
Yandell/Wyoming Poplar - Raynor Construction	1,600,000	77,675
Edgemere Water Main Extension Phase IV-Construction	1,433,002	1,382,808
Surface Injection Facilities (SIF) Tanks - Construction	1,371,057	3,334
Kay Bailey Hutchison Desalination Plant Interstage Booster Pumps	1,224,000	1,440
Vista Del Este Elevated Water Storage Tank - Engineering	1,137,092	466,171
Kay Bailey Hutchison Desalination Improvements	1,081,090	758,551
Alameda Avenue - Presa to Loop 375	1,077,720	814,870
PolyOrtho Phosphate Treatment - Construction	1,020,000	-
Plant Small Upgrades & Rehabilitation	1,000,000	865,207
Canutillo 5 Streets	1,000,000	792,961
Other Water Projects Under $1,000,000	53,291,397	26,635,765
Subtotal - Water Projects	256,807,043	133,771,441
Wastewater Projects		
Haskell R. Street WWTP Headworks Effluent Piping Improvements - Construction	5,712,424	3,612,202
Haskell R. Street WWTP Digester #1 Cover and Mixer - Construction	5,097,502	4,677,044
Haskell R. Street WWTP Odor Control - Construction	4,768,924	185,699
Haskell R. Street WWTP Primary Clarifiers 1, 2 & 4 - Construction	4,478,233	3,584,187
Canutillo Bosque Wastewater Lift Station/Force Main - Construction	4,144,086	-
Boone Interceptor Phase II - Construction	3,770,000	2,193,000
Process Automation SCADA - Sewer	3,658,000	2,780,718
Roberto R. Bustamante WWTP Headworks Switchgear Replacement - Construction	3,500,053	588,854
Doniphan Collector Construction	3,009,000	-
Fred Hervey WRP Digester #2 Mixer Improvements - Construction	2,965,000	2,293,222
Lift Station Reconstruction - Inglewood - Roseway - LeBarron Construction	2,904,000	645,713
Haskell R. Street WWTP Primary Clarifier Rehabilitation - Construction	2,737,000	2,659,843
Sanitary Sewer Construction On-Call Service Program	2,639,300	932,719
Haskell R. Street WWTP Odor Control - Construction	2,470,629	498,977
Canutillo Vacuum Wastewater Collection System Replacement - Construction	2,213,400	1,915,179
Emergency 18" Sanitary Sewer Main Replacement	1,478,000	1,069,547
Air Release Valves & Force Mains/Lift Stations-Westside-Construction	1,428,000	81
Roberto R. Bustamante WWTP Aeration Basin Inlet Gate Replacement-Project	1,355,000	1,005,994

9. CAPITAL ASSETS (Continued)

	February 28, 2019	
	Estimated Cost	Cost Incurred To Date
Fred Hervey WRP Blowers 1&3 - Construction	1,204,700	623,243
Small Plant Upgrades	1,150,853	619,977
Canutillo Bosque Wastewater Lift Station/Force Main - Construction	1,146,233	18,228
Upper Valley Outfall Relocation - Construction	1,117,229	1,071,762
Dallas Conduit Clearing of Utilities Phase II - Construction	1,011,600	935,735
Pellicano Wastewater Improvements Loop 375 County Project - Construction	1,000,000	-
Other Sewer Projects Under $1,000,000	31,807,261	16,382,838
Subtotal-Wastewater Projects	96,766,427	48,294,762
Reclaimed Water Projects		
Other Reclaimed Projects Under $1,000,000	497,480	234,643
Subtotal - Reclaimed Water Projects	497,480	234,643
Totals	$ 354,070,950	$ 182,300,846

	February 28, 2018	
	Estimated Cost	Cost Incurred To Date
Water Projects		
Land Acquisition - Hudspeth County	$ 73,756,400	$ -
Jonathan Rogers WTP Upgrade-Ozone Generator - Construction	17,520,000	4,157
Field Operations Yard-Construction	14,900,950	-
Emergency Back-Up Power	14,050,280	149,683
Well Construction, Plugging, & Test Holes	7,731,040	3,041,577
Franklin East 1A 3MG Elevated Tank - Construction	6,351,189	269,731
Canal Plant Discharge Lines - Construction	5,767,000	-
North 2-Elevated Storage Tank - Construction	5,317,000	5,137,144
Vista Del Sol Water Main Extension - Construction	4,978,056	2,000,111
Memphis-Elevated Storage Tank - Construction	4,685,947	4,214,569
Kay Bailey Hutchison Desalination Plant Improvement - Construction	4,206,733	2,926,252
Jackson Reservoir 2.5 MG - Construction	4,160,000	444
Ventana's Elevated Storage Tank - Construction	4,148,639	3,965,757
North 2 to Franklin East 1A, 1B Waterline Phase I - Construction	2,854,805	2,437,906
Desert South Blvd 16" Waterline Replacement - Construction	2,800,000	3,384
Strahan Road Water Transmission Main Phase I	2,721,612	2,544,337
El Paso Streetcar - Construction	2,600,000	2,479,712
Roseway 24" Water Line Replacement - Construction	2,550,000	-

9. CAPITAL ASSETS (Continued)

	February 28, 2018	
	Estimated Cost	Cost Incurred To Date
Pershing Drive 16" Trans Mountain Phase II - Construction	2,500,000	1,139,844
Planned Water Line Replacement Phase VIII - Construction	2,465,752	284,080
Airport & Well Field Improvement	2,441,000	-
Advanced Water Treatment Plant - Engineering	2,330,315	437,314
CERRO Process Water Recovery - Construction	2,255,064	704,604
North 2 to Franklin East 1A, 1B Waterline Phase II - Construction	2,250,000	3,635
Edgemere Water Main Extension Phase IV-Construction	1,962,332	1,480,263
JDF Injection Test Wells	1,834,662	1,349,913
Field Operations Yard - Engineering	1,832,272	928,309
Water Construction On-Call Service Program	1,818,501	2,346
Montana East 16" Water Main Extension	1,803,000	1,020,269
Dell City to EL Paso Easement - Engineering	1,667,797	-
Mission Ridge Water Main Installation	1,653,204	1,632,753
Jonathan Rogers WTP Transmission Pipeline Surge Protection Tanks - Construction	1,607,101	43,037
Vehicles & Heavy Equipment Purchases	1,487,591	-
Tim Floyd 16-Inch Water Main - Construction	1,150,000	-
JDF Injection Test Wells	1,116,726	164,167
Alameda Avenue - Presa to Loop 375	1,077,720	805,692
Canutillo 5 Streets	1,000,000	175,866
Other Water Projects Under $1,000,000	40,052,897	20,155,424
Subtotal - Water Projects	255,405,585	59,502,280
Wastewater Projects		
Haskell R. Street WWTP Digester #1 Cover - Construction	5,001,497	908,019
Haskell R. Street WWTP Odor Control - Construction	4,751,585	83,944
Haskell R. Street WWTP Primary Clarifiers - Construction	4,037,325	2,147,957
Boone Interceptor Phase II - Construction	3,770,000	-
Fred Hervey WRP Bed Liner Replacement - Construction	3,127,024	203,002
Fred Hervey WRP Digester Mixer - Construction	2,965,000	385,710
Haskell R. Street WWTP Primary Clarifier Bio-Scrubber- Construction	2,737,000	2,259,040
Sanitary Sewer Construction On-Call Service	2,700,000	808
Haskell R. Street WWTP Odor Control - Construction	2,470,629	416,601
Plant Small Upgrades	2,345,433	1,994,443
Canutillo Vacuum Wastewater Collection System Phase I- Construction	2,065,000	213,016
Process Automation SCADA - Sewer	2,000,000	1,281,493
CD/Bond Sewer Projects	1,940,430	-
Fred Hervey WRP Blowers 1&3 - Construction	1,200,000	339,894
Canutillo Bosque WW LS/FM - Construction	1,146,233	18,216

9. CAPITAL ASSETS (Continued)

	February 28, 2018	
	Estimated Cost	Cost Incurred To Date
Upper Valley Outfall - Construction	1,117,229	287,295
Dallas Conduit Clearing of Utilities Phase II - Construction	1,011,600	837,377
Haskell R. Street WWTP Effluent Piping - Construction	1,000,000	5,292
Other Sewer Projects Under $1,000,000	28,743,057	14,183,993
Subtotal-Wastewater Projects	74,129,042	25,566,100
Reclaimed Water Projects		
Mesa Park Interchange-24-inch Reclaimed - Construction	1,235,023	1,197,760
Other Reclaimed Projects Under $1,000,000	428,000	87,360
Subtotal - Reclaimed Water Projects	1,663,023	1,285,120
Totals	$ 331,197,650	$ 86,353,500

Municipal Drainage Utility construction work in progress as of February 28, 2019 and 2018 composed of the following:

	February 28, 2019	
	Estimated Cost	Cost Incurred To Date
Drainage Projects		
Various Open Space Projects	$ 6,616,352	$ -
Thomas Manor Park Pond & Pump Station Improvement - Construction	5,721,782	2,650,327
Kentucky Dam - Dam 5 - Construction	3,482,000	3,225,402
Copia Pond - Construction	3,106,985	2,403,032
Clardy Fox Street & Drainage Improvement - Construction	2,551,062	2,551,062
West Hills Unit 23 Storm - Construction	2,403,125	1,793,734
SAC 1 - Land Acquisition	1,820,000	-
Silver Springs Arroyo Dam - Construction	1,758,480	821,501
Grand Tetons Drive Pond Improvement - Construction	1,655,269	1,238,098
Ridge View/High Ridge Channel Improvements - Construction	1,554,041	1,217,684
Thomas Manor Pump Station & Force Main Improvement - Engineering	1,504,661	962,475
Mesa Hills Control Basin-Construction	1,338,024	641,908
Louisiana Dam (Dam 3) Improvements - Construction	1,200,000	1,119,867
Dallas Street Outfall Basin	1,200,000	63,555
Other Drainage Projects Under $1,000,000	13,698,261	7,335,326
Total Drainage Projects	$ 49,610,042	$ 26,023,971

9. CAPITAL ASSETS (Continued)

	February 28, 2018	
	Estimated Cost	Cost Incurred To Date
Drainage Projects		
Gateway East Pond Expansion Phase II - Construction	$ 5,903,520	$ 5,690,578
Various Open Space Projects	5,798,612	-
Thomas Manor Pump Station - Construction	5,721,782	146,624
La Placita Ave Repairs - Construction	3,966,891	3,966,891
Kentucky Dam - Dam 5 - Construction	3,482,000	3,285,035
Copia Pond - Construction	2,972,683	3,584
Will Ruth Pond - Land Acquisition	2,716,388	-
West Hills Unit 23 Storm - Construction	2,403,125	543,984
Franklin Conduit Repairs	1,718,500	779,695
Fairbanks Sediment Catch - Construction	1,637,850	1,587,716
Grand Tetons Drive Pond Improvement - Construction	1,632,150	760,349
Ridge View/High Ridge Improvement - Construction	1,554,041	399,493
Thomas Manor Pump Station - Engineering	1,424,441	663,350
Louisiana Dam (Dam 3) Improvement - Construction	1,200,000	121,732
Mesa Hills Control Basin-Construction	1,010,024	1,299
Other Drainage Projects Under $1,000,000	12,304,606	6,320,017
Total Drainage Projects	$ 55,446,613	$ 24,270,347

10. LONG-TERM LIABILITIES

Long-term liabilities activity for the Water and Wastewater Utility for the years ended February 28, 2019 and 2018 was as follows:

	Beginning Balance 03/01/2018	Additions	Reductions	Ending Balance 02/28/2019	Due Within One Year	Long-term Portion
Water and Wastewater Utility:						
Water and Sewer Revenue Bonds	$ 749,710,000	$ 26,670,000	$ 37,370,000	$ 739,010,000	$ 42,360,000	$ 696,650,000
Unamortized premiums net of discounts	69,366,920	3,697,917	4,413,984	68,650,853	4,566,791	64,084,062
Land notes payable	914,885	-	914,885	-	-	-
Commercial Paper payable	10,000,000	35,000,000	30,000,000	15,000,000	-	15,000,000
Other governments payable	2,208,428	-	154,307	2,054,121	161,396	1,892,725
Net Pension Liability	37,581,946	5,601,256	4,831,794	38,351,408	-	38,351,408
Total OPEB Liability (GASB 75)	17,148,426	1,707,434	462,189	18,393,671	-	18,393,671
Self-insurance claims	968,610	4,728,381	4,796,962	900,029	238,627	661,402
Accrued vacation	3,065,726	2,245,565	2,006,450	3,304,841	1,936,844	1,367,997
Total Long-term liabilities Water and Wastewater Utility	$ 890,964,941	$ 79,650,553	$ 84,950,571	$ 885,664,923	$ 49,263,658	$ 836,401,265

	Beginning Balance 03/01/2017	Additions	Reductions	Ending Balance 02/28/2018	Due Within One Year	Long-term Portion
Water and Wastewater Utility:						
Water and Sewer Revenue Bonds	$ 665,715,000	$ 133,880,000	$ 49,885,000	$ 749,710,000	$ 37,370,000	$ 712,340,000
Unamortized premiums net of discounts	61,603,525	11,924,122	4,160,727	69,366,920	4,383,423	64,983,497
Land notes payable	1,786,222	-	871,337	914,885	914,885	-
Commercial Paper payable	22,500,000	15,500,000	28,000,000	10,000,000	-	10,000,000
Other governments payable	2,355,957	-	147,529	2,208,428	154,307	2,054,121
Net Pension Liability	41,023,517	4,787,264	8,228,835	37,581,946	-	37,581,946
Other Post-Employment Benefits (GASB 45)	9,489,755	820,987	-	10,310,742	-	10,310,742
Self-insurance claims	1,035,328	4,102,828	4,169,546	968,610	517,178	451,432
Accrued vacation	2,955,692	2,019,656	1,909,622	3,065,726	1,898,673	1,167,053
Total Long-term liabilities Water and Wastewater Utility	$ 808,464,996	$ 173,034,857	$ 97,372,596	$ 884,127,257	$ 45,238,466	$ 838,888,791

10. LONG-TERM LIABILITIES (Continued)

Long-term liabilities activity for the Municipal Drainage Utility for the years ended February 28, 2019 and 2018 was as follows:

	Beginning Balance 03/01/2018	Additions	Reductions	Ending Balance 02/28/2019	Due Within One Year	Long-term Portion
Municipal Drainage Utility:						
Drainage Revenue Bonds	$ 102,468,000	$ -	$ 2,144,000	$ 100,324,000	$ 4,689,000	$ 95,635,000
Unamortized premiums net of discounts	14,381,520	-	758,310	13,623,210	758,309	12,864,901
Accrued vacation	156,863	54,198	77,150	133,911	93,148	40,763
Direct Purchase Revolving Notes	-	2,500,000	-	2,500,000	-	2,500,000
Net Pension Liability	2,189,770	326,159	278,725	2,237,204	-	2,237,204
Total OPEB Liability (GASB 75)	1,337,361	133,158	36,045	1,434,474	-	1,434,474
Total Long-term liabilities Municipal Drainage Utility	$ 120,533,514	$ 3,013,515	$ 3,294,230	$ 120,252,799	$ 5,540,457	$ 114,712,342

	Beginning Balance 03/01/2017	Additions	Reductions	Ending Balance 02/28/2018	Due Within One Year	Long-term Portion
Municipal Drainage Utility:						
Drainage Revenue Bonds	$ 96,607,000	$ 48,940,000	$ 43,079,000	$ 102,468,000	$ 2,144,000	$ 100,324,000
Unamortized premiums net of discounts	7,287,388	7,584,744	490,612	14,381,520	758,309	13,623,211
Accrued vacation	162,011	94,727	99,875	156,863	89,386	67,477
Net Pension Liability	2,897,485	253,668	961,383	2,189,770	-	2,189,770
Other Post-Employment Benefits (GASB 45)	415,276	71,663	-	486,939	-	486,939
Total Long-term liabilities Municipal Drainage Utility	$ 107,369,160	$ 56,944,802	$ 44,630,870	$ 119,683,092	$ 2,991,695	$ 116,691,397

11. REVENUE BONDS

Water and Wastewater Utility

Water and Sewer Revenue Bonds payable for the Water and Wastewater Utility Fund, in the amount of $739,010,000 and $749,710,000, as of February 28, 2019 and 2018, 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 15. The pledge of net revenue is in effect until the bonds are extinguished in 2039. The general purpose of the debt is to improve the water and wastewater services EPWater provides to area residents. The Revenue Bonds payable as of February 28, 2019 and 2018 include the following individual issues:

	Amounts Outstanding 2/28/18	Issued	Retired/ Refunded	Amounts Outstanding 2/28/19	Due Within One Year
$1,000,000 2003A Series due in annual installments of $50,000 with interest at 0.00%. Final payment due 2024.	$ 350,000	$ -	$ 50,000	$ 300,000	$ 50,000
$14,000,000 2008A Series with final installment of $800,000 and interest of 3.00% paid in fiscal year 2019.	800,000	-	800,000	-	-
$22,000,000 2008B Series with final installment of $1,260,000 and interest of 3.00% paid in fiscal year 2019.	1,260,000	-	1,260,000	-	-
$35,000,000 2008C Series with final installment of $1,785,000 and interest of 5.00% paid in fiscal year 2019.	1,785,000	-	1,785,000	-	-
$22,115,000 2010 Series due in annual installments of $555,000 to $1,575,000 with interest due at 3.50% to 4.50%. Final payment due 2030.	11,915,000	-	1,455,000	10,460,000	1,505,000
$42,580,000 2010A Series due in annual installments of $1,075,000 to $5,855,000 with interest due at 3.00% to 5.00%. Final payment due in 2027.	31,805,000	-	1,035,000	30,770,000	1,075,000
$14,680,000 2011 Series due in annual installments of $100,000 to $3,360,000 with interest due at 3.00% to 5.00%. Final payment due 2031.	12,940,000	-	3,400,000	9,540,000	3,000,000

11. REVENUE BONDS (Continued)

	Amounts Outstanding 2/28/18	Issued	Retired/ Refunded	Amounts Outstanding 2/28/19	Due Within One Year
$52,780,000 2012 Series due in annual installments of $3,745,000 to $4,705,000 with interest due at 3.00% to 5.00%. Final payment due 2028.	45,850,000	-	3,245,000	42,605,000	3,745,000
$75,715,000 2012A Series due in annual installments of $1,865,000 to $6,575,000 with interest due at 2.50% to 5.00%. Final payment due 2033.	59,925,000	-	5,125,000	54,800,000	5,290,000
$64,900,000 2014 Series due in annual installments of $1,910,000 to $5,405,000 with interest due at 4.00% to 5.00%. Final payment due 2034.	60,570,000	-	1,835,000	58,735,000	1,920,000
$131,650,000 2015 Series due in annual installments of $1,405,000 to $12,100,000 with interest due at 3.25% to 5.00%. Final payment due 2035.	112,415,000	-	9,820,000	102,595,000	12,100,000
$18,600,000 2015A Series due in annual installments of $670,000 to $1,330,000 with interest due at 3.00% to 5.00%. Final payment due 2035.	17,060,000	-	640,000	16,420,000	670,000
$50,000,000 2015B Series due in annual installments of $2,230,000 to $2,995,000 with interest due at 0.72% to 2.41%. Final payment due 2035.	45,395,000	-	2,210,000	43,185,000	2,230,000
$48,565,000 2015C Series due in annual installments of $1,900,000 to $3,200,000 with interest due at 3.97% to 5.00%. Final payment due 2035.	45,590,000	-	1,805,000	43,785,000	1,900,000
$68,670,000 2016 Series due in annual installments of $2,345,000 to $5,085,000 with interest due at 3.11% to 5.00%. Final payment due 2037.	68,670,000	-	1,425,000	67,245,000	3,300,000
$100,000,000 2016A Series due in annual installments of $2,000,000 to $7,000,000 with interest due at 0.64% to 2.12%. Final payment due 2036.	99,500,000	-	500,000	99,000,000	2,000,000

11. REVENUE BONDS (Continued)

	Amounts Outstanding 2/28/18	Issued	Retired/ Refunded	Amounts Outstanding 2/28/19	Due Within One Year
$83,880,000 2017 Series due in annual installments of $775,000 to $5,505,000 with interest due at 3.00% to 5.00%. Final payment due 2038.	83,880,000	-	730,000	83,150,000	3,325,000
$50,000,000 2017A Series due in annual installments of $250,000 to $4,000,000 with interest due at 0.63% to 2.29%. Final payment due 2037.	50,000,000	-	250,000	49,750,000	250,000
$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 2039.	-	26,670,000	-	26,670,000	-
Total bonds outstanding	749,710,000	$ 26,670,000	$ 37,370,000	739,010,000	$ 42,360,000
Less current maturities	37,370,000			42,360,000	
Total long term portion	$ 712,340,000			$ 696,650,000	

Interest costs incurred on revenue bonds totaled $26,927,261 in 2019 of which $537,725 was capitalized and $25,633,718 in 2018 of which $341,238 was capitalized.

Water and Wastewater Utility Fund Annual Revenue Bond Debt Service Requirements

Year Ending February	Principal	Interest	Total
2020	$ 42,360,000	$ 26,811,687	$ 69,171,687
2021	43,500,000	25,606,618	69,106,618
2022	42,940,000	23,981,517	66,921,517
2023	44,815,000	22,274,571	67,089,571
2024	46,525,000	20,416,553	66,941,553
2025 - 2029	242,340,000	72,796,616	315,136,616
2030 - 2034	176,295,000	32,024,014	208,319,014
2035 - 2039	98,805,000	7,060,613	105,865,613
2040	1,430,000	35,750	1,465,750
	$ 739,010,000	$ 231,007,939	$ 970,017,939

11. REVENUE BONDS (Continued)

On January 8, 2015, the Public Service Board - El Paso Water Utilities issued $131,650,000 in Water and Sewer Revenue Refunding Bonds, Series 2015 with an average interest rate of 4.45% to refund $25,000,000 of Water and Sewer Commercial Paper notes with an average interest rate of 0.10% and to advance refund the following outstanding bonds:

Series	Amount	Average Coupon
2005B	$ 26,430,000	5.25%
2005C	6,245,000	3.62%
2006	10,555,000	4.72%
2006A	21,010,000	4.26%
2007	25,320,000	4.85%
2008C	26,885,000	5.30%

The liabilities associated with these bonds were removed from the related payables. As of February 28, 2019 and 2018, $0 and $26,885,000 of bonds remained outstanding with estimated escrow balances of $0 and $27,455,696, respectively. The refunding of the 2005B, 2005C, 2006, 2006A, 2007 and 2008C reduced debt service by $11,082,719 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $10,276,163.

On August 16, 2016, the Public Service Board - El Paso Water Utilities issued $68,670,000 in Water and Sewer Revenue Improvement and Refunding Bonds, Series 2016 with an average interest rate of 4.59% to finance water and sewer construction projects throughout the City of El Paso, refund $20,000,000 of Water and Sewer Commercial Paper notes with an average interest rate of 0.45% and to advance refund the following outstanding bonds:

Series	Amount	Average Coupon
2008A	$ 10,935,000	3.71%
2008B	17,190,000	3.71%

The liabilities associated with these bonds were removed from the related payables. As of February 28, 2019 and 2018, $0 and $28,125,000 of the bonds remained outstanding with an estimated escrow balances of $0 and $28,941,436, respectively. The refunding of the 2008A and 2008B reduced debt service by $2,075,828 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $2,179,894.

11. REVENUE BONDS (Continued)

On October 19, 2017, the Public Service Board - El Paso Water Utilities issued $83,880,000 in Water and Sewer Revenue Refunding Bonds, Series 2017 with an average interest rate of 4.82% to finance water and sewer construction projects throughout the City of El Paso, refund $28,000,000 of Water and Sewer Commercial Paper Notes with an average interest rate of 0.95%, and refund the following outstanding bonds:

Series	Amount	Average Coupon
2008	$ 3,440,000	4.63%
2010	12,020,000	4.88%

The refunding of the 2008 and 2010 bonds reduced debt service by $1,424,277 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $1,149,913. The refunded bonds were redeemed on October 25, 2017.

On November 28, 2017, the Public Service Board - El Paso Water Utilities issued $50,000,000 in Water and Sewer Systems Revenue Bonds, Series 2017A, issued through the Texas Water Development Board State Water Implementation Fund of Texas (SWIFT) program with an average interest rate of 1.95% to purchase water rights land in Hudspeth County, Texas.

On December 18, 2018, the Public Service Board - El Paso Water Utilities issued $26,670,000 in Water and Sewer Revenue Refunding Bonds, Series 2018 with an average interest rate of 5.00% to refund $30,000,000 of Water and Sewer Commercial Paper Notes with an average interest rate of 1.72%.

11. REVENUE BONDS (Continued)

Municipal Drainage Utility

Municipal Drainage Revenue Bonds payable for the Municipal Drainage Utility Fund in the amount of $100,324,000 and $102,468,000 as of February 28, 2019 and 2018 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 15. The pledge of net revenue is in effect until the bonds are extinguished in 2039. The general purpose of the debt is to improve the drainage services EPWater provides to area residents. The Revenue Bonds payable as of February 28, 2019 include the following individual issues:

	Amounts Outstanding 2/28/18	Issued	Retired/ Refunded	Amounts Outstanding 2/28/19	Due Within One Year
$2,163,000 2009A Series due in annual installments of $107,000 to $109,000 with interest at 0.00%. Final payment due 2031.	$ 1,508,000	$ -	$ 109,000	$ 1,399,000	$ 109,000
$14,075,000 2012 Series due in annual installments of $585,000 to $995,000 with interest due at 3.00% to 5.00%. Final payment due 2032.	11,640,000	-	560,000	11,080,000	585,000
$22,240,000 2015 Series due in annual installments of $815,000 to $1,665,000 with interest due at 2.00% to 5.00%. Final payment due 2035.	20,590,000	-	800,000	19,790,000	815,000
$19,790,000 2016 Series due in annual installments of $695,000 to $1,565,000 with interest due at 2.00% to 5.00%. Final payment due 2036.	19,790,000	-	675,000	19,115,000	695,000
$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 2039.	48,940,000	-		48,940,000	2,485,000
Total bonds outstanding	102,468,000	$ -	$ 2,144,000	100,324,000	$ 4,689,000
Less current maturities	3,704,000			4,689,000	
Total long term portion	$ 98,764,000			$ 95,635,000	

Interest costs incurred on revenue bonds totaled $4,624,356 in 2019 of which $754,862 was capitalized, and $4,598,759 in 2018 of which $632,071 was capitalized.

11. REVENUE BONDS (Continued)

Municipal Drainage Utility Fund Annual Revenue Bond Debt Service Requirements

Year Ending February	Principal	Interest	Total
2020	$ 4,689,000	$ 4,532,506	$ 9,221,506
2021	4,934,000	4,331,931	9,265,931
2022	5,208,000	4,110,309	9,318,309
2023	5,488,000	3,862,912	9,350,912
2024	5,818,000	3,585,662	9,403,662
2025 - 2029	34,626,000	13,252,254	47,878,254
2030 - 2034	25,366,000	5,857,128	31,223,128
2035 - 2039	12,995,000	1,352,250	14,347,250
2040	1,200,000	24,000	1,224,000
	$ 100,324,000	$ 40,908,952	$ 141,232,952

On November 21, 2017, the Public Service Board - El Paso Water Utilities issued $48,940,000 in Municipal Drainage Utility System Revenue Bonds, Series 2017 Bonds with an average interest rate of 4.63% to finance drainage projects and improvements throughout the City of El Paso, and refund $39,375,000 of NADBANK Build America bonds Series 2009 with an average coupon of 5.38%. The refunding of the 2009 bonds reduced debt service by $3,240,138 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $2,709,423. The refunded bonds were redeemed on November 30, 2017.

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 no liability for EPWater as of February 28, 2019 and 2018.

EPWater is required to comply with various requirements in the ordinances authorizing the bond issuances. Management of EPWater has indicated they are in compliance with all significant requirements.

12. LAND NOTES PAYABLE

During the fiscal year ending February 29, 2004, EPWater purchased a parcel of land totaling 8,833.83 acres that was financed through a note instrument. The note was for a total of $9,971,186 with an interest rate of 5% for the first year and adjusted by the change in rate of a 10 year U.S. Treasury Note on September 1st of each year thereafter. This note is for a period of 15 years with payments due in September that fluctuate in amount based upon the interest rate. The $9,971,186 purchase also included a lease back of the property for a period of 15 years and an annual lease payment of $400,000. The final payment on the note was made September 1, 2018 and as of February 28, 2019 the principal and interest amount outstanding is zero.

13. COMMERCIAL PAPER

In October 1997, EPWater through the City of El Paso approved a Commercial Paper Program in the amount of $50,000,000. 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 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 $40,000,000 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. 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 .040% to .037%.

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, 2018, there was $10,000,000 outstanding and as of February 28, 2019, the following amounts were outstanding:

	2019	Maturity Date	Coupon Rate
$	5,000,000	05/09/2019	1.84%
	10,000,000	04/02/2019	1.66%
$	15,000,000		

14. REVOLVING NOTE

EPWater through the City of El Paso and Bank of America, N.A. entered into a Note Purchase Agreement in June 2018 with an available commitment of $25,000,000. Any borrowing under this agreement is 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 are ratably secured by and are payable from (i) the proceeds from the sale 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.

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. As of February 28, 2018, there was $0 outstanding and as of February 28, 2019 the following amount was outstanding:

2019	Maturity Date	Coupon Rate
$ 2,500,000	06/14/2019	2.59%

15. OTHER GOVERNMENT PAYABLES

During the fiscal year ending February 28, 2010, EPWater entered into a wholesale contract with Fort Bliss to provide water services for a 20 year period effective June 1, 2009. The El Paso Water Utility 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 Desalination Plant. The following is a list of the principal and interest payments due to Fort Bliss as of February 28, 2019:

Year Ending February	Principal	Interest	Total
2020	$ 161,396	$ 89,133	$ 250,529
2021	168,810	81,719	250,529
2022	176,565	73,964	250,529
2023	184,676	65,853	250,529
2024	193,160	57,369	250,529
2025 - 2029	1,107,348	145,298	1,252,646
2030	62,166	467	62,633
	$ 2,054,121	$ 513,803	$ 2,567,924

16. 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, 2019 and 2018.

Revenues available for debt service are determined as follows:

	2019	2018
Water and wastewater revenue	**$ 241,293,997**	$ 221,917,190
Operating revenue deductions	**107,172,635**	98,829,194
Net water and wastewater revenue	**134,121,362**	123,087,996
Other revenues available for debt service:		
Interest income	**4,978,549**	2,450,878
IRS Tax Credit Build America Bonds	**-**	121,044
Property rentals	**3,158,095**	2,041,465
Administration fees - City Environmental Services	**641,378**	634,446
Other miscellaneous operating revenue	**1,349,760**	8,533,671
Gain on sale of miscellaneous assets	**356,577**	342,691
Other miscellaneous expenses	**(2,263,697)**	(8,583,307)
Net other revenues available for debt service	**8,220,662**	5,540,888
Revenues available for debt service	**$ 142,342,024**	$ 128,628,884

Comparison of pledged revenues to debt requirements:

	2019	2018
Revenues available for debt service	**$ 142,342,024**	$ 128,628,884
Debt service requirements		
Principal	**37,370,000**	34,425,000
Interest	**26,627,009**	24,626,110
Total requirements	**$ 63,997,009**	$ 59,051,110
Debt service ratio	**2.22**	2.18

As calculated above, the approximate amount of pledged revenue for the years ended February 28, 2019 and 2018 were $142,342,024 and $128,628,884, respectively.

The proportion of the specific revenue stream that has been pledged to cover the debt requirements to the total revenue was 55.64% and 53.12% for the years ended February 28, 2019 and 2018, respectively.

The bonds, both principal and interest, are secured by a first lien and pledge of the net revenues of the Water and Wastewater Fund.

16. 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, 2019 and 2018.

Revenues available for debt service are determined as follows:

	2019	2018
Municipal drainage utility revenue	**$ 23,300,515**	$ 22,419,202
Operating revenue deductions	**6,527,008**	6,088,026
Net municipal drainage utility revenue	**16,773,507**	16,331,176
Other revenues available for debt service:		
Interest income	**942,499**	493,700
IRS Tax Credit Build American Bonds	**-**	516,337
Property rentals	**88,138**	79,525
Gain on sale of miscellaneous assets	**-**	58,712
Other miscellaneous operating revenue	**570,023**	585,578
Other miscellaneous expenses	**(249,613)**	(487,336)
Net other revenues available for debt service	**1,351,047**	1,246,516
Revenues available for debt service	**$ 18,124,554**	$ 17,577,692

Comparison of pledged revenues to debt requirements:

	2019	2018
Revenues available for debt service	**$ 18,124,554**	$ 17,577,692
Debt service requirements		
Principal	**2,144,000**	3,704,000
Interest	**4,144,387**	5,089,138
Total requirements	**$ 6,288,387**	$ 8,793,138
Debt service ratio	**2.88**	2.00

As calculated above, the approximate amount of pledged revenue for the years ended February 28, 2019 and 2018 were $18,124,554 and $17,577,692, respectively.

The proportion of the specific revenue stream that has been pledged to cover the debt requirements to the total revenue were 75.65% and 76.15% for the years ended February 28, 2019 and 2018, respectively.

The bonds, both principal and interest, are secured by a first lien and pledge of the net revenues of the Municipal Drainage Fund.

17. 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. Additionally, the Water and Wastewater Utility and the Municipal Drainage Utility, through the City of El Paso, maintain insurance policies acquired from independent insurance carriers covering all material structural property.

EPWater, in conjunction with the City of El Paso, provides health benefits, life insurance, and workers' compensation benefits for eligible employees and a fully insured 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 of EPWater.

The City maintains a group health insurance plan for active and retired employees and their eligible dependents. Reinsurance coverage limits the annual liability of EPWater to $225,000 per claim per covered member. Contributions to the fund are provided by both EPWater and participating employees. The group life insurance plan is provided by a commercial carrier. Health expenses and liabilities are recorded separately by EPWater for any eligible EPWater members enrolled in these plans. Costs are recorded in the fund from which the employees' compensation is paid.

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 year. 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, 2019 and 2018, and February 29, 2017 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 January 1, 2017. Accrued liabilities for these self-insurance programs are summarized below for the years ended February 28, 2019 and 2018, and February 29, 2017:

	2019	2018	2017
Health Insurance	**$ 165,447**	$ 234,028	$ 240,279
Workers' Compensation	**734,582**	734,582	795,049
Total payable	**900,029**	968,610	1,035,328
Less current portion	**238,627**	517,178	351,885
Estimated Long-term portion	**$ 661,402**	$ 451,432	$ 683,443

17. RISK MANAGEMENT (Continued)

Changes in accrued liabilities for self-insurance programs were as follows:

	2019	2018	2017
Total payable, beginning of year	**$ 968,610**	$ 1,035,328	$ 1,097,283
Additional claims incurred	**4,728,381**	4,102,828	4,146,500
Claims paid during the year	**(4,796,962)**	(4,169,546)	(4,208,455)
Total payable, end of year	**$ 900,029**	$ 968,610	$ 1,035,328

18. 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 for 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://www.eppension.org/documents/fund-overview/2018 Auditor's Report.pdf.

The collective net pension liability was measured as of August 31, 2018 and the total pension liability is based on the actuarial valuation as of September 1, 2018.

	2018	2017
Total Pension Liability	**$ 1,024,379,167**	$ 975,995,580
Less: Fiduciary Net Position	**(820,416,288)**	(776,137,711)
Net Pension Liability	**$ 203,962,879**	$ 199,857,869
Fiduciary Net Position as percentage of Total Pension Liability	**80.09%**	79.52%

18. PENSION AND RETIREMENT PLAN (Continued)

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 .2083 of 1% of such average for each additional completed or fractional part of a month of service.

18. 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 .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 was no ad-hoc payment issued for the plan year ended August 31, 2018. There was an ad-hoc cost of living adjustment of $800 per beneficiary for the plan year ended August 31, 2017.

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.

18. PENSION AND RETIREMENT PLAN (Continued)

For the September 1, 2018 actuarial valuation, 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 market value of investments over a five-year period. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses), projected salary increases of 3.0%, which includes an inflation rate of 3.0% and no costs of living increases. The remaining amortization period at September 1, 2018 and September 1, 2017 was 14 years, using a level percent, open basis, amortization period. For the September 1, 2018 valuation, the mortality rates were based on the RP-2014 employee tables with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Table for Disabled Lives. The actuarial assumptions used in the September 1, 2018 valuation were based on the results of an actuarial experience study performed in 2016.

Changes since the Prior Actuarial Valuation - There were no changes in the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement date.

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 the 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 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 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, 2018 and August 31, 2017 are summarized in the following table:

Asset Class	**2018 Target Allocation**	2017 Target Allocation	**2018 Long-term Expected Real Rate of Return**	2017 Long-term Expected Real Rate of Return
Domestic Equity	**24%**	24%	**8.20%**	9.41%
International Equity	**16%**	16%	**6.90%**	7.84%
Fixed Income	**19%**	19%	**2.00%**	1.69%
Real Estate	**10%**	10%	**4.60%**	6.46%
Absolute Return	**15%**	15%	**3.80%**	-
Master Limited Partnerships	**5%**	5%	**8.20%**	-
Private Equity	**10%**	10%	**11.7%**	-
Cash	**1%**	1%	**-**	-
Alternatives	**-**	-	**-**	7.39%

18. PENSION AND RETIREMENT PLAN (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.5 percent for the plan years ended August 31, 2018 and August 31, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the City will be made at the current contribution rate. 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.

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 thirty years. As of the most recent actuarial valuation, the contribution rate was 23 percent of annual covered payroll.

EPWater Contributions for the years ended February 28, 2019 and 2018 were as follows:

	2019 - Contributions Required and Made		2018 - Contributions Required and Made	
	Water and Wastewater Utility	**Municipal Drainage Utility**	Water and Wastewater Utility	Municipal Drainage Utility
Employer contribution	**$ 4,993,530**	**$ 293,007**	$ 4,656,649	$ 267,945
Employee contribution	**3,180,399**	**186,649**	3,099,245	179,680
Total contributions	**$ 8,173,929**	**$ 479,656**	$ 7,755,894	$ 447,625

18. PENSION AND RETIREMENT PLAN (Continued)

Sensitivity to Changes in the Discount Rate: The following presents the 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 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

8/31/2018 - 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	$ 60,667,045	$ 38,351,408	$ 19,647,004

8/31/2018 - 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	$ 3,538,973	$ 2,237,204	$ 1,146,095

8/31/2017 - 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	$ 59,221,771	$ 37,581,946	$ 19,505,744

8/31/2017 - 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	$ 3,450,646	$ 2,189,770	$ 1,136,532

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At February 28, 2019, EPWater reported a net pension liability for its proportionate share of the CERT's net pension liability of $38,351,408 for the Water and Wastewater Utility and $2,237,204 for the Municipal Drainage Utility. At February 28, 2018, EPWater reported a net pension liability for its proportionate share of the CERT's net pension liability of $37,581,946 for the Water and Wastewater Utility and $2,189,770 for the Municipal Drainage Utility. EPWater's net pension liability reported at February 28, 2019 was measured at August 31, 2018. EPWater's net pension liability reported at February 28, 2018 was measured at August 31, 2017.

18. PENSION AND RETIREMENT PLAN (Continued)

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 period from September 1, 2017 through August 31, 2018. At August 31, 2018 and August 31, 2017, EPWater's proportion of the collective net pension liability was 19.90 percent.

For the years ended February 28, 2019 and 2018, EPWater recognized pension expense as measured in accordance with GASB Statement No. 68, of $5,049,735 and $4,998,067, respectively, for the Water and Wastewater Utility, and $286,850, and $285,217, respectively, for the Municipal Drainage Utility.

At February 28, 2019 and 2018, EPWater reported its proportionate share of the deferred outflows of resources and deferred inflows of resources related to the CERT from the following sources:

	2019 - Water and Wastewater Utility		**2019 - 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	$ 2,643,059	$ 1,597,238	$ 154,220	$ 112,812
Changes in assumptions	2,640,453	-	186,495	-
Net difference between projected and actual earnings on pension assets	-	51,697	33,845	-
Changes in proportionate share	503,765	232,280	79,412	318,033
Employer contributions subsequent to the measurement date	2,574,449	-	153,843	-
Total	$ 8,361,726	$ 1,881,215	$ 607,815	$ 430,845

	2018 - Water and Wastewater Utility		2018 - 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	$ 183,778	$ 2,460,610	$ 11,688	$ 173,792
Changes in assumptions	4,067,725	-	287,303	-
Net difference between projected and actual earnings on pension assets	1,396,917	-	138,501	-
Changes in proportionate share	524,567	357,836	113,867	383,695
Employer contributions subsequent to the measurement date	2,412,714	-	129,506	-
Total	$ 8,585,701	$ 2,818,446	$ 680,865	$ 557,487

18. PENSION AND RETIREMENT PLAN (Continued)

For the year ended February 28, 2019, EPWater reported $2,574,449 for the Water and Wastewater Utility and $153,843 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. This amount will be recognized as a reduction of the net pension liability for the year ending February 28, 2020.

For the year ended February 28, 2018, EPWater reported $2,412,714 for the Water and Wastewater Utility and $129,506 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. This amount was recognized as a reduction of the net pension liability for the year ended February 28, 2019.

For the year ended February 28, 2019, the amount recognized as pension expense for the deferred outflows and inflows related to pensions was $1,003,650 for the Water and Wastewater Utility and $50,824 for the Municipal Drainage Utility. For the year ended February 28, 2018, the amount recognized as pension expense for the deferred outflows and inflows related to pensions was $832,692 for the Water and Wastewater Utility and $42,515 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 Ending February	Water and Wastewater Utility	Municipal Drainage Utility
2020	$ 3,070,859	$ 181,841
2021	315,490	(11,769)
2022	(486,894)	(101,845)
2023	268,285	(57,843)
2024	503,862	27,727
Thereafter	234,460	(14,984)
Total	$ 3,906,062	$ 23,127

Payable to the Pension Plan: At February 28, 2019 and 2018, EPWater reported a payable, including accruals where applicable, of $436,207 for the Water and Wastewater Utility and $25,586 for the Municipal Drainage Utility and $367,343 for the Water and Wastewater Utility and $18,765 for the Municipal Drainage Utility, respectively, for the outstanding amount of contributions to the pension plan required for each fiscal year.

19. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - EP Water 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 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 $135 per month to $2,237 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 51% of the total current year cost.

Employees Covered by Benefit Terms - At February 28, 2019, the following employees were covered by the benefit terms:

	Water and Wastewater Utility	Municipal Drainage Utility
Inactive employees or beneficiaries currently receiving benefits	132	2
Active employees	792	62
Total	924	64

Total OPEB Liability - The EPWater's total OPEB liability of $19,828,145 is based on an actuarial valuation performed as of January 1, 2019. Update procedures were used to roll forward the total OPEB liability to the measurement date of February 28, 2019.

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 performed in 2016 for the pension plan. OPEB specific assumptions, such as healthcare trend rates and plan participation, are reviewed during each full actuarial valuation.

19. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The EPWater's total OPEB liability based on the actuarial valuation as of January 1, 2019 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	3.70% as of February 28, 2019
Inflation	2.50%
Salary Increases	0.00% to 1.50%, not including wage inflation of 3.00%
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, 2018.
Mortality	For healthy retirees, the gender-distinct RP-2014 Employee Mortality Tables with Blue Collar Adjustment projected to the year 2030 with Scale BB are used. No additional provision is made for future improvements in mortality after the measurement date other than the margins described above. For disabled retirees, the gender-distinct RP-2014 Disabled Retiree Mortality Tables are used. No provision is made for future improvements in mortality after the measurement date.
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.75% after 13 years. The ultimate trend rate was increased by 0.50% to reflect the anticipated costs of the Cadillac Tax.
Participation Rates	35% for eligible retirees between the ages of 50 and 65; 40% for eligible retirees with age greater than 65; 0% for eligible retirees with age less than 50. 45% of retirees were assumed to have 2-person coverage.

The discount rate at February 28, 2019 is based on the Fidelity 20-Year Municipal GO AA Index. The discount rate was 3.72% as of February 28, 2018.

19. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Changes in the Total OPEB Liability:

	Water and Wastewater Utility	Municipal Drainage Utility
Balance at March 1, 2018	$ 17,148,426	$ 1,337,361
Changes for the year:		
Service cost	1,009,932	78,762
Interest	648,110	50,544
Changes of assumptions	49,392	3,852
Benefit payments	(462,189)	(36,045)
Net changes	1,245,245	97,113
Balance at February 28, 2019	$ 18,393,671	$ 1,434,474

Changes of assumptions reflect a change in the discount rate from 3.72% as of February 28, 2018 to 3.70% as of February 28, 2019.

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 3.70%, 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 current discount rate:

02/28/2019	1% Decrease (2.7%)	Discount Rate (3.7%)	1% Increase (4.7%)
Water and Wastewater Utility			
Total OPEB Liability	$ 21,152,501	$ 18,393,671	$ 16,150,849

02/28/2019	1% Decrease (2.7%)	Discount Rate (3.7%)	1% Increase (4.7%)
Municipal Drainage Utility			
Total OPEB Liability	$ 1,649,629	$ 1,434,474	$ 1,259,563

19. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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:

02/28/2019	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Water and Wastewater Utility			
Total OPEB Liability	$ 15,770,802	$ 18,393,671	$ 21,718,159

02/28/2019	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Municipal Drainage Utility			
Total OPEB Liability	$ 1,229,924	$ 1,434,474	$ 1,693,743

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the fiscal year ended February 28, 2019, EPWater recognized OPEB expense of $1,663,346 and $129,720 for Water and Wastewater Utility and Municipal Drainage Utility, respectively. At February 28, 2019, EPWater reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Water and Wastewater Utility		Municipal Drainage Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Outflows of Resources				
Differences between expected and actual experience	$ -	$ -	$ -	$ -
Changes in assumptions	44,088	-	3,438	-
Total	$ 44,088	$ -	$ 3,438	$ -

19. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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 28,	Water and Wastewater Utility	Municipal Drainage Utility
2020	$ 5,304	$ 414
2021	5,304	414
2022	5,304	414
2023	5,304	414
2024	5,304	414
Thereafter	17,568	1,368
Total	$ 44,088	$ 3,438

20. OTHER OPEB DISCLOSURES

Because EPWater implemented GASB Statement No. 75 effective March 1, 2018, the following post-employment benefit plan disclosures are presented for the EPWater's OPEB plan for the year ended February 28, 2018 in accordance GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*

The contribution requirements of plan members are established by City ordinance and may be amended as needed. Retiree coverage is the same as the coverage provided to active City employees and for retirees under 65. Retirees over 65 are covered through a Medicare Advantage Plan. Retirees pay premiums ranging from $101 per month to $2,201 per month depending on the coverage elected. The cost of retiree health care benefits is recognized on a pay-as-you-go financing method and is recorded as an expense as liabilities are incurred. There were 834 retirees (including the City and EPWater) covered under this plan at August 31, 2017. Dependent coverage was provided for 179 of the retirees. Total benefits (including the City and EPWater) paid for retirees during the year ended August 31, 2017 was approximately $9,939,924. For the year ended August 31, 2017, retirees contributed $4,681,165 or 47% of the total current year cost.

Funding Policy

The City's adopted budget policy maintains that retirees must pay 45% of the cost of premiums. Retirees are responsible for the full cost of coverage for their dependents who participate in the plan. The City employs a pay-as-you-go method and adjusts the rates annually as needed. EPWater self-funds its benefits plan that is offered to its employees and pays premiums to a fully insured plan for its retirees.

20. OTHER OPEB DISCLOSURES (Continued)

Annual OPEB costs and Net OPEB Obligation

EPWater's annual other post-employment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year ended February 28, 2018, the amount actually contributed to the plan, and changes in the net OPEB obligation.

February 28, 2018	Water and Wastewater Utility	Municipal Drainage Utility
Annual Required Contribution	$ 1,310,092	$ 79,524
Interest on Net OPEB Obligation	379,590	16,611
Adjustment to Annual Required Contribution	(369,784)	(16,182)
Annual OPEB Cost	1,319,898	79,953
Less Contributions Made	(498,911)	(8,290)
Increase in Net OPEB Obligation	820,987	71,663
Net OPEB Obligation - Beginning of year	9,489,755	415,276
Net OPEB Obligation - End of year	$ 10,310,742	$ 486,939

The Water and Wastewater Utility's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending February 28, 2018 and the preceding two fiscal years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2018	$ 1,319,898	$ 498,911	37.80%	$ 10,310,742
2017	1,280,890	458,996	35.83%	9,489,755
2016	1,420,265	442,332	31.14%	8,667,861

20. OTHER OPEB DISCLOSURES (Continued)

The Municipal Drainage Utility's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending February 28, 2018 and the preceding two fiscal years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2018	$ 79,953	$ 8,290	10.37%	$ 486,939
2017	77,564	6,785	8.75%	415,276
2016	82,669	6,785	8.21%	344,497

Management feels that the contributions made during the year to other post-employment benefits will offset any claims paid during the year. Therefore, the entire liability is estimated to be long term and recorded as such.

Funded Status and Funding Progress

As of January 1, 2017, the most recent actuarial valuation date, the plan was not funded as shown in the table below:

	Water and Wastewater Utility	Municipal Drainage Utility
Actuarial Accrued Liability (AAL)	$ 15,218,444	$ 730,205
Actuarial Value of Plan Assets	-	-
Unfunded actuarial accrued liability (UAAL)	$ 15,218,444	$ 730,205
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll	$ 31,496,593	$ 2,251,480
Unfunded actuarial accrued liability as a percentage of covered payroll	48.32%	32.43%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of EPWater's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

20. OTHER OPEB DISCLOSURES (Continued)

Actuarial Methods and Assumptions

Projections of health benefits are based on the substantive plan (the plan understood by the employer and 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 the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant method and assumptions used for this fiscal year valuation were as follows:

Actuarial Methods and Assumptions

Actuarial Valuation Date	January 1, 2017
Actuarial Cost Method	Individual Entry Age Normal Cost Method
Amortization Method	Level as a percentage of employee payroll
Amortization Period	30 year, open amortization
Inflation Rate	2.5% per annum
Investment Rate of Return	4% net of expenses
Payroll Growth	3% per annum
Pre-65 healthcare cost trend rate	Initial rate of 7.5% declining to an ultimate rate of 4.75% after 13 years
Post-65 healthcare cost trend rate	Initial rate of 5.7% declining to an ultimate rate of 4.25% after 15 years

21. 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 is not available to employees until termination, retirement, or 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 by participants.

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. However, the City of El Paso and EPWater have the duty of due care that would be required of an ordinary, prudent fiduciary.

22. LEASING ARRANGEMENTS WITH EPWATER AS LESSOR

EPWater leases real properties under various long-term lease agreements under the operating method of accounting for leases. Minimum future rentals to be received on non-cancelable leases as of February 28, 2019, for each of the next five years and in the aggregate are:

Water and Wastewater Utility

Year ended February	Amount
2020	$ 3,104,056
2021	3,039,651
2022	2,795,018
2023	2,705,441
2024	2,403,356
2025 - 2029	8,326,403
2030 - 2034	2,099,227
2035 - 2039	77,333
2040 - 2044	1,320
2045 - 2049	1,320
2050 - 2054	1,320
2055 - 2059	1,122
Total minimum future rentals	$ 24,555,567

Municipal Drainage Utility

Year ended February	Amount
2020	$ 25,079
2021	24,703
2022	10,592
2023	9,342
2024	9,342
2025 - 2029	41,785
2030 - 2034	45,600
2035 - 2039	3,600
2040	120
Total minimum future rentals	$ 170,163

23. LEASING ARRANGEMENTS WITH EPWATER AS LESSEE

EPWater leases buildings, land, computer equipment, uniforms, golf carts, and copiers for the Water and Wastewater Utility and the Municipal Drainage Utility under various long-term lease agreements which are recognized using the operating method of accounting for leases. Minimum future payments as of February 28, 2019 are as follows:

Water and Wastewater Utility

Year ended February	Amount
2020	$ 1,232,912
2021	803,463
2022	450,332
2023	442,526
2024	436,950
2025 - 2029	2,197,148
2030 - 2034	2,212,565
2035 - 2039	2,229,943
2040 - 2044	2,249,560
2045 - 2049	2,121,414
2050 - 2054	2,047,500
2055 - 2059	2,047,500
2060	102,375
	$ 18,574,188

Rental expense for the years ended February 28, 2019 and 2018 was $1,527,236 and $1,210,590, respectively.

Municipal Drainage Utility:

Year ended February	Amount
2020	$ 16,099
2021	11,885
	$ 27,984

Rental expense for the years ended February 28, 2019 and 2018 was $22,114 and $24,907, respectively.

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 which provide retail service to their customers. The contracts vary in length from 5 years to 20 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	$1.12 per ccf	$1.27 per ccf
County - East Montana	$1.88 per ccf	N/A
Haciendas Del Norte WID	$1.70 per ccf	N/A
Gaslight Square MHE	$2.78 per ccf	$1.95 per ccf
Paseo del Este MUD (includes fixed base differential rate of $0.26 for water and $0.33 for wastewater)	$2.67 per ccf	$2.23 per ccf
Fort Bliss	$1.18 per ccf	$1.95 per ccf
County - Mayfair/Nuway and Schuman	$2.30 per ccf	N/A
County - Colonia Revolucion	$3.60 per ccf	N/A

Transactions with these entities are summarized below:

	2019	2018
Water Sales	**$ 6,896,992**	$ 6,063,979
Wastewater Services	**$ 4,555,204**	$ 4,151,958

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 a full allocation year, EPWater is currently entitled to receive approximately 27,992.51 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 5,997.86 acres of leased water rights, whose terms range from 25 years to 75 years. During calendar year 2018, the cost of the water purchased from the District for the water associated with the land owned was composed of two parts; a land assessment fee of $25 per acre, plus a water assessment fee of $20 per AF. These two charges plus a one-time administrative fee of $100 and an account service charge of $12 per lease also applies to the water acquired through leases. EPWater also receives water rights associated with land owned and leases on 3,830.77 acres obtained within the LVWD. During a full allocation year, these LVWD water rights are equivalent to 15,323.08 AF worth of raw surface water.

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 a total 3,132.60 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 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 ITPC 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. 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 ITPC, 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 R. 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.

25. SURFACE WATER CONTRACTS (Continued)

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 2018, EPWater received an allotment of 3.50 AF per acre of surface water and treated 49,412.86 AF of this water for 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, 2019, no amounts have been accrued because legal counsel has not determined that the litigation will result in a probable loss to EPWater since the outcome 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.

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, will be immaterial.

EPWater has ongoing construction projects under non-cancelable contracts. At February 28, 2019, the Water and Wastewater Utility had appropriations and estimated commitments for services yet to be performed that totaled $171,770,104. At February 28, 2019, the Municipal Drainage Utility had appropriations and estimated commitments for services yet to be performed totaling $23,586,071.

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.

The Public Service Board - El Paso Water Utilities 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 environmental services for the City. The following is a summary of those transactions:

	2019	2018
Revenues from City:		
Water and Wastewater Sales	**$ 6,323,854**	$ 5,402,321
Billing and Collecting Agent fees	**916,255**	906,351
Drainage fees	**473,239**	447,732
Expenses to City:		
10% of Water Sales	**14,582,830**	13,551,708
5% on gain on sale of land	**47,808**	244
Interest paid on garbage collection fees	**114,176**	51,076
Franchise fee	**3,588,827**	3,584,130
Receivable:		
Accounts Receivable from City	**9,347,710**	9,240,157
Payable:		
Garbage collections fees payable to City	**6,205,890**	5,182,878
10% of water sales payable to City	**844,524**	797,497
Franchise fee payable to City	**309,540**	303,988
Property and health insurance payable to City	**315,300**	43,218
City projects and other expenses payable to City	**2,944,531**	360,956

28. FRANCHISE FEE DUE TO THE CITY OF EL PASO

Effective September 1, 2014, City Council 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 ($3,550,000). Effective September 1, 2016, City Council renewed the fee in the same amount and the fee is charged to all residential, non-residential, and standby fire protection accounts based on meter size. For fiscal year ended February 28, 2019, $3,588,827 has been billed of which $3,279,287 has been paid to the City of El Paso. For fiscal year ended February 28, 2018, $3,584,130 had been billed of which $3,280,142 had been 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. NEW ACCOUNTING PRONOUNCEMENTS

EPWater has not completed the process of evaluating the impact on its financial position that will result from adopting Governmental Accounting Standards Board (GASB) Statements No. 83, *Certain Asset Retirement Obligations,* effective for periods beginning after June 15, 2018, No. 87, *Leases,* effective for periods beginning after December 15, 2019, No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* effective for periods beginning after June 15, 2018, and No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period,* effective for periods beginning after December 15, 2019. GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. GASB Statement No. 88 improves disclosures related to debt, including direct borrowings and direct placements of debt separately from other debt. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

31. PRIOR PERIOD ADJUSTMENT

Due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, EPWater adjusted its beginning net position for both the Water and Wastewater Utility and the Municipal Drainage Utility to properly reflect the total OPEB liability and deferred outflow of resources as prescribed by this accounting standard. This adjustment reduced the beginning fund net position of the Water and Wastewater Utility at March 1, 2019 by $6,837,684 and of the Municipal Drainage Utility by $850,422 for a total reduction in the beginning net position of $7,688,106. Sufficient data was not available to restate the financial statements for the year ended February 28, 2018, therefore, as permitted by GASB Statement No. 75, only the financial statement information for the year ended February 28, 2019 reflects the requirements of the new accounting standard.

32. SUBSEQUENT EVENTS

On April 23, 2019, the Public Service Board - El Paso Water Utilities through the Texas Water Development Board closed on $1,415,000 in Water and Sewer System Revenue Bonds, Series 2019 with an average interest rate of 3.04%, and also received a $11,450,000 Texas Water Development Board Economically Distressed Areas Program Grant (G1000915) to fund a wastewater project in East Montana.

REQUIRED SUPPLEMENTARY INFORMATION

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

2015 through 2019

WATER AND WASTEWATER UTILITY	September 1, 2017 - August 31, 2018	September 1, 2016 - August 31, 2017	September 1, 2015 - August 31, 2016	September 1, 2014 - August 31, 2015	September 1, 2013 - August 31, 2014
Water and Wastewater Utility Proportion of the net pension liability	18.80%	18.80%	18.42%	18.70%	18.70%
Water and Wastewater Utility Proportionate Share of the net pension liability	$ 38,351,408	$ 37,581,946	$ 41,023,517	$ 36,549,779	$ 23,807,227
Water and Wastewater Utility covered payroll	35,663,788	31,819,525	30,668,420	30,351,808	30,170,368
Water and Wastewater Utility proportionate share of the net pension liability as a percentage of its covered payroll	107.54%	118.11%	133.76%	120.42%	78.91%
Plan fiduciary net position as a percentage of the total pension liability	80.09%	79.52%	76.46%	78.22%	85.26%

MUNICIPAL DRAINAGE UTILITY	September 1, 2017 - August 31, 2018	September 1, 2016 - August 31, 2017	September 1, 2015 - August 31, 2016	September 1, 2014 - August 31, 2015	September 1, 2013 - August 31, 2014
Municipal Drainage Utility Proportion of the net pension liability	1.10%	1.10%	1.30%	1.20%	1.20%
Municipal Drainage Utility Proportionate Share of the net pension liability	$ 2,237,205	$ 2,189,770	$ 2,897,485	$ 2,385,949	$ 1,508,877
Municipal Drainage Utility covered payroll	1,991,054	2,111,541	2,139,251	1,984,729	1,872,526
Municipal Drainage Utility proportionate share of the net pension liability as a percentage of its covered payroll	112.36%	103.70%	135.44%	120.22%	80.58%
Plan fiduciary net position as a percentage of the total pension liability	80.09%	79.52%	76.46%	78.22%	85.26%

Note: 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.

Note: Only five years of data are presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these 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

Schedule of EPWater's Contributions -
City of El Paso Employees Retirement Trust

2015 through 2019*

WATER AND WASTEWATER UTILITY	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Statutorily required Water and Wastewater Utility contribution	$ 4,993,530	$ 4,656,649	$ 4,349,696	$ 4,298,584	$ 4,175,866
Contributions in relation to the statutorily required contribution	4,993,530	4,656,649	4,349,696	4,298,584	4,175,866
Contribution deficiency (excess)	-	-	-	-	-
Water and Wastewater Utility covered payroll	35,239,408	33,036,310	30,853,310	30,595,084	30,421,325
Contributions as a percentage of covered payroll	14.17%	14.10%	14.10%	14.05%	13.73%

MUNICIPAL DRAINAGE UTILITY	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Statutorily required Municipal Drainage Utility contribution	$ 293,007	$ 267,945	$ 320,122	$ 292,582	$ 264,695
Contributions in relation to the statutorily required contribution	293,007	267,945	320,122	292,582	264,695
Contribution deficiency (excess)	-	-	-	-	-
Municipal Drainage Utility covered payroll	2,055,806	1,924,892	2,179,051	2,082,429	1,927,762
Contributions as a percentage of covered payroll	14.25%	13.92%	14.69%	14.05%	13.73%

*Note: 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.

Note: Only five years of data are presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these 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."

Note: 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.

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

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
There were no changes in the actuarial assumption or methods since the previous valuation.

Methods and Assumptions Used to Determine Contribution Rates:

	2018	2017	2016	2015	2014
Actuarial Cost Method	Entry-age - normal-level percentage of pay	Entry-age - normal-level percentage of pay	Entry-age - normal-level percentage of pay	Entry age normal - normal-level percentage of pay	Entry age normal - normal-level percentage of pay
Amortization Method	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
Remaining Amortization Period	14 years	14 years	17 years	17 years	11 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	Plan invested assets are reported at fair value
Inflation	3.00%	3.00%	3.00%	3.50%	3.50%
Salary Increases	3.0%, average, inflation included	3.0%, average, inflation included	3.0%, average, inflation included	4.00% to 5.7%, including inflation	4.00% to 5.7%, including inflation
Investment Rate of Return	7.5%	7.5%	7.5%	7.5%	7.5%
Retirement Age	Experience-based table of rates that are specific to the CERT 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 2016 valuation.	Experience-based table of rates that are specific to the CEPF plan of benefits. Last updated for the 2011 valuation.	Experience-based table of rates that are specific to the CEPF plan of benefits. Last updated for the 2011 valuation.
Mortality	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.	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.

Note: 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.

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).

el paso
WATER

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 (GASB 75)

February 28, 2019

	2019
Total OPEB Liability	
Service cost	$ 1,009,932
Interest	648,110
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	49,392
Benefit payments	(462,189)
Net change in total OPEB liability	1,245,245
Total OPEB liability - beginning	17,148,426
Total OPEB liability - ending	$ 18,393,671
Covered employee payroll	$ 36,499,902
Total OPEB liability as a percentage of covered employee payroll	50.39%

Notes to Schedule:

Changes of assumptions reflect a change in the discount rate from 3.72% as of February 28, 2018 to 3.70% as of February 28, 2019.

Only one year of data is 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 (GASB 75)

February 28, 2019

	2019
Total OPEB Liability	
Service cost	$ 78,762
Interest	50,544
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	3,852
Benefit payments	(36,045)
Net change in total OPEB liability	97,113
Total OPEB liability - beginning	1,337,361
Total OPEB liability - ending	$ 1,434,474
Covered employee payroll	$ 2,153,701
Total OPEB liability as a percentage of covered employee payroll	66.61%

Notes to Schedule:

Changes of assumptions reflect a change in the discount rate from 3.72% as of February 28, 2018 to 3.70% as of February 28, 2019.

Only one year of data is 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

Other Post-Employment Benefit Plan (GASB 45)
Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percent of Covered Payroll (4)/(5)
01/01/2017	$ -	$15,218,444	0.00%	$15,218,444	$31,496,593	48.32%
01/01/2015	-	14,019,879	0.00	14,019,879	30,374,930	46.16
01/01/2013	-	13,411,767	0.00	13,411,767	29,165,415	45.99

Other Post-Employment Benefits Plan
Schedule of Employer Contributions

Fiscal Year	(1) Actual Contribution	(2) Annual Required Contribution	(3) Percent Contributed (1)/(2)
2018	$498,911	$1,310,092	38.08%
2017	458,996	1,271,934	36.09
2016	442,332	1,394,827	31.71

REQUIRED SUPPLEMENTARY INFORMATION

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

MUNICIPAL DRAINAGE UTILITY FUND

Other Post-Employment Benefit Plan (GASB 45)
Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percent of Covered Payroll (4)/(5)
01/01/2017	$ -	$730,205	0.00%	$730,205	$2,251,480	32.43%
01/01/2015	-	604,874	0.00	604,874	2,297,528	26.33
01/01/2013	-	372,081	0.00	372,081	1,653,481	22.50

Other Post-Employment Benefits Plan
Schedule of Employer Contributions

Fiscal Year	(1) Actual Contribution	(2) Annual Required Contribution	(3) Percent Contributed (1)/(2)
2018	$8,290	$79,524	10.42%
2017	6,785	77,208	8.79
2016	6,785	81,780	8.30

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

NOTES TO OPEB REQUIRED SUPPLEMENTARY INFORMATION (GASB 45)

February 28, 2018

Changes of Assumption/Method

1. In anticipation of GASB 75, the actuarial cost method was changed from Projected Unit Credit to Individual Entry Age. This change increased the OPEB liability by approximately 5.00%.

2. The inflation rate assumption was lowered from 3.00% to 2.50%. This change affected the discount rate assumption and the ultimate trend assumption.

3. The discount rate for the unfunded scenario was decreased from 4.50% to 4.00%. This change increased the ARC and associated liabilities. The discount rate for the funding scenario was decreased from 7.50% to 7.00%.

4. The trend rates were reset to better reflect the plan's anticipated experience and the new inflation assumption. This change lowered the ARC and associated liabilities.

5. Mortality and other demographic assumptions have been updated to match those used in the September 1, 2016 El Paso City Employees' Pension Fund valuation.

6. The tables used to model the impact of aging on the underlying claims were updated based on the Society of Actuaries' 2013 Study "Health Care Costs – From Birth to Death".

SUPPLEMENTARY SCHEDULES

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, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 29,858,943	$ 23,035,090
Investments	2,975,082	9,494,521
Accounts receivable - customers	25,310,387	22,582,767
Accounts receivable - other	1,916,665	942,748
Leased property investment costs	373,137	-
Accrued interest receivable	191,388	125,966
Inventory - materials and supplies	2,284,829	2,065,782
Other current assets	570,794	1,660,155
Prepaid expenses	1,970,076	1,967,549
Due from Municipal Drainage Utility	46,473	28,551
Restricted current assets:		
Restricted for bond requirements:		
Cash and cash equivalents	67,076,517	51,349,773
Investments	26,502,646	33,916,717
Restricted for construction and improvements:		
Cash and cash equivalents	98,648,673	187,966,375
Investments	14,669,062	12,000,000
Accounts receivable government grants	672,730	859,804
Notes receivable	26,829	34,325
Total current assets	273,094,231	348,030,123
Noncurrent assets:		
Accounts receivable - City of El Paso	9,225,042	9,225,042
Leased property investment costs	3,358,229	-
Restricted noncurrent assets:		
Restricted for bond requirements:		
Investments	625,581	-
Capital assets:		
Water and Wastewater Utility capital assets	2,255,241,368	2,207,643,917
Land and right of way	278,966,362	224,302,145
Construction work in progress	182,300,846	86,353,500
Less accumulated depreciation	(1,088,248,936)	(1,025,019,767)
Total capital assets (net of accumulated depreciation)	1,628,259,640	1,493,279,795
Total noncurrent assets	1,641,468,492	1,502,504,837
Total assets	1,914,562,723	1,850,534,960
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on bond refunding	4,055,506	4,661,357
Deferred pension contributions	2,574,449	2,412,714
Difference in projected and actual earnings on pension assets	-	1,396,917
Difference in expected and actual pension experience	2,643,059	183,778
Change in assumptions pension	2,640,453	4,067,725
Change in proportionate share pension	503,765	524,567
Change in assumptions OPEB	44,088	-
Total deferred outflows of resources	12,461,320	13,247,058
Total assets and deferred outflows of resources	$ 1,927,024,043	$ 1,863,782,018

	2019	2018
LIABILITIES		
Current liabilities:		
Accounts payable	$ 3,588,935	$ 3,882,318
Environmental Services collections and other payments due to City of El Paso	7,359,963	6,284,363
Customer deposits	10,722,705	10,214,425
Accrued vacation payable	1,936,844	1,898,673
Accrued payroll and benefits	2,601,156	2,159,375
Unearned revenue on land leases	787,498	629,855
Other current liabilities	183,782	520,262
Self-insurance workers' compensation and health claims	238,627	517,178
Other governments payable - current	161,396	154,307
Current liabilities payable from restricted assets:		
Revenue bonds payables and unamortized premiums net of discounts	46,926,791	41,753,423
Accrued interest on long term debt	13,611,590	13,307,015
Accounts payable	23,831,539	13,584,952
Land notes payable	-	914,885
Land notes interest payable	-	12,397
Customer advances for construction	1,233,190	3,339,608
Retainage payable on construction contracts	3,433,985	1,891,699
Total current liabilities	116,618,001	101,064,735
Noncurrent liabilities:		
Revenue bonds payables and unamortized premiums net of discounts	760,734,062	777,323,497
Other governments payable	1,892,725	2,054,121
Commercial paper notes	15,000,000	10,000,000
Other Post-Employment Benefits	-	10,310,742
Total OPEB Liability	18,393,671	-
Net Pension Liability	38,351,408	37,581,946
Accrued vacation payable	1,367,997	1,167,053
Self-insurance workers' compensation claims	661,402	451,432
Total noncurrent liabilities	836,401,265	838,888,791
Total liabilities	953,019,266	939,953,526
DEFERRED INFLOWS OF RESOURCES		
Gains on bond refunding	354,002	386,154
Difference in projected and actual earning on pension assets	51,697	-
Difference in expected and actual pension experience	1,597,238	2,460,610
Change in proportionate share pension	232,280	357,836
Total deferred inflows of resources	2,235,217	3,204,600
NET POSITION		
Restricted:		
Restricted for debt service	80,593,154	71,959,475
Restricted for construction and improvements	28,418,448	32,763,350
Total restricted	109,011,602	104,722,825
Net investment in capital assets	865,579,492	817,962,873
Unrestricted	(2,821,534)	(2,061,806)
Total net position	971,769,560	920,623,892
Total liabilities, deferred inflows of resources, and net position	$ 1,927,024,043	$ 1,863,782,018

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, 2019 and 2018

	2019	2018
Operating revenues:		
Water	$ 123,904,158	$ 115,534,990
Water supply replacement charge	29,146,782	26,877,670
Reclaimed water	4,299,939	3,502,798
Wastewater	83,943,118	76,001,732
Customer connection fees	5,904,711	5,400,322
Billing fees - City Environmental Services	641,378	634,446
Rent revenue	3,158,095	2,041,465
City of El Paso Franchise fee	3,588,827	3,584,130
Farm operations revenue	-	7,295,255
Other operating revenue	1,349,760	1,238,416
Total operating revenues	255,936,768	242,111,224
Operating expenses:		
Operations and maintenance - water & reclaimed water	49,304,582	45,569,242
Operations and maintenance - wastewater	25,436,858	23,843,214
General, administrative and engineering expenses	25,718,114	23,597,684
Farm operations expenses	-	5,712,023
Other operating expenses	1,679,657	1,763,632
Other Post-Employment Benefits	1,663,346	820,987
Pension expense	5,049,735	4,998,067
Depreciation	65,321,686	62,997,545
Payment to City of El Paso Franchise fee	3,588,827	3,584,130
Payment to City of El Paso per bond covenants	14,630,638	13,551,952
Total operating expenses	192,393,443	186,438,476
Operating income	63,543,325	55,672,748
Nonoperating revenues (expenses):		
Interest earnings and net change in fair value of investments	4,978,549	2,450,878
IRS tax credit for Build America Bonds	-	121,044
Gain on land assets converted by sale	1,090,824	4,885
Gain on sale of miscellaneous assets	356,577	342,691
Other nonoperating expenses	(584,040)	(1,107,652)
Interest on long term debt	(22,986,519)	(22,035,064)
Total nonoperating expenses	(17,144,609)	(20,223,218)
Increase in net position, before capital contributions	46,398,716	35,449,530
Federal grant contributions	1,957,033	2,202,247
Capital and non-federal grant contributions	9,627,603	6,863,177
Total contributions	11,584,636	9,065,424
Change in net position	57,983,352	44,514,954
Total net position - beginning	920,623,892	876,108,938
Prior period adjustment	(6,837,684)	-
Total net position - ending	$ 971,769,560	$ 920,623,892

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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, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 249,295,823	$ 236,352,475
Cash received from Municipal Drainage Utility	1,476,147	707,256
Environmental Services fees collected for the City of El Paso	68,381,801	62,126,863
Franchise fees collected	3,588,827	3,577,539
Cash payments to suppliers for goods and services	(65,438,828)	(65,046,146)
Cash payments to employees for services	(42,617,681)	(39,910,147)
Environmental Services fees paid to the City of El Paso	(67,358,779)	(62,078,920)
Payments to City of El Paso per bond covenants	(14,583,611)	(13,462,791)
Payments to City of El Paso Franchise fees	(3,583,276)	(3,571,065)
Cash payments to Municipal Drainage Utility	(157,670)	(152,823)
Net cash provided by operating activities	129,002,753	118,542,241
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from:		
Revenue bonds	26,670,000	133,880,000
Premiums received on revenue bonds	3,697,917	12,068,682
Commercial paper	35,000,000	15,500,000
Cash receipts from grants	2,269,668	2,001,206
Acquisition and construction from capital grants	(2,082,591)	(2,291,652)
Acquisition and construction of capital assets net of disposals	(183,920,114)	(116,030,172)
Refunding revenue bonds	-	(15,460,000)
Refunding commercial paper	(30,000,000)	(28,000,000)
Principal payments on revenue bonds	(37,370,000)	(34,425,000)
Interest and fees on revenue bonds and commercial paper	(26,998,230)	(25,744,374)
Principal payments on land notes payable	(914,885)	(871,337)
IRS tax credit on Build America Bonds	-	121,044
Interest payments on notes and other long term debt	(121,016)	(140,868)
Proceeds from sale of assets net of related expenses	1,447,400	347,575
Net cash used by capital and related financing activities	(212,321,851)	(59,044,896)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale and maturities of investment securities	169,483,814	100,159,972
Purchase of investment securities	(158,854,190)	(112,539,247)
Interest received on investment securities	4,922,369	2,646,029
Net cash provided (used) by investing activities	15,551,993	(9,733,246)
Net increase (decrease) in cash and cash equivalents	(67,767,105)	49,764,099
Cash and cash equivalents:		
Beginning of year	262,351,238	212,587,139
End of year	$ 194,584,133	$ 262,351,238

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, 2019 and 2018

	2019	2018
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 63,543,325	$ 55,672,748
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	65,321,686	62,997,545
(Increase) decrease in assets and deferred outflows:		
Accounts receivable	(3,694,041)	(2,741,532)
Inventory	(219,047)	(330,308)
Prepaid expenses	(2,527)	48,130
Other current assets	1,089,361	(117,046)
Due from Municipal Drainage Utility	(17,922)	(28,551)
Deferred outflow-Pension contributions	(161,735)	(203,704)
Deferred outflow-Difference in projected and actual earnings on pension assets	1,396,917	3,892,902
Deferred outflow-Difference in expected and actual pension experience	(2,459,281)	180,013
Deferred outflow-Change in assumptions pension	1,427,272	1,427,272
Deferred outflow-Change in proportionate share pension	20,802	(524,567)
Deferred outflow-Change in assumptions OPEB	(44,088)	-
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	(293,383)	1,217,499
Other current liabilities	1,405,622	726,617
Due to Municipal Drainage Utility	-	(223,588)
Accrued vacation payable	239,115	110,034
Accrued payroll and benefits	441,781	115,007
Other Post-Employment Benefits	(10,310,742)	820,987
Total OPEB Liability	11,555,988	-
Net Pension Liability	769,462	(3,441,571)
Deferred inflows-Difference in projected and actual earnings on pension assets	51,697	-
Deferred inflows-Difference in expected and actual pension experience	(863,372)	(863,372)
Deferred inflows-Change in proportionate share pension	(125,556)	(125,556)
Self-insurance claims	(68,581)	(66,718)
Net cash provided by operating activities	$ 129,002,753	$ 118,542,241
Noncash investing, capital, and financing activities:		
Contribution in aid of construction	$ 11,459,074	$ 8,976,018
Increase (decrease) in accounts receivable capital grants	(187,074)	290,446
Change in fair value of investments	9,242	(4,226)
	$ 11,281,242	$ 9,262,238

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, 2019 and 2018

	2019	2018
Water & reclaimed water revenue		
Metered sales to general customers	$ 104,914,133	$ 98,881,541
Metered sales to City of El Paso	5,759,949	4,871,245
Metered sales to Lower Valley Water District	3,046,502	2,887,827
Metered sales to Mayfair/Nuway	92,312	89,528
Metered sales to El Paso County East Montana	718,420	629,495
Metered sales to Haciendas Del Norte	121,094	106,741
Metered sales to Gaslight Square	49,728	46,409
Metered sales to Paseo Del Este	2,204,532	1,677,123
Metered sales to Fort Bliss	643,996	613,724
Metered sales to Colonia Revolucion	20,408	13,131
Reclaimed water sales	4,299,939	3,502,798
Private fire protection	1,146,843	1,008,752
El Paso Electric Company - Newman Plant special rate	290,516	216,717
Outside city charges	2,264,920	1,903,062
New account set up fee	680,315	695,123
Service reinstallation and other fees	1,950,490	1,894,572
Total water & reclaimed water revenue	128,204,097	119,037,788
Water supply replacement charge	29,146,782	26,877,670
Total water revenue	157,350,879	145,915,458
Wastewater revenue		
General customers	77,946,757	70,819,354
City of El Paso	563,905	531,076
Lower Valley Water District	1,387,021	1,116,663
Gaslight Square	27,447	31,537
Paseo Del Este	1,087,025	724,861
Fort Bliss	2,053,712	2,278,898
Industrial sewer surcharge	877,251	499,343
Total wastewater revenue	83,943,118	76,001,732
Other operating revenue		
Customer connection fees	5,904,711	5,400,322
City of El Paso Franchise fee	3,588,827	3,584,130
Property rentals	3,158,095	2,041,465
Billing fees - City Environmental Services	641,378	634,446
Farm operations revenue	-	7,295,255
Other operating revenue	1,349,760	1,238,416
Total other operating revenue	14,642,771	20,194,034
Total operating revenue	$ 255,936,768	$ 242,111,224

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, 2019 and 2018

	2019	2018
Water & Reclaimed Water Divisions		
Supply	$ 11,890,090	$ 11,873,013
Treatment	25,861,322	22,930,398
Distribution	10,971,780	10,306,069
Reclaimed Water System	581,390	459,762
Total water & reclaimed water divisions	49,304,582	45,569,242
Wastewater Division		
Treatment	17,001,652	15,697,797
Lift stations	2,472,548	2,340,939
Collection lines	3,846,744	3,777,244
Sludge processing	2,115,914	2,027,234
Total wastewater division	25,436,858	23,843,214
General and administrative	25,718,114	23,597,684
Other operating expenses		
Depreciation	65,321,686	62,997,545
Other operating expenses	1,679,657	1,763,632
Farm operations expenses	-	5,712,023
Other Post-Employment Benefits	1,663,346	820,987
Pension expense	5,049,735	4,998,067
Payment to City of El Paso Franchise fee	3,588,827	3,584,130
Payment to City of El Paso per bond covenants	14,630,638	13,551,952
Total other operating expenses	91,933,889	93,428,336
Total operating expenses	$ 192,393,443	$ 186,438,476

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

WATER AND WASTEWATER UTILITY

NET OPERATING REVENUE - WATER & RECLAIMED WATER

For the Years Ended February 28, 2019 and 2018

	2019	2018
Operating revenue - water and reclaimed water	$ 128,204,097	$ 119,037,788
Operating revenue deductions		
Operating expenses	49,304,582	45,569,242
General and administrative	16,919,266	15,531,420
Total operating expense deductions	66,223,848	61,100,662
Net operating revenue - water and reclaimed water	$ 61,980,249	$ 57,937,126

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, 2019 and 2018

	2019	2018
Operating revenue - wastewater	$ 83,943,118	$ 76,001,732
Operating revenue deductions		
Operating expenses	25,436,858	23,843,214
General and administrative	8,798,848	8,066,264
Total operating expense deductions	34,235,706	31,909,478
Net operating revenue - wastewater	$ 49,707,412	$ 44,092,254

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

WATER AND WASTEWATER UTILITY FUND

ACCOUNTS RECEIVABLE GOVERNMENT GRANTS-OTHER ACCOUNTS RECEIVABLE

February 28, 2019 and 2018

ACCOUNTS RECEIVABLE-GOVERNMENT GRANTS

Government Grant Projects	2019	2018
Federal Grants		
North Central Reclaimed -EPA#XP96638401	$ 547,169	$ 571,700
CERRO Process Water Recovery from RO Concentrate Wells USBR #R14AP00086	-	64,127
Aquifer Storage and Recovery - USBR R17AP00323	-	144,900
Non Federal Grants		
Agricultural Water Conservation Fund Demonstration Grant - TWDB Project#1813582260	125,561	-
Montana Vista Collector - TWDB Project #10438 G1000480	-	79,077
TOTALS	$ 672,730	$ 859,804

OTHER ACCOUNTS RECEIVABLE

	2019	2018
Charges to contractors and job damages	$ 687,053	$ 802,962
Local and State Governments	40,412	53,925
Lease revenue receivables	1,189,200	85,861
TOTALS	$ 1,916,665	$ 942,748

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 Years Ended February 28, 2019 and 2018

Bond Series	Bonds payable February 28, 2018	Additions	Retirements	Bonds payable February 28, 2019
2003A Revenue Series	$ 350,000	$ -	$ 50,000	$ 300,000
2008A CWSRF Series	800,000	-	800,000	-
2008B CWSRF Series	1,260,000	-	1,260,000	-
2008C Refunding Series	1,785,000	-	1,785,000	-
2010 Refunding Series	11,915,000	-	1,455,000	10,460,000
2010A Refunding Series	31,805,000	-	1,035,000	30,770,000
2011 Refunding Series	12,940,000	-	3,400,000	9,540,000
2012 Refunding Series	45,850,000	-	3,245,000	42,605,000
2012A Refunding & Improvement	59,925,000	-	5,125,000	54,800,000
2014 Refunding Series	60,570,000	-	1,835,000	58,735,000
2015 Refunding Series	112,415,000	-	9,820,000	102,595,000
2015A Revenue Series	17,060,000	-	640,000	16,420,000
2015B Revenue Series	45,395,000	-	2,210,000	43,185,000
2015C Refunding Series	45,590,000	-	1,805,000	43,785,000
2016 Refunding & Improvement	68,670,000	-	1,425,000	67,245,000
2016A Revenue Series	99,500,000	-	500,000	99,000,000
2017 Refunding & Improvement	83,880,000	-	730,000	83,150,000
2017A Revenue Series	50,000,000	-	250,000	49,750,000
2018 Refunding Series	-	26,670,000	-	26,670,000
TOTALS	$ 749,710,000	$ 26,670,000	$ 37,370,000	$ 739,010,000

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, 2019

Calendar Year	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Net Requirements
2019	$ 13,327,343	$ 13,484,344	$ 26,811,687	$ 42,360,000	$ 69,171,687
2020	13,213,940	12,392,678	25,606,618	43,500,000	69,106,618
2021	12,392,678	11,588,839	23,981,517	42,940,000	66,921,517
2022	11,588,839	10,685,732	22,274,571	44,815,000	67,089,571
2023	10,685,732	9,730,821	20,416,553	46,525,000	66,941,553
2024	9,730,821	8,757,474	18,488,295	48,360,000	66,848,295
2025	8,757,474	7,753,498	16,510,972	48,935,000	65,445,972
2026	7,753,498	6,778,358	14,531,856	50,505,000	65,036,856
2027	6,778,358	5,781,009	12,559,367	49,770,000	62,329,367
2028	5,781,009	4,925,117	10,706,126	44,770,000	55,476,126
2029	4,925,117	4,141,601	9,066,718	41,515,000	50,581,718
2030	4,141,601	3,442,707	7,584,308	37,440,000	45,024,308
2031	3,442,707	2,795,637	6,238,344	35,020,000	41,258,344
2032	2,795,637	2,294,964	5,090,601	30,755,000	35,845,601
2033	2,294,964	1,749,079	4,044,043	31,565,000	35,609,043
2034	1,749,079	1,241,242	2,990,321	29,560,000	32,550,321
2035	1,241,242	772,625	2,013,867	28,200,000	30,213,867
2036	772,625	444,175	1,216,800	20,380,000	21,596,800
2037	444,175	179,850	624,025	13,800,000	14,424,025
2038	179,850	35,750	215,600	6,865,000	7,080,600
2039	35,750	-	35,750	1,430,000	1,465,750
	$ 122,032,439	$ 108,975,500	$ 231,007,939	$ 739,010,000	$ 970,017,939

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
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	5.00%	$ -	$ 937,154	$ 937,154	$ -	$ 937,154
2020	5.00	666,750	666,750	1,333,500	-	1,333,500
2021	5.00	666,750	666,750	1,333,500	-	1,333,500
2022	5.00	666,750	666,750	1,333,500	-	1,333,500
2023	5.00	666,750	666,750	1,333,500	-	1,333,500
2024	5.00	666,750	666,750	1,333,500	-	1,333,500
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
		$ 7,963,875	$ 8,234,279	$ 16,198,154	$ 26,670,000	$ 42,868,154

Bonds dated: December 1, 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 - 2017A TWDB SWIFT REVENUE BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	0.63%	$ 436,788	$ 436,000	$ 872,788	$ 250,000	$ 1,122,788
2020	0.70	436,000	432,500	868,500	1,000,000	1,868,500
2021	0.78	432,500	428,600	861,100	1,000,000	1,861,100
2022	0.90	428,600	424,100	852,700	1,000,000	1,852,700
2023	1.01	424,100	411,475	835,575	2,500,000	3,335,575
2024	1.10	411,475	397,725	809,200	2,500,000	3,309,200
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
		$ 5,907,388	$ 5,470,600	$ 11,377,988	$ 49,750,000	$ 61,127,988

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, 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 REFUNDING AND IMPROVEMENT BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2019	3.00%	$ 1,841,425	$ 1,791,550	$ 3,632,975	$ 3,325,000	$ 6,957,975
2020	4.00	1,791,550	1,722,750	3,514,300	3,440,000	6,954,300
2021	4.00	1,722,750	1,707,250	3,430,000	775,000	4,205,000
2022	4.00	1,707,250	1,672,550	3,379,800	1,735,000	5,114,800
2023	5.00	1,672,550	1,579,675	3,252,225	3,715,000	6,967,225
2024	5.00	1,579,675	1,506,675	3,086,350	2,920,000	6,006,350
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
		$ 21,390,600	$ 19,549,175	$ 40,939,775	$ 83,150,000	$ 124,089,775

Bonds dated: October 1, 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 - 2016A TWDB SWIFT REVENUE BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2019	0.64%	$ 762,110	$ 755,710	$ 1,517,820	$ 2,000,000	$ 3,517,820
2020	0.71	755,710	748,610	1,504,320	2,000,000	3,504,320
2021	0.76	748,610	741,010	1,489,620	2,000,000	3,489,620
2022	0.83	741,010	720,260	1,461,270	5,000,000	6,461,270
2023	0.92	720,260	697,260	1,417,520	5,000,000	6,417,520
2024	1.01	697,260	666,960	1,364,220	6,000,000	7,364,220
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
		$ 9,317,180	$ 8,555,070	$ 17,872,250	$ 99,000,000	$ 116,872,250

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, 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 - 2016 REVENUE REFUNDING AND IMPROVEMENT BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	4.00%	$ 1,508,325	$ 1,442,325	$ 2,950,650	$ 3,300,000	$ 6,250,650
2020	4.00	1,442,325	1,373,425	2,815,750	3,445,000	6,260,750
2021	3.11	1,373,425	1,317,575	2,691,000	3,595,000	6,286,000
2022	4.00	1,317,575	1,243,575	2,561,150	3,700,000	6,261,150
2023	5.00	1,243,575	1,147,075	2,390,650	3,860,000	6,250,650
2024	5.00	1,147,075	1,045,700	2,192,775	4,055,000	6,247,775
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
		$ 14,688,950	$ 13,180,625	$ 27,869,575	$ 67,245,000	$ 95,114,575

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, 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 - 2015C REVENUE REFUNDING BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	5.00%	$ 1,020,713	$ 973,213	$ 1,993,926	$ 1,900,000	$ 3,893,926
2020	5.00	973,213	923,213	1,896,426	2,000,000	3,896,426
2021	5.00	923,213	870,588	1,793,801	2,105,000	3,898,801
2022	5.00	870,588	815,463	1,686,051	2,205,000	3,891,051
2023	5.00	815,463	757,338	1,572,801	2,325,000	3,897,801
2024	3.97	757,338	709,088	1,466,426	2,430,000	3,896,426
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
		$ 9,613,658	$ 8,592,945	$ 18,206,603	$ 43,785,000	$ 61,991,603

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 - 2015B REVENUE BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	0.72%	$ 384,169	$ 376,141	$ 760,310	$ 2,230,000	$ 2,990,310
2020	0.87	376,141	366,354	742,495	2,250,000	2,992,495
2021	1.01	366,354	354,865	721,219	2,275,000	2,996,219
2022	1.16	354,865	341,496	696,361	2,305,000	3,001,361
2023	1.30	341,496	326,319	667,815	2,335,000	3,002,815
2024	1.39	326,319	309,847	636,166	2,370,000	3,006,166
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
		$ 4,211,593	$ 3,827,424	$ 8,039,017	$ 43,185,000	$ 51,224,017

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 - 2015A REVENUE BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	4.00%	$ 361,253	$ 347,853	$ 709,106	$ 670,000	$ 1,379,106
2020	4.00	347,853	333,953	681,806	695,000	1,376,806
2021	5.00	333,953	315,828	649,781	725,000	1,374,781
2022	5.00	315,828	296,828	612,656	760,000	1,372,656
2023	5.00	296,828	276,953	573,781	795,000	1,368,781
2024	5.00	276,953	256,078	533,031	835,000	1,368,031
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
		$ 3,616,521	$ 3,255,268	$ 6,871,789	$ 16,420,000	$ 23,291,789

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 - 2015 REVENUE REFUNDING BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2019	4.00%	$ 2,315,906	$ 2,073,906	$ 4,389,812	$ 12,100,000	$ 16,489,812
2020	4.00	2,073,906	1,943,006	4,016,912	6,545,000	10,561,912
2021	4.00	1,943,006	1,762,806	3,705,812	9,010,000	12,715,812
2022	5.00	1,762,806	1,554,056	3,316,862	8,350,000	11,666,862
2023	5.00	1,554,056	1,334,681	2,888,737	8,775,000	11,663,737
2024	5.00	1,334,681	1,104,306	2,438,987	9,215,000	11,653,987
2025	5.00	1,104,306	862,306	1,966,612	9,680,000	11,646,612
2026	5.00	862,306	607,931	1,470,237	10,175,000	11,645,237
2027	5.00	607,931	405,431	1,013,362	8,100,000	9,113,362
2028	4.00	405,431	300,731	706,162	5,235,000	5,941,162
2029	4.00	300,731	191,731	492,462	5,450,000	5,942,462
2030	3.25	191,731	153,138	344,869	2,375,000	2,719,869
2031	3.25	153,138	130,306	283,444	1,405,000	1,688,444
2032	3.38	130,306	105,838	236,144	1,450,000	1,686,144
2033	5.00	105,838	68,338	174,176	1,500,000	1,674,176
2034	5.00	68,338	28,963	97,301	1,575,000	1,672,301
2035	3.50	28,963	-	28,963	1,655,000	1,683,963
		$ 14,943,380	$ 12,627,474	$ 27,570,854	$ 102,595,000	$ 130,165,854

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 - 2014 REVENUE REFUNDING BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	5.00%	$ 1,439,819	$ 1,391,819	$ 2,831,638	$ 1,920,000	$ 4,751,638
2020	5.00	1,391,819	1,341,444	2,733,263	2,015,000	4,748,263
2021	5.00	1,341,444	1,248,694	2,590,138	3,710,000	6,300,138
2022	5.00	1,248,694	1,125,069	2,373,763	4,945,000	7,318,763
2023	5.00	1,125,069	1,034,444	2,159,513	3,625,000	5,784,513
2024	5.00	1,034,444	939,319	1,973,763	3,805,000	5,778,763
2025	5.00	939,319	839,069	1,778,388	4,010,000	5,788,388
2026	5.00	839,069	733,819	1,572,888	4,210,000	5,782,888
2027	5.00	733,819	623,194	1,357,013	4,425,000	5,782,013
2028	5.00	623,194	506,694	1,129,888	4,660,000	5,789,888
2029	5.00	506,694	384,444	891,138	4,890,000	5,781,138
2030	5.00	384,444	255,819	640,263	5,145,000	5,785,263
2031	5.00	255,819	120,694	376,513	5,405,000	5,781,513
2032	4.00	120,694	82,494	203,188	1,910,000	2,113,188
2033	4.00	82,494	42,694	125,188	1,990,000	2,115,188
2034	4.13	42,694	-	42,694	2,070,000	2,112,694
		$ 12,109,529	$ 10,669,710	$ 22,779,239	$ 58,735,000	$ 81,514,239

Bonds dated: January 15, 2014

Original issue: $64,900,000

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 - 2012A REVENUE REFUNDING AND IMPROVEMENT BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	4.00%	$ 1,180,713	$ 1,074,913	$ 2,255,626	$ 5,290,000	$ 7,545,626
2020	4.00	1,074,913	964,813	2,039,726	5,505,000	7,544,726
2021	3.44	964,813	865,813	1,830,626	5,750,000	7,580,626
2022	5.00	865,813	716,063	1,581,876	5,990,000	7,571,876
2023	5.00	716,063	558,938	1,275,001	6,285,000	7,560,001
2024	5.00	558,938	394,563	953,501	6,575,000	7,528,501
2025	5.00	394,563	336,313	730,876	2,330,000	3,060,876
2026	5.00	336,313	289,688	626,001	1,865,000	2,491,001
2027	2.50	289,688	265,500	555,188	1,935,000	2,490,188
2028	4.00	265,500	225,500	491,000	2,000,000	2,491,000
2029	4.00	225,500	183,900	409,400	2,080,000	2,489,400
2030	4.00	183,900	140,700	324,600	2,160,000	2,484,600
2031	4.00	140,700	95,700	236,400	2,250,000	2,486,400
2032	4.00	95,700	48,800	144,500	2,345,000	2,489,500
2033	4.00	48,800	-	48,800	2,440,000	2,488,800
		$ 7,341,917	$ 6,161,204	$ 13,503,121	$ 54,800,000	$ 68,303,121

Bonds dated: November 15, 2012

Original issue: $75,715,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2023 may be redeemed on March 1, 2022 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 - 2012 REVENUE REFUNDING BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	4.00%	$ 959,125	$ 884,225	$ 1,843,350	$ 3,745,000	$ 5,588,350
2020	4.00	884,225	802,525	1,686,750	4,085,000	5,771,750
2021	4.00	802,525	717,725	1,520,250	4,240,000	5,760,250
2022	5.00	717,725	611,850	1,329,575	4,235,000	5,564,575
2023	5.00	611,850	513,350	1,125,200	3,940,000	5,065,200
2024	5.00	513,350	409,975	923,325	4,135,000	5,058,325
2025	5.00	409,975	301,475	711,450	4,340,000	5,051,450
2026	3.00	301,475	233,000	534,475	4,565,000	5,099,475
2027	5.00	233,000	115,375	348,375	4,705,000	5,053,375
2028	5.00	115,375	-	115,375	4,615,000	4,730,375
		$ 5,548,625	$ 4,589,500	$ 10,138,125	$ 42,605,000	$ 52,743,125

Bonds dated: February 01, 2012

Original issue: $52,780,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2023 may be redeemed on March 1, 2022 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 - 2011 REVENUE REFUNDING BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	5.00%	$ 221,522	$ 146,522	$ 368,044	$ 3,000,000	$ 3,368,044
2020	5.00	146,522	62,522	209,044	3,360,000	3,569,044
2021	3.00	62,522	58,397	120,919	275,000	395,919
2022	3.25	58,397	53,766	112,163	285,000	397,163
2023	3.50	53,766	52,016	105,782	100,000	205,782
2024	3.50	52,016	50,266	102,282	100,000	202,282
2025	4.00	50,266	44,166	94,432	305,000	399,432
2026	4.00	44,166	37,866	82,032	315,000	397,032
2027	4.00	37,866	31,266	69,132	330,000	399,132
2028	4.13	31,266	24,150	55,416	345,000	400,416
2029	4.25	24,150	16,500	40,650	360,000	400,650
2030	4.25	16,500	8,531	25,031	375,000	400,031
2031	4.38	8,531	-	8,531	390,000	398,531
		$ 807,490	$ 585,968	$ 1,393,458	$ 9,540,000	$ 10,933,458

Bonds dated: July 15, 2011

Original issue: $14,680,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2021 may be redeemed on March 1, 2020 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 - 2010A REVENUE REFUNDING BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	3.00%	$ 686,622	$ 670,497	$ 1,357,119	$ 1,075,000	$ 2,432,119
2020	4.00	670,497	558,697	1,229,194	5,590,000	6,819,194
2021	5.00	558,697	412,322	971,019	5,855,000	6,826,019
2022	4.25	412,322	333,697	746,019	3,700,000	4,446,019
2023	4.38	333,697	275,838	609,535	2,645,000	3,254,535
2024	4.50	275,838	213,513	489,351	2,770,000	3,259,351
2025	4.50	213,513	148,150	361,663	2,905,000	3,266,663
2026	4.50	148,150	79,750	227,900	3,040,000	3,267,900
2027	5.00	79,750	-	79,750	3,190,000	3,269,750
		$ 3,379,086	$ 2,692,464	$ 6,071,550	$ 30,770,000	$ 36,841,550

Bonds dated: October 01, 2010

Original issue: $42,580,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2021 may be redeemed on March 1, 2020 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 - 2010 REVENUE REFUNDING BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2019	3.50%	$ 208,853	$ 182,516	$ 391,369	$ 1,505,000	$ 1,896,369
2020	4.00	182,516	152,116	334,632	1,520,000	1,854,632
2021	4.00	152,116	120,616	272,732	1,575,000	1,847,732
2022	3.75	120,616	110,209	230,825	555,000	785,825
2023	4.00	110,209	98,709	208,918	575,000	783,918
2024	4.00	98,709	86,709	185,418	600,000	785,418
2025	4.00	86,709	74,309	161,018	620,000	781,018
2026	4.00	74,309	61,409	135,718	645,000	780,718
2027	4.13	61,409	47,488	108,897	675,000	783,897
2028	4.25	47,488	32,613	80,101	700,000	780,101
2029	4.25	32,613	17,100	49,713	730,000	779,713
2030	4.50	17,100	-	17,100	760,000	777,100
		$ 1,192,647	$ 983,794	$ 2,176,441	$ 10,460,000	$ 12,636,441

Bonds dated: January 15, 2010

Original issue: $22,115,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2021 may be redeemed on March 1, 2020 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 - 2003A REVENUE (DWSRF) BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2019	0.00%	$ -	$ -	$ -	$ 50,000	$ 50,000
2020	0.00	-	-	-	50,000	50,000
2021	0.00	-	-	-	50,000	50,000
2022	0.00	-	-	-	50,000	50,000
2023	0.00	-	-	-	50,000	50,000
2024	0.00	-	-	-	50,000	50,000
		$ -	$ -	$ -	$ 300,000	$ 300,000

Bonds dated: August 15, 2003

Original issue: $1,000,000

Source of funding requirements: Net revenues only

Call Option: Bonds may be redeemed at any time.

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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 NET POSITION

February 28, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,863,819	$ 3,230,423
Accounts receivable - customers	1,487,739	1,382,544
Accounts receivable - other	129,298	218,405
Accrued interest receivable	26,551	-
Restricted current assets:		
Restricted for bond requirements:		
Cash and cash equivalents	7,116,349	5,674,472
Investments	5,266,881	3,097,035
Restricted for construction and improvements:		
Cash and cash equivalents	27,331,123	41,541,892
Investments	1,000,000	-
Total current assets	46,221,760	55,144,771
Noncurrent assets:		
Capital assets:		
Municipal Drainage Utility capital assets	154,962,638	137,883,696
Land and right of way	28,009,612	22,427,770
Construction work in progress	26,023,971	24,270,347
Less accumulated depreciation	(20,516,510)	(17,264,955)
Total capital assets (net of accumulated depreciation)	188,479,711	167,316,858
Total noncurrent assets	188,479,711	167,316,858
Total assets	234,701,471	222,461,629
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension contributions	153,843	129,506
Difference in projected and actual earnings on pension assets	33,845	138,501
Difference in expected and actual pension experience	154,220	11,688
Change in assumptions pension	186,495	287,303
Change in proportionate share pension	79,412	113,867
Change in assumptions OPEB	3,438	-
Total deferred outflows of resources	611,253	680,865
Total assets and deferred outflows of resources	$ 235,312,724	$ 223,142,494

	2019	2018
LIABILITIES		
Current liabilities:		
Accounts payable	$ 287,070	$ 276,694
Accrued vacation payable	93,148	89,386
Accrued payroll and benefits	182,065	133,036
Due to Water and Wastewater Utility	46,473	28,551
Unearned revenue on land leases	496	489
Current liabilities payable from restricted assets:		
Revenue bonds payables and unamortized premiums net of discounts	5,447,309	2,902,309
Accrued interest on long term debt	2,325,131	1,832,209
Accounts payable	4,638,079	3,910,756
Retainage payable on construction contracts	322,626	758,558
Total current liabilities	13,342,397	9,931,988
Noncurrent liabilities:		
Revenue bonds payables and unamortized premiums net of discounts	108,499,901	113,947,211
Revolving note	2,500,000	-
Other Post-Employment Benefits	-	486,939
Total OPEB Liability	1,434,474	-
Net Pension Liability	2,237,204	2,189,770
Accrued vacation payable	40,763	67,477
Total noncurrent liabilities	114,712,342	116,691,397
Total liabilities	128,054,739	126,623,385
DEFERRED INFLOWS OF RESOURCES		
Difference in expected and actual pension experience	112,812	173,792
Change in proportionate share pension	318,033	383,695
Total deferred inflows of resources	430,845	557,487
NET POSITION		
Restricted:		
Restricted for debt service	10,058,099	6,939,297
Restricted for construction and improvements	12,514,167	10,969,920
Total restricted	22,572,266	17,909,217
Net investment in capital assets	84,228,534	76,369,996
Unrestricted	26,340	1,682,409
Total net position	106,827,140	95,961,622
Total liabilities, deferred inflows of resources, and net position	$ 235,312,724	$ 223,142,494

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, 2019 and 2018

	2019	2018
Drainage operating revenues:		
Residential	$ 9,661,849	$ 9,305,692
Non-residential	13,638,666	13,113,510
Billing fees - City Environmental Services	274,877	271,905
Other operating revenue	383,284	393,198
Total operating revenues	23,958,676	23,084,305
Drainage operating expenses:		
Operations and maintenance	4,670,438	4,828,146
Indirect cost allocation	1,440,000	903,000
Other Post-Employment Benefits	129,720	71,663
Pension expense	286,850	285,217
Depreciation	3,251,555	2,899,125
Total operating expenses	9,778,563	8,987,151
Operating income	14,180,113	14,097,154
Nonoperating revenues (expenses):		
Interest earnings and net change in fair value of investments	942,499	493,700
IRS tax credit for Build America Bonds	-	516,337
Gain on sale of miscellaneous assets	-	58,712
Other nonoperating expenses	(249,613)	(487,336)
Interest on long term debt	(3,157,059)	(3,476,075)
Total nonoperating expenses	(2,464,173)	(2,894,662)
Increase in net position, before capital contributions	11,715,940	11,202,492
Capital contributions	-	198,000
Change in net position	11,715,940	11,400,492
Total net position - beginning	95,961,622	84,561,130
Prior period adjustment	(850,422)	-
Total net position - ending	$ 106,827,140	$ 95,961,622

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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, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 23,784,925	$ 22,384,884
Cash received from Water and Wastewater Utility	157,670	152,823
Cash payments to Water and Wastewater Utility	(1,476,147)	(707,256)
Cash payments to suppliers for goods and services	(4,046,135)	(3,765,216)
Cash payments to employees for services	(862,834)	(1,095,113)
Net cash provided by operating activities	17,557,479	16,970,122
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from:		
Revenue bonds	-	48,940,000
Premiums received on revenue bonds	-	7,584,744
Revolving note	2,500,000	-
Acquisition and construction of capital assets net of disposals	(24,123,018)	(29,228,312)
Proceeds from sale of assets net of related expenses	-	58,712
Interest and fees on revenue bonds	(3,672,059)	(4,944,403)
Refunding revenue bonds	-	(39,375,000)
Principal payments on revenue bonds	(2,144,000)	(3,704,000)
IRS tax credit on Build America Bonds	-	516,337
Net cash used by capital and related financing activities	(27,439,077)	(20,151,922)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale and maturities of investment securities	14,376,562	18,240,005
Purchase of investment securities	(17,546,451)	(14,099,607)
Interest received on investment securities	915,991	522,018
Net cash provided (used) by investing activities	(2,253,898)	4,662,416
Net increase (decrease) in cash and cash equivalents	(12,135,496)	1,480,616
Cash and cash equivalents:		
Beginning of year	50,446,787	48,966,171
End of year	$ 38,311,291	$ 50,446,787

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, 2019 and 2018

	2019	2018
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 14,180,113	$ 14,097,154
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,251,555	2,899,125
(Increase) decrease in assets and deferred outflows:		
Accounts receivable	(16,088)	(537,854)
Due from Water and Wastewater Utility	-	223,588
Deferred outflow-Pension contributions	(24,337)	39,754
Deferred outflow-Difference in projected and actual earnings on pension assets	104,656	246,985
Deferred outflow-Difference in expected and actual pension experience pension	(142,532)	11,429
Deferred outflow-Change in assumptions pension	100,808	100,808
Deferred outflow-Change in proportionate share pension	34,455	27,458
Deferred outflow-Change in assumptions OPEB	(3,438)	-
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	10,376	199,220
Due to Water and Wastewater Utility	17,922	28,551
Other Current Liabilities	7	(8,745)
Accrued vacation payable	(22,952)	(5,148)
Accrued payroll and benefits	49,029	(14,705)
Other Post-Employment Benefits	(486,939)	71,663
Total OPEB Liability	584,052	-
Net Pension Liability	47,434	(707,715)
Deferred inflows-Difference in expected and actual pension experience	(60,980)	(60,980)
Deferred inflows-Change in proportionate share	(65,662)	359,534
Net cash provided by operating activities	$ 17,557,479	$ 16,970,122
Noncash investing, capital, and financing activities:		
Contribution in aid of construction	$ -	$ 198,000
Change in fair value of investments	43	(513)
	$ 43	$ 197,487

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, 2019 and 2018

	2019	2018
Drainage operating revenues:		
Residential	$ 9,661,849	$ 9,305,692
Non-residential	13,638,666	13,113,510
Billing fees - City Environmental Services	274,877	271,905
Other operating revenue	383,284	393,198
Total operating revenue	$ 23,958,676	$ 23,084,305
Drainage operations		
Emergency Response	287,049	263,600
Maintenance	2,673,674	2,871,547
Total drainage division	2,960,723	3,135,147
General and administrative	1,709,715	1,692,999
Indirect cost allocation	1,440,000	903,000
Other operating expenses		
Depreciation	3,251,555	2,899,125
Other Post-Employment Benefits	129,720	71,663
Pension Expense	286,850	285,217
Total other operating expenses	3,668,125	3,256,005
Total operating expenses	$ 9,778,563	$ 8,987,151

PUBLIC SERVICE BOARD - EL PASO STORMWATER UTILITY
A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

NET OPERATING REVENUE - MUNICIPAL DRAINAGE UTILITY

For the Years Ended February 28, 2019 and 2018

	2019	2018
Operating revenue - drainage	$ 23,958,676	$ 23,084,305
Operating revenue deductions		
Operating expenses	2,960,723	3,135,147
General and administrative	1,709,715	1,692,999
Indirect cost allocation	1,440,000	903,000
Total operating expense deductions	6,110,438	5,731,146
Net operating revenue - drainage	$ 17,848,238	$ 17,353,159

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 Years Ended February 28, 2019 and 2018

Bond Series	Bonds payable February 28, 2018	Additions	Retirements	Bonds payable February 28, 2019
2009A Revenue Series	$ 1,508,000	$ -	$ 109,000	$ 1,399,000
2012 Revenue Series	11,640,000	-	560,000	11,080,000
2015 Revenue Series	20,590,000	-	800,000	19,790,000
2016 Revenue Series	19,790,000	-	675,000	19,115,000
2017 Refunding & Improvement	48,940,000	-	-	48,940,000
TOTALS	$ 102,468,000	$ -	$ 2,144,000	$ 100,324,000

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, 2019

Calendar Year	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	$ 2,312,178	$ 2,220,328	$ 4,532,506	$ 4,689,000	$ 9,221,506
2020	2,220,328	2,111,603	4,331,931	4,934,000	9,265,931
2021	2,111,603	1,998,706	4,110,309	5,208,000	9,318,309
2022	1,998,706	1,864,206	3,862,912	5,488,000	9,350,912
2023	1,864,206	1,721,456	3,585,662	5,818,000	9,403,662
2024	1,721,456	1,573,581	3,295,037	6,173,000	9,468,037
2025	1,573,581	1,413,081	2,986,662	6,527,000	9,513,662
2026	1,413,081	1,251,231	2,664,312	6,907,000	9,571,312
2027	1,251,231	1,079,231	2,330,462	7,302,000	9,632,462
2028	1,079,231	896,550	1,975,781	7,717,000	9,692,781
2029	896,550	723,588	1,620,138	8,162,000	9,782,138
2030	723,588	629,288	1,352,876	4,322,000	5,674,876
2031	629,288	530,738	1,160,026	4,507,000	5,667,026
2032	530,738	427,750	958,488	4,595,000	5,553,488
2033	427,750	337,850	765,600	3,780,000	4,545,600
2034	337,850	238,975	576,825	3,955,000	4,531,825
2035	238,975	134,725	373,700	4,170,000	4,543,700
2036	134,725	74,500	209,225	2,620,000	2,829,225
2037	74,500	47,000	121,500	1,100,000	1,221,500
2038	47,000	24,000	71,000	1,150,000	1,221,000
2039	24,000	-	24,000	1,200,000	1,224,000
	$ 21,610,565	$ 19,298,387	$ 40,908,952	$ 100,324,000	$ 141,232,952

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
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	5.00%	$ 1,167,400	$ 1,105,275	$ 2,272,675	$ 2,485,000	$ 4,757,675
2020	5.00	1,105,275	1,038,775	2,144,050	2,660,000	4,804,050
2021	5.00	1,038,775	967,525	2,006,300	2,850,000	4,856,300
2022	5.00	967,525	891,525	1,859,050	3,040,000	4,899,050
2023	5.00	891,525	810,150	1,701,675	3,255,000	4,956,675
2024	5.00	810,150	723,150	1,533,300	3,480,000	5,013,300
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
		$ 9,865,950	$ 8,698,550	$ 18,564,500	$ 48,940,000	$ 67,504,500

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 - 2016 REVENUE BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	2.00%	$ 457,797	$ 450,847	$ 908,644	$ 695,000	$ 1,603,644
2020	4.00	450,847	436,447	887,294	720,000	1,607,294
2021	3.38	436,447	423,875	860,322	745,000	1,605,322
2022	5.00	423,875	404,375	828,250	780,000	1,608,250
2023	5.00	404,375	384,000	788,375	815,000	1,603,375
2024	5.00	384,000	362,500	746,500	860,000	1,606,500
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
		$ 5,128,591	$ 4,670,794	$ 9,799,385	$ 19,115,000	$ 28,914,385

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 - 2015 REVENUE BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	2.00%	$ 465,675	$ 457,525	$ 923,200	$ 815,000	$ 1,738,200
2020	3.00	457,525	445,075	902,600	830,000	1,732,600
2021	3.00	445,075	432,250	877,325	855,000	1,732,325
2022	5.00	432,250	410,250	842,500	880,000	1,722,500
2023	5.00	410,250	387,125	797,375	925,000	1,722,375
2024	5.00	387,125	362,750	749,875	975,000	1,724,875
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
		$ 4,950,900	$ 4,485,225	$ 9,436,125	$ 19,790,000	$ 29,226,125

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 - 2012 REVENUE BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Total	Principal Due March 1	Total Requirements
2019	5.00%	$ 221,306	$ 206,681	$ 427,987	$ 585,000	$ 1,012,987
2020	5.00	206,681	191,306	397,987	615,000	1,012,987
2021	5.00	191,306	175,056	366,362	650,000	1,016,362
2022	5.00	175,056	158,056	333,112	680,000	1,013,112
2023	5.00	158,056	140,181	298,237	715,000	1,013,237
2024	4.00	140,181	125,181	265,362	750,000	1,015,362
2025	5.00	125,181	105,556	230,737	785,000	1,015,737
2026	3.00	105,556	93,331	198,887	815,000	1,013,887
2027	3.13	93,331	80,206	173,537	840,000	1,013,537
2028	3.25	80,206	66,150	146,356	865,000	1,011,356
2029	3.50	66,150	50,488	116,638	895,000	1,011,638
2030	3.50	50,488	34,213	84,701	930,000	1,014,701
2031	3.50	34,213	17,413	51,626	960,000	1,011,626
2032	3.50	17,413	-	17,413	995,000	1,012,413
		$ 1,665,124	$ 1,443,818	$ 3,108,942	$ 11,080,000	$ 14,188,942

Bonds dated: June 15, 2012

Original issue: $14,075,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2023 may be redeemed on March 1, 2022 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 - 2009A REVENUE (CWSRF) ARRA BONDS
UNTIL MATURITY

February 28, 2019

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2019	0.00%	$ -	$ -	$ -	$ 109,000	$ 109,000
2020	0.00	-	-	-	109,000	109,000
2021	0.00	-	-	-	108,000	108,000
2022	0.00	-	-	-	108,000	108,000
2023	0.00	-	-	-	108,000	108,000
2024	0.00	-	-	-	108,000	108,000
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
		$ -	$ -	$ -	$ 1,399,000	$ 1,399,000

Bonds dated: November 15, 2009

Original issue: $2,163,000

Source of funding requirements: Net revenues only

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

INSURANCE COVERAGE

February 28, 2019

Insurance Providers	Policy Number	Policy Period
Affiliated FM Agent: USI Southwest Inc.	GS726	01/03/19 to 01/03/20
Texas Municipal League	Entity ID# 889	10/01/18 to 10/01/19
Travelers Casualty & Surety Co. of America Agent: USI Southwest Inc.	105715307	12/7/18 to 12/07/19
Texas Municipal League	Entity ID# 944	05/01/18 to 05/01/19
Scottsdale Insurance Company Agent: USI Southwest Inc.	CPS2794120	11/11/18 to 11/11/19
Scottsdale Insurance Company Agent: USI Southwest Inc.	CPS2794032	09/16/18 to 09/16/19
City of El Paso - El Paso Water Utilities Aetna	Self-insurance Plan	01/01/19 to 12/31/22
Aetna	Stop Loss	01/01/19 to 12/31/22
Aetna	Fully Insured	01/01/19 to 12/31/22
Aetna	Fully Insured	01/01/19 to 12/31/19
Dearborn Underwriter ReliaStar Life Ins. Co.	F022145-0001	01/01/19 to12/31/23
CAS, Inc. (Administrator)	Self-insurance Plan	11/12/18 to 11/11/20

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

INSURANCE COVERAGE

February 28, 2019

Type of Insurance	Property Insured	Insurance
Blanket coverages for Building, Boiler & Machinery, & Personal Property	Buildings, Boiler & Machinery, and Personal Property (Policy covers City of El Paso and EPWU assets)	$687,588,002 $250,000 Deductible
Auto Liability	Four Vehicles	$500,000 $10,000 Deductible
Inside/Outside Theft and Disappearance	Property and Cash	$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
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 $225,000
Choice POS II	Retirees under 65	Annual Deductible Co-insurance 80% or 90% High Deductible Plan 100%
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	

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STATISTICAL SECTION

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STATISTICAL SECTION - CONTENTS AND EXPLANATIONS (Unaudited)

This part of The Public Service Board - El Paso Water Utilities (EPWater) comprehensive annual financial report, presents summary information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Public Service Board - El Paso Water (EPWater) financial health

PAGE

A - FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how Water and Wastewater Utility Fund and the Municipal Drainage Utility Fund financial performance and well-being have changed over time.

Enterprise Fund Net Position A-1
Water and Wastewater Utility Fund Net Position A-2
Enterprise Fund Statements of Revenues, Expenses and Changes in Net Position A-3
Water and Wastewater Utility Fund Statements of Revenues, Expenses and Changes in Net Position A-4
Municipal Drainage Utility Fund Net Position A-5
Municipal Drainage Utility Fund Statements of Revenues, Expenses and Changes in Net Position A-6
Water and Wastewater Utility Fund selected financial ratios A-7
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Water and Wastewater Utility Fund funding of capital acquisitions and improvements. A-9
Water and Wastewater Utility Fund trend analysis of capital assets, net position and bonds payable A-10
Municipal Drainage Utility Fund trend analysis of capital assets, net position and bonds payable A-11

B - REVENUE CAPACITY INFORMATION

These schedules contain information to help the reader assess the Water and Wastewater Utility Fund primary revenue sources and the Municipal Drainage Utility Fund revenue information.

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Water and Wastewater Utility Fund average annual water & wastewater revenue per customer B-2
Water and Wastewater Utility Fund per capita water consumption B-3
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Municipal Drainage Utility Fund drainage customers by type B-9
Municipal Drainage Utility Fund revenue by type B-9
Municipal Drainage Utility Fund ten largest drainage customers B-10
Municipal Drainage Utility Fund rates B-11

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.

Water and Wastewater Utility Fund debt service coverage C-1
Water and Wastewater Utility Fund total net debt outstanding by type C-2
Municipal Drainage Utility Fund debt service coverage C-3
Municipal Drainage Utility Fund total net debt outstanding by type C-4

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 take place.

El Paso Demographic and Economic Statistics D-1
El Paso Metropolitan Statistical Area Personal Income D-1
El Paso County Population by Race and Ethnicity D-2
El Paso County Population by Age Group D-2
National, State and El Paso Median Age D-3
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El Paso Metropolitan Area Employment by Sector D-4
Top 10 Private Employers in the City of El Paso D-4

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 relate to the services they provide and the activities they perform.

Water and Wastewater Utility Fund water pumped versus water billed E-1
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Water, Wastewater and Drainage Utility Funds staffing by division and section E-6
Water and Wastewater Utility Fund budgeted employees per 1,000 customers E-7

A - FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how
Water and Wastewater Utility's financial performance and well-being have changed over time.
Along with the Municipal Drainage Utility Fund.

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
ENTERPRISE FUNDS

NET POSITION

2010 thru 2019*
(accrual basis of accounting)
(amounts expressed in thousands)

	2019	2018	2017	2016	Restated 2015[2]	2014	Restated 2013[1]	Restated 2012[1]	2011	2010
NET POSITION										
Restricted:										
Restricted for debt service	$ 90,651	$ 78,899	$ 73,715	$ 69,473	$ 61,953	$ 58,213	$ 56,136	$ 53,650	$ 58,423	$ 53,190
Restricted for construction and improvements	40,933	43,733	33,841	28,756	21,536	35,752	25,448	22,149	19,314	15,094
Total restricted	131,584	122,632	107,556	98,228	83,489	93,965	81,583	75,799	77,737	68,284
Net investment in capital assets	949,808	894,333	846,265	808,631	776,032	727,502	698,873	676,369	651,543	636,126
Unrestricted	(2,795)	(379)	6,849	(3,989)	(12,109)	26,737	27,908	24,076	21,396	16,809
Total net position	$ 1,078,597	$ 1,016,586	$ 960,670	$ 902,870	$ 847,412	$ 848,203	$ 808,364	$ 776,244	$ 750,676	$ 721,219

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 is 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 65, *Items Previously Reported as Assets and Liabilities*

[2]Fiscal year has been restated as a result of the adoption of GASB 68, *Accounting and Financial Reporting for Pensions*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

NET POSTION

2010 thru 2019*
(accrual basis of accounting)
(amounts expressed in thousands)

	2019	2018	2017	2016	Restated 2015[2]	2014	Restated 2013[1]	Restated 2012[1]	2011	2010
NET POSITION										
Restricted:										
Restricted for debt service	$ 80,593.15	$ 71,959.48	$ 65,549.05	$ 61,979.12	$ 55,543.16	$ 52,398.66	$ 51,361.29	$ 49,999.08	$ 54,964.00	$ 52,087.00
Restricted for construction and improvements	28,418	32,763	23,324	28,273	15,539	27,034	21,407	19,822	17,594	8,490
Total restricted	109,012	104,723	88,873	90,252	71,082	79,433	72,768	69,821	72,558	60,577
Net investment in capital assets	865,579	817,963	781,349	742,320	721,516	681,281	656,157	635,023	614,995	608,413
Unrestricted	(2,822)	(2,062)	5,886	(5,082)	(12,894)	24,501	22,205	21,259	18,594	13,569
Total net position	$ 971,770	$ 920,624	$ 876,109	$ 827,490	$ 779,705	$ 785,214	$ 751,129	$ 726,103	$ 706,147	$ 682,559

Note:

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
ENTERPRISE FUNDS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

2010 thru 2019*
(accrual basis of accounting)
(amounts expressed in thousands)

	2019	2018	2017	2016	Restated 2015[2]	2014	Restated 2013[1]	Restated 2012[1]	2011	2010
Revenue										
Water and reclaimed water	$ 157,351	$ 145,915	$ 137,996	$ 123,015	$ 115,553	$ 114,083	$ 113,001	$ 112,289	$ 106,468	$ 101,087
Wastewater	83,943	76,002	69,632	62,068	57,064	58,032	54,468	53,711	51,564	51,568
Drainage fees	23,143	22,266	18,819	16,674	15,194	15,058	14,962	14,830	14,741	14,556
Other operating revenue	15,277	20,835	14,521	13,518	12,095	9,517	9,890	9,903	9,804	8,457
Total operating revenue	279,714	265,019	240,968	215,275	199,906	196,691	192,321	190,733	182,577	175,667
Expenses										
Operations and maintenance - water and reclaimed water	49,228	45,496	42,245	39,673	37,977	38,692	40,365	42,164	39,352	40,026
Operations and maintenance - wastewater	25,364	23,772	21,325	21,485	20,474	22,444	22,165	22,478	21,510	22,948
General, administrative and engineering expenses	27,132	24,477	21,995	21,516	20,663	20,473	22,323	20,602	19,088	20,364
Operations and maintenance - drainage	4,664	4,820	5,004	4,437	4,714	5,620	4,536	5,083	5,339	5,786
Farm expenses	-	5,712	1,218	-	-	-	-	-	-	-
Other operating expenses	1,680	1,764	1,836	2,867	2,963	2,602	2,845	2,766	2,300	2,516
Other Post-Employment Benefits expense	1,793	893	893	1,054	1,041	885	889	645	938	899
Pension expense	5,337	5,283	6,471	4,464	2,222	-	-	-	-	-
Depreciation	68,573	65,897	62,721	57,894	53,406	52,077	51,282	49,644	48,606	47,404
Payment to City of El Paso Franchise Fee	3,589	3,584	3,578	3,367	1,937	-	-	-	-	-
Payment to City of El Paso per bond covenants	14,631	13,552	12,753	11,418	10,593	10,553	10,383	10,509	9,931	9,614
Total operating expenses	201,990	195,249	180,038	168,175	155,990	153,346	154,788	153,892	147,064	149,557
Operating income	77,723	69,770	60,930	47,100	43,916	43,344	37,533	36,842	35,513	26,109.61
Nonoperating revenues (expenses)										
Interest earnings and net change in fair value of investments	5,921	2,945	1,348	676	502	356	363	480	815	654
IRS Tax Credit for Build America Bonds	-	637	927	972	1,015	1,050	1,184	1,216	1,136	421
Gain on land assets converted by sale	1,091	5	5,561	1,697	148	2,271	2,584	1,893	617	3,733
Gain on sale of miscellaneous assets	357	401	176	332	734	314	150	143	205	87
Other nonoperating	(834)	(1,595)	(1,434)	-	-	-	-	-	-	-
Interest on bonds, commercial paper, and land notes payable	(26,144)	(25,511)	(23,373)	(21,310)	(21,619)	(21,310)	(22,052)	(22,823)	(27,697)	(24,977)
Total nonoperating revenues (expenses)	(19,609)	(23,118)	(16,796)	(17,632)	(19,220)	(17,320)	(17,772)	(19,091)	(24,925)	(20,081)
Increase in net position, before capital contributions	58,115	46,652	44,135	29,468	24,697	26,024	19,761	17,751	10,588	6,029
Federal grant and capital contributions	11,585	9,263	13,665	25,991	8,579	13,815	12,359	14,862	18,869	8,542
Change in net position	69,699	55,915	57,800	55,459	33,276	39,840	32,120	32,612	29,456	14,571
Total net position - beginning	1,016,586	960,670	902,870	847,411	848,203	808,364	776,244	750,676	721,219	706,648
Prior period adjustment	(7,688)	-	-	-	(34,067)	-	-	(7,044)	-	-
Total net position - ending	$ 1,078,597	$ 1,016,586	$ 960,670	$ 902,870	$ 847,411	$ 848,203	$ 808,364	$ 776,244	$ 750,676	$ 721,219

* 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 65, *Items Previously Reported as Assets and Liabilities*

[2]Fiscal year has been restated as a result of the adoption of GASB 68, *Accounting and Financial Reporting for Pensions*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

2010 thru 2019*
(accrual basis of accounting)
(amounts expressed in thousands)

	2019	2018	2017	2016	Restated 2015[2]	2014	Restated 2013[1]	Restated 2012[1]	2011	2010
Revenue										
Water and reclaimed water	$ 157,351	$ 145,915	$ 137,996	$ 123,015	$ 115,553	$ 114,083	$ 113,001	$ 112,289	$ 106,468	$ 101,087
Wastewater	83,943	76,002	69,632	62,068	57,064	58,032	54,468	53,711	51,564	51,568
Other operating revenue	14,643	20,194	13,884	12,812	11,437	8,881	9,293	9,447	9,366	8,000
Total operating revenue	255,937	242,111	221,511	197,895	184,054	180,997	176,763	175,448	167,398	160,655
Expenses										
Operations and maintenance - water and reclaimed water	49,305	45,569	42,321	39,747	38,048	38,765	40,405	42,204	39,390	40,059
Operations and maintenance - wastewater	25,437	23,843	21,385	21,541	20,527	22,497	22,217	22,535	21,569	23,008
General, administrative and engineering expenses	25,718	23,598	21,100	20,230	19,480	19,178	20,861	19,259	17,738	18,993
Farm expenses	-	5,712	1,218	-	-	-	-	-	-	-
Other operating expenses	1,680	1,764	1,836	2,588	2,963	2,602	2,636	2,766	2,277	2,507
Other Post-Employment Benefits expense	1,663	821	822	978	969	834	831	627	869	899
Pension expense	5,050	4,998	6,000	4,171	2,089	-	-	-	-	-
Depreciation	65,322	62,998	60,385	56,199	52,041	50,593	49,646	48,087	47,108	45,761
Payment to City of El Paso Franchise Fee	3,589	3,584	3,578	3,367	1,937	-	-	-	-	-
Payment to City of El Paso per bond covenants	14,631	13,552	12,753	11,418	10,593	10,553	10,383	10,509	9,931	9,614
Total operating expenses	192,393	186,438	171,398	160,239	148,648	145,022	146,979	145,986	138,882	140,841
Operating income	63,543	55,673	50,114	37,656	35,406	35,975	29,784	29,461	28,516	19,814
Nonoperating revenues (expenses)										
Interest earnings and net change in fair value of investments	4,979	2,451	1,085	544	402	266	258	358	597	589
IRS Tax Credit for Build America Bonds	-	121	196	206	214	221	249	249	138	-
Gain on land assets converted by sale	1,091	5	5,561	1,682	143	2,014	1,791	1,893	617	3,733
Gain on sale of miscellaneous assets	357	343	176	315	647	314	123	143	205	87
Other nonoperating	(584)	(1,108)	(1,169)	-	-	-	-	-	-	-
Interest on bonds, commercial paper, and land notes payable	(22,987)	(22,035)	(21,009)	(18,608)	(18,863)	(18,534)	(19,537)	(20,373)	(24,845)	(23,773)
Total nonoperating revenues (expenses)	(17,145)	(20,223)	(15,160)	(15,862)	(17,456)	(15,719)	(17,116)	(17,731)	(23,289)	(19,363)
Increase in net position, before capital contributions	46,399	35,450	34,954	21,794	17,950	20,256	12,668	11,731	5,227	451
Federal grant and capital contributions	11,585	9,065	13,665	25,991	8,579	13,829	12,359	14,862	18,360	7,943
Change in net position	57,983	44,515	48,619	47,785	26,528	34,085	25,026	26,592	23,588	8,394
Total net position - beginning of year	920,624	876,109	827,490	779,705	785,214	751,129	726,103	706,147	682,559	674,166
Prior period adjustment	(6,838)	-	-	-	(32,038)	-	-	(6,635)	-	-
Total net position - ending	$ 971,770	$ 920,624	$ 876,109	$ 827,490	$ 779,705	$ 785,214	$ 751,129	$ 726,103	$ 706,147	$ 682,559

* Fiscal year March 1 thru last day of February of year shown

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[2]Fiscal year has been restated as a result of the adoption of GASB 68, *Accounting and Financial Reporting for Pensions*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

NET POSITION

2010 thru 2019*
(accrual basis of accounting)

	2019	2018	2017	2016	Restated 2015[2]	2014	Restated 2013[1]	Restated 2012[1]	2011	2010
net position										
Restricted:										
Restricted for debt service	$ 10,058,099	$ 6,939,297	$ 8,165,763	$ 7,493,521	$ 6,409,977	$ 5,814,548	$ 4,774,311	$ 3,651,258	$ 3,458,747	$ 1,102,944
Restricted for construction and improvements	12,514,167	10,969,920	10,517,396	482,711	5,997,108	8,717,102	4,040,922	2,326,931	1,719,314	6,604,228
Total Restricted	22,572,266	17,909,217	18,683,159	7,976,232	12,407,085	14,531,650	8,815,233	5,978,189	5,178,061	7,707,172
Net investment in capital assets	84,228,534	76,369,996	64,915,497	66,311,237	54,515,497	46,220,867	42,716,469	41,345,926	36,548,507	27,712,473
Unrestricted	26,340	1,682,409	962,474	1,092,904	784,189	2,236,552	5,702,938	2,817,004	2,801,828	3,240,365
Total net position	$ 106,827,140	$ 95,961,622	$ 84,561,130	$ 75,380,373	$ 67,706,771	$ 62,989,069	$ 57,234,640	$ 50,141,119	$ 44,528,396	$ 38,660,010

* Fiscal year March 1 thru last day of February of year shown

Note: Accounting standards require that net position be reported in three components in the financial statements: net investments in capital assets; restricted; and unrestricted. Net position is considered restricted when constraints placed on net position use is 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.

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

2010 thru 2019*
(accrual basis of accounting)

	2019	2018	2017	2016	Restated 2015[2]	2014	Restated 2013[1]	Restated 2012[1]	2011	2010
Revenue										
Residential	$ 9,661,849	$ 9,305,692	$ 7,865,371	$ 6,976,350	$ 6,308,556	$ 6,235,938	$ 6,147,697	$ 6,057,512	$ 5,975,720	$ 5,857,191
Non residential	13,638,666	13,113,510	11,083,902	9,812,150	8,990,392	8,926,521	8,918,715	8,881,591	8,876,317	8,815,413
Billing fees - City Solid Waste Management	274,877	271,905	268,793	266,405	262,772	260,645	256,864	253,153	249,075	267,133
Other operating revenue	383,284	393,198	392,592	463,584	419,794	399,981	363,864	213,034	188,962	189,404
Total operating revenue	23,958,676	23,084,305	19,610,658	17,518,489	15,981,514	15,823,085	15,687,140	15,405,290	15,290,074	15,129,141
Expenses										
Operations and maintenance	4,670,438	4,828,146	5,000,988	4,432,140	4,708,861	5,613,000	4,563,460	5,098,949	5,341,479	5,788,192
Indirect cost allocation	1,440,000	903,000	915,000	1,300,000	1,193,000	1,305,000	1,472,000	1,350,000	1,363,000	1,392,100
Other operating expenses	-	-	-	-	-	-	-	-	22,677	8,319
Other Post-Employment benefits expense	129,720	71,663	70,779	75,884	71,626	50,995	57,938	18,566	69,488	-
Pension expense	286,850	285,217	471,141	293,552	132,415	-	-	-	-	-
Depreciation	3,251,555	2,899,125	2,336,309	1,694,639	1,364,863	1,484,740	1,635,231	1,556,485	1,497,840	1,644,195
Total operating expenses	9,778,563	8,987,151	8,794,217	7,796,215	7,470,765	8,453,735	7,728,629	8,024,000	8,294,484	8,832,806
Operating income	14,180,113	14,097,154	10,816,441	9,722,274	8,510,749	7,369,350	7,958,511	7,381,290	6,995,590	6,296,335
Nonoperating revenues (expenses)										
Interest earnings and net change in fair value of investments	942,499	493,700	262,976	132,253	99,550	89,659	104,278	122,488	217,392	65,227
IRS tax credit for Build America Bonds	-	516,337	730,547	766,696	800,675	828,171	934,250	967,015	997,990	421,374
Gain on land assets converted by sale	-	-	-	15,359	4,929	256,595	793,398	-	-	-
Gain on sale of miscellaneous assets	-	58,712	-	17,136	87,318	-	27,205	-	-	-
Other nonoperating expense	(249,613)	(487,336)	(264,852)	(278,451)	-	-	(209,197)	-	(22,677)	(8,319)
Interest on long term debt	(3,157,059)	(3,476,075)	(2,364,355)	(2,701,665)	(2,756,109)	(2,775,634)	(2,514,924)	(2,449,887)	(2,851,400)	(1,203,924)
Total nonoperating revenues (expenses)	(2,464,173)	(2,894,662)	(1,635,684)	(2,048,672)	(1,763,637)	(1,601,209)	(864,990)	(1,360,384)	(1,658,695)	(725,642)
Increase in net position, before capital contributions	11,715,940	11,202,492	9,180,757	7,673,602	6,747,112	5,768,141	7,093,521	6,020,906	5,336,895	5,570,693
Total Contributions	-	198,000	-	-	-	-	-	-	508,814	598,616
Change in net position	11,715,940	11,400,492	9,180,757	7,673,602	6,747,112	5,768,141	7,093,521	6,020,906	5,845,709	6,169,309
Total net position - beginning of year	95,961,622	84,561,130	75,380,373	67,706,771	62,989,069	57,234,640	50,110,123	44,497,400	38,651,691	32,482,382
Prior period adjustment	(850,422)	-	-	-	(2,029,410)	-	-	(408,183)	-	-
Total net position - ending	$ 106,827,140	$ 95,961,622	$ 84,561,130	$ 75,380,373	$ 67,706,771	$ 63,002,781	$ 57,203,644	$ 50,110,123	$ 44,497,400	$ 38,651,691

* 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 65, *Items Previously Reported as Assets and Liabilities*

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

SELECTED FINANCIAL RATIOS

2010 thru 2019*

	2019	2018	2017	2016	Restated 2015[2]	2014	Restated 2013[1]	Restated 2012[1]	2011	2010
FINANCIAL RATIOS*										
Current Ratio (Current Assets/Current Liabilities)	2.34	3.44	3.21	2.95	1.66	2.02	2.51	2.24	2.56	2.58
Acid Test Ratio (Cash & Cash Equivalents/ Current Liabilities)	1.68	2.60	2.41	1.76	0.79	1.07	1.72	1.57	1.80	1.75
Operating Ratio ((O&M-Depreciation)/Total Operating Revenue)	0.50	0.51	0.51	0.53	0.52	0.52	0.55	0.56	0.55	0.59
Net Take-Down Ratio ((Total Operating Income+Depreciation)/Gross Revenue)	0.49	0.48	0.48	0.47	0.47	0.47	0.44	0.44	0.45	0.40
Total Liabilities to Total Assets	0.50	0.51	0.50	0.47	0.45	0.43	0.44	0.44	0.45	0.46
Debt to Equity Ratio ((Bonds Payable+Commercial Paper Notes)/Equity)	0.78	0.83	0.79	0.69	0.63	0.63	0.67	0.68	0.73	0.75
Debt Ratio ((Bonds Payable+Commercial Paper Notes)/Total Assets)	0.39	0.41	0.40	0.37	0.35	0.36	0.37	0.38	0.40	0.41
Debt Service Safety Margin ((Net Operating Income-Debt Service)/(Total Operating Revenue+Interest Earnings))	0.26	0.23	0.26	0.25	0.24	0.24	0.21	0.19	0.19	0.13
Current Restricted Assets/Current Restricted Liabilities	2.33	3.83	3.37	3.11	1.39	1.92	2.55	2.15	2.56	2.61

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

SELECTED FINANCIAL RATIOS

2010 thru 2019*

	2019	2018	2017	2016	Restated 2015[2]	2014	Restated 2013[1]	Restated 2012[1]	2011	2010
FINANCIAL RATIOS										
Current Ratio (Current Assets/Current Liabilities)	3.46	5.55	6.13	3.46	5.46	9.96	11.64	8.00	11.43	32.03
Acid Test Ratio (Cash & Cash Equivalents/ Current Liabilities)	2.87	5.08	5.22	2.28	3.51	5.62	7.81	4.88	6.42	20.38
Operating Ratio ((O&M-Depreciation)/Total Operating Revenue)	0.27	0.26	0.34	0.36	0.38	0.44	0.40	0.42	0.44	0.47
Net Take-Down Ratio ((Total Operating Income+Depreciation)/Gross Revenue)	0.70	0.70	0.63	0.60	0.58	0.52	0.53	0.54	0.52	0.52
Total Liabilities to Total Assets	0.55	0.57	0.57	0.57	0.51	0.52	0.55	0.54	0.57	0.60
Debt to Equity Ratio (Bonds Payable/Equity)	0.94	1.07	1.14	1.07	0.90	1.01	1.15	1.07	1.24	1.43
Debt Ratio (Bonds payable/Total Assets)	0.43	0.46	0.49	0.47	0.44	0.48	0.52	0.50	0.53	0.58
Debt Service Safety Margin ((Net Operating Income-Debt Service)/(Total Operating Revenue+Interest Earnings))	0.43	0.33	0.26	0.28	0.23	0.16	0.28	0.26	0.36	0.49
Current Restricted Assets/Current Restricted Liabilities	3.20	5.35	5.93	3.28	5.27	10.63	11.31	7.74	11.90	39.24

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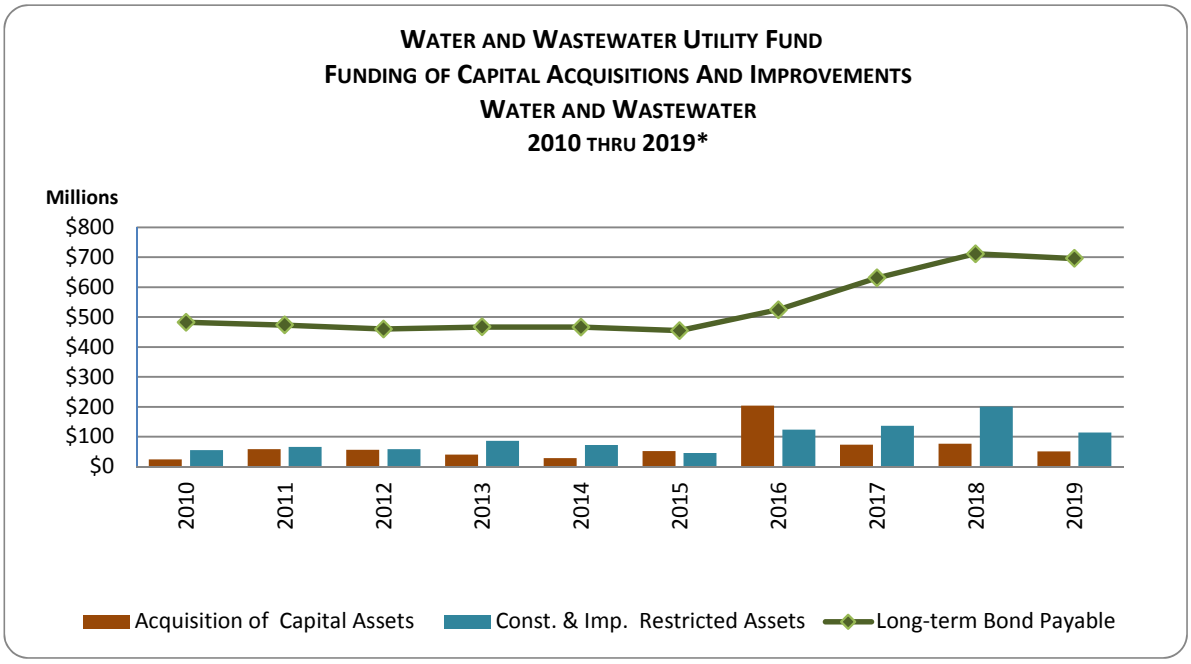
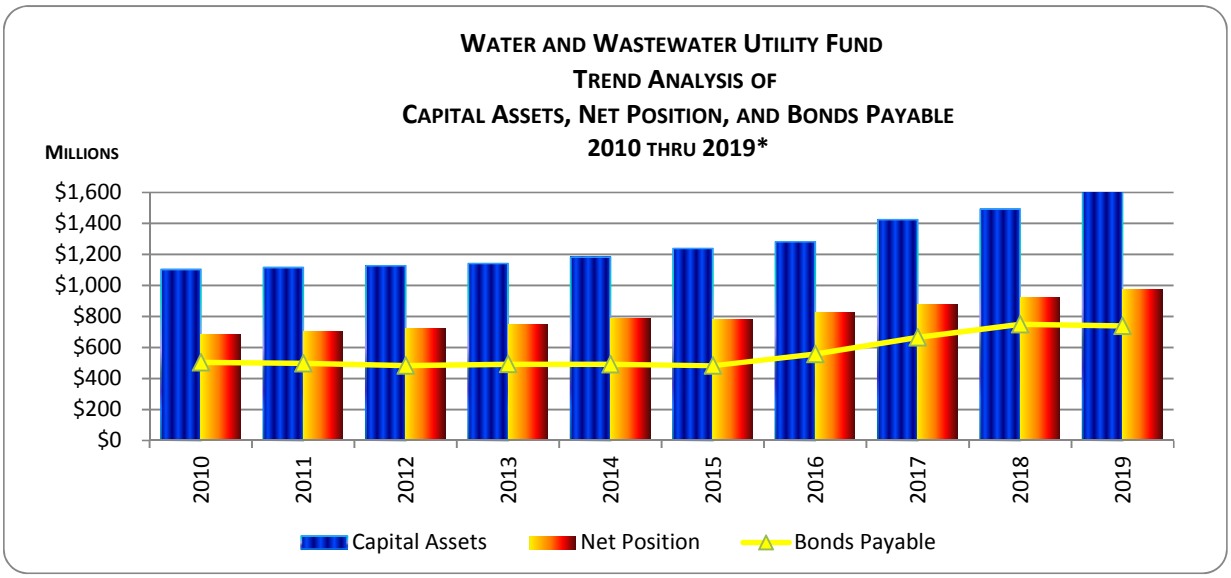


* Fiscal year March 1 thru last day of February of year shown

Funding of Capital Acquisitions and Improvements Data 2010 thru 2019* (amounts expressed in millions)			
Year	Acquisition of Capital Assets	Const. & Imp. Restricted Assets	Long-term Bonds Payable
2010	24.0	54.8	482.9
2011	58.2	66.0	474.0
2012	56.0	58.2	460.4
2013	40.5	85.7	467.7
2014	28.2	71.9	467.1
2015	51.8	45.3	455.0
2016	204.4	123.9	525.2
2017	73.5	137.1	631.3
2018	76.2	200.9	712.3
2019	50.6	114.0	696.7

*Fiscal year March 1 thru last day of February of year shown



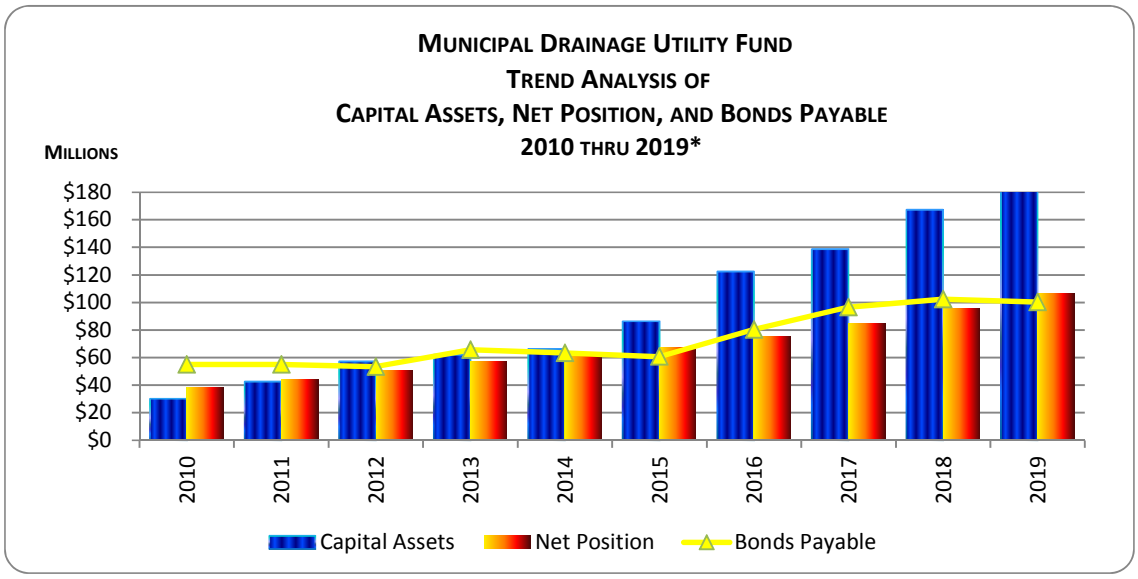
* Fiscal year March 1 thru last day of February of year shown

Trend Analysis of Capital Assets, Net Position and Bonds Payable Data 2010 thru 2019* (amounts expressed in millions)			
Year	Capital Assets	Net Position	Bonds Payable
2010	1,103.9	682.6	505.0
2011	1,115.3	706.1	497.7
2012[1]	1,126.9	726.1	483.4
2013	1,142.1	751.1	492.8
2014	1,183.0	785.2	492.3
2015[2]	1,238.8	779.7	482.3
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

* Fiscal year March 1 thru last day of February of year shown

[1]Fiscal year 2012 has been restated as a result of the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

[2]Fiscal year 2015 has been restated as a result of the adoption of GASB 68, *Accounting and Financial Reporting for Pensions*



* Fiscal year March 1 thru last day of February of year shown

Trend Analysis of Capital Assets, Net Position and Bonds Payable Data 2010 thru 2019* (amounts expressed in millions)			
Year	Capital Assets	Net Position	Bonds Payable
2010	30.2	38.7	55.2
2011	42.7	44.5	55.2
2012	57.3	50.5	53.5
2013	62.1	57.2	65.7
2014	66.3	63.0	63.4
2015[1]	86.4	67.7	60.8
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

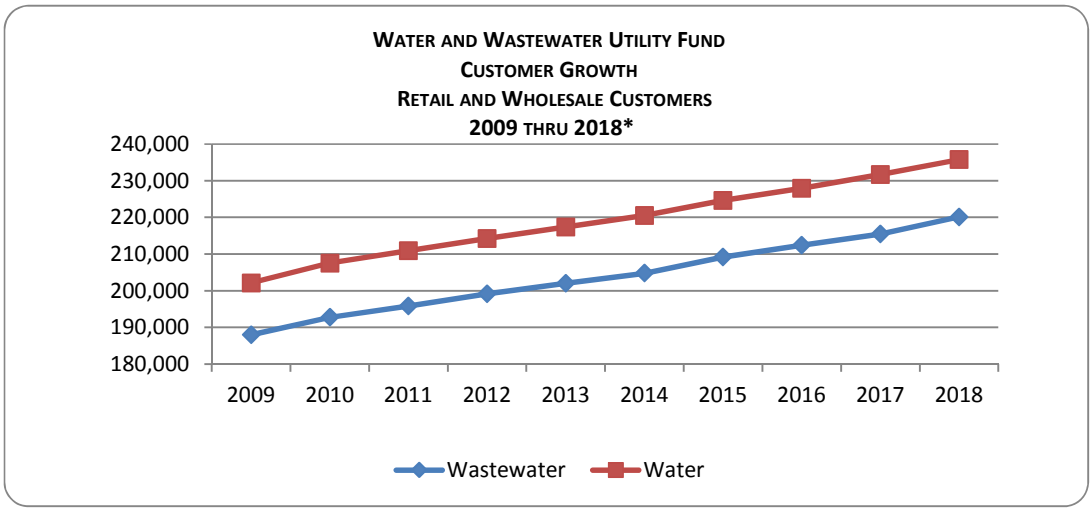
* Fiscal year March 1 thru last day of February of year shown

[1]Fiscal year has been restated as a result of the adoption of GASB 68, Accounting and Financial Reporting for Pensions

el paso
WATER

B - REVENUE CAPACITY INFORMATION

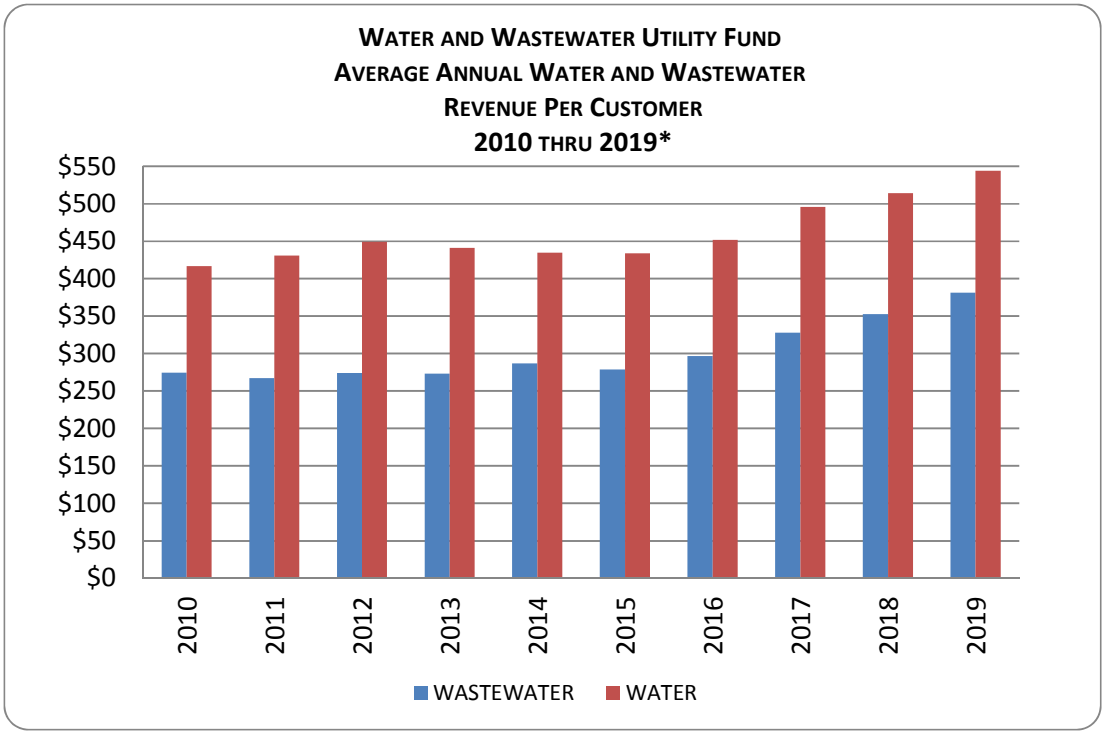
These schedules contain information to help the reader assess the Water and Wastewater Utility's primary revenue sources and the Municipal Drainage Utility's revenue information.



* Calendar Year
Source: Selected Operating Statistical Data page E-3

Water and Wastewater Customer Growth Data Retail and Wholesale Customers 2009 thru 2018*		
Year	**Water**	**Wastewater**
2009	202,150	187,992
2010	207,563	192,765
2011	210,987	195,875
2012	214,254	199,181
2013	217,406	202,068
2014	220,570	204,810
2015	224,656	209,178
2016	227,933	212,445
2017	231,681	215,508
2018	235,768	220,129

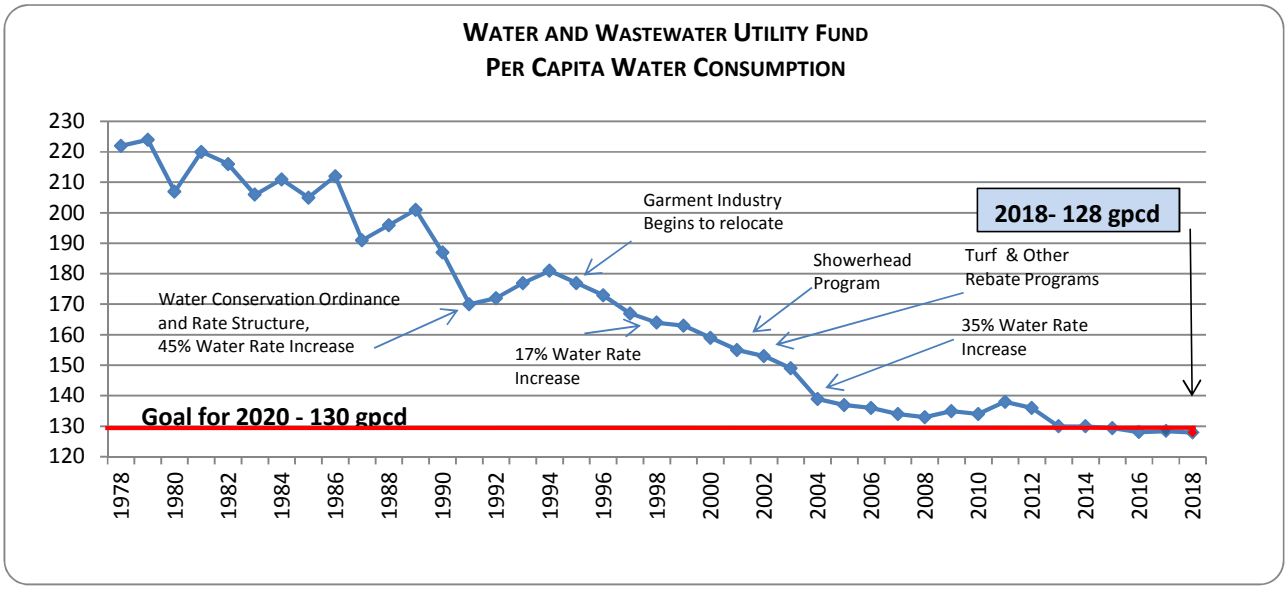
*Calendar Year



* 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 2010 thru 2019*		
Year	**Water**	**Wastewater**
2010	416.6	274.3
2011	430.6	267.1
2012	449.0	274.0
2013	441.1	273.0
2014	434.6	287.0
2015	433.5	278.6
2016	451.7	296.7
2017	495.4	327.8
2018	513.8	352.7
2019	543.8	381.3

* Fiscal year March 1 thru last day of February of year shown



Calendar Year

Per Capita Consumption Data					
Year	**gpcd***	**Year**	**gpcd**	**Year**	**gpcd**
1978	222	1992	172	2006	136
1979	224	1993	177	2007	134
1980	207	1994	181	2008	133
1981	220	1995	177	2009	135
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		

Calendar Year

* gpcd=gallons per capita daily

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

WATER BILLED BY TYPE OF CUSTOMER

2010 thru 2019*

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
WATER CUSTOMERS BY TYPE AT END OF FISCAL YEAR										
Residential	189,490	187,040	184,741	182,766	180,405	178,211	176,254	174,199	168,699	165,723
Schools	646	651	646	662	811	806	798	798	784	761
Churches	433	454	448	452	455	459	456	458	456	449
Industrial	131	146	147	148	149	155	163	169	162	163
Commercial	14,768	14,430	14,111	13,960	13,669	13,455	12,267	12,153	14,608	14,205
Government	1,809	1,805	1,798	1,741	1,708	1,668	1,623	1,599	2,690	2,599
Very Large Water Users	8	13	13	13	11	6	7	6	6	8
Wholesale Customers***	26,289	25,088	23,975	23,007	21,972	20,846	20,085	18,725	19,025	18,227
Other	2,668	2,517	2,408	2,311	2,022	1,926	2,779	2,759	1,154	1,130
Total Water Customers	236,242	232,144	228,287	225,060	221,202	217,532	214,432	210,866	207,584	203,265
WATER BILLED BY TYPE OF CUSTOMER (1000 ccfs)										
Residential	23,400	23,864	24,406	24,125	24,671	25,536	26,602	27,410	25,870	25,360
Schools	1,670	1,702	1,681	1,630	1,637	1,657	1,717	1,808	1,680	1,558
Churches	141	149	155	143	150	161	170	179	174	171
Industrial	1,585	1,362	1,131	1,199	1,452	1,413	1,365	452	341	310
Commercial	9,775	9,499	9,464	9,457	9,314	9,537	9,673	10,284	9,927	9,572
Government	3,661	3,177	3,188	2,907	2,994	2,733	3,869	4,203	2,887	3,283
Very Large Water Users	1,331	1,475	1,193	1,570	1,234	1,002	1,056	1,402	1,295	1,138
Wholesale Customers	4,642	4,478	4,343	4,228	4,016	4,089	4,148	4,265	3,349	3,051
Other	242	309	251	220	269	327	639	160	352	523
Total Water Billed in CCFs	46,447	46,014	45,812	45,479	45,737	46,454	49,239	50,164	45,873	44,966
WATER REVENUE **	$157,351	$145,915	$137,996	$123,015	$115,553	$114,083	$113,001	$112,289	$106,468	$101,087
WASTEWATER RETAIL CUSTOMERS	199,788	196,560	194,376	192,194	189,226	187,003	184,868	182,595	180,204	176,755
WASTEWATER WHOLESALE CUSTOMERS***	20,682	19,429	18,443	17,081	16,285	15,219	14,625	13,462	13,126	12,437
TREATED WASTEWATER BILLED (MG)****	20,731	21,457	21,285	21,235	21,415	21,572	23,543	22,458	22,028	21,411
WASTEWATER REVENUE **	$83,943	$76,002	$69,632	$62,068	$57,064	$58,032	$54,468	$53,711	$51,564	$51,568

* 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

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER AND WASTEWATER UTILITY FUND

Fiscal Year 2019*

TEN LARGEST WATER CUSTOMERS

Rank	Name of Employer	Type of Industry	Water Usage (1000's)	% of Total Water Usage	Water Revenue	% of Total Water Revenue
1	Lower Valley Water District Authority	Wholesale Customer	2,042,333	6.0%	$3,046,502	2.5%
2	El Paso Electric Company	Utility	1,982,974	5.8%	3,967,081	3.2%
3	El Paso City	City Government	1,822,580	5.3%	7,096,315	5.7%
4	Paseo del Este MUD	Wholesale Customer	620,605	1.8%	2,204,532	1.8%
5	Western Refining	Industrial	607,357	1.8%	3,050,735	2.5%
6	El Paso County (Retail)	County Government	564,891	1.6%	2,005,954	1.6%
7	El Paso Independent School District	Public Schools	492,159	1.4%	2,753,089	2.2%
8	Federal Government	US Government	474,860	1.4%	930,639	0.8%
9	El Paso Housing Authority	Housing Authority	387,739	1.1%	1,426,216	1.2%
10	Ysleta Independent School District	Public Schools	335,372	1.0%	2,229,990	1.8%
				27.2%		23.2%

* 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 2019*

TEN LARGEST WASTEWATER CUSTOMERS

Rank	Name of Employer	Type of Industry	Wastewater Revenue	% of Total Wastewater Revenue
1	Federal Government	US Government	$2,261,714	2.7%
2	Western Refining	Industrial	2,205,118	2.6%
3	Lower Valley Water District Authority	Wholesale Customers	1,387,021	1.7%
4	El Paso Housing Authority	Housing Authority	1,106,011	1.3%
5	Paseo del Este MUD	Wholesale Customers	1,087,025	1.3%
6	El Paso Independent School District	Public Schools	688,962	0.8%
7	Eagle Family Foods	Industrial	686,545	0.8%
8	El Paso County (Retail)	County Government	653,299	0.8%
9	El Paso City	City Government	580,333	0.7%
10	EPT	Property Management	529,572	0.6%
				13.3%

* 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

2010 thru 2019*

Monthly Minimum Charge by Meter Size (inches)	WATER RATES									
	2019	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
¾	$7.16	$6.63	$6.20	$5.59	$5.18	$5.18	$4.93	$4.79	$4.79	$4.79
1	11.17	10.34	9.66	8.70	8.06	8.06	7.68	7.46	7.46	7.46
1½	19.15	17.73	16.57	14.93	13.82	13.82	13.16	12.78	12.78	12.78
2	23.05	21.34	19.94	17.96	16.63	16.63	15.84	15.38	15.38	15.38
3	46.02	42.61	39.82	35.87	33.21	33.21	31.63	30.71	30.71	30.71
4	68.69	63.60	59.44	53.55	49.58	49.58	47.22	45.84	45.84	45.84
6	104.14	96.43	90.12	81.19	75.18	75.18	71.60	69.51	69.51	69.51
8	178.39	165.18	154.37	139.07	128.77	128.77	122.64	119.07	119.07	119.07
10	343.04	317.63	296.85							
Volume Charges										
Residential Customers										
Block 1 - Over 4ccfs - 150% of AWC	$2.24	$1.99	$1.86	$1.68	$1.56	$1.56	$1.49	$1.45	$1.45	$1.45
Block 2 - 150% - 250% of AWC	5.31	4.73	4.42	3.98	3.68	3.68	3.50	3.40	3.40	3.40
Block 3 - over 250% of AWC	7.59	6.76	6.32	5.69	5.27	5.27	5.02	4.87	4.87	4.87
Non-Residential Customers										
Block 1 - 150% of AWC	$2.24	$1.99	$1.86	$1.68	$1.56	$1.56	$1.49	$1.45	$1.45	$1.45
Block 2 - 150% - 250% of AWC	5.31	4.73	4.42	3.98	3.68	3.68	3.50	3.40	3.40	3.40
Block 3 - over 250% of AWC	7.59	6.76	6.32	5.69	5.27	5.27	5.02	4.87	4.87	4.87
Water Supply Replacement Charge										
Meter Size (inches)										
¾ **	$10.62	$9.83	$8.81	$7.94	$6.39	$6.39	$6.09	$5.91	$5.91	$5.91
1	26.56	24.59	19.15	17.25	15.97	15.97	15.21	14.77	14.77	14.77
1½	53.11	49.18	38.30	34.50	31.94	31.94	30.42	29.53	29.53	29.53
2	84.96	78.67	61.27	55.20	51.10	51.10	48.67	47.25	47.25	47.25
3	169.86	157.28	122.49	110.35	102.18	102.18	97.31	94.48	94.48	94.48
4	265.43	245.77	191.41	172.44	159.67	159.67	152.07	147.64	147.64	147.64
6	530.87	491.55	382.83	344.89	319.34	319.34	304.13	295.27	295.27	295.27
8	987.39	914.25	712.03	641.47	593.95	593.95	565.67	549.19	549.19	549.19
10	1,879.75	1,740.51	1,355.54							
Rate Increase (By Design)	8.0%	7.0%	11.0%	8.0%	0.0%	5.0%	3.0%	0.0%	0.0%	0.0%

* 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

2010 thru 2019*

Monthly Minimum Charge by Meter Size (inches)	WASTEWATER RATES									
	2019	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Less than 1	$15.14	$14.02	$13.10	$11.80	$10.93	$10.93	$10.41	$10.11	$10.11	$10.11
1	34.83	32.25	30.14	27.15	25.14	25.14	23.94	23.24	23.24	23.24
1½	74.13	68.64	64.15	57.79	53.51	53.51	50.96	49.48	49.48	49.48
2	93.27	86.36	80.71	72.71	67.32	67.32	64.11	62.24	62.24	62.24
3	206.18	190.91	178.42	160.74	148.83	148.83	141.74	137.61	137.61	137.61
4	317.56	294.04	274.80	247.57	229.23	229.23	218.31	211.95	211.95	211.95
6	491.84	455.41	425.62	383.44	355.04	355.04	338.13	328.28	328.28	328.28
8	857.06	793.57	741.65	668.15	618.66	618.66	589.20	572.04	572.04	572.04
10	1,654.54	1,531.98	1,431.76							
Volume Charges										
Residential Customers Over 4 ccfs - 90% of Average Winter Consumption	$1.91	$1.77	$1.65	$1.49	$1.38	$1.38	$1.31	$1.27	$1.27	$1.27
Non-Residential Customers 90% of Average Winter Consumption	$1.91	$1.77	$1.65	$1.49	$1.38	$1.38	$1.31	$1.27	$1.27	$1.27
Rate Increase (By Design)	8.0%	7.0%	11.0%	8.0%	0.0%	5.0%	3.0%	0.0%	0.0%	0.0%

* Fiscal year March 1 thru last day of February of year shown

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

MUNICIPAL DRAINAGE UTILITY FUND

MUNICIPAL DRAINAGE CUSTOMERS AND REVENUE BY TYPE

2010 thru 2019*

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
CUSTOMERS BY TYPE AT END OF FISCAL YEAR										
Residential	182,506	180,185	178,415	176,757	174,280	172,241	169,806	167,450	165,493	162,522
Apartments	2,156	2,061	2,056	2,035	2,055	2,020	2,032	2,046	2,056	2,051
Churches	431	431	436	440	444	444	445	446	444	440
Industrial	124	140	142	146	147	154	157	160	160	161
Commercial	10,498	10,677	10,604	10,586	10,442	10,435	10,393	10,315	10,369	10,204
Government	359	350	352	359	370	375	493	489	370	260
Other	384	384	386	395	391	381	354	362	699	679
Total Municipal Drainage Customers	196,458	194,228	192,391	190,718	188,129	186,050	183,680	181,268	179,591	176,317
REVENUE BY TYPE OF CUSTOMER										
Residential	$9,661,849	$9,305,692	$7,865,371	$6,976,350	$6,308,556	$6,235,938	$6,147,697	$6,057,512	$5,975,720	$5,857,191
Non residential	13,638,666	13,113,510	11,083,902	9,812,150	8,990,392	8,926,521	8,918,715	8,881,591	8,876,317	8,815,413
Billing Fees - City Solid Waste Management	274,877	271,905	268,793	266,405	262,772	260,645	256,864	253,153	249,075	267,133
Other operating revenue	383,284	393,198	392,592	463,584	419,794	399,981	363,864	213,034	188,962	189,404
Total Municipal Drainage Revenue	$23,958,676	$23,084,305	$19,610,658	$17,518,489	$15,981,514	$15,823,085	$15,687,140	$15,405,290	$15,290,074	$15,129,141

* Fiscal year March 1 thru last day of February of year shown

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

Ten Largest Municipal Drainage Customers
Fiscal Year 2019*

Rank	Name of Customer	Type of Industry	Revenue	% of Total Stormwater Revenue
1	El Paso City	City Government	$415,068	1.73%
2	Walmart	Retail Sales	169,801	0.71%
3	Southern Pacific	Railroad Line	164,487	0.69%
4	Western Refining	Industrial	87,731	0.37%
5	ICON	Manufacturing	99,755	0.42%
6	Texas Custodial Trust (formerly Asarco)	Industrial	64,977	0.27%
7	Mimco	Property Management	73,901	0.31%
8	Verde Partnership	Building Materials	56,837	0.24%
9	River Oaks	Property Management	68,642	0.29%
10	Francis Properties	Property Management	65,187	0.27%
				5.29%

* 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

MUNICIPAL DRAINAGE UTILITY RATES
2010 thru 2019*

	Impervious area	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Residential Category											
Small	0-1,200	$2.19	$2.09	$1.79	$1.61	$1.49	$1.49	$1.49	$1.49	$1.49	$1.49
Typical	1,201-3,000	4.25	4.17	3.56	3.21	2.97	2.97	2.97	2.97	2.97	2.97
Large	> 3,000	8.51	8.34	7.13	6.42	5.94	5.94	5.94	5.94	5.94	5.94
Non-Residential Category	Per 2,000 sq. ft.	$4.34	$4.25	$3.63	$3.27	$3.03	$3.03	$3.03	$3.03	$3.03	$3.03
Rate Increase/Decrease (by Design)		2%	17%	11%	8%	0%	0%	0%	0%	0%	-37%

* Fiscal year March 1 thru last day of February of year shown

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

DEBT SERVICE COVERAGE
2010 thru 2019*
(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	
2019	$ 241,294	$ 107,173	$ 134,121	$ 8,805	$ 142,926	$ 37,370	$ 26,627	2.22
2018	221,917	98,829	123,088	6,649	129,737	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
2015[3]	172,617	81,113	91,504	2,358	93,862	25,150	19,701	2.09
2014	172,116	81,274	90,842	2,443	93,285	25,100	19,946	2.07
2013[1]	167,469	84,314	83,155	2,182	85,338	22,935	19,879	1.99
2012[2]	166,001	84,624	81,376	2,356	83,732	23,715	21,632	1.85
2011	158,032	79,565	78,467	3,503	81,970	22,031	22,498	1.84
2010	152,655	83,828	68,827	3,201	72,028	23,940	22,781	1.54
2009	149,087	80,602	68,485	4,291	72,776	17,269	20,725	1.92

* 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 expenses does not include payment to city per bond covenants or depreciation and includes pension and other post-employment benefit expenses. The bond ordinance requires debt service coverage of 1.5 times. See note 14 in the financial statement

[1]Fiscal year 2013 has been restated as a result of a change in estimates and the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

[2]Fiscal year 2012 has been restated as a result of the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

[3]Fiscal year 2015 has been restated as a result of the adoption of GASB 68, *Accounting and Financial Reporting for Pensions*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

WATER AND WASTEWATER UTILITY FUND

TOTAL NET DEBT OUTSTANDING BY TYPE
2010 thru 2019*
(amounts expressed in thousands, except customers and debt per customer)

Fiscal Year	Revenue Bonds	Unamortized Premiums net of Discount	Commercial Paper Notes	Notes Payable	Total OPEB Liability	Other Post-Employment Benefits	Net Pension Liability	Other Long Term Liabilities	Other Government Payable	Total Net Debt**	Gross Revenue	Total Debt to Gross Revenue	Wastewater Customers***	Total Debt per Customer
2019	$ 739,010	$ 68,651	$ 15,000	$ -	$ 18,394	$ -	$ 38,351	$ 4,205	$ 2,054	$ 885,665	$ 260,915	3.39	236,242	$ 3,749
2018	749,710	69,367	10,000	915	-	10,311	37,582	4,034	2,208	884,127	244,562	3.62	232,144	3,809
2017	665,715	61,604	22,500	1,786	-	9,490	41,024	3,991	2,356	808,465	222,596	3.63	228,287	3,541
2016	558,105	52,284	10,000	2,616	-	8,668	36,550	3,946	2,497	674,665	198,439	3.40	225,060	2,998
2015	482,305	47,521	10,000	3,406	-	7,690	23,807	3,927	2,632	581,288	184,456	3.15	221,202	2,628
2014	492,250	35,001	5,000	4,159	-	6,721	-	4,267	2,761	550,158	181,263	3.04	217,532	2,529
2013[1]	492,785	30,496	8,000	4,923	-	5,887	-	4,115	2,884	549,090	177,021	3.10	214,432	2,561
2012[2]	483,380	22,570	13,000	5,652	-	5,055	-	3,858	3,002	536,518	175,805	3.05	210,866	2,544
2011	497,720	15,724	19,000	6,346	-	4,428	-	3,583	3,115	549,915	167,995	3.27	207,584	2,649
2010	504,971	12,548	9,000	7,008	-	3,559	-	3,423	3,222	543,731	161,244	3.37	203,265	2,675

* Fiscal year March 1 thru last day of February of year shown

**Total Net Debt includes Revenue Bonds and Unamortized Premium net of Discount, Commercial Paper Notes, Notes Payable and Other Government Payable

*** Includes retail and wholesale customers

[1]Fiscal year 2013 has been restated as a result of a change in estimates and the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

[2]Fiscal year 2012 has been restated as a result of the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE COVERAGE
2010 thru 2019*
(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	
2019	$ 23,301	$ 6,527	$ 16,774	$ 1,601	$ 18,374	$ 2,144	$ 4,144	2.88
2018	22,419	6,088	16,331	1,734	18,065	3,704	5,089	2.00
2017	18,949	6,458	12,491	1,655	14,146	3,639	4,081	1.80
2016	16,789	6,102	10,687	1,646	12,333	2,644	3,324	2.02
2015[2]	15,299	6,106	9,193	1,670	10,863	2,524	3,051	1.95
2014	15,162	6,969	8,193	1,578	9,772	2,359	3,217	1.75
2013[1]	15,066	6,093	8,973	1,686	10,659	1,850	2,716	2.29
2012	14,939	6,468	8,472	1,556	10,027	1,645	2,807	2.25
2011	14,852	6,774	8,078	1,653	9,731	-	2,630	3.70
2010	14,673	7,180	7,492	943	8,435	-	-	N/A

* 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 expenses does not include depreciation, and includes pension and other post-employment benefits expense. The bond ordinance requires debt service coverage of 1.25 times. See note 14 in the financial statement.

[1]Fiscal year has been restated as a result of a change in the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*

[2]Fiscal year has been restated as a result of the adoption of GASB 68, *Accounting and Financial Reporting for Pensions*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

TOTAL NET DEBT OUTSTANDING BY TYPE
2011 thru 2019*
(amounts expressed in thousands, except customers and debt per customer)

Fiscal Year	Revenue Bonds	Unamortized Premiums net of Discount	Total OPEB Liability	Other Post-Employment Benefits	Net Pension Liability	Other Long Term Liabilities	Total Net Debt**	Gross Revenues	Ratio of Total Debt to Gross Revenue	Drainage Customers	Total Debt per Customer
2019	$ 100,324	$ 13,623	$ 1,434	$ -	$ 2,237	$ 134	$ 117,753	$ 24,901	4.73	196,458	$ 599
2018	102,468	14,382	-	487	2,190	157	119,683	23,578	5.08	194,228	616
2017	96,607	7,287	-	415	2,897	162	107,369	19,874	5.40	192,391	558
2016	80,456	3,662	-	344	2,386	157	87,005	17,651	4.93	190,718	456
2015	60,860	786	-	269	1,509	135	63,559	16,081	3.95	188,129	338
2014	63,384	833	-	197	-	108	64,522	15,913	4.05	186,050	347
2013[1]	65,743	879	-	146	-	97	66,865	15,791	4.23	183,680	364
2012	53,518	-	-	88	-	99	53,705	15,528	3.46	181,268	296
2011	55,163	-	-	69	-	92	55,325	15,507	3.57	179,591	308

* Fiscal year March 1 thru last day of February of year shown

**Total Net Debt includes Revenue Bonds and Unamortized Premium net of Discount, Commercial Paper Notes, Notes Payable and Other Government Payable

[1]Fiscal year has been restated as a result of a change in the adoption of GASB 65,*Items Previously Reported as Assets and Liabilities*

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 take place.

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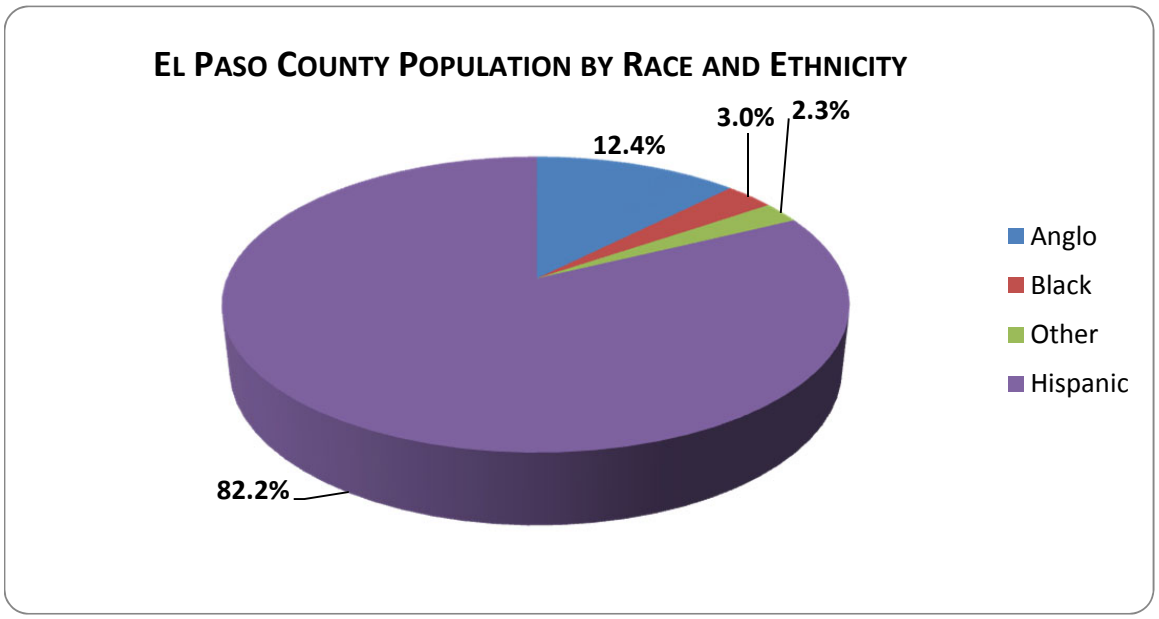
PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
DEMOGRAPHIC AND ECONOMIC STATISTICS

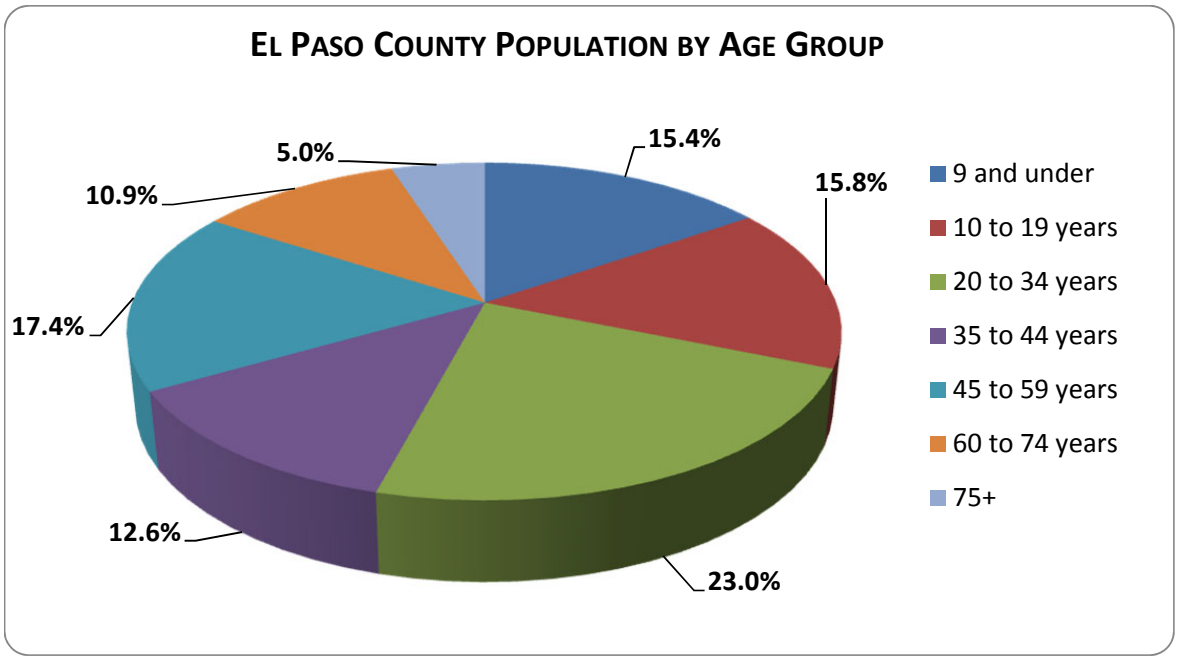
El Paso Demographic and Economic Statistics
Last Ten Calendar Years

Year	Metropolitan Statistical Area Population[2]	El Paso County Total Personal Income (Billion $)[2]	El Paso County Per Capita Personal Income[2]	Unemployment Rate[1]
2009	786,759	20,838.7	26,487	8.8
2010	803,641	22,833.2	28,417	9.2
2011	819,471	24,391.0	29,769	9.5
2012	830,853	25,597.8	30,799	8.5
2013	831,218	25,195.1	30,349	7.9
2014	834,190	26,536.1	31,837	6.4
2015	833,783	27,453.0	32,961	5.2
2016	837,918	28,221.1	33,711	4.9
2017	840,410	29,062.7	34,582	4.6
2018	840,758	30,283.3	36,019	4.3

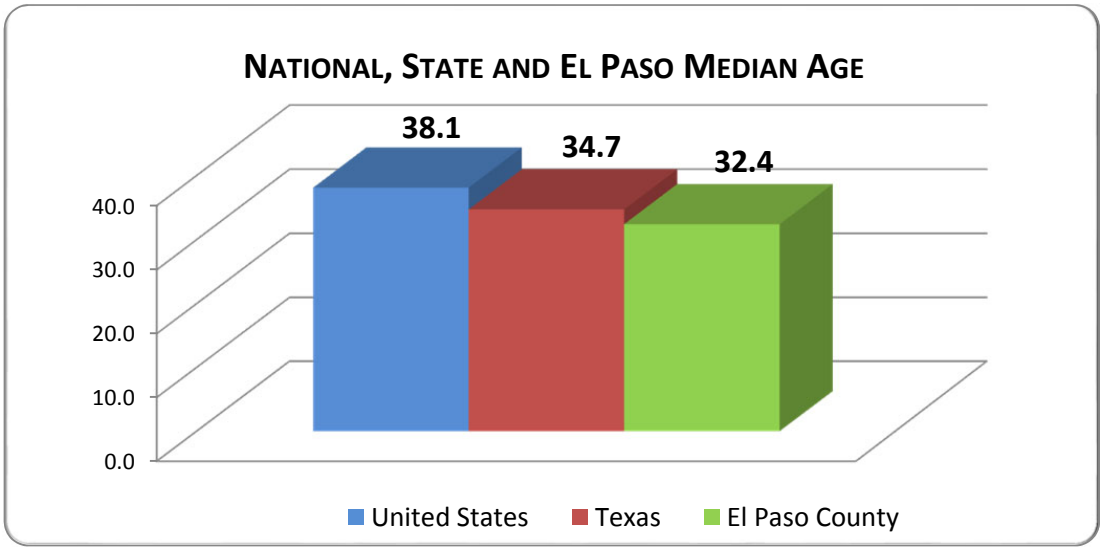
[1] Source: Bureau of Labor Statistics, U.S. Department of Labor
[2] Source: UTEP Border Region Modeling Project Business Report SR18-1 (Estimates)



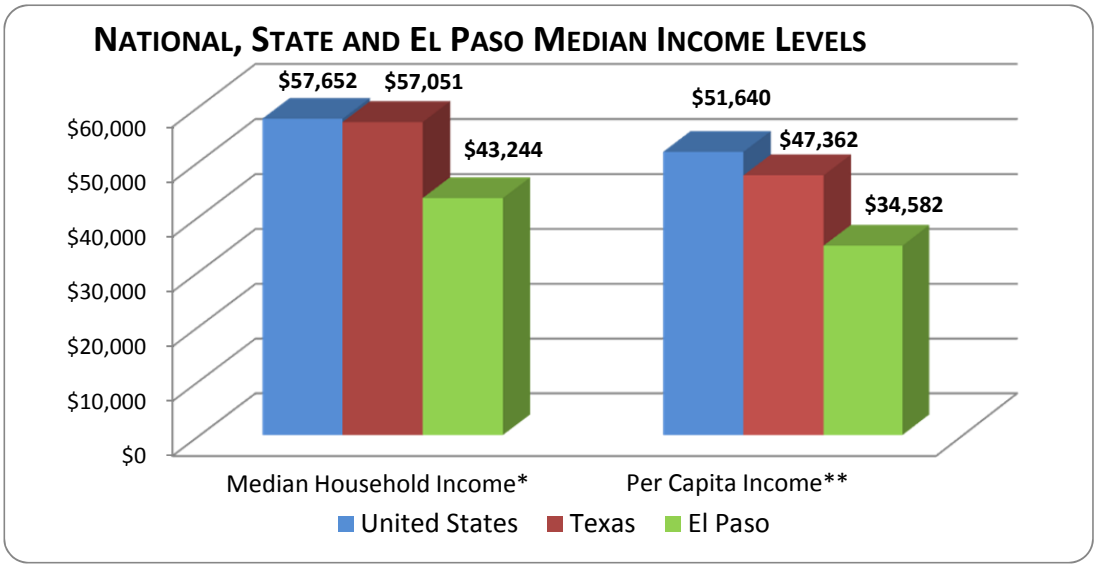
Source: U.S. Census Bureau, 2017 American Community Survey



Source: U.S. Census Bureau, 2017 American Community Survey

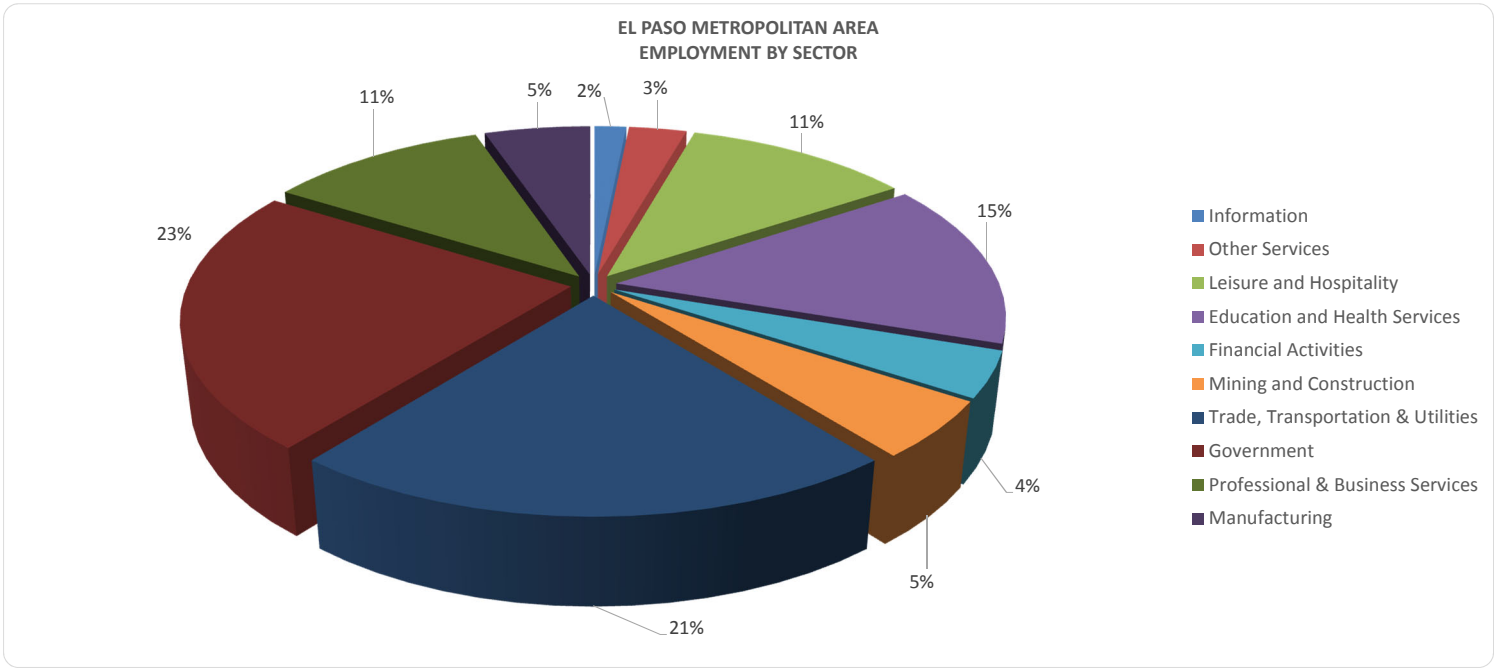


Source: U.S. Census Bureau, 2017 American Community Survey



*Source: U.S. Census Bureau, 2017 American Community Survey
**Source: Bureau of Economic Analysis, REIS: table CA1-3, 2017

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
DEMOGRAPHIC AND ECONOMIC STATISTICS



Source: Texas Labor Market Information May 2019

Top 10 Public/Private Employers in the City of El Paso

2018**

Rank	Employer	Type of Service	No. of Employees	% of Total Employment
1	T&T Staff Management LP	Employment Services	5,348	1.7%
2	Tenet Hospitals Limited	Healthcare	2,465	0.8%
3	Alorica	Business Services	2,400	0.8%
4	El Paso Healthcare System, LTD	Healthcare	2,300	0.7%
5	Day El Paso Surgery, LP	Healthcare	2,000	0.6%
6	Automatic Data Processing, Inc.	Business Services	1,937	0.6%
7	Pizza Properties, LTD	Restaurant	1,900	0.6%
8	Border Apparel Laundry LTD	Manufacturing	1,500	0.5%
9	Furukawa Wiring Systems America, Inc.	Logistics	1,500	0.5%
10	General Electric	Multiple	1,500	0.5%

Source: List verified by Regional Economic Development (December 2018)

** Excludes Retail and Public

2008*

Rank	Employer	Type of Service	No. of Employees	% of Total Employment
1	Tenet Hospital Ltd	Medical	8,505	3.0%
2	T&T Staff Management LP	Employment Services	6,587	2.3%
3	Echo Star Communication Corp	Technical Support Center	6,400	2.3%
4	Las Palmas/Del Sol Regional Hospital	Medical	6,066	2.2%
5	GC Serves	Inbound Customer Service Center	4,488	1.6%
6	RM Personnel	Employment Services	4,200	1.5%
7	Readyone Industries Inc.	Manufacturing	4,000	1.4%
8	Automatic Data Processing, Inc.	Business Solutions	3,621	1.3%
9	El Paso Electric Co.	Electric Utility	2,900	1.0%
10	Redcats USA Inc. (Brylane)	Inbound Customer Service Center	2,500	0.9%

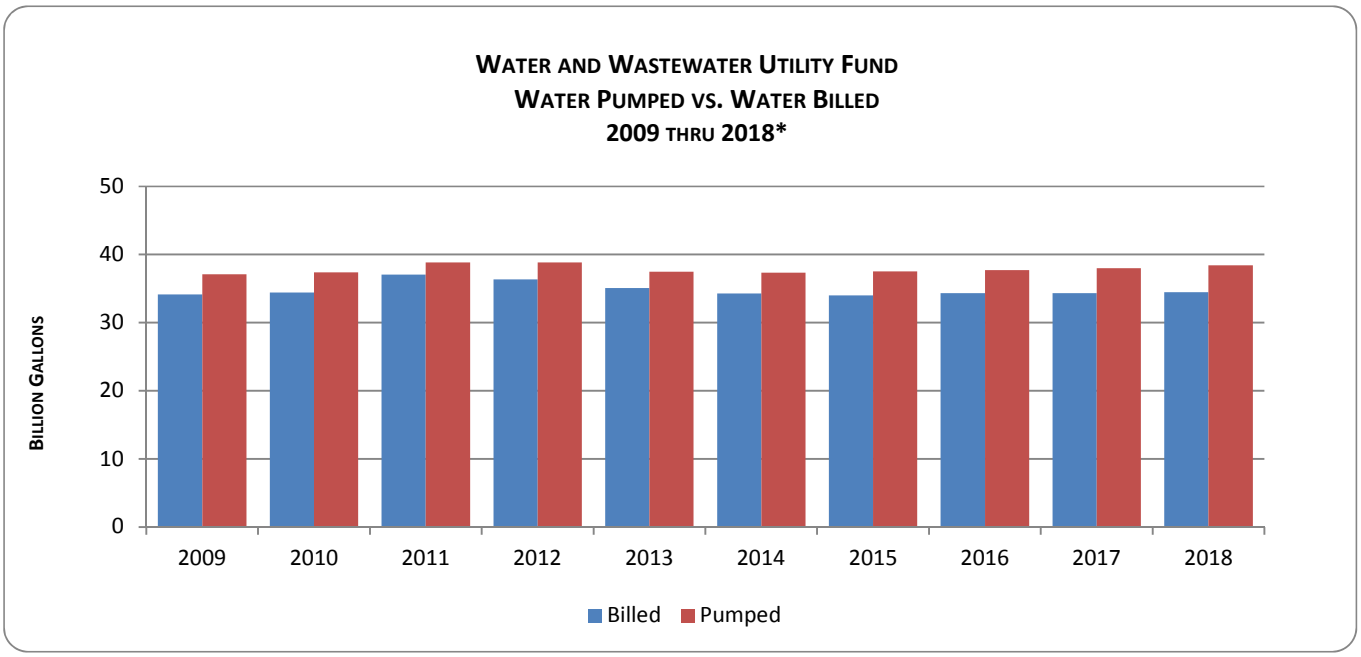
Source List generated by TWC, verified by Regional Economic Development Cooperation

*Excluding Retail and Public

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 relate to the services they provide and the activities they perform.

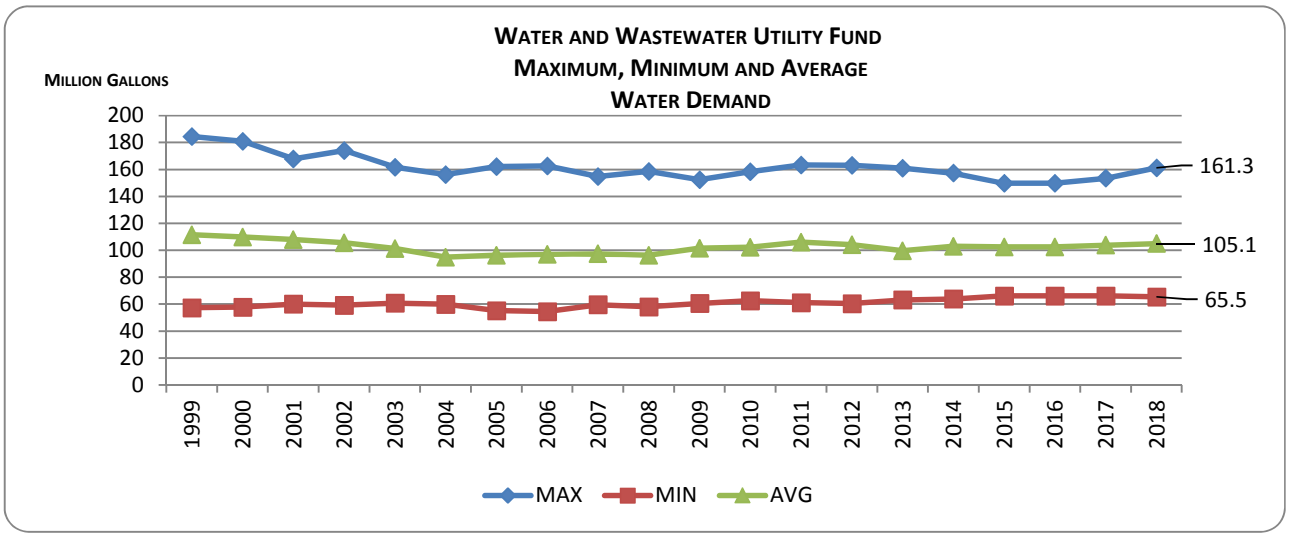
el paso
WATER



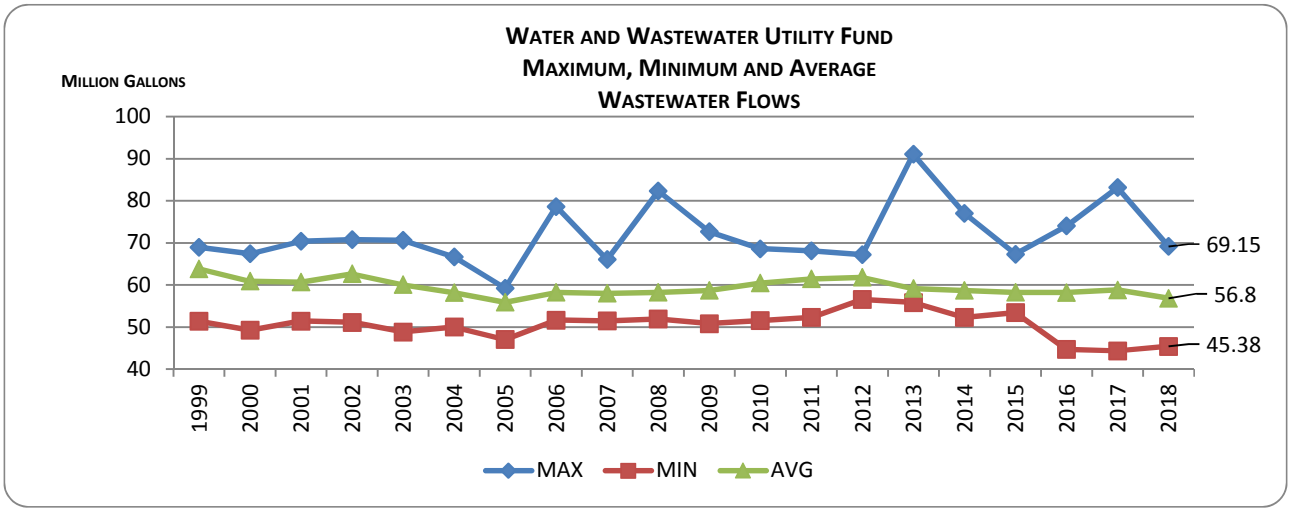
* Calendar Year

Water Pumped vs. Water Billed Data 2009 thru 2018*			
Calendar Year	**Water Pumped Billion Gallons**	**Water Billed Billion Gallons**	**Unbilled Water**
2009	37.07	34.15	7.9%
2010	37.37	34.41	7.9%
2011	38.83	37.02	4.7%
2012	38.82	36.32	6.4%
2013	37.45	35.08	6.3%
2014	37.32	34.29	8.1%
2015	37.49	33.98	9.4%
2016	37.69	34.32	9.0%
2017	37.96	34.29	9.7%
2018	38.39	34.46	10.2%

* Calendar Year



Calendar Year
Source: Selected Operating Statistical Data page E-3
Utility's water conservation programs were initiated in 1991



Calendar Year
Source: Selected Operating Statistical Data page E-3
Note: sharp increase in maximum wastewater flows due to Storm 2006
*Heavy rains on September 12, 2013 infiltrated the sewer mains causing the spike in sewer flows

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

WATER AND WASTEWATER UTILITY FUND

SELECTED OPERATIONS AND STATISTICAL DATA
2009 thru 2018*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
WATER PRODUCTION AND USAGE DATA*										
Water Customers Retail at End of Year	209,624	206,609	204,140	201,807	198,767	196,600	194,274	191,625	188,927	185,062
Water Customers Retail & Wholesale at End of Year	235,768	231,681	227,933	224,656	220,570	217,406	214,254	210,987	207,563	202,150
Water Pumped - Million Gallons	38,390	37,958	37,693	37,487	37,324	37,345	38,715	38,833	37,348	37,067
Water Metered - Million Gallons - Retail	30,997	30,959	31,058	30,847	31,246	31,803	33,261	34,336	31,570	31,871
Water Metered - Million Gallons - (Retail/Wholesale)	34,459	34,292	34,317	33,981	34,289	34,834	36,319	37,022	34,407	34,147
Percent of Water Billed vs. Water Pumped (R/W)	90%	90%	91%	91%	92%	93%	94%	95%	92%	92%
Annual Billed Water per Customer Retail -1000 Gallons	148	150	152	153	157	162	171	179	167	172
Annual Billed Water per Customer (R/W) -1000 Gallons	146	148	151	151	155	160	170	175	166	169
Average Daily Water Demand-Million Gallons	105.1	103.9	102.9	102.6	103.1	99.8	104.3	106.2	102.4	101.6
Maximum Daily Water Demand-Million Gallons	161.3	153.6	160.9	149.8	157.4	161.1	163.2	163.5	158.5	152.6
Minimum Daily Water Demand-Million Gallons	65.5	66.3	64.5	66.2	64.0	63.3	60.6	61.2	62.7	60.7
Daily Average Consumption in Peak Week-Million Gallons	145.8	145.2	148.7	146.2	149.8	149.8	152.5	155.6	147.7	138.7
Peak day	August 7	June 23	July 13	June 24	June 4	June 26	June 26	June 29	June 18	July 14
Miles of Water Mains Installed	15.41	23.81	40.62	21.52	24.12	35.58	37.75	35.34	21.68	28.69
Miles of Water Mains Replaced or Abandoned	1.33	2.20	4.79	1.72	2.60	2.88	7.50	10.72	5.14	7.74
Miles of Water Mains in Place	2,706	2,692	2,670	2,635	2,615	2,593	2,561	2,530	2,506	2,489
Number of Fire Hydrants Installed	181	147	75	321	115	123	102	136	168	226
Number of Fire Hydrants in Place	11,153	10,972	10,825	10,750	10,429	10,314	10,191	10,089	9,953	9,785
WASTEWATER SYSTEM DATA*										
Wastewater Customers Retail & Wholesale at End of Year	220,129	215,673	212,990	209,178	204,810	202,068	199,181	195,875	192,765	187,992
Annual Wastewater Flow - Million Gallons	20,731	21,457	21,285	21,235	21,415	21,572	22,604	22,459	22,028	21,411
Average Daily Flow - Million Gallons	56.80	58.79	58.16	58.18	58.67	59.10	61.76	61.53	60.35	58.66
Maximum Daily Flow - Million Gallons	69.15	83.16	74.01	67.29	77.02	91.07	67.16	68.10	68.62	72.68
Minimum Daily Flow - Million Gallons	45.38	44.33	44.67	53.40	52.27	55.85	56.57	52.30	51.52	50.79
Average Daily Flow per Customer - Gallons	258	273	273	278	286	292	310	314	313	312
Miles of Wastewater Lines Installed	6.55	2.68	32.07	23.11	17.86	25.00	25.00	34.96	30.00	37.00
Miles of Wastewater Line in Place	2,317	2,311	2,308	2,276	2,253	2,235	2,210	2,185	2,150	2,120

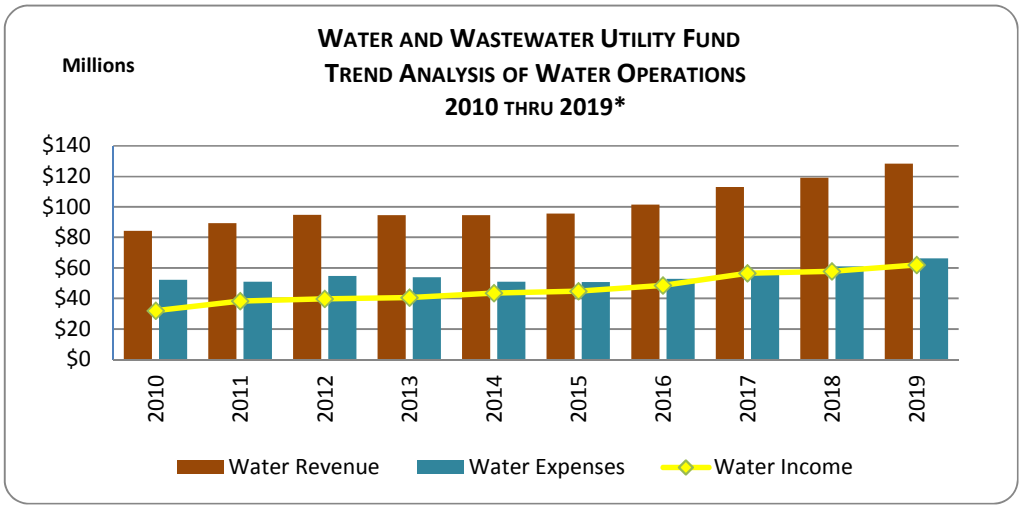
* Calendar Year

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

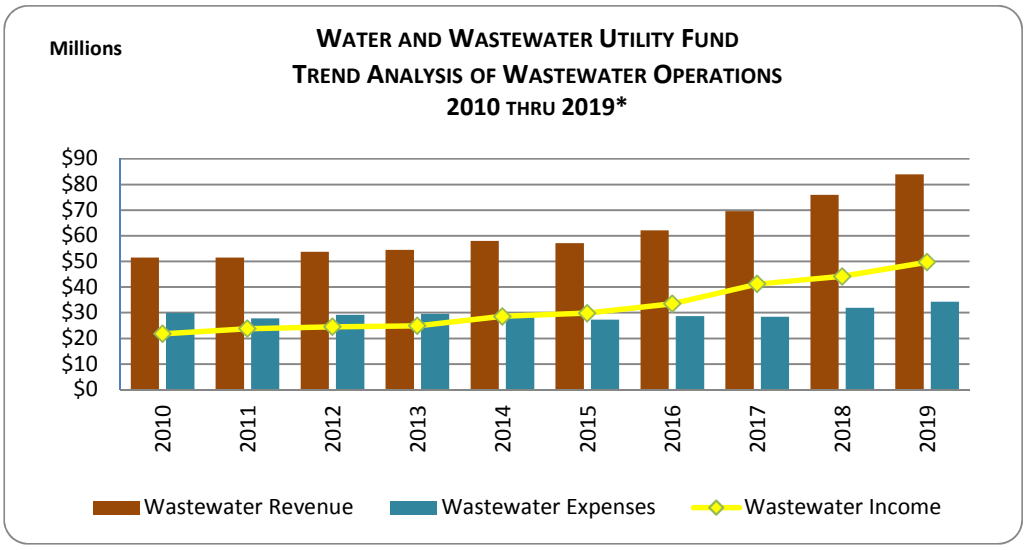
SELECTED OPERATIONS AND STATISTICAL DATA
2010 thru 2019*

DRAINAGE OPERATIONS	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Number of Ponds	434	403	394	388	361	361	361	361	310	277
Acres of Ponds Inventoried	1,805	1,019	958	904	904	904	904	1,020	904	983
Acres of Ponds Cleaned	104	258	243	377	425	82	917	461	650	500
Number of Dams/Basins	41	38	38	38	37	37	37	37	32	38
Acres of Dams/Basins Inventoried	2,430	2,430	2,430	2,430	2,430	2,430	2,430	2,417	2,430	2,390
Acres of Dams/Basins Cleaned	29	177	239	351	660	57	463	263	1,200	1,000
Miles of Channels Inventoried	74	74	74	74	74	74	74	72	74	68
Miles of Channels Cleaned	9	25	25	20	6	10	27	44	30	15
Miles of Agricultural Drains Inventoried	9	9	43	39	43	43	43	39	43	39
Miles of Agricultural Drains Cleaned	6	4	15	21	17	6	39	17	15	20
Miles of Drainage Conduits Inventoried	315	288	281	280	280	280	146	280	146	100
Miles of Drainage Conduits Cleaned	2	6	3	-	-	2	12	2	15	2
Drainage Inlets Inventoried	7,046	6,526	6,353	6,353	6,353	6,346	6,094	6,359	6,094	4,100
Drainage Inlets Cleaned	77	494	616	465	2	46	373	116	500	100

* Fiscal year March 1 thru last day of February of year shown



* Fiscal year March 1 thru last day of February of year shown
Source: Net Operating Revenue - Water & Reclaimed Water, page 122



* Fiscal year March 1 thru last day of February of year shown
Source: Net Operating Revenue - Wastewater, page 123

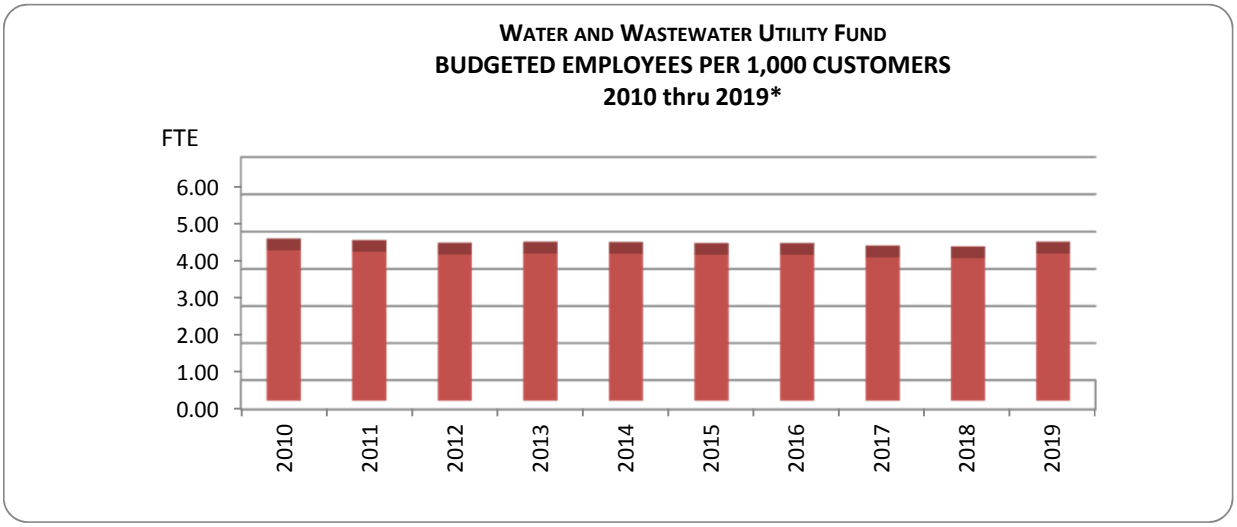
PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

WATER, WASTEWATER AND MUNICIPAL DRAINAGE UTILITY FUNDS

STAFFING BY DIVISION AND SECTION
Fiscal Year 2019*

		Budgeted FTE's				
	Division/Section	**2019**	**2018**	**2017**	**2016**	**2015**
Administration	Executive Services	7	6	5	5	6
	Legal Services	5	5	5	4	4
	Communications	9	10	10	8	8
	Human Resources	14	13	11	11	11
	Water Resources Management	5	5	5	4	4
	Land Management	10	9	9	9	8
	TecH_20 Learning Center	10	10	10	10	10
	Total Division	**60**	**58**	**55**	**51**	**51**
Technical	Technical Services	6	5	3	5	6
Services	Water/Wastewater Engineering	15	15	15	15	15
	Planning and Development	37	34	32	31	33
	Engineering Project Management	9	9	9	13	8
	Construction Project Management	0	0	0	0	0
	Stormwater Engineering	6	5	5	0	0
	Total Division	**73**	**68**	**64**	**64**	**62**
Financial &	Finance	5	4	3	4	4
Support Services	Property and Treasury Management	14	14	15	15	15
	Customer Service	109	106	105	103	102
	Accounting	13	13	13	13	13
	Purchasing	11	10	10	10	10
	Meter Repair Shop	13	13	13	11	11
	Warehouse	9	9	9	8	8
	Total Division	**174**	**169**	**168**	**164**	**163**
Information	Information Technology	39	33	33	31	30
Technology	Instrumentation and Control	30	29	29	29	29
	Total Division	**69**	**62**	**62**	**60**	**59**
Operations	Water Division Office	2	3	3	3	3
(Water System)	Well Production	45	44	44	44	43
	Robertson/Umbenhauer Water Treatment Plant	21	20	20	20	20
	Water Distribution	106	105	104	102	98
	Jonathan W. Rogers Water Treatment Plant	18	18	18	18	18
	Upper Valley Water Treatment Plant	13	15	15	15	15
	Kay Bailey Hutchison Desalination Plant	13	14	14	14	14
	Total Division	**218**	**219**	**218**	**216**	**211**
Operations	Wastewater Division Office	5	6	5	5	5
(Wastewater	Wastewater Lift Stations	18	18	18	18	18
System)	Wastewater Collection System Maintenance	33	33	33	33	33
	Northwest Wastewater Treatment Plant	18	17	16	15	15
	Haskell R. Street Wastewater Treatment Plant	29	30	30	30	30
	Roberto R. Bustamante Wastewater Treatment Plant	29	30	30	30	29
	Fred Hervey Water Reclamation Plant	27	28	28	28	28
	Wastewater System Repair & Construction	20	20	20	20	20
	Total Division	**179**	**182**	**180**	**179**	**178**
Operations	Operations Management	9	5	5	4	4
(Operations	Environmental Compliance/Industrial Pretreatment	16	10	10	10	10
Support)	Laboratory Services	31	31	30	30	30
	Reclaimed Water System	0.75	0.75	0.75	1.5	1.5
	Biosolids Management	0.25	0.25	0.25	0.5	0.5
	Plant Equipment Maintenance	6				
	Total Division	**63**	**47**	**46**	**46**	**46**
(Equipment &	Fleet Maintenance	22.25	23.3	23.3	23.3	22.3
	Heavy Equipment Operations	42.25	42.3	42.3	42.3	42.3
	Facilities Maintenance	20.25	19.3	19.3	18.3	18.3
	Total Division	**85**	**85**	**85**	**84**	**83**
WATER AND WASTEWATER UTILITY'S TOTAL BUDGETED REQUIREMENTS		**920.75**	**890**	**878**	**864**	**853**
Stormwater	Stormwater Management	51	51	52	52	52
	Stormwater Design & Development Services	8	4	10	8	7
	Stormwater Project Administration	0	5	0	0	0
	Stormwater Environmental Compliance	0	7	7	7	7
	Total Division	**59.25**	**67**	**69**	**67**	**66**

* Fiscal year March 1 thru last day of February of year shown



* Fiscal year March 1 thru last day of February of year shown

Budgeted Employees per 1,000 Customers Data	
Year	**FTE***
2010	4.1
2011	4.0
2012	3.9
2013	4.0
2014	4.0
2015	3.9
2016	3.9
2017	3.9
2018	3.8
2019	4.0

* FTE=full time equivalent

el paso
WATER

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

COMPLIANCE AND INTERNAL CONTROL REPORTS

FOR THE YEAR ENDED FEBRUARY 28, 2019

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

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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 year ended February 28, 2019, and the related notes to the financial statements, which collectively comprise the Public Service Board - El Paso Water Utilities' basic financial statements and have issued our report thereon dated July 3, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Public Service Board - El Paso Water Utilities' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Public Service Board - El Paso Water Utilities' internal control. Accordingly, we do not express an opinion on the effectiveness of the Public Service Board - El Paso Water Utilities' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Public Service Board - El Paso Water Utilities' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GIBSON RUDDOCK PATTERSON LLC

El Paso, Texas
July 3, 2019

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Public Service Board - El Paso Water Utilities', a component unit of the City of El Paso, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Public Service Board - El Paso Water Utilities' major federal program for the year ended February 28, 2019. The Public Service Board - El Paso Water Utilities' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Public Service Board - El Paso Water Utilities' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Public Service Board - El Paso Water Utilities' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Public Service Board - El Paso Water Utilities' compliance.

Opinion on Each Major Federal Program

In our opinion, the Public Service Board - El Paso Water Utilities, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended February 28, 2019.

Report on Internal Control Over Compliance

Management of the Public Service Board - El Paso Water Utilities is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Public Service Board - El Paso Water Utilities' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Public Service Board - El Paso Water Utilities' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 year ended February 28, 2019, and the related notes to the financial statements, which collectively comprise the Public Service Board - El Paso Water Utilities' basic financial statements. We issued our report thereon dated July 3, 2019 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

GIBSON RUDDOCK PATTERSON LLC

El Paso, Texas
July 3, 2019

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED FEBRUARY 28, 2019

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Were material weaknesses in internal control identified?	No
Were significant deficiencies in internal control identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal award programs:	
Were material weaknesses in internal control over major programs identified?	No
Were significant deficiencies in internal control over major programs identified?	None reported
Type of auditor's report issued on compliance for the major federal award programs:	Unmodified
Were there any audit findings disclosed that are required to be reported in accordance with Title 2 CFR 200.516(a)?	No
Major Federal Programs:	**CFDA 66.202** - Water Reuse Distribution System Expansion - Haskell North Central Reclaimed Water System Phase I Assistance Agreement XP96638401
Dollar threshold used to distinguish between type A and type B programs:	$750,000
Did auditee qualify as low-risk auditee under 2 CFR 200.520?	No

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED FEBRUARY 28, 2019

FINANCIAL STATEMENT FINDINGS

There are no current year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no current year findings.

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

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED FEBRUARY 28, 2019

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year findings.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED FEBRUARY 28, 2019

Federal Grantor/Program Title and Number	Federal CFDA Number	Program or Award Amount	Federal Expenditures
U.S. Environmental Protection Agency			
Water Reuse Distribution System Expansion - Haskell North Central Reclaimed Water System Phase I Assistance Agreement XP96638401	66.202	$ 7,941,144	$ 1,812,217
Total U.S. Environmental Protection Agency			1,812,217
U.S. Department of the Interior -Bureau of Reclamation			
CERRO Process Water Recovery from RO Concentrate Wells R14AP00086	15.507	297,500	139,716
Aquifer Storage & Recovery R17AP00323	15.504	150,000	5,100
Total U.S. Department of the Interior - Bureau of Reclamation			144,816
Total Expenditures of Federal Awards			$ 1,957,033

The accompanying notes are an integral part of this schedule.

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED FEBRUARY 28, 2019

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Public Service Board - El Paso Water Utilities (EPWater), a component unit of the City of El Paso under programs of the federal government for the year ended February 28, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the EPWater, it is not intended to and does not present the financial position, changes in net position, or cash flows of the EPWater.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

EPWater has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. OVERSIGHT AGENCY

The U.S. Environmental Protection Agency is EPWater's oversight agency for the single audit.