PUBLIC SERVICE BOARD MEETING
AGENDA ITEM
REGULAR MEETING

Wednesday, August 12, 2026

SUBJECT

El Paso Water Utilities-Public Service Board Annual Comprehensive Financial Report (ACFR) for Fiscal Year ending February 28, 2026.

BACKGROUND

The City of El Paso Bond Ordinance 752, as amended, requires that an annual audit of EPWater be conducted by independent certified public accountants. The ACFR is a set of financial statements required for certain public entities established by the Governmental Accounting Standard Boards. The ACFR includes the Water and Wastewater Utility and the Municipal Drainage Utility.

PRIOR PSB ACTION

- The Fiscal Year 2024-2025 Annual Comprehensive Financial Report was presented to the Public Service Board on August 13, 2025.

UTILITY KPI ALIGNMENT

Customer Satisfaction

EVALUATION PROCESS

Gibson, Ruddock, Patterson LLC performed the independent audit for the Public Service Board. The firm, led by partner Marlene Strickler, assisted staff in ensuring compliance with all applicable federal, state, and other accounting and financial reporting requirements.

FINANCIAL IMPLICATIONS

N/A

PROPOSED ACTION REQUESTED

Consider and accept the El Paso Water Utilities-Public Service Board Annual Comprehensive Financial Report for the fiscal year ending February 28, 2026.

SUPPORTING DOCUMENTATION PROVIDED

- FY2025 - 2026 Annual Comprehensive Financial Report

ANNUAL COMPREHENSIVE FINANCIAL REPORT

for the Fiscal Years Ended
February 28, 2026 and 2025

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

El Paso Water Utilities
Public Service Board

A Component Unit of the City of El Paso

Annual Comprehensive
Financial Report

For the Fiscal Years Ended
February 28, 2026 and 2025

El Paso, Texas

Prepared by:

Departments of Finance and
Accounting

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO
Annual Comprehensive Financial Report
For the Fiscal Years Ended February 28, 2026 and 2025

TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Transmittal Letter	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	8
Organizational Structure	9
Public Service Board Members and Staff	10
FINANCIAL SECTION	
Independent Auditor's Report	12
Management's Discussion and Analysis	15
Basic Financial Statements	
Enterprise Funds Financial Statements	
Statements of Net Position	24
Statements of Revenues, Expenses, and Changes in Net Position	28
Statements of Cash Flows	30
Notes to Financial Statements	34
Required Supplementary Information	
El Paso Water Utilities Retirement Plan	
Schedule of EPWater's Proportionate Share of the Net Pension Liability- City of El Paso Employees Retirement Trust	109
Schedule of EPWater's Contributions- City of El Paso Employees Retirement Trust	111
Notes to Pension Required Supplementary Information Schedules- City of El Paso Employees Retirement Trust	113
Total OPEB Liability and Related Ratios	
Schedule of Changes in the EPWater's Total OPEB Liability and Related Ratios	115
Supplementary Schedules	
Water and Wastewater Utility Fund	
Statements of Net Position	118
Statements of Revenues, Expenses, and Changes in Net Position	120
Statements of Cash Flows	121
Schedule of Operating Revenues	123
Schedule of Operating Expenses	124
Schedule of Net Operating Revenue - Water and Reclaimed Water	125
Schedule of Net Operating Revenue - Wastewater	126
Schedule of Accounts Receivable - Government Grants and Other Receivables	127
Schedule of Changes in Revenue Bonds Payable	128
Schedule of Debt Service Requirements	129
Municipal Drainage Utility Fund	
Statements of Net Position	149
Statements of Revenues, Expenses, and Changes in Net Position	151
Statements of Cash Flows	152
Schedule of Operating Revenues and Expenses	154
Schedule of Net Operating Revenue	155
Schedule of Changes in Revenue Bonds Payable	156
Schedule of Debt Service Requirements	157
Schedule of Insurance Coverage	
Schedule of Insurance Coverage and Policies	168

STATISTICAL SECTION (Unaudited) Page

Financial Trends Information

A-1 - Enterprise Funds Net Position 178
A-2 - Water and Wastewater Utility Fund Net Position 179
A-3 - Enterprise Funds Statements of Revenues, Expenses and Changes in Net Position 180
A-4 - Water and Wastewater Utility Fund Statements of Revenues, Expenses and Changes in Net Position 181
A-5 - Municipal Drainage Utility Fund Net Position 182
A-6 - Municipal Drainage Utility Fund Statements of Revenues, Expenses and Changes in Net Position 183
A-7 - Water and Wastewater Utility Fund selected financial ratios 184
A-8 - Municipal Drainage Utility Fund selected financial ratios 185
A-9 - Water and Wastewater Utility Fund funding of capital acquisitions and improvements 186
A-10 - Water and Wastewater Utility Fund trend analysis of capital assets, net position and bonds payable 187
A-11 - Municipal Drainage Utility Fund funding of capital acquisitions and improvements 188
A-12 - Municipal Drainage Utility Fund trend analysis of capital assets, net position and bonds payable 189

Revenue Capacity Information

B-1 - Water and Wastewater Utility Fund customer growth 192
B-2 - Water and Wastewater Utility Fund average annual water & wastewater revenue per customer 193
B-3 - Water and Wastewater Utility Fund per capita water consumption 194
B-4 - Water and Wastewater Utility Fund water billed by type of customer 195
B-5 - Water and Wastewater Utility Fund water rates 196
B-6 - Water and Wastewater Utility Fund wastewater rates 197
B-7 - Municipal Drainage Utility Fund drainage customers and revenue by type 198
B-8 - Municipal Drainage Utility Fund fees 199

Debt Capacity Information

C-1 - Water and Wastewater Utility Fund debt service coverage 203
C-2 - Water and Wastewater Utility Fund total net debt outstanding by type 204
C-3 - Municipal Drainage Utility Fund debt service coverage 205
C-4 - Municipal Drainage Utility Fund total net debt outstanding by type 206
C-5 - Enterprise Funds total net debt outstanding by type 207

Demographic and Economic Information

D-1 - El Paso Demographic and Economic Statistics 210
D-2 - El Paso County Population by Race and Ethnicity 211
D-2 - El Paso County Population by Age Group 211
D-3 - National, State and El Paso Median Age 212
D-3 - National, State and El Paso Median Income Levels 212
D-4 - El Paso Metropolitan Area Employment by Sector 213
D-4 - Top 10 Public/Private Employers in the City of El Paso 213

Operating Information

E-1 - Water and Wastewater Utility Fund water billed versus water pumped 216
E-2 - Water and Wastewater Utility Fund maximum, minimum and average water demand 217
E-2 - Water and Wastewater Utility Fund maximum, minimum and average wastewater flows 217
E-3 - Water and Wastewater Utility Fund selected operations and statistical data 218
E-4 - Municipal Drainage Utility Fund selected operations and statistical data 219
E-5 - Water and Wastewater Utility Fund trend analysis of water operations 220
E-5 - Water and Wastewater Utility Fund trend analysis of wastewater operations 220
E-6 - Water, Wastewater and Municipal Drainage Utility Funds staffing by division and section 221
E-7 - Water and Wastewater Utility Fund budgeted employees per 1,000 customers 222

August 12, 2026

Public Service Board
El Paso Water Utilities

To the Honorable Mayor, Public Service Board Members, and the Citizens of the City of El Paso, Texas:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the El Paso Water Utilities Public Service Board (EPWater) for the fiscal year ended February 28, 2026. This report is submitted pursuant to City of El Paso Bond Ordinance No. 752, as amended, establishing El Paso Water Utilities, and City Ordinance No. 016668, as amended, establishing the Municipal Drainage Utility System.

This report consists of management's representation concerning the finances of El Paso Water (EPWater), including the 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 management. To provide a reasonable basis for these representations, management has established and maintains a comprehensive internal control framework designed to safeguard EPWater's assets from loss, theft, or misuse and to ensure the preparation of reliable financial information in conformity with Generally Accepted Accounting Principles (GAAP).

The internal control framework has been designed to provide reasonable, rather than absolute, assurance that the financial information is reliable and that the financial statements are prepared in accordance with GAAP. As management, we assert that, to the best of our knowledge and belief, this ACFR is complete, accurate, and fairly presented in all material respects.

EPWater's financial statements have been audited by Gibson Ruddock Patterson LLC, an independent firm of licensed certified public accountants. The purpose of the audit is to provide reasonable assurance that the financial statements are fairly presented, in all material respects, in accordance with GAAP. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; evaluating the accounting principles used and the significant estimates made by management; and assessing the overall presentation of the financial statements. Based on the audit, the independent auditor issued an unmodified opinion, concluding that EPWater's financial statements are fairly presented, in all material respects, in accordance with GAAP.

The independent auditor's report is presented as the first component of the financial section of this report. For the fiscal year ending February 28, 2026, the independent audit of EPWater's financial statements includes a "Federal Single Audit" designed to meet the special needs of the grantor agencies. EPWater met the Single Audit threshold since there were expenses of $1,000,000 or more related to federal awards during the fiscal year.

The 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 intended to complement the MD&A and should be read in conjunction with it. EPWater's MD&A is presented immediately following the independent auditor's report.

1154 Hawkins Blvd. P.O. Box 511 El Paso, TX 79961-0511 915.594.5500

Profile of the Government

EPWater provides water, wastewater, reclaimed water, and drainage services to customers throughout its service area. For financial reporting purposes, EPWater is considered a component unit of the City of El Paso. The Public Service Board (PSB) operates and manages EPWater on behalf of the City and adopts separate annual operating, capital, and debt service budgets for the Water and Wastewater Utility Fund and the Municipal Drainage Utility Fund. The PSB also establishes rates and fees for utility services and adopts updates to its Rules and Regulations, which have the force of law. EPWater recovers the cost of providing its services primarily through user charges and fees and does not assess or collect ad valorem property taxes. Guided by the mission and vision of the PSB, EPWater is committed to balancing customer needs with responsible resource and financial management while providing regional leadership. Additional information regarding the establishment of the PSB is provided in Note 1, Reporting Entity.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when considered in the context of the unique environment in which EPWater operates.

Local Economy - El Paso is currently the sixth-largest city in Texas and ranks as the 22nd largest city in the United States by population. El Paso County has an estimated population of over 878,000 residents, while the adjacent city of Ciudad Juárez, Mexico, is home to approximately 1.6 million people. Additionally, Southern New Mexico, including the Las Cruces metropolitan area, contributes another 229,000 residents to the region. Together, these three areas form the Borderplex, the largest binational metropolitan area along the U.S.-Mexico border and one of the world's most economically and culturally interconnected regions.

Additional factors affecting the financial condition of the El Paso region and EPWater.

- **Fort Bliss** a community of active-duty military personnel, family members, students, civilian employees, retirees, and veterans. The installation is home to approximately 36,900 active-duty military personnel, more than 42,500 family members, nearly 11,600 civilian employees, and over 36,000 military retirees, supporting a total population of more than 176,000.

- **Economy** - El Paso's labor market remained stable during 2025. Total nonfarm employment increased by approximately 3.0 percent over the year, while the unemployment rate was 4.0 percent in December 2025, reflecting continued resilience in the local economy.

El Paso Metropolitan Statistical Area (MSA) Total Nonfarm Employment by Industry

Industry	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Mining, Logging and Construction	16,900	16,100	17,100	17,400	17,500	17,700	17,300	17,400	16,200	15,200
Manufacturing	18,200	17,400	17,300	18,700	17,500	16,800	16,800	16,400	16,500	17,000
Trade, Transportation, and Utilities	79,100	73,900	76,600	75,400	72,900	66,500	70,600	68,700	67,500	66,600
Information	6,400	6,600	6,600	6,100	5,100	4,500	4,900	4,600	5,000	5,100
Financial Activities	15,200	14,700	13,500	13,400	13,700	13,200	13,600	12,900	12,800	12,500
Professional and Business Services	42,900	43,200	41,600	41,700	40,500	37,200	37,200	34,800	35,200	33,400
Education and Health Services	55,900	54,200	52,700	49,600	47,400	47,100	48,700	47,600	45,900	43,700
Leisure and Hospitality	43,600	42,500	41,400	40,100	37,900	33,900	37,700	37,900	35,200	34,500
Other Services	10,200	10,400	10,000	9,400	9,000	8,100	9,100	9,200	9,100	9,500
Government	73,300	73,100	73,800	70,900	68,700	69,700	73,600	73,200	73,000	71,700
Total	**361,700**	**352,100**	**350,600**	**342,700**	**330,200**	**314,700**	**329,500**	**322,700**	**316,400**	**309,200**

- The Borderplex region is the fifth-largest manufacturing hub in North America, supporting approximately 295,000 manufacturing jobs and serving as a major center for international trade and advanced manufacturing.

- El Paso continues to rank among the safest large metropolitan areas in the United States, based on FBI crime data.

- U.S. News & World Report ranked El Paso as the No. 2 Best Big City to Live in the United States in its 2025–2026 rankings, recognizing the city's affordable cost of living, short average commute, and overall quality of life.

El Paso is home to The University of Texas at El Paso (UTEP), the second-oldest academic institution in The University of Texas System. UTEP offers 75 bachelor's, 68 master's, and 26 doctoral degree programs across eight colleges and schools, and enrolled a record 26,297 students in Fall 2025.

Budget Process and Controls

EPWater's fiscal year begins on March 1 and ends on the last day of February. The annual budget development process begins several months before the start of the fiscal year. Budget preparation includes the development of operating and capital budget requests, evaluation of new initiatives, and preparation of the Capital Improvement Program (CIP). Throughout the process, management reviews budget requests and develops recommended operating and capital budgets for presentation to the PSB. Following public meetings, the PSB adopts the annual operating and capital budgets and approves updates to the Rules and Regulations, with an effective date of March 1.

The budget and the annual financial report are prepared using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. The operating budget is prepared at the object level, which represents the type of goods or services to be purchased. Amendments to the approved operating and capital budgets, including emergency funding authorizations, require approval by the PSB.

Financial Policies

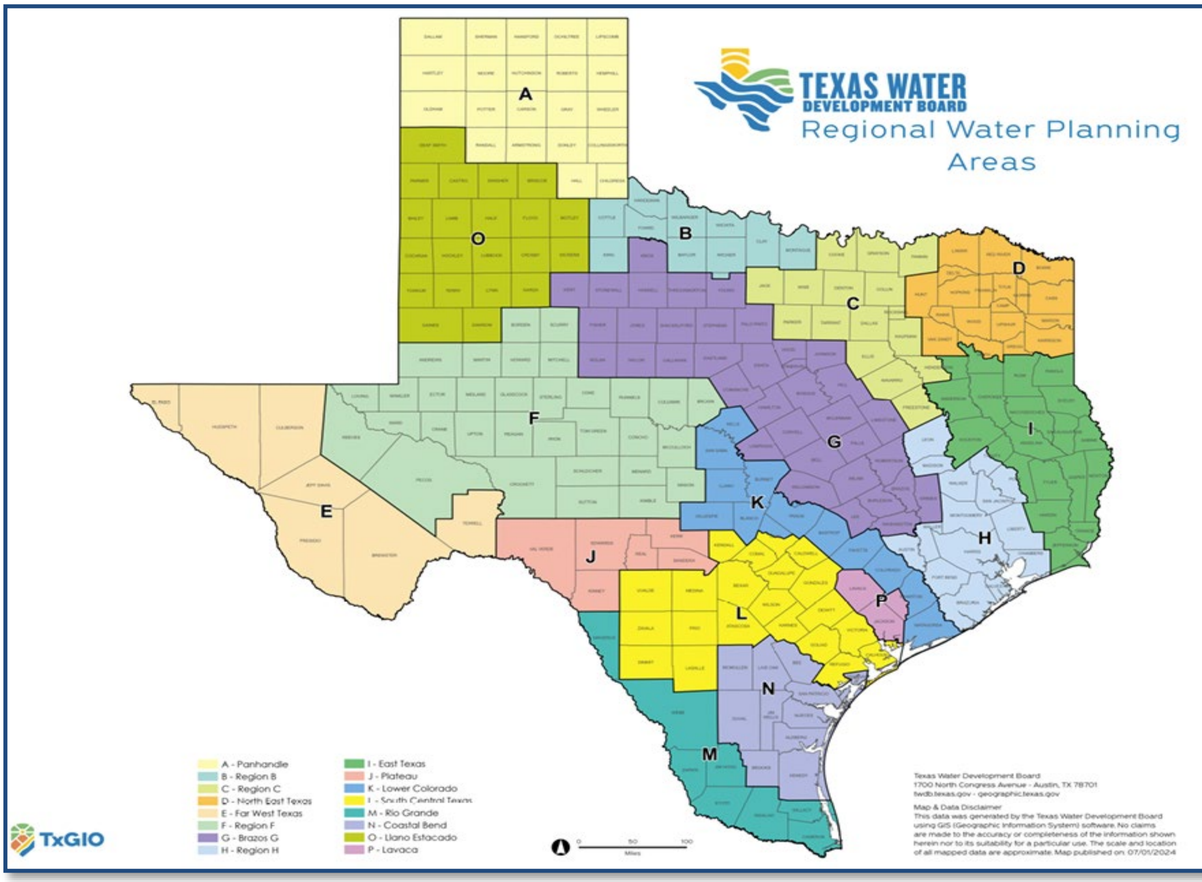
EPWater operates through two enterprise funds: the Water and Wastewater Utility Fund and the Municipal Drainage Utility Fund, each of which is accounted for separately. EPWater's financial policies provide the framework for developing the annual budgets for both funds. Additional information regarding EPWater's fund structure is provided in Note 1, Fund Accounting.

Long-term Water Resource Planning

Long-term water resource planning remains a critical component of managing the region's water resources. In 1995, the Texas Legislature designated EPWater as the Regional Planner for El Paso County, fostering a coordinated approach to developing and managing local water resources. EPWater continues to provide regional leadership through its participation in Region E, one of sixteen regional water planning areas established under Senate Bill 1. In collaboration with the Region E Planning Group and other stakeholders, EPWater contributed to the development of the 2026 Region E Regional Water Plan, which was adopted by the Texas Water Development Board. The plan evaluates current and projected water demands, available water supplies, and long-term water management strategies to ensure a reliable water supply for the region. It is updated every five years and maintains a 50-year planning horizon.

The 2026 Region E Regional Water Plan continues to support EPWater's diversified water supply strategy, including Rio Grande surface water, groundwater from the Hueco and Mesilla Bolsons, desalination, reclaimed water, conservation, aquifer storage and recovery, advanced purification, and future groundwater importation. EPWater remains committed to maintaining a resilient and sustainable water supply portfolio to meet the region's long-term water needs.

TWDB Regional Planning Areas Map



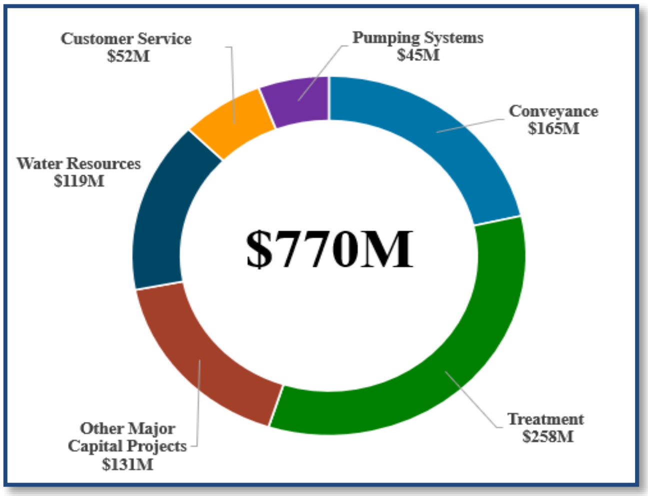
Capital Improvement Program

EPWater remains committed to strategic long-term planning to meet the water, wastewater, reclaimed water, and stormwater needs of a growing community. As part of this commitment, EPWater continues implementing a comprehensive 10-year CIP focused on rehabilitating aging infrastructure, enhancing system reliability, expanding water supplies, supporting future growth, and maintaining compliance with environmental and public health standards.

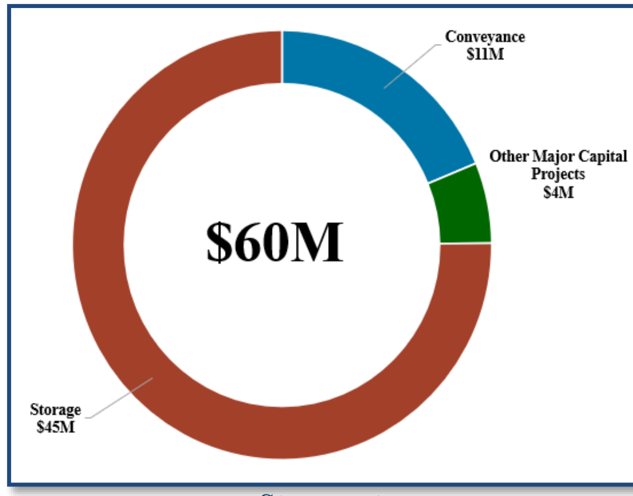
Over the next decade, EPWater has identified water and wastewater capital investments exceeding $6.3 billion to improve and expand critical utility infrastructure. For FY 2026–27, the adopted water and wastewater CIP includes approximately $770 million in planned capital expenditures, reflecting the continued prioritization and acceleration of projects necessary to strengthen system resilience, support economic and population growth, and ensure the long-term sustainability of the region's water resources.

In addition, EPWater estimates spending $60 million in stormwater projects, including $45 million for storage projects to mitigate flooding.

Capital Improvement Program FY 2026-27



Water and Wastewater

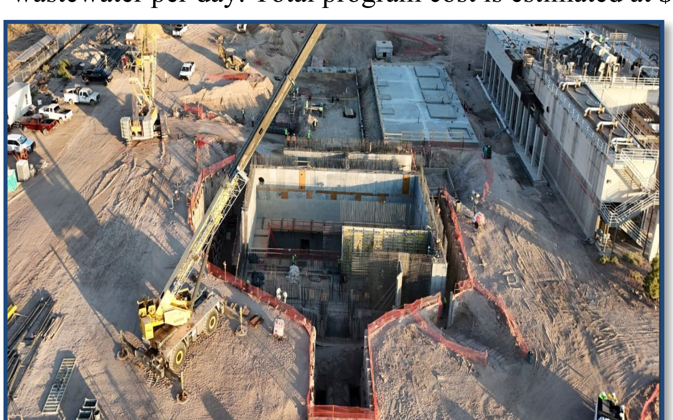


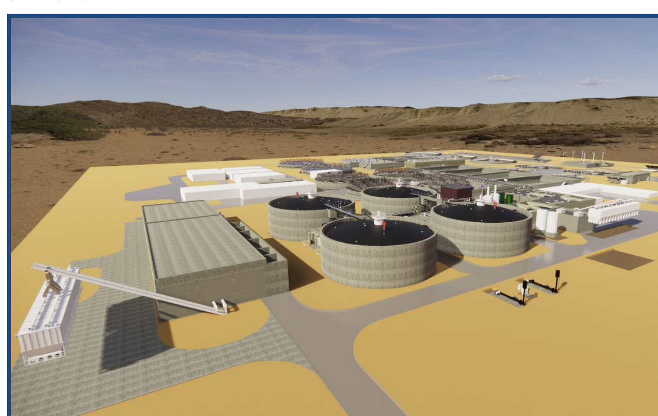
Stormwater

Other Strategic Initiatives

Several strategic initiatives are underway to strengthen EPWater's long-term resilience and ensure a sustainable water future. Most notably, construction continues at the Pure Water Center, an innovative, advanced water purification facility that will produce up to 10 million gallons of drinking water per day by converting reclaimed wastewater into a new, drought-proof, and resilient water supply. The project, with an estimated total cost of approximately $331 million, is expected to be completed in 2029 and will be the first direct-to-distribution potable reuse facility in the United States.

A significant investment is being directed to the rehabilitation and expansion of the Roberto R. Bustamante Wastewater Treatment Plant to support reliability and growth in the far east of El Paso. Phase 1 is anticipated to be completed in Fall 2031. When both phases are complete, the plant will be able to treat up to 51 million gallons of wastewater per day. Total program cost is estimated at $1.3 billion.





Meter Replacement Program

EPWater is implementing a citywide Advanced Metering Infrastructure (AMI) program to modernize its water metering system. The initiative involves replacing 240,000 mechanical meters with advanced ultrasonic meters featuring Acoustic Leak Detection (ALD) technology. These meters enable remote reading, early leak detection, and real-time usage insights, which support both operational efficiency and water conservation.

The AMI program has made significant progress since its launch. To date, approximately 219,000 smart meters have been installed throughout the service area. Of those, approximately 140,000 installations were completed by the program's installation contractor, helping EPWater achieve 89% completion of the small customer meter replacement program. The remaining work primarily consists of large commercial, industrial, and specialized meters, which require additional planning, coordination, and installation due to their size and complexity.

To accelerate deployment, EPWater shortened the original implementation schedule from 10 years to 4 years by utilizing additional contractor and consultant resources. The AMI program represents a capital investment of approximately $68 million, including support from a $5 million federal WaterSMART grant from the United States Bureau of Reclamation.

Once complete, the AMI system will improve customer satisfaction through proactive leak notifications, enhanced operational efficiency, reduced water loss, and more precise measurement of water use through ultrasonic metering technology. The program also gives customers greater visibility into their water consumption, empowering them to better manage their water use and identify potential leaks earlier.

The AMI program directly supports EPWater's strategic goals and Key Performance Indicators (KPIs) by improving service reliability, enhancing operational efficiency, promoting water conservation, and delivering a more modern, customer-focused metering system.

Lead and Copper Rule Compliance and PFAS Monitoring

Protecting public health and providing safe, high-quality drinking water remain fundamental priorities for EPWater. EPWater has consistently met applicable requirements under the U.S. Environmental Protection Agency’s (EPA) Lead and Copper Rule Revisions (LCRR) and Lead and Copper Rule Improvements (LCRI) through its service line inventory and verification program.

During 2025, EPWater mailed 11,861 notices regarding unknown service line materials and 224 notices regarding galvanized service lines requiring replacement, as required by the EPA. To date, 209,781 service lines have been verified as non-lead through EPA-approved methods. No lead service lines have been identified, and the limited number of galvanized lines requiring replacement are being addressed in accordance with EPA requirements.

EPWater will continue annual inventory updates to the Texas Commission on Environmental Quality (TCEQ), verification of unknown service lines, customer outreach, and replacement of any lead or galvanized service lines before the EPA’s December 2037 deadline.

EPWater also completed sampling for per- and polyfluoroalkyl substances (PFAS) under the EPA’s fifth Unregulated Contaminant Monitoring Rule (UCMR5) and continues to evaluate results, treatment technologies, and regulatory developments in preparation for future requirements.

Water Conservation and Affordability Initiatives

To maintain long-term financial sustainability, the PSB periodically reviews and updates utility rates and fees through the Five-Year Financial Plan. Rate adjustments are designed to support operating costs, critical capital investments, debt service requirements, and reserve targets while maintaining the financial strength necessary to provide reliable utility services. EPWater also continues to promote water conservation through its rate structure, which encourages efficient water use and helps many residential customers reduce their monthly bills. Together, these efforts reflect EPWater's commitment to responsible financial stewardship, innovation, and long-term resilience.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to EPWater for its ACFR for the fiscal year ended February 28, 2025. This marked the thirtieth consecutive year that EPWater received this prestigious award. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. To earn this award, a government must publish an ACFR that is readily accessible, efficiently organized, and conforms to GAAP and applicable legal requirements.

The Certificate of Achievement is valid for one year. Management believes that this ACFR continues to meet the program's requirements and is submitting it to the GFOA for consideration of a thirty-first consecutive Certificate of Achievement.

In addition, EPWater received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning March 1, 2025. This marked the twenty-eighth consecutive year that EPWater received this prestigious award. To earn the Distinguished Budget Presentation Award, a government's budget document must meet nationally recognized guidelines for effective budget presentation and be rated proficient as a policy document, financial plan, operations guide, and communications device.

The preparation of this report would not have been possible without the dedication and professionalism of the Finance and Accounting Departments. We extend our sincere appreciation to Gustavo Hurtado, Fiscal Operations Manager, Jeff Tepsick, Chief Financial Officer, and all team members whose efforts contributed to the preparation of this report. We also thank the Mayor and the Public Service Board for their continued leadership and support in maintaining the highest standards of financial management and accountability at EPWater.

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

Ana Sanchez
Vice President of Financial and Management Services

Jeff Tepsick
Chief Financial Officer

Luz E. Holguin
Assistant Chief Financial Officer

Gustavo Hurtado
Fiscal Operations Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

El Paso Water Utilities Public Service Board
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

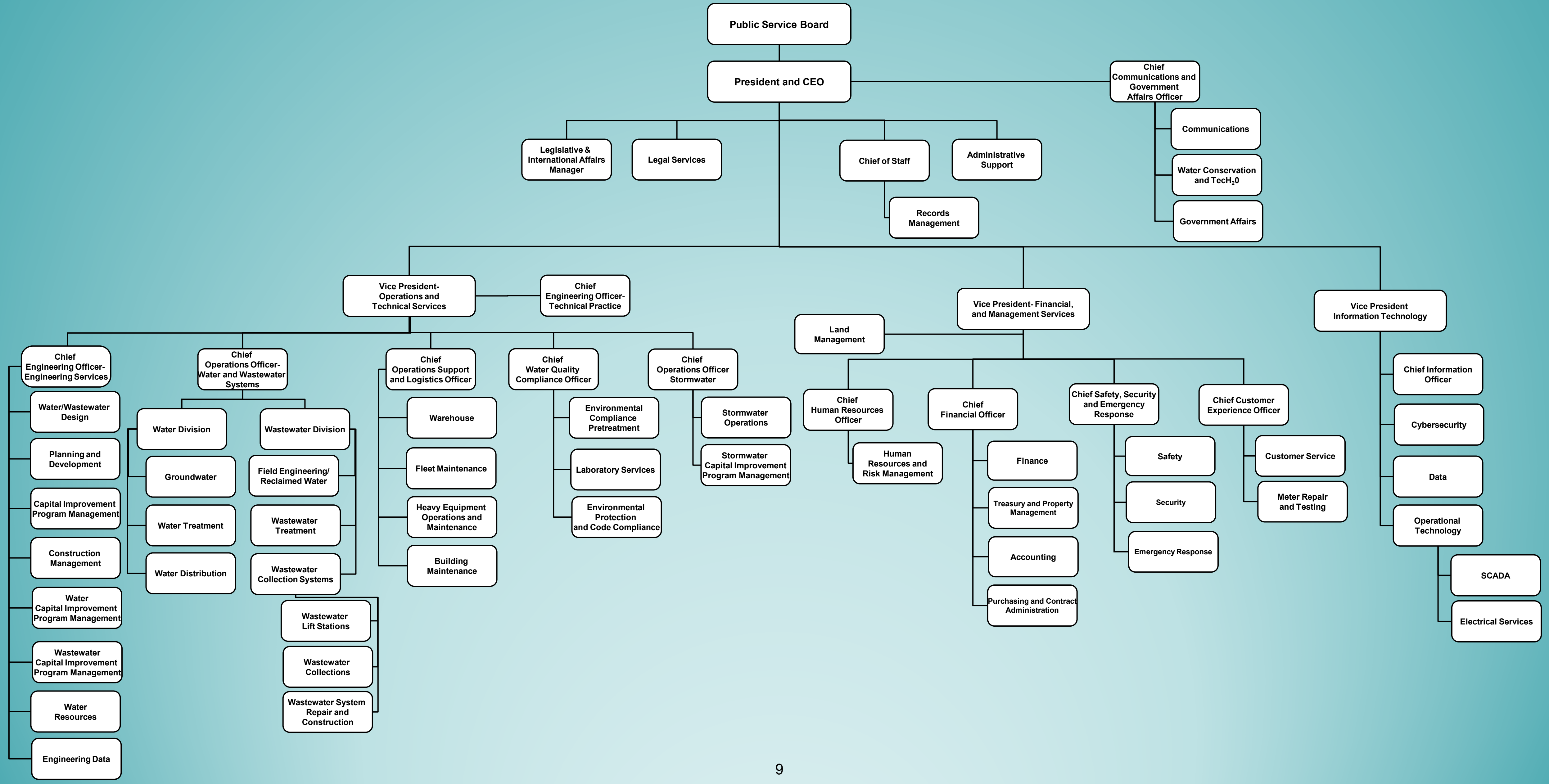
February 28, 2025

Christopher P. Morrill

Executive Director/CEO

El Paso Water

Organizational Chart



el paso WATER

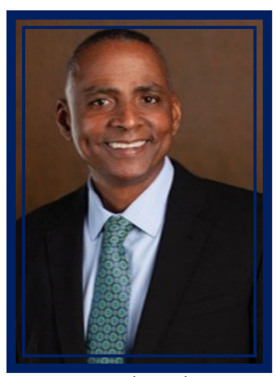
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR FISCAL YEAR ENDED FEBRUARY 28, 2026

PUBLIC SERVICE BOARD MEMBERS

Stefanie Block Uribarri
Secretary-Treasurer

Anna Gitter, PhD
Chair

Charlie Intebi
Vice Chair



Renard Johnson
Mayor, City of El Paso

Dr. Hector Ocaranza
Member

Lane Gaddy
Member

Bryan Morris
Member

EXECUTIVE STAFF

John E. Balliew, P.E., President and CEO
Ana Sanchez, Vice President of Financial and Management Services
Gilbert Trejo, P.E., Vice President of Operations and Technical Services
Adam Wickersham, Vice President of Information Technology
Daniel Ortiz, General Counsel
Jeff Tepsick, Chief Financial Officer
Felipe Lopez, P.E., Chief Engineering Officer - Technical Practice
Martin Noriega, P.E., Chief Operations Officer – Water & Wastewater Systems
Gisela Dagnino, P.E., Chief Operations Officer - Stormwater
Irazema Rojas, P.E., Chief Engineering Officer - Engineering Services
Vacant, Chief Information Officer
Lisa F. Rosendorf, Chief Communications and Government Affairs Officer
Elmer Beeler, Chief Support and Logistics Officer
Monica Ontiveros, Chief Human Resources Officer
Richard Wilcox, Chief Water Quality Compliance Officer
Claudia Duran, Chief of Staff
Osbaldo Muniz, Chief Safety, Security & Emergency Response Officer
Juan Jose Castillo, Chief Customer Experience Officer
Sergio Saenz, Chief Operational Technology Officer

ACCOUNTING/FINANCE

Luz E. Holguin, Assistant Chief Financial Officer
Gustavo Hurtado, Fiscal Operations Manager
Daniel Cortes, Business and Financial Manager
Cinthya Dominguez, Senior Budget Analyst
Alyse Ellis, Senior Accountant
Gilbert Munoz Jr., Accountant
Debby Mercado, Associate Accountant

600 SUNLAND PARK, 6-300
EL PASO, TX 79912

P 915 356-3700
F 915 356-3779
W GRP-CPA.COM

GRP
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, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and each major fund of the Public Service Board - El Paso Water Utilities, a component unit of the City of El Paso, as of and for the years ended February 28, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the Public Service Board - El Paso Water Utilities' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Public Service Board - El Paso Water Utilities, as of February 28, 2026 and 2025, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, the Public Service Board - El Paso Water Utilities adopted new accounting guidance, GASB Statement No. 103, *Financial Reporting Model Improvements.* Accordingly, the accounting changes have been retroactively applied to the earliest period presented. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public Service Board - El Paso Water Utilities' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Public Service Board - El Paso Water Utilities' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents on pages 15 through 23 and pages 109 through 116, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Public Service Board - El Paso Water Utilities' basic financial statements. The accompanying supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our separate report dated August 7, 2026, 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
August 7, 2026

Public Service Board – El Paso Water Utilities

Management's Discussion and Analysis

Fiscal Year Ended February 28, 2026

Management's Discussion and Analysis (MD&A) presents management's overview and analysis of the financial activities of the Public Service Board – El Paso Water Utilities (EPWater) for the fiscal year ended February 28, 2026. The MD&A is designed to help readers understand EPWater's financial position, results of operations, capital and financing activities, and currently known facts, decisions, or conditions that are expected to have a significant financial effect.

This discussion should be read together with the basic financial statements, notes to the financial statements, required supplementary information, supplementary schedules, and statistical section included in EPWater's Annual Comprehensive Financial Report. Unless otherwise noted, dollar amounts in the financial tables are presented in thousands; narrative amounts may be expressed in millions or billions. Amounts may not add due to rounding.

1 Overview of the Financial Statements

EPWater reports two enterprise funds—the Water and Wastewater Utility Fund and the Municipal Drainage Utility Fund. The statements use the economic resources measurement focus and accrual basis of accounting: all current and long-term assets and liabilities are reported, revenues are recognized when earned, and expenses are recognized when incurred, regardless of when cash is received or paid. Interfund transactions are eliminated in the combined enterprise fund statements. Because EPWater has only business-type activities, the combined statements also present EPWater as a whole, while the separate fund columns provide information for each major enterprise fund.

Statements of Net Position	Present assets and deferred outflows less liabilities and deferred inflows, with the difference reported as net position. Assets are resources controlled by EPWater; liabilities are obligations; deferred outflows of resources and deferred inflows of resources relate to future periods from past transactions; and net position is classified as net investment in capital assets, restricted, and unrestricted.
Statements of Revenues, Expenses, and Changes in Net Position	Present operating revenues and expenses, noncapital subsidies, other nonoperating revenues and expenses, and the resulting change from beginning to ending net position. Operating items relate to principal ongoing services; noncapital subsidies are subsidies whose use is not limited to acquiring capital assets; other nonoperating items include financing, investing, capital subsidies, contributions, and asset-disposal activity.
Statements of Cash Flows	Present cash receipts and payments from operating, noncapital financing, capital and related financing, and investing activities, and reconcile operating income to net cash provided by operating activities.
Notes to the Financial Statements	Explain accounting policies, estimates, and significant details supporting the statements, including cash and investments, receivables, capital assets, debt, leases, subscription arrangements, pensions, other post-employment benefits, commitments, and contingencies.
Required Supplementary Information	Present schedules required by generally accepted accounting principles that supplement the basic financial statements, including pension and other post-employment benefit information.
Supplementary Schedules	Present separate financial statements by enterprise fund and additional schedules with detailed financial data, including operating revenues and expenses, debt, and other fund-level information.
Statistical Section	Presents multi-year financial trends, revenue and debt capacity, demographic and economic information, and operating data that provide context for the financial statements.

Condensed Enterprise Funds Statements of Net Position

($ in thousands)	2026	2025	*2024	2026 vs 2025	2025 vs 2024
Current assets	735,620	795,976	860,530	(60,355)	(64,554)
Other noncurrent assets	84,053	86,758	78,250	(2,705)	8,508
Capital assets, net	3,612,926	3,126,328	2,747,850	486,598	378,478
Total assets	4,432,600	4,009,062	3,686,630	423,538	322,432
Deferred outflows of resources	34,023	26,837	30,627	7,186	(3,789)
Total assets and deferred outflows	**4,466,623**	**4,035,899**	**3,717,257**	**430,724**	**318,642**
Current liabilities	304,678	265,879	245,748	38,800	20,131
Noncurrent liabilities	2,218,562	1,969,549	1,799,854	249,013	169,695
Total liabilities	2,523,240	2,235,428	2,045,602	287,813	189,826
Deferred inflows of resources	**79,953**	**78,194**	**70,277**	**1,759**	**7,916**
Net investment in capital assets	1,519,077	1,392,141	1,299,896	126,936	92,244
Restricted net position	246,631	246,088	219,579	543	26,508
Unrestricted net position	97,722	84,049	81,902	13,673	2,147
Total net position	**1,863,430**	**1,722,278**	**1,601,378**	**141,152**	**120,900**
Total liabilities, deferred inflows, and net position	**4,466,623**	**4,035,899**	**3,717,257**	**430,724**	**318,642**

**2024 reflects the GASB Statement No. 101 restatement reported in the 2025 ACFR. GASB Statement No. 103 did not change the amounts presented in the statement of net position in this table. Dollar amounts are in thousands; amounts may not add due to rounding.*

- Total assets and deferred outflows increased by $430.7 million, or 10.7%, in 2026 and by $318.6 million, or 8.6%, in 2025. Net capital assets were the primary driver, increasing by $486.6 million in 2026 and $378.5 million in 2025. These capital-asset increases were partially offset in 2026 by decreases of $60.4 million in current assets and $2.7 million in other noncurrent assets, and in 2025 by decreases of $64.6 million in current assets and $3.8 million in deferred outflows of resources. Current assets decreased in both years as accumulated cash and investments were used for construction.
- Total liabilities and deferred inflows increased by $289.6 million, or 12.5%, in 2026 and by $197.7 million, or 9.3%, in 2025. The increases primarily reflect additional revenue bonds and extendable commercial paper (ECP) used for the capital improvement program, as well as higher construction-related liabilities and pension obligations.
- Total net position increased by $141.2 million in 2026 because EPWater generated positive operating results while continuing to invest in critical water, wastewater, and stormwater infrastructure. Major capital activity during the year included improvements to the Roberto R. Bustamante Wastewater Treatment Plant, the Advanced Meter Replacement Program, the Pure Water Center, and the Will Ruth Pond project. Net investment in capital assets increased by $126.9 million as the $486.6 million increase in capital assets, primarily construction work in progress and additions to the water and wastewater systems, exceeded the increase in capital-related debt and other obligations. Restricted net position increased by $0.5 million as higher debt service reserves were largely balanced by construction spending from restricted bond and extendable commercial paper proceeds. Unrestricted net position increased by $13.7 million, reflecting positive current-year operating results. In 2025, total net position increased by $120.9 million for similar reasons, including continued capital investment, positive operating results, and changes in restricted balances as construction financing was received and spent.
- As of February 28, 2026, $1.519 billion of net position represented net investment in capital assets, $246.6 million was restricted primarily for debt service and construction-related purposes, and $97.7 million was unrestricted. Restricted resources are not available for general operations except for their specified purposes. Current assets were 2.41 times current liabilities, and a positive unrestricted net position and debt service coverage above the bond ordinance minimums supported continued financial capacity.

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

($ in thousands)	2026	2025	*2024	2026 vs 2025	2025 vs 2024
Operating revenues:					
Water	179,298	178,011	170,208	1,287	7,804
Water supply replacement charge	39,697	40,877	38,880	(1,181)	1,997
Reclaimed water	5,947	6,427	5,632	(479)	795
Wastewater	170,023	158,998	152,914	11,025	6,084

($ in thousands)	2026	2025	*2024	2026 vs 2025	2025 vs 2024
Drainage fees	44,183	37,945	33,346	6,238	4,599
Customer connection fees	10,387	5,929	6,508	4,457	(578)
City of El Paso franchise fee	6,550	6,550	6,550	—	—
PFAS settlement	6,056	—	—	6,056	—
Miscellaneous operating revenue	14,612	11,848	6,037	2,764	5,811
Total operating revenues	**476,754**	**446,586**	**420,075**	**30,168**	**26,511**
Operating expenses:					
O&M - water and reclaimed water	75,683	81,656	72,415	(5,973)	9,241
O&M - wastewater	44,286	42,226	37,705	2,060	4,521
General, administrative, and engineering expenses	52,579	53,129	45,674	(550)	7,455
Operations and maintenance - drainage	8,798	9,750	7,054	(952)	2,695
Miscellaneous operating expenses	6,960	6,463	4,695	497	1,768
Other post-employment benefits expense	136	120	—	17	120
Pension expense	10,950	6,855	9,135	4,095	(2,281)
Depreciation and amortization	99,679	91,264	82,503	8,414	8,761
Payment to City of El Paso franchise fee	6,550	6,550	6,550	—	—
Payment to City of El Paso per bond covenants	—	—	20,227	—	(20,227)
Total operating expenses	**305,620**	**298,011**	**285,958**	**7,608**	**12,053**
Operating income	**171,135**	**148,575**	**134,117**	**22,560**	**14,458**
Noncapital subsidies:					
Federal grant revenue - noncapital	128	287		(159)	
Payment to City of El Paso per bond covenants	(21,565)	(20,992)		(573)	
Total noncapital subsidies	**(21,437)**	**(20,705)**		**(732)**	
Operating income and noncapital subsidies	**149,698**	**127,869**		**21,828**	
Other nonoperating revenues (expenses):					
Interest earnings	23,483	27,004	31,802	(3,521)	(4,798)
Capital contributions	12,236	13,734	9,852	(1,498)	3,882
Federal grant contributions - capital	19,098	10,653	2,686	8,445	7,967
Non-Federal grant contributions - capital	452	553	3,138	(101)	(2,585)
Gain on land assets converted by sale	6,266	836	2,806	5,430	(1,971)
Gain on sale of miscellaneous assets	1,078	279	466	799	(187)
Federal grant revenue - noncapital	—	—	1,017	—	(1,017)
Other nonoperating lease revenue	—	—	2,804	—	(2,804)
Financing fees and charges	(2,868)	(1,530)	—	(1,338)	(1,530)
Other nonoperating expenses	—	—	(2,129)	—	2,129
Interest expense	(68,290)	(58,498)	(52,727)	(9,792)	(5,771)
Total other non-operating revenues (expenses)	**(8,546)**	**(6,969)**	**(285)**	**(1,577)**	**(6,684)**
Increase in net position	**141,152**	**120,900**	**133,832**	**20,252**	**(12,932)**
Net position, beginning of year	1,722,278	1,601,378	1,467,546	120,900	133,832
Net position, end of year	**1,863,430**	**1,722,278**	**1,601,378**	**141,152**	**120,900**

**2024 remains under the pre-GASB Statement No. 103 presentation. The 2024 payment to the City of El Paso per bond covenants remains in operating expenses, and 2024 federal noncapital grant and lease revenues remain in other nonoperating revenues. Separate 2024 noncapital-subsidy and operating-income-and-noncapital-subsidy subtotals are not presented. Dollar amounts are in thousands; amounts may not add due to rounding.*

GASB Statement No. 103 presentation - EPWater implemented GASB 103 for 2026 and reclassified 2025 to conform because 2025 is presented in the comparative basic financial statements. The 2025 operating revenues include $2.9 million of lease revenue reclassified from nonoperating to operating revenue, and the 2026 operating revenues include $6.1 million from the one-time PFAS-related settlement. The 2024 amounts remain as historically reported under the former presentation and are not fully comparable. No unusual or infrequent items were reported. See Notes 1 and 29 for more information on GASB 103.

- Operating revenues increased by $30.2 million, or 6.8%, in 2026 and by $26.5 million, or 6.3%, in 2025. The 2026 increase was driven by wastewater revenue ($11.0 million), reflecting an approved rate adjustment and customer growth of 1.5%; the PFAS-related settlement ($6.1 million); drainage revenue ($6.2 million), reflecting the 16% stormwater fee adjustment and customer growth; customer connection fees ($4.5 million), associated with new connections; and miscellaneous operating revenue ($2.8 million), primarily from higher billing sanitation fees and lease revenues. The approved water rate increase and customer growth offset a 6.1% decline in billed consumption, resulting in a $1.3 million increase in water revenue. Water Supply Replacement Charge revenue decreased by $1.2 million due to lower consumption and the expanded waiver for customers using 4 CCFs or less. From 2024 to 2025, operating revenues increased primarily due to approved water, wastewater, and drainage rate adjustments and customer growth; the $26.5 million increase also includes $2.9 million of lease revenue reclassified from nonoperating to operating revenue under GASB 103.

- Operating expenses increased by $7.6 million, or 2.6%, in 2026. Water and reclaimed-water operations and maintenance decreased by $6.0 million, largely due to lower surface-water purchases, which reduced treatment costs. Depreciation and amortization increased by $8.4 million as additional capital assets were placed into service, wastewater operations and maintenance increased by $2.1 million due to higher treatment and collection-system maintenance demands, and pension expense also increased by $4.1 million. The net effect of the $30.2 million increase in operating revenues and the $7.6 million increase in operating expenses was a $22.6 million increase in operating income, bringing operating income to $171.1 million, or 15.2% above the prior year. The displayed 2025-to-2024 operating expense increase was $12.1 million. Because FY2024 was not reclassified under GASB 103, the operating subtotals are not fully comparable. On a historical classification basis, the increase primarily reflected higher personnel costs as 94 vacant positions were filled and budgeted salary increases were implemented, higher system maintenance costs, and increased depreciation and amortization as additional assets were placed into service.
- Net noncapital subsidy expense increased by $0.7 million in 2026, primarily reflecting the required payment to the City under the bond ordinances. Other nonoperating activity was less favorable than the prior year because interest expense increased by $9.8 million due to additional debt issued to finance EPWater's capital improvement program, while investment earnings decreased by $3.5 million as cash and investments were used to fund construction projects. Capital and grant contributions also increased by $6.8 million from the prior year, due mainly to federal grant reimbursements for the Pure Water Center and the County of El Paso Water and Wastewater System. From 2024 to 2025, the change in net position decreased by $12.9 million. Operating revenues increased; however, higher personnel, maintenance, depreciation, and interest costs, along with lower investment earnings and gains on asset sales, resulted in a smaller increase in net position than in 2024. Higher capital and grant contributions helped limit the decrease.

Service connections and customer growth

Customer growth supported recurring operating revenue. The following table presents retail service connections at each fiscal year-end.

Customer class	**2026**	**2025**	**2024**	**2026 growth**
Water customers	225,582	222,210	221,673	1.5%
Wastewater customers	215,881	212,622	211,782	1.5%
Drainage customers	207,840	206,144	205,219	0.8%

Customer counts are retail connections at fiscal year-end; 2026 growth is measured from the 2025 ending balance.

EPWater added 3,372 water, 3,259 wastewater, and 1,696 drainage customers during 2026. At year-end, connections increased across all service categories over the three-year period.

Detailed Analysis of Water and Wastewater Utility Fund

The following table summarizes the Water and Wastewater Utility Fund's operating results and change in net position.

($ in thousands)	**2026**	**2025**	***2024**	**2026 vs 2025**	**2025 vs 2024**
Operating revenues	431,361	407,629	386,277	23,732	21,352
Operating expenses	288,879	281,413	272,011	7,466	9,403
Operating income	**142,482**	**126,216**	**114,266**	**16,266**	**11,950**
Noncapital subsidies, net	(21,437)	(20,705)		(732)	
Operating income and noncapital subsidies	**121,045**	**105,511**		**15,535**	
Other nonoperating revenues (expenses), net	(2,807)	(1,521)	3,805	(1,286)	(5,326)
Change in net position	**118,238**	**103,990**	**118,071**	**14,248**	**(14,081)**
Ending net position	**1,678,382**	**1,560,144**	**1,456,154**	**118,238**	**103,990**

- Water and Wastewater operating revenues increased by $23.7 million, or 5.8%, to $431.4 million in 2026. Wastewater revenue increased by $11.0 million, reflecting the approved 5% rate adjustment and 1.5% customer growth. The PFAS-related settlement contributed $6.1 million. Customer connection fees increased by $4.5 million due to new service and development activity, including the TXDOT Borderland Expressway, and miscellaneous operating revenue increased by $2.6 million, including approximately $0.6 million in additional City billing sanitation fees and $2 million in receipts from leases. Water revenue increased by $1.3 million as the approved 7% rate increase and customer growth supported revenue despite a 6.1% decline in billed volume during cooler weather and approximately 10.8 inches of precipitation. Water Supply Replacement Charge revenue decreased by $1.2 million due to lower consumption and the expanded waiver for customers using 4 CCFs or less. From 2024 to 2025, operating revenues increased by $21.4 million, or 5.5%, primarily due to approved 4% water and wastewater rate increases, customer growth, and $2.9 million of lease revenue reclassified from nonoperating to operating revenue under GASB Statement No. 103.
- Operating expenses increased by $7.5 million, or 2.7%, in 2026. Water and reclaimed-water operations and maintenance decreased by $6.0 million, largely because lower surface-water purchases reduced treatment costs. Expenses increased in other areas, including $7.9 million in depreciation and amortization as additional capital assets were placed in service, $3.8 million in pension expense, and $2.1 million in wastewater operations and maintenance. The wastewater increase primarily reflected approximately $1.3 million in collection-line costs and $0.9 million in treatment costs, while lower lift-station costs limited the increase. The displayed 2025-to-2024 increase in operating expenses was $9.4 million, or 3.5%; however, the operating subtotals are not fully comparable because 2024 was not reclassified under GASB Statement No. 103. On the historical classification basis, the 2025 increase reflected approximately $7.0 million in additional personnel costs associated with filling 94 vacant positions and implementing budgeted salary increases, approximately $8.0 million in higher system-maintenance costs, and higher depreciation and amortization as additional assets were placed in service. Lower costs in other operating categories limited the net increase to $9.4 million. Higher operating and interest expenses and lower investment earnings contributed to a decrease in the fund's change in net position from $118.1 million in 2024 to $104.0 million in 2025, a decline of $14.1 million. Growth in operating revenues, capital, and grant contributions helped limit that decline.

Water and Wastewater Utility Financial Indicators

Financial indicator	2026	2025	*2024	Interpretation
Current assets / current liabilities	2.35x	2.96x	3.56x	Measures short-term liquidity; lower due to construction funds being used.
Operating ratio[1]	0.45	0.48	0.50	Measures operating efficiency before depreciation and amortization; lower is better.
Debt service coverage	2.12x	2.08x	2.49x	Above the 1.50x bond ordinance minimum.
Debt ratio[2]	0.46	0.45	0.44	Higher bonds and extendable commercial paper financed the capital program.

The current ratio declined as construction funds were spent and current liabilities increased. The operating ratio improved, debt service coverage remained above the covenant minimum, and the debt ratio increased with capital financing.

*[1] Operating ratio equals operating expenses less depreciation and amortization divided by operating revenues. *The 2024 ratio is based on pre-GASB 103 classifications and is not directly comparable with 2026 and 2025. [2] Debt ratio equals revenue-bond and extendable-commercial-paper principal divided by total assets.*

Detailed Analysis of Municipal Drainage Utility Fund

The following table summarizes the Municipal Drainage Utility Fund's operating results and change in net position.

($ in thousands)	2026	2025	*2024	2026 vs 2025	2025 vs 2024
Operating revenues	45,664	39,195	34,002	6,469	5,193
Operating expenses	17,011	16,836	14,151	176	2,685
Operating income	**28,653**	**22,359**	**19,851**	**6,294**	**2,508**
Other nonoperating revenues (expenses), net	(5,682)	(5,449)	(4,090)	(233)	(1,359)
Change in net position	**22,971**	**16,910**	**15,761**	**6,061**	**1,149**
Ending net position	**210,063**	**187,092**	**170,182**	**22,971**	**16,910**

- Municipal Drainage operating revenues increased by $6.5 million, or 16.5%, to $45.7 million in 2026. The 16% stormwater fee adjustment, effective March 1, 2025, contributed to increases of $2.6 million in residential revenue and $3.6 million in nonresidential revenue. Customer growth of approximately 0.8% and a $0.2 million increase in miscellaneous operating revenue also contributed. The 2025 increase of $5.2 million followed a similar pattern and was driven primarily by the 13% fee adjustment effective March 1, 2024.
- Operating expenses remained nearly unchanged in 2026, increasing by $0.2 million, or 1.0%, to $17.0 million. Direct drainage operations and maintenance decreased by $1.0 million because maintenance and professional service activities were lower than in the prior year. Costs outside day-to-day drainage maintenance increased, including $0.4 million in allocated support costs, $0.3 million in pension expense, and $0.5 million in depreciation and amortization as completed drainage assets were placed in service. Because operating revenues increased by $6.5 million while expenses remained relatively stable, operating income increased by $6.3 million, or 28.1%, to $28.7 million. After $5.7 million of net nonoperating expense, the fund's net position increased by $23.0 million to $210.1 million.
- From 2024 to 2025, Municipal Drainage operating expenses increased by $2.7 million. The increase was concentrated in direct drainage activities: maintenance costs rose by approximately $2.2 million, general and administrative costs by $0.4 million, and emergency-response costs by $0.1 million. Depreciation and amortization also increased by $0.4 million as additional drainage assets were placed in service. Lower indirect cost allocation and pension expense limited the overall increase. Together with the $5.2 million increase in operating revenues discussed above, these changes increased operating income by approximately $2.5 million. After $5.4 million of net nonoperating expense, the fund's net position increased by $16.9 million to $187.1 million at the end of 2025. Because 2024 was reported under the former classification model, the operating subtotals are not fully comparable with the GASB 103 amounts presented for 2025 and 2026.

Municipal Drainage Utility Financial Indicators

Financial indicator	2026	2025	*2024	Interpretation
Current assets / current liabilities	2.83x	3.17x	2.89x	Measures short-term liquidity; lower than 2025 but above 1.0x.
Operating ratio[1]	0.26	0.31	0.29	Measures operating efficiency before depreciation and amortization; improved as fee revenue increased.
Debt service coverage	2.13x	2.01x	2.20x	Above the 1.25x bond ordinance minimum.
Debt ratio[2]	0.46	0.47	0.48	Continued gradual decline.

The current ratio remained above 1.0x. The operating ratio improved as fee revenue growth exceeded operating expenses excluding depreciation and amortization; debt service coverage remained above the covenant minimum, and the debt ratio declined because total assets grew faster than revenue-bond and extendable-commercial-paper principal.

*[1] Operating ratio equals operating expenses less depreciation and amortization divided by operating revenues. *The 2024 ratio is based on pre-GASB 103 classifications and is not directly comparable with 2026 and 2025. [2] Debt ratio equals revenue-bond and extendable-commercial-paper principal divided by total assets.*

3 Significant Capital Asset and Long-Term Financing Activity

Capital assets

The following table presents changes within each classification of capital assets, net of accumulated depreciation and amortization, for 2026, 2025, and 2024.

Capital asset class ($ in thousands)	2026	2025	2024
Land and right-of-way	397,843	395,049	371,083
Right-to-use lease assets	5,258	5,599	4,857
Subscription-based IT arrangement assets	2,902	1,561	1,932
Irrigation water rights contracts	13,083	13,055	13,030
Buildings and shops	55,007	55,719	46,959
Vehicles	22,415	16,791	13,055
Equipment and tools	31,377	32,031	32,404
Water system	1,023,416	917,797	863,513
Wastewater system	635,075	581,105	521,862
Drainage system	196,812	196,302	178,735
Construction work in progress	1,229,737	911,318	700,421
Total capital assets, net	**3,612,926**	**3,126,328**	**2,747,850**

- Net capital assets increased by $486.6 million, or 15.6%, in 2026 and by $378.5 million, or 13.8%, in 2025. During 2026, construction work in progress increased by $318.4 million, the water system increased by $105.6 million, and the wastewater system increased by $54.0 million. The 2025 increase reflected $210.9 million of growth in construction work in progress and a net $143.2 million increase in depreciable capital assets. Capital asset disposals were substantially smaller than additions; gains from land and miscellaneous asset sales totaled approximately $7.3 million. The table below identifies major capital activities that contributed to these increases. See Note 10 for capital asset activity and Note 25 for construction commitments.

Major capital activity

Fund	Selected 2026 activity	Financial statement effect
Water and Wastewater Utility	Bustamante Wastewater Treatment Plant improvements; advanced meter replacement; energy-performance upgrades; Pure Water Center.	Reflected primarily in construction work in progress and water and wastewater system additions.
Municipal Drainage Utility	Will Ruth Pond improvements; J.T. Hickerson drainage work; dam improvements; open-space acquisitions.	Reflected in construction work in progress, drainage system, and land.

Long-term financing

The following table summarizes significant outstanding debt and related unamortized premiums at fiscal year-end.

Significant debt component ($ in thousands)	**2026**	**2025**	**2024**
Water and wastewater revenue bonds - principal	$1,531,420	$1,329,315	$1,383,620
Water and wastewater commercial paper	—	—	60,000
Water and wastewater extendable commercial paper	300,000	280,000	—
Water and wastewater unamortized premiums, net	126,748	112,996	119,857
Municipal drainage system bonds - principal	199,192	189,354	142,622
Municipal drainage extendable commercial paper	20,000	20,000	60,000
Municipal drainage unamortized premiums, net	19,308	19,975	14,801
Total significant outstanding debt and premiums	**2,196,668**	**1,951,640**	**1,780,900**

- During 2026, the City issued $296.8 million of Water and Sewer Revenue Refunding Bonds, Series 2025, and $31.8 million of Municipal Drainage Utility System Revenue Refunding Bonds, Series 2025. The transactions refinanced outstanding extendable commercial paper and selected prior bond obligations in an effort to increase cost savings for the utility. Scheduled future bond debt service on February 28, 2026, totaled $2.386 billion for the Water and Wastewater Utility and $283.3 million for the Municipal Drainage Utility, consisting of $1.531 billion and $199.2 million of principal and $854.5 million and $84.1 million of interest, respectively. See Notes 11 and 12 for more details.
- During 2026, Water and Wastewater ECP additions and reductions were $300 million and $280 million, respectively, resulting in a $20 million net increase to $300 million outstanding at year-end. Municipal Drainage ECP additions and reductions were each $20 million, leaving $20 million outstanding. Authorized program limits were $300 million and $60 million, respectively. See Notes 11 and 14 for more details.
- Right-to-use lease liabilities decreased by $0.2 million to $5.8 million, while subscription-based information technology arrangement (SBITA) liabilities increased by $1.1 million to $1.8 million. See Notes 15 and 16 for more details.
- Significant outstanding debt and related unamortized premiums increased by $245 million, or 12.6%, in 2026 and by $170.7 million, or 9.6%, in 2025, rising from $1.781 billion in 2024 to $2.197 billion in 2026. The increases financed construction activity for current and future projects and reflect EPWater's use of ECP as interim financing during construction, followed by long-term revenue bonds that refinance ECP and other obligations.

Bond and interim-financing ratings

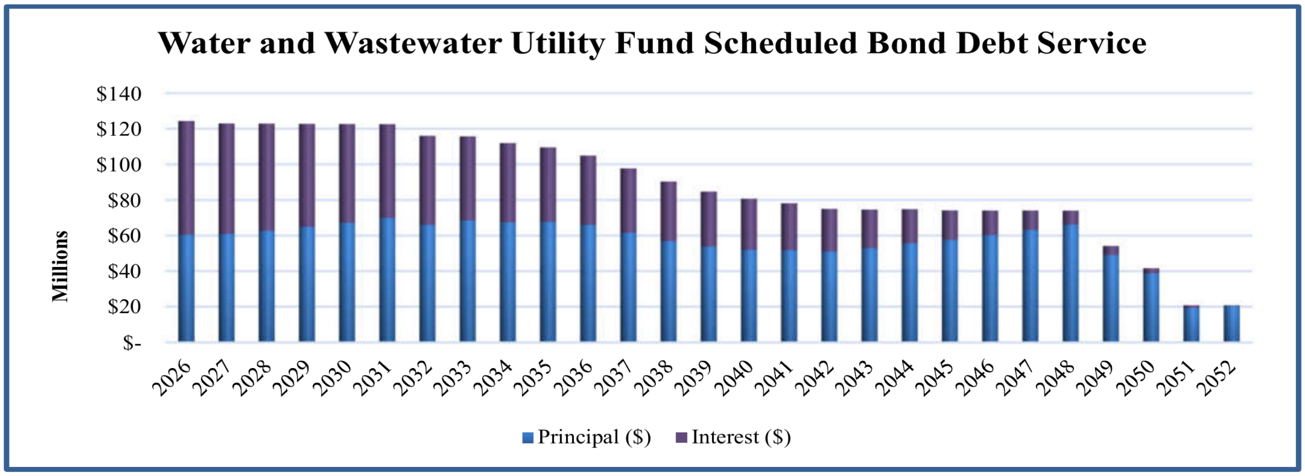
The following table summarizes EPWater's bond and interim-financing ratings as of February 28, 2026.

Instrument	Standard & Poor's	Fitch	Moody's
Water and Wastewater extendable commercial paper	A-1+	AA+	—
Water and Sewer System bonds	AA	AA+	—
Municipal Drainage System bonds	AA+	AA+	—
Municipal Drainage extendable commercial paper	A-1+	—	—

EPWater's long-term ratings remained in the AA category at fiscal year-end.

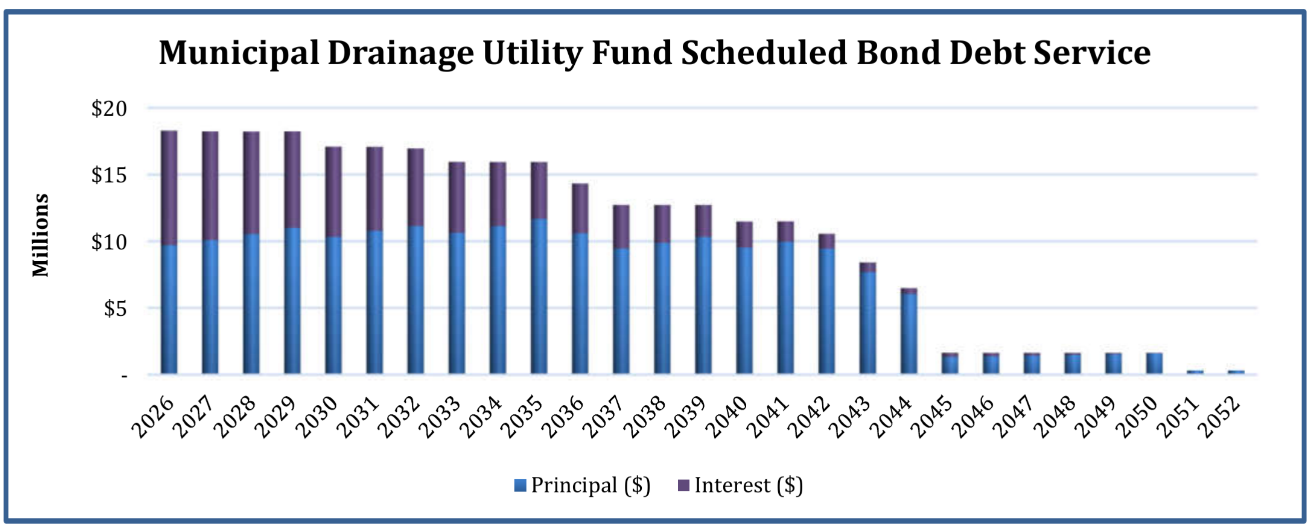
The following charts present scheduled principal and interest payments on outstanding revenue bonds as of February 28, 2026. The schedules exclude extendable commercial paper, lease liabilities, SBITA liabilities, and other long-term obligations.

Scheduled bond debt service — Water and Wastewater Utility



Source: Water and Wastewater Utility Fund Summary Statement of Debt Service Requirements, February 28, 2026; see Note 12.

Scheduled bond debt service — Municipal Drainage Utility



Source: Municipal Drainage Utility Fund Summary Statement of Debt Service Requirements, February 28, 2026; see Note 12.

4 Currently Known Facts, Decisions, or Conditions

The following matters were known as of the date management prepared this MD&A and are expected to have a significant financial effect on EPWater after February 28, 2026. Dollar amounts in the following table are expressed in millions or billions, except per-customer rates and charges.

Economic Factors and Next Year's Budget and Rates (2026-27)

River-water availability and drought conditions	In calendar year 2025, EPWater received approximately 19,495 acre-feet of Rio Grande surface water delivered to its two surface-water treatment plants, compared with a full allocation of about 60,000 acre-feet. A partial allocation is expected in 2026. Reduced surface-water availability may increase groundwater pumping, treatment, and energy costs. See Note 24 for more information.
Regional economy and customer growth	The 2026-27 Water and Wastewater plan assumes 1% customer growth, while the Municipal Drainage plan assumes 0.6%. The budget book reports a city population of about 680,000, a county population of about 875,000, a 2024 median home price of about $331,400, and county employment of about 406,200 in November 2025. Growth supports revenue but also increases infrastructure and affordability needs.
2026-27 rates and typical bill	Effective March 1, 2026, the Public Service Board approved 12% water and reclaimed-water rate adjustments and a 15% wastewater rate adjustment. Municipal drainage fees did not increase. The typical residential combined bill is expected to increase by $9.99 per month, or about 12%.
Affordability provisions	Customers using 4 CCFs or less are not charged the monthly $17.49 Water Supply Replacement Charge; more than 80,000 customers qualify. Customers using 1 CCF or less qualify for an additional $13.99 in monthly savings; about 8,000 customers qualify.
Water and Wastewater Operating Budget	The approved 2026-27 Water and Wastewater operating and capital budget totals $1.159 billion. Operations and maintenance expenses total $199.3 million; total operating expenses, including farm-lease expenditures and the franchise fee, total $206 million. The operations and maintenance budget increased by about $11.5 million, primarily due to professional services, software, and maintenance.
Water and Wastewater capital program and financing	Capital expenditures total $770.5 million. The capital improvement program (CIP) includes $474.7 million of new funding, including $322.2 million of extendable commercial paper. Major priorities include the Bustamante Wastewater Treatment Plant, Pure Water Center, line replacements, backup power, and meter replacement.
Municipal Drainage budget and capital program	The approved Municipal Drainage Utility budget totals $95.5 million, including $13 million for operations and maintenance and $60.2 million for capital expenditures. Financing includes $40 million of new bond and extendable-commercial-paper proceeds and $1.5 million of grants, with no overall stormwater fee increase.
Subsequent refunding bonds	After year-end, the City issued $319.9 million of Water and Sewer Revenue Refunding Bonds, Series 2026, to refund all outstanding Water and Sewer extendable commercial paper and Series 2016 bonds. It also issued $30 million of Municipal Drainage Utility System Revenue Refunding Bonds, Series 2026, to refund all outstanding Municipal Drainage extendable commercial paper and the Series 2016 bonds. These transactions will affect future debt service. See Note 31 for more information.

These factors were considered in developing EPWater's 2026-27 financial plan. The approved capital programs are expected to increase the utility's asset base and service capacity while also increasing depreciation, interest expense, and annual debt service. EPWater will monitor weather, river water availability, inflation, regional growth, construction market conditions, and project timing; pursue efficiencies and refinancing opportunities; and adjust operating and financing plans as necessary.

Request for Information

This report provides a general overview of EPWater's finances. Questions or requests for additional financial information should be directed to the Chief Financial Officer, Public Service Board - El Paso Water Utilities, 1154 Hawkins Boulevard, El Paso, Texas 79925.

el paso
WATER

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF NET POSITION

February 28, 2026

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 62,110,341	$ 11,152,697	$ -	$ 73,263,038
Investments	27,968,342	-	-	27,968,342
Accounts receivable - customers	48,361,119	2,390,165	-	50,751,284
Leases receivable	1,835,508	33,123	-	1,868,631
Accounts receivable - other	7,456,697	92,158	(1,333,056)	6,215,799
Due from Municipal Drainage Utility	478,817	-	(478,817)	-
Due from Municipal Drainage Utility land transfer	2,000,000	-	(2,000,000)	-
Accrued interest receivable	1,859,742	73,461	-	1,933,203
Inventories	10,738,786	-	-	10,738,786
Other current assets	1,467,713	-	-	1,467,713
Prepaid expenses	2,438,949	-	-	2,438,949
Accounts receivable - City of El Paso land transfer	840,463	-	-	840,463
Restricted current assets:				
Restricted for bond requirements:				
Cash and cash equivalents	97,682,166	15,081,633	-	112,763,799
Investments	66,430,684	6,720,911	-	73,151,595
Restricted for construction and improvements:				
Cash and cash equivalents	292,381,860	51,865,387	-	344,247,247
Investments	16,920,560	-	-	16,920,560
Accounts receivable government grants	10,991,735	-	-	10,991,735
Notes receivable	59,331	-	-	59,331
Total current assets	652,022,813	87,409,535	(3,811,873)	735,620,475
Noncurrent assets:				
Leases receivable	60,069,777	933,911	-	61,003,688
Property investment costs	-	-	-	-
Due from Municipal Drainage Utility land transfer	2,044,800	-	(2,044,800)	-
Accounts receivable - City of El Paso land transfer	23,049,480	-	-	23,049,480
Restricted noncurrent assets:				
Capital assets, net of accumulated depreciation/amortization:	1,776,206,212	-	-	1,776,206,212
Water and Wastewater Utility capital assets	-	201,036,327	(57,095)	200,979,232
Right to use lease assets	5,258,024	-	-	5,258,024
Right to use SBITA assets	2,901,767	-	-	2,901,767
Land not in service	322,916,043	99,598,406	(24,670,969)	397,843,480
Construction work in progress	1,141,208,262	88,815,887	(287,000)	1,229,737,149
Total capital assets	3,248,490,308	389,450,620	(25,015,064)	3,612,925,864
Total noncurrent assets	3,333,654,365	390,384,531	(27,059,864)	3,696,979,032
Total assets	3,985,677,178	477,794,066	(30,871,737)	4,432,599,507
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on bond refunding	791,584	-	-	791,584
Pension - related items	29,265,041	1,591,049	(285,556)	30,570,534
OPEB - related items	2,652,529	187,316	(178,613)	2,661,232
Total deferred outflows of resources	32,709,154	1,778,365	(464,169)	34,023,350
Total assets and deferred outflows of resources	$ 4,018,386,332	$ 479,572,431	$ (31,335,906)	$ 4,466,622,857

	Water and Wastewater Utility	Municipal Drainage Utility	Eliminations	Total
LIABILITIES				
Current liabilities:				
Accounts payable	$ 10,549,264	$ 177,746	$ -	$ 10,727,010
Accrued payroll and benefits	3,475,808	155,626	-	3,631,434
Environmental Services collections and other payments due to City of El Paso	11,547,615	-	-	11,547,615
Other government payable	221,023	-	-	221,023
Due to Water and Wastewater Utility		478,817	(478,817)	-
Due to Water and Wastewater Utility land transfer		2,000,000	(2,000,000)	-
Self insurance worker's compensation and health claims	360,328	-	-	360,328
Customer advances for construction	319,094	-	-	319,094
SBITA liabilities	947,918	-	-	947,918
Lease liabilities	237,446	-	-	237,446
Unearned rent revenue	1,100,585	16,739	-	1,117,324
Other current liabilities	1,761,371	-	-	1,761,371
Accrued compensated absences	3,623,862	171,710	-	3,795,572
Customer deposits	13,587,955	-	-	13,587,955
OPEB current liability	623,397	36,779	-	660,176
Current liabilities payable from restricted assets:				
Accounts payable	78,156,079	5,388,808	(1,333,056)	82,211,831
Accrued interest payable	33,235,629	4,430,155	-	37,665,784
Unearned non-federal grant revenue	22,109,147	5,916,248	-	28,025,395
Retainage payable on construction contracts	28,350,603	1,203,089	-	29,553,692
Revenue bonds payable and unamortized premiums	67,349,841	10,957,636	-	78,307,477
Total current liabilities	277,556,965	30,933,353	(3,811,873)	304,678,445
Noncurrent liabilities:				
Other governments payable	535,140	-	-	535,140
Extendable commercial paper notes	300,000,000	20,000,000	-	320,000,000
Due to Water and Wastewater Utility land transfer	-	2,044,800	(2,044,800)	-
Self insurance worker's compensation claims	159,112	-	-	159,112
SBITA liabilities	883,457	-	-	883,457
Lease liabilities	5,533,193	-	-	5,533,193
Accrued compensated absences	5,534,039	159,063	-	5,693,102
OPEB noncurrent liability	12,678,080	747,969	-	13,426,049
Net pension liability	56,611,618	2,819,908	-	59,431,526
Revenue bonds payable and unamortized premiums	1,590,818,035	207,542,318	-	1,798,360,353
Noncurrent liabilities payable from restricted assets:				
Arbitrage liability	12,492,144	2,047,797	-	14,539,941
Total noncurrent liabilities	1,985,244,818	235,361,855	(2,044,800)	2,218,561,873
Total liabilities	2,262,801,783	266,295,208	(5,856,673)	2,523,240,318
DEFERRED INFLOWS OF RESOURCES				
Debt refundings	6,302,330	1,486,072	-	7,788,402
Lease - related items	60,750,346	915,710	-	61,666,056
Pension - related items	978,164	129,151	(285,556)	821,759
OPEB - related items	9,171,731	683,343	(178,613)	9,676,461
Total deferred inflows of resources	77,202,571	3,214,276	(464,169)	79,952,678
NET POSITION				
Net investment in capital assets	1,371,729,030	172,362,697	(25,015,064)	1,519,076,663
Restricted:				
Restricted for debt service	130,877,221	17,372,389	-	148,249,610
Restricted for construction and improvements	83,969,992	14,411,342	-	98,381,334
Total restricted	214,847,213	31,783,731	-	246,630,944
Unrestricted	91,805,735	5,916,519	-	97,722,254
Total net position	1,678,381,978	210,062,947	(25,015,064)	1,863,429,861
Total liabilities, deferred inflows of resources, and net position	$ 4,018,386,332	$ 479,572,431	$ (31,335,906)	$ 4,466,622,857

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF NET POSITION

February 28, 2025

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 68,187,596	$ 3,762,355	$ -	$ 71,949,951
Investments	15,046,311	3,000,000	-	18,046,311
Accounts receivable - customers	44,123,787	2,045,740	-	46,169,527
Leases receivable	1,854,344	31,359	-	1,885,703
Accounts receivable - other	4,819,162	348,845	-	5,168,007
Property investment costs	373,137	-	-	373,137
Due from Municipal Drainage Utility	92,020	-	(92,020)	-
Due from Municipal Drainage Utility land transfer	2,000,000	-	(2,000,000)	-
Accrued interest receivable	3,552,507	67,198	-	3,619,705
Inventories	10,284,788	-	-	10,284,788
Other current assets	666,417	-	-	666,417
Prepaid expenses	2,664,901	-	-	2,664,901
Accounts receivable - City of El Paso land transfer	831,643	-	-	831,643
Restricted current assets:				
Restricted for bond requirements:				
Cash and cash equivalents	93,028,770	13,048,605	-	106,077,375
Investments	52,630,090	6,156,346	-	58,786,436
Restricted for construction and improvements:				
Cash and cash equivalents	271,334,683	56,261,778	-	327,596,461
Investments	132,131,306	-	-	132,131,306
Accounts receivable government grants	9,649,025	-	-	9,649,025
Notes receivable	75,011	-	-	75,011
Total current assets	713,345,498	84,722,226	(2,092,020)	795,975,704
Noncurrent assets:				
Leases receivable	61,018,501	730,311	-	61,748,812
Property investment costs	1,119,607	-	-	1,119,607
Due from Municipal Drainage Utility land transfer	5,044,800	-	(5,044,800)	-
Accounts receivable - City of El Paso land transfer	23,889,943	-	-	23,889,943
Restricted noncurrent assets:				
Capital assets, net of accumulated depreciation/amortization:	1,614,149,787	-	-	1,614,149,787
Water and Wastewater Utility capital assets	-	198,650,257	-	198,650,257
Right to use lease assets	5,599,390	-	-	5,599,390
Right to use SBITA assets	1,551,811	8,846	-	1,560,657
Land not in service	320,398,202	99,322,180	(24,670,969)	395,049,413
Construction work in progress	851,458,306	60,146,942	(287,000)	911,318,248
Total capital assets	2,793,157,496	358,128,225	(24,957,969)	3,126,327,752
Total noncurrent assets	2,884,230,347	358,858,536	(30,002,769)	3,213,086,114
Total assets	3,597,575,845	443,580,762	(32,094,789)	4,009,061,818
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on bond refunding	1,177,690	-	-	1,177,690
Pension - related items	21,395,778	948,214	(145,669)	22,198,323
OPEB - related items	3,453,274	240,558	(232,458)	3,461,374
Total deferred outflows of resources	26,026,742	1,188,772	(378,127)	26,837,387
Total assets and deferred outflows of resources	$ 3,623,602,587	$ 444,769,534	$ (32,472,916)	$ 4,035,899,205

	Water and Wastewater Utility	Municipal Drainage Utility	Eliminations	Total
LIABILITIES				
Current liabilities:				
Accounts payable	$ 8,175,058	$ 298,587	$ -	$ 8,473,645
Accrued payroll and benefits	3,059,239	170,045	-	3,229,284
Environmental Services collections and other payments due to City of El Paso	10,770,464	-	-	10,770,464
Other government payable	211,316	-	-	211,316
Due to Water and Wastewater Utility	-	92,020	(92,020)	-
Due to Water and Wastewater Utility land transfer	-	2,000,000	(2,000,000)	-
Self insurance worker's compensation and health claims	416,484	-	-	416,484
Customer advances for construction	500,377	-	-	500,377
SBITA liabilities	654,432	-	-	654,432
Lease liabilities	229,778	-	-	229,778
Unearned rent revenue	2,134,908	20,603	-	2,155,511
Other current liabilities	1,579,262	-	-	1,579,262
Accrued compensated absences	3,212,546	154,568	-	3,367,114
Customer deposits	13,320,139	-	-	13,320,139
OPEB current liability	543,409	30,487	-	573,896
Current liabilities payable from restricted assets:				
Accounts payable	68,974,288	4,133,371	-	73,107,659
Accrued interest payable	27,963,078	4,158,365	-	32,121,443
Unearned non-federal grant revenue	21,343,923	5,698,001	-	27,041,924
Retainage payable on construction contracts	16,370,369	160,757	-	16,531,126
Revenue bonds payable and unamortized premiums	61,800,569	9,794,447	-	71,595,016
Total current liabilities	241,259,639	26,711,251	(2,092,020)	265,878,870
Noncurrent liabilities:				
Other governments payable	756,163	-	-	756,163
Extendable commercial paper notes	280,000,000	20,000,000	-	300,000,000
Due to Water and Wastewater Utility land transfer	-	5,044,800	(5,044,800)	-
Self insurance worker's compensation claims	626,549	-	-	626,549
SBITA liabilities	88,740	-	-	88,740
Lease liabilities	5,770,639	-	-	5,770,639
Accrued compensated absences	6,268,898	226,643	-	6,495,541
OPEB noncurrent liability	12,526,591	702,771	-	13,229,362
Net pension liability	48,289,452	2,127,958	-	50,417,410
Revenue bonds payable and unamortized premiums	1,380,510,670	199,534,446	-	1,580,045,116
Noncurrent liabilities payable from restricted assets:				
Arbitrage liability	10,595,935	1,523,445	-	12,119,380
Total noncurrent liabilities	1,745,433,637	229,160,063	(5,044,800)	1,969,548,900
Total liabilities	1,986,693,276	255,871,314	(7,136,820)	2,235,427,770
DEFERRED INFLOWS OF RESOURCES				
Debt refundings	3,218,936	100,852	-	3,319,788
Lease - related items	62,689,484	729,929	-	63,419,413
Pension - related items	221,902	156,495	(145,669)	232,728
OPEB - related items	10,635,412	818,663	(232,458)	11,221,617
Total deferred inflows of resources	76,765,734	1,805,939	(378,127)	78,193,546
NET POSITION				
Net investment in capital assets	1,263,204,355	153,894,352	(24,957,969)	1,392,140,738
Restricted:				
Restricted for debt service	117,695,782	15,046,586	-	132,742,368
Restricted for construction and improvements	93,795,098	19,550,332	-	113,345,430
Total restricted	211,490,880	34,596,918	-	246,087,798
Unrestricted	85,448,342	(1,398,989)	-	84,049,353
Total net position	1,560,143,577	187,092,281	(24,957,969)	1,722,277,889
Total liabilities, deferred inflows of resources, and net position	$ 3,623,602,587	$ 444,769,534	$ (32,472,916)	$ 4,035,899,205

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, 2026

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Operating revenues:				
Water	$ 179,312,330	$ -	$ (14,018)	$ 179,298,312
Water supply replacement charge	39,696,530	-	-	39,696,530
Reclaimed water	5,947,494	-	-	5,947,494
Wastewater	170,023,268	-	-	170,023,268
Drainage fees	-	44,416,296	(233,087)	44,183,209
Customer connection fees	10,386,741	-	-	10,386,741
City of El Paso franchise fee	6,550,000	-	-	6,550,000
PFAS settlement	6,056,208	-	-	6,056,208
Miscellaneous operating revenue	13,388,501	1,247,752	(24,000)	14,612,253
Total operating revenues	431,361,072	45,664,048	(271,105)	476,754,015
Operating expenses:				
Operations and maintenance - water and reclaimed water	75,768,540	-	(85,956)	75,682,584
Operations and maintenance - wastewater	44,388,081	-	(102,064)	44,286,017
General, administrative and engineering expenses	50,235,652	-	2,342,933	52,578,585
Operations and maintenance - drainage	-	8,835,767	(38,018)	8,797,749
Indirect cost allocation	-	2,388,000	(2,388,000)	-
Miscellaneous operating expenses	6,959,873	-	-	6,959,873
OPEB Expense	133,437	2,739	-	136,176
Pension expense	10,466,173	483,835	-	10,950,008
Depreciation and amortization	94,377,396	5,301,123	-	99,678,519
Payment to City of El Paso franchise fee	6,550,000	-	-	6,550,000
Total operating expenses	288,879,152	17,011,464	(271,105)	305,619,511
Operating income	142,481,920	28,652,584	-	171,134,504
Noncapital subsidies:				
Federal grant revenue - noncapital	128,103	-	-	128,103
Payment to City of El Paso per bond covenants	(21,564,750)	-	-	(21,564,750)
Total noncapital subsidies	(21,436,647)	-	-	(21,436,647)
Operating income and noncapital subsidies	121,045,273	28,652,584	-	149,697,857
Other nonoperating revenues (expenses):				
Interest earnings	21,246,795	2,236,297	-	23,483,092
Capital contributions	12,236,492	-	-	12,236,492
Federal grant contributions - capital	19,097,943	-	-	19,097,943
Non-Federal grant contributions - capital	451,595	-	-	451,595
Gain on land assets converted by sale	6,265,529	-	-	6,265,529
Gain on sale of miscellaneous assets	1,122,931	12,000	(57,095)	1,077,836
Financing fees and charges	(2,539,755)	(328,274)	-	(2,868,029)
Interest expense	(60,688,402)	(7,601,941)	-	(68,290,343)
Total other nonoperating revenues (expenses)	(2,806,872)	(5,681,918)	(57,095)	(8,545,885)
Increase (decrease) in net position	118,238,401	22,970,666	(57,095)	141,151,972
Net position - beginning of year	1,560,143,577	187,092,281	(24,957,969)	1,722,277,889
Net position - end of year	$ 1,678,381,978	$ 210,062,947	$ (25,015,064)	$ 1,863,429,861

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

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

ENTERPRISE FUNDS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

For the Year Ended February 28, 2025

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Operating revenues:				
Water	$ 178,025,535	$ -	$ (14,151)	$ 178,011,384
Water supply replacement charge	40,877,194	-	-	40,877,194
Reclaimed water	6,426,578	-	-	6,426,578
Wastewater	158,998,404	-	-	158,998,404
Drainage fees	-	38,144,557	(199,721)	37,944,836
Customer connection fees	5,929,408	-	-	5,929,408
City of El Paso franchise fee	6,550,000	-	-	6,550,000
Miscellaneous operating revenue	10,821,927	1,050,067	(24,000)	11,847,994
Total operating revenues	407,629,046	39,194,624	(237,872)	446,585,798
Operating expenses:				
Operations and maintenance - water and reclaimed water	81,728,679	-	(72,856)	81,655,823
Operations and maintenance - wastewater	42,314,130	-	(88,005)	42,226,125
General, administrative and engineering expenses	51,129,372	-	1,999,140	53,128,512
Operations and maintenance - drainage	-	9,787,732	(38,151)	9,749,581
Indirect cost allocation	-	2,038,000	(2,038,000)	-
Miscellaneous operating expenses	6,462,950	-	-	6,462,950
OPEB Expense	119,665	-	-	119,665
Pension expense	6,655,479	199,045	-	6,854,524
Depreciation and amortization	86,453,106	4,811,010	-	91,264,116
Payment to City of El Paso franchise fee	6,550,000	-	-	6,550,000
Total operating expenses	281,413,381	16,835,787	(237,872)	298,011,296
Operating income	126,215,665	22,358,837	-	148,574,502
Noncapital subsidies:				
Federal grant revenue - noncapital	287,100	-	-	287,100
Payment to City of El Paso per bond covenants	(20,992,232)	-	-	(20,992,232)
Total noncapital subsidies	(20,705,132)	-	-	(20,705,132)
Operating income and noncapital subsidies	105,510,533	22,358,837	-	127,869,370
Other nonoperating revenues (expenses):				
Interest earnings	24,711,902	2,292,177	-	27,004,079
Capital contributions	13,734,101	-		13,734,101
Federal grant contributions - capital	10,653,124	-	-	10,653,124
Non-Federal grant contributions - capital	552,940	-	-	552,940
Gain on land assets converted by sale	835,758	-	-	835,758
Gain on sale of miscellaneous assets	278,771	-	-	278,771
Financing fees and charges	(914,591)	(615,177)	-	(1,529,768)
Interest expense	(51,372,528)	(7,125,736)	-	(58,498,264)
Total other nonoperating revenues (expenses)	(1,520,523)	(5,448,736)	-	(6,969,259)
Increase (decrease) in net position	103,990,010	16,910,101	-	120,900,111
Net position - beginning of year	1,456,153,567	170,182,180	(24,957,969)	1,601,377,778
Net position - end of year	$ 1,560,143,577	$ 187,092,281	$ (24,957,969)	$ 1,722,277,889

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

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

ENTERPRISE FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended February 28, 2026

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and other operating receipts	$ 414,426,458	$ 45,289,520	$ -	$ 459,715,978
Cash received from Municipal Drainage Utility	2,039,221	-	(2,039,221)	-
Cash received from Water and Wastewater Utility	-	233,087	(233,087)	-
Environmental services fees collected for the City of El Paso	95,176,301	-	-	95,176,301
Franchise fees collected	6,550,000	-	-	6,550,000
Cash payments to suppliers for goods and services	(111,326,644)	(6,507,689)	-	(117,834,333)
Cash payments to employees for services	(77,079,617)	(2,971,149)	-	(80,050,766)
Environmental services fees paid to the City of El Paso	(94,399,150)	-	-	(94,399,150)
Payments to City of El Paso franchise fees	(6,550,000)	-	-	(6,550,000)
Cash payments to Municipal Drainage Utility	(233,087)	-	233,087	-
Cash payments to Water and Wastewater Utility	-	(2,039,221)	2,039,221	-
Net cash provided by operating activities	**228,603,482**	**34,004,548**	**-**	**262,608,030**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Federal grant revenue - noncapital	258,491	-	-	258,491
Noncapital subsidy provided - payment to City under bond covenants	(21,564,750)	-	-	(21,564,750)
Net cash used by noncapital financing activities	**(21,306,259)**	**-**	**-**	**(21,306,259)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Revenue/refunding bond proceeds	296,805,000	31,790,000	-	328,595,000
Premiums on revenue bonds	24,910,382	2,118,025	-	27,028,407
Extendable commercial paper proceeds	300,000,000	20,000,000	-	320,000,000
Principal received on lease receivables	2,006,632	39,421	-	2,046,053
Interest received on lease receivables	1,544,615	16,345	-	1,560,960
Cash receipts from capital grants	18,204,543	-	-	18,204,543
Proceeds from unearned non-federal grants	765,224	218,247	-	983,471
Acquisition and construction from capital grants	(19,677,641)	-	-	(19,677,641)
Acquisition and construction of capital assets	(492,595,203)	(34,325,749)	-	(526,920,952)
Principal payments on lease liabilities	(229,778)	-	-	(229,778)
Interest payments on lease liabilities	(399,063)	-	-	(399,063)
Principal payments on SBITA liabilities	(1,978,602)	-	-	(1,978,602)
Interest payments on SBITA liabilities	(9,734)	-	-	(9,734)
Refunding extendable commercial paper	(280,000,000)	(20,000,000)	-	(300,000,000)
Refunding of revenue bonds	(39,335,000)	(13,490,000)	-	(52,825,000)
Principal payments on revenue bonds	(55,365,000)	(8,462,000)	-	(63,827,000)
Interest on bonds and extendable commercial paper	(62,622,668)	(8,729,895)	-	(71,352,563)
Bond issuance and extendable commercial paper fees	(2,539,755)	(328,274)	-	(2,868,029)
Interest on other government payable	(39,213)	-	-	(39,213)
Principal payments received on land-transfer and land-sale receivables	3,831,643	-	(3,000,000)	831,643
Payment to Water and Wastewater Utility on land-transfer liability	-	(3,000,000)	3,000,000	-
Proceeds from sale of assets	7,388,460	12,000	-	7,400,460
Net cash used by capital and related financing activities	**(299,335,159)**	**(34,141,880)**	**-**	**(333,477,039)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investment securities	320,035,650	57,680,087	-	377,715,737
Purchase of investment securities	(231,492,317)	(55,244,323)	-	(286,736,640)
Interest received on investment securities	23,117,921	2,728,547	-	25,846,468
Net cash provided by investing activities	**111,661,254**	**5,164,311**	**-**	**116,825,565**
Net increase in cash and cash equivalents	**19,623,318**	**5,026,979**	**-**	**24,650,297**
Cash and cash equivalents:				
Beginning of year	432,551,049	73,072,738	-	505,623,787
End of year	**$ 452,174,367**	**$ 78,099,717**	**$ -**	**$ 530,274,084**

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, 2026

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 142,481,920	$ 28,652,584	$ -	$ 171,134,504
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	94,377,396	5,301,123	-	99,678,519
GASB 87 lease revenue	(2,979,834)	(59,004)	-	(3,038,838)
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	(6,741,165)	(78,573)	-	(6,819,738)
Due from Municipal Drainage Utility	(386,797)	-	386,797	-
Inventory	(453,998)	-	-	(453,998)
Prepaid expenses	225,952	-	-	225,952
Other current assets	(801,296)	-	-	(801,296)
Deferred outflows - pension	(7,869,263)	(642,835)	-	(8,512,098)
Deferred outflows - OPEB	800,745	53,242	-	853,987
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	2,374,206	(120,841)	-	2,253,365
Other current liabilities	149,315	-	-	149,315
Environmental and franchise collections due to City	777,151	-	-	777,151
Accrued compensated absences	(323,543)	(50,438)	-	(373,981)
Accrued payroll and benefits	416,569	(14,419)	-	402,150
Customer deposits	267,816	-	-	267,816
Unearned rent revenue	(1,034,323)	(3,864)	-	(1,038,187)
Total OPEB liability	231,477	51,490	-	282,967
Net pension liability	8,322,166	691,950	-	9,014,116
Deferred inflows - pension	756,262	(27,344)	-	728,918
Deferred inflows - OPEB	(1,463,681)	(135,320)	-	(1,599,001)
Self-insurance claims	(523,593)	-	-	(523,593)
Due to Water and Wastewater Utility	-	386,797	(386,797)	-
Net cash provided by operating activities	**228,603,482**	**34,004,548**	**-**	**262,608,030**
Noncash investing, capital, and financing activities:				
Capital contributions from developers	12,236,492	-	-	12,236,492
Capital assets financed through accounts and retainage payable	106,506,682	6,591,897	-	113,098,579
Increase in arbitrage rebate liability	1,896,209	524,352	-	2,420,561
New lease receivables with related deferred inflows	216,179	236,723	-	452,902
Assets acquired through SBITA liabilities	1,742,635	-	-	1,742,635
Increase in fair value of investments	55,212	329	-	55,541
Net deferred gain (loss) on current-year refunding	(14,659)	16,863	-	2,204
Bond premium and gain amortization	(8,060,692)	(1,416,607)	-	(9,477,299)
Total noncash activities	**$ 114,578,058**	**$ 5,953,557**	**$ -**	**$ 120,531,615**

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

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO
ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended February 28, 2025

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and other operating receipts	$ 403,532,434	$ 38,899,581	$ -	$ 442,432,015
Cash received from Municipal Drainage Utility	1,944,630	-	(1,944,630)	-
Cash received from Water and Wastewater Utility	-	199,721	(199,721)	-
Environmental services fees collected for the City of El Paso	88,517,827	-	-	88,517,827
Franchise fees collected	6,550,000	-	-	6,550,000
Cash payments to suppliers for goods and services	(120,436,323)	(7,581,504)	-	(128,017,827)
Cash payments to employees for services	(72,482,240)	(2,456,218)	-	(74,938,458)
Environmental services fees paid to the City of El Paso	(90,363,119)	-	-	(90,363,119)
Payments to City of El Paso franchise fees	(6,550,000)	-	-	(6,550,000)
Cash payments to Municipal Drainage Utility	(199,721)	-	199,721	-
Cash payments to Water and Wastewater Utility	-	(1,944,630)	1,944,630	-
Net cash provided by operating activities	**210,513,488**	**27,116,950**	**-**	**237,630,438**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Noncapital subsidy provided - payment to City under bond covenants	(20,992,232)	-	-	(20,992,232)
Net cash used by noncapital financing activities	**(20,992,232)**	**-**	**-**	**(20,992,232)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Revenue/refunding bond proceeds	-	54,145,000	-	54,145,000
Premiums on revenue bonds	-	6,451,879	-	6,451,879
Extendable commercial paper proceeds	280,000,000	20,000,000	-	300,000,000
Commercial paper proceeds	10,000,000	-	-	10,000,000
Principal received on lease receivables	2,938,673	41,581	-	2,980,254
Interest received on lease receivables	679,503	17,005	-	696,508
Cash receipts from capital grants	7,844,946	-	-	7,844,946
Proceeds from unearned non-federal grants	923,990	260,961	-	1,184,951
Acquisition and construction from capital grants	(11,206,064)	-	-	(11,206,064)
Acquisition and construction of capital assets	(390,659,868)	(32,852,065)	-	(423,511,933)
Principal payments on lease liabilities	(178,177)	-	-	(178,177)
Interest payments on lease liabilities	(386,161)	-	-	(386,161)
Principal payments on SBITA liabilities	(1,568,125)	(20,586)	-	(1,588,711)
Interest payments on SBITA liabilities	(10,938)	(114)	-	(11,052)
Refunding extendable commercial paper	(70,000,000)	(60,000,000)	-	(130,000,000)
Principal payments on revenue bonds	(54,305,000)	(7,413,000)	-	(61,718,000)
Interest on bonds and extendable commercial paper	(54,023,160)	(7,529,680)	-	(61,552,840)
Bond issuance and extendable commercial paper fees	(914,589)	-	-	(914,589)
Interest on other government payable	(48,495)	-	-	(48,495)
Principal payments received on land-transfer and land-sale receivables	1,822,976	-	(1,000,000)	822,976
Payment to Water and Wastewater Utility on land-transfer liability	-	(1,000,000)	1,000,000	-
Proceeds from sale of assets	1,074,966	-	-	1,074,966
Net cash used by capital and related financing activities	**(278,015,523)**	**(27,899,019)**	**-**	**(305,914,542)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investment securities	322,085,156	10,276,760	-	332,361,916
Purchase of investment securities	(248,806,972)	(9,121,213)	-	(257,928,185)
Interest received on investment securities	24,014,057	2,345,516	-	26,359,573
Net cash provided by investing activities	**97,292,241**	**3,501,063**	**-**	**100,793,304**
Net increase in cash and cash equivalents	8,797,974	2,718,994	-	11,516,968
Cash and cash equivalents:				
Beginning of year	423,753,075	70,353,744	-	494,106,819
End of year	**$ 432,551,049**	**$ 73,072,738**	**$ -**	**$ 505,623,787**

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

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
A COMPONENT UNIT OF THE CITY OF EL PASO
ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
For the Year Ended February 28, 2025

	Water and Wastewater Utility Fund	Municipal Drainage Utility Fund	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 126,215,665	$ 22,358,837	$ -	$ 148,574,502
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	86,453,106	4,811,010	-	91,264,116
GASB 87 lease revenue	(2,917,400)	(57,114)	-	(2,974,514)
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	4,526,232	(2,840)	-	4,523,392
Due from Municipal Drainage Utility	(92,020)	-	92,020	-
Due from Water and Wastewater Utility	-	39,501	(39,501)	-
Inventory	(28,021)	-	-	(28,021)
Prepaid expenses	451,156	-	-	451,156
Other current assets	(103,713)	-	-	(103,713)
Deferred outflows - pension	3,187,461	125,276	-	3,312,737
Deferred outflows - OPEB	(260,976)	(26,662)	-	(287,638)
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	(953,070)	80,256	-	(872,814)
Other current liabilities	(264,513)	-	-	(264,513)
Environmental and franchise collections due to City	(1,773,322)	-	-	(1,773,322)
Due to Municipal Drainage Utility	(39,501)	-	39,501	-
Due to Water and Wastewater Utility	-	92,020	(92,020)	-
Accrued compensated absences	(4,234)	9,875	-	5,641
Accrued payroll and benefits	512,313	40,750	-	553,063
Customer deposits	429,226	-	-	429,226
Unearned rent revenue	453,481	4,742	-	458,223
Total OPEB liability	(96,477)	16,130	-	(80,347)
Net pension liability	(5,270,936)	(257,590)	-	(5,528,526)
Deferred inflows - pension	(95,352)	(58,075)	-	(153,427)
Deferred inflows - OPEB	(50,296)	(59,166)	-	(109,462)
Self-insurance claims	234,679	-	-	234,679
Net cash provided by operating activities	**210,513,488**	**27,116,950**	**-**	**237,630,438**
Noncash investing, capital, and financing activities:				
Capital contributions from developers	13,734,101	-	-	13,734,101
Capital assets financed through accounts and retainage payable	85,344,657	4,294,128	-	89,638,785
Increase in arbitrage rebate liability	5,914,081	754,557	-	6,668,638
New lease receivables with related deferred inflows	25,195,303	-	-	25,195,303
Assets acquired through SBITA liabilities	201,160	-	-	201,160
Increase in fair value of investments	7,829	1,040	-	8,869
Bond premium and gain amortization	(7,606,253)	(1,292,637)	-	(8,898,890)
Total noncash activities	**$ 122,790,878**	**$ 3,757,088**	**$ -**	**$ 126,547,966**

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

el paso
WATER

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On October 5, 2016, EPWater purchased agricultural properties in Hudspeth County, Texas commonly referred to as CLM farm and the Carpenter farm (collectively the "Property") in order to obtain the rights to the groundwater. At the time of purchase, much of the Property was being used for farming operations. On December 16, 2016, EPWater contracted with Dell Valley Ranch Management, LLC (DVRM) and its affiliate DanJay Enterprises, LLC (DanJay) on an interim basis to manage and farm the Property and, with the intention of leasing the Property to a third party, continued farming operations into 2018. On December 7, 2018, EPWater entered into a cash farm lease with DVRM and DanJay. The property investment costs included in the February 28, 2025 financial statements are expenses related to preservation of the farming operations on the Property. The expenses prevented deterioration in the value of the Property investment and facilitated leasing the Property. The property investment costs were set up to be repaid over the initial term of the lease, which became effective retroactively to January 1, 2018.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EPWater reports the following major enterprise funds:

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

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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. EPWater distinguishes operating revenue and expenses from nonoperating revenues and expenses in accordance with GASB Statement 103. The principal operating revenues of EPWater are charges to customers for sales and services related to the water and wastewater systems. EPWater also recognizes as operating revenue 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. Nonoperating revenues and expenses under GASB Statement 103 include (1) subsidies received and provided such as grants, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing activities, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. All revenues and expenses not meeting this definition are reported as operating 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.

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 or equal to one year are reported at amortized cost, which approximates fair value. Premiums and discounts on investments are amortized or accreted using the straight-line method, which approximates the interest method, over the terms of the related securities. It is the intent of management to hold securities until maturity, and the securities not maturing within a year after year-end are considered non-current.

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Drainage system	50-100 years
Building and shops	25-33 years
Water plant	10-50 years
Wastewater plant	5-50 years
Management information systems	5-20 years
Equipment and tools	3-33 years
Vehicles and heavy equipment	3-7 years
Water rights contract	75 years
Right to use lease assets	1-50 years
Right to use SBITA assets	1-5 years

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

Compensated Absences - EPWater implemented *GASB Statement No. 101, Compensated Absences,* during fiscal year 2025 and opted to use the Last-in, First-out (LIFO) flow assumption. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

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

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

Sick leave is earned at a rate of 15 days per year for permanent, full time EPWater employees, with an unlimited accumulation of days. Sick pay is recorded as an expense in the year incurred. As of February 28, 2026 and 2025, EPWater's total compensated absences liability was $9,488,674 and $9,862,655, respectively.

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

	2026	2025
Total payable, beginning of year	**$ 9,481,444**	$ 9,485,678
Compensated absences earned	**4,320,512**	4,477,912
Compensated absences used	**(4,644,055)**	(4,482,146)
Total payable, end of year	**$ 9,157,901**	$ 9,481,444

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

		2026		2025
Total payable, beginning of year	$	381,211	$	371,336
Compensated absences earned		235,068		226,936
Compensated absences used		(285,506)		(217,061)
Total payable, end of year	$	330,773	$	381,211

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subscription-Based Information Technology Arrangements - A SBITA is defined as a contract that conveys control of the right to use another party's information technology software (IT) alone or in combination with tangible capital assets, the underlying IT assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a noncancellable right to use the underlying assets. The subscription term also includes periods covered by an option to extend, if it is reasonably certain that the option will be exercised, or to terminate, if it is reasonably certain that the option will not be exercised. The SBITA liability is measured at the present value of subscription payments expected to be made during the subscription term, using the estimated incremental borrowing rate.

The corresponding subscription asset is measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. In addition, in accordance with the capitalization policy, EPWater capitalizes right to use SBITA assets with individual values at initial measurement of $25,000 and above. Subsequent to the initial measurement, the SBITA liability is reduced by the principal portion of the SBITA payment made. Interest expense is recognized based on the rate applied to each agreement. The right to use SBITA asset is subsequently amortized on a straight-line basis over the subscription term.

Reclassifications - In the Statement of Net Position certain amounts have been reclassified in Restricted Net Position for Construction and Improvements and Net Investment in Capital Assets.

New Accounting Pronouncements - EPWater implemented GASB Statement 102, *Certain Risk Disclosures,* as of March 1, 2025, as required by the standard. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The implementation of this Statement did not have an impact on the disclosures of EPWater.

EPWater also implemented GASB Statement 103, *Financial Reporting Model Improvements,* during fiscal year 2026 and retroactively applied the statement to fiscal year 2025, as required by the standard. This statement includes key changes in the Management Discussion and Analysis (MD&A), unusual or infrequent items, proprietary fund statements, and budgetary comparisons. One of the main objectives of this Statement is to improve key components of the financial reporting model to enhance clarity and decision-usefulness by revising the format of the Statement of Revenues, Expenses, and Changes in Net Position with an emphasis and better distinction between operating and nonoperating activities for better decision making and accountability. As a result of the implementation, certain amounts presented in the prior year data have been reclassified in order to be consistent with the statements requirements and current year's data. See Note 29 for more details.

2. CITY ORDINANCE NO. 752

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

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

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

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

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

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

The Ordinance further stated that the Board prepare a Master Stormwater Management Plan which was approved by the City Council and took effect in March of 2009. In developing the Stormwater Plan, the Board considered the use of open space as natural drainage and to the extent reasonably possible to preserve the City's open spaces, greenways, arroyos, and wilderness areas in their natural state. The Board shall also allocate an amount equal to 10% of the System's annual drainage utility fee revenues for Green Projects which have the potential dual purposes of stormwater management and preservation of the City's open spaces, greenways, arroyos, and wilderness areas. Since March 1, 2008, $41,882,887 has been set aside from 10% of revenues and interest earnings for Green Projects and as of February 28, 2026, $36,916,598 has been spent including the following purchases:

- Eight Park-Pond Conversions throughout the City of El Paso for $1,800,000,
- 202.658 acres for $2,465,000 on March 31, 2010,
- 140.799 acres for $2,949,000 on July 14, 2015,
- 69.63 acres for $1,669,000 on November 6, 2015,
- 152.66 acres for $2,000,000 in May 2018,
- 1,107 acres for $11,300,000 on July 23, 2019,
- 1,056 acres for $14,044,800 on July 3, 2021, of which five payments totaling $10,000,000 have been made and the remainder to be paid back within three years and,
- 68.635 acres for $2,255,700 on August 28, 2024.

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

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

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

The carrying amount of cash for the Water and Wastewater Utility at February 28, 2026 and 2025, was $(3,911,933) and $(11,395,571), respectively, and the bank balances totaled $260,823 and $334,283, respectively. The carrying amount of cash for the Municipal Drainage Utility at February 28, 2026 and 2025, was $(1,178,412) and $(270,357), respectively, and the bank balances totaled $0 and $0, respectively. The FDIC standard maximum deposit insurance amount of $250,000 for interest bearing account is permanent. As of February 28, 2026, $1,250,000 of the bank balances were covered by FDIC and secured by government securities with a fair value of $31,253,008. As of February 28, 2025, $1,250,000 of the bank balances were covered by FDIC and secured by government securities with a fair value of $58,932,093. The negative balances represent outstanding items due to the accounts being zero balance accounts as mentioned below.

EPWater also maintains Wells Fargo Money Market Sweep accounts with the advantage to gain a higher yield in lieu of receiving the Earnings Credit rating. As of February 28, 2026 and 2025, the balances in the Wells Fargo Sweep accounts totaled $19,130,987 and $25,643,893, respectively. This is an EPWater strategy to gain more yield on bank account funds. The in-transit sweeps are collateralized by Wells Fargo and the sweep balances are invested in US Treasury Obligations and repurchase agreements which are collateralized by US Treasury Obligations.

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

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

	February 28, 2026	
	Cash and Cash Equivalents	Investments
Unrestricted assets	$ 62,110,341	$ 27,968,342
Restricted assets		
Bond requirements	97,682,166	66,430,684
Construction and improvements	292,381,860	16,920,560
Total restricted assets	390,064,026	83,351,244
Total	$ 452,174,367	$ 111,319,586

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

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

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

	February 28, 2026	
	Cash and Cash Equivalents	Investments
Unrestricted assets	$ 11,152,697	$ -
Restricted assets		
Bond requirements	15,081,633	6,720,911
Construction and improvements	51,865,387	-
Total restricted assets	66,947,020	6,720,911
Total	$ 78,099,717	$ 6,720,911

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

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

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

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

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

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

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

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

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

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

The Water and Wastewater Utility cash equivalents and investments at February 28, 2026 and 2025 are categorized as summarized below:

February 28, 2026

Investment Type	Value	Original Maturities - EPWater Position: Less than 1 year	Original Maturities - EPWater Position: 1-5 years	EPWater's Weighted Average Maturity (days)	Pool's/Fund's Weighted Average Maturity (days)	Credit Rating	Percent of Grand Total
Government Investment Pools Account							
TexPool	$ 10,093,728	$ 10,093,728	$ -	1	42	AAAm	1.78%
TexPool Prime	143,981,446	143,981,446	-	1	52	AAAm	25.38%
TexStar	10,242,149	10,242,149	-	1	36	AAAm	1.81%
LOGIC	144,308,181	144,308,181	-	1	45	AAAm	25.43%
Total Pools	308,625,504	308,625,504	-				54.39%
Money Market Funds							
Fidelity Investment Money Market Treasury	97,682,166	97,682,166	-	1	54	AAAm	17.22%
Cavanal Hill US Treasury	31,586,010	31,586,010	-	1	42	AAAm	5.57%
Allspring Treasury Plus Money Market Fund	18,192,620	18,192,620	-	1	50	AAAm	3.21%
Total Money Market Funds	147,460,796	147,460,796	-				25.99%
Securities							
Federal Agency Discount:							
US Treasury Notes	40,109,055	28,555,902	11,553,153	63		AA+	7.07%
Federal Home Loan Discount Note	467,102	467,102	-	163		AA+	0.08%
Federal Agency Coupon:							
Federal Home Loan Bank	9,784,435	664,763	9,119,672	547		AA+	1.72%
Federal Farm Credit Bank	8,202,599	-	8,202,599	613		AA+	1.45%
Federal National Mortgage	6,743,468	6,743,468	-	55		AA+	1.19%
Farmer Mac	11,012,927	-	11,012,927	679		Aa2	1.94%
Total Securities	76,319,586	36,431,235	39,888,351	194			13.45%
Certificates of Deposit*	35,000,000	35,000,000	-	22		Not Rated	6.17%
Portfolio Total	$ 567,405,886	$ 527,517,535	$ 39,888,351	35			100.00%

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

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

February 28, 2025

Investment Type	Value	Original Maturities - EPWater Position: Less than 1 year	Original Maturities - EPWater Position: 1-5 years	EPWater's Weighted Average Maturity (days)	Pool's/Fund's Weighted Average Maturity (days)	Credit Rating	Percent of Grand Total
Government Investment Pools Account							
TexPool	$ 7,747,426	$ 7,747,426	$ -	1	36	AAAm	1.20%
TexPool Prime	139,178,538	139,178,538	-	1	49	AAAm	21.62%
TexStar	12,885,452	12,885,452	-	1	35	AAAm	2.00%
LOGIC	135,477,953	135,477,953	-	1	43	AAAm	21.05%
Total Pools	295,289,369	295,289,369	-				45.87%
Money Market Funds							
Fidelity Investment Money Market Treasury	93,028,770	93,028,770	-	1	26	AAAm	14.45%
Cavanal Hill US Treasury	30,492,781	30,492,781	-	1	30	AAAm	4.74%
Allspring Treasury Plus Money Market Fund	25,135,700	25,135,700	-	1	52	AAAm	3.90%
Total Money Market Funds	148,657,251	148,657,251	-				23.09%
Securities							
Federal Agency Discount:							
US Treasury Notes	38,602,360	25,142,088	13,460,272	201		Aaa	6.00%
Treasury Bills	26,339,084	26,339,084	-	26		AA+	4.09%
Federal Agency Coupon:							
Federal Home Loan Bank	15,548,979	15,548,979	-	30		Aaa	2.42%
Federal Farm Credit Bank	10,547,508	10,547,508	-	42		Aaa	1.64%
Federal National Mortgage	3,769,776	3,769,776	-	178		Aaa	0.59%
Total Securities	94,807,707	81,347,435	13,460,272	69			14.73%
Certificates of Deposit*	105,000,000	75,000,000	30,000,000	36		Not Rated	16.31%
Portfolio Total	$ 643,754,327	$ 600,294,055	$ 43,460,272	22			100.00%

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

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

The Municipal Drainage Utility cash equivalents and investments at February 28, 2026 and 2025 are categorized as summarized below:

February 28, 2026

Investment Type	Value	Original Maturities - EPWater Position: Less than 1 year	Original Maturities - EPWater Position: 1-5 years	EPWater's Weighted Average Maturity (days)	Pool's/Fund's Weighted Average Maturity (days)	Credit Rating	Percent of Grand Total
Government Investment Pools Account							
TexPool	$ 214,619	$ 214,619	$ -	1	42	AAAm	0.25%
TexPool Prime	20,367,735	20,367,735	-	1	52	AAAm	23.68%
TexStar	580,255	580,255	-	1	36	AAAm	0.67%
LOGIC	25,191,518	25,191,518	-	1	45	AAAm	29.29%
Total Pools	46,354,127	46,354,127	-				53.90%
Money Market Funds							
Fidelity Treasury Class III FOIXX	16,356,962	16,356,962	-	1	54	AAAm	19.02%
State Street Institutional Treasury (TRVXX)	547,040	547,040	-		53	AAAm	0.64%
Allspring 100% Treasury Money Market Fund	15,081,633	15,081,633	-	1	53	AAAm	17.54%
Allspring Treasury Plus Money Market Fund	938,367	938,367	-	1	50	AAAm	1.09%
Total Money Market Funds	32,924,002	32,924,002	-				38.29%
Securities							
Federal Agency Coupon:							
Federal National Mortgage Assn	1,803,045	1,803,045	-	55		AA+	2.10%
Federal Farm Credit Bank	2,933,607	-	2,933,607	499		AA+	3.41%
Federal Agency Discount:							
US Treasury Note	1,763,000	1,763,000	-	0		AA+	2.05%
Federal Home Loan Discount Note	221,259	221,259	-	163		AA+	0.26%
Total Securities	6,720,911	3,787,304	2,933,607	238			7.82%
Portfolio Total	$ 85,999,040	$ 83,065,433	$ 2,933,607	20			100.00%

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

February 28, 2025

Investment Type	Value	Original Maturities - EPWater Position: Less than 1 year	Original Maturities - EPWater Position: 1-5 years	EPWater's Weighted Average Maturity (days)	Pool's/Fund's Weighted Average Maturity (days)	Credit Rating	Percent of Grand Total
Government Investment Pools Account							
TexPool	$ 205,957	$ 205,957	$ -	1	36	AAAm	0.25%
TexPool Prime	18,861,698	18,861,698	-	1	49	AAAm	22.86%
TexStar	2,365,412	2,365,412	-	1	35	AAAm	2.87%
LOGIC	22,073,087	22,073,087	-	1	43	AAAm	26.76%
Total Pools	43,506,154	43,506,154	-				52.74%
Money Market Funds							
Fidelity Treasury Class III FOIXX	15,951,351	15,951,351	-	1	46	AAAm	19.34%
State Street Institutional Treasury (TRVXX)	328,793	328,793	-	1	50	AAAm	0.40%
Allspring 100% Treasury Money Market Fund	13,048,605	13,048,605	-	1	51	AAAm	15.82%
Allspring Treasury Plus Money Market Fund	508,192	508,192	-	1	52	AAAm	0.62%
Total Money Market Funds	29,836,941	29,836,941	-				36.17%
Securities							
Federal Agency Coupon:							
Federal Home Loan Bank	1,585,080	1,585,080	-	56		Aaa	1.92%
Federal Agency Discount:							
US Treasury Notes	2,707,691	497,306	2,210,385	323		Aaa	3.28%
Treasury Bills	1,863,575	1,863,575	-	188		AA+	2.26%
Total Securities	6,156,346	3,945,961	2,210,385	99			7.46%
Certificate of Deposit*	3,000,000	3,000,000	-	103		Not Rated	3.64%
Portfolio Total	$ 82,499,441	$ 80,289,056	$ 2,210,385	12			100.00%

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

Disclosures about Fair Value of Assets

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

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

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

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

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

Recurring Measurements

The following tables present the fair value measurements of assets for the Water and Wastewater Utility recognized in the accompanying statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy at which the assets are measured at February 28, 2026 and 2025:

February 28, 2026	Fair Value Measurements Using			
Investments by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Securities				
U.S. Agencies	$ 76,319,586	$ -	$ 76,319,586	$ -
Total Securities	$ 76,319,586	$ -	$ 76,319,586	$ -

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

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

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

The following tables present the fair value measurements of assets for the Municipal Drainage Utility recognized in the accompanying statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy at which the assets are measured at February 28, 2026 and 2025:

February 28, 2026	Fair Value Measurements Using			
Investments by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Securities				
U.S. Agencies	$ 6,720,911	$ -	$ 6,720,911	$ -
Total Securities	$ 6,720,911	$ -	$ 6,720,911	$ -

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

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

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

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

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

EPWater minimizes credit risk by limiting investments to the safest types of securities as authorized by the investment policy and described on pages 46 and 47, and by pre-qualifying the financial institutions and broker/dealers that EPWater conducts business with.

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

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

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

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

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

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

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

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

Interest Rate Risk

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

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

Foreign Currency Risk

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

EPWater does not directly invest in foreign securities; however, the money market funds might invest a minimal amount of the fund's portfolio in foreign securities.

5. RECEIVABLES

No reserve has been provided for doubtful accounts as EPWater charges directly to income those accounts determined to be uncollectible. The accounts written off for the Water and Wastewater Utility during the years ended February 28, 2026 and 2025, totaled $3,703,360 and $3,824,610, respectively. The write-off for the Municipal Drainage Utility for fiscal year ending February 28, 2026 and 2025, totaled $193,498 and $318,441, respectively. Management is of the opinion that any additional losses resulting from the collection of receivables will not be material.

EPWater uses the cycle method of billing customers for services. Under this method, customer billings are made by specified cycles established for the service area and each cycle is billed on a specific day each month. For financial reporting purposes, billings made in March which relate to services provided for the month of February are included in customer accounts receivable as unbilled charges. These amounts are summarized as follows for the fiscal years included in the accompanying financial statements:

	2026	2025
Water and Wastewater Utility		
Water	**$ 6,231,628**	$ 5,544,534
Wastewater	**7,690,708**	6,897,100
Total unbilled accounts receivable	**$ 13,922,336**	$ 12,441,634

6. INTERFUND BALANCES AND TRANSACTION ACTIVITY

Interfund Balances - The following interfund balances are the result of normal operations and are periodically cleared out. Management intends to pay these balances within one year.

	February 28, 2026	
	Due from Other Funds	Due to Other Funds
Water and Wastewater Utility	$ 478,817	$ -
Municipal Drainage Utility	-	478,817
Total	$ 478,817	$ 478,817

	February 28, 2025	
	Due from Other Funds	Due to Other Funds
Water and Wastewater Utility	$ 92,020	$ -
Municipal Drainage Utility	-	92,020
Total	$ 92,020	$ 92,020

6. INTERFUND BALANCES AND TRANSACTION ACTIVITY (Continued)

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

	February 28, 2026	
	Water and Wastewater Utility	Municipal Drainage Utility
Water revenue	$ 14,018	$ -
Drainage fee revenue	-	233,087
Rent revenue - water and wastewater	24,000	-
Operations and maintenance - water and reclaimed water	(85,956)	-
Operations and maintenance - wastewater	(102,064)	-
General, administrative and engineering	2,342,933	-
Operation and maintenance - drainage	-	(38,018)
Indirect cost allocation	-	(2,388,000)
Total	$ 2,192,931	$ (2,192,931)

	February 28, 2025	
	Water and Wastewater Utility	Municipal Drainage Utility
Water revenue	$ 14,151	$ -
Drainage fee revenue	-	199,721
Rent revenue - water and wastewater	24,000	-
Operations and maintenance - water and reclaimed water	(72,856)	-
Operations and maintenance - wastewater	(88,005)	-
General, administrative and engineering	1,999,140	-
Operation and maintenance - drainage	-	(38,151)
Indirect cost allocation	-	(2,038,000)
Total	$ 1,876,430	$ (1,876,430)

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 2026 and 2025, the budgeted and actual indirect cost were $2,388,000 and $2,038,000, respectively. During the budget process the indirect cost allocation will be adjusted based on estimated indirect costs.

6. INTERFUND BALANCES AND TRANSACTION ACTIVITY (Continued)

Interfund Land - The following interfund balances are the result of land transactions between the Water and Wastewater Utility and the Municipal Drainage Utility to preserve the land as open space.

In fiscal year ended February 29, 2020, the Water and Wastewater Utility transferred/sold 1,005.79 acres to the Municipal Drainage Utility for $11,300,000 of which the first payment of $5,000,000 was made in fiscal year 2020. A second payment of $2,000,000 was made in fiscal year 2021, a third payment of $1,500,000 in fiscal year 2022, fourth payment of $1,500,000 in fiscal year 2023, and the final payment of $2,000,000 was made in fiscal year 2024. In fiscal year ending February 28, 2022, the Water and Wastewater Utility transferred/sold 1,056 acres to the Municipal Drainage Utility for a sales price of $14,044,800 of which the first payment of $2,000,000 was made in fiscal year 2022, and the second payment of $2,000,000 was made in fiscal year 2023. A third payment of $2,000,000 was made in fiscal year 2024, a fourth payment of $1,000,000 was made in fiscal year 2025, and a fifth payment of $3,000,000 was made in fiscal year 2026 with the remaining balance to be paid in three years.

The following table presents the balance remaining on the land transfers:

	February 28, 2026	
	Due from Municipal Drainage	Due to Water and Wastewater
Water and Wastewater Utility	$ 4,044,800	$ -
Municipal Drainage Utility	-	4,044,800
Total	$ 4,044,800	$ 4,044,800

	February 28, 2025	
	Due from Municipal Drainage	Due to Water and Wastewater
Water and Wastewater Utility	$ 7,044,800	$ -
Municipal Drainage Utility	-	7,044,800
Total	$ 7,044,800	$ 7,044,800

6. INTERFUND BALANCES AND TRANSACTION ACTIVITY (Continued)

Interfund Vehicles - The following interfund receivable and payable balances are the result of the transfer/sale of vehicle assets between the Water and Wastewater Utility and the Municipal Drainage Utility.

In fiscal year ended February 28, 2026, the Water and Wastewater Utility sold and transferred four vehicles to the Municipal Drainage Utility for $1,333,056. Management intends to pay this balance within one year.

An elimination of $57,095 is presented on the enterprise fund statement of revenues, expenditures and changes in net position for fiscal year 2026 for the gain on the sale of three of the vehicles in fiscal year 2026, which is the sales price of $1,333,056 less the book value of $1,275,961.

	February 28, 2026	
	Due from Municipal Drainage	Due to Water and Wastewater
Water and Wastewater Utility	$ 1,333,056	$ -
Municipal Drainage Utility	-	1,333,056
Total	$ 1,333,056	$ 1,333,056

7. WATER AND WASTEWATER UTILITY GOVERNMENT GRANTS RECEIVABLE

The Water and Wastewater Utility had $10,991,735 and $9,649,025 in Federal and Non-Federal grants receivable for years ended February 28, 2026 and 2025.

Government Grant Projects	**2026**	2025
Federal Grants		
Aquifer Storage and Recovery Design - USBR #R21AP10323	**$ 34,833**	$ 74,347
Aquifer Storage and Recovery Construction - USBR #R22AP00675	**2,156,273**	855,520
Advanced Water Purification Facility - USBR #R23AP00273	**6,620,384**	2,353,452
Upper Valley Water Treatment Plant Reuse Study - USBR #R24AP00669	**-**	213,781
Installation of Smart Meters in El Paso, TX - USBR #R23AP00496	**-**	2,357,640
Fort Bliss Infrastructure Resilience Implementation - DOD #HQ00052410013	**-**	451,548
ARPA County of El Paso Water and Wastewater-DOT #SLFRP1174	**1,812,350**	3,341,491
Non-Federal Grants		
McGregor Range Booster Station - DEAAG #2024-01-10	**367,895**	1,246
Totals	**$ 10,991,735**	$ 9,649,025

8. ACCOUNTS RECEIVABLE LAND TRANSFERS - CITY OF EL PASO

During the fiscal year ending February 28, 2022, EPWater transferred 2,313 acres of land to the City of El Paso for $18,600,000 for economic development. In addition, the City of El Paso agreed to pay EPWater in 30 equal payments beginning August 31, 2022 at an interest rate of 1.758%. As of February 28, 2026, the balance was $16,644,700.

During the fiscal year ending February 28, 2017, EPWater transferred land totaling 42.7209 acres to the City of El Paso's land inventory. The City of El Paso agreed to pay EPWater $4,275,543 for Parcel A when the City of El Paso completes the sale of Parcel A for economic development. In addition, the City agreed to pay EPWater $4,949,500 for Parcel B in 15 equal payments commencing September 30, 2020. As of February 28, 2026, the balance remaining on Parcel B was $2,969,700. As of February 28, 2026, the City still had not sold Parcel A; thus the $4,275,543 is reported as long term.

The following is a list of the principal payments due from the City:

Year ended February	Amount
2027	$ 840,463
2028	849,437
2029	858,569
2030	867,862
2031	877,318
2032 - 2036	4,204,390
2037 - 2041	3,147,146
2042 - 2046	3,433,679
2047 - 2051	3,746,299
2052	789,237
Total	19,614,400
Due upon sale of land	4,275,543
Total Receivable	$ 23,889,943
Less current portion	(840,463)
Noncurrent receivable	$ 23,049,480

9. LEASES RECEIVABLE

Water and Wastewater Utility

The Water and Wastewater Utility as lessor has several land lease agreements. The lease terms varied from 3 to 81 years with payments varying from $701 to $2,352,170, paid on a monthly, quarterly and annual basis. Additionally, for new leases entered into during fiscal years 2026 and 2025, a receivable balance in the amount of $1,040,695 and $26,081,800, respectively, was established. The leases receivable are measured at the present value of the future minimum rent payments expected to be received during the lease term using EPWater's estimated incremental borrowing rates ranging from 0.47% to 4.38% for fiscal year 2026 and 0.28% to 4.38% for fiscal year 2025. Lease revenue recognized by the Water and Wastewater Utility at February 28, 2026 and 2025 was $2,979,834 and $2,889,677, respectively and interest revenue recognized was $1,662,636 and $1,361,751, respectively. At February 28, 2026 and 2025, the Water and Wastewater Utility reported a total lease receivable of $61,905,285 and $62,872,845, respectively, with a current portion of $1,835,508 and $1,854,344, respectively, and a noncurrent portion of $60,069,777 and $61,018,501, respectively. A related deferred inflow of resources is also recognized in the amount of $60,750,346 and $62,689,484, which will be recognized as revenue over the lease terms. As of February 28, 2026 and 2025, the Water and Wastewater Utility reported recognized inflows of resources for variable payments not previously included in the measurement of the lease receivable in the amount of $1,488,398 and $173,773, respectively.

Water and Wastewater Utility Fund annual future receivable payments are as follows:

Year Ending February,	Principal	Interest	Total
2027	$ 1,835,508	$ 1,586,297	$ 3,421,805
2028	1,873,217	1,586,992	3,460,209
2029	1,923,512	1,597,032	3,520,544
2030	1,990,067	1,588,044	3,578,111
2031	1,979,647	1,593,560	3,573,207
2032 - 2036	9,274,762	7,705,294	16,980,056
2037 - 2041	9,713,746	6,417,389	16,131,135
2042 - 2046	8,231,576	5,313,666	13,545,242
2047 - 2051	6,617,863	4,211,942	10,829,805
2052 - 2056	8,225,956	2,879,982	11,105,938
2057 - 2061	6,711,096	1,063,939	7,775,035
2062 - 2066	433,404	488,654	922,058
2067 - 2071	484,505	437,553	922,058
2072 - 2076	542,722	379,336	922,058
2077 - 2081	609,053	313,005	922,058
2082 - 2086	272,129	252,077	524,206
2087 - 2091	274,852	205,148	480,000
2092 - 2096	331,132	148,868	480,000
2097 - 2101	398,939	81,061	480,000
2102 - 2104	181,599	10,401	192,000
Total	$ 61,905,285	$ 37,860,240	$ 99,765,525

9. LEASES RECEIVABLE (Continued)

Municipal Drainage Utility

The Municipal Drainage Utility as lessor has several land lease agreements. The lease terms vary from 13 to 61 years with payments varying from $700 to $19,186, paid on a monthly and annual basis. For new leases entered into during fiscal year 2026, a receivable balance in the amount of $244,785 was established. No new leases were entered into during fiscal year 2025. The leases receivable are measured at the present value of the future minimum rent payments expected to be received during the lease term using EPWater's estimated incremental borrowing rates ranging from 1.08% to 4.45%. Lease revenue recognized by the Municipal Drainage Utility at February 28, 2026 and 2025 was $59,004 and $57,114, respectively and interest revenue recognized was $25,510 and $17,585, respectively. As of February 28, 2026 and 2025, the Municipal Drainage Utility reported a total receivable of $967,034 and $761,670, respectively, with a current portion of $33,123 and $31,359, respectively, and a noncurrent portion of $933,911 and $730,311, respectively. A related deferred inflow of resources is also recognized in the amount of $915,710 and $729,929, respectively, which will be recognized as revenue over the lease terms.

Municipal Drainage Utility Fund annual future receivable payments are as follows:

Year Ending February,	Principal	Interest	Total
2027	$ 33,123	$ 24,101	$ 57,224
2028	34,963	23,761	58,724
2029	36,943	23,426	60,369
2030	40,089	22,973	63,062
2031	42,188	22,513	64,701
2032 - 2036	227,947	104,433	332,380
2037 - 2041	211,339	88,383	299,722
2042 - 2046	59,040	79,494	138,534
2047 - 2051	25,000	65,103	90,103
2052 - 2056	48,131	56,323	104,454
2057 - 2061	76,151	44,940	121,091
2062 - 2066	87,441	26,638	114,079
2067 - 2071	-	18,925	18,925
2072 - 2076	13,360	8,578	21,938
2077 - 2081	20,691	4,742	25,433
2082 - 2084	10,628	646	11,274
Total	$ 967,034	$ 614,979	$ 1,582,013

10. CAPITAL ASSETS

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

	Beginning Balance 03/01/2025	Additions	Transfers	Deletions	Ending Balance 02/28/2026
Utility plant, not being depreciated:					
Land and right-of-way	$ 25,637,668	$ -	$ 2,687,795	$ -	$ 28,325,463
Land	294,760,534	-	1,546,872	1,716,826	294,590,580
Construction work in progress	851,458,306	530,901,468	(241,151,512)	-	1,141,208,262
Total utility plant, not being depreciated:	1,171,856,508	530,901,468	(236,916,845)	1,716,826	1,464,124,305
Utility plant and irrigation water rights being depreciated and amortized:					
Irrigation water rights contracts	15,927,684	242,022	-	-	16,169,706
Buildings and shops	81,942,935	-	2,401,013	11,576	84,332,372
Vehicles	48,741,579	-	8,093,110	2,477,331	54,357,358
Equipment and tools	84,902,985	104,335	2,162,567	49,359	87,120,528
Water system	1,691,082,038	12,250,772	144,478,054	5,040,530	1,842,770,334
Wastewater system	1,188,454,450	5,792,201	79,782,101	19,904	1,274,008,848
Total utility plant, being depreciated and amortized	3,111,051,671	18,389,330	236,916,845	7,598,700	3,358,759,146
Right-to-use lease assets:					
Land	5,174,853	-	-	-	5,174,853
Vehicles	678,072	-	-	-	678,072
Equipment	352,306	-	-	-	352,306
Total Right-to-use lease assets	6,205,231	-	-	-	6,205,231
Subscription-based IT arrangements (SBITAs)	4,284,236	3,066,805	-	1,352,064	5,998,977
Less accumulated depreciation and amortization for:					
Irrigation water rights contracts	(2,872,242)	(213,983)	-	-	(3,086,225)
Buildings and shops	(27,032,113)	(3,108,198)	-	(11,576)	(30,128,735)
Vehicles	(33,490,355)	(3,575,602)	-	(1,759,425)	(35,306,532)
Equipment and tools	(52,872,333)	(2,920,425)	-	(49,359)	(55,743,399)
Water system	(773,284,983)	(50,897,289)	-	(4,827,867)	(819,354,405)
Wastewater system	(607,349,858)	(31,603,684)	-	(19,904)	(638,933,638)
Total accumulated depreciation and amortization	(1,496,901,884)	(92,319,181)	-	(6,668,131)	(1,582,552,934)
Less accumulated amortization for Right-to-use lease assets:					
Land	(541,161)	(135,290)	-	-	(676,451)
Vehicles	(55,777)	(135,614)	-	-	(191,391)
Equipment	(8,903)	(70,462)	-	-	(79,365)
Subscription-based IT arrangements (SBITAs)	(2,732,425)	(1,716,849)	-	(1,352,064)	(3,097,210)
Total accumulated amortization	(3,338,266)	(2,058,215)	-	(1,352,064)	(4,044,417)
Total utility plant capital assets being depreciated and amortized, net	1,621,300,988	(72,921,261)	236,916,845	930,569	1,784,366,003
Total Utility plant assets, net	$ 2,793,157,496	$ 457,980,207	$ -	$ 2,647,395	$ 3,248,490,308

Total depreciation and amortization charged to operations for the year ended February 28, 2026 was $94,377,396.

10. CAPITAL ASSETS (Continued)

Land not in service is essentially unimproved land that EPWater has purchased for its surface and ground water rights. EPWater owns a total of 148,074.01 acres of land, which includes 20,811.18 acres in El Paso County, 55,489.43 acres in Hudspeth, Presidio, Jeff Davis, and Culberson County, 71,005.12 acres in Dell City, and 768.28 acres in New Mexico.

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

	Beginning Balance 03/01/2024	Additions	Transfers	Deletions	Ending Balance 02/28/2025
Utility plant, not being depreciated:					
Land and right-of-way	$ 20,759,345	$ -	$ 4,915,913	$ 37,590	$ 25,637,668
Land	293,107,770	-	2,768,365	1,115,601	294,760,534
Construction work in progress	628,452,171	417,986,462	(194,980,327)	-	851,458,306
Total utility plant, not being depreciated:	942,319,286	417,986,462	(187,296,049)	1,153,191	1,171,856,508
Utility plant and irrigation water rights being depreciated and amortized:					
Irrigation water rights contracts	15,691,741	235,943	-	-	15,927,684
Buildings and shops	70,193,515	-	11,756,401	6,981	81,942,935
Vehicles	43,528,287	-	6,713,794	1,500,502	48,741,579
Equipment and tools	83,047,430	28,014	2,552,208	724,667	84,902,985
Water system	1,596,506,857	14,566,502	85,977,698	5,969,019	1,691,082,038
Wastewater system	1,100,836,380	8,389,465	80,295,948	1,067,343	1,188,454,450
Total utility plant, being depreciated and amortized	2,909,804,210	23,219,924	187,296,049	9,268,512	3,111,051,671
Right-to-use lease assets:					
Land	5,233,605	-	-	58,752	5,174,853
Vehicles	341,082	678,072	-	341,082	678,072
Equipment	241,603	352,305	-	241,602	352,306
Total Right-to-use lease assets	5,816,290	1,030,377	-	641,436	6,205,231
Subscription-based IT arrangements (SBITAs)	4,257,962	887,720	-	861,446	4,284,236
Less accumulated depreciation and amortization for:					
Irrigation water rights contracts	(2,661,446)	(210,796)	-	-	(2,872,242)
Buildings and shops	(24,082,234)	(2,956,860)	-	(6,981)	(27,032,113)
Vehicles	(31,486,206)	(3,504,679)	-	(1,500,530)	(33,490,355)
Equipment and tools	(50,658,220)	(2,938,780)	-	(724,667)	(52,872,333)
Water system	(732,993,619)	(46,260,383)	-	(5,969,019)	(773,284,983)
Wastewater system	(578,974,441)	(29,051,112)	-	(675,695)	(607,349,858)
Total accumulated depreciation and amortization	(1,420,856,166)	(84,922,610)	-	(8,876,892)	(1,496,901,884)
Less accumulated amortization for Right-to-use lease assets:					
Land	(464,623)	(135,290)	-	(58,752)	(541,161)
Vehicles	(311,385)	(85,474)	-	(341,082)	(55,777)
Equipment	(182,834)	(67,671)	-	(241,602)	(8,903)
Subscription-based IT arrangements (SBITAs)	(2,351,810)	(1,242,061)	-	(861,446)	(2,732,425)
Total accumulated amortization	(3,310,652)	(1,530,496)	-	(1,502,882)	(3,338,266)
Total utility plant capital assets being depreciated and amortized, net	1,495,711,644	(61,315,085)	187,296,049	391,620	1,621,300,988
Total Utility plant assets, net	$ 2,438,030,930	$ 356,671,377	$ -	$ 1,544,811	$ 2,793,157,496

10. CAPITAL ASSETS (Continued)

Total depreciation and amortization charged to operations for the year ended February 28, 2025 was $86,453,106.

Land not in service is essentially unimproved land that EPWater has purchased for its surface and ground water rights. EPWater owns a total of 168,709.94 acres of land, which includes 20,499.15 acres in El Paso County, 76,437.39 acres in Hudspeth, Presidio, Jeff Davis, and Culberson County, 71,005.12 acres in Dell City, and 768.28 acres in New Mexico.

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

	Beginning Balance 03/01/2025	Additions	Transfers	Deletions	Ending Balance 02/28/2026
MDU non-depreciable assets					
Land and right-of-way	$ 99,322,180	$ -	$ 276,226	$ -	$ 99,598,406
Construction work in progress	60,146,942	36,623,518	(7,954,573)	-	88,815,887
Total MDU non-depreciable assets	159,469,122	36,623,518	(7,678,347)	-	188,414,293
MDU depreciable assets					
Drainage implementation costs	544,106	-	-	-	544,106
Buildings and shops	979,849	-	34,668	-	1,014,517
Vehicles	7,084,125	-	2,362,245	170,084	9,276,286
Equipment and tools	1,196,247	-	-	-	1,196,247
Drainage system	231,732,603	-	5,281,434	-	237,014,037
Total MDU depreciable assets	241,536,930	-	7,678,347	170,084	249,045,193
Subscription-based IT arrangements (SBITAs)	58,865	-	-	58,865	-
Less accumulated depreciation for:					
Drainage implementation costs	(544,106)	-	-	-	(544,106)
Buildings and shops	(171,548)	(39,887)	-	-	(211,435)
Vehicles	(5,544,225)	(480,722)	-	(170,084)	(5,854,863)
Equipment and tools	(1,196,243)	-	-	-	(1,196,243)
Drainage system	(35,430,551)	(4,771,668)	-	-	(40,202,219)
Total accumulated depreciation	(42,886,673)	(5,292,277)	-	(170,084)	(48,008,866)
Less accumulated amortization for:					
Subscription-based IT arrangements (SBITAs)	(50,019)	(8,846)	-	(58,865)	-
Total MDU depreciable assets	198,659,103	(5,301,123)	7,678,347	-	201,036,327
Total MDU assets, net	$358,128,225	$ 31,322,395	$ -	$ -	$389,450,620

Total depreciation and amortization charged to operations for the year ended February 28, 2026 was $5,301,123.

10. CAPITAL ASSETS (Continued)

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

	Beginning Balance 03/01/2024	Additions	Transfers	Deletions	Ending Balance 02/28/2025
MDU non-depreciable assets					
Land and right-of-way	$ 81,886,447	$ -	$ 17,435,733	$ -	$ 99,322,180
Construction work in progress	72,255,689	28,162,180	(40,270,927)	-	60,146,942
Total MDU non-depreciable assets	154,142,136	28,162,180	(22,835,194)	-	159,469,122
MDU depreciable assets					
Drainage implementation costs	544,106	-	-	-	544,106
Buildings and shops	979,849	-	-	-	979,849
Vehicles	6,700,906	-	774,512	391,293	7,084,125
Equipment and tools	1,239,788	-	-	43,541	1,196,247
Drainage system	209,671,921	-	22,060,682	-	231,732,603
Total MDU depreciable assets	219,136,570	-	22,835,194	434,834	241,536,930
Subscription-based IT arrangements (SBITAs)	58,865	-	-	-	58,865
Less accumulated depreciation for:					
Drainage implementation costs	(544,106)	-	-	-	(544,106)
Buildings and shops	(132,354)	(39,194)	-	-	(171,548)
Vehicles	(5,688,374)	(247,144)	-	(391,293)	(5,544,225)
Equipment and tools	(1,225,157)	(14,627)	-	(43,541)	(1,196,243)
Drainage system	(30,937,179)	(4,493,372)	-	-	(35,430,551)
Total accumulated depreciation	(38,527,170)	(4,794,337)	-	(434,834)	(42,886,673)
Less accumulated amortization for:					
Subscription-based IT arrangements (SBITAs)	(33,346)	(16,673)	-	-	(50,019)
Total MDU depreciable assets	180,634,919	(4,811,010)	22,835,194	-	198,659,103
Total MDU assets, net	$334,777,055	$ 23,351,170	$ -	$ -	$358,128,225

Total depreciation and amortization charged to operations for the year ended February 28, 2025 was $4,811,010.

10. CAPITAL ASSETS (Continued)

Water and Wastewater Utility construction work in progress at February 28, 2026 and 2025, composed of the following:

	February 28, 2026	
	Estimated Cost	Cost Incurred To Date
Water Projects		
Pure Water Center	$ 334,858,111	$ 49,110,940
Hawkins Administration Building	71,997,995	59,335,064
Texas Senate Bill 3 Backup Energy Compliance	41,757,205	22,909,533
Well Construction, Equipping, Drilling and Testing	39,015,351	30,098,825
McCombs 30" Well Collector Line Replacement	31,815,000	25,250
Planned Water Line Replacement Program	31,495,240	18,216,630
Aquifer Storage and Recovery - Phase I	30,380,265	21,016,877
Heath De Leon Tank and Pump Station - Engineering	23,470,805	16,253,917
Jonathan Rogers WTP Power Reliability Upgrade	21,900,364	18,019,644
Pumping System Improvements and Rehabilitation	19,659,000	10,173,876
Gas Line Crossings - Construction	19,038,400	13,808,591
Eastwood Reservoir Roof Rehabilitation	18,748,972	18,581,313
Riverside International Industrial Center - Phase I	17,849,604	15,571,458
Airport Booster Station Replacement - Engineering	16,141,860	15,885,764
Kay Bailey Hutchison Desalination Plant 33 MGD Expansion - Skid #6	12,849,000	2,158,162
Joe Caro Pump Station Reconstruction	12,665,296	11,164,570
Water Routine Construction On-Call Services Program	11,369,267	9,493,895
Montana East Marvin Desert Meadows 24" Water Line	10,226,555	65,401
Airport Well Collector 30" Water Main Replacement	10,114,459	9,894,155
John Hayes 24" Water Line Main Extension	9,019,683	8,963,529
Franklin East Water Line - Design	8,871,961	8,772,766
Ranchos Real Pump Station - Design	8,870,124	7,899,548
McGregor Booster Station	7,107,870	1,206,633
TXDOT Loop 375 - Montana to Spur 601	7,100,749	6,034,578
Sierra Crest 1-2, Mountain Park 2 - Design	7,068,600	5,455,939
Jonathan Rogers WTP Structural Rehabilitation	7,068,600	6,592,962
Los Siglos Drive 16" Water Main	6,171,000	1,635,515
Well Rehabilitation	5,912,927	5,161,075
Water Rights - Land Acquisition	5,655,008	-
Esperanza Electrical - SCADA Improvement	5,156,100	2,756,035
Water and Wastewater Vehicles and Heavy Equipment	5,148,611	-
Jonathan Rogers WTP Settling Pond Gate Improvements - Design	5,044,241	4,299,168
Northwest Water Supply Service Area Improvement	4,853,811	3,244,310
McGregor 16" Water Line Extension - Design	4,600,906	4,201,399
Southside Road Reconstruction	4,569,600	4,168,705
TXDOT - Sean Haggerty - Green Belt	4,562,860	303,023
Yandell 24" Water Main Replacement	4,442,676	4,329,520
Woods Water Storage Reservoir Rehabilitation	4,348,957	4,293,519
Sheridan 16" Water Line Replacement - Design	4,074,900	4,048,816
Asset Management Program	3,857,702	2,285,484

10. CAPITAL ASSETS (Continued)

	February 28, 2026	
	Estimated Cost	Cost Incurred To Date
Meter Replacement Program	3,812,137	-
Canutillo Pump Station Chlorination Scrubber Improvements	3,754,142	2,445,470
Cielo Vista Blend Tank Replacement	3,680,593	3,680,593
EDA Northwest Development Waterline Extension	3,575,694	-
Security Upgrade Water	3,209,940	1,370,857
Airport Well Field Corridor F	3,202,278	3,135,417
TXDOT Borderland Expressway Water Mains	3,199,351	-
Disinfection Byproducts Removal at Crown Point and Nevins	3,093,295	2,486,301
Gate Valve Replacement Project	2,986,560	1,279,646
TXDOT Artcraft Road Water Line Improvements	2,790,941	1,941,558
Leak Detection Loggers	2,754,000	2,560,838
County Water System - Tierra De Oro	2,754,000	2,391,364
TXDOT US 62 Montana Global Reach to Tierra Este	2,739,861	2,277,586
Canal Street WTP Actuators Replacement	2,726,031	2,589,454
East High and Franklin East 1 Pressure Zone	2,703,000	2,108,555
Inline Flow Meter Upgrades	2,652,000	188,815
Canal Street WTP Pump Station and Clearwell	2,636,391	2,155,558
Mobile Application and Meter Analytics	2,550,000	317,632
Electromagnetic Conditional Assessment	2,511,724	2,478,451
Westway Booster Station Improvements - Design	2,317,440	2,041,155
North I - East Reservoir Roof Rehabilitation - Design	2,316,859	2,225,471
Enterprise Resource Planning Financials Initiatives	2,175,780	378,359
Pure Water Center Well Flow Lines	2,142,000	27,971
Other Water Projects Under $2,000,000	116,060,314	70,174,415
Subtotal - Water Projects	1,081,203,966	535,691,855

10. CAPITAL ASSETS (Continued)

	February 28, 2026	
	Estimated Cost	Cost Incurred To Date
Wastewater Projects		
Roberto R. Bustamante WWTP Expansion and Upgrade - Construction	$ 618,562,887	$ 123,879,795
Roberto R. Bustamante WWTP Headworks and Grit Screen	186,189,930	132,175,880
Frontera New Force Main Phase III - Design	86,003,960	56,542,514
Fred Hervey WRP Headworks and Filter Improvements	84,289,512	47,558,101
Haskell R. Street WWTP Upgrades and Rehabilitation	58,043,309	14,148,276
John T. Hickerson WRF Emergency Backup Power	35,291,420	14,833,072
Roberto R. Bustamante WWTP Digester #2 Rehabilitation	33,856,421	15,336,744
Montana Vista Sewer Line Extension Phase II	31,414,150	553,608
Haskell R. Street WWTP Emergency Generator	17,680,243	14,557,279
Utility-Wide Wastewater Solar Study	16,464,229	1,132,280
Grouse Lift Station	15,934,793	15,743,241
Fred Hervey WRP Emergency Generator	15,928,888	13,557,262
Luckett Court Wastewater Line Replacement	12,911,466	12,771,195
Northeast Dyer/Railroad Lift Station - Construction	11,851,490	11,028,174
Northwest Area First Time Wastewater Area No. 1	10,437,600	8,826,095
Boone Interceptor Phase II	9,703,377	9,105,536
Wastewater Pipe Rehabilitation - Capacity, Management, Operation, and Maintenance	8,819,839	5,784,313
Village Lift Station Decommissioning	8,823,000	1,078,859
Country Club and Sunset Lift Station Rehabilitation	8,584,854	8,506,655
Alfalfa Lift Station Rehabilitation - Design	8,338,500	4,834,712
Prado, Mansfield and Knowles Lift Station	5,974,059	4,734,188
Sewer Construction On-Call Services Program	5,771,645	3,123,102
Doniphan Wastewater Collector	5,160,180	4,974,950
Fred Hervey WRP Road Access	4,719,630	3,392,742
Wastewater Facilities Rehabilitation	4,681,800	4,021,536
Coronado Country Club III Reclaimed Tank Rehabilitation - Design	4,660,369	2,798,469
Northeast Dyer/Railroad 36" Interceptor	4,064,449	4,176,703
Air Release Valve Rehabilitation Phase I - East	3,779,100	3,284,142
John T. Hickerson WRF 48" Emergency Line Replacement	3,424,783	147,956
Roberto R. Bustamante WWTP Electric Rooms HVAC Improvements	3,301,720	2,606,168
Mesa Del Castillo Lift Station - Decommissioning 8" Sewer Line	3,060,000	2,776,570
Wastewater Field Office Reconstruction	2,862,090	2,796,771
Upper Valley Outfall Relocation Phase II - Design	2,795,462	2,777,530
Remote Access and Multi-factor Authentication	2,750,000	213,360
Wastewater Plants Bypass Pumps	2,200,000	21,131
Pellicano Wastewater Improvements Loop 375 County Project	2,079,984	1,807,705
Fred Hervey WRP Small Upgrades and Emergency Replacement	2,052,384	-
Other Wastewater Projects Under $2,000,000	73,104,731	49,909,793
Subtotal-Wastewater Projects	1,415,572,254	605,516,407
Totals	$ 2,496,776,220	$1,141,208,262

10. CAPITAL ASSETS (Continued)

	February 28, 2025	
	Estimated Cost	Cost Incurred To Date
Water Projects		
Pure Water Center	$ 109,045,466	$ 18,603,222
Hawkins Administration Building	71,997,995	32,498,722
Well Construction, Equipping, Drilling and Testing	40,426,910	18,359,390
Aquifer Storage and Recovery - Phase I	28,941,405	9,888,827
Pumping System Improvements and Rehabilitation	26,619,000	16,660,158
Texas Senate Bill 3 Backup Energy Compliance	25,817,740	11,084,810
Planned Water Line Replacement Program	25,144,940	12,611,395
Heath De Leon Tank and Pump Station - Engineering	23,090,154	6,432,331
Jonathan Rogers WTP Power Reliability Upgrade	21,758,014	6,355,629
Gas Line Crossings - Construction	17,402,200	9,414,319
Montana Waterline Replacement	17,387,164	13,107,373
Riverside International Industrial Center - Phase I	17,268,854	5,075,170
Eastwood Reservoir Roof Rehabilitation	15,217,972	14,474,177
Airport Booster Station Replacement - Engineering	14,615,064	13,048,987
Joe Caro Pump Station Reconstruction	11,774,637	7,724,818
Airport Well Collector 30" Water Main Replacement	9,878,684	9,260,527
Northeast Development Wells Drilling	9,333,000	9,205,930
Water Rights - Land Acquisition	9,278,019	-
John Hayes 24" Water Line Main Extension	9,019,683	8,889,497
Ranchos Real Pump Station - Design	8,722,224	7,409,520
Montana East Marvin Desert Meadows 24" Water Line	8,711,310	32,052
Water Routine Construction On-Call Services Program	8,348,361	6,990,692
Franklin East Water Line - Design	8,178,361	6,129,072
Sierra Crest 1-2, Mountain Park 2 - Design	7,140,000	596,029
Jonathan Rogers WTP Structural Rehabilitation	7,068,600	4,485,269
Cross Feeder Main Valve Replacement	6,861,540	6,618,040
Water and Wastewater Vehicles and Heavy Equipment	6,568,230	-
TXDOT Loop 375 - Montana to Spur 601	6,284,749	6,124,333
Los Siglos Drive 16" Water Main	6,171,000	1,178,948
Well Rehabilitation	5,607,064	4,195,584
Ortho-Polyphosphate Treatment - Construction	5,334,600	5,214,948
Northeast Dyer/Railroad 16" Water Line Extension	5,256,912	5,005,348
Jonathan Rogers WTP Settling Pond Gate Improvements - Design	5,044,241	3,730,948
North 2 Pump Station - Construction	4,933,877	4,871,375
Northwest Water Supply Service Area Improvement	4,792,611	2,239,080
Northwest Water Distribution Mains	4,760,081	4,612,520
Southside Road Reconstruction	4,569,600	4,116,053
TXDOT - Sean Haggerty - Green Belt	4,562,860	175,385
McGregor 16" Water Line Extension - Design	4,358,146	3,206,450
Woods Water Storage Reservoir Rehabilitation	4,348,957	4,288,065
Yandell 24" Water Main Replacement	4,336,086	2,958,864
TXDOT Borderland Expressway Water Mains	4,155,480	3,379,310
Sheridan 16" Water Line Replacement - Design	4,074,900	3,339,777

10. CAPITAL ASSETS (Continued)

	February 28, 2025	
	Estimated Cost	Cost Incurred To Date
Leak Detection Loggers	4,043,280	2,037,960
Canutillo Pump Station Chlorination Scrubber Improvements	3,754,142	806,697
Cielo Vista Blend Tank Replacement	3,572,183	3,461,765
Riverside Canal Bridge and Access	3,542,270	5,811,613
Airport Well Field Corridor F	3,202,278	3,057,192
Cross Feeder Main Valve Replacement Phase II	3,195,150	2,798,862
Disinfection Byproducts Removal at Crown Point and Nevins	3,086,155	2,325,594
Asset Management Program	3,060,000	452,452
Canal Street WTP Primary Sedimentation Basin Covers	3,060,000	2,562,686
Gate Valve Replacement Project	2,986,560	146,045
TXDOT Artcraft Road Water Line Improvements	2,790,941	1,797,126
County Water System - Tierra De Oro	2,754,000	742,264
TXDOT US 62 Montana Global Reach to Tierra Este	2,739,861	2,267,839
Canal Street WTP Actuators Replacement	2,726,031	1,240,396
EDA Northwest Development Waterline Extension	2,556,000	-
East High and Franklin East 1 Pressure Zone	2,550,000	1,605,000
Hawkins Administration Building Data Center	2,550,000	-
Electromagnetic Conditional Assessment	2,516,614	2,478,451
Jonathan Rogers WTP Small Upgrades and Emergency Replacement	2,366,400	766,099
North I - East Reservoir Roof Rehabilitation - Design	2,316,859	2,161,515
Water Facilities Rehabilitation	2,288,001	2,245,218
Westway Booster Station Improvements - Design	2,264,400	1,220,740
Kay Bailey Hutchison Desalination Plant 33 MGD Expansion - Skid #6	2,244,000	1,920,343
Pure Water Center Well Flow Lines	2,142,000	70,089
PeopleSoft Financials Upgrade	2,084,880	1,700,526
Other Water Projects Under $2,000,000	122,276,078	65,711,354
Subtotal - Water Projects	836,874,774	422,980,770
Wastewater Projects		
Roberto R. Bustamante WWTP Expansion and Upgrade - Construction	$ 291,052,887	$ 44,311,186
Roberto R. Bustamante WWTP Grit Screen	176,483,204	100,213,562
Frontera New Force Main Phase III - Design	60,869,306	39,829,263
Fred Hervey WRP Headworks and Filter Improvements	54,433,950	24,346,003
Roberto R. Bustamante WWTP Digester #2 Rehabilitation	32,927,221	14,073,604
John T. Hickerson WRF Emergency Backup Power	32,308,890	5,266,188
Montana Vista Sewer Line Extension Phase II	31,414,150	406,255
On-Call Manhole Rehabilitation	17,857,577	17,644,237
Haskell R. Street WWTP Emergency Generator	16,481,879	1,770,815
Fred Hervey WRP Emergency Generator	15,765,722	2,098,876
Grouse Lift Station	15,573,213	14,984,470
Luckett Court Wastewater Line Replacement	13,769,966	12,756,045
Haskell R. Street WWTP Upgrades and Rehabilitation	13,455,475	1,300,421

10. CAPITAL ASSETS (Continued)

	February 28, 2025	
	Estimated Cost	Cost Incurred To Date
Northeast Dyer/Railroad Lift Station - Construction	11,043,490	9,196,487
Wastewater Pipe Rehabilitation	10,512,708	4,351,552
Northwest Area First Time Wastewater Area No. 1	10,377,000	3,940,348
Boone Interceptor Phase II	9,703,377	9,099,715
Country Club and Sunset Lift Station Rehabilitation	8,457,354	8,312,558
Fred Hervey WRP Blower Building - Construction	7,162,849	6,330,618
John T. Hickerson WRF Screens Rehabilitation	6,731,082	6,650,538
Prado, Mansfield and Knowles Lift Station	5,974,059	702,500
Alfalfa Lift Station Rehabilitation - Design	5,941,500	2,097,350
Miranda and Roxanne Sewer Relief Line	5,837,460	5,592,771
Sewer Construction On-Call Services Program	5,771,645	1,938,543
Northeast Dyer/Railroad 18" and 36" Interceptor	5,760,491	5,619,867
Doniphan Wastewater Collector	5,160,180	4,644,644
Fred Hervey WRP Clarifier Replacement Project - Construction	5,151,610	5,114,241
Fred Hervey WRP Road Access	4,290,001	363,238
Wastewater Facilities Rehabilitation	3,916,800	3,513,940
Independence Interceptor Mansfield and Prado - Design	3,901,500	2,786,896
Air Release Valve Rehabilitation Phase I - East	3,779,100	1,476,693
Northeast Dyer/Railroad 36" Sewer Interceptor Phase IV - Design	3,717,995	1,870,242
Northeast Dyer/Railroad Interceptor Extension Phase III	3,446,042	3,430,626
Roberto R. Bustamante WWTP Electric Rooms HVAC Improvements	3,077,320	2,606,168
Mesa Del Castillo Lift Station - Decommissioning 8" Sewer Line	3,060,000	2,779,147
Energy Management Master Plan Wastewater Systems	3,043,094	2,975,080
Wastewater Field Office Reconstruction	2,862,090	2,719,737
Upper Valley Outfall Relocation Phase II - Design	2,778,762	1,854,674
Remote Access and Multi-factor Authentication	2,750,000	-
Fred Hervey WRP Small Upgrades and Emergency Replacement	2,394,017	-
Coronado Country Club III Reclaimed Tank Rehabilitation - Design	2,227,013	699,486
Coronado I Tank Rehabilitation	2,113,978	308,108
Pellicano Wastewater Improvements Loop 375 County Project - Construction	2,079,984	1,807,705
Other Wastewater Projects Under $2,000,000	75,194,794	46,693,139
Subtotal-Wastewater Projects	1,000,610,735	428,477,536
Totals	$ 1,837,485,509	$ 851,458,306

10. CAPITAL ASSETS (Continued)

Municipal Drainage Utility construction work in progress at February 28, 2026 and 2025 composed of the following:

	February 28 2026	
	Estimated Cost	Cost Incurred To Date
Drainage Projects		
Will Ruth Pond - Construction	$ 67,883,642	$ 26,173,148
Palisades Stormwater System	26,877,401	1,900,349
John T. Hickerson WRF Stormwater Basin - Construction	9,180,000	5,004,841
Corrugated Metal Pipe Replacement Program	9,081,916	8,780,566
Hondo Pass Drive Drainage Improvements	8,866,384	349,029
Arroyo I Dam - Detention Improvements	6,729,960	6,251,730
Americas 10 Watershed Improvement	5,982,300	2,352,873
Morehead Dam Desilting and Improvements	5,766,200	4,430,136
Various Open Space Projects and Ponds	5,020,120	-
Student Activities Complex 2 Land Acquisition	4,900,000	-
Dallas Street Outfall Basin Phase 2	3,770,520	789,359
North Hills Dam Rehabilitation	2,846,926	2,838,673
Coors Channel Improvements - Design	2,773,661	2,656,694
Desilting for Various Ponds	2,738,700	1,883,645
Justus Pond Property Demolition	2,524,500	1,191,051
Other Drainage Projects Under $2,000,000	31,360,331	24,213,793
Total Drainage Projects	$ 196,302,561	$ 88,815,887

	February 28 2025	
	Estimated Cost	Cost Incurred To Date
Drainage Projects		
Will Ruth Pond - Construction	$ 54,713,252	$ 9,078,237
John T. Hickerson WRF Stormwater Basin - Construction	9,180,000	192,767
Corrugated Metal Pipe Replacement Program	9,081,916	7,481,464
Arroyo I Dam - Detention Improvements	6,729,960	6,223,627
Morehead Dam Desilting and Improvements	5,766,200	4,417,311
Americas 10 Watershed Improvement	3,942,300	602,542
Dallas Street Outfall Basin Phase 2	3,770,520	243,781
Various Open Space Projects and Ponds	3,496,443	-
North Hills Dam Rehabilitation	2,846,926	2,838,673
Desilting for Various Ponds	2,738,700	1,140,205
Coors Channel Improvements - Design	2,540,494	2,482,689
Other Drainage Projects Under $2,000,000	38,943,530	25,445,646
Total Drainage Projects	$ 143,750,241	$ 60,146,942

11. LONG-TERM LIABILITIES

Long-term liabilities activity for the Water and Wastewater Utility for the years ended February 28, 2026 and 2025 was as follows:

	Beginning Balance 03/01/2025	Additions	Reductions	Ending Balance 02/28/2026	Due Within One Year	Long-term Portion
Water and Wastewater Utility:						
Revenue Bonds Payable:						
Revenue Bonds	$1,171,600,000	$296,805,000	$ 83,410,000	$1,384,995,000	$ 48,835,000	$1,336,160,000
Unamortized premiums net of discounts	112,996,239	24,910,382	11,158,745	126,747,876	6,969,841	119,778,035
Direct Placements:						
Revenue bonds	157,715,000	-	11,290,000	146,425,000	11,545,000	134,880,000
Total bonds and premiums payable	$1,442,311,239	$321,715,382	$105,858,745	$1,658,167,876	$ 67,349,841	$1,590,818,035
Compensated absences	9,481,444	4,320,512	4,644,055	9,157,901	3,623,862	5,534,039
Lease Liabilities	6,000,417	-	229,778	5,770,639	237,446	5,533,193
SBITA Liabilities	743,172	2,925,895	1,837,692	1,831,375	947,918	883,457
Self-insurance claims	1,043,033	2,798,866	3,322,459	519,440	360,328	159,112
Other government payable	967,479	-	211,316	756,163	221,023	535,140
Extendable Commercial Paper payable	280,000,000	300,000,000	280,000,000	300,000,000	-	300,000,000
Total OPEB Liability	13,070,000	1,594,233	1,362,756	13,301,477	623,397	12,678,080
Net Pension Liability	48,289,452	17,707,256	9,385,090	56,611,618	-	56,611,618
Arbitrage Liability	10,595,935	1,948,797	52,588	12,492,144	-	12,492,144
Total Long-term liabilities Water and Wastewater Utility	$1,812,502,171	$653,010,941	$406,904,479	$2,058,608,633	$ 73,363,815	$1,985,244,818

	Restated Beginning Balance 03/01/2024	Additions	Reductions	Ending Balance 02/28/2025	Due Within One Year	Long-term Portion
Water and Wastewater Utility:						
Revenue Bonds Payable:						
Revenue Bonds	$1,214,925,000	$ -	$ 43,325,000	$1,171,600,000	$ 44,075,000	$1,127,525,000
Unamortized premiums net of discounts	119,857,089	-	6,860,850	112,996,239	6,435,569	106,560,670
Direct Placements:						
Revenue bonds	168,695,000	-	10,980,000	157,715,000	11,290,000	146,425,000
Total bonds and premiums payable	$1,503,477,089	$ -	$ 61,165,850	$1,442,311,239	$ 61,800,569	$1,380,510,670
Compensated absences	9,485,678	4,477,912	4,482,146	9,481,444	3,212,546	6,268,898
Lease Liabilities	5,148,217	1,030,377	178,177	6,000,417	229,778	5,770,639
SBITA Liabilities	1,449,677	861,620	1,568,125	743,172	654,432	88,740
Self-insurance claims	808,354	3,701,578	3,466,899	1,043,033	416,484	626,549
Other government payable	1,169,513	-	202,034	967,479	211,316	756,163
Commercial Paper payable	60,000,000	10,000,000	70,000,000	-	-	-
Extendable Commercial Paper payable	-	280,000,000	-	280,000,000	-	280,000,000
Total OPEB Liability	13,166,477	1,451,278	1,547,755	13,070,000	543,409	12,526,591
Net Pension Liability	53,560,388	6,072,977	11,343,913	48,289,452	-	48,289,452
Arbitrage Liability	4,681,854	5,914,081	-	10,595,935	-	10,595,935
Total Long-term liabilities Water and Wastewater Utility	$1,652,947,247	$313,509,823	$153,954,899	$1,812,502,171	$ 67,068,534	$1,745,433,637

NOTES TO FINANCIAL STATEMENTS

February 28, 2026 and 2025

11. LONG-TERM LIABILITIES (Continued)

Long-term liabilities activity for the Municipal Drainage Utility for the years ended February 28, 2026 and 2025 was as follows:

	Beginning Balance 03/01/2025	Additions	Reductions	Ending Balance 02/28/2026	Due Within One Year	Long-term Portion
Municipal Drainage Utility:						
Revenue Bonds Payable:						
Revenue Bonds	$ 172,410,000	$ 31,790,000	$ 20,860,000	$ 183,340,000	$ 8,360,000	$ 174,980,000
Unamortized premiums net of discounts	19,974,893	2,118,025	2,784,964	19,307,954	1,260,636	18,047,318
Direct Placements:						
Revenue bonds	16,944,000	-	1,092,000	15,852,000	1,337,000	14,515,000
Total bonds and premiums payable	209,328,893	33,908,025	24,736,964	218,499,954	10,957,636	207,542,318
Compensated absences	381,211	235,068	285,506	330,773	171,710	159,063
Due to Water and Wastewater Utility Land Transfer	7,044,800	-	3,000,000	4,044,800	2,000,000	2,044,800
Extendable Commercial Paper payable	20,000,000	20,000,000	20,000,000	20,000,000	-	20,000,000
Total OPEB Liability	733,258	129,781	78,291	784,748	36,779	747,969
Net Pension Liability	2,127,958	1,126,528	434,578	2,819,908	-	2,819,908
Arbitrage Liability	1,523,445	524,352	-	2,047,797	-	2,047,797
Total Long-term liabilities Municipal Drainage Utility	$ 241,139,565	$ 55,923,754	$ 48,535,339	$ 248,527,980	$ 13,166,125	$ 235,361,855

	Restated Beginning Balance 03/01/2024	Additions	Reductions	Ending Balance 02/28/2025	Due Within One Year	Long-term Portion
Municipal Drainage Utility:						
Revenue Bonds Payable:						
Revenue Bonds	$ 124,540,000	$ 54,145,000	$ 6,275,000	$ 172,410,000	$ 7,370,000	$ 165,040,000
Unamortized premiums net of discounts	14,801,243	6,451,879	1,278,229	19,974,893	1,332,447	18,642,446
Direct Placements:						
Revenue bonds	18,082,000	-	1,138,000	16,944,000	1,092,000	15,852,000
Total bonds and premiums payable	$ 157,423,243	$ 60,596,879	$ 8,691,229	$ 209,328,893	$ 9,794,447	$ 199,534,446
Compensated absences	371,336	226,936	217,061	381,211	154,568	226,643
Due to Water and Wastewater Utility Land Transfer	8,044,800	-	1,000,000	7,044,800	2,000,000	5,044,800
SBITA Liabilities	20,586	-	20,586	-	-	-
Extendable Commercial Paper payable	60,000,000	20,000,000	60,000,000	20,000,000	-	20,000,000
Total OPEB Liability	717,128	45,719	29,589	733,258	30,487	702,771
Net Pension Liability	2,385,548	266,713	524,303	2,127,958	-	2,127,958
Arbitrage Liability	768,888	754,557	-	1,523,445	-	1,523,445
Total Long-term liabilities Municipal Drainage Utility	$ 229,731,529	$ 81,890,804	$ 70,482,768	$ 241,139,565	$ 11,979,502	$ 229,160,063

12. REVENUE BONDS

Water and Wastewater Utility

Water and Sewer Revenue Bonds payable and Texas Water Development Board (TWDB) direct placement revenue bonds for the Water and Wastewater Utility Fund, in the amount of $1,531,420,000 and $1,329,315,000 as of February 28, 2026 and 2025, 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 18. The pledge of net revenue is in effect until the bonds are extinguished in 2052. The general purpose of the debt is to improve the water and wastewater services EPWater provides to area residents. The TWDB direct placement debt was issued at subsidized interest rates for qualified water and wastewater projects. The Revenue Bonds payable and TWDB direct placement revenue bonds as of February 28, 2026 and 2025 include the following individual issues:

	Amounts Outstanding 2/28/25	Issued	Retired/ Refunded	Amounts Outstanding 2/28/26	Due Within One Year
$64,900,000 2014 Series with final installment of $4,010,000 and interest of 5.00% paid in fiscal year 2026. Refunded $34,705,000 with the 2021A Bonds.	$ 4,010,000	$ -	$ 4,010,000	$ -	$ -
$131,650,000 2015 Series due in annual installments of $1,405,000 to $2,375,000 with interest due at 3.25% to 5.00%. Final payment due March 2035. Refunded $32,035,000 with the 2021A Bonds.	16,565,000	-	9,680,000	6,885,000	-
$18,600,000 2015A Series annual installment of $880,000 with interest at 5.00% paid in fiscal year 2026. Refunded $11,060,000 with the 2025 Bonds.	11,940,000	-	11,940,000	-	-
*$50,000,000 2015B Series due in annual installments of $2,450,000 to $2,995,000 with interest due at 1.64% to 2.41%. Final payment due March 2035.	29,420,000	-	2,410,000	27,010,000	2,450,000
$48,565,000 2015C Series annual installment of $2,545,000 with interest at 5.00% paid in fiscal year 2026. Refunded $28,275,000 with the 2025 Bonds.	30,820,000	-	30,820,000	-	-
$68,670,000 2016 Series due in annual installments of $2,345,000 to $5,085,000 with interest due at 4.00% to 5.00%. Final payment due March 2037.	45,290,000	-	4,255,000	41,035,000	4,465,000
*$100,000,000 2016A Series due in annual installments of $6,200,000 to $7,000,000 with interest due at 1.15% to 2.12%. Final payment due March 2036.	77,000,000	-	6,000,000	71,000,000	6,200,000

12. REVENUE BONDS (Continued)

	Amounts Outstanding 2/28/25	Issued	Retired/ Refunded	Amounts Outstanding 2/28/26	Due Within One Year
$83,880,000 2017 Series due in annual installments of $4,300,000 to $5,505,000 with interest due at 4.00% to 5.00%. Final payment due March 2038.	67,240,000	-	4,075,000	63,165,000	4,300,000
*$50,000,000 2017A Series due in annual installments of $2,500,000 to $4,000,000 with interest due at 1.29% to 2.29%. Final payment due March 2037.	41,500,000	-	2,500,000	39,000,000	2,500,000
$26,670,000 2018 Series due in annual installments of $1,015,000 to $2,790,000 with interest due at 5.00%. Final payment due March 2039.	26,670,000	-	2,080,000	24,590,000	2,190,000
*$1,415,000 2019 Series due in annual installments of $65,000 to $90,000 with interest due at 2.08% to 3.60%. Final payment due March 2039.	1,115,000	-	60,000	1,055,000	65,000
$33,400,000 2019A Series due in annual installments of $1,850,000 to $3,500,000 with interest due at 3.00% to 5.00%. Final payment due March 2039.	33,400,000	-	-	33,400,000	-
$30,570,000 2019B Series due in annual installments of $385,000 to $4,160,000 with interest due at 5.00%. Final payment due March 2031.	14,705,000	-	3,000,000	11,705,000	3,945,000
$33,880,000 2020 Series due in annual installments of $2,020,000 to $3,270,000 with interest due at 3.00% to 5.00%. Final payment due March 2040.	33,880,000	-	-	33,880,000	-
$62,990,000 2020A Series due in annual installments of $2,260,000 to $7,015,000 with interest due at 1.04% to 1.89%. Final payment due March 2033.	38,890,000	-	7,325,000	31,565,000	6,410,000
$35,490,000 2021 Series due in annual installments of $1,900,000 to $3,075,000 with interest due at 2.00% to 5.00%. Final payment due March 2041.	35,490,000	-	-	35,490,000	-
$76,310,000 2021A Series due in annual installments of $2,075,000 to $15,640,000 with interest due at 0.94% to 2.27%. Final payment due March 2034.	72,525,000	-	1,235,000	71,290,000	15,640,000

12. REVENUE BONDS (Continued)

	Amounts Outstanding 2/28/25	Issued	Retired/ Refunded	Amounts Outstanding 2/28/26	Due Within One Year
$305,900,000 2022 Series due in annual installments of $1,500,000 to $20,320,000 with interest due at 4.47% to 5.00%. Final payment due March 2052.	304,900,000	-	500,000	304,400,000	1,600,000
$267,585,000 2022A Series due in annual installments of $880,000 to $19,395,000 with interest due at 4.00% to 5.00%. Final payment due March 2048.	266,135,000	-	2,200,000	263,935,000	1,350,000
$171,925,000 2023 Series due in annual installments of $2,320,000 to $12,085,000 with interest due at 4.00% to 5.25%. Final payment due March 2049.	169,140,000	-	2,290,000	166,850,000	2,320,000
*$8,680,000 2023A Series due in annual installments of $330,000 to $595,000 with interest due at 2.83% to 4.13%. Final payment due March 2044.	8,680,000	-	320,000	8,360,000	330,000
$296,805,000 2025 Series due in annual installments of $5,670,000 to $16,830,000 with interest due at 4.00% to 5.25%. Final payment due March 2050.	-	296,805,000	-	296,805,000	6,615,000
Total bonds outstanding	1,329,315,000	$ 296,805,000	$ 94,700,000	1,531,420,000	$ 60,380,000
Less current maturities	(55,365,000)			(60,380,000)	
Total long term portion	$1,273,950,000			$ 1,471,040,000	

**Direct placement revenue bonds*

Interest costs incurred on revenue bonds totaled $63,744,881 in 2026 and $53,887,000 in 2025.

12. REVENUE BONDS (Continued)

Water and Wastewater Utility Fund Annual Debt Service Requirements

	Revenue Bonds		Direct Placements	
Year Ending February	Principal	Interest	Principal	Interest
2027	$ 48,835,000	$ 61,088,341	$ 11,545,000	$ 2,863,696
2028	49,255,000	59,425,672	11,600,000	2,700,385
2029	51,080,000	57,613,881	11,660,000	2,521,263
2030	53,115,000	55,588,578	11,720,000	2,321,851
2031	54,705,000	53,326,642	12,495,000	2,094,590
2032 - 2036	272,065,000	229,832,246	67,450,000	6,393,680
2037 - 2041	272,405,000	167,215,970	17,710,000	975,654
2042 - 2046	266,570,000	107,691,987	2,245,000	188,464
2047 - 2051	277,305,000	40,605,856	-	-
2052 - 2053	39,660,000	2,007,500	-	-
	$ 1,384,995,000	$ 834,396,673	$ 146,425,000	$ 20,059,583

On April 1, 2025, EPWater issued $296,805,000 in Water and Sewer Revenue Refunding Bonds, Series 2025 with an average interest rate of 4.92% to refund the following outstanding bonds:

Series	Amount	Average Coupon
2015A	$ 11,060,000	4.39%
2015C	$ 28,275,000	4.62%

The liabilities associated with these bonds were removed from the related payables. As of February 28, 2026 $0 of the bonds remained outstanding with an escrow balance of $0.

The refunding of the 2015A and 2015C Bonds reduced debt service by $3,101,500 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $2,792,822.

Additionally, the Water and Sewer Revenue Refunding Bonds, Series 2025 refunded $280 million of Water and Sewer Extendable Commercial Paper Notes outstanding with an average interest rate of 3.05%.

12. REVENUE BONDS (Continued)

Municipal Drainage Utility

Municipal Drainage Revenue Bonds payable and direct placement revenue bonds for the Municipal Drainage Utility Fund in the amount of $199,192,000 and $189,354,000 as of February 28, 2026 and 2025, respectively, are equally and ratably secured by and payable from an irrevocable first lien on and pledge of the net revenue of the Municipal Drainage Utility Fund which is presented in Note 18. The pledge of net revenue is in effect until the bonds are extinguished in 2052. The general purpose of the debt is to improve the drainage services EPWater provides to area residents. The Revenue Bonds payable and direct placement revenue bonds as of February 28, 2026 and 2025 include the following individual issues:

	Amounts Outstanding 2/28/25	Issued	Retired/ Refunded	Amounts Outstanding 2/28/26	Due Within One Year
*$2,163,000 2009A Series due in annual installments of $107,000 with interest at 0.00%. Final payment due March 2031.	$ 749,000	$ -	$ 107,000	$ 642,000	$ 107,000
$22,240,000 2015 Series annual installment of $1,020,000 with interest at 5.00% paid in fiscal year 2026. Refunded $13,490,000 with the 2025 Bonds.	14,510,000	-	14,510,000	-	-
$19,790,000 2016 Series due in annual installments of $950,000 to $1,565,000 with interest due at 5.00%. Final payment due March 2036.	14,500,000	-	905,000	13,595,000	950,000
$48,940,000 2017 Series due in annual installments of $820,000 to $4,815,000 with interest due at 4.00% to 5.00%. Final payment due March 2039.	31,170,000	-	3,710,000	27,460,000	3,960,000
*$8,945,000 2021 Series due in annual installments of $665,000 to $1,000,000 with interest due at 1.60%. Final payment due March 2032.	7,345,000	-	665,000	6,680,000	910,000
$13,330,000 2021A Series due in annual installments of $505,000 to $905,000 with interest due at 2.00% to 5.00%. Final payment due March 2041.	11,965,000	-	485,000	11,480,000	505,000
*$9,490,000 2022 Series due in annual installments of $315,000 to $320,000 with interest due at 0.00%. Final payment due March 2052.	8,850,000	-	320,000	8,530,000	320,000
$23,750,000 2022A Series due in annual installments of $500,000 to $2,095,000 with interest due at 4.25% to 5.00%. Final payment due March 2042.	23,500,000	-	500,000	23,000,000	500,000

12. REVENUE BONDS (Continued)

	Amounts Outstanding 2/28/25	Issued	Retired/ Refunded	Amounts Outstanding 2/28/26	Due Within One Year
$22,870,000 2023 Series due in annual installments of $500,000 to $1,900,000 with interest due at 4.00% to 5.00%. Final payment due March 2043.	22,620,000	-	500,000	22,120,000	500,000
$54,145,000 2024 Series due in annual installments of $500,000 to $4,760,000 with interest due at 4.00% to 5.00%. Final payment due March 2044.	54,145,000	-	250,000	53,895,000	500,000
$31,790,000 2025 Series due in annual installments of $665,000 to $2,175,000 with interest due at 4.00% to 5.00%. Final payment due March 2050.	-	31,790,000	-	31,790,000	1,445,000
Total bonds outstanding	189,354,000	$ 31,790,000	$ 21,952,000	199,192,000	$ 9,697,000
Less current maturities	(8,462,000)			(9,697,000)	
Total long term portion	$180,892,000			$189,495,000	

**Direct placement revenue bonds*

Interest costs incurred on revenue bonds totaled $8,729,233 in 2026 and $7,871,177 in 2025.

Municipal Drainage Utility Fund Annual Debt Service Requirements

	Revenue Bonds		Direct Placements	
Year Ending February	Principal	Interest	Principal	Interest
2027	$ 8,360,000	$ 8,495,706	$ 1,337,000	$ 99,600
2028	8,735,000	8,068,332	1,352,000	84,920
2029	9,170,000	7,620,706	1,362,000	70,040
2030	9,625,000	7,172,532	1,382,000	54,920
2031	8,925,000	6,734,581	1,397,000	39,520
2032 - 2036	51,665,000	26,497,127	3,667,000	31,880
2037 - 2041	48,190,000	14,216,476	1,575,000	-
2042 - 2046	32,865,000	4,154,729	1,575,000	-
2047 - 2051	5,805,000	753,625	1,575,000	-
2052 - 2053	-	-	630,000	-
	$ 183,340,000	$ 83,713,814	$ 15,852,000	$ 380,880

12. REVENUE BONDS (Continued)

On April 1, 2024, EPWater issued $54,145,000 in Municipal Drainage Revenue Refunding Bonds, Series 2024 with an average interest rate of 4.87%, to refund $60 million of Municipal Drainage Extendable Commercial Paper Notes with an average interest rate of 3.86%.

On April 15, 2025, EPWater issued $31,790,000 in Municipal Drainage Revenue Refunding Bonds, Series 2025 with an average interest rate of 4.85% to refund the following outstanding bonds:

Series	Amount	Average Coupon
2015	$ 13,490,000	5.00%

The liabilities associated with these bonds were removed from the related payables. As of February 28, 2026 $0 of the bonds remained outstanding with an escrow balance of $0.

The refunding of the 2015 Bonds reduced debt service by $1,286,094 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $1,078,681.

Additionally, the Municipal Drainage Revenue Refunding Bonds, Series 2025 refunded $20 million of Municipal Drainage Extendable Commercial Paper Notes outstanding with an average interest rate of 4.00%.

Arbitrage - The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. Arbitrage is evaluated and estimated on an annual basis by a third party arbitrage rebate service company. The company has estimated and EPWater accrued a liability for the Water and Wastewater Utility fund and the Municipal Drainage Utility fund of $12,492,144 and $2,047,797, respectively, as of February 28, 2026. The company has estimated and EPWater accrued a liability for the Water and Wastewater Utility fund and the Municipal Drainage Utility fund of $10,595,935 and $1,523,445, respectively, as of February 28, 2025.

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

13. COMMERCIAL PAPER

The purpose of the Commercial Paper Program is to provide funds for the interim financing of a portion of the costs of capital improvements to the system.

The borrowings under the Commercial Paper Program are equally and ratably secured by and are payable from (i) the proceeds from the sale of bonds or additional borrowing under the Commercial Paper Program and (ii) borrowing under and pursuant to the revolving credit agreement.

On August 1, 2015, EPWater, through the City of El Paso and Bank of America, N.A., entered into a direct placement Revolving Credit Agreement pursuant to which Bank of America, N.A. is obligated under the Credit Agreement to loan to the City amounts not to exceed $40 million for the purpose of paying amounts due on the Commercial Paper Program. Any borrowing under the Credit Agreement is equally and ratably secured by and payable from the above-described sources pledged for payment of the Commercial Paper Program and from a pledge of the Net Revenues of the Water and Wastewater Utility, such pledge being subordinate to the pledge of Net Revenues securing all Senior Lien Obligations. Per the Agreement, the outstanding commercial paper resulting from direct borrowing have a termination event for failure to pay any interest or principal on the loan note, or commitment fees when due for a period of five business days from the date given by the bank. The revolving credit agreement also contains a clause to accelerate payment of principal and accrued interest to become immediately due, if EPWater defaults on any payment on specified debt within the agreement or any other "events of default" as defined in the agreement. Management intends to continue the remarketing of the tax-exempt commercial paper notes as it intends to maintain a portion of its debt in variable rates. On August 14, 2018, the first amendment to the credit agreement was executed to extend the contract until August 23, 2021, and reduced the commitment fee rate from 0.040% to 0.037%. On August 20, 2021, the second amendment to the credit agreement was executed to extend the contract until August 21, 2026, and with an option to increase the Commitment (as defined in the credit Agreement), from time to time, in a maximum aggregate amount not to exceed $80 million. The "paper" can be sold in $100,000 increments and matures from one to 270 days. On August 21, 2025, EPWater terminated the Commercial Paper Credit Agreement with Bank of America to allow for a transition to the use of Extendable Commercial Paper as the main financing program for the Utility. There were no amounts outstanding as of February 28, 2026 and 2025.

14. EXTENDABLE COMMERCIAL PAPER NOTES

Municipal Drainage Utility

On May 9, 2023, the Council of the City of El Paso, approved an ordinance establishing an Extendable Commercial Paper (ECP) program for the Municipal Drainage Utility in the amount of $60 million with an expiration date of April 1, 2053. The purpose of the ECP program is to provide funds for interim financing for a portion of the costs of the capital improvements to the stormwater system.

On June 1, 2023, EPWater through the City and Morgan Stanley & Co. LLC entered into a Dealer Agreement with an expiration date of April 1, 2053, to solicit and arrange sales of the ECP Notes.

The ECP Notes are special obligations of the City, and the payment of the principal of and interest on the ECP Notes are secured by and payable only from a lien on and pledge of (i) the Net Revenues, and the Net Revenues are further pledged to the establishment and maintenance of the Payment Fund; provided that the pledge of Net Revenues securing the ECP Notes is expressly made subordinate and inferior to the lien on and pledge of Net Revenues securing Bonds Similarly Secured, and the ECP Notes shall constitute Subordinate Lien Obligations, as provided in the ordinances authorizing the Bonds Similarly Secured, (ii) the Proceeds from the sale of ECP Notes to refinance maturing ECP Notes (i.e., "roll") and the proceeds of Refunding Bonds to be issued by the City, and (iii) all amounts in the funds and accounts created or maintained pursuant to the Ordinance and the Issuing and Paying Agent Agreement, and such amounts constitute funds held for that purpose, subject only to the provisions of the Ordinance and the Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein. The ordinance contains a clause for remedies for default, if EPWater defaults on any specified debt resulting from ECP program for failure to pay any interest or principal on the loan note when due for a period of five business days from the date such obligation was due.

Since these notes represent activity that is the result of EPWater's Municipal Drainage Utility's long-term financing plan, the amounts outstanding are presented as long term. The "notes" can be sold in denominations of $100,000 or in integral multiples of $1,000 in excess thereof with an initial maturity not to exceed 90 days and a final maturity, if extended, of not more than 270 days from the issue date. As of February 28, 2025, there was $20 million outstanding and as of February 28, 2026, the following amount of ECP Notes were outstanding:

2026	Maturity Date	Coupon Rate
$ 20,000,000	4/20/2026	2.47%
$ 20,000,000		

14. EXTENDABLE COMMERCIAL PAPER NOTES (Continued)

Water and Wastewater Utility

On May 7, 2024, the Council of the City of El Paso, approved an ordinance establishing an Extendable Commercial Paper (ECP) program for the Water and Wastewater Utility in the amount of $300 million with an expiration date of May 1, 2054. The purpose of the ECP program is to provide funds for interim financing of a portion of the costs of the capital improvements to the water and wastewater systems.

On May 1, 2024, EPWater through the City and Morgan Stanley & Co. LLC entered into a Dealer Agreement with an expiration date of May 1, 2054, to solicit and arrange sales of the ECP Notes.

The ECP Notes are special obligations of the City, and the payment of the principal of and interest on the ECP Notes are secured by and payable only from a lien on and pledge of (i) the Net Revenues, and the Net Revenues are further pledged to the establishment and maintenance of the Payment Fund; provided that the pledge of Net Revenues securing the ECP Notes is expressly made subordinate and inferior to the lien on and pledge of Net Revenues securing Bonds Similarly Secured, and the ECP Notes shall constitute Subordinate Lien Obligations, as provided in the ordinances authorizing the Bonds Similarly Secured, (ii) the Proceeds from the sale of ECP Notes to refinance maturing ECP Notes (i.e., "roll") and the proceeds of Refunding Bonds to be issued by the City, and (iii) all amounts in the funds and accounts created or maintained pursuant to the Ordinance and the Issuing and Paying Agent Agreement, and such amounts constitute funds held for that purpose, subject only to the provisions of the Ordinance and the Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein. The ordinance contains a clause for remedies for default, if EPWater defaults on any specified debt resulting from ECP program for failure to pay any interest or principal on the loan note when due for a period of five business days from the date such obligation was due.

Since these notes represent activity that is the result of EPWater's Water and Wastewater Utility's long-term financing plan, the amounts outstanding are presented as long term. The "notes" can be sold in denominations of $100,000 or in integral multiples of $1,000 in excess thereof with an initial maturity not to exceed 90 days and a final maturity, if extended, of not more than 270 days from the issue date. As of February 28, 2025, there was $280 million outstanding and as of February 28, 2026, the following amounts of ECP Notes were outstanding:

2026	Maturity Date	Coupon Rate
$ 50,000,000	3/4/2026	2.75%
50,000,000	3/17/2026	2.70%
50,000,000	4/7/2026	2.47%
50,000,000	4/20/2026	2.47%
50,000,000	4/21/2026	2.47%
50,000,000	4/22/2026	2.49%
$ 300,000,000		

15. LEASE LIABILITIES

The Water and Wastewater Utility has a lease agreement as a lessee to lease land with a 39-year term. At February 28, 2026 and 2025, the right to use lease liability was $5,003,520 and $5,036,445, respectively, based on the present value calculations of future minimum lease payments and a stated incremental borrowing rate of 7.50%. The agreements call for monthly payments during the lease term. Principal payments made by the Water and Wastewater Utility during fiscal year 2026 and 2025 for the land leases were $32,925 and $29,518, respectively and interest expense recognized was $376,392 and $378,777, respectively.

Principal and interest requirements to maturity for right to use leases are as follows:

Year Ending February	Principal	Interest	Total Requirements
2027	$ 35,482	$ 374,018	$ 409,500
2028	38,237	371,263	409,500
2029	40,121	369,379	409,500
2030	44,321	365,179	409,500
2031	47,763	361,737	409,500
2032 - 2036	299,243	1,748,257	2,047,500
2037 - 2041	433,975	1,613,525	2,047,500
2042 - 2046	632,112	1,415,388	2,047,500
2047 - 2051	918,799	1,128,701	2,047,500
2052 - 2056	1,335,547	711,953	2,047,500
2057 - 2060	1,177,920	152,955	1,330,875
	$ 5,003,520	$ 8,612,355	$ 13,615,875

The Water and Wastewater Utility has lease agreements as a lessee to lease office equipment with a 5-year lease terms. At February 28, 2026 and 2025, the right to use lease liability was $273,989 and $340,559, respectively, based on the present value calculations of future minimum lease payments and an estimated incremental borrowing rate 2.93%. The agreement calls for monthly payments during the lease term. Principal payments made by the Water and Wastewater Utility during fiscal year 2026 and 2025 for office equipment leases were $66,570 and $67,937, respectively and interest expense recognized was $9,007 and $1,272, respectively.

Principal and interest requirements to maturity for right to use leases are as follows:

Year Ending February	Principal	Interest	Total Requirements
2027	$ 68,545	$ 7,096	$ 75,641
2028	70,578	5,063	75,641
2029	72,661	2,980	75,641
2030	62,205	829	63,034
	$ 273,989	$ 15,968	$ 289,957

15. LEASE LIABILITIES (Continued)

The Water and Wastewater Utility has entered into lease agreements as a lessee to lease golf cart vehicles with a 5-year lease term. At February 28, 2026 and 2025, the right to use lease liability was $493,130 and $623,413, respectively, based on the present value calculations of future minimum lease payments and an estimated incremental borrowing rate of 2.38%. The agreement calls for monthly payments during the lease term. Principal payments made by the Water and Wastewater Utility during fiscal year 2026 and 2025, were $130,283 and $80,722, respectively and interest expense recognized was $13,205 and $6,243, respectively.

Principal and interest requirements to maturity for right to use leases are as follows:

Year Ending February	Principal	Interest	Total Requirements
2027	$ 133,419	$ 10,281	$ 143,700
2028	136,632	7,068	143,700
2029	139,906	3,794	143,700
2030	83,173	652	83,825
	$ 493,130	$ 21,795	$ 514,925

16. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS)

The Water and Wastewater Utility has various agreements for software licenses and hosted subscriptions with terms ranging from two to five years. At February 28, 2026 and 2025, the liability was $1,831,375 and $743,172, respectively, based on present value calculations of future minimum subscription payments and estimated incremental borrowing rates that range from 0.55% to 2.87%. Liabilities of $2,925,895 and $861,620 for new arrangements entered into during fiscal years 2026 and 2025, respectively, have been recorded based on present value calculations of future minimum subscription payments and estimated incremental borrowing rates that range between 2.64% to 2.87%. The agreements call for annual payments during the subscription terms. Principal payments made by the Water and Wastewater Utility during fiscal years 2026 and 2025 were $1,837,692 and $1,568,125, respectively, and interest expense recognized was $45,403 and $11,439, respectively. Variable payments made by the Water and Wastewater Utility during fiscal years 2026 and 2025 were $151,374 and $38,895, respectively.

Principal and interest requirements to maturity for SBITAs of the Water and Wastewater Utility are as follows:

Year Ending February	Principal	Interest	Total Requirements
2027	$ 947,918	$ 51,792	$ 999,710
2028	883,457	24,967	908,424
	$ 1,831,375	$ 76,759	$ 1,908,134

16. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS) (Continued)

The Municipal Drainage Utility had an agreement for software licenses with a term of four years. At February 28, 2026 and 2025, the liability was $0 and $0, based on the present value calculations of future minimum subscription payments and an estimated incremental borrowing rate of 0.55%. The agreement called for annual payments during the subscription term. Principal payments made by the Municipal Drainage Utility during fiscal years 2026 and 2025 were $0 and $20,586, respectively, and interest expense recognized was $0 and $61, respectively.

There are no current and/or future principal and interest requirements for SBITAs for the Municipal Drainage Utility.

17. OTHER GOVERNMENT PAYABLE

During the fiscal year ending February 28, 2010, EPWater entered into a wholesale contract with Fort Bliss to provide water services for 30 years, with an option to renew for an additional 20 year period effective June 1, 2009. EPWater is to credit Fort Bliss $3,300,000 with an interest rate of 4.5% totaling $5,010,583 over 20 years ($20,877 monthly) for the engineering/environmental analysis in connection with the Kay Bailey Hutchison Desalination Plant. The following is a list of the principal and interest payments due to Fort Bliss as of February 28, 2026:

Year Ending February	Principal	Interest	Total
2027	$ 221,023	$ 29,501	$ 250,524
2028	231,177	19,347	250,524
2029	241,797	8,727	250,524
2030	62,166	465	62,631
	$ 756,163	$ 58,040	$ 814,203

18. 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, 2026 and 2025.

Revenues available for debt service are determined as follows:

	2026	2025
Water and wastewater revenue	**$ 394,979,622**	$ 384,327,711
Operating revenue deductions	**180,991,883**	181,947,325
Net water and wastewater revenue	**213,987,739**	202,380,386
Other revenues available for debt service:		
Interest income	**21,246,795**	24,711,902
Other miscellaneous operating revenue	**13,388,501**	10,821,927
Gain on sale of miscellaneous assets	**1,122,931**	278,771
Less: Other miscellaneous expenses	**(9,499,628)**	(7,377,541)
Net other revenues available for debt service	**26,258,599**	28,435,059
Revenues available for debt service	**$ 240,246,338**	$ 230,815,445

Comparison of pledged revenues to debt requirements:

	2026	2025
Revenues available for debt service	**$ 240,246,338**	$ 230,815,445
Debt service requirements		
Principal	**55,365,000**	54,305,000
Interest	**58,131,025**	56,505,050
Total requirements	**$ 113,496,025**	$ 110,810,050
Debt service ratio	**2.12**	2.08

As calculated above, the approximate amount of pledged revenue for the years ended February 28, 2026 and 2025 were $240,246,338 and $230,815,445, respectively.

The proportion of the specific revenue stream that has been pledged to cover the debt requirements to the total revenue was 55.78% and 54.94% for the years ended February 28, 2026 and 2025, respectively.

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

18. 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, 2026 and 2025.

Revenues available for debt service are determined as follows:

	2026	2025
Municipal drainage utility revenue	**$ 44,416,296**	$ 38,144,557
Operating revenue deductions	**11,710,341**	12,024,777
Net municipal drainage utility revenue	**32,705,955**	26,119,780
Other revenues available for debt service:		
Interest income	**2,236,297**	2,292,177
Other miscellaneous operating revenue	**1,247,752**	1,050,067
Less: Other miscellaneous expenses	**(328,274)**	(615,177)
Net other revenues available for debt service	**3,155,775**	2,727,067
Revenues available for debt service	**$ 35,861,730**	$ 28,846,847

Comparison of pledged revenues to debt requirements:

	2026	2025
Revenues available for debt service	**$ 35,861,730**	$ 28,846,847
Debt service requirements		
Principal	**8,462,000**	7,413,000
Interest	**8,364,555**	6,939,770
Total requirements	**$ 16,826,555**	$ 14,352,770
Debt service ratio	**2.13**	2.01

As calculated above, the approximate amount of pledged revenue for the years ended February 28, 2026 and 2025 were $35,861,730 and $28,846,847, respectively.

The proportion of the specific revenue stream that has been pledged to cover the debt requirements to the total revenue were 74.87% and 69.53% for the years ended February 28, 2026 and 2025, respectively.

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

19. RISK MANAGEMENT

EPWater is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters and is covered under certain policies purchased from independent insurance carriers. Additionally, EPWater, through the City of El Paso, maintains insurance policies acquired from independent insurance carriers covering material structural properties.

EPWater, in conjunction with the City of El Paso, provides health benefits and workers' compensation benefits for eligible employees and a fully insured health benefit plan for retirees. EPWater and the City of El Paso fund these plans separately, and EPWater is responsible for the costs incurred related to the employees and retirees of EPWater. EPWater, in conjunction with the City of El Paso, provides basic life insurance for eligible employees and dependents through a commercial carrier.

The City maintains group health insurance administered through Aetna which is self-insured for active employees and their eligible dependents and fully insured for retired employees and their eligible dependents. The initial annual liability limit for reinsurance coverage of EPWater was $350,000 per claim per covered member for the self-insured plans. Effective January 1, 2025, the amount increased to $400,000. Contributions are shared by EPWater, participating employees, and retirees. Eligible health expenses and liabilities are paid and recorded separately for the City of El Paso and EPWater.

Claims Administrative Services administers the workers' compensation self-insurance program. A separate bank account is used to pay all claims for workers' compensation, and EPWater accrues estimated future liabilities for workers' compensation claims filed as of the end of the fiscal year based on an actuarial study performed every two years. Management feels that the contributions made during the year for workers' compensation will offset any claims paid during the year.

For the years ended February 28, 2026 and 2025, and February 29, 2024, the amount of settlements did not exceed insurance coverage and there were no significant reductions in the coverage from the prior year. The estimated liability for unpaid health claims is based upon the claim lag report. The estimated liability for unpaid workers' compensation claims is the discounted future payments, as actuarially determined, of case reserves plus claims incurred but not reported as of the actuarial report date of February 28, 2025. Accrued liabilities for these self-insurance programs are summarized below for the years ended February 28, 2026 and 2025, and February 29, 2024:

	2026	2025	2024
Health Insurance	**$ 195,017**	$ 331,796	$ 97,117
Workers' Compensation	**324,423**	711,237	711,237
Total payable	**519,440**	1,043,033	808,354
Less current portion	**360,328**	416,484	365,396
Estimated long-term portion	**$ 159,112**	$ 626,549	$ 442,958

19. RISK MANAGEMENT (Continued)

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

	2026	2025	2024
Total payable, beginning of year	**$ 1,043,033**	$ 808,354	$ 1,012,852
Additional claims incurred	**2,798,866**	3,701,578	2,635,396
Claims paid during the year	**(3,322,459)**	(3,466,899)	(2,839,894)
Total payable, end of year	**$ 519,440**	$ 1,043,033	$ 808,354

20. PENSION AND RETIREMENT PLAN

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

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

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

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

The collective net pension liability was measured as of August 31, 2025 and August 31, 2024. The total pension liability is based on the actuarial valuation as of September 1, 2024 and the interim actuarial valuation as of September 1, 2023, respectively, and update procedures were used to roll forward the total pension liability to the measurement dates of August 31, 2025 and August 31, 2024.

20. PENSION AND RETIREMENT PLAN (Continued)

	2026	2025
Total Pension Liability	**$ 1,359,292,019**	$ 1,244,289,324
Less: Fiduciary Net Position	**(1,060,641,134)**	(990,935,503)
Net Pension Liability	**$ 298,650,885**	$ 253,353,821
Fiduciary Net Position as a percentage of the Total Pension Liability	**78.03%**	79.64%

Benefits Provided: Substantially all full-time employees of the City (including EPWater) are eligible to participate in the Plan. Non-employer contributions are limited to participating employees. Participation is mandatory for classified employees (except permanent part-time employees). For non-classified employees, participation is mandatory for employees hired after July 1997. Classified employees include all persons who are permanent, full-time employees and are not otherwise excluded from the CERT. The designated purpose of the CERT is to provide retirement, death, and disability benefits to participants or their beneficiaries. The CERT is administered by the CERT Board of Trustees, which is comprised of two members of the City Council, two citizens of the City who are not officers or employees of the City, four city employees who are qualified to participate in the trust, and one retired city employee receiving pension benefits from the trust. The CERT Board contracts with an independent pension custodian, investment managers, an investment consultant, an actuary and an attorney to assist in managing the CERT.

Members who were first participants prior to September 1, 2011, accrue benefits based on Tier I provisions as follows:

- Participants who leave the Plan before completion of five years of service receive a refund of their contributions. Participants leaving the Plan with more than five years but less than ten years of service may receive a refund of their contributions plus interest at 5.5%, compounded annually, provided they are not eligible for normal retirement. Participants become fully vested after reaching forty years of age and ten years of service or forty-five years of age and seven years of service. Normal retirement is the earlier of (i) fifty-five years of age with ten years of service, (ii) sixty years of age with seven years of service or (iii) thirty years of service, regardless of age. Participants who have met the minimum vesting requirements may retire but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement, which will provide an actuarially reduced pension benefit payment upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.5% of average monthly gross earnings received by the employee during the three years immediately prior to retirement, or 2.5% of the average monthly base salary received by the employee during the year immediately prior to retirement, or 2.5% of the monthly base salary pay for the month immediately prior to retirement, whichever is greater, multiplied by the number of completed years of service, plus 0.2083 of 1% of such average for each additional completed or fractional part of a month of service.

20. PENSION AND RETIREMENT PLAN (Continued)

Members who were first participants on or after September 1, 2011, accrue benefits based on Tier II provisions as follows:

- Participants who leave the plan before completion of seven years of service receive a refund of their contributions. Participants leaving the plan with more than seven years but less than ten years of service may receive a refund of their contributions plus interest at 3%, compounded annually, provided they are not eligible for normal retirement. Participants become fully vested after reaching forty-five years of age and seven years of service. Normal retirement is the earlier of (i) sixty years of age with seven years of service or (ii) thirty-five years of service, regardless of age. Participants who have met the minimum vesting requirements may retire but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement which will provide an actuarially reduced pension benefit payment upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.25% of average monthly gross earnings received by the employee during the three years immediately prior to retirement, multiplied by the number of completed years of service, plus 0.1875 of 1% of such average for each additional completed or fractional part of a month of service, limited to 90% of the three year average final pay.

A pension benefit is available to surviving spouses and dependents. The plan includes no automatic increase in retirement benefits, including automatic COLAs. However, the Board, at its discretion after consideration of a recent actuarial review of the funding status, may provide ad hoc cost of living or other increases in retirement benefits. There were no ad-hoc payments issued for the plan years ended August 31, 2025 and August 31, 2024.

<u>Actuarial Methods and Assumptions</u> - 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.

20. PENSION AND RETIREMENT PLAN (Continued)

For the September 1, 2024 actuarial valuation and interim September 1, 2023 actuarial valuations, rolled forward to the measurement dates of August 31, 2025 and August 31, 2024, respectively, the entry-age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the fair value of investments over a five-year period. The actuarial assumptions at September 1, 2024 and at September 1, 2023 included a 7.25% investment rate of return (net of expenses), projected salary increases of 2.5%, which is solely due to the effect of inflation on salaries, with no allowance for future membership growth. The remaining amortization period at September 1, 2024 and at September 1, 2023 was 25 years using closed periods (“layers”). For the September 1, 2024 and interim September 1, 2023 actuarial valuation, rolled forward to August 31, 2025 and August 31, 2024, respectively, mortality rates for active and deferred vested participants and for disabled retirees are based on the Pub-2010 General Employee and-Pub 2010 Non-Safety Disabled benefit weighted tables, respectively, and mortality rates for healthy retirees and survivors are based on 112% of the Pub-2010 General Retiree and Pub-2010 Contingent Annuitant benefit-weighted tables, respectively, all projected with Scale MP-2021 on a fully generational basis. The actuarial assumptions and methods used in the September 1, 2024 and interim September 1, 2023 actuarial valuations were based on the experience study for the period September 1, 2018 to August 31, 2022 and were reflected for the first time in the September 1, 2023 interim valuation.

Changes of Assumptions since August 31, 2024 - There were no changes in the actuarial assumptions or other reports that affected the 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 EPWater’s proportionate share of the collective net pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of returns by the asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the CERT’s target asset allocations as of August 31, 2025 and August 31, 2024 are summarized in the following table:

20. PENSION AND RETIREMENT PLAN (Continued)

Asset Class	**2025 Target Allocation**	2024 Target Allocation	**2025 Long-term Expected Real Rate of Return**	2024 Long-term Expected Real Rate of Return
Domestic Equity	**31%**	31%	**6.48%**	5.34%
International Equity	**21%**	21%	**6.26%**	7.02%
Fixed Income	**24%**	24%	**2.26%**	2.19%
Real Estate	**10%**	10%	**4.30%**	3.87%
Private Equity	**13%**	13%	**9.52%**	8.59%
Cash	**1%**	1%	**-**	-
	100%	100%		

Discount Rate: The discount rate used to measure the total pension liability was 7.25 percent for plan years ended August 31, 2025 and August 31, 2024. The projection of cash flows used to determine the discount rate assumed that contributions will be based on the rates established by Ordinance. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Contributions Required and Contributions Made - Contribution rates for the CERT are based upon local statutes as enacted by the El Paso City Council and are not actuarially determined. However, each time a new actuarial valuation is performed, contribution requirements are compared to the actuarially determined amount necessary to fund service costs and amortize the unfunded actuarial accrued liability (using entry-age-normal cost method) over twenty-five years. As of the most recent actuarial valuation, the contribution rate was 23.00 percent of annual covered payroll with employer contributions of 14.05 percent and employee contributions of 8.95 percent.

EPWater Contributions for the years ended February 28, 2026 and 2025 were as follows:

	2026 - Contributions Required and Made	2025 - Contributions Required and Made
Employer contributions	**$ 9,719,072**	$ 9,223,739
Employee contributions	**6,191,154**	5,875,640
Total contributions	**$ 15,910,226**	$ 15,099,379

20. PENSION AND RETIREMENT PLAN (Continued)

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

8/31/2025 - EPWater's proportionate share of the net pension liability	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
	$ 89,772,607	$ 59,431,526	$ 33,994,311

8/31/2024 - EPWater's proportionate share of the net pension liability	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
	$ 77,761,205	$ 50,417,410	$ 27,458,340

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At February 28, 2026 and 2025, EPWater reported a net pension liability for its proportionate share of the CERT's net pension liability of $59,431,526 and $50,417,410, respectively. EPWater's net pension liability reported at February 28, 2026 and February 28, 2025 was measured at August 31, 2025 and August 31, 2024, respectively.

EPWater's proportion of the net pension liability was based on EPWater's contributions to the pension plan relative to the contributions of the City to the plan for the periods from September 1, 2024 to August 31, 2025 and September 1, 2023 to August 31, 2024. At August 31, 2025 and August 31, 2024, EPWater's proportion of the collective net pension liability was 19.90 percent.

For the years ended February 28, 2026 and 2025, EPWater recognized pension expense, as measured in accordance with GASB Statement No. 68, of $10,950,008 and $6,854,524, respectively.

20. PENSION AND RETIREMENT PLAN (Continued)

At February 28, 2026 and 2025, EPWater reported its proportionate share of the deferred outflows of resources and deferred inflows of resources related to the CERT from the following sources:

	2026		2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual pension experience	$ 18,970,104	$ -	$ 7,350,175	$ -
Changes of assumptions	3,427,877	-	4,391,161	-
Net difference between projected and actual earnings on pension assets	-	689,038	3,534,982	-
Changes in proportionate share	2,913,335	132,721	1,806,694	232,728
Employer contributions subsequent to the measurement date	5,259,218	-	5,115,311	-
Total	$ 30,570,534	$ 821,759	$ 22,198,323	$ 232,728

In addition to the proportionate share reported above, EPWater reported proportionate share between funds in the amounts of $285,556 and $145,669 for the years ended February 28, 2026 and 2025, respectively, at the fund level in both deferred inflows and outflows related to pension. These amounts are eliminated at the total entity level in the statements of net position.

For the years ended February 28, 2026 and 2025, EPWater reported $5,259,218 and $5,115,311, respectively as deferred outflows of resources related to pensions resulting from EPWater contributions subsequent to the measurement date and prior to year-end. The 2026 amount will be recognized as a reduction of the net pension liability for the year ending February 28, 2027. The 2025 amount was recognized as a reduction of the net pension liability for the year ended February 28, 2026.

For the year ended February 28, 2026, the amount recognized as pension expense for the deferred outflows and inflows related to pensions was $6,213,295 and for the year ended February 28, 2025, the amount was $2,295,425.

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

Year Ending February	Pension Expense
2027	$ 11,759,099
2028	5,400,438
2029	3,402,556
2030	3,376,725
2031	550,739
Thereafter	-
Total	$ 24,489,557

20. PENSION AND RETIREMENT PLAN (Continued)

Payable to the Pension Plan: At February 28, 2026 and 2025, EPWater reported a payable, including accruals where applicable, of $620,890 and $551,910, respectively, for the outstanding amount of contributions to the pension plan required for each fiscal year.

21. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Benefits Provided - The contribution requirements of plan members are established by City ordinance and may be amended as needed. Retiree coverage for health care benefits for retirees under age 65 is the same as the coverage provided to active City employees. Retirees over age 65 are covered through a Medicare Advantage Plan. Retirees pay premiums ranging from $144 per month to $2,900 per month depending on the coverage elected. The cost of retiree health care benefits in the form of a share of the premiums is recognized on a pay-as-you go financing method and is recorded as an expense as liabilities are incurred. Retirees contributed approximately 46% of the total current year cost.

Employees Covered by Benefit Terms - At February 28, 2026 and 2025, the following EPWater employees were covered by the benefit terms:

	2026	2025
Inactive employees or beneficiaries currently receiving benefits	**134**	129
Active employees	**1077**	1073
Total	**1211**	1202

Total OPEB Liability - EPWater's total OPEB liability of $14,086,225 and $13,803,258 reported at February 28, 2026 and 2025, respectively, is based on the actuarial valuation performed as of January 1, 2025. Update procedures were used to roll forward the total OPEB liability to the measurement dates of February 28, 2026 and 2025.

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

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

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

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	4.71% as of February 28, 2026 4.15% as of February 28, 2025
Inflation	2.50%
Salary Increases	3.25% to 5.00%
Demographic Assumptions	The demographic assumptions are the same as those used in the City of El Paso Employees Retirement Trust actuarial valuation as of September 1, 2024.
Mortality	For healthy retirees, the gender-distinct Pub-2010 General Retirees mortality tables are used, with male and female rates multiplied by 112%. The rates are projected on a fully generational basis using the mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Health Care Trend Rates	Pre-65 - Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years. Post-65 - Initial rate of 5.90% declining to an ultimate rate of 4.25% after 9 years.
Participation Rates	35% for eligible employees retiring between the ages of 50 and 65. 40% for eligible employees retiring at the age of 65 or older. 0% for eligible employees retiring before the age of 50. 45% of retirees were assumed to elect 2-person coverage.

The discount rates at February 28, 2026 and 2025 are based on the Bond Buyer "20-Bond GO Index".

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

Changes in the Total OPEB Liability:

		2026
Balance at March 1, 2025	$	13,803,258
Changes for the year:		
Service cost		1,104,938
Interest		583,350
Differences between expected and actual experience		24,831
Changes of assumptions		(831,929)
Benefit payments		(598,223)
Net change		282,967
Balance at February 28, 2026	$	14,086,225

Changes of assumptions reflect a change in the discount rate from 4.15% as of February 28, 2025 to 4.71% as of February 28, 2026. Of the total OPEB liability at February 28, 2026, $660,176 reflect the expected benefits to be paid within one year and are reported within the current liabilities category. The remaining amount of $13,426,049 is reported within noncurrent liabilities.

		2025
Balance at March 1, 2024	$	13,883,605
Changes for the year:		
Service cost		980,167
Interest		552,531
Differences between expected and actual experience		(2,199,055)
Changes of assumptions		1,143,013
Benefit payments		(557,003)
Net changes		(80,347)
Balance at February 28, 2025	$	13,803,258

Changes of assumptions reflect a change in the discount rate from 3.92% as of February 29, 2024 to 4.15% as of February 28, 2025. Additionally, the demographic and salary increase assumptions were updated to reflect the 2024 City of El Paso pension valuation, and updates were made to the health care trend assumption. Of the total OPEB liability at February 28, 2025, $573,896 reflect the expected benefits to be paid within one year and are reported within the current liabilities category. The remaining amount of $13,229,362 is reported within noncurrent liabilities.

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of EPWater, calculated using the discount rate of 4.71% as of February 28, 2026, and 4.15% as of February 28, 2025, as well as what EPWater's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the respective discount rate:

02/28/2026	1% Decrease (3.71%)	Discount Rate (4.71%)	1% Increase (5.71%)
Total OPEB Liability	$ 15,624,584	$ 14,086,225	$ 12,770,612

02/28/2025	1% Decrease (3.15%)	Discount Rate (4.15%)	1% Increase (5.15%)
Total OPEB Liability	$ 15,360,234	$ 13,803,258	$ 12,474,522

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of EPWater, 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:

02/28/2026	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	$ 12,306,498	$ 14,086,225	$ 16,259,543

02/28/2025	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	$ 12,099,942	$13,803,258	$ 15,844,819

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For fiscal years ended February 28, 2026 and 2025, EPWater recognized OPEB expense of $136,176 and $79,556 (net of credit of $40,109), respectively.

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

At February 28, 2026 and 2025, EPWater reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2026		2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,786	$6,309,053	$ -	$ 7,887,108
Changes of assumptions	2,639,446	3,367,408	3,461,374	3,334,509
Total	$ 2,661,232	$ 9,676,461	$ 3,461,374	$ 11,221,617

In addition to the deferred outflows and inflows reported above, EP Water reported proportionate share between funds in the amounts of $178,613 and $232,458 for the years ended February 28, 2026 and 2025, respectively, at the fund level in both deferred inflows and outflows related to OPEB. These amounts are eliminated at the total entity level in the statements of net position.

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	OPEB Expense
2027	$ (1,552,112)
2028	(1,556,048)
2029	(1,845,066)
2030	(916,129)
2031	(683,021)
Thereafter	(462,853)
Total	$ (7,015,229)

22. DEFERRED COMPENSATION

EPWater, through the City of El Paso, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457.

The plan, available to all EPWater employees, permits them to defer a portion of their salaries until future years. EPWater does not make any contributions to the plan. The deferred compensation benefits are not available to employees until termination, retirement, or an unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death. The investments are managed by an outside administrator and investment options are made to participants for their selection.

22. DEFERRED COMPENSATION (Continued)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants.

In management's opinion, EPWater has no liability for losses under the Plan. The City of El Paso has the duty of due care that would be required of an ordinary, prudent fiduciary.

23. WHOLESALE WATER SUPPLY AND WASTEWATER TREATMENT CONTRACTS

EPWater has entered into various wholesale water supply and wastewater treatment contracts to supply water and provide wastewater treatment to several Municipal Utility Districts and other entities who provide retail service to their customers. The contracts vary in length from 5 years to 40 years with renewal options available with the consent of both parties. The wholesale rates are updated annually based on cost of service including specific cost credits or offsets to specific entities due to grant proceeds related to specific water and wastewater service areas.

The following is a summary of wholesale water and wastewater rates to each entity served by EPWater:

Name of Entity	Water Rate	Wastewater Rate
Lower Valley Water District	$2.60 per ccf	$3.72 per ccf
Haciendas Del Norte WID	$3.50 per ccf	N/A
Gaslight Square MHE	$4.36 per ccf	$4.01 per ccf
Paseo del Este MUD	$4.36 per ccf	$4.24 per ccf
(includes fixed base differential rate of $0.26 for water and $0.33 for wastewater)		
Fort Bliss	$1.96 per ccf	$3.03 per ccf
Village of Vinton	$5.68 per ccf	$4.39 per ccf
County East Montana Water and Wastewater Systems	$4.92 per ccf	$5.13 per ccf

Transactions with these entities are summarized below:

	2026	2025
Water Sales	**$ 17,984,820**	$ 17,559,890
Wastewater Services	**$ 14,222,097**	$ 12,396,482

24. SURFACE WATER CONTRACTS

The EPWater purchases all its Rio Grande Project surface water from the El Paso County Water Improvement District #1 (District) through various contracts, briefly described below, among the United States Department of Interior-Bureau of Reclamation, the Lower Valley Water District (LVWD), and the City of El Paso, through EPWater.

In calendar year 2025, EPWater was allocated approximately 11,932.49 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 5,954.99 acres of leased water rights, whose terms are for 75 years. During calendar year 2025, the cost of the water purchased from the District for the water associated with the land owned was composed of two parts; a tax assessment fee of $30 per acre, plus a water allotment assessment fee of $10 per AF. These two charges plus a one-time administrative fee of $100 and an annual service charge per account of $20 which also applies to the water acquired through leases. EPWater also receives water rights associated with land owned and leases on 4,826.51 acres obtained within the LVWD.

In April of 2001, EPWater executed a contract titled "2001 Implementing Third Party Contract" (ITPC) which allows EPWater to purchase up to 28,116 AF of District water, and as little as zero AF, based on the District's annual water allotment. EPWater, currently owns 2,908.27 acres of water rights land, of which 2,000 are covered under the 1941 Contract and 908.27 are covered under the 2001 Contract terms of the ITPC (as amended March 2010), EPWater paid $15 per AF in the initial year of the 2001Contract for water allotted to EPWater owned acreage and the price is adjusted annually by the "Consumer Price Index-All Urban Consumers, All Items" for calendar years 2025 and 2024 the price per AF was $27.21 and $26.44. For all other water made available by the District under this contract, EPWater paid $193.50 per AF for the calendar year commencing January 1, 2001, escalating to $260 per AF for the calendar year commencing January 1, 2010. In March of 2010, the PSB and the District executed a First Amendment to the TPC in which the parties agreed to increase said price by the CPI starting on January 1, 2013, with the price for the 2011 and 2012 calendar years set a $260 per AF, for calendar years 2025 and 2024 the price per AF was $345.06 and $347.36. This amendment also increased the quantity of water allotted pursuant to PSB owned acreage in excess of 3,000 acres to 3,250 acres.

Also, under the terms of the TPC, in any year when the Directors of the District determine that the annual water allotment is two AF or greater, then for each AF of usable sewage effluent discharged by EPWater from the Haskell Street Wastewater Treatment Plant into the American Canal, the District allows the City a credit against any charges of the District equal to the current year's price per AF multiplied by one-half. The maximum allowable credit for usable sewage effluent for any given year is 15,000 AF.

In addition to the price of District water, EPWater pays the federal revenue component on all District water delivered to EPWater. This federal revenue component is $5 per AF or 5% of current year's contract price of the water, whichever is greater. In calendar year 2025, EPWater received an allotment of 1.5 AF of surface water or approximately 19,495 AF of water delivered to the two surface water treatment plants for treatment and distribution to its customers.

This note is intended to summarize major components of the contracts; however, it is recommended that the contracts be reviewed, in their entirety, by interested parties.

25. 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, 2026 and 2025, no amounts have been accrued because legal counsel has not determined that the litigation will result in a probable loss to EPWater since the outcomes cannot be determined at this time. Management and legal counsel are of the opinion that settlement of these claims and pending litigation will not have a materially adverse effect on EPWater's financial statements.

EPWater has received federal and state financial assistance for specific purposes that are subject to review and audit by the grantor agencies. Although management believes compliance with grant guidelines is adhered to, grantor audits could result in requests for reimbursement of expenditures determined to be disallowed. Management believes such disallowances, if any, would be immaterial.

EPWater has ongoing construction projects under non-cancelable contracts. At February 28, 2026 and 2025, the Water and Wastewater Utility had appropriations and estimated commitments for services yet to be performed that totaled $1,355,567,958 and $986,027,203, respectively. At February 28, 2026 and 2025, the Municipal Drainage Utility had appropriations and estimated commitments for services yet to be performed totaling $107,486,674 and $83,603,299, respectively.

Under a cash farm lease covering certain EPWater-owned agricultural properties in Hudspeth County, Texas, the Tenant, DVRM and Danjay, was responsible for reimbursing EPWater for certain property investment costs and making annual lease payments. On February 7, 2025, EPWater issued the tenant a Notice of Default under the Lease Agreement. On May 23, 2025, EPWater issued a Notice of Continued Material Default. On June 17, 2025, EPWater issued a Notice terminating the tenant's right to occupy the property. As of February 28, 2026, and through the date the financial statements were issued, the Lease Agreement had not been formally terminated. EPWater and the Tenant continue to negotiate a mutually acceptable termination agreement. Management will evaluate the recoverability of the remaining lease-related receivables and record any adjustments, if necessary, in future reporting periods.

26. RELATED PARTY TRANSACTIONS WITH CITY OF EL PASO

From time to time, EPWater may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter.

EPWater makes payments to the City of El Paso based upon a percentage of water sales. In addition, EPWater acts as a billing and collecting agent for garbage collection services and other fees for the City. The following is a summary of those transactions:

	2026	2025
Revenues from City:		
Water and Wastewater Sales	**$ 10,526,168**	$ 9,901,528
Billing and Collecting Agent fees	**2,992,921**	2,133,480
Drainage fees	**930,471**	893,833
Interest earnings	**247,024**	255,767
Expenses to City:		
10% of Water Sales	**21,251,474**	20,950,444
5% on gain on sale of land	**313,276**	41,788
Interest paid on garbage collection fees	**320,723**	357,194
Franchise fee	**6,550,000**	6,550,000
Receivable:		
Accounts Receivable from City	**24,022,768**	24,876,578
Payable:		
Garbage collections fees payable to City	**9,386,955**	8,996,107
10% of water sales payable to City	**1,615,235**	1,228,524
Franchise fee payable to City	**545,425**	545,833
Property and health insurance payable to City	**67,195**	46,016
City projects and other expenses payable to City	**403,895**	1,935,628

27. FRANCHISE FEE DUE TO THE CITY OF EL PASO

Effective September 1, 2014, the City Council of the City of El Paso established a franchise fee to be paid by EPWater to compensate the City of El Paso for the use of city streets and rights of way for utility lines and wear and tear on City streets in a total amount of Three Million Five Hundred Fifty Thousand and No/100 Dollars ($3,550,000). Effective March 1, 2020, the fee was increased to Six Million Five Hundred Fifty Thousand and No/100 Dollars ($6,550,000). For fiscal year ended February 28, 2026, $6,550,000 has been billed of which $6,004,575 has been paid to the City of El Paso. For fiscal year ended February 28, 2025, $6,550,000 was billed of which $6,004,167 was paid to the City of El Paso.

28. RESTRICTED NET POSITION

Amounts have been restricted for construction projects and for payment of bonded debt.

29. GASB 103 IMPLEMENTATION - CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year ended February 28, 2026, EPWater implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, which resulted in changes to the presentation and classification of revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

Financial statement line items affected by this implementation include: lease revenue, items reported as noncapital subsidies (federal grant revenue - noncapital and payment to City of El Paso per bond covenants), and some items reported as other nonoperating revenues/expenses (capital contributions, federal grant contributions limited to capital, and nonfederal grant contributions limited to capital).

The implementation did not result in a restatement of beginning net position.

30. FUTURE ACCOUNTING PRONOUNCEMENTS

EPWater has not completed the process of evaluating the impact on its financial position that will result from adopting the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 104, *Disclosure of Certain Capital Assets,* effective for fiscal years beginning after June 15, 2025. GASBS No. 104 provides users of governmental financial statements with essential information about certain types of capital assets.

- GASB Statement No. 105, *Subsequent Events,* effective for fiscal years beginning after June 15, 2026. GASBS No. 105 improves the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

31. SUBSEQUENT EVENTS

On April 23, 2026, EPWater closed on $319,935,000 of Water and Sewer System Revenue Refunding Bonds, Series 2026 with an average interest rate of 5.00% to refund $36,570,000 of Water and Sewer System Revenue Improvement and Refunding Bonds, Series 2016 with an average interest rate of 4.69%, and to refund $300 million of Water and Sewer Extendable Commercial Paper Notes outstanding with an average interest rate of 2.58%.

On May 21, 2026, EPWater closed on $30,010,000 in Municipal Drainage Utility System Revenue Bonds, Series 2026 with an average interest rate of 5.00% to refund $12,645,000 of Municipal Drainage Utility System Revenue Bonds, Series 2016 with an average interest rate of 5.00%, and to refund $20 million of Municipal Drainage Extendable Commercial Paper Notes outstanding with an average interest rate of 2.47%.

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

	September 1, 2024 through August 31, 2025	September 1, 2023 through August 31, 2024	September 1, 2022 through August 31, 2023	September 1, 2021 through August 31, 2022
EPWater Proportion of the net pension liability	19.90%	19.90%	19.90%	19.90%
EPWater Proportionate Share of the net pension liability	$ 59,431,526	$ 50,417,410	$ 55,945,936	$ 41,834,157
EPWater covered payroll	$ 68,190,652	$ 61,201,429	$ 50,095,180	$ 40,311,983
EPWater proportionate share of the net pension liability as a percentage of its covered payroll	87.15%	82.38%	111.68%	103.78%
Plan fiduciary net position as a percentage of the total pension liability	78.03%	79.64%	76.48%	81.20%

Notes to Schedules:

GASB 68, paragraph 81, requires that the information on this schedule be presented for the Plan's measurement year (September 1st- August 31st) as opposed to EPWater's fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of EPWater's Proportionate Share of the Net Pension Liability - City of El Paso Employees Retirement Trust

(Continued)

September 1, 2020 through August 31, 2021	September 1, 2019 through August 31, 2020	September 1, 2018 through August 31, 2019	September 1, 2017 through August 31, 2018	September 1, 2016 through August 31, 2017	September 1, 2015 through August 31, 2016
19.90%	19.90%	19.90%	19.90%	19.90%	19.72%
$ 13,809,507	$ 42,654,442	$ 50,074,583	$ 40,588,612	$ 39,771,716	$ 43,921,002
$ 38,187,196	$ 38,654,472	$ 38,064,975	$ 37,654,842	$ 33,931,066	$ 32,807,671
36.16%	110.35%	131.55%	107.79%	117.21%	133.87%
93.74%	80.22%	76.13%	80.09%	79.52%	76.46%

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

	Fiscal Year 2026	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023
Statutorily required EPWater contribution	$ 9,719,072	$ 9,223,739	$ 7,952,977	$ 6,248,155
Contributions in relation to the statutorily required contribution	$ 9,719,072	$ 9,223,739	$ 7,952,977	$ 6,248,155
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
EPWater covered payroll	$ 68,874,980	$ 65,255,885	$ 55,963,002	$ 44,058,086
Contributions as a percentage of covered payroll	14.11%	14.13%	14.21%	14.18%

Notes to Schedules:

GASB 68, paragraph 81, requires that the data in this schedule be presented for EPWater's respective fiscal year of March 1 through the last day of February as opposed to the measurement year.

The amounts listed above are the actual employer contributions. The actuarially determined contributions required to be disclosed under GASB 68 were not determined since the City and Member contribution rates are established by ordinance.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

(Continued)

Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
$ 5,364,333	$ 5,422,132	$ 5,442,360	$ 5,286,537	$ 4,924,594	$ 4,669,818
$ 5,364,333	$ 5,422,132	$ 5,442,360	$ 5,286,537	$ 4,924,594	$ 4,669,818
$ -	$ -	$ -	$ -	$ -	$ -
$ 38,064,102	$ 38,508,705	$ 39,992,390	$ 37,295,214	$ 34,961,202	$ 33,032,361
14.09%	14.08%	13.61%	14.17%	14.09%	14.14%

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 assumptions or methods since the prior measurement date.

Methods and Assumptions Used to Determine Contribution Rates:

	2025	2024	2023	2022
Actuarial Cost Method	Entry-age normal	Entry-age normal	Entry-age normal	Entry-age normal
Amortization Method	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period*	25 years	25 years	25 years	25 years
Asset Valuation Method	Plan invested assets are reported at fair value	Plan invested assets are reported at fair value	Plan invested assets are reported at fair value	Plan invested assets are reported at fair value
Inflation	2.50%	2.50%	2.50%	2.50%
Salary Increases	2.50%, including inflation	2.50%, including inflation	2.50%, including inflation	2.50%, including inflation
Investment Rate of Return	7.25%	7.25%	7.25%	7.25%
Retirement Age	Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2024 valuation.	Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2023 interim valuation.	Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2022 valuation.	Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2020 valuation.
Mortality	Active and deferred vested participants and disabled retirees: Based on respective Pub-2010 weighted table with Scale MP-2021 on a fully generational basis. Healthy retirees and survivors: Based on 112% of the respective Pub-2010 weighted table projected with Scale MP-2021 on a fully generational basis.	Active and deferred vested participants and disabled retirees: Based on respective Pub-2010 weighted table with Scale MP-2021 on a fully generational basis. Healthy retirees and survivors: Based on 112% of the respective Pub-2010 weighted table projected with Scale MP-2021 on a fully generational basis.	RP-2014 Tables with Blue Collar adjustment projected with Scale MP-2019 on a fully generational basis. Mortality rates for disabled participants are based on the RP-2014 disabled annuitant table projected with Scale MP-2019 on a fully generational basis.	RP-2014 Tables with Blue Collar adjustment projected with Scale MP-2019 on a fully generational basis. Mortality rates for disabled participants are based on the RP-2014 disabled annuitant table projected with Scale MP-2019 on a fully generational basis.

Notes to Schedule:

GASB 68, paragraph 81, requires that the information on this schedule be presented for the Plan's measurement year (September 1st- August 31st) as opposed to EPWater's fiscal year.

*Effective with the September 1, 2019 roll-forward valuation, the Unfunded Actuarial Accrued Liability is amortized over closed 25-year periods ("layers"). For EPWater, this change is reflected beginning in the 2021 plan measurement year.

As of April 2018, the plan name formally changed from El Paso City Employees' Pension Fund (CEPF) to City of El Paso Employees Retirement Trust (CERT).

Notes to Pension Required Supplementary Information Schedules -
City of El Paso Employees Retirement Trust

(Continued)

2021	2020	2019	2018	2017	2016
Entry-age normal	Entry-age normal	Entry-age normal	Entry-age normal	Entry-age normal	Entry-age normal
Level Percentage of Payroll, Closed	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
25 years	17 years	17 years	14 years	14 years	17 years
Plan invested assets are reported at fair value	Plan invested assets are reported at fair value	Plan invested assets are reported at fair value	Plan invested assets are reported at fair value	Plan invested assets are reported at fair value	Plan invested assets are reported at fair value
2.50%	3.00%	3.00%	3.00%	3.00%	3.00%
2.50%, including inflation	3.00%, including inflation	3.00%, including inflation	3.00%, including inflation	3.00%, including inflation	3.00%, including inflation
7.25%	7.50%	7.50%	7.50%	7.50%	7.50%
Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2020 valuation.	Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2018 valuation.	Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2018 valuation.	Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2018 valuation.	Experience-based table of rates that are specific to the CEPF plan of benefits. Last updated for the 2016 valuation.	Experience-based table of rates that are specific to the CEPF plan of benefits. Last updated for the 2016 valuation.
RP-2014 Tables with Blue Collar adjustment projected with Scale MP-2019 on a fully generational basis. Mortality rates for disabled participants are based on the RP-2014 disabled annuitant table projected with Scale MP-2019 on a fully generational basis.	RP-2014 Table with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Tables for Disabled Lives.	RP-2014 Table with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Tables for Disabled Lives.	RP-2014 Table with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Tables for Disabled Lives.	RP-2014 Table with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Tables for Disabled Lives.	RP-2014 Table with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Tables for Disabled Lives.

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of Changes in the EPWater's Total OPEB Liability and Related Ratios

	February 28, 2026	February 28, 2025	February 29, 2024	February 28, 2023
Total OPEB Liability				
Service cost	$ 1,104,938	$ 980,167	$ 743,382	$ 1,067,346
Interest	583,350	552,531	529,323	430,123
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	24,831	(2,199,055)	(35,180)	(3,182,139)
Changes of assumptions	(831,929)	1,143,013	232,219	(2,733,138)
Benefit payments	(598,223)	(557,003)	(503,931)	(558,718)
Net change in total OPEB liability	282,967	(80,347)	965,813	(4,976,526)
Total OPEB liability - beginning	13,803,258	13,883,605	12,917,792	17,894,318
Total OPEB liability - ending	$ 14,086,225	$ 13,803,258	$ 13,883,605	$ 12,917,792
Covered employee payroll	$ 70,687,552	$ 66,949,594	$ 57,523,058	$ 44,978,368
Total OPEB liability as a percentage of covered employee payroll	19.93%	20.62%	24.14%	28.72%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits.

Changes of assumptions. Changes of assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2026	4.71%
2025	4.15%
2024	3.92%
2023	4.06%
2022	2.37%
2021	2.50%
2020	1.81%
2019	3.70%

In fiscal year 2025, the demographic assumptions were updated to reflect the 2024 City of El Paso pension valuation. Additionally, the health care trend rates were updated to reflect the plan's anticipated experience.

In fiscal year 2023, the health care trend rates were reset to better reflect the plan's anticipated experience.

In fiscal year 2021, the demographic assumptions were updated to reflect the 2020 City of El Paso pension valuation. The underlying costs of the Medicare Advantage plan are no longer assumed to vary by age. For fiscal year 2020, the ultimate trend assumption was decreased from 4.75% to 4.25% to reflect the repeal of certain federal taxes. The difference between expected and actual experience is mostly related to the favorable premium changes for the years presented.

Only eight years of data are presented in accordance with GASB 75, paragraph 245: "The information for all years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In those cases, during the transition period, that information should be presented for as many years as are available. The schedule should not include information that is not measured in accordance with the requirements of this Statement."

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of Changes in the EPWater's Total OPEB Liability and Related Ratios

(Continued)

	February 28, 2022	February 28, 2021	February 29, 2020	February 28, 2019
Total OPEB Liability				
Service cost	$ 1,164,061	$ 1,840,952	$ 1,131,622	$ 1,088,694
Interest	451,122	465,017	744,625	698,654
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(1,191,749)	(5,573,109)	(1,985,131)	-
Changes of assumptions	310,026	(3,460,198)	5,868,605	53,244
Benefit payments	(603,951)	(557,818)	(537,901)	(498,234)
Net change in total OPEB liability	129,509	(7,285,156)	5,221,820	1,342,358
Total OPEB liability - beginning	17,764,809	25,049,965	19,828,145	18,485,787
Total OPEB liability - ending	$ 17,894,318	$ 17,764,809	$ 25,049,965	$ 19,828,145
Covered employee payroll	$ 39,862,633	$ 40,065,534	$ 41,406,298	$ 38,653,603
Total OPEB liability as a percentage of covered employee payroll	44.89%	44.34%	60.50%	51.30%

el paso
WATER

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, 2026 and 2025

	2026	2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 62,110,341	$ 68,187,596
Investments	27,968,342	15,046,311
Accounts receivable - customers	48,361,119	44,123,787
Leases receivable	1,835,508	1,854,344
Accounts receivable - other	7,456,697	4,819,162
Property investment costs	-	373,137
Due from Municipal Drainage Utility	478,817	92,020
Due from Municipal Drainage Utility land transfer	2,000,000	2,000,000
Accrued interest receivable	1,859,742	3,552,507
Inventories	10,738,786	10,284,788
Other current assets	1,467,713	666,417
Prepaid expenses	2,438,949	2,664,901
Accounts receivable - City of El Paso land transfer	840,463	831,643
Restricted current assets:		
Restricted for bond requirements:		
Cash and cash equivalents	97,682,166	93,028,770
Investments	66,430,684	52,630,090
Restricted for construction and improvements:		
Cash and cash equivalents	292,381,860	271,334,683
Investments	16,920,560	132,131,306
Accounts receivable government grants	10,991,735	9,649,025
Notes receivable	59,331	75,011
Total current assets	652,022,813	713,345,498
Noncurrent assets:		
Leases receivable	60,069,777	61,018,501
Property investment costs	-	1,119,607
Due from Municipal Drainage Utility land transfer	2,044,800	5,044,800
Accounts receivable - City of El Paso land transfer	23,049,480	23,889,943
Restricted noncurrent assets:		
Capital assets, net of accumulated depreciation/amortization:		
Water and Wastewater Utility capital assets	1,776,206,212	1,614,149,787
Right to use lease assets	5,258,024	5,599,390
Right to use SBITA assets	2,901,767	1,551,811
Land not in service	322,916,043	320,398,202
Construction work in progress	1,141,208,262	851,458,306
Total capital assets	3,248,490,308	2,793,157,496
Total noncurrent assets	3,333,654,365	2,884,230,347
Total assets	3,985,677,178	3,597,575,845
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on bond refunding	791,584	1,177,690
Pension - related items	29,265,041	21,395,778
OPEB - related items	2,652,529	3,453,274
Total Deferred outflows of resources	32,709,154	26,026,742
Total assets and deferred outflows of resources	$ 4,018,386,332	$ 3,623,602,587

		2026		2025
LIABILITIES				
Current liabilities:				
Accounts payable	$	10,549,264	$	8,175,058
Accrued payroll and benefits		3,475,808		3,059,239
Contribution and solid waste management collections due City of El Paso		11,547,615		10,770,464
Other government payable		221,023		211,316
Self insurance worker's compensation and health claims		360,328		416,484
Customer advances for construction		319,094		500,377
SBITA liabilities		947,918		654,432
Lease liabilities		237,446		229,778
Unearned rent revenue		1,100,585		2,134,908
Other current liabilities		1,761,371		1,579,262
Accrued compensated absences		3,623,862		3,212,546
Customer deposits		13,587,955		13,320,139
OPEB current liability		623,397		543,409
Current liabilities payable from restricted assets:				
Accounts payable		78,156,079		68,974,288
Accrued interest payable		33,235,629		27,963,078
Unearned non-federal grant revenue		22,109,147		21,343,923
Retainage payable on construction contracts		28,350,603		16,370,369
Revenue bonds payable and unamortized premiums		67,349,841		61,800,569
Total current liabilities		277,556,965		241,259,639
Noncurrent liabilities:				
Other governments payable		535,140		756,163
Extendable commercial paper notes		300,000,000		280,000,000
Self insurance worker's compensation claims		159,112		626,549
SBITA liability		883,457		88,740
Lease liability		5,533,193		5,770,639
Accrued compensated absences		5,534,039		6,268,898
OPEB noncurrent liability		12,678,080		12,526,591
Net pension liability		56,611,618		48,289,452
Revenue bonds payable and unamortized premiums		1,590,818,035		1,380,510,670
Noncurrent liabilities payable from restricted assets:				
Arbitrage liability		12,492,144		10,595,935
Total noncurrent liabilities		1,985,244,818		1,745,433,637
Total liabilities		2,262,801,783		1,986,693,276
DEFERRED INFLOWS OF RESOURCES				
Debt Refundings		6,302,330		3,218,936
Lease - related items		60,750,346		62,689,484
Pension - related items		978,164		221,902
OPEB - related items		9,171,731		10,635,412
Total Deferred inflows of resources		77,202,571		76,765,734
NET POSITION				
Net investment in capital assets		1,371,729,030		1,263,204,355
Restricted:				
Restricted for debt service		130,877,221		117,695,782
Restricted for construction and improvements		83,969,992		93,795,098
Total restricted		214,847,213		211,490,880
Unrestricted		91,805,735		85,448,342
Total net position		1,678,381,978		1,560,143,577
Total liabilities, deferred inflows of resources, and net position	$	4,018,386,332	$	3,623,602,587

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, 2026 and 2025

	2026	2025
Operating revenues:		
Water	$ 179,312,330	$ 178,025,535
Water supply replacement charge	39,696,530	40,877,194
Reclaimed water	5,947,494	6,426,578
Wastewater	170,023,268	158,998,404
Customer connection fees	10,386,741	5,929,408
City of El Paso franchise fee	6,550,000	6,550,000
PFAS settlement	6,056,208	-
Miscellaneous operating revenue	13,388,501	10,821,927
Total operating revenues	431,361,072	407,629,046
Operating expenses:		
Operations and maintenance - water and reclaimed water	75,768,540	81,728,679
Operations and maintenance - wastewater	44,388,081	42,314,130
General, administrative and engineering expenses	50,235,652	51,129,372
Miscellaneous operating expenses	6,959,873	6,462,950
OPEB Expense	133,437	119,665
Pension expense	10,466,173	6,655,479
Depreciation and amortization	94,377,396	86,453,106
Payment to City of El Paso franchise fee	6,550,000	6,550,000
Total operating expenses	288,879,152	281,413,381
Operating income	142,481,920	126,215,665
Noncapital subsidies:		
Federal grant revenue - noncapital	128,103	287,100
Payment to City of El Paso per bond covenants	(21,564,750)	(20,992,232)
Total noncapital subsidies	(21,436,647)	(20,705,132)
Operating income and noncapital subsidies	121,045,273	105,510,533
Other nonoperating revenues (expenses):		
Interest earnings	21,246,795	24,711,902
Capital contributions	12,236,492	13,734,101
Federal grant contributions - capital	19,097,943	10,653,124
Non-Federal grant contributions - capital	451,595	552,940
Gain on land assets converted by sale	6,265,529	835,758
Gain on sale of miscellaneous assets	1,122,931	278,771
Financing fees and charges	(2,539,755)	(914,591)
Interest expense	(60,688,402)	(51,372,528)
Total other nonoperating revenues (expenses)	(2,806,872)	(1,520,523)
Increase (decrease) in net position	118,238,401	103,990,010
Net position - beginning of year	1,560,143,577	1,456,153,567
Net position - end of year	$ 1,678,381,978	$ 1,560,143,577

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

STATEMENT OF CASH FLOWS

For the Years Ended February 28, 2026 and 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and other operating receipts	$ 414,426,458.00	$ 403,532,434
Cash received from Municipal Drainage Utility	2,039,221	1,944,630
Environmental services fees collected for the City of El Paso	95,176,301	88,517,827
Franchise fees collected	6,550,000	6,550,000
Cash payments to suppliers for goods and services	(111,326,644)	(120,436,323)
Cash payments to employees for services	(77,079,617)	(72,482,240)
Environmental Services fees paid to the City of El Paso	(94,399,150)	(90,363,119)
Payments to City of El Paso franchise fees	(6,550,000)	(6,550,000)
Cash payments to Municipal Drainage Utility	(233,087)	(199,721)
Net cash provided by operating activities	**228,603,482.00**	**210,513,488**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal grant revenue - noncapital	258,491	-
Noncapital subsidy provided - payment to City under bond covenants	(21,564,750)	(20,992,232)
Net cash used by noncapital financing activities	**(21,306,259)**	**(20,992,232)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Revenue/refunding bond proceeds	296,805,000	-
Premiums on revenue bonds	24,910,382	-
Extendable commercial paper proceeds	300,000,000	280,000,000
Commercial paper proceeds	-	10,000,000
Principal received on lease receivables	2,006,632	2,938,673
Interest received on lease receivables	1,544,615	679,503
Cash receipts from capital grants	18,204,543	7,844,946
Proceeds from unearned non-federal grants	765,224	923,990
Acquisition and construction from capital grants	(19,677,641)	(11,206,064)
Acquisition and construction of capital assets	(492,595,203)	(390,659,868)
Principal payments on lease liabilities	(229,778)	(178,177)
Interest payments on lease liabilities	(399,063)	(386,161)
Principal payments on SBITA liabilities	(1,978,602)	(1,568,125)
Interest payments on SBITA liabilities	(9,734)	(10,938)
Refunding extendable commercial paper	(280,000,000)	(70,000,000)
Refunding of revenue bonds	(39,335,000)	-
Principal payments on revenue bonds	(55,365,000)	(54,305,000)
Interest on bonds and extendable commercial paper	(62,622,668)	(54,023,160)
Bond issuance and extendable commercial paper fees	(2,539,755)	(914,589)
Interest on other government payable	(39,213)	(48,495)
Principal payments received on land-transfer and land-sale receivables	3,831,643	1,822,976
Proceeds from sale of assets	7,388,460	1,074,966
Net cash used by capital and related financing activities	**(299,335,159)**	**(278,015,523)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investment securities	320,035,650	322,085,156
Purchase of investment securities	(231,492,317)	(248,806,972)
Interest received on investment securities	23,117,921	24,014,057
Net cash provided by investing activities	**111,661,254**	**97,292,241**
Net increase in cash and cash equivalents	**19,623,318**	**8,797,974**
Cash and cash equivalents:		
Beginning of year	432,551,049	423,753,075
End of year	**$ 452,174,367**	**$ 432,551,049**

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

WATER AND WASTEWATER UTILITY FUND

STATEMENT OF CASH FLOWS

For the Years Ended February 28, 2026 and 2025

	2026	2025
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 142,481,920	$ 126,215,665
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	94,377,396	86,453,106
GASB 87 lease revenue	(2,979,834)	(2,917,400)
(Increase) decrease in assets and deferred outflows:		
Accounts receivable	(6,741,165)	4,526,232
Due from Municipal Drainage Utility	(386,797)	(92,020)
Inventory	(453,998)	(28,021)
Prepaid expenses	225,952	451,156
Other current assets	(801,296)	(103,713)
Deferred outflows - pension	(7,869,263)	3,187,461
Deferred outflows - OPEB	800,745	(260,976)
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	2,374,206	(953,070)
Other current liabilities	149,315	(264,513)
Environmental and franchise collections due to City	777,151	(1,773,322)
Due to Municipal Drainage Utility	-	(39,501)
Accrued compensated absences	(323,543)	(4,234)
Accrued payroll and benefits	416,569	512,313
Customer deposits	267,816	429,226
Unearned rent revenue	(1,034,323)	453,481
Total OPEB liability	231,477	(96,477)
Net pension liability	8,322,166	(5,270,936)
Deferred inflows - pension	756,262	(95,352)
Deferred inflows - OPEB	(1,463,681)	(50,296)
Self-insurance claims	(523,593)	234,679
Net cash provided by operating activities	**228,603,482**	**210,513,488**
Noncash investing, capital, and financing activities:		
Capital contributions from developers	12,236,492	13,734,101
Capital assets financed through accounts and retainage payable	106,506,682	85,344,657
Increase in arbitrage rebate liability	1,896,209	5,914,081
New lease receivables with related deferred inflows	216,179	25,195,303
Assets acquired through SBITA liabilities	1,742,635	201,160
Increase in fair value of investments	55,212	7,829
Net deferred loss on current-year refunding	(14,659)	-
Bond premium and gain amortization	(8,060,692)	(7,606,253)
Total noncash activities	**$ 114,578,058**	**$ 122,790,878**

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

WATER AND WASTEWATER UTILITY

OPERATING REVENUES

For the Years Ended February 28, 2026 and 2025

	2026	2025
Water and reclaimed water revenue		
Metered sales to general customers	$ 143,690,129	$ 143,218,530
Metered sales to City of El Paso	9,182,112	8,704,916
Metered sales to Lower Valley Water District	7,921,897	6,880,576
Metered sales to Haciendas Del Norte	295,573	290,346
Metered sales to Gaslight Square	58,417	71,749
Metered sales to Paseo Del Este	6,445,337	6,834,356
Metered sales to Fort Bliss	792,473	1,160,733
Metered sales to County East Montana Water and Wastewater Systems	2,111,086	2,033,671
Metered sales to Vinton	360,038	288,459
Reclaimed water sales	5,947,494	6,426,578
Private fire protection	1,960,739	1,839,427
El Paso Electric Company - Newman Plant special rate	443,771	377,002
Outside city charges	6,050,758	6,325,770
Total water and reclaimed water revenue	185,259,824	184,452,113
Water supply replacement charge	39,696,530	40,877,194
Total water revenue	224,956,354	225,329,307
Wastewater revenue		
General customers	150,697,584	142,116,813
City of El Paso	1,344,056	1,196,612
Outside city sales	3,561,530	3,007,690
Lower Valley Water District	4,310,541	4,937,159
Gaslight Square	55,762	42,930
Paseo Del Este	5,970,919	3,575,832
Fort Bliss	3,655,949	3,683,218
Vinton	84,207	48,228
East Montana	144,719	109,115
Industrial sewer surcharge	198,001	280,807
Total wastewater revenue	170,023,268	158,998,404
Other operating revenue		
Customer connection fees	10,386,741	5,929,408
City of El Paso franchise fee	6,550,000	6,550,000
Billing fees - City environmental services	2,095,045	1,493,436
PFAS settlement	6,056,208	-
Other operating revenue	11,293,456	9,328,491
Total other operating revenue	36,381,450	23,301,335
Total operating revenue	$ 431,361,072	$ 407,629,046

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, 2026 and 2025

	2026	2025
Water and reclaimed water divisions		
Supply	$ 17,203,842	$ 14,546,617
Treatment	35,553,533	41,856,248
Distribution	22,533,177	24,804,290
Reclaimed water system	477,988	521,524
Total water and reclaimed water divisions	75,768,540	81,728,679
Wastewater division		
Treatment	29,065,069	28,132,606
Lift stations	3,426,391	3,557,027
Collection lines	11,896,621	10,624,497
Total wastewater division	44,388,081	42,314,130
General and administrative	50,235,652	51,129,372
Other operating expenses		
Depreciation and amortization	94,377,396	86,453,106
Other operating expenses	6,959,873	6,462,950
OPEB expense	133,437	119,665
Pension expense	10,466,173	6,655,479
Payment to City of El Paso franchise fee	6,550,000	6,550,000
Total other operating expenses	118,486,879	106,241,200
Total operating expenses	$ 288,879,152	$ 281,413,381

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

WATER AND WASTEWATER UTILITY

NET OPERATING REVENUE - WATER AND RECLAIMED WATER

For the Years Ended February 28, 2026 and 2025

	2026	2025
Operating revenue - water and reclaimed water	$ 185,259,824	$ 184,452,113
Operating revenue deductions		
Operating expenses	75,768,540	81,728,679
General and administrative	31,648,461	33,745,386
Total operating expense deductions	107,417,001	115,474,065
Net operating revenue - water and reclaimed water	$ 77,842,823	$ 68,978,048

WATER AND WASTEWATER UTILITY

NET OPERATING REVENUE - WASTEWATER

For the Years Ended February 28, 2026 and 2025

	2026	2025
Operating revenue - wastewater	$ 170,023,268	$ 158,998,404
Operating revenue deductions		
Operating expenses	44,388,081	42,314,130
General and administrative	18,587,191	17,383,986
Total operating expense deductions	62,975,272	59,698,116
Net operating revenue - wastewater	$ 107,047,996	$ 99,300,288

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

WATER AND WASTEWATER UTILITY FUND

ACCOUNTS RECEIVABLE - GOVERNMENT GRANTS AND OTHER RECEIVABLES

February 28, 2026 and 2025

GOVERNMENT GRANTS

Government Grant Projects	2026	2025
Federal Grants		
Aquifer Storage and Recovery Design - USBR #R21AP10323	**34,833**	74,347
Aquifer Storage and Recovery Construction - USBR #R22AP00675	**2,156,273**	855,520
Advanced Water Purification Facility - USBR #R23AP00273	**6,620,384**	2,353,452
Upper Valley Water Treatment Plant Reuse Study - USBR #R24AP00669	**-**	213,781
Installation of Smart Meters in El Paso, TX - USBR #R23AP00496	**-**	2,357,640
Fort Bliss Infrastructure Resilience Implementation - DOD #HQ00052410013	**-**	451,548
ARPA County of El Paso Water and Wastewater - DOT #SLFRP1174	**1,812,350**	3,341,491
Non-Federal Grants		
McGregor Range Booster Station - DEAAG #2024-01-10	**367,895**	1,246
TOTALS	**$ 10,991,735**	$ 9,649,025

OTHER RECEIVABLES

	2026	2025
Charges to contractors and job damages	**$ 2,567,725**	$ 1,496,261
Local and state governments	**638,649**	708,996
Rent revenue receivables	**590,546**	1,555,035
Lease interest receivables	**1,084,438**	966,416
Servline leak protection program receivables	**132,378**	92,454
PFAS settlement	**2,442,961**	-
TOTALS	**$ 7,456,697**	$ 4,819,162

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

WATER AND WASTEWATER UTILITY FUND

CHANGES IN REVENUE BONDS PAYABLE

For the Year Ended February 28, 2026

Bond Series	Bonds payable February 28, 2025	Additions	Retirements	Bonds payable February 28, 2026
2014 Refunding Series	$ 4,010,000	$ -	$ 4,010,000	$ -
2015 Refunding Series	16,565,000	-	9,680,000	6,885,000
2015A Revenue & Improvement S	11,940,000	-	11,940,000	-
*2015B Revenue Series	29,420,000	-	2,410,000	27,010,000
2015C Refunding Series	30,820,000	-	30,820,000	-
2016 Refunding & Improvement	45,290,000	-	4,255,000	41,035,000
*2016A Revenue Series	77,000,000	-	6,000,000	71,000,000
2017 Refunding & Improvement	67,240,000	-	4,075,000	63,165,000
*2017A Revenue Series	41,500,000	-	2,500,000	39,000,000
2018 Refunding Series	26,670,000	-	2,080,000	24,590,000
*2019 Revenue Series	1,115,000	-	60,000	1,055,000
2019A Refunding Series	33,400,000	-	-	33,400,000
2019B Refunding Series	14,705,000	-	3,000,000	11,705,000
2020 Refunding Series	33,880,000	-	-	33,880,000
2020A Refunding Series	38,890,000	-	7,325,000	31,565,000
2021 Refunding Series	35,490,000	-	-	35,490,000
2021A Refunding Series	72,525,000	-	1,235,000	71,290,000
2022 Refunding & Improvement	304,900,000	-	500,000	304,400,000
2022A Refunding & Improvement	266,135,000	-	2,200,000	263,935,000
2023 Refunding & Improvement	169,140,000	-	2,290,000	166,850,000
*2023A Revenue Series	8,680,000	-	320,000	8,360,000
2025 Refunding Series	-	296,805,000	-	296,805,000
TOTALS	$ 1,329,315,000	$ 296,805,000	$ 94,700,000	$ 1,531,420,000

**Direct placement revenue bonds*

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

WATER AND WASTEWATER UTILITY FUND

SUMMARY STATEMENT OF DEBT SERVICE REQUIREMENTS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

	Revenue Bonds				Direct Placement Bonds				
Calendar Year	Interest March 1	Interest September 1	Total Interest	Principal Due March 1	Interest March 1	Interest September 1	Total Interest	Principal Due March 1	Total Net Requirements
2026	$ 30,940,214	$ 30,148,127	$ 61,088,341	$ 48,835,000	$ 1,470,552	$ 1,393,144	$ 2,863,696	$ 11,545,000	$ 124,332,037
2027	30,148,127	29,277,545	59,425,672	49,255,000	1,393,143	1,307,242	2,700,385	11,600,000	122,981,057
2028	29,277,545	28,336,336	57,613,881	51,080,000	1,307,241	1,214,022	2,521,263	11,660,000	122,875,144
2029	28,336,336	27,252,242	55,588,578	53,115,000	1,214,022	1,107,829	2,321,851	11,720,000	122,745,429
2030	27,252,242	26,074,400	53,326,642	54,705,000	1,107,829	986,761	2,094,590	12,495,000	122,621,232
2031	26,074,401	24,791,595	50,865,996	57,310,000	986,760	858,524	1,845,284	12,570,000	122,591,280
2032	24,791,594	23,590,665	48,382,259	52,690,000	858,523	719,181	1,577,704	13,350,000	115,999,963
2033	23,590,666	22,372,405	45,963,071	55,030,000	719,181	575,232	1,294,413	13,425,000	115,712,484
2034	22,372,402	21,165,160	43,537,562	53,380,000	575,232	419,615	994,847	14,005,000	111,917,409
2035	21,165,161	19,918,197	41,083,358	53,655,000	419,614	261,818	681,432	14,100,000	109,519,790
2036	19,918,197	18,641,897	38,560,094	54,445,000	261,818	133,299	395,117	11,525,000	104,925,211
2037	18,641,897	17,316,097	35,957,994	56,995,000	133,299	77,703	211,002	4,540,000	97,703,996
2038	17,316,096	15,999,772	33,315,868	56,280,000	77,702	67,160	144,862	560,000	90,300,730
2039	15,999,773	14,833,072	30,832,845	53,190,000	67,160	55,863	123,023	580,000	84,725,868
2040	14,833,072	13,716,097	28,549,169	51,495,000	55,862	45,788	101,650	505,000	80,650,819
2041	13,716,093	12,553,000	26,269,093	51,240,000	45,788	35,108	80,896	530,000	78,119,989
2042	12,553,000	11,412,800	23,965,800	50,425,000	35,108	23,943	59,051	550,000	74,999,851
2043	11,412,800	10,228,800	21,641,600	52,370,000	23,943	12,287	36,230	570,000	74,617,830
2044	10,228,800	8,983,550	19,212,350	55,020,000	12,287	-	12,287	595,000	74,839,637
2045	8,983,550	7,619,594	16,603,144	57,515,000	-	-	-	-	74,118,144
2046	7,619,594	6,190,063	13,809,657	60,250,000	-	-	-	-	74,059,657
2047	6,190,063	4,709,681	10,899,744	63,150,000	-	-	-	-	74,049,744
2048	4,709,681	3,159,125	7,868,806	66,115,000	-	-	-	-	73,983,806
2049	3,159,124	1,938,513	5,097,637	49,045,000	-	-	-	-	54,142,637
2050	1,938,512	991,500	2,930,012	38,745,000	-	-	-	-	41,675,012
2051	991,500	508,000	1,499,500	19,340,000	-	-	-	-	20,839,500
2052	508,000	-	508,000	20,320,000	-	-	-	-	20,828,000
	$ 432,668,440	$ 401,728,233	$ 834,396,673	$ 1,384,995,000	$ 10,765,064	$ 9,294,519	$ 20,059,583	$ 146,425,000	$ 2,385,876,256

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2015 REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

		Interest				
Calendar Year	Interest Rate	Payment Due March 1	Payment Due September 1	Total	Principal Due March 1	Total Requirements
2026	5.00%	$ 114,856	$ 114,856	$ 229,712	$ -	$ 229,712
2027	5.00	114,856	114,856	229,712	-	229,712
2028	4.00	114,856	114,856	229,712	-	229,712
2029	4.00	114,856	114,856	229,712	-	229,712
2030	3.25	114,856	76,263	191,119	2,375,000	2,566,119
2031	3.25	76,263	53,431	129,694	1,405,000	1,534,694
2032	3.38	53,431	28,963	82,394	1,450,000	1,532,394
2033	5.00	28,963	28,963	57,926	-	57,926
2034	5.00	28,963	28,963	57,926	-	57,926
2035	3.50	28,964	-	28,964	1,655,000	1,683,964
		$ 790,864	$ 676,007	$ 1,466,871	$ 6,885,000	$ 8,351,871

Bonds dated: December 01, 2014

Original issue: $131,650,000

Source of funding requirements: Net revenues only

Call Option: Bonds may be redeemed at any time.

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2015B REVENUE BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - TEXAS WATER DEVELOPMENT BOARD)

February 28, 2026

		Interest				
		Payment Due				
Calendar Year	Interest Rate	March 1	September 1	Total	Principal Due March 1	Total Requirements
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
		$ 1,752,402	$ 1,460,268	$ 3,212,670	$ 27,010,000	$ 30,222,670

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 - 2016 REVENUE IMPROVEMENT AND REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

		Interest				
Calendar	Interest	Payment Due			Principal	Total
Year	Rate	March 1	September 1	Total	Due March 1	Requirements
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
		$ 5,610,950	$ 4,671,625	$ 10,282,575	$ 41,035,000	$ 51,317,575

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, 2027 may be redeemed on March 1, 2026 or any interest payment date thereafter.

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2016A REVENUE (SWIFT) BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - TEXAS WATER DEVELOPMENT BOARD)

February 28, 2026

		Interest				
Calendar	Interest	Payment Due			Principal	Total
Year	Rate	March 1	September 1	Total	Due March 1	Requirements
2026	1.15%	$ 634,560	$ 598,910	$ 1,233,470	$ 6,200,000	$ 7,433,470
2027	1.31	598,910	558,300	1,157,210	6,200,000	7,357,210
2028	1.41	558,300	514,590	1,072,890	6,200,000	7,272,890
2029	1.68	514,590	462,510	977,100	6,200,000	7,177,100
2030	1.82	462,510	404,270	866,780	6,400,000	7,266,780
2031	1.91	404,270	343,150	747,420	6,400,000	7,147,420
2032	1.95	343,150	278,800	621,950	6,600,000	7,221,950
2033	2.00	278,800	212,800	491,600	6,600,000	7,091,600
2034	2.11	212,800	143,170	355,970	6,600,000	6,955,970
2035	2.09	143,170	74,200	217,370	6,600,000	6,817,370
2036	2.12	74,200	-	74,200	7,000,000	7,074,200
		$ 4,225,260	$ 3,590,700	$ 7,815,960	$ 71,000,000	$ 78,815,960

Bonds dated: November 15, 2016

Original issue: $100,000,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2028 may be redeemed on March 1, 2027 or any interest payment date thereafter.

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2017 REVENUE IMPROVEMENT AND REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
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
		$ 9,568,725	$ 8,163,925	$ 17,732,650	$ 63,165,000	$ 80,897,650

Bonds dated: October 01, 2017

Original issue: $83,880,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2028 may be redeemed on March 1, 2027 or any interest payment date thereafter.

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2017A REVENUE (SWIFT) BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - TEXAS WATER DEVELOPMENT BOARD)

February 28, 2026

		Interest				
		Payment Due				
Calendar Year	Interest Rate	March 1	September 1	Total	Principal Due March 1	Total Requirements
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
		$ 2,940,200	$ 2,557,600	$ 5,497,800	$ 39,000,000	$ 44,497,800

Bonds dated: November 14, 2017

Original issue: $50,000,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2029 may be redeemed on March 1, 2028 or any interest payment date thereafter.

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2018 REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

		Interest				
Calendar	Interest	Payment Due			Principal	Total
Year	Rate	March 1	September 1	Total	Due March 1	Requirements
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
		$ 3,963,375	$ 3,348,625	$ 7,312,000	$ 24,590,000	$ 31,902,000

Bonds dated: December 01, 2018

Original issue: $26,670,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2029 may be redeemed on March 1, 2028 or any interest payment date thereafter.

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2019 REVENUE BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - TEXAS WATER DEVELOPMENT BOARD)

February 28, 2026

		Interest				
Calendar Year	Interest Rate	Payment Due March 1	Payment Due September 1	Total	Principal Due March 1	Total Requirements
2026	2.08%	$ 15,790	$ 15,114	$ 30,904	$ 65,000	$ 95,904
2027	2.18	15,114	14,406	29,520	65,000	94,520
2028	2.28	14,406	13,665	28,071	65,000	93,071
2029	2.37	13,665	12,894	26,559	65,000	91,559
2030	2.68	12,894	11,956	24,850	70,000	94,850
2031	2.95	11,956	10,924	22,880	70,000	92,880
2032	2.98	10,924	9,806	20,730	75,000	95,730
2033	3.10	9,806	8,644	18,450	75,000	93,450
2034	3.20	8,644	7,444	16,088	75,000	91,088
2035	3.31	7,444	6,120	13,564	80,000	93,564
2036	3.39	6,120	4,679	10,799	85,000	95,799
2037	3.46	4,679	3,209	7,888	85,000	92,888
2038	3.53	3,209	1,620	4,829	90,000	94,829
2039	3.60	1,620	-	1,620	90,000	91,620
		$ 136,271	$ 120,481	$ 256,752	$ 1,055,000	$ 1,311,752

Bonds dated: March 01, 2019

Original issue: $1,415,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2030 may be redeemed on March 1, 2029 or any interest payment date thereafter.

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2019A REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2026	5.00%	$ 746,600	$ 746,600	$ 1,493,200	$ -	$ 1,493,200
2027	5.00	746,600	679,100	1,425,700	2,700,000	4,125,700
2028	5.00	679,100	597,350	1,276,450	3,270,000	4,546,450
2029	5.00	597,350	513,725	1,111,075	3,345,000	4,456,075
2030	5.00	513,725	428,225	941,950	3,420,000	4,361,950
2031	5.00	428,225	340,725	768,950	3,500,000	4,268,950
2032	5.00	340,725	294,475	635,200	1,850,000	2,485,200
2033	5.00	294,475	245,850	540,325	1,945,000	2,485,325
2034	3.00	245,850	215,250	461,100	2,040,000	2,501,100
2035	4.00	215,250	173,250	388,500	2,100,000	2,488,500
2036	4.00	173,250	129,550	302,800	2,185,000	2,487,800
2037	3.00	129,550	95,500	225,050	2,270,000	2,495,050
2038	4.00	95,500	48,700	144,200	2,340,000	2,484,200
2039	4.00	48,700	-	48,700	2,435,000	2,483,700
		$ 5,254,900	$ 4,508,300	$ 9,763,200	$ 33,400,000	$ 43,163,200

Bonds dated: September 01, 2019

Original issue: $33,400,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2029 may be redeemed on March 1, 2028 or any interest payment date thereafter.

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2019B REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

		Interest				
Calendar Year	Interest Rate	Payment Due March 1	Payment Due September 1	Total	Principal Due March 1	Total Requirements
2026	5.00%	$ 292,625	$ 194,000	$ 486,625	$ 3,945,000	$ 4,431,625
2027	5.00	194,000	90,000	284,000	4,160,000	4,444,000
2028	5.00	90,000	64,500	154,500	1,020,000	1,174,500
2029	5.00	64,500	37,750	102,250	1,070,000	1,172,250
2030	5.00	37,750	9,625	47,375	1,125,000	1,172,375
2031	5.00	9,625	-	9,625	385,000	394,625
		$ 688,500	$ 395,875	$ 1,084,375	$ 11,705,000	$ 12,789,375

Bonds dated: September 01, 2019

Original issue: $30,570,000

Source of funding requirements: Net revenues only

Call Option: None

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2020 REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

		Interest				
Calendar Year	Interest Rate	Payment Due March 1	Payment Due September 1	Total	Principal Due March 1	Total Requirements
2026	5.00%	$ 629,350	$ 629,350	$ 1,258,700	$ -	$ 1,258,700
2027	5.00	629,350	629,350	1,258,700	-	1,258,700
2028	5.00	629,350	557,350	1,186,700	2,880,000	4,066,700
2029	5.00	557,350	483,600	1,040,950	2,950,000	3,990,950
2030	3.00	483,600	438,225	921,825	3,025,000	3,946,825
2031	5.00	438,225	360,725	798,950	3,100,000	3,898,950
2032	5.00	360,725	281,100	641,825	3,185,000	3,826,825
2033	3.00	281,100	232,050	513,150	3,270,000	3,783,150
2034	3.00	232,050	201,750	433,800	2,020,000	2,453,800
2035	3.00	201,750	170,550	372,300	2,080,000	2,452,300
2036	3.00	170,550	138,450	309,000	2,140,000	2,449,000
2037	3.00	138,450	105,375	243,825	2,205,000	2,448,825
2038	3.00	105,375	71,250	176,625	2,275,000	2,451,625
2039	3.00	71,250	36,150	107,400	2,340,000	2,447,400
2040	3.00	36,150	-	36,150	2,410,000	2,446,150
		$ 4,964,625	$ 4,335,275	$ 9,299,900	$ 33,880,000	$ 43,179,900

Bonds dated: September 01, 2020

Original issue: $33,880,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2030 may be redeemed on March 1, 2029 or any interest payment date thereafter.

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2020A REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2026	1.04%	$ 213,900	$ 180,664	$ 394,564	$ 6,410,000	$ 6,804,564
2027	1.14	180,664	143,882	324,546	6,470,000	6,794,546
2028	1.31	143,882	97,829	241,711	7,015,000	7,256,711
2029	1.46	97,829	81,297	179,126	2,260,000	2,439,126
2030	1.56	81,297	63,401	144,698	2,290,000	2,434,698
2031	1.68	63,401	43,794	107,195	2,330,000	2,437,195
2032	1.76	43,794	22,858	66,652	2,375,000	2,441,652
2033	1.89	22,858	-	22,858	2,415,000	2,437,858
		$ 847,625	$ 633,725	$ 1,481,350	$ 31,565,000	$ 33,046,350

Bonds dated: September 01, 2020

Original issue: $62,990,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2031 may be redeemed on March 1, 2030 or any interest payment date thereafter.

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2021 REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2026	5.00%	$ 618,872	$ 618,872	$ 1,237,744	$ -	$ 1,237,744
2027	5.00	618,872	618,872	1,237,744	-	1,237,744
2028	5.00	618,872	571,372	1,190,244	1,900,000	3,090,244
2029	5.00	571,372	521,372	1,092,744	2,000,000	3,092,744
2030	5.00	521,372	468,997	990,369	2,095,000	3,085,369
2031	5.00	468,997	413,997	882,994	2,200,000	3,082,994
2032	5.00	413,997	356,247	770,244	2,310,000	3,080,244
2033	4.00	356,247	307,647	663,894	2,430,000	3,093,894
2034	4.00	307,647	257,147	564,794	2,525,000	3,089,794
2035	3.00	257,147	217,772	474,919	2,625,000	3,099,919
2036	3.00	217,772	177,197	394,969	2,705,000	3,099,969
2037	3.00	177,197	135,422	312,619	2,785,000	3,097,619
2038	3.00	135,422	92,372	227,794	2,870,000	3,097,794
2039	2.00	92,372	62,822	155,194	2,955,000	3,110,194
2040	2.00	62,822	32,672	95,494	3,015,000	3,110,494
2041	2.13	32,668	-	32,668	3,075,000	3,107,668
		$ 5,471,648	$ 4,852,780	$ 10,324,428	$ 35,490,000	$ 45,814,428

Bonds dated: April 01, 2021

Original issue: $35,490,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2030 may be redeemed on March 1, 2029 or any interest payment date thereafter.

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2021A TAXABLE REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2026	1.14%	$ 577,686	$ 488,460	$ 1,066,146	$ 15,640,000	$ 16,706,146
2027	1.44	488,460	393,535	881,995	13,230,000	14,111,995
2028	1.57	393,535	310,629	704,164	10,595,000	11,299,164
2029	1.78	310,629	212,017	522,646	11,080,000	11,602,646
2030	1.88	212,017	159,189	371,206	5,620,000	5,991,206
2031	1.97	159,189	102,748	261,937	5,730,000	5,991,937
2032	2.07	102,748	81,272	184,020	2,075,000	2,259,020
2033	2.17	81,272	41,995	123,267	3,620,000	3,743,267
2034	2.27	41,992	-	41,992	3,700,000	3,741,992
		$ 2,367,528	$ 1,789,845	$ 4,157,373	$ 71,290,000	$ 75,447,373

Bonds dated: April 01, 2021

Original issue: $76,310,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2030 may be redeemed on March 1, 2029 or any interest payment date thereafter.

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2022 REVENUE IMPROVEMENT AND REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

		Interest				
		Payment Due				
Calendar Year	Interest Rate	March 1	September 1	Total	Principal Due March 1	Total Requirements
2026	5.00%	$ 7,564,800	$ 7,524,800	$ 15,089,600	$ 1,600,000	$ 16,689,600
2027	5.00	7,524,800	7,487,300	15,012,100	1,500,000	16,512,100
2028	5.00	7,487,300	7,328,300	14,815,600	6,360,000	21,175,600
2029	5.00	7,328,300	7,161,300	14,489,600	6,680,000	21,169,600
2030	5.00	7,161,300	6,985,925	14,147,225	7,015,000	21,162,225
2031	5.00	6,985,925	6,801,800	13,787,725	7,365,000	21,152,725
2032	5.00	6,801,800	6,608,550	13,410,350	7,730,000	21,140,350
2033	5.00	6,608,550	6,405,550	13,014,100	8,120,000	21,134,100
2034	5.00	6,405,550	6,192,425	12,597,975	8,525,000	21,122,975
2035	5.00	6,192,425	5,968,675	12,161,100	8,950,000	21,111,100
2036	5.00	5,968,675	5,733,800	11,702,475	9,395,000	21,097,475
2037	5.00	5,733,800	5,487,175	11,220,975	9,865,000	21,085,975
2038	5.00	5,487,175	5,228,175	10,715,350	10,360,000	21,075,350
2039	4.72	5,228,175	4,971,175	10,199,350	10,880,000	21,079,350
2040	4.47	4,971,175	4,716,500	9,687,675	11,395,000	21,082,675
2041	5.00	4,716,500	4,419,000	9,135,500	11,900,000	21,035,500
2042	5.00	4,419,000	4,106,625	8,525,625	12,495,000	21,020,625
2043	5.00	4,106,625	3,787,125	7,893,750	12,780,000	20,673,750
2044	5.00	3,787,125	3,444,500	7,231,625	13,705,000	20,936,625
2045	5.00	3,444,500	3,084,625	6,529,125	14,395,000	20,924,125
2046	5.00	3,084,625	2,706,625	5,791,250	15,120,000	20,911,250
2047	5.00	2,706,625	2,308,625	5,015,250	15,920,000	20,935,250
2048	5.00	2,308,625	1,890,625	4,199,250	16,720,000	20,919,250
2049	5.00	1,890,625	1,451,750	3,342,375	17,555,000	20,897,375
2050	5.00	1,451,750	991,500	2,443,250	18,410,000	20,853,250
2051	5.00	991,500	508,000	1,499,500	19,340,000	20,839,500
2052	5.00	508,000	-	508,000	20,320,000	20,828,000
		$ 130,865,250	$ 123,300,450	$ 254,165,700	$ 304,400,000	$ 558,565,700

Bonds dated: April 01, 2022

Original issue: $305,900,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on March 1, 2032 to March 1, 2042, March 1, 2046 and March 1, 2052 may be redeemed on March 1, 2031 or any interest payment date thereafter.

Mandatory Redemption: Term bonds stated to mature on March 1, 2046, March 1, 2049, and March 1, 2052 shall be subject subject to mandatory redemption prior to maturity at the price of par plus accrued interest to the mandatory redemption date on the respective dates.

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2022A REVENUE IMPROVEMENT AND REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

		Interest				
		Payment Due				
Calendar Year	Interest Rate	March 1	September 1	Total	Principal Due March 1	Total Requirements
2026	5.00%	$ 5,780,275	$ 5,746,525	$ 11,526,800	$ 1,350,000	$ 12,876,800
2027	5.00	5,746,525	5,705,275	11,451,800	1,650,000	13,101,800
2028	5.00	5,705,275	5,705,275	11,410,550	-	11,410,550
2029	5.00	5,705,275	5,683,275	11,388,550	880,000	12,268,550
2030	5.00	5,683,275	5,516,275	11,199,550	6,680,000	17,879,550
2031	5.00	5,516,275	5,243,775	10,760,050	10,900,000	21,660,050
2032	5.00	5,243,775	5,001,650	10,245,425	9,685,000	19,930,425
2033	5.00	5,001,650	4,747,400	9,749,050	10,170,000	19,919,050
2034	5.00	4,747,400	4,480,400	9,227,800	10,680,000	19,907,800
2035	5.00	4,480,400	4,200,150	8,680,550	11,210,000	19,890,550
2036	5.00	4,200,150	3,905,900	8,106,050	11,770,000	19,876,050
2037	5.00	3,905,900	3,596,900	7,502,800	12,360,000	19,862,800
2038	5.00	3,596,900	3,272,400	6,869,300	12,980,000	19,849,300
2039	4.00	3,272,400	2,999,800	6,272,200	13,630,000	19,902,200
2040	4.00	2,999,800	2,716,300	5,716,100	14,175,000	19,891,100
2041	4.00	2,716,300	2,421,500	5,137,800	14,740,000	19,877,800
2042	4.00	2,421,500	2,114,900	4,536,400	15,330,000	19,866,400
2043	4.00	2,114,900	1,796,100	3,911,000	15,940,000	19,851,000
2044	4.00	1,796,100	1,464,500	3,260,600	16,580,000	19,840,600
2045	4.00	1,464,500	1,119,600	2,584,100	17,245,000	19,829,100
2046	4.00	1,119,600	760,900	1,880,500	17,935,000	19,815,500
2047	4.00	760,900	387,900	1,148,800	18,650,000	19,798,800
2048	4.00	387,900	-	387,900	19,395,000	19,782,900
		$ 84,366,975	$ 78,586,700	$ 162,953,675	$ 263,935,000	$ 426,888,675

Bonds dated: September 15, 2022

Original issue: $267,585,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2031 may be redeemed on March 1, 2030 or any interest payment date thereafter.

Mandatory Redemption: Term bonds stated to mature on March 1, 2044 and March 1, 2048 shall be subject to mandatory redemption prior to maturity at the price of par plus accrued interest to the mandatory redemption date on the respective dates.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2023 REVENUE IMPROVEMENT AND REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2026	5.00%	$ 4,102,931	$ 4,044,931	$ 8,147,862	$ 2,320,000	$ 10,467,862
2027	5.00	4,044,932	3,985,681	8,030,613	2,370,000	10,400,613
2028	5.00	3,985,681	3,985,681	7,971,362	-	7,971,362
2029	5.00	3,985,682	3,887,306	7,872,988	3,935,000	11,807,988
2030	5.00	3,887,306	3,782,806	7,670,112	4,180,000	11,850,112
2031	5.00	3,782,807	3,672,181	7,454,988	4,425,000	11,879,988
2032	5.00	3,672,181	3,537,806	7,209,987	5,375,000	12,584,987
2033	5.00	3,537,807	3,396,681	6,934,488	5,645,000	12,579,488
2034	5.00	3,396,681	3,248,556	6,645,237	5,925,000	12,570,237
2035	5.00	3,248,557	3,093,056	6,341,613	6,220,000	12,561,613
2036	5.00	3,093,056	2,929,681	6,022,737	6,535,000	12,557,737
2037	5.00	2,929,682	2,758,181	5,687,863	6,860,000	12,547,863
2038	5.00	2,758,181	2,578,181	5,336,362	7,200,000	12,536,362
2039	5.00	2,578,182	2,389,181	4,967,363	7,560,000	12,527,363
2040	5.00	2,389,181	2,190,681	4,579,862	7,940,000	12,519,862
2041	5.00	2,190,682	1,982,181	4,172,863	8,340,000	12,512,863
2042	4.00	1,982,181	1,807,081	3,789,262	8,755,000	12,544,262
2043	4.00	1,807,082	1,624,881	3,431,963	9,110,000	12,541,963
2044	4.00	1,624,881	1,435,481	3,060,362	9,470,000	12,530,362
2045	5.25	1,435,482	1,177,050	2,612,532	9,845,000	12,457,532
2046	5.25	1,177,050	904,969	2,082,019	10,365,000	12,447,019
2047	5.25	904,970	618,581	1,523,551	10,910,000	12,433,551
2048	5.25	618,581	317,231	935,812	11,480,000	12,415,812
2049	5.25	317,231	-	317,231	12,085,000	12,402,231
		$ 63,450,987	$ 59,348,045	$ 122,799,032	$ 166,850,000	$ 289,649,032

Bonds dated: June 01, 2023

Original issue: $171,925,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2034 may be redeemed on March 1, 2033 or any interest payment date thereafter.

Mandatory Redemption: Term bonds stated to mature on March 1, 2049 shall be subject to mandatory redemption prior to maturity at the price of par plus accrued interest to the mandatory redemption date on the respective dates.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2023A REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - TEXAS WATER DEVELOPMENT BOARD)

February 28, 2026

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2026	2.95%	$ 145,468	$ 140,601	$ 286,069	$ 330,000	$ 616,069
2027	2.87	140,600	135,722	276,322	340,000	616,322
2028	2.83	135,721	130,769	266,490	350,000	616,490
2029	2.83	130,769	125,675	256,444	360,000	616,444
2030	2.83	125,675	120,440	246,115	370,000	616,115
2031	2.83	120,439	115,063	235,502	380,000	615,502
2032	2.83	115,062	109,544	224,606	390,000	614,606
2033	2.87	109,544	103,804	213,348	400,000	613,348
2034	3.07	103,804	97,511	201,315	410,000	611,315
2035	3.30	97,510	90,498	188,008	425,000	613,008
2036	3.49	90,498	82,820	173,318	440,000	613,318
2037	3.66	82,820	74,494	157,314	455,000	612,314
2038	3.81	74,493	65,540	140,033	470,000	610,033
2039	3.95	65,540	55,863	121,403	490,000	611,403
2040	3.99	55,862	45,788	101,650	505,000	606,650
2041	4.03	45,788	35,108	80,896	530,000	610,896
2042	4.06	35,108	23,943	59,051	550,000	609,051
2043	4.09	23,943	12,287	36,230	570,000	606,230
2044	4.13	12,287	-	12,287	595,000	607,287
		$ 1,710,931	$ 1,565,470	$ 3,276,401	$ 8,360,000	$ 11,636,401

Bonds dated: November 01, 2023

Original issue: $8,680,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2035 may be redeemed on March 1, 2034 or any interest payment date thereafter.

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

WATER AND WASTEWATER UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2025 REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2026	5.00%	$ 7,339,444	$ 7,174,069	$ 14,513,513	$ 6,615,000	$ 21,128,513
2027	5.00	7,174,068	7,032,319	14,206,387	5,670,000	19,876,387
2028	5.00	7,032,319	6,883,444	13,915,763	5,955,000	19,870,763
2029	5.00	6,883,443	6,726,694	13,610,137	6,270,000	19,880,137
2030	5.00	6,726,694	6,562,194	13,288,888	6,580,000	19,868,888
2031	5.00	6,562,194	6,403,194	12,965,388	6,360,000	19,325,388
2032	5.00	6,403,193	6,190,694	12,593,887	8,500,000	21,093,887
2033	5.00	6,190,694	5,967,569	12,158,263	8,925,000	21,083,263
2034	5.00	5,967,569	5,733,319	11,700,888	9,370,000	21,070,888
2035	5.00	5,733,318	5,487,319	11,220,637	9,840,000	21,060,637
2036	5.00	5,487,319	5,228,944	10,716,263	10,335,000	21,051,263
2037	5.00	5,228,943	4,957,694	10,186,637	10,850,000	21,036,637
2038	5.00	4,957,693	4,672,944	9,630,637	11,390,000	21,020,637
2039	5.00	4,672,944	4,373,944	9,046,888	11,960,000	21,006,888
2040	5.00	4,373,944	4,059,944	8,433,888	12,560,000	20,993,888
2041	5.00	4,059,943	3,730,319	7,790,262	13,185,000	20,975,262
2042	5.00	3,730,319	3,384,194	7,114,513	13,845,000	20,959,513
2043	5.00	3,384,193	3,020,694	6,404,887	14,540,000	20,944,887
2044	5.00	3,020,694	2,639,069	5,659,763	15,265,000	20,924,763
2045	5.00	2,639,068	2,238,319	4,877,387	16,030,000	20,907,387
2046	5.00	2,238,319	1,817,569	4,055,888	16,830,000	20,885,888
2047	5.25	1,255,669	963,375	2,219,044	11,135,000	13,354,044
2047	4.00	561,899	431,200	993,099	6,535,000	7,528,099
2048	5.25	963,375	657,169	1,620,544	11,665,000	13,285,544
2048	4.00	431,200	294,100	725,300	6,855,000	7,580,300
2049	5.25	657,168	336,263	993,431	12,225,000	13,218,431
2049	4.00	294,100	150,500	444,600	7,180,000	7,624,600
2050	5.25	336,262	-	336,262	12,810,000	13,146,262
2050	4.00	150,500	-	150,500	7,525,000	7,675,500
		$ 114,456,488	$ 107,117,056	$ 221,573,544	$ 296,805,000	$ 518,378,544

Bonds dated: April 01, 2025

Original issue: $296,805,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on March 1, 2035 or after, may be redeemed on March 1, 2034 or any interest payment date thereafter.

Mandatory Redemption: Term bonds stated to mature on March 1, 2050 (5.25% and 4.00%) shall be subject to mandatory redemption prior to maturity at the price of par plus accrued interest to the mandatory redemption date on the respective dates.

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

MUNICIPAL DRAINAGE UTILITY FUND

STATEMENTS OF NET POSITION

February 28, 2026 and 2025

	2026	2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,152,697	$ 3,762,355
Investments	-	3,000,000
Accounts receivable - customers	2,390,165	2,045,740
Leases receivable	33,123	31,359
Accounts receivable - other	92,158	348,845
Accrued interest receivable	73,461	67,198
Restricted current assets:		
Restricted for bond requirements:		
Cash and cash equivalents	15,081,633	13,048,605
Investments	6,720,911	6,156,346
Restricted for construction and improvements:		
Cash and cash equivalents	51,865,387	56,261,778
Investments	-	-
Total current assets	87,409,535	84,722,226
Noncurrent assets:		
Leases receivable	933,911	730,311
Capital assets, net of accumulated depreciation/amortization:		
Municipal Drainage Utility capital assets	201,036,327	198,650,257
Right to use SBITA assets	-	8,846
Land and right of way	99,598,406	99,322,180
Construction work in progress	88,815,887	60,146,942
Total capital assets	389,450,620	358,128,225
Total noncurrent assets	390,384,531	358,858,536
Total assets	477,794,066	443,580,762
DEFERRED OUTFLOWS OF RESOURCES		
Pension - related items	1,591,049	948,214
OPEB - related items	187,316	240,558
Total Deferred outflows of resources	1,778,365	1,188,772
Total assets and deferred outflows of resources	$ 479,572,431	$ 444,769,534

	2026	2025
LIABILITIES		
Current liabilities:		
Accounts payable	$ 177,746	$ 298,587
Accrued payroll and benefits	155,626	170,045
Accrued compensated absences	171,710	154,568
Unearned rent revenue	16,739	20,603
Due to Water and Wastewater Utility	478,817	92,020
Due to Water and Wastewater Utility land transfer	2,000,000	2,000,000
OPEB current liability	36,779	30,487
Current liabilities payable from restricted assets:		
Accounts payable	5,388,808	4,133,371
Accrued interest payable	4,430,155	4,158,365
Retainage payable on construction contracts	1,203,089	160,757
Unearned non-federal grant revenue	5,916,248	5,698,001
Revenue bonds payable and unamortized premiums	10,957,636	9,794,447
Total current liabilities	30,933,353	26,711,251
Noncurrent liabilities:		
Accrued compensated absences	159,063	226,643
Extendable commercial paper	20,000,000	20,000,000
Due to Water and Wastewater Utility land transfer	2,044,800	5,044,800
Revenue bonds payable and unamortized premiums	207,542,318	199,534,446
OPEB noncurrent liability	747,969	702,771
Net pension liability	2,819,908	2,127,958
Noncurrent liabilities payable from restricted assets:		
Arbitrage liability	2,047,797	1,523,445
Total noncurrent liabilities	235,361,855	229,160,063
Total liabilities	266,295,208	255,871,314
DEFERRED INFLOWS OF RESOURCES		
Debt refundings	1,486,072	100,852
Lease - related items	915,710	729,929
Pension - related items	129,151	156,495
OPEB - related items	683,343	818,663
Total Deferred inflows of resources	3,214,276	1,805,939
NET POSITION		
Net investment in capital assets	172,362,697	153,894,352
Restricted:		
Restricted for debt service	17,372,389	15,046,586
Restricted for construction and improvements	14,411,342	19,550,332
Total restricted	31,783,731	34,596,918
Unrestricted	5,916,519	(1,398,989)
Total net position	210,062,947	187,092,281
Total liabilities, deferred inflows of resources, and net position	$ 479,572,431	$ 444,769,534

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, 2026 and 2025

	2026	2025
Drainage operating revenues:		
Residential	$ 18,236,482	$ 15,599,117
Non residential	26,179,814	22,545,440
Miscellaneous operating revenue	1,247,752	1,050,067
Total operating revenues	45,664,048	39,194,624
Drainage operating expenses:		
Operations and maintenance	8,835,767	9,787,732
Indirect cost allocation	2,388,000	2,038,000
Pension expense	483,835	199,045
OPEB Expense	2,739	-
Depreciation and Amortization	5,301,123	4,811,010
Total operating expenses	17,011,464	16,835,787
Operating income	28,652,584	22,358,837
Other nonoperating revenues (expenses):		
Interest earnings	2,236,297	2,292,177
Gain on sale of miscellaneous assets	12,000	-
Financing fees and charges	(328,274)	(615,177)
Interest expense	(7,601,941)	(7,125,736)
Total other nonoperating revenues (expenses)	(5,681,918)	(5,448,736)
Increase (decrease) in net position	22,970,666	16,910,101
Net position, beginning of year	187,092,281	170,182,180
Net position, end of year	$ 210,062,947	$ 187,092,281

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

STATEMENT OF CASH FLOWS

For the Years Ended February 28, 2026 and 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and other operating receipts	$ 45,289,520	$ 38,899,581
Cash received from Water and Wastewater Utility	233,087	199,721
Cash payments to suppliers for goods and services	(6,507,689)	(7,581,504)
Cash payments to employees for services	(2,971,149)	(2,456,218)
Cash payments to Water and Wastewater Utility	(2,039,221)	(1,944,630)
Net cash provided by operating activities	**34,004,548**	**27,116,950**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Revenue/refunding bond proceeds	31,790,000	54,145,000
Premiums on revenue bonds	2,118,025	6,451,879
Extendable commercial paper proceeds	20,000,000	20,000,000
Principal received on lease receivables	39,421	41,581
Interest received on lease receivables	16,345	17,005
Proceeds from unearned non-federal grants	218,247	260,961
Acquisition and construction of capital assets	(34,325,749)	(32,852,065)
Principal payments on SBITA liabilities	-	(20,586)
Interest payments on SBITA liabilities	-	(114)
Refunding extendable commercial paper	(20,000,000)	(60,000,000)
Refunding of revenue bonds	(13,490,000)	-
Principal payments on revenue bonds	(8,462,000)	(7,413,000)
Interest on bonds and extendable commercial paper	(8,729,895)	(7,529,680)
Bond issuance and extendable commercial paper fees	(328,274)	-
Payment to Water and Wastewater on land-transfer liability	(3,000,000)	(1,000,000)
Proceeds from sale of assets	12,000	-
Net cash used by capital and related financing activities	**(34,141,880)**	**(27,899,019)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investment securities	57,680,087	10,276,760
Purchase of investment securities	(55,244,323)	(9,121,213)
Interest received on investment securities	2,728,547	2,345,516
Net cash provided by investing activities	**5,164,311**	**3,501,063**
Net increase in cash and cash equivalents	**5,026,979**	**2,718,994**
Cash and cash equivalents:		
Beginning of year	73,072,738	70,353,744
End of year	**$ 78,099,717**	**$ 73,072,738**

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

MUNICIPAL DRAINAGE UTILITY FUND

STATEMENT OF CASH FLOWS

For the Years Ended February 28, 2026 and 2025

	2026	2025
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 28,652,584	$ 22,358,837
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	5,301,123	4,811,010
GASB 87 lease revenue	(59,004)	(57,114)
(Increase) decrease in assets and deferred outflows:		
Accounts receivable	(78,573)	(2,840)
Due from Water and Wastewater Utility	-	39,501
Deferred outflows - pension	(642,835)	125,276
Deferred outflows - OPEB	53,242	(26,662)
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	(120,841)	80,256
Due to Water and Wastewater Utility	386,797	92,020
Accrued compensated absences	(50,438)	9,875
Accrued payroll and benefits	(14,419)	40,750
Unearned rent revenue	(3,864)	4,742
Total OPEB liability	51,490	16,130
Net pension liability	691,950	(257,590)
Deferred inflows - pension	(27,344)	(58,075)
Deferred inflows - OPEB	(135,320)	(59,166)
Net cash provided by operating activities	**34,004,548**	**27,116,950**
Noncash investing, capital, and financing activities:		
New lease receivables with related deferred inflows	236,723	-
Capital assets financed through accounts and retainage payable	6,591,897	4,294,128
Increase in fair value of investments	329	1,040
Increase in arbitrage rebate liability	524,352	754,557
Net deferred gain on current-year refunding	16,863	-
Bond premium and gain amortization	(1,416,607)	(1,292,637)
Total noncash activities	**$ 5,953,557**	**$ 3,757,088**

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

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, 2026 and 2025

	2026	2025
Drainage operating revenues:		
Residential	$ 18,236,482	$ 15,599,117
Non-residential	26,179,814	22,545,440
Billing fees - City Environmental Services	897,876	640,044
OPEB recovery credit	-	40,109
Other operating revenue	349,876	369,914
Total operating revenue	45,664,048	39,194,624
Drainage operations		
Emergency response	273,612	158,405
Maintenance	5,534,984	5,978,215
Total drainage division	5,808,596	6,136,620
General and administrative	3,027,171	3,651,112
Indirect cost allocation	2,388,000	2,038,000
Other operating expenses		
Depreciation	5,301,123	4,811,010
OPEB expense	2,739	-
Pension Expense	483,835	199,045
Total other operating expenses	5,787,697	5,010,055
Total operating expenses	$ 17,011,464	$ 16,835,787

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

MUNICIPAL DRAINAGE UTILITY FUND

NET OPERATING REVENUE

For the Years Ended February 28, 2026 and 2025

	2026	2025
Operating revenue	$ 45,664,048	$ 39,194,624
Operating revenue deductions		
Operating expenses	5,808,596	6,136,620
General and administrative	3,027,171	3,651,112
Indirect cost allocation	2,388,000	2,038,000
Total operating expense deductions	11,223,767	11,825,732
Net operating revenue	$ 34,440,281	$ 27,368,892

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

CHANGES IN REVENUE BONDS PAYABLE

For the Year Ended February 28, 2026

Bond Series	Bonds payable February 28, 2025	Additions	Retirements	Bonds payable February 28, 2026
*2009A Revenue Series	$ 749,000	$ -	$ 107,000	$ 642,000
2015 Revenue Series	14,510,000	-	14,510,000	-
2016 Revenue Series	14,500,000	-	905,000	13,595,000
2017 Refunding & Improvement	31,170,000	-	3,710,000	27,460,000
*2021 Refunding Series	7,345,000	-	665,000	6,680,000
2021A Refunding Series	11,965,000	-	485,000	11,480,000
*2022 Revenue Series	8,850,000	-	320,000	8,530,000
2022A Refunding Series	23,500,000	-	500,000	23,000,000
2023 Refunding Series	22,620,000	-	500,000	22,120,000
2024 Refunding Series	54,145,000	-	250,000	53,895,000
2025 Revenue Refunding	-	31,790,000	-	31,790,000
TOTALS	$ 189,354,000	$ 31,790,000	$ 21,952,000	$ 199,192,000

**Direct placement revenue bonds*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

SUMMARY STATEMENT OF DEBT SERVICE REQUIREMENTS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

	Revenue Bonds				**Direct Placement Bonds**				
Calendar	Interest		Total	Principal	Interest		Total	Principal	Total Net
Year	March 1	September 1	Interest	Due March 1	March 1	September 1	Interest	Due March 1	Requirements
2026	$ 4,352,353	$ 4,143,353	$ 8,495,706	$ 8,360,000	$ 53,440	$ 46,160	$ 99,600	$ 1,337,000	$ 18,292,306
2027	4,143,354	3,924,978	8,068,332	8,735,000	46,160	38,760	84,920	1,352,000	18,240,252
2028	3,924,978	3,695,728	7,620,706	9,170,000	38,760	31,280	70,040	1,362,000	18,222,746
2029	3,695,729	3,476,803	7,172,532	9,625,000	31,280	23,640	54,920	1,382,000	18,234,452
2030	3,476,803	3,257,778	6,734,581	8,925,000	23,640	15,880	39,520	1,397,000	17,096,101
2031	3,257,778	3,027,902	6,285,680	9,365,000	15,880	8,000	23,880	1,407,000	17,081,560
2032	3,027,904	2,786,827	5,814,731	9,820,000	8,000	-	8,000	1,315,000	16,957,731
2033	2,786,828	2,537,127	5,323,955	10,315,000	-	-	-	315,000	15,953,955
2034	2,537,128	2,270,602	4,807,730	10,810,000	-	-	-	315,000	15,932,730
2035	2,270,604	1,994,427	4,265,031	11,355,000	-	-	-	315,000	15,935,031
2036	1,994,428	1,750,777	3,745,205	10,275,000	-	-	-	315,000	14,335,205
2037	1,750,778	1,530,727	3,281,505	9,130,000	-	-	-	315,000	12,726,505
2038	1,530,729	1,310,202	2,840,931	9,565,000	-	-	-	315,000	12,720,931
2039	1,310,203	1,083,602	2,393,805	10,010,000	-	-	-	315,000	12,718,805
2040	1,083,603	871,427	1,955,030	9,210,000	-	-	-	315,000	11,480,030
2041	871,429	664,025	1,535,454	9,640,000	-	-	-	315,000	11,490,454
2042	664,025	455,215	1,119,240	9,130,000	-	-	-	315,000	10,564,240
2043	455,216	283,259	738,475	7,360,000	-	-	-	315,000	8,413,475
2044	283,259	166,588	449,847	5,725,000	-	-	-	315,000	6,489,847
2045	166,588	145,125	311,713	1,010,000	-	-	-	315,000	1,636,713
2046	145,125	118,875	264,000	1,050,000	-	-	-	315,000	1,629,000
2047	118,875	91,250	210,125	1,105,000	-	-	-	315,000	1,630,125
2048	91,250	62,250	153,500	1,160,000	-	-	-	315,000	1,628,500
2049	62,250	31,875	94,125	1,215,000	-	-	-	315,000	1,624,125
2050	31,875	-	31,875	1,275,000	-	-	-	315,000	1,621,875
2051	-	-	-	-	-	-	-	315,000	315,000
2052	-	-	-	-	-	-	-	315,000	315,000
	$ 44,033,092	$ 39,680,722	$ 83,713,814	$ 183,340,000	$ 217,160	$ 163,720	$ 380,880	$ 15,852,000	$ 283,286,694

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2009A REVENUE (CWSRF) ARRA BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - TEXAS WATER DEVELOPMENT BOARD)

February 28, 2026

		Interest				
Calendar Year	Interest Rate	Payment Due March 1	Payment Due September 1	Total	Principal Due March 1	Total Requirements
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
		$ -	$ -	$ -	$ 642,000	$ 642,000

Bonds dated: November 15, 2009

Original issue: $2,163,000

Source of funding requirements: Net revenues only

Call Option: Bonds may be redeemed at any time.

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

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2016 REVENUE BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

		Interest				
Calendar Year	Interest Rate	Payment Due March 1	September 1	Total	Principal Due March 1	Total Requirements
2026	5.00%	$ 339,875	$ 316,125	$ 656,000	$ 950,000	$ 1,606,000
2027	5.00	316,125	291,125	607,250	1,000,000	1,607,250
2028	5.00	291,125	264,875	556,000	1,050,000	1,606,000
2029	5.00	264,875	237,250	502,125	1,105,000	1,607,125
2030	5.00	237,250	208,250	445,500	1,160,000	1,605,500
2031	5.00	208,250	177,750	386,000	1,220,000	1,606,000
2032	5.00	177,750	145,750	323,500	1,280,000	1,603,500
2033	5.00	145,750	112,000	257,750	1,350,000	1,607,750
2034	5.00	112,000	76,625	188,625	1,415,000	1,603,625
2035	5.00	76,625	39,125	115,750	1,500,000	1,615,750
2036	5.00	39,125	-	39,125	1,565,000	1,604,125
		$ 2,208,750	$ 1,868,875	$ 4,077,625	$ 13,595,000	$ 17,672,625

Bonds dated: March 15, 2016

Original issue: $19,790,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2027 may be redeemed on March 1, 2026 or any interest payment date thereafter.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2017 REVENUE BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

		Interest				
Calendar Year	Interest Rate	Payment Due March 1	Payment Due September 1	Total	Principal Due March 1	Total Requirements
2026	5.00%	$ 630,400	$ 531,400	$ 1,161,800	$ 3,960,000	$ 5,121,800
2027	5.00	531,400	425,650	957,050	4,230,000	5,187,050
2028	5.00	425,650	312,775	738,425	4,515,000	5,253,425
2029	4.10	312,775	214,100	526,875	4,815,000	5,341,875
2030	4.00	214,100	197,700	411,800	820,000	1,231,800
2031	4.00	197,700	180,700	378,400	850,000	1,228,400
2032	4.00	180,700	163,000	343,700	885,000	1,228,700
2033	4.00	163,000	144,600	307,600	920,000	1,227,600
2034	5.00	144,600	120,725	265,325	955,000	1,220,325
2035	5.00	120,725	95,600	216,325	1,005,000	1,221,325
2036	4.00	95,600	74,500	170,100	1,055,000	1,225,100
2037	5.00	74,500	47,000	121,500	1,100,000	1,221,500
2038	4.00	47,000	24,000	71,000	1,150,000	1,221,000
2039	4.00	24,000	-	24,000	1,200,000	1,224,000
		$ 3,162,150	$ 2,531,750	$ 5,693,900	$ 27,460,000	$ 33,153,900

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.

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2021 TAXABLE REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - ALLIANCE BANK)

February 28, 2026

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2026	1.60%	$ 53,440	$ 46,160	$ 99,600	$ 910,000	$ 1,009,600
2027	1.60	46,160	38,760	84,920	925,000	1,009,920
2028	1.60	38,760	31,280	70,040	935,000	1,005,040
2029	1.60	31,280	23,640	54,920	955,000	1,009,920
2030	1.60	23,640	15,880	39,520	970,000	1,009,520
2031	1.60	15,880	8,000	23,880	985,000	1,008,880
2032	1.60	8,000	-	8,000	1,000,000	1,008,000
		$ 217,160	$ 163,720	$ 380,880	$ 6,680,000	$ 7,060,880

Bonds dated: March 15, 2021

Original issue: $8,945,000

Source of funding requirements: Net revenues only

Call Option: Bonds may be redeemed at any time.

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

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2021A REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

		Interest				
Calendar Year	Interest Rate	Payment Due March 1	Payment Due September 1	Total	Principal Due March 1	Total Requirements
2026	5.00%	$ 208,066	$ 195,440	$ 403,506	$ 505,000	$ 908,506
2027	5.00	195,441	182,065	377,506	535,000	912,506
2028	5.00	182,066	168,065	350,131	560,000	910,131
2029	5.00	168,066	153,440	321,506	585,000	906,506
2030	5.00	153,441	138,065	291,506	615,000	906,506
2031	5.00	138,066	121,815	259,881	650,000	909,881
2032	5.00	121,816	104,815	226,631	680,000	906,631
2033	4.00	104,816	90,515	195,331	715,000	910,331
2034	4.00	90,516	75,615	166,131	745,000	911,131
2035	3.00	75,616	64,065	139,681	770,000	909,681
2036	3.00	64,066	52,140	116,206	795,000	911,206
2037	3.00	52,141	39,840	91,981	820,000	911,981
2038	3.00	39,841	27,165	67,006	845,000	912,006
2039	2.00	27,166	18,465	45,631	870,000	915,631
2040	2.00	18,466	9,615	28,081	885,000	913,081
2041	2.13	9,616	-	9,616	905,000	914,616
		$ 1,649,206	$ 1,441,125	$ 3,090,331	$ 11,480,000	$ 14,570,331

Bonds dated: April 01, 2021

Original issue: $13,330,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2030 may be redeemed on March 1, 2029 or any interest payment date thereafter.

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

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2022 REVENUE BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY
(DIRECT PLACEMENT - TEXAS WATER DEVELOPMENT BOARD)

February 28, 2026

		Interest				
Calendar Year	Interest Rate	Payment Due March 1	Payment Due September 1	Total	Principal Due March 1	Total Requirements
2026	0.00%	$ -	$ -	$ -	$ 320,000	$ 320,000
2027	0.00	-	-	-	320,000	320,000
2028	0.00	-	-	-	320,000	320,000
2029	0.00	-	-	-	320,000	320,000
2030	0.00	-	-	-	320,000	320,000
2031	0.00	-	-	-	315,000	315,000
2032	0.00	-	-	-	315,000	315,000
2033	0.00	-	-	-	315,000	315,000
2034	0.00	-	-	-	315,000	315,000
2035	0.00	-	-	-	315,000	315,000
2036	0.00	-	-	-	315,000	315,000
2037	0.00	-	-	-	315,000	315,000
2038	0.00	-	-	-	315,000	315,000
2039	0.00	-	-	-	315,000	315,000
2040	0.00	-	-	-	315,000	315,000
2041	0.00	-	-	-	315,000	315,000
2042	0.00	-	-	-	315,000	315,000
2043	0.00	-	-	-	315,000	315,000
2044	0.00	-	-	-	315,000	315,000
2045	0.00	-	-	-	315,000	315,000
2046	0.00	-	-	-	315,000	315,000
2047	0.00	-	-	-	315,000	315,000
2048	0.00	-	-	-	315,000	315,000
2049	0.00	-	-	-	315,000	315,000
2050	0.00	-	-	-	315,000	315,000
2051	0.00	-	-	-	315,000	315,000
2052	0.00	-	-	-	315,000	315,000
		$ -	$ -	$ -	$ 8,530,000	$ 8,530,000

Bonds dated: April 01, 2022

Original issue: $9,490,000

Source of funding requirements: Net revenues only

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

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2022A REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2026	5.00%	$ 545,806	$ 533,307	$ 1,079,113	$ 500,000	$ 1,579,113
2027	5.00	533,306	520,807	1,054,113	500,000	1,554,113
2028	5.00	520,806	508,307	1,029,113	500,000	1,529,113
2029	5.00	508,306	495,807	1,004,113	500,000	1,504,113
2030	5.00	495,806	466,057	961,863	1,190,000	2,151,863
2031	5.00	466,056	434,806	900,862	1,250,000	2,150,862
2032	5.00	434,806	401,931	836,737	1,315,000	2,151,737
2033	5.00	401,931	367,431	769,362	1,380,000	2,149,362
2034	5.00	367,431	331,181	698,612	1,450,000	2,148,612
2035	5.00	331,181	293,181	624,362	1,520,000	2,144,362
2036	5.00	293,181	253,306	546,487	1,595,000	2,141,487
2037	5.00	253,306	211,431	464,737	1,675,000	2,139,737
2038	4.50	211,431	171,831	383,262	1,760,000	2,143,262
2039	4.50	171,831	130,431	302,262	1,840,000	2,142,262
2040	4.50	130,431	87,231	217,662	1,920,000	2,137,662
2041	4.25	87,231	44,519	131,750	2,010,000	2,141,750
2042	4.25	44,519	-	44,519	2,095,000	2,139,519
		$ 5,797,365	$ 5,251,564	$ 11,048,929	$ 23,000,000	$ 34,048,929

Bonds dated: May 15, 2022

Original issue: $23,750,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2032 may be redeemed on March 1, 2031 or any interest payment date thereafter.

Mandatory Redemption: Term bonds stated to mature on March 1, 2042 shall be subject to mandatory redemption prior to maturity at the price of par plus accrued interest to the mandatory redemption date on the respective dates.

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

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2023 REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2026	5.00%	$ 525,550	$ 513,050	$ 1,038,600	$ 500,000	$ 1,538,600
2027	5.00	513,050	500,550	1,013,600	500,000	1,513,600
2028	5.00	500,550	488,050	988,600	500,000	1,488,600
2029	5.00	488,050	475,550	963,600	500,000	1,463,600
2030	5.00	475,550	449,800	925,350	1,030,000	1,955,350
2031	5.00	449,800	422,800	872,600	1,080,000	1,952,600
2032	5.00	422,800	394,425	817,225	1,135,000	1,952,225
2033	5.00	394,425	364,675	759,100	1,190,000	1,949,100
2034	5.00	364,675	333,425	698,100	1,250,000	1,948,100
2035	5.00	333,425	300,550	633,975	1,315,000	1,948,975
2036	5.00	300,550	266,050	566,600	1,380,000	1,946,600
2037	5.00	266,050	229,800	495,850	1,450,000	1,945,850
2038	5.00	229,800	191,800	421,600	1,520,000	1,941,600
2039	5.00	191,800	151,800	343,600	1,600,000	1,943,600
2040	5.00	151,800	109,800	261,600	1,680,000	1,941,600
2041	4.00	109,800	74,600	184,400	1,760,000	1,944,400
2042	4.00	74,600	38,000	112,600	1,830,000	1,942,600
2043	4.00	38,000	-	38,000	1,900,000	1,938,000
		$ 5,830,275	$ 5,304,725	$ 11,135,000	$ 22,120,000	$ 33,255,000

Bonds dated: June 01, 2023

Original issue: $22,870,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2034 may be redeemed on March 1, 2033 or any interest payment date thereafter.

Mandatory Redemption: Term bonds stated to mature on March 1, 2043 shall be subject to mandatory redemption prior to maturity at the price of par plus accrued interest to the mandatory redemption date on the respective dates.

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

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2024 REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

		Interest				
Calendar	Interest	Payment Due			Principal	Total
Year	Rate	March 1	September 1	Total	Due March 1	Requirements
2026	5.00%	$ 1,323,575	$ 1,311,075	$ 2,634,650	$ 500,000	$ 3,134,650
2027	5.00	1,311,075	1,298,575	2,609,650	500,000	3,109,650
2028	5.00	1,298,575	1,286,075	2,584,650	500,000	3,084,650
2029	5.00	1,286,075	1,273,575	2,559,650	500,000	3,059,650
2030	5.00	1,273,575	1,213,450	2,487,025	2,405,000	4,892,025
2031	5.00	1,213,450	1,150,325	2,363,775	2,525,000	4,888,775
2032	5.00	1,150,325	1,084,075	2,234,400	2,650,000	4,884,400
2033	5.00	1,084,075	1,014,450	2,098,525	2,785,000	4,883,525
2034	5.00	1,014,450	941,325	1,955,775	2,925,000	4,880,775
2035	5.00	941,325	864,575	1,805,900	3,070,000	4,875,900
2036	5.00	864,575	784,075	1,648,650	3,220,000	4,868,650
2037	5.00	784,075	699,450	1,483,525	3,385,000	4,868,525
2038	5.00	699,450	610,575	1,310,025	3,555,000	4,865,025
2039	5.00	610,575	517,325	1,127,900	3,730,000	4,857,900
2040	5.00	517,325	419,450	936,775	3,915,000	4,851,775
2041	5.00	419,450	316,575	736,025	4,115,000	4,851,025
2042	5.00	316,575	208,575	525,150	4,320,000	4,845,150
2043	5.00	208,575	95,200	303,775	4,535,000	4,838,775
2044	4.00	95,200	-	95,200	4,760,000	4,855,200
		$ 16,412,300	$ 15,088,725	$ 31,501,025	$ 53,895,000	$ 85,396,025

Bonds dated: April 01, 2024

Original issue: $54,145,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2035 may be
redeemed on March 1, 2034 or any interest payment date thereafter.

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

MUNICIPAL DRAINAGE UTILITY FUND

DEBT SERVICE REQUIREMENTS - 2025 REVENUE REFUNDING BONDS
PUBLIC SERVICE BOARD DEBT ONLY UNTIL MATURITY

February 28, 2026

Calendar Year	Interest Rate	Interest Payment Due March 1	Interest Payment Due September 1	Interest Total	Principal Due March 1	Total Requirements
2026	5.00%	$ 779,081	$ 742,956	$ 1,522,037	$ 1,445,000	$ 2,967,037
2027	5.00	742,957	706,206	1,449,163	1,470,000	2,919,163
2028	5.00	706,206	667,581	1,373,787	1,545,000	2,918,787
2029	5.00	667,582	627,081	1,294,663	1,620,000	2,914,663
2030	5.00	627,081	584,456	1,211,537	1,705,000	2,916,537
2031	5.00	584,456	539,706	1,124,162	1,790,000	2,914,162
2032	5.00	539,707	492,831	1,032,538	1,875,000	2,907,538
2033	5.00	492,831	443,456	936,287	1,975,000	2,911,287
2034	5.00	443,456	391,706	835,162	2,070,000	2,905,162
2035	5.00	391,707	337,331	729,038	2,175,000	2,904,038
2036	5.00	337,331	320,706	658,037	665,000	1,323,037
2037	5.00	320,706	303,206	623,912	700,000	1,323,912
2038	5.00	303,207	284,831	588,038	735,000	1,323,038
2039	5.00	284,831	265,581	550,412	770,000	1,320,412
2040	5.00	265,581	245,331	510,912	810,000	1,320,912
2041	4.00	245,332	228,331	473,663	850,000	1,323,663
2042	4.45	228,331	208,640	436,971	885,000	1,321,971
2043	4.45	208,641	188,059	396,700	925,000	1,321,700
2044	4.45	188,059	166,588	354,647	965,000	1,319,647
2045	4.25	166,588	145,125	311,713	1,010,000	1,321,713
2046	5.00	145,125	118,875	264,000	1,050,000	1,314,000
2047	5.00	118,875	91,250	210,125	1,105,000	1,315,125
2048	5.00	91,250	62,250	153,500	1,160,000	1,313,500
2049	5.00	62,250	31,875	94,125	1,215,000	1,309,125
2050	5.00	31,875	-	31,875	1,275,000	1,306,875
		$ 8,973,046	$ 8,193,958	$ 17,167,004	$ 31,790,000	$ 48,957,004

Bonds dated: April 15, 2025

Original issue: $31,790,000

Source of funding requirements: Net revenues only

Call Option: Bonds scheduled to mature on or after March 1, 2035 may be redeemed on March 1, 2034 or any interest payment date thereafter.

Mandatory Redemption: Term bonds stated to mature on March 1, 2044 and March 1, 2050 shall be subject to mandatory redemption prior to maturity at the price of par plus accrued interest to the mandatory redemption date on the respective dates.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

A COMPONENT UNIT OF THE CITY OF EL PASO

INSURANCE COVERAGE

February 28, 2026

Insurance Providers	Policy Number	Policy Period
Alliant Property Insurance Agent: USI Southwest Inc.	APIP2024	07/01/25 to 07/01/26
Texas Municipal League	Entity ID# 889	10/01/25 to 10/01/26
Travelers Casualty & Surety Co. of America Agent: USI Southwest Inc.	105715307	12/07/25 to 12/07/26
Evanston Insurance Company Agent: USI Southwest Inc.	3AA948642	11/13/25 to 11/13/26
Scottsdale Insurance Company Agent: USI Southwest Inc.	CPS8281822	09/16/25 to 09/16/26
Chaucer Insurance Co. Agent: USI Southwest Inc.	CICCBSIUL0XO35002	03/01/25 to 03/01/26

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

INSURANCE COVERAGE

February 28, 2026

Type of Insurance	Property Insured	Insurance
Blanket coverages for Building, Boiler & Machinery, Equipment & Personal Property	Blanket Building & Contents	$1,031,685,021 $250,000 Deductible
	Sublimit	
	Flood	$50,000,000 $250,000 Deductible
	Flood (Zones A & V)	$2,000,000 $500,000 Deductible
	Earthquake	$50,000,000 $250,000 Deductible
	Boiler & Machinery	$100,000,000 Various Deductible
	Contractors Equipment	$7,020,444 $10,000 Deductible
Auto Liability	Vehicles	$500,000 $10,000 Deductible
Money & Securities on Premises	Money & Securities	$100,000 $5,000 Deductible
Money & Securities Messenger	Money & Securities	$100,000 $5,000 Deductible
Computer Fraud	Non-authorized access of computer information	$3,000,000 $50,000 Deductible
Employee Dishonesty	Covers against financial loss loss of money, securities, and other property	$3,000,000 $50,000 Deductible
Special Event General Liability	TECH2O and Desalination Plant	$2,000,000 Aggregate No Deductible
General Liability	Palisades & Trailheads	$2,000,000 Aggregate No Deductible
Cyber Liability	El Paso Water Utilities	$5,000,000 Aggregate $50,000 Deductible

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

INSURANCE COVERAGE

February 28, 2026

Insurance Providers	Policy Number	Policy Period
City of El Paso - El Paso Water Utilities Aetna	Self-insurance Plan	12/15/24 to 12/14/27
Aetna	Stop Loss	12/15/24 to 12/14/27
Aetna	Fully Insured	12/15/24 to 12/14/27
Aetna	Fully Insured	12/15/24 to 12/14/27
Blue Cross Blue Shield Underwriter ReliaStar Life Ins. Co.	F022145-0001	12/15/24 to 12/14/27
CAS, Inc. (Administrator)	Self-insurance Plan	03/30/21 to 03/29/26
Homeserve Leak Virginia Surety Company, Inc	#23997	05/01/25 to 04/30/26

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

INSURANCE COVERAGE

February 28, 2026

Type of Insurance	Property Insured	Insurance
Health Insurance Choice POS II	Employees & Family	Annual Deductible Co-insurance 80% High Deductible Plan 100%
Specific and Aggregate Stop Loss Insurance	Employees & Family	Individual Claims over $400,000
Health Insurance Choice POS II	Retirees under 65	Annual Deductible Co-insurance 80% or 90% High Deductible Plan 100%
Health Insurance Medicare Advantage Plan	Retirees over 65 - Part A & Part B Required	$0 Deductible 90% Co-Insurance
Employee Basic Life Insurance	Active Employees Only	$50,000 per employee $2,000 for spouse $1,000 per child
Accidental Death & Dismemberment	Active Employees Only	
Supplemental/Optional Life	Active Employees and Family Only	$200,000 per employee $100,000 for spouse $10,000 per child
Workers' Compensation	Self-insured	
Water Leak Protection	Insured for Loss	$0 Deductible $2,500 protection limit for customers

STATISTICAL SECTION

el paso
WATER

STATISTICAL SECTION - CONTENTS AND EXPLANATIONS (Unaudited)

This part of The Public Service Board - El Paso Water Utilities' (EPWater) annual comprehensive 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 EPWater's financial health.

A - FINANCIAL TRENDS INFORMATION

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

PAGE

A-1 - Enterprise Funds Net Position 178
A-2 - Water and Wastewater Utility Fund Net Position 179
A-3 - Enterprise Funds Statements of Revenues, Expenses and Changes in Net Position 180
A-4 - Water and Wastewater Utility Fund Statements of Revenues, Expenses and Changes in Net Position . . 181
A-5 - Municipal Drainage Utility Fund Net Position 182
A-6 - Municipal Drainage Utility Fund Statements of Revenues, Expenses and Changes in Net Position 183
A-7 - Water and Wastewater Utility Fund selected financial ratios 184
A-8 - Municipal Drainage Utility Fund selected financial ratios 185
A-9 - Water and Wastewater Utility Fund funding of capital acquisitions and improvements. 186
A-10 - Water and Wastewater Utility Fund trend analysis of capital assets, net position and bonds payable . 187
A-11 - Municipal Drainage Utility Fund funding of capital acquisitions and improvements. 188
A-12 - Municipal Drainage Utility Fund trend analysis of capital assets, net position and bonds payable . . . 189

B - REVENUE CAPACITY INFORMATION

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

B-1 - Water and Wastewater Utility Fund customer growth 192
B-2 - Water and Wastewater Utility Fund average annual water & wastewater revenue per customer 193
B-3 - Water and Wastewater Utility Fund per capita water consumption 194
B-4 - Water and Wastewater Utility Fund water billed by type of customer 195
B-5 - Water and Wastewater Utility Fund water rates 196
B-6 - Water and Wastewater Utility Fund wastewater rates 197
B-7 - Municipal Drainage Utility Fund drainage customers and revenue by type 198
B-8 - Municipal Drainage Utility Fund fees 199

C - DEBT CAPACITY INFORMATION

These schedules present information to help the reader assess EPWater's 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.

C-1 - Water and Wastewater Utility Fund debt service coverage 203
C-2 - Water and Wastewater Utility Fund total net debt outstanding by type 204
C-3 - Municipal Drainage Utility Fund debt service coverage 205
C-4 - Municipal Drainage Utility Fund total net debt outstanding by type 206
C-5 - Enterprise Funds total net debt outstanding by type 207

D - DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment in which EPWater's financial activities occur.

D-1 - El Paso Demographic and Economic Statistics 210
D-2 - El Paso County Population by Race and Ethnicity 211
D-2 - El Paso County Population by Age Group 211
D-3 - National, State and El Paso Median Age 212
D-3 - National, State and El Paso Median Income Levels 212
D-4 - El Paso Metropolitan Area Employment by Sector 213
D-4 - Top 10 Public/Private Employers in the City of El Paso 213

E - OPERATING INFORMATION

These schedules contain information about EPWater's operations and resources to help the reader understand how each utility's financial information relates to the services they provide and the activities they perform.

E-1 - Water and Wastewater Utility Fund water billed versus water pumped 216
E-2 - Water and Wastewater Utility Fund maximum, minimum and average water demand 217
E-2 - Water and Wastewater Utility Fund maximum, minimum and average wastewater flows 217
E-3 - Water and Wastewater Utility Fund selected operations and statistical data 218
E-4 - Municipal Drainage Utility Fund selected operations and statistical data 219
E-5 - Water and Wastewater Utility Fund trend analysis of water operations 220
E-5 - Water and Wastewater Utility Fund trend analysis of wastewater operations 220
E-6 - Water, Wastewater and Municipal Drainage Utility Funds staffing by division and section 221
E-7 - Water and Wastewater Utility Fund budgeted employees per 1,000 customers 222

A - FINANCIAL TRENDS INFORMATION

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

el paso
WATER

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
ENTERPRISE FUNDS

A-1 - NET POSITION

2017 thru 2026*
(accrual basis of accounting)
(amounts expressed in thousands)

	2026	2025	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017
NET POSITION										
Restricted:										
Restricted for debt service	$ 148,250	$ 132,742	$ 121,061	$ 106,906	$ 102,533	$ 97,569	$ 95,910	$ 90,651	$ 78,899	$ 73,715
Restricted for construction and improvements	98,381	113,345	98,518	36,453	55,624	67,790	63,851	38,713	43,596	33,841
Total restricted	246,631	246,088	219,579	143,359	158,156	165,359	159,761	129,364	122,495	107,556
Net investment in capital assets	1,519,077	1,392,141	1,299,896	1,262,231	1,153,464	1,069,231	993,793	948,468	894,333	846,265
Unrestricted	97,722	84,049	81,902	66,675	74,352	27,377	10,663	764	(242)	6,849
Total Net Position	$ 1,863,430	$ 1,722,278	$ 1,601,378	$ 1,472,265	$ 1,385,972	$ 1,261,967	$ 1,164,217	$ 1,078,597	$ 1,016,586	$ 960,670

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 restricted when constraints placed on its use are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Fiscal year March 1 thru last day of February of year shown
[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*
[2]Fiscal year has been restated as a result of the adoption of GASB 96, *SBITAs*
[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*

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

A-2 - NET POSITION

2017 thru 2026*
(accrual basis of accounting)
(amounts expressed in thousands)

	2026	2025	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017
NET POSITION										
Restricted:										
Restricted for debt service	$ 130,877	$ 117,696	$ 109,334	$ 95,567	$ 89,838	$ 85,803	$ 84,992	$ 80,593	$ 71,959	$ 65,549
Restricted for construction and improvements	83,970	93,795	89,343	26,706	46,184	54,785	49,067	26,199	32,763	23,324
Total restricted	214,847	211,491	198,677	122,273	136,021	140,588	134,059	106,792	104,723	88,873
Net investment in capital assets	1,371,729	1,263,204	1,180,202	1,151,857	1,065,104	978,391	914,008	865,579	827,188	781,349
Unrestricted	91,806	85,448	77,275	68,560	68,586	25,443	9,017	(602)	(11,287)	5,886
Total Net Position	$ 1,678,382	$ 1,560,144	$ 1,456,154	$ 1,342,690	$ 1,269,711	$ 1,144,422	$ 1,057,084	$ 971,770	$ 920,624	$ 876,109

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 restricted when constraints placed on its use are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Fiscal year March 1 thru last day of February of year shown
[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*
[2]Fiscal year has been restated as a result of the adoption of GASB 96, *SBITAs*
[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*

A-3 - STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

2017 thru 2026*
(accrual basis of accounting)
(amounts expressed in thousands)

	2026	2025[4]	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017
Revenue										
Water and reclaimed water	$ 224,942	$ 225,315	$ 214,720	$ 187,459	$ 173,591	$ 178,873	$ 159,977	$ 157,351	$ 145,915	$ 137,996
Wastewater	170,023	158,998	152,914	110,264	100,790	94,808	90,022	83,943	76,002	69,632
Drainage fees	44,183	37,945	33,346	28,661	25,736	23,908	23,557	23,143	22,266	18,819
Miscellaneous operating revenue	37,605	24,327	19,095	16,840	17,541	21,142	20,222	15,277	20,835	14,521
Total operating revenue	476,754	446,586	420,075	343,224	317,659	318,731	293,778	279,714	265,019	240,968
Expenses										
Operations and maintenance - water and reclaimed water	75,683	81,656	72,415	59,192	49,566	51,948	47,360	49,228	45,496	42,245
Operations and maintenance - wastewater	44,286	42,226	37,705	39,451	33,887	25,429	24,434	25,364	23,772	21,325
General, administrative and engineering expenses	52,579	53,129	45,674	33,703	30,638	28,634	25,522	27,132	24,477	21,995
Operations and maintenance - drainage	8,798	9,750	7,054	6,533	5,031	5,213	5,747	4,664	4,820	5,004
Farm expenses	-	-	-	-	-	-	-	-	5,712	1,218
Miscellaneous operating expenses	6,960	6,463	4,695	4,941	2,712	2,622	2,779	1,680	1,764	1,836
OPEB Expense	136	120	-	165	930	1,727	2,299	1,793	893	893
Pension expense	10,950	6,855	9,135	3,108	-	6,354	9,696	5,337	5,283	6,471
Depreciation and amortization	99,679	91,264	82,503	76,034	72,190	73,728	71,892	68,573	65,897	62,721
Payment to City of El Paso franchise fee	6,550	6,550	6,550	6,550	6,550	6,550	3,470	3,589	3,584	3,578
Payment to City of El Paso per bond covenants	-	-	20,227	17,593	16,034	16,850	15,442	14,631	13,552	12,753
Total operating expenses	305,620	298,011	285,958	247,270	217,539	219,055	208,640	201,990	195,249	180,038
Operating income	171,135	148,575	134,117	95,953	100,119	99,676	85,138	77,723	69,770	60,930
Noncapital subsidies										
Federal grant revenue - noncapital	128	287	-	-	-	-	-	-	-	-
Payment to City of El Paso per bond covenants	(21,565)	(20,992)	-	-	-	-	-	-	-	-
Total noncapital subsidies	(21,437)	(20,705)	-	-	-	-	-	-	-	-
Operating income (Loss) and noncapital subsidies	149,698	127,869	134,117	95,953	100,119	99,676	85,138	77,723	69,770	60,930
Other nonoperating revenues and expenses										
Interest earnings	23,483	27,004	31,802	14,451	1,493	2,116	5,254	5,921	2,945	1,348
IRS Tax Credit for Build America Bonds	-	-	-	-	-	-	-	-	637	927
Capital contributions	31,786	24,940	15,677	10,567	20,467	20,049	14,362	11,585	9,263	13,665
Gain on sale of land	6,266	836	2,806	1,948	20,106	1,146	8,010	1,091	5	5,561
Gain on sale of miscellaneous assets	1,078	279	466	3,955	519	112	404	357	401	176
Federal grant revenue-non capital	-	-	1,017	-	1,117	-	-	-	-	-
Other nonoperating revenues	-	-	2,804	2,761	2,703	-	-	-	-	-
Financing fees and charges	(2,868)	(1,530)	(2,129)	(5,076)	(1,716)	(1,153)	(1,008)	(834)	(1,595)	(1,434)
Interest expense	(68,290)	(58,498)	(52,727)	(38,281)	(20,804)	(24,196)	(26,540)	(26,144)	(25,511)	(23,373)
Total other nonoperating revenues and expenses	(8,546)	(6,969)	(285)	(9,676)	23,886	(1,926)	482	(8,024)	(13,854)	(3,130)
Change in net position	141,152	120,900	133,832	86,278	124,006	97,750	85,620	69,699	55,915	57,800
Total net position - beginning	1,722,278	1,601,378	1,472,265	1,385,972	1,261,967	1,164,217	1,078,597	1,016,586	960,670	902,870
Restatements and adjustments	-	-	(4,720)	16	-	-	-	(7,688)	-	-
Net Position-Beginning, as restated	1,722,278	1,601,378	1,467,546	1,385,988	1,261,967	1,164,217	1,078,597	1,008,897	960,670	902,870
Total net position - ending	$ 1,863,430	$ 1,722,278	$ 1,601,378	$ 1,472,265	$ 1,385,972	$ 1,261,967	$ 1,164,217	$ 1,078,597	$ 1,016,586	$ 960,670

* Fiscal year March 1 thru last day of February of year shown
[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*
[2]Fiscal year has been restated as a result of the adoption of GASB 96, *SBITAs*
[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*
[4]Fiscal year has been revised as a result of the reclassifications with the adoption of GASB 103, *Financial Reporting Model Improvements*

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

A-4 - STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

2017 thru 2026*
(accrual basis of accounting)
(amounts expressed in thousands)

	2026	2025[4]	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017
Revenue										
Water and reclaimed water	$ 224,956	$ 225,329	$ 214,728	$ 187,471	$ 173,625	$ 178,905	$ 160,007	$ 157,351	$ 145,915	$ 137,996
Wastewater	170,023	158,998	152,914	110,264	100,790	94,808	90,022	83,943	76,002	69,632
Miscellaneous operating revenue	36,381	23,301	18,634	16,341	16,966	20,678	19,533	14,643	20,194	13,884
Total operating revenue	431,361	407,629	386,277	314,076	291,380	294,391	269,562	255,937	242,111	221,511
Expenses										
Operations and maintenance - water and reclaimed water	75,769	81,729	72,477	59,249	49,630	52,008	47,419	49,305	45,569	42,321
Operations and maintenance - wastewater	44,388	42,314	37,781	39,519	33,964	25,501	24,506	25,437	23,843	21,385
General, administrative and engineering expenses	50,236	51,129	43,323	31,977	28,987	27,162	24,013	25,718	23,598	21,100
Farm expenses	-	-	-	-	-	-	-	-	5,712	1,218
Miscellaneous operating expenses	6,960	6,463	4,695	4,941	2,712	2,622	2,779	1,680	1,764	1,836
OPEB Expense	133	120	-	165	924	1,658	2,187	1,663	821	822
Pension expense	10,466	6,655	8,841	3,100	-	6,091	9,216	5,050	4,998	6,000
Depreciation and amortization	94,377	86,453	78,118	72,015	68,486	70,212	68,428	65,322	62,998	60,385
Payment to City of El Paso Franchise Fee	6,550	6,550	6,550	6,550	6,550	6,550	3,470	3,589	3,584	3,578
Payment to City of El Paso per bond covenants	-	-	20,227	17,593	16,034	16,850	15,442	14,631	13,552	12,753
Total operating expenses	288,879	281,413	272,011	235,109	207,287	208,654	197,460	192,393	186,438	171,398
Operating income	142,482	126,216	114,266	78,967	84,093	85,737	72,102	63,543	55,673	50,114
Noncapital Subsidies										
Federal grant revenue - noncapital	128	287	-	-	-	-	-	-	-	-
Payment to City of El Paso per bond covenants	(21,565)	(20,992)	-	-	-	-	-	-	-	-
Total Noncapital Subsidies	(21,437)	(20,705)	-	-	-	-	-	-	-	-
Operating Income (Loss) and Noncapital Subsidies	121,045	105,511	114,266	78,967	84,093	85,737	72,102	63,543	55,673	50,114
Other nonoperating revenues and expenses										
Interest earnings	21,247	24,712	30,035	13,508	1,480	1,956	4,413	4,979	2,451	1,085
IRS Tax Credit for Build America Bonds	-	-	-	-	-	-	-	-	121	196
Capital contributions	31,786	24,940	15,677	10,567	20,467	20,049	14,362	11,585	9,065	13,665
Gain on sale of land	6,266	836	2,714	1,948	33,701	1,146	17,618	1,091	5	5,561
Gain on sale of miscellaneous assets	1,123	279	466	3,955	519	112	396	357	343	176
Federal grant revenue - non capital	-	-	1,017	-	1,117	-	-	-	-	-
Other nonoperating revenues	-	-	2,743	2,673	2,624	-	-	-	-	-
Financing fees and charges	(2,540)	(915)	(1,663)	(4,606)	(1,367)	(1,095)	(898)	(584)	(1,108)	(1,169)
Interest expense	(60,688)	(51,373)	(47,183)	(34,048)	(17,344)	(20,567)	(22,678)	(22,987)	(22,035)	(21,009)
Total other nonoperating revenues and expenses	(2,807)	(1,521)	3,805	(6,003)	41,196	1,601	13,213	(5,560)	(11,158)	(1,495)
Change in net position	118,238	103,990	118,071	72,964	125,289	87,338	85,315	57,983	44,515	48,619
Total net position - beginning of year	1,560,144	1,456,154	1,342,690	1,269,711	1,144,422	1,057,084	971,770	920,624	876,109	827,490
Restatements and Adjustments	-	-	(4,608)	16	-	-	-	(6,838)	-	-
Net Position-Beginning, as restated	1,560,144	1,456,154	1,338,083	1,269,726	1,144,422	1,057,084	971,770	913,786	876,109	827,490
Total net position - ending	$ 1,678,382	$ 1,560,144	$ 1,456,154	$ 1,342,690	$ 1,269,711	$ 1,144,422	$ 1,057,084	$ 971,770	$ 920,624	$ 876,109

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

[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year has been restated as a result of the adoption of GASB 96, *SBITAs*

[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*

[4]Fiscal year has been revised as a result of the reclassifications with the adoption of GASB 103, *Financial Reporting Model Improvements*

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

A-5 - NET POSITION

2017 thru 2026*
(accrual basis of accounting)
(amounts expressed in thousands)

	2026	2025	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017
NET POSITION										
Restricted:										
Restricted for debt service	$ 17,372	$ 15,047	$ 11,727	$ 11,339	$ 12,695	$ 11,766	$ 10,918	$ 10,058	$ 6,939	$ 8,166
Restricted for construction and improvements	14,411	19,550	9,175	9,747	9,440	13,005	14,784	12,514	10,970	10,517
Total Restricted	31,784	34,597	20,903	21,085	22,135	24,771	25,702	22,572	17,909	18,683
Net investment in capital assets	172,363	153,894	144,652	123,701	113,031	101,514	90,459	82,889	76,370	64,915
Unrestricted	5,917	(1,399)	4,627	9,747	5,767	1,934	1,646	1,366	1,682	962
Total Net Position	$ 210,063	$ 187,092	$ 170,182	$ 154,533	$ 140,932	$ 128,220	$ 117,807	$ 106,827	$ 95,962	$ 84,561

Note:
Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted, and unrestricted. Net position is considered restricted when constraints placed on net position use are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

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

[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year has been restated as a result of the adoption of GASB 96, *SBITAs*

[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*

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

A-6 - STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

2017 thru 2026*
(accrual basis of accounting)
(amounts expressed in thousands)

	2026	2025[4]	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017
Drainage operating revenues:										
Residential	$ 18,236	$ 15,599	$ 13,704	$ 11,764	$ 10,652	$ 9,914	$ 9,761	$ 9,662	$ 9,306	$ 7,865
Nonresidential	26,180	22,545	19,813	17,052	15,251	14,151	13,953	13,639	13,114	11,084
Billing fees - City Solid Waste Management	898	640	382	383	324	281	278	275	272	269
Pension recovery credit	-	-	-	-	169	-	-	-	-	-
OPEB recovery credit	-	40	52	30	-	-	-	-	-	-
Miscellaneous operating revenue	350	370	50	110	106	207	434	383	393	393
Total operating revenue	45,664	39,195	34,002	29,339	26,503	24,554	24,426	23,959	23,084	19,611
Drainage operating expenses:										
Operations and maintenance	8,836	9,788	7,086	6,568	5,089	5,269	5,800	4,670	4,828	5,001
Indirect cost allocation	2,388	2,038	2,385	1,756	1,678	1,498	1,534	1,440	903	915
OPEB Expense	3	-	-	-	6	68	112	130	72	71
Pension expense	484	199	295	9	-	263	480	287	285	471
Depreciation	5,301	4,811	4,385	4,019	3,704	3,517	3,464	3,252	2,899	2,336
Total operating expenses	17,011	16,836	14,151	12,352	10,477	10,615	11,390	9,779	8,987	8,794
Operating income	28,653	22,359	19,851	16,987	16,026	13,939	13,036	14,180	14,097	10,816
Other nonoperating revenues and expenses										
Interest earnings	2,236	2,292	1,767	942	13	160	841	942	494	263
IRS tax credit for Build America Bonds	-	-	-	-	-	-	-	-	516	731
Gain on sale of land	-	-	92	287	402	-	1,067	-	-	-
Gain on sale of miscellaneous assets	12	-	-	-	-	-	8	-	59	-
Other nonoperating revenue	-	-	61	88	79	-	-	-	-	-
Financing fees and charges	(328)	(615)	(466)	(470)	(348)	(58)	(110)	(250)	(487)	(265)
Interest expense	(7,602)	(7,126)	(5,544)	(4,233)	(3,460)	(3,629)	(3,862)	(3,157)	(3,476)	(2,364)
Capital contributions	-	-	-	-	-	-	-	-	198	-
Total other nonoperating revenues and expenses	(5,682)	(5,449)	(4,090)	(3,386)	(3,314)	(3,527)	(2,056)	(2,464)	(2,697)	(1,636)
Change in net position	22,971	16,910	15,761	13,601	12,713	10,412	10,980	11,716	11,400	9,181
Total net position - beginning as previously reported	187,092	170,182	154,533	140,932	128,220	117,807	106,827	95,962	84,561	75,380
Restatements and adjustments	-	-	(112)	-	-	-	-	(850)	-	-
Net Position-Beginning, as restated	187,092	170,182	154,421	140,932	128,220	117,807	106,827	95,111	84,561	75,380
Total net position - ending	$ 210,063	$ 187,092	$ 170,182	$ 154,533	$ 140,932	$ 128,220	$ 117,807	$ 106,827	$ 95,962	$ 84,561

* Fiscal year March 1 thru last day of February of year shown
[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*
[2]Fiscal year has been restated as a result of the adoption of GASB 96, *SBITAs*
[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*
[4]Fiscal year has been revised as a result of the reclassifications with the adoption of GASB 103, *Financial Reporting Model Improvements*

A-7 - SELECTED FINANCIAL RATIOS

2017 thru 2026*

	2026	2025[4]	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017
FINANCIAL RATIOS*										
Current Ratio (Current Assets/Current Liabilities)	2.35	2.96	3.56	4.09	2.11	2.41	1.78	2.34	3.44	3.21
Acid Test Ratio (Cash & Cash Equivalents/ Current Liabilities)	1.63	2.62	1.94	1.15	1.32	1.04	0.96	1.68	2.60	2.41
Operating Ratio ((O&M-Depreciation)/Total Operating Revenue)	0.45	0.48	0.50	0.52	0.48	0.47	0.48	0.50	0.51	0.50
Net Take-Down Ratio ((Total Operating Income+Depreciation)/Gross Revenue)	0.51	0.49	0.46	0.45	0.47	0.52	0.48	0.49	0.48	0.48
Total Liabilities/Total Assets	0.57	0.55	0.55	0.53	0.42	0.46	0.48	0.50	0.51	0.50
Debt to Equity Ratio ((Bonds Payable+Commercial Paper Notes+ Extendable Commercial Paper Notes)/Equity)	1.09	1.03	0.99	0.94	0.63	0.67	0.70	0.78	0.83	0.79
Debt Ratio ((Bonds Payable+Commercial Paper Notes+Extendable Commercial Paper Notes)/Total Assets)	0.46	0.45	0.44	0.43	0.34	0.36	0.37	0.39	0.41	0.40
Debt Service Safety Margin ((Net Operating Income-Debt Service)/(Total Operating Revenue+Interest Earnings))	0.21	0.20	0.25	0.26	0.31	0.30	0.26	0.26	0.23	0.27
Current Restricted Assets/Current Restricted Liabilities	2.11	2.84	3.65	4.44	1.72	2.18	1.68	2.34	4.00	3.60

* Fiscal year March 1 thru last day of February of year shown
[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*
[2]Fiscal year has been restated as a result of the adoption of GASB 96, *SBITAs*
[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*
[4]Fiscal year has been revised as a result of the reclassifications with the adoption of GASB 103, *Financial Reporting Model Improvements*

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

A-8 - SELECTED FINANCIAL RATIOS

2017 thru 2026*

	2026	2025[4]	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017
FINANCIAL RATIOS										
Current Ratio (Current Assets/Current Liabilities)	2.83	3.17	2.89	2.62	2.39	3.87	3.93	3.46	5.55	6.13
Acid Test Ratio (Cash & Cash Equivalents/ Current Liabilities)	2.74	2.74	2.44	2.18	1.50	2.51	3.37	2.87	5.08	5.22
Operating Ratio ((O&M-Depreciation)/Total Operating Revenue)	0.26	0.31	0.29	0.28	0.26	0.29	0.32	0.27	0.26	0.34
Net Take-Down Ratio ((Total Operating Income+Depreciation)/Gross Revenue)	0.71	0.65	0.68	0.69	0.73	0.71	0.63	0.70	0.70	0.63
Total Liabilities/Total Assets	0.56	0.58	0.59	0.54	0.51	0.50	0.53	0.55	0.57	0.57
Debt to Equity Ratio ((Bonds Payable+Revolving Notes+Extendable Commercial Paper Notes)/Equity)	1.04	1.12	0.84	0.91	0.81	0.82	0.90	0.96	1.07	1.14
Debt Ratio ((Bonds Payable+Revolving Notes+Extendable Commercial Paper Notes)/Total Assets)	0.46	0.47	0.48	0.42	0.39	0.41	0.42	0.44	0.46	0.49
Debt Service Safety Margin ((Net Operating Income-Debt Service)/(Total Operating Revenue+Interest Earnings))	0.34	0.29	0.35	0.33	0.36	0.32	0.28	0.43	0.33	0.26
Current Restricted Assets/Current Restricted Liabilities	2.64	3.15	2.55	2.27	2.18	3.42	3.45	3.20	5.35	5.93

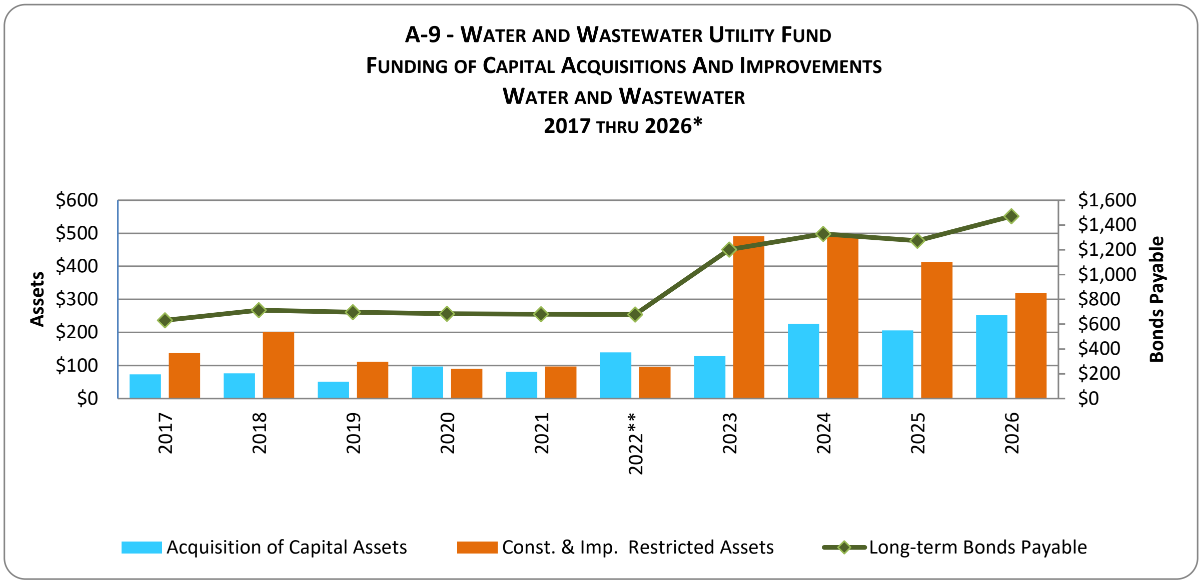
* Fiscal year March 1 thru last day of February of year shown

[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year has been restated as a result of the adoption of GASB 96, *SBITAs*

[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*

[4]Fiscal year has been revised as a result of the reclassifications with the adoption of GASB 103, *Financial Reporting Model Improvements*



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

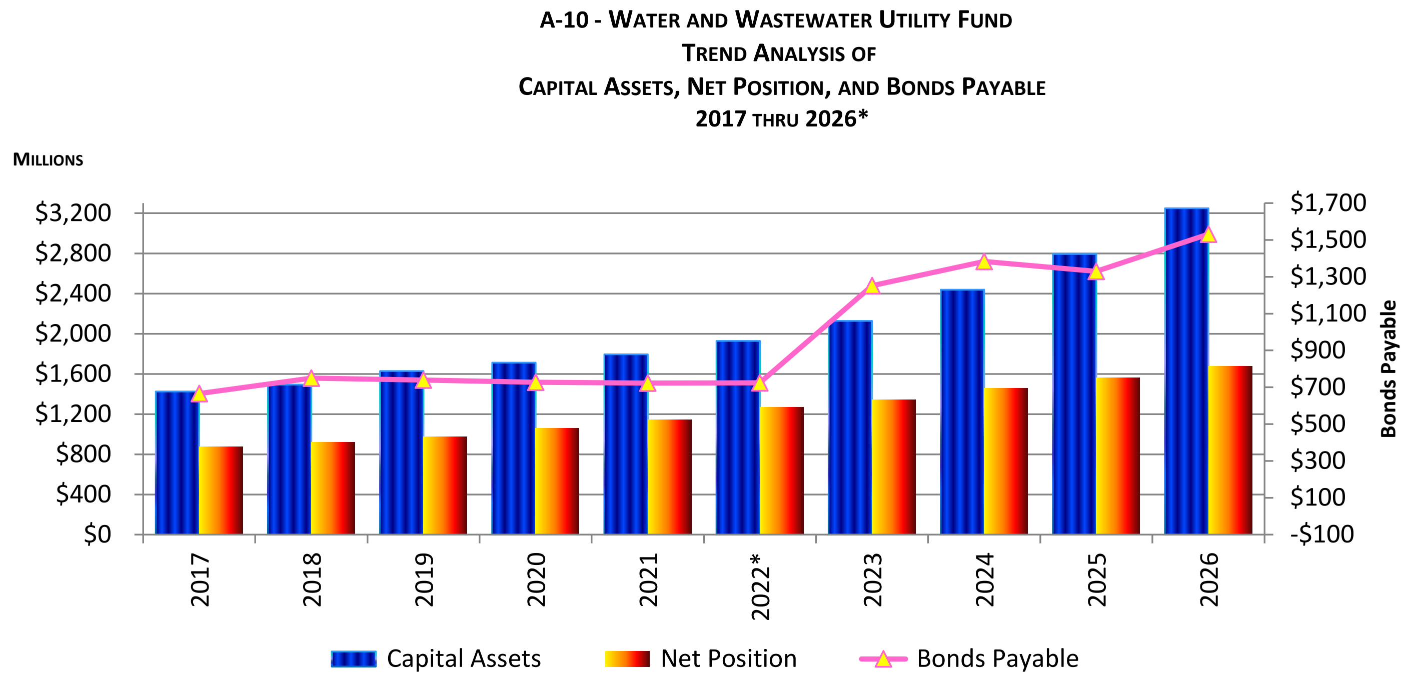
Funding of Capital Acquisitions and Improvements Data 2017 thru 2026* (amounts expressed in millions)			
Year	Acquisition of Capital Assets	Const. & Imp. Restricted Assets	Long-term Bonds Payable
2017	73.6	137.1	631.3
2018	76.3	200.9	712.3
2019	50.7	111.8	696.7
2020	96.6	90.1	683.8
2021	81.0	96.7	679.6
2022[1]	139.8	96.3	678.2
2023[2]	127.6	491.3	1,203.0
2024[3]	225.8	491.7	1,329.3
2025	206.5	413.2	1,274.0
2026	252.1	320.4	1,471.0

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

[1]Fiscal year restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year restated as a result of the adoption of GASB 96, *SBITAs*

[3]Fiscal year restated as a result of the adoption of GASB 101, *Compensated Absences*



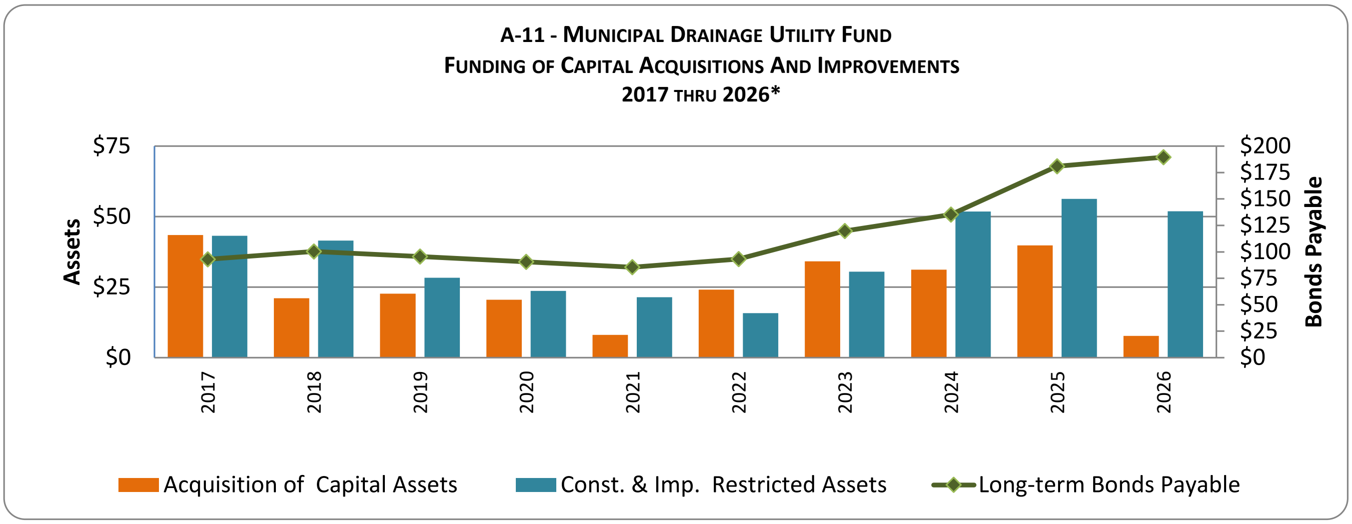
Trend Analysis of Capital Assets, Net Position and bonds Payable Data 2017 thru 2026* (amounts expressed in millions)			
Year	Capital Assets	Net Position	Bonds Payable
2017	1,424.8	876.1	665.7
2018	1,493.3	920.6	749.7
2019	1,628.3	971.8	739.0
2020	1,712.0	1,057.1	727.3
2021	1,794.5	1,144.4	722.1
2022[1]	1,928.1	1,269.7	724.6
2023[2,3]	2,127.4	1,342.7	1,251.6
2024[3]	2,438.0	1,461.0	1,383.6
2025	2,793.2	1,560.1	1,329.3
2026	3,248.5	1,678.4	1,531.4

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

[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year has been restated as a result of the adoption of GASB 96 , *SBITAs*

[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*



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

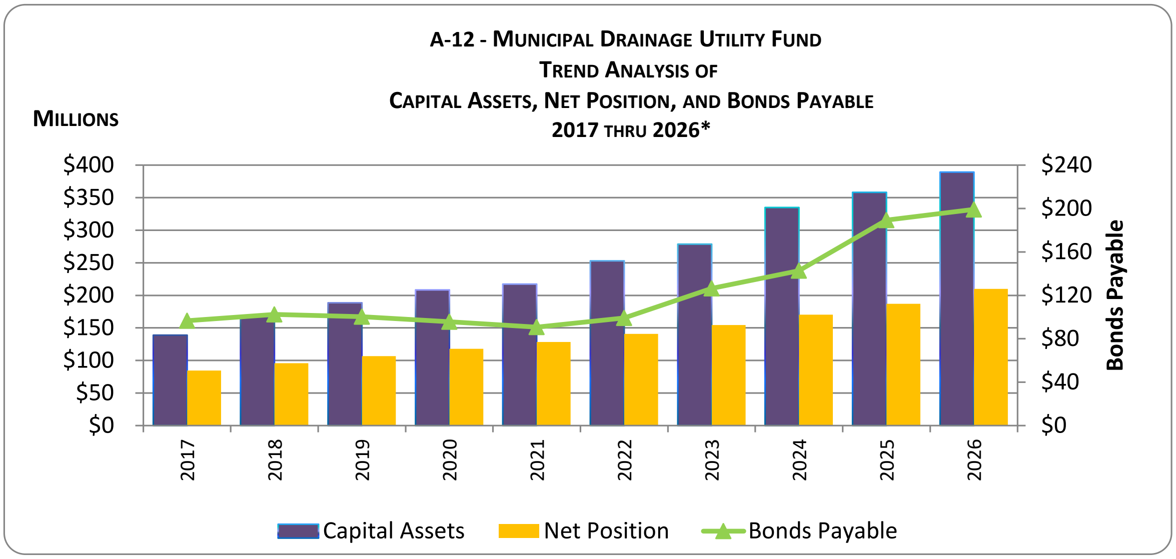
Funding of Capital Acquisitions and Improvements Data 2017 thru 2026* (amounts expressed in millions)			
Year	Acquisition of Capital Assets	Const. & Imp. Restricted Assets	Long-term Bonds Payable
2017	43.5	43.2	92.9
2018	21.1	41.5	100.3
2019	22.7	28.3	95.6
2020	20.5	23.6	90.7
2021	8.1	21.4	85.5
2022[1]	24.1	15.8	93.1
2023[2,3]	34.2	30.5	119.8
2024[3]	31.2	51.8	135.2
2025	39.8	56.3	180.9
2026	7.7	51.9	189.5

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

[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year has been restated as a result of the adoption of GASB 96 , *SBITAs*

[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*



Trend Analysis of Capital Assets, Net Position and Bonds Payable Data 2017 thru 2026* (amounts expressed in millions)			
Year	Capital Assets	Net Position	Bonds Payable
2017	138.7	84.6	96.6
2018	167.3	96.0	102.5
2019	188.5	106.8	100.3
2020	208.4	117.8	95.6
2021	217.4	128.2	90.7
2022[1]	252.8	140.9	99.2
2023[2,3]	278.6	154.5	126.4
2024[3]	334.8	170.2	142.6
2025	358.1	187.1	189.4
2026	389.5	210.1	199.2

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

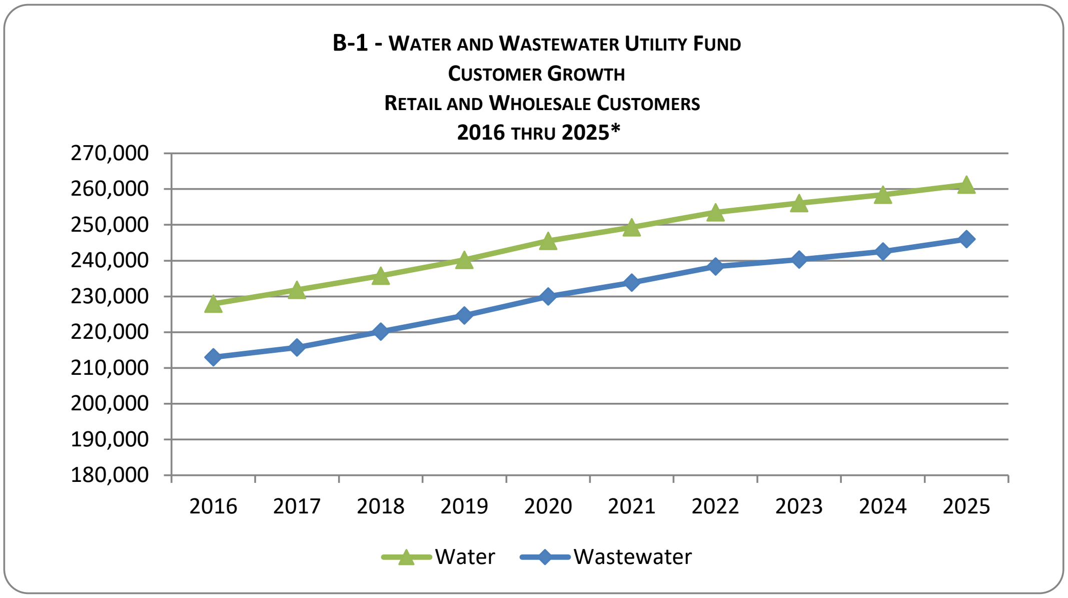
[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year has been restated as a result of the adoption of GASB 96, *SBITAs*

[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*

B - REVENUE CAPACITY INFORMATION

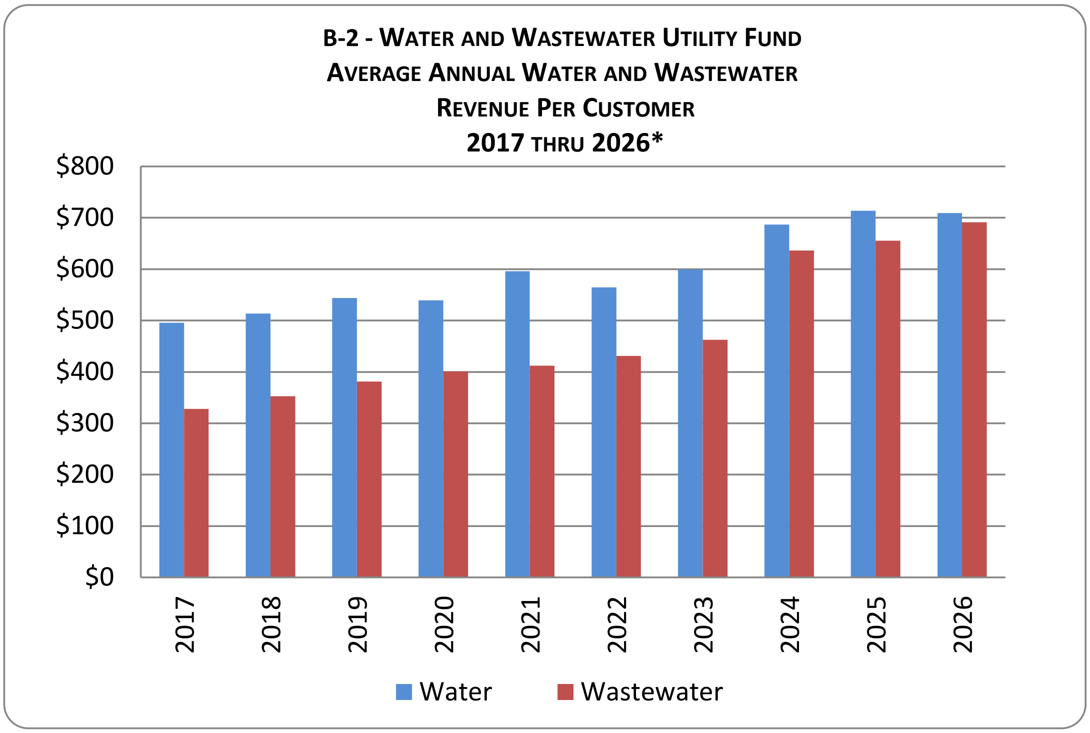
These schedules contain information to help the reader assess the Water and Wastewater Utility Fund's primary revenue sources and the Municipal Drainage Utility Fund's revenue information.



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

Water and Wastewater Customer Growth Data Retail and Wholesale Customers 2016 thru 2025*		
Year	**Water**	**Wastewater**
2016	227,933	212,990
2017	231,846	215,673
2018	235,768	220,129
2019	240,168	224,633
2020	245,530	229,973
2021	249,281	233,847
2022	253,535	238,364
2023	256,061	240,317
2024	258,417	242,579
2025	261,242	245,991

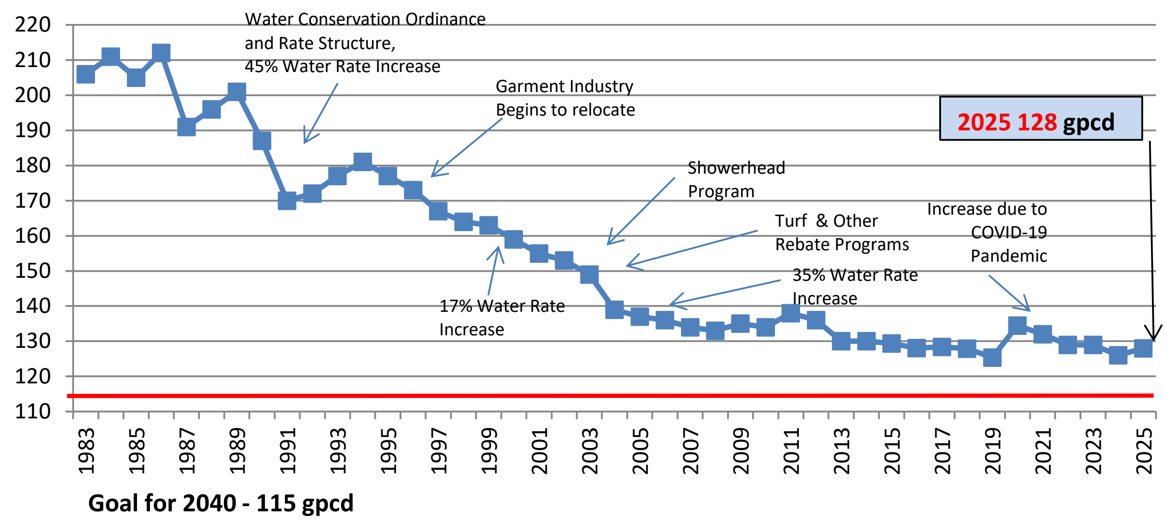
*Calendar Year



* 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 2017 thru 2026*		
Year	**Water**	**Wastewater**
2017	495.41	327.76
2018	513.80	352.66
2019	543.77	381.34
2020	539.28	400.75
2021	596.24	412.26
2022	564.69	431.01
2023	599.39	462.59
2024	686.74	636.30
2025	713.78	655.45
2026	709.15	691.18

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



Calendar Year

Per Capita Consumption Data					
Year	**gpcd***	**Year**	**gpcd**	**Year**	**gpcd**
1982	216	1996	173	2010	134
1983	206	1997	167	2011	138
1984	211	1998	164	2012	136
1985	205	1999	163	2013	130
1986	212	2000	159	2014	130
1987	191	2001	155	2015	129
1988	196	2002	153	2016	128
1989	201	2003	149	2017	128
1990	187	2004	139	2018	128
1991	170	2005	137	2019	125
1992	172	2006	136	2020	135
1993	177	2007	134	2021	132
1994	181	2008	133	2022	129
1995	177	2009	135	2023	129
				2024	126
				2025	128

Calendar Year

* gpcd=gallons per capita daily

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

B-4 - WATER BILLED BY TYPE OF CUSTOMER

2017 thru 2026*

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
WATER CUSTOMERS BY TYPE AT END OF FISCAL YEAR										
Residential	208,210	203,359	200,345	199,320	197,760	195,625	192,359	189,490	187,040	184,741
Schools	620	664	651	655	664	679	651	646	651	646
Churches	434	423	419	418	422	430	430	433	454	448
Industrial	123	105	93	83	83	80	82	131	146	147
Commercial	19,364	18,697	18,339	15,872	15,402	15,195	14,974	14,768	14,430	14,111
Government	1,972	1,885	1,901	1,881	1,895	1,887	1,871	1,809	1,805	1,798
Very Large Water Users	11	11	10	9	9	9	9	8	13	13
Wholesale Customers***	35,912	35,150	34,209	32,836	31,144	29,581	27,687	26,289	25,088	23,975
Other*****	244	180	228	2,472	2,907	2,769	2,770	2,668	2,517	2,408
Total Water Customers	266,890	260,474	256,195	253,546	250,286	246,255	240,833	236,242	232,144	228,287
WATER BILLED BY TYPE OF CUSTOMER (1000 ccfs)										
Residential	21,372	22,215	22,137	21,961	22,863	24,769	22,962	23,400	23,864	24,406
Schools	1,240	1,438	1,390	1,377	1,442	1,370	1,674	1,670	1,702	1,681
Churches	118	129	124	129	124	126	146	141	149	155
Industrial	743	783	380	602	1,726	1,453	1,678	1,585	1,362	1,131
Commercial	12,202	11,499	10,051	7,593	10,178	9,928	9,920	9,775	9,499	9,464
Government	2,976	3,230	2,950	2,923	3,609	3,879	3,818	3,661	3,177	3,188
Very Large Water Users	1,175	1,368	1,423	1,021	785	973	1,012	1,331	1,475	1,193
Wholesale Customers	6,137	5,658	5,425	5,140	3,900	5,471	4,731	4,642	4,478	4,343
Other*****	183	339	318	332	309	271	218	242	309	251
Total Water Billed in CCFs	46,147	46,659	44,199	41,077	44,935	48,240	46,159	46,447	46,014	45,812
WATER REVENUE **	$224,956	$225,329	$214,728	$187,471	$173,625	$178,905	$160,007	$157,351	$145,915	$137,996
WASTEWATER RETAIL CUSTOMERS	215,881	212,622	211,782	210,925	208,718	206,541	202,919	199,788	196,560	194,376
WASTEWATER WHOLESALE CUSTOMERS***	30,474	29,343	28,531	27,412	25,767	24,120	22,219	20,742	19,429	18,443
TREATED WASTEWATER BILLED (MG)****	20,507	20,041	20,242	20,963	20,159	20,737	20,800	20,731	21,457	21,285
WASTEWATER REVENUE **	$170,023	$158,998	$152,914	$110,264	$100,790	$94,808	$90,022	$83,943	$76,002	$69,632

* Fiscal year March 1 thru last day of February of year shown
** Water and Wastewater Revenue expressed in thousands
*** Includes total number of EPWater's wholesale customers and their retail customers
**** Wastewater treated by calendar year
*****Some customers were reclassified as part of a new billing system implemented March 1, 2023

B-5 - WATER AND WASTEWATER UTILITY FUND WATER RATES

2017 thru 2026*

Monthly Minimum Charge by	WATER RATES									
Meter Size (inches)	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Less Than 1***	$7.39									
¾	10.55	9.86	9.48	8.70	7.98	7.82	7.45	7.16	6.63	6.20
1	16.45	15.37	14.78	13.56	12.44	12.20	11.62	11.17	10.34	9.66
1½	28.21	26.36	25.35	23.26	21.34	20.92	19.92	19.15	17.73	16.57
2	33.94	31.72	30.50	27.98	25.67	25.17	23.97	23.05	21.34	19.94
3	67.77	63.34	60.90	55.87	51.26	50.25	47.86	46.02	42.61	39.82
4	101.17	94.55	90.91	83.40	76.51	75.01	71.44	68.69	63.60	59.44
6	153.36	143.33	137.82	126.44	116.00	113.73	108.31	104.14	96.43	90.12
8	262.71	245.52	236.08	216.59	198.71	194.81	185.53	178.39	165.18	154.37
10	505.17	472.12	453.96	416.48	382.09	374.60	356.76	343.04	317.63	296.85

Volume Charges

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Residential Customers										
Block 1 - Over 4ccfs - 150% of AWC				$2.62	$2.40	$2.35	$2.24	$2.15	$1.99	$1.86
Block 1 - Over 5ccfs - 150% of AWC	3.50	3.19	3.07							
Block 2 - 150% - 250% of AWC	8.27	7.54	7.25	6.20	5.69	5.58	5.31	5.11	4.73	4.42
Block 3 - over 250% of AWC	11.82	10.78	10.37	8.86	8.13	7.97	7.59	7.30	6.76	6.32
	4.0%	4.0%	9.0%	9.0%	2.0%	5.0%	4.0%	8.0%	7.0%	11.0%
Non-Residential Customers										
Block 1 - 150% of AWC	$3.50	$3.19	$3.07	$2.62	$2.40	$2.35	$2.24	$2.15	$1.99	$1.86
Block 2 - 150% - 250% of AWC	8.27	7.54	7.25	6.20	5.69	5.58	5.31	5.11	4.73	4.42
Block 3 - over 250% of AWC	11.82	10.78	10.37	8.86	8.13	7.97	7.59	7.30	6.76	6.32
	9.0%	4.0%	17.0%	9.0%	2.0%	5.0%	4.0%	8.0%	7.0%	11.0%

Water Supply Replacement Charge

Meter Size (inches)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
¾ **	$15.62	$14.60	$14.04	$12.88	$11.82	$11.59	$11.04	$10.62	$9.83	$8.81
1	39.11	36.55	35.14	32.24	29.58	29.00	27.62	26.56	24.59	19.15
1½	78.20	73.08	70.27	64.47	59.15	57.99	55.23	53.11	49.18	38.30
2	125.13	116.94	112.44	103.16	94.64	92.78	88.36	84.96	78.67	61.27
3	250.13	233.77	224.78	206.22	189.19	185.48	176.65	169.86	157.28	122.49
4	390.88	365.31	351.26	322.26	295.65	289.85	276.05	265.43	245.77	191.41
6	781.77	730.63	702.53	644.52	591.30	579.71	552.10	530.87	491.55	382.83
8	1,454.06	1,358.93	1,306.66	1,198.77	1,099.79	1,078.23	1,026.89	987.39	914.25	712.03
10	2,768.18	2,587.08	2,487.58	2,282.18	2,093.74	2,052.69	1,954.94	1,879.75	1,740.51	1,355.54
Rate Increase	7.0%	4.0%	9.0%	9.0%	2.0%	5.0%	4.0%	8.0%	7.0%	11.0%

* 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

*** Effective March 1, 2025 Customers with water usage of 1 CCF or less will receive a discount of 30% off the minimum charge.

B-6 - WATER AND WASTEWATER UTILITY FUND WASTEWATER RATES

2017 thru 2026*

Monthly Minimum Charge by	WASTEWATER RATES									
Meter Size (inches)	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Less Than 1***	$21.18									
Less than 1	30.26	28.82	27.71	19.79	17.51	17.17	16.35	15.14	14.02	13.10
1	69.60	66.29	63.74	45.53	40.29	39.50	37.62	34.83	32.25	30.14
1½	148.13	141.08	135.65	96.89	85.74	84.06	80.06	74.13	68.64	64.15
2	186.40	177.52	170.69	121.92	107.89	105.77	100.73	93.27	86.36	80.71
3	411.98	392.36	377.27	269.48	238.48	233.80	222.67	206.18	190.91	178.42
4	634.54	604.32	581.08	415.06	367.31	360.11	342.96	317.56	294.04	274.80
6	982.82	936.02	900.02	642.87	568.91	557.75	531.19	491.84	455.41	425.62
8	1,712.57	1,631.02	1,568.29	1,120.21	991.34	971.90	925.62	857.06	793.57	741.65
10	3,306.14	3,148.70	3,027.60	2,162.57	1,913.78	1,876.25	1,786.90	1,654.54	1,531.98	1,431.76
	5.0%	4.0%	40.0%	13.0%	2.0%	5.0%	8.0%	8.0%	7.0%	11.0%
Volume Charges										
Residential Customers										
Over 4 ccfs - 90% of AWC**				$2.49	$2.20	$2.16	$2.06	$1.91	$1.77	$1.65
Over 5 ccfs - 90% of AWC**	4.23	3.93	3.78							
Non-Residential Customers										
90% of Average Winter Consumption	$4.23	$3.93	$3.78	$2.49	$2.20	$2.16	$2.06	$1.91	$1.77	$1.65
Rate Increase	8.0%	4.0%	52.0%	13.0%	2.0%	5.0%	8.0%	8.0%	7.0%	11.0%

* Fiscal year March 1 thru last day of February of year shown
**Average Winter Consumption
*** Effective March 1, 2025 Customers with water usage of 1 CCF or less will receive a discount of 30% off the minimum charge.

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

MUNICIPAL DRAINAGE UTILITY FUND

B-7 - MUNICIPAL DRAINAGE CUSTOMERS AND REVENUE BY TYPE

2017 thru 2026*

	2026	2025[4]	Restated 2024[3]	Restated 2023[2,3]	Restated 2022[1]	2021	2020	2019	2018	2017
CUSTOMERS BY TYPE AT END OF FISCAL YEAR										
Residential	193,630	192,023	191,215	191,318	188,885	187,697	184,759	182,506	180,185	178,415
Apartments	2,209	2,208	2,202	2,211	2,205	2,205	2,197	2,156	2,061	2,056
Churches	419	417	414	414	421	428	429	431	431	436
Industrial	75	77	74	72	77	75	75	124	140	142
Commercial	10,733	10,662	10,626	10,703	10,809	10,669	10,575	10,498	10,677	10,604
Government	283	282	278	272	369	368	360	359	350	352
Other	491	475	410	334	424	418	408	384	384	386
Total Municipal Drainage Customers	207,840	206,144	205,219	205,324	203,190	201,860	198,803	196,458	194,228	192,391
REVENUE BY TYPE OF CUSTOMER										
Residential	$18,236,482	$15,599,117	$13,704,282	$11,763,625	$10,652,484	$9,913,888	$9,760,506	$9,661,849	$9,305,692	$7,865,371
Non residential	26,179,814	22,545,440	19,812,909	17,052,098	15,251,128	14,151,183	13,952,988	13,638,666	13,113,510	11,083,902
Billing Fees - City Solid Waste Management	897,876	640,044	382,217	382,616	324,132	281,193	277,952	274,877	271,905	268,793
Pension Recover Credit	-	-	-	-	168,988	-	-	-	-	-
OPEB Recovery Credit	-	40,109	51,975	30,310	-	-	-	-	-	-
Miscellaneous Operating Revenue	349,876	369,914	50,445	110,014	106,288	207,393	434,387	383,284	393,198	392,592
Total Municipal Drainage Revenue	$45,664,048	$39,194,624	$34,001,828	$29,338,663	$26,503,020	$24,553,657	$24,425,833	$23,958,676	$23,084,305	$19,610,658

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

[1]Fiscal year was restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year was restated as a result of the adoption of GASB 96, *SBITAs*

[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*

[4]Fiscal year has been revised as a result of the reclassifications with the adoption of GASB 103, *Financial Reporting Model Improvements*

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

B-8 - MUNICIPAL DRAINAGE UTILITY FEES

2017 thru 2026*

	Impervious area	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Residential Category											
Small	0-1,200	$3.71	$3.20	$2.83	$2.46	$2.26	$2.13	$2.13	$2.13	$2.09	$1.79
Typical	1,201-3,000	7.42	6.40	5.66	4.92	4.51	4.25	4.25	4.25	4.17	3.56
Large	> 3,000	14.81	12.77	11.30	9.83	9.02	8.51	8.51	8.51	8.34	7.13
Non-Residential Category	Per 2,000 sq. ft.	$7.55	$6.51	$5.76	$5.01	$4.60	$4.34	$4.34	$4.34	$4.25	$3.63
Fee Increase		16%	13%	15%	9%	6%	0%	0%	2%	17%	11%

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

el paso
WATER

C - DEBT CAPACITY INFORMATION

These schedules present information to help the reader assess the affordability of the Public Service Board - El Paso Water Utilities' current levels of outstanding debt and its ability to issue additional debt in the future for the Water and Wastewater Utility and the Municipal Drainage Utility funds.

el paso
WATER

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

WATER AND WASTEWATER UTILITY FUND

C-1 - DEBT SERVICE COVERAGE

2017 thru 2026*

(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	
2026	$ 394,980	$ 180,992	$ 213,988	$ 26,259	$ 240,246	$ 55,365	$ 58,131	2.12
2025[4]	384,328	181,947	202,380	28,435	230,815	54,305	56,505	2.08
2024[3]	367,642	162,422	205,221	32,462	237,683	48,625	46,728	2.49
2023[2]	297,735	134,010	163,725	15,371	179,096	46,490	27,550	2.42
2022[1]	274,415	113,505	160,910	5,025	165,935	42,475	24,042	2.49
2021	273,713	112,420	161,293	5,949	167,241	43,560	26,658	2.38
2020	250,028	107,341	142,687	10,354	153,042	42,360	26,825	2.21
2019	241,294	107,173	134,121	8,221	142,342	37,370	26,627	2.22
2018	221,917	98,829	123,088	5,541	128,629	34,425	24,626	2.18
2017	207,627	91,627	116,000	1,986	117,986	32,935	20,950	2.17

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

Note: Details regarding outstanding debt can be found in the notes to the financial statements. Operating revenue deductions do not include payment to city per bond covenants or depreciation and include pension and other post-employment benefit expenses. The bond ordinance requires debt service coverage of 1.5 times. See note 18 in the financial statements.

[1]Fiscal year 2022 has been restated as a result of the adoption of GASB 87, *Leases*

[2]Fiscal year 2023 has been restated as a result of the adoption of GASB 96, *SBITAs*

[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*

[4]Fiscal year has been revised as a result of the reclassifications with the adoption of GASB 103, *Financial Reporting Model Improvements*

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

C-2 - TOTAL NET DEBT OUTSTANDING BY TYPE

2017 thru 2026*
(amounts expressed in thousands, except customers and debt per customer)

Fiscal Year	Revenue Bonds Payable & Unamortized Premiums	Extendable Commercial Paper Notes	Commercial Paper Notes	Leases Liability	SBITAs Liability	Total Outstanding Debt	Gross Revenue	Ratio of Total Debt to Gross Revenue	Water and Wastewater Customers**	Total Debt per Customer
2026	$ 1,658,168	$ 300,000	$ -	5,771	1,831	$ 1,965,770	$ 452,608	4.34	266,890	$ 7,365
2025[4]	1,442,311	280,000	-	6,000	743	$ 1,729,055	432,341	4.00	260,474	6,638
2024[3]	1,503,477	-	60,000	5,148	1,450	$ 1,570,075	416,312	3.77	256,195	6,128
2023[2]	1,358,658	-	10,000	5,360	2,641	$ 1,376,659	327,584	4.20	253,546	5,430
2022[1]	780,341	-	80,000	5,572	-	$ 865,913	292,860	2.96	250,286	3,460
2021	787,633	-	40,000	-	-	$ 827,633	296,346	2.79	246,255	3,361
2020	800,095	-	15,000	-	-	$ 815,095	273,975	2.98	240,833	3,384
2019	807,661	-	15,000	-	-	$ 822,661	260,915	3.15	236,242	3,482
2018	819,077	-	10,000	-	-	$ 829,077	244,562	3.39	232,144	3,571
2017	727,319	-	22,500	-	-	$ 749,819	222,596	3.37	228,287	3,285

* Fiscal year March 1 thru last day of February of year shown
** Includes retail and wholesale customers
[1]Fiscal year 2022 has been restated as a result of the adoption of GASB 87, *Leases*
[2]Fiscal year 2023 has been restated as a result of the adoption of GASB 96, *SBITAs*
[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*
[4]Fiscal year has been revised as a result of the reclassifications with the adoption of GASB 103, *Financial Reporting Model Improvements*

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

C-3 - DEBT SERVICE COVERAGE

2017 thru 2026*
(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	
2026	$ 44,416	$ 11,710	$ 32,706	$ 3,156	$ 35,862	$ 8,462	$ 8,365	2.13
2025[4]	38,145	12,025	26,120	2,727	28,847	7,413	6,940	2.01
2024[3]	33,517	9,766	23,751	1,847	25,598	6,633	5,026	2.20
2023[2]	28,816	8,333	20,483	1,083	21,566	6,073	4,449	2.05
2022[1]	25,904	6,773	19,131	344	19,474	5,208	4,214	2.07
2021	24,065	7,098	16,967	591	17,558	4,934	4,332	1.89
2020	23,713	7,926	15,788	1,451	17,239	4,689	4,533	1.87
2019	23,301	6,527	16,774	1,351	18,125	2,144	4,144	2.88
2018	22,419	6,088	16,331	1,247	17,578	3,704	5,089	2.00
2017	18,949	6,458	12,491	1,390	13,881	3,639	4,081	1.80

* Fiscal year March 1 thru last day of February of year shown
**Details regarding outstanding debt can be found in the notes to the financial statements. Operating revenue deductions do not include depreciation, and include pension and other post-employment benefits expense. The bond ordinance requires debt service coverage of 1.25 times. See note 18 in the financial statements.

[1]Fiscal year 2022 has been restated as a result of the adoption of GASB 87, *Leases*
[2]Fiscal year 2023 has been restated as a result of the adoption of GASB 96, *SBITAs*
[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*
[4]Fiscal year has been revised as a result of the reclassifications with the adoption of GASB 103, *Financial Reporting Model Improvements*

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

C-4 - TOTAL NET DEBT OUTSTANDING BY TYPE

2017 thru 2026*
(amounts expressed in thousands, except customers and debt per customer)

Fiscal Year	Revenue Bonds Payable & Unamortized Premiums	Extendable Commercial Paper Notes	Revolving Notes	SBITAs Liability	Total Outstanding Debt	Gross Revenues	Ratio of Total Debt to Gross Revenue	Drainage Customers	Total Debt per Customer
2026	$ 218,500	$ 20,000	$ -	$ -	$ 238,500	$ 47,900	4.98	207,840	$ 1,148
2025[4]	209,329	20,000	-	-	229,329	41,487	5.53	206,144	1,112
2024[3]	157,423	60,000	-	21	217,444	35,769	6.08	205,219	1,060
2023[2]	139,763	-	15,000	40	154,803	30,281	5.11	205,324	754
2022[1]	111,881	-	15,000	-	126,881	26,516	4.78	203,190	624
2021	102,808	-	15,000	-	117,808	24,714	4.77	201,860	584
2020	108,500	-	10,000	-	118,500	25,267	4.69	198,803	596
2019	113,947	-	2,500	-	116,447	24,901	4.68	196,458	593
2018	116,850	-	-	-	116,850	23,578	4.96	194,228	602
2017	103,894	-	-	-	103,894	19,874	5.23	192,391	540

* Fiscal year March 1 thru last day of February of year shown
[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*
[2]Fiscal year has been restated as a result of the adoption of GASB 96, *SBITAs*
[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*
[4]Fiscal year has been revised as a result of the reclassifications with the adoption of GASB 103, *Financial Reporting Model Improvements*

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
ENTERPRISE FUNDS

C-5 - TOTAL NET DEBT OUTSTANDING BY TYPE

2017 thru 2026*
(amounts expressed in thousands, except customers and debt per customer)

Fiscal Year	Revenue Bonds Payable & Unamortized Premiums	Extendable Commercial Paper Notes	Revolving Notes	Lease Liability	SBITAs Liabilities	Total Outstanding Debt	Gross Revenues	Ratio of Total Debt to Gross Revenue
2026	$ 1,876,668	$ 320,000	$ -	$ 5,771	1,831	$ 2,204,270	$ 500,237	4.41
2025[4]	1,651,640	300,000	-	6,000	743	1,958,384	473,590	4.14
2024[3]	1,660,900	60,000	-	5,148	1,470	1,727,519	451,876	3.82
2023[2]	1,498,421	-	15,000	5,360	2,681	1,521,462	357,674	4.25
2022[1]	892,222	-	15,000	5,572	-	912,793	319,152	2.86
2021	890,440	-	15,000	-	-	905,440	320,847	2.82
2020	908,595	-	10,000	-	-	918,595	299,061	3.07
2019	921,608	-	2,500	-	-	924,108	285,634	3.24
2018	935,926	-	-	-	-	935,926	267,963	3.49
2017	831,213	-	-	-	-	831,213	242,316	3.43

* Fiscal year March 1 thru last day of February of year shown
[1]Fiscal year has been restated as a result of the adoption of GASB 87, *Leases*
[2]Fiscal year has been restated as a result of the adoption of GASB 96, *SBITAs*
[3]Fiscal year has been restated as a result of the adoption of GASB 101, *Compensated Absences*
[4]Fiscal year has been revised as a result of the reclassifications with the adoption of GASB 103, *Financial Reporting Model Improvements*

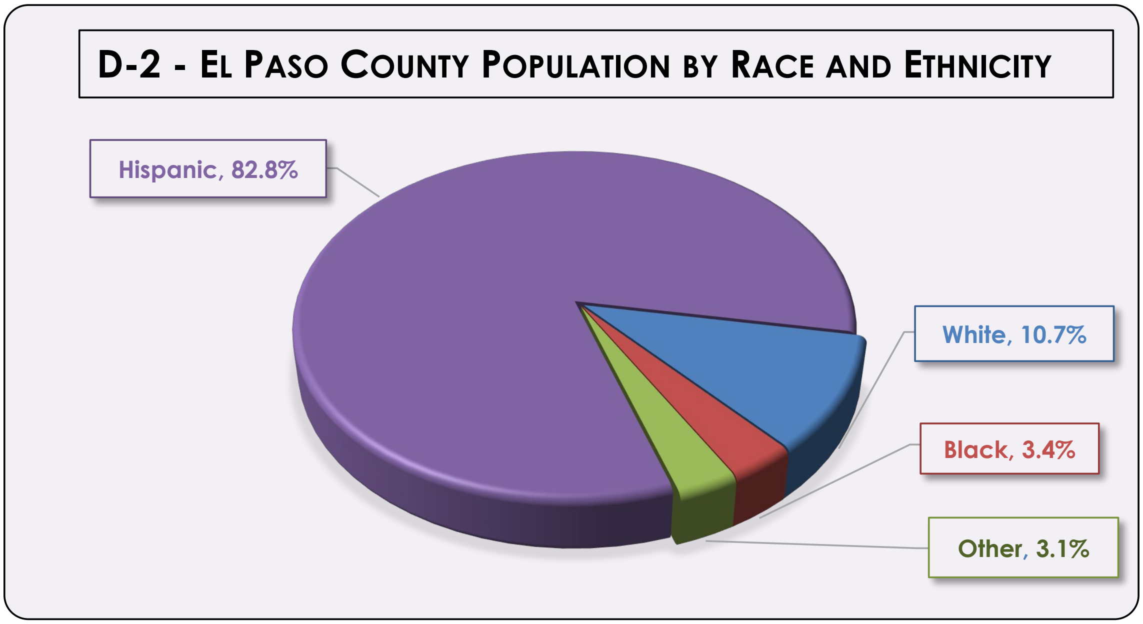
D - DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Public Service Board - El Paso Water Utilities' financial activities occur.

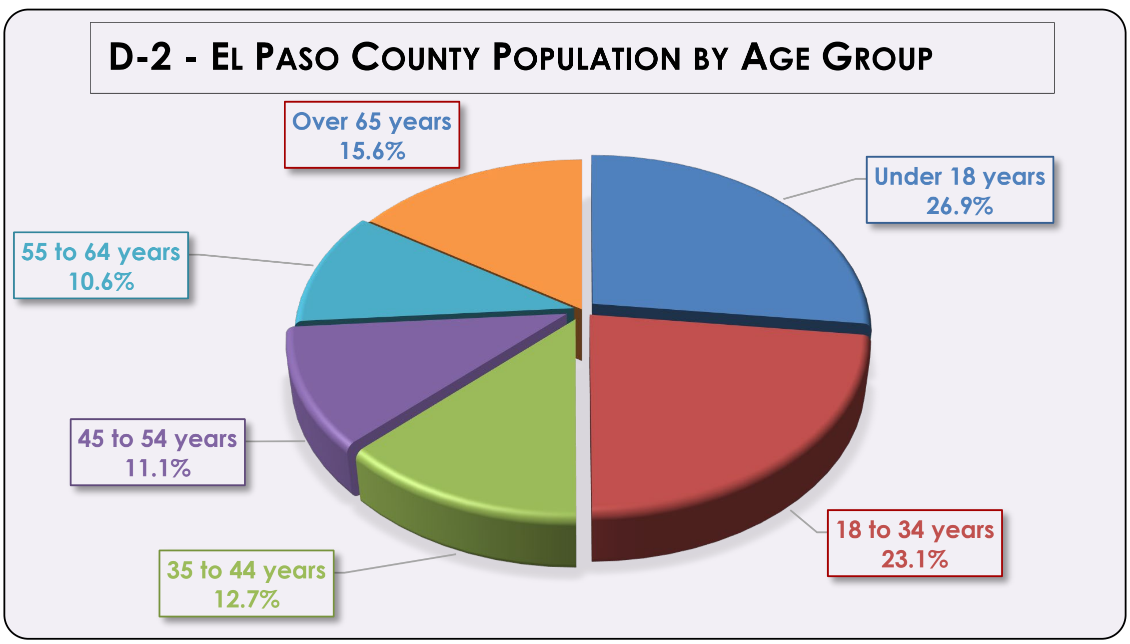
D-1 - El Paso Demographic and Economic Statistics
Last Ten Calendar Years

Year	El Paso County Population	El Paso County Total Personal Income (Million $)	El Paso County Per Capita Personal Income	Unemployment Rate
2016	849,067	$27,893	$32,851	4.8
2017	853,479	$28,896	$33,857	4.5
2018	855,382	$30,237	$35,350	4.2
2019	859,744	$31,740	$36,918	3.7
2020	866,547	$34,823	$40,186	8.1
2021	868,086	$38,298	$44,118	6.0
2022	868,763	$38,398	$44,198	4.2
2023	869,880	$39,171	$45,030	4.3
2024	875,784	$40,982	$46,795	4.2
2025	877,858	$45,082	$51,354	4.4

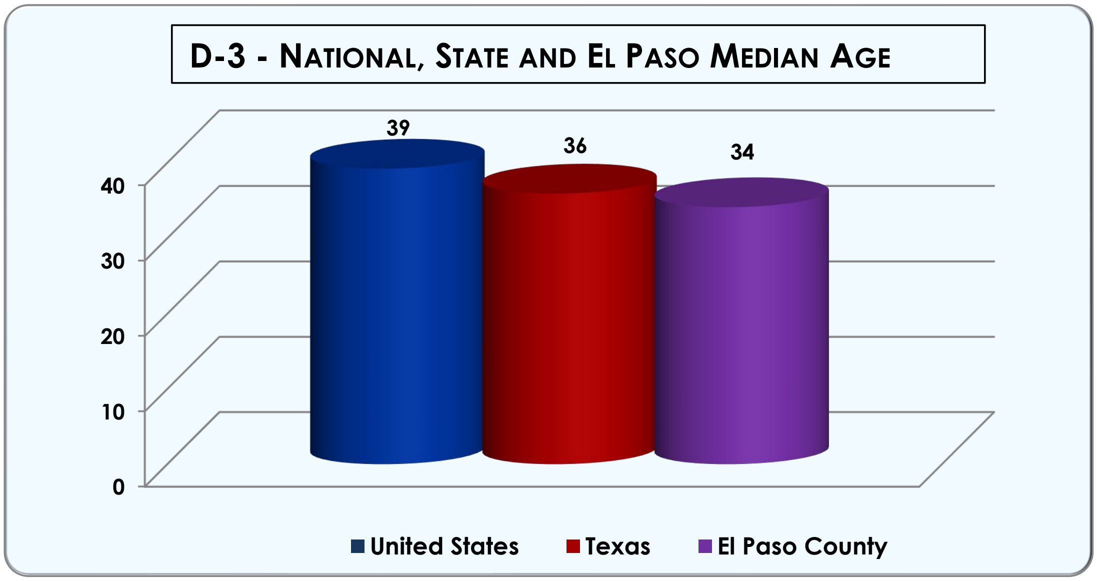
Note: Data provided by The University of Texas at El Paso, Department of Economics and Finance June 2026
All data subject to revision by federal statistical agencies.



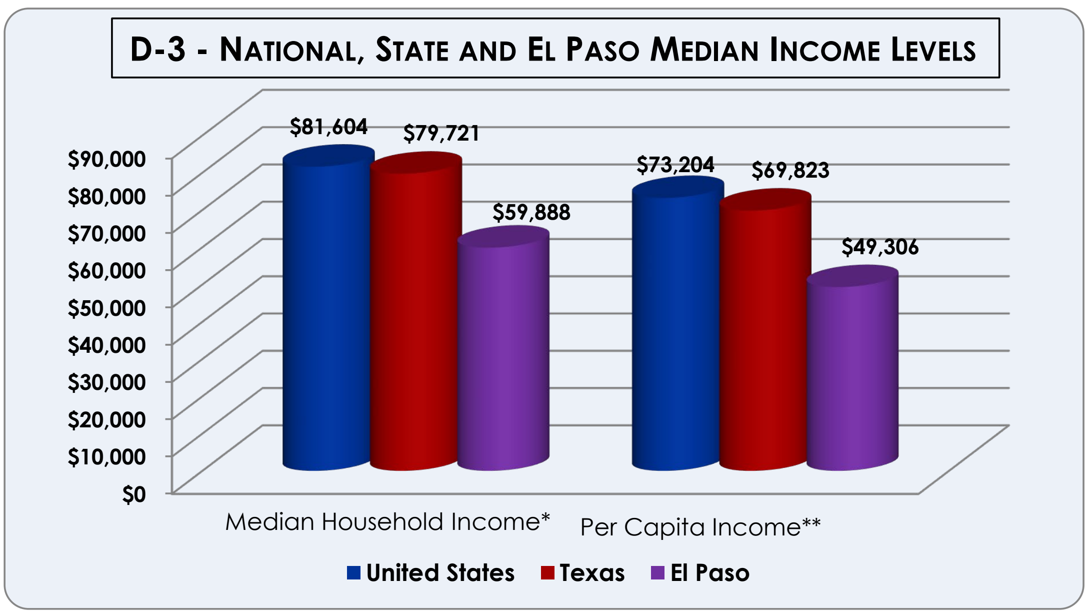
Source: U.S. Census Bureau, 2024 American Community Survey



Source: U.S. Census Bureau, 2024 American Community Survey



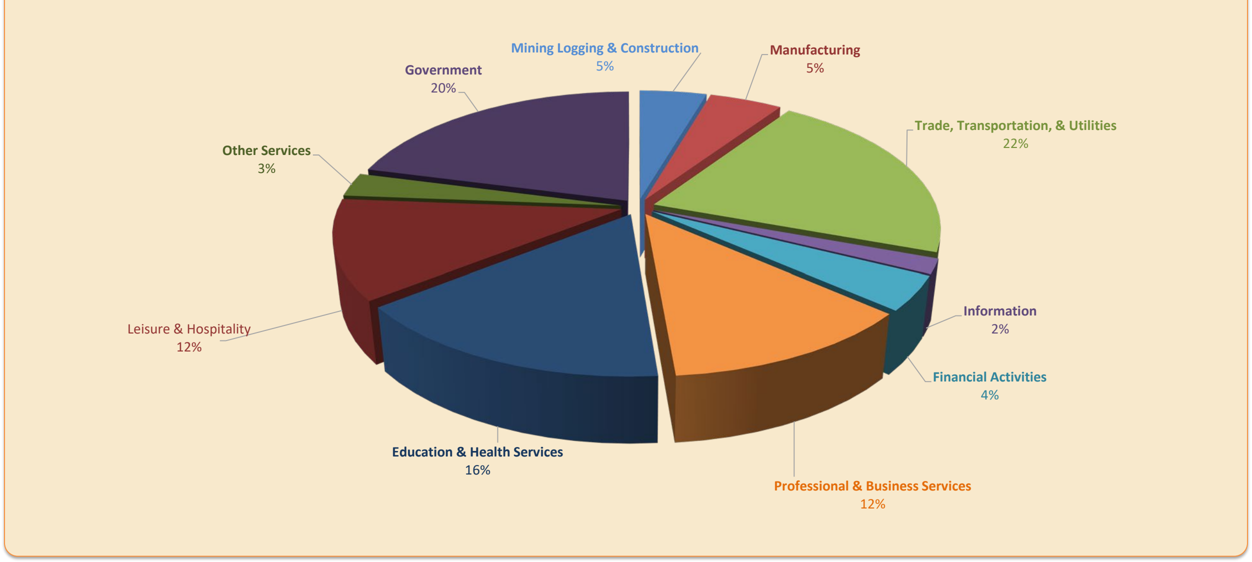
Source: U.S. Census Bureau, 2024 American Community Survey



*Source: U.S. Census Bureau, 2024 American Community Survey

**Source: Bureau of Economic Analysis, Table: CAINC30, 2024

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



D-4 - El Paso Metropolitan Area Employment by Sector

Source: Texas Labor Market Information June 2026

D-4 - Top 10 Public/Private Employers in the City of El Paso

2025

Rank	Employer	Type of Service	No. of Employees	% of Total Employment
1	Fort Bliss	Military	47,806	13.2%
2	El Paso Independent School District	Public School	10,774	3.0%
3	Socorro Independent School District	Public School	9,348	2.6%
4	T&T Staff Management	Employment Services	7,873	2.2%
5	City of El Paso	Government	6,095	1.7%
6	The Hospitals of Providence	Health Care	4,400	1.2%
7	InteLogix	Customer Service Center	4,324	1.2%
8	El Paso County	Government	3,243	0.9%
9	William Beaumont Army Medical Center	Health Care	3,000	0.8%
10	Walmart	Retail	3,000	0.8%

Source: List verified by Regional Economic Development, City of El Paso (June 2025)

* Excludes Retail

2015*

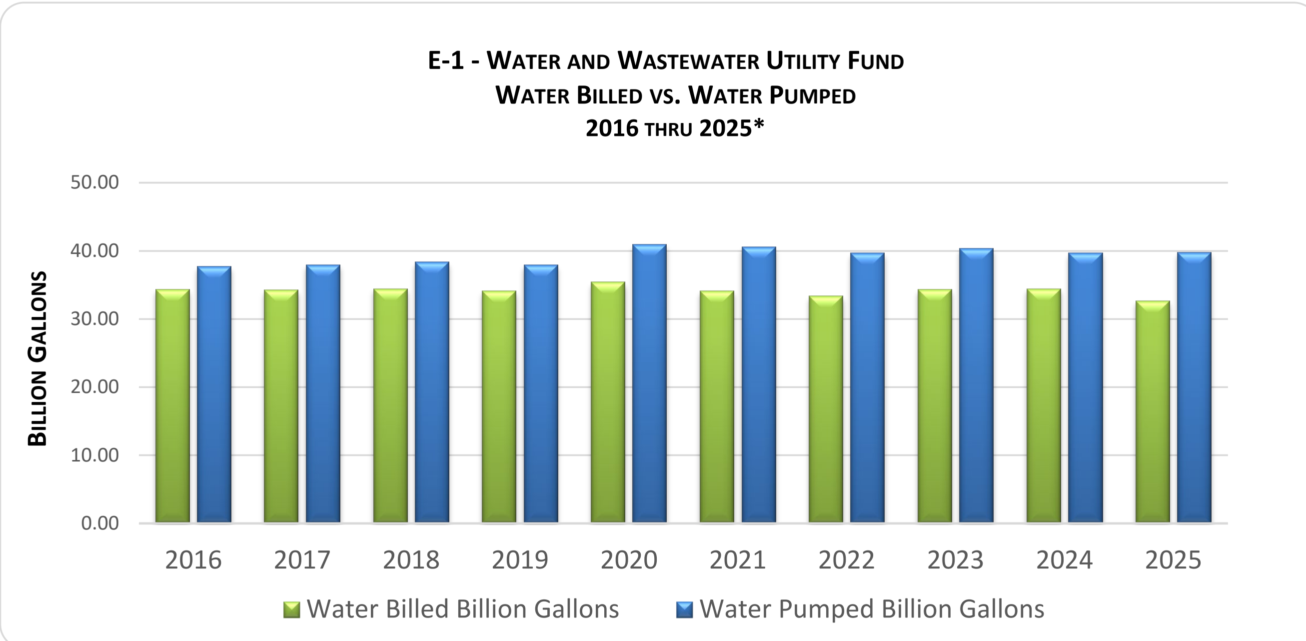
Rank	Employer	Type of Service	No. of Employees	% of Total Employment
1	T&T Staff Management	Employment Services	5,900	1.9%
2	Tenet Hospital Limited	Health Care	5,267	1.7%
3	El Paso Healthcare Systems, LTD.	Health Care	3,000	1.0%
4	Alorica	Inbound Customer Service Center	2,312	0.7%
5	Dish Network	Technical Support Center	1,800	0.6%
6	Automatic Data Processing, Inc.	Contact Center	1,300	0.4%
7	GC Services	Inbound Customer Service Center	1,100	0.4%
8	El Paso Electric Company	Electric Utilities	920	0.3%
9	Full Beauty Brands	Inbound Customer Service Center	746	0.2%
10	Verizon Wireless	Customer Care and Technical Support	600	0.2%

Source: List generated by Reference USA.com, verified by Regional Economic Development, City of El Paso

*Excludes Retail

E - OPERATING INFORMATION

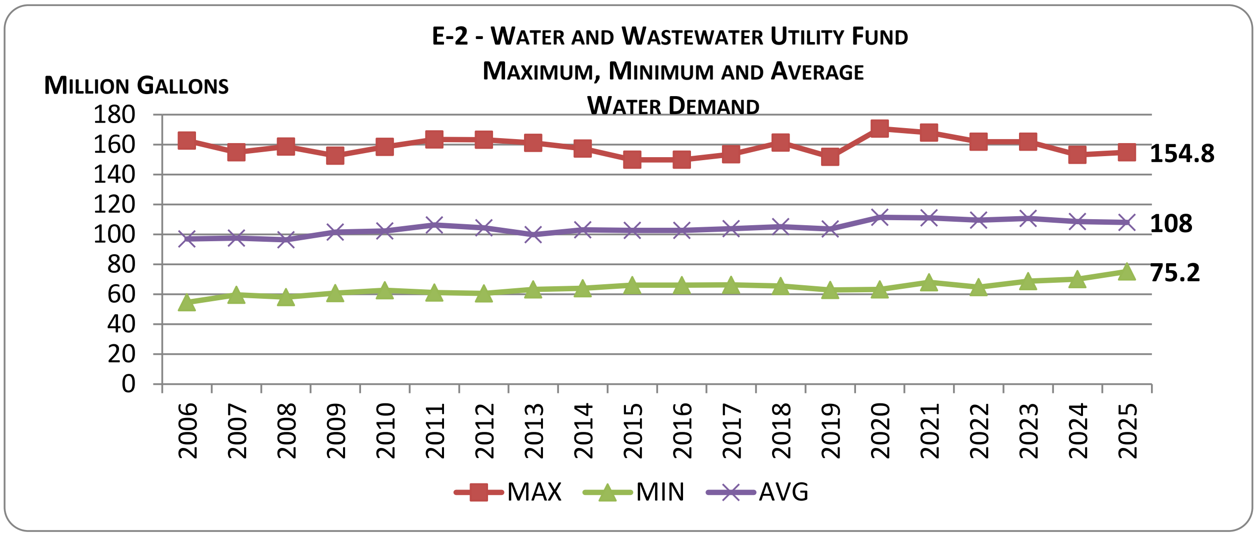
These schedules contain information about the Public Service Board - El Paso Water Utilities' operations and resources, to help the reader understand how each utility's financial information relates to the services they provide and the activities they perform.



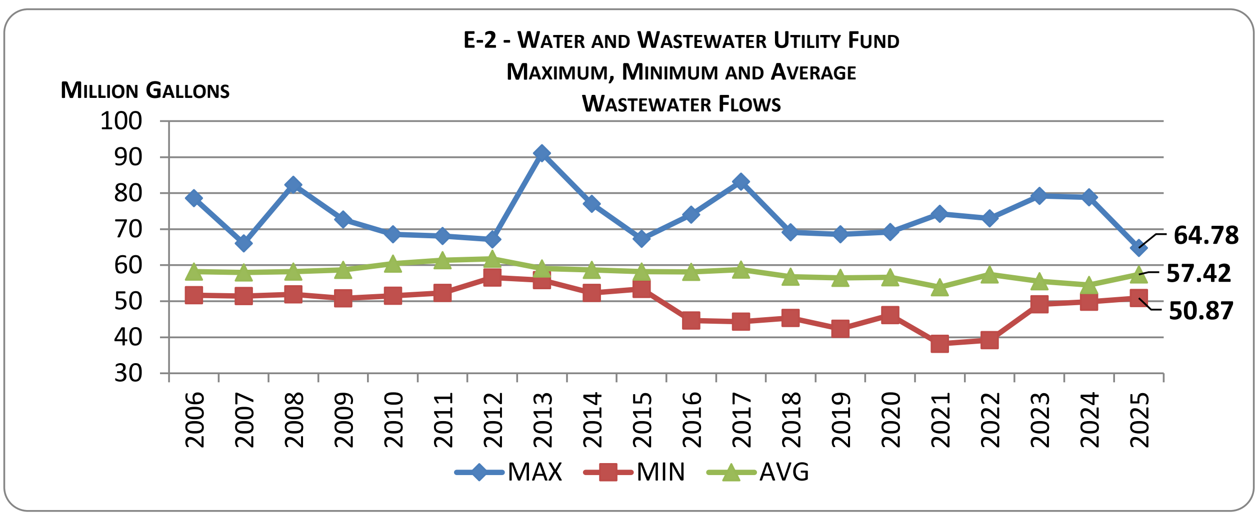
* Calendar Year

Water Billed vs. Water Pumped Data 2016 thru 2025*			
Calendar Year	Water Billed Billion Gallons	Water Pumped Billion Gallons	Unbilled Water
2016	34.32	37.69	9.0%
2017	34.29	37.96	9.7%
2018	34.46	38.39	10.2%
2019	34.09	37.91	10.1%
2020	35.40	40.94	13.6%
2021	34.14	40.59	15.9%
2022	33.34	39.66	15.9%
2023	34.30	40.37	15.0%
2024	34.44	39.70	13.2%
2025	32.63	39.81	18.0%

* Calendar Year



Calendar Year
Source: Selected Operating Statistical Data page E-3
2020 Increase in water demand due to COVID-19 Pandemic



Calendar Year
Source: Selected Operating Statistical Data page E-3
2006 Sharp increase in maximum wastewater flows due to a 100-year flood in August
2013 Heavy rains on September 12th infiltrated the sewer mains causing the spike in sewer flows

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES

WATER AND WASTEWATER UTILITY FUND

E-3 - SELECTED OPERATIONS AND STATISTICAL DATA

2016 thru 2025*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
WATER PRODUCTION AND USAGE DATA*										
Water Customers Retail at End of Year	225,398	223,068	221,659	220,397	218,160	216,238	212,724	209,624	206,609	204,140
Water Customers Retail & Wholesale at End of Year	261,242	258,417	256,061	253,535	249,281	245,530	240,168	235,768	231,846	227,933
Water Pumped - Million Gallons	39,816	39,701	40,375	39,665	40,590	40,944	37,914	38,390	37,958	37,693
Water Metered - Million Gallons - Retail	28,336	29,838	29,940	29,391	30,187	31,385	30,554	30,997	30,959	31,058
Water Metered - Million Gallons - (Retail/Wholesale)	32,631	34,435	34,303	33,340	34,143	35,395	34,092	34,459	34,292	34,317
Percent of Water Billed vs. Water Pumped (R/W)	82%	87%	85%	84%	84%	86%	90%	90%	90%	91%
Annual Billed Water per Customer Retail -1000 Gallons	126	134	135	133	138	145	144	148	150	152
Annual Billed Water per Customer (R/W) -1000 Gallons	125	133	134	132	137	144	142	146	148	151
Average Daily Water Demand-Million Gallons	108.0	108.6	110.6	109.6	111.0	111.5	103.7	105.1	103.9	102.9
Maximum Daily Water Demand-Million Gallons	154.8	153.1	161.9	161.8	168.0	170.7	151.8	161.3	153.6	160.9
Minimum Daily Water Demand-Million Gallons	75.2	70.1	68.8	64.8	68.0	59.8	62.9	65.5	66.3	64.5
Daily Average Consumption in Peak Week-Million Gallons	140.7	140.0	142.2	145.9	151.3	157.4	136.9	145.8	145.2	148.7
Peak day	June 18	June 13	June 28	June 15	June 23	July 17	July 4	August 7	June 23	July 13
Miles of Water Mains Installed	31.50	28.90	41.10	8.50	15.97	20.43	27.43	15.41	23.81	40.62
Miles of Water Mains Replaced or Abandoned	2.25	3.20	12.60	3.44	0.59	1.62	0.32	1.33	2.20	4.79
Miles of Water Mains in Place	2,857	2,828	2,801	2,773	2,767	2,752	2,733	2,706	2,692	2,670
Number of Fire Hydrants Installed	186	211	290	346	118	60	236	181	147	75
Number of Fire Hydrants in Place	12,600	12,414	12,203	11,913	11,567	11,449	11,389	11,153	10,972	10,825
WASTEWATER SYSTEM DATA*										
Wastewater Customers Retail & Wholesale at End of Year	245,991	242,579	240,317	238,364	233,847	229,973	224,633	220,129	215,673	212,990
Annual Wastewater Flow - Million Gallons	20,507	20,041	20,262	20,963	20,159	20,737	20,612	20,731	21,457	21,285
Average Daily Flow - Million Gallons	57.42	54.52	55.53	57.43	53.90	56.66	56.47	56.80	58.79	58.16
Maximum Daily Flow - Million Gallons	64.78	78.82	79.19	72.99	74.25	69.16	68.60	69.15	83.16	74.01
Minimum Daily Flow - Million Gallons	50.87	49.88	49.11	39.21	38.19	42.33	42.33	45.38	44.33	44.67
Average Daily Flow per Customer - Gallons	233	225	231	241	230	246	251	258	273	273
Miles of Wastewater Lines Installed	16.36	15.91	42.33	6.03	9.70	22.27	18.75	6.55	2.68	32.07
Miles of Wastewater Line in Place	2,449	2,432	2,416	2,374	2,368	2,358	2,336	2,317	2,311	2,308

* Calendar Year

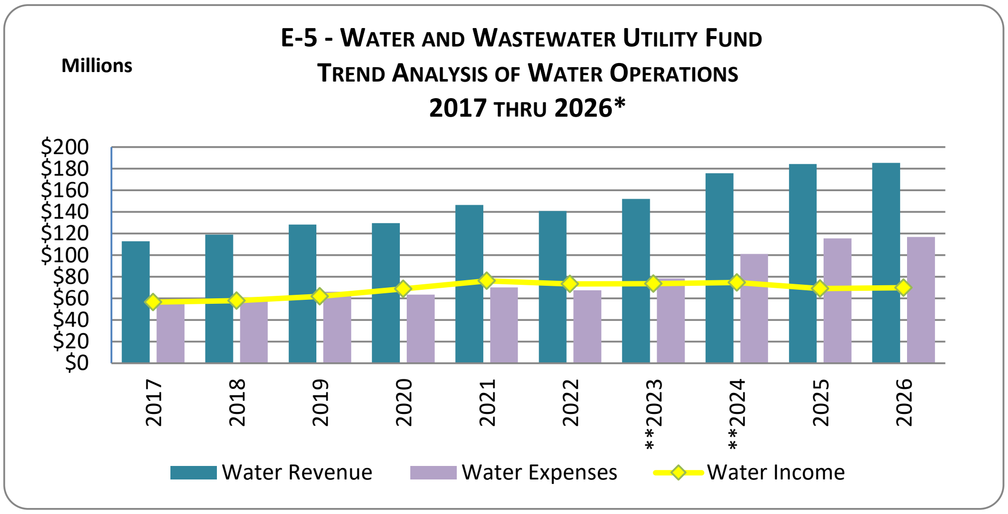
PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
MUNICIPAL DRAINAGE UTILITY FUND

E-4 - SELECTED OPERATIONS AND STATISTICAL DATA

2017 thru 2026*

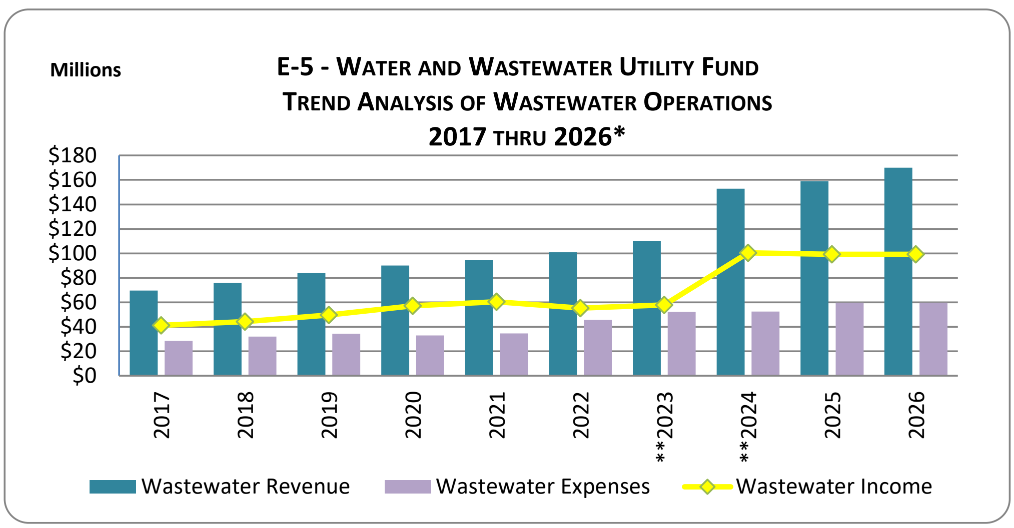
DRAINAGE OPERATIONS	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Number of Ponds	494	489	481	469	461	454	450	434	403	394
Acres of Ponds Inventoried	1,908	2,106	2,098	1,820	1,856	1,866	1,855	1,805	1,019	958
Acres of Ponds Cleaned	880	689	242	398	402	443	447	104	258	243
Number of Dams/Basins	37	37	37	41	41	41	41	41	38	38
Acres of Dams/Basins Inventoried	1,822	1,822	1,822	1,875	1,875	2,430	2,430	2,430	2,430	2,430
Acres of Dams/Basins Cleaned	341	699	384	434	211	430	410	29	177	239
Miles of Channels Inventoried	74	75	75	71	71	71	71	74	74	74
Miles of Channels Cleaned	50	51	18	20	22	44	18	9	25	25
Miles of Agricultural Drains Inventoried	12	12	13	9	9	9	9	9	9	43
Miles of Agricultural Drains Cleaned	12	19	13	27	12	18	18	6	4	15
Miles of Drainage Conduits Inventoried	366	367	363	350	347	341	329	315	288	281
Miles of Drainage Conduits Cleaned	49	16	5	2	1	2	2	2	6	3
Drainage Inlets Inventoried	8,123	8,097	7,987	7,719	7,557	7,841	7,347	7,046	6,526	6,353
Drainage Inlets Cleaned	10,453	9,225	1,004	5,969	4,449**	206	225	77	494	616

* Fiscal year March 1 thru last day of February of year shown
** 3,373 Cleaned by contractors



* Fiscal year March 1 thru last day of February of year shown
Source: Net Operating Revenue - Water & Reclaimed Water, page 125

**Restated



* Fiscal year March 1 thru last day of February of year shown
Source: Net Operating Revenue - Wastewater, page 126

**Restated

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
WATER, WASTEWATER AND MUNICIPAL DRAINAGE UTILITY FUNDS

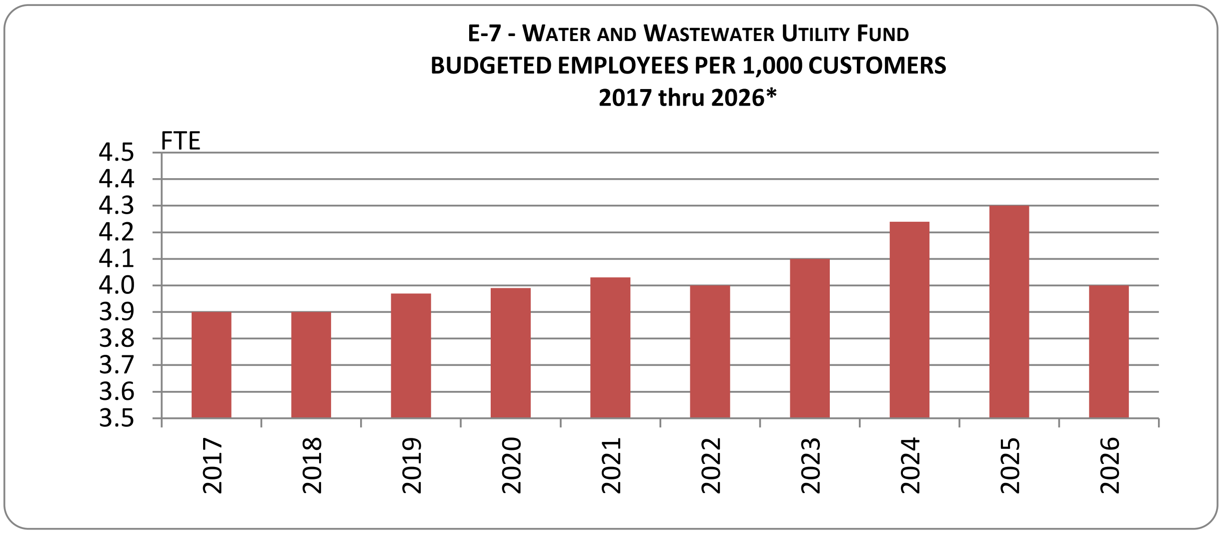
E-6 - STAFFING BY DIVISION AND SECTION

Fiscal Year 2026*

		Budgeted FTE's				
	Division/Section	**2026****	**2025****	**2024**	**2023**	**2022**
Administration	Executive Services	11	11	10	9	8
	Legal Services	8	8	8	8	7
	Communications	13	15	10	10	10
	Human Resources	23	23	21	20	16
	Water Resources Management	4	4	5	5	5
	Land Management	13	13	11	11	11
	Tec$H_2$0 Learning Center	8	8	9	9	8
	Records Management	7	9	10	10	0
	Security, Emergency,and Safety	7	6	0	0	0
	Total Division	**94**	**97**	**84**	**82**	**65**
Technical Services	Technical Services	7	7	4	4	8
	Water/Wastewater Engineering	17	17	15	15	15
	Planning and Development	12	13	40	40	38
	Engineering Project Management- Wastewater	11	10	12	11	11
	Engineering Project Management- Water	10	10	0	0	0
	Construction Project Management	32	33	8	7	7
	Enginering Data Services	0	0	0	0	0
	Capital Improvements Program Management	3	3	5	5	0
	Total Division	**92**	**93**	**84**	**82**	**79**
Financial & Support Services	Finance	5	5	5	5	5
	Property and Treasury Management	11	13	13	12	12
	Customer Service	141	139	132	123	115
	Accounting	16	15	14	13	14
	Purchasing & Contract Administration	18	14	14	11	11
	Meter Repair Shop	18	18	19	14	14
	Total Division	**209**	**204**	**197**	**178**	**171**
Information Technology	Information Technology	58	56	45	53	49
	Instrumentation and Control	66	51	36	32	32
	Total Division	**124**	**107**	**81**	**85**	**81**
Operations (Water System)	Water Division Office	8	7	4	3	3
	Well Production	55	55	54	51	47
	Robertson/Umbenhauer Water Treatment Plant	22	24	21	21	21
	Water Distribution	114	118	120	115	109
	Jonathan W. Rogers Water Treatment Plant	24	22	18	18	18
	Upper Valley Water Treatment Plant	17	17	13	13	13
	Kay Bailey Hutchison Desalination Plant	21	20	14	13	13
	Reclaimed Water System	1	1	1	1	0
	Total Division	**262**	**264**	**245**	**235**	**224**
Operations (Wastewater System)	Wastewater Division Office	7	6	7	8	7
	Wastewater Lift Stations	19	20	20	18	18
	Wastewater Collection System Maintenance	35	37	35	33	33
	Northwest Wastewater Treatment Plant	27	26	25	23	20
	Haskell R. Street Wastewater Treatment Plant	31	30	29	29	29
	Roberto R. Bustamante Wastewater Treatment Plant	33	31	32	29	29
	Fred Hervey Water Reclamation Plant	32	27	28	26	26
	Wastewater System Repair & Construction	24	25	24	24	24
	Total Division	**208**	**202**	**200**	**190**	**186**
Operations (Operations Support)	Operations Management	6	8	12	9	8
	Field Engineering	0				
	Environmental Compliance/Industrial Pretreatment	13	12	11	10	10
	Laboratory Services	39	34	34	33	32
	Code Compliance	10	10	8	8	8
	Reclaimed Water System	0	0	0	0	1
	Biosolids Management	0	0	0	0	0
	Plant Equipment Maintenance	0	13	15	12	8
	Total Division	**68**	**77**	**80**	**72**	**67**
Operations (Equipment & Facilities Maintenance)	Warehouse	8	8	8	8	8
	Fleet Maintenance	29	28	28	28	23
	Heavy Equipment Operations	46	56	54	53	49
	Facilities Maintenance	31	32	30	29	29
	Total Division	**115**	**125**	**121**	**119**	**110**
WATER AND WASTEWATER UTILITY'S TOTAL BUDGETED REQUIREMENTS		**1172**	**1169**	**1092**	**1043**	**983**
Stormwater	Stormwater Operations	58	49	45	45	45
	Stormwater Design & Development Services	12	12	11	11	9
	Total Division	**70**	**61**	**56**	**56**	**54**
	Grand Total	**1242**	**1230**	**1148**	**1099**	**1037**

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

** Budgeted Positions adjusted per off-cycle staffing change requests



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

Budgeted Employees per 1,000 Customers Data	
2017	3.9
2018	3.9
2019	4.0
2020	4.0
2021	4.0
2022	4.0
2023	4.1
2024	4.2
2025	4.3
2026	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, 2026

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

COMPLIANCE AND INTERNAL CONTROL REPORTS

TABLE OF CONTENTS

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* 1

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 3

Schedule of Findings and Questioned Costs. 7

Schedule of Status of Prior Findings 9

Schedule of Expenditures of Federal Awards 10

Notes to Schedule of Expenditures of Federal Awards 11

600 SUNLAND PARK, 6-300
EL PASO, TX 79912

P 915 356-3700
F 915 356-3779
W GRP-CPA.COM

GIBSON RUDDOCK PATTERSON LLC
certified public accountants

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, Texas

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 *(Government Auditing Standards)*, 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, 2026, 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 August 7, 2026.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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
August 7, 2026

600 SUNLAND PARK, 6-300
EL PASO, TX 79912

P 915 356-3700
F 915 356-3779
W GRP-CPA.COM

GRP
GIBSON RUDDOCK PATTERSON LLC
certified public accountants

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, Texas

Report on Compliance for Each Major Federal Program

Opinion on 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 identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Public Service Board - El Paso Water Utilities' major federal programs for the year ended February 28, 2026. The Public Service Board - El Paso Water Utilities' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Public Service Board - El Paso Water Utilities complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended February 28, 2026.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Public Service Board - El Paso Water Utilities and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Public Service Board - El Paso Water Utilities' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Public Service Board - El Paso Water Utilities' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Public Service Board - El Paso Water Utilities' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Public Service Board - El Paso Water Utilities' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Public Service Board - El Paso Water Utilities' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Public Service Board - El Paso Water Utilities' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Public Service Board - El Paso Water Utilities' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2026, 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 August 7, 2026, which contained unmodified opinions on those financial statements. Our audit was performed 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
August 7, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED FEBRUARY 28, 2026

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 significant deficiencies in internal control identified?	None reported
Were material weaknesses in internal control identified?	No
Was any noncompliance noted that is material to the financial statements of the auditee, which would be required to be reported in accordance with Government Auditing Standards?	No

Federal Awards

Internal control over major federal award programs:	
Were significant deficiencies in internal control over major programs identified?	None reported
Were material weaknesses in internal control over major programs identified?	No
Type of auditor's report issued on compliance for the major federal programs:	Unmodified
Were there any audit findings disclosed that the auditor is required to report under Title 2 CFR 200.516 Audit findings paragraph (a)?	No
Major Federal Program:	**Assistance Listing Number 15.504** – Water Recycling and Desalination Construction Programs: Aquifer Storage and Recovery Design R21AP10323, Aquifer Storage and Recovery Construction R22AP00675, and Advanced Water Purification Facility R23AP00273

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED FEBRUARY 28, 2026

SUMMARY OF AUDITOR'S RESULTS

Dollar threshold used to distinguish between type A and type B programs:	$1,000,000
Did auditee qualify as low-risk auditee under 2 CFR 200.520 Criteria for low-risk auditee?	Yes

FINANCIAL STATEMENT FINDINGS

There are no current year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no current year findings.

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED FEBRUARY 28, 2026

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, 2026

Federal Grantor/Program Title and Number	Federal Assistance Listing Number	Identifying Number Assigned by Pass-Through Entity	Federal Expenditures
U.S. Department of Defense			
Community Economic Adjustment Assistance for Military Installation Resilience - Fort Bliss Infrastructure Resilience Implementation HQ00052410013	12.003	N/A	564,943
Total U.S. Department of Defense - ALN 12.003			564,943
U.S. Department of Interior			
Water Recycling and Desalination Construction Program - Aquifer Storage and Recovery Construction R22AP00675	15.504	N/A	2,089,480
Water Recycling and Desalination Construction Program - Aquifer Storage and Recovery Design R21AP10323	15.504	N/A	39,725
Water Recycling and Desalination Construction Program - Advanced Water Purification Facility R23AP00273	15.504	N/A	7,245,707
Total U.S. Department of Interior - ALN 15.504			9,374,912
WaterSMART - Installation of Smart Meters in El Paso, TX R23AP00496	15.507	N/A	1,843,160
Total U.S. Department of Interior - ALN 15.507			1,843,160
U.S. Department of Treasury			
Passed through the County of El Paso			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - First time Water and Wastewater Services SLFRP1174	21.027	ARPA-1011	7,443,031
Total Passed through County of El Paso			7,443,031
Total U.S. Department of Treasury - ALN 21.027			7,443,031
Total Federal Expenditures			$ 19,226,046

See accompanying notes to the Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED FEBRUARY 28, 2026

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "schedule") 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, 2026. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* 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 EPWater.

2. BASIS OF ACCOUNTING

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. SINGLE AUDIT MAJOR PROGRAM DETERMINATION

The Uniform Guidance prescribes a risk-based approach to determining which federal programs are major programs. The approach includes consideration of current and prior audit experience, oversight by federal agencies and pass-through entities, and the inherent risk of the program.

4. INDIRECT COST RATE

EPWater elected to use the 10% de minimis indirect cost rate, when indirect costs are allowed as part of the grant budget.

el paso
WATER