

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

NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

February 28, 2014						
Investment Type	Fair Value	Maturities		Weighted Avg. Maturity (days)	Credit Rating Standard & Poor's	Percent of Grand Total
		Less than 1 year	1-5 years			
Government Investment Pools and Safekeeping						
Account						
TexPool	\$ 39,455,983	\$ 39,455,983	\$ -	1	AAA	21.95%
TexSTAR	9,710,100	9,710,100	-	1	AAA	5.40%
Total Pools and Safekeeping	49,166,083	49,166,083	-			27.35%
Mutual Funds						
Fidelity Treasury Money Market Funds	34,504,077	34,504,077	-	1	AAA	19.20%
Government Money Market Fund	4,545,710	4,545,710	-	1	AAA	2.53%
Total Mutual Funds	39,049,787	39,049,787	-			21.73%
Securities						
Municipal Bonds Discounts	1,440,561	-	1,440,561	397	AA	0.80%
Federal Agency Coupons						
Federal National Mortgage Assoc.	1,253,486	-	1,253,486	903	AA	0.70%
Federal Farm Credit Bank	3,319,520	500,082	2,819,438	299	AA	1.85%
Federal Home Loan Bank	20,112,674	13,253,426	6,859,248	187	AA	11.19%
Federal Home Loan Mortgage Corp	8,420,963	4,103,499	4,317,464	253	AA	4.69%
Certificates of Deposit *	24,825,798	11,944,071	12,881,727	383	Not Rated	13.80%
Municipal Bonds	32,146,342	4,742,522	27,403,820	329	AA	17.89%
Total Securities	91,519,344	34,543,600	56,975,744	313		50.92%
Portfolio Total	\$ 179,735,214	\$ 122,759,470	\$ 56,975,744	161		100.00%

* Certificates of Deposit are not rated but are fully collateralized.

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4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The Municipal Drainage Utility investments at February 28, 2015 and 2014 are categorized as summarized below:

February 28, 2015						
Investment Type	Fair Value	Maturities		Weighted Avg. Maturity (days)	Credit Rating Standard & Poor's	Percent of Grand Total
		Less than 1 year	1-5 years			
Government Investment Pools and Safekeeping						
Account						
FILA*	\$ 15,696,990	\$ 15,696,990	\$ -	1	Not Rated	32.57%
TexPool	5,532,548	5,532,548	-	1	AAA	11.48%
TexStar	3,098,062	3,098,062	-	1	AAA	6.43%
Total Pools and Safekeeping	24,327,600	24,327,600	-			50.48%
Mutual Funds						
Advantage Money Market Fund #008	4,546,190	4,546,190	-	1	AAA	9.43%
Government Money Market Fund	400,127	400,127	-	1	AAA	0.83%
Total Mutual Funds	4,946,317	4,946,317	-			10.26%
Securities						
Federal Agency Coupons						
Federal National Mortgage Assoc.	866,658	748,697	117,961	322	AA	1.80%
Federal Farm Credit Bank	300,198	-	300,198	412	AA	0.63%
Federal Home Loan Bank	1,597,190	1,507,196	89,994	171	AA	3.31%
Federal Home Loan Mortgage Corp	455,439	-	455,439	240	AA	0.95%
Certificates of Deposit **	7,586,906	2,488,000	5,098,906	192	Not Rated	15.74%
Municipal Bonds	8,110,332	3,489,779	4,620,553	213	AA	16.83%
Total Securities	18,916,723	8,233,672	10,683,051	204		39.26%
Portfolio Total	\$ 48,190,640	\$ 37,507,589	\$ 10,683,051	81		100.00%

* FILA is not rated but is FDIC insured.

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

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4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

February 28, 2014						
Investment Type	Fair Value	Maturities		Weighted Avg. Maturity (days)	Credit Rating Standard & Poor's	Percent of Grand Total
		Less than 1 year	1-5 years			
Government Investment Pools and Safekeeping						
Account						
TexPool	\$ 20,189,350	\$ 20,189,350	\$ -	1	AAA	31.91%
TexStar	8,007,343	8,007,343	-	1	AAA	12.65%
Total Pools and Safekeeping	28,196,693	28,196,693	-			44.56%
Mutual Funds						
Advantage Money Market Fund #008	4,498,030	4,498,030	-	1	AAA	7.11%
Government Money Market Fund	417,460	417,460	-	1	AAA	0.66%
Total Mutual Funds	4,915,490	4,915,490	-			7.77%
Securities						
Federal Agency Coupons						
Federal National Mortgage Assoc.	750,306	750,306	-	14	AA	1.19%
Federal Farm Credit Bank	1,225,555	1,050,097	175,458	299	AA	1.94%
Federal Home Loan Bank	7,283,408	6,113,855	1,169,553	125	AA	11.51%
Federal Home Loan Mortgage Corp	2,156,918	1,755,666	401,252	141	AA	3.40%
Certificates of Deposit *	10,081,462	6,198,074	3,883,388	308	Not Rated	15.93%
Municipal Bonds	8,665,812	2,190,773	6,475,039	232	AA	13.70%
Total Securities	30,163,461	18,058,771	12,104,690	222		47.67%
Portfolio Total	\$ 63,275,644	\$ 51,170,954	\$ 12,104,690	107		100.00%

* Certificates of Deposit are not rated but are fully collateralized.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk

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

EPWU minimizes credit risk by limiting investments to the safest types of securities as authorized by its investment policy and described on page 49, and by pre-qualifying the financial institutions and broker/dealers with which EPWU will do business with.

Concentration of Credit Risk

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

EPWU 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 EPWU 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, EPWU 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, EPWU will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

EPWU minimizes depository custodial credit risk by depositing and investing under the terms of a contract, contents of which are set out in the depository contract. The depository bank places approved pledged securities for safekeeping and trust with EPWU's agent bank in an amount sufficient to protect EPWU 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.

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4. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

EPWU minimizes investment custodial credit risk by requiring that all collateral securities be held by a third party institution. EPWU requires full collateralization of all EPWU 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 EPWU's name in the bank's trust department or, alternatively, in a Federal Reserve Bank account in EPWU'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.

EPWU 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.

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

5. RECEIVABLES

No reserve has been provided for doubtful accounts as EPWU 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, 2015 and 2014, totaled \$581,330 and \$567,104, respectively. The write-off for the Municipal Drainage Utility for fiscal year ending February 28, 2015 and 2014, totaled \$46,168 and \$44,861, respectively. Management is of the opinion that any additional losses resulting from the collection of notes and accounts receivable will not be material.

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

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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

5. RECEIVABLES (Continued)

	2015	2014
Water and Wastewater Utility		
Water	\$ 2,412,809	\$ 2,221,352
Wastewater	2,304,037	1,987,671
Total unbilled accounts receivable	\$ 4,716,846	\$ 4,209,023

6. INTERFUND BALANCES AND CHARGES

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

	February 28, 2015	
	Due From Other Funds	Due to Other Funds
Water and Wastewater Utility	\$ -	\$ 270,840
Municipal Drainage Utility	270,840	-
Total	\$ 270,840	\$ 270,840

	February 28, 2014	
	Due From Other Funds	Due to Other Funds
Water and Wastewater Utility	\$ -	\$ 36,135
Municipal Drainage Utility	36,135	-
Total	\$ 36,135	\$ 36,135

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

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6. INTERFUND BALANCES AND CHARGES (Continued)

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

	February 28, 2015	
	Water and Wastewater Utility	Municipal Drainage Utility
Drainage fee revenue	\$ -	\$ 104,792
Rent Revenue	24,000	-
Operation and maintenance - drainage		5,367
Operations and maintenance - water and reclaimed water	(70,925)	-
Operations and maintenance - wastewater	(52,474)	-
General, administrative and engineering	1,182,240	-
Indirect cost allocation	-	(1,193,000)
Total	\$ 1,082,841	\$ (1,082,841)

	February 28, 2014	
	Water and Wastewater Utility	Municipal Drainage Utility
Drainage fee revenue	\$ -	\$ 104,856
Rent Revenue	24,000	-
Operation and maintenance - drainage	-	7,417
Operations and maintenance - water and reclaimed water	(72,975)	-
Operations and maintenance - wastewater	(52,474)	-
General, administrative and engineering	1,294,176	-
Indirect cost allocation	-	(1,305,000)
Total	\$ 1,192,727	\$ (1,192,727)

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 2015 and 2014, the revised budgeted and actual indirect cost were \$1,193,000 and \$1,305,000, respectively. During the budget process the indirect cost allocation will be adjusted based on estimated indirect costs.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

7. WATER AND WASTEWATER UTILITY GOVERNMENT GRANTS RECEIVABLE

The Water and Wastewater Utility had \$500,136 and \$509,463 in government grants receivable for years ended February 28, 2015 and 2014.

<u>Government Grant Projects</u>	<u>2015</u>	<u>2014</u>
<u>Federal Grants</u>		
North Central Reclaimed - EPA#XP96638401	\$ 285,173	\$ 25,599
Leak Detection - USBR#R12AP40018	-	80,000
Advanced Purification - Bustamante - USBR #R14AP00106	81,551	-
<u>Non Federal Grants</u>		
Desalination Concentrate Management - WaterReuse Foundation WRF11-09	-	35,641
Turf Estates Construction - TWDB	-	310,548
Canutillo 1 st Time Users Area 1 - TWDB	19,957	16,609
Canutillo 1 st Time Users Area 2 - TWDB	45,372	41,066
Canutillo 1 st Time Wastewater Area 1&2 TWDB	36,808	-
Montana Vista Collector - TWDB	31,275	-
	<hr/>	<hr/>
Totals	<u>\$ 500,136</u>	<u>\$ 509,463</u>

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

8. CAPITAL ASSETS

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

	Beginning Balance 03/01/2014	Additions	Transfers	Deletions	Ending Balance 02/28/2015
Utility plant, not being depreciated:					
Land and right-of-way	\$ 6,962,201	\$ 49,940	\$ 179,210	\$ -	\$ 7,191,351
Land not in service	64,067,002	-	1,402,205	109,645	65,359,562
Construction work in progress	119,354,839	92,041,510	(44,096,623)	-	167,299,726
Total utility plant, not being depreciated:	190,384,042	92,091,450	(42,515,208)	109,645	239,850,639
Utility plant and irrigation water rights being depreciated:					
Irrigation water rights contracts	9,385,840	456,771	-	-	9,842,611
Buildings and shops	14,739,767	-	954,811	-	15,694,578
Vehicles	15,900,779	38,900	1,752,884	640,493	17,052,070
Equipment and tools	36,781,240	18,255	3,839,798	259,665	40,379,628
Water system	993,043,101	10,640,585	29,575,890	5,304,892	1,027,954,684
Wastewater system	732,073,486	4,640,229	6,391,825	411,411	742,694,129
Total utility plant, being depreciated:	1,801,924,213	15,794,740	42,515,208	6,616,461	1,853,617,700
Less accumulated depreciation for:					
Irrigation water rights contracts	(1,004,151)	(128,190)	-	-	(1,132,341)
Buildings and shops	(8,793,594)	(644,547)	-	-	(9,438,141)
Vehicles	(13,554,980)	(975,891)	-	(640,493)	(13,890,378)
Equipment and tools	(31,334,050)	(1,624,526)	-	(259,665)	(32,698,911)
Water system	(403,700,735)	(28,727,074)	-	(5,304,892)	(427,122,917)
Wastewater system	(350,893,959)	(19,941,250)	-	(411,411)	(370,423,798)
Total accumulated depreciation	(809,281,469)	(52,041,478)	-	(6,616,461)	(854,706,486)
Total utility plant and irrigation water rights being depreciated, net	992,642,744	(36,246,738)	42,515,208	-	998,911,214
Utility plant	\$ 1,183,026,786	\$ 55,844,712	\$ -	\$ 109,645	\$ 1,238,761,853

Total depreciation charged to operations for the year ended February 28, 2015 was \$52,041,478.

Land not in service is essentially unimproved land that EPWU has purchased for its surface and ground water rights. EPWU owns a total of 101,758.42 acres of land which includes 26,211.29 acres in El Paso County, 74,678.68 acres in Hudspeth, Presidio, Jeff Davis, and Culberson County, and 868.45 acres in New Mexico.

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8. CAPITAL ASSETS (Continued)

	Beginning Balance 03/01/2013	Additions	Transfers	Deletions	Ending Balance 02/28/2014
Utility plant, not being depreciated:					
Land and right-of-way	\$ 6,917,180	\$ -	\$ 45,021	\$ -	\$ 6,962,201
Land not in service	64,086,779	-	-	19,777	64,067,002
Construction work in progress	58,084,002	71,647,676	(10,376,839)	-	119,354,839
Total utility plant, not being depreciated:	129,087,961	71,647,676	(10,331,818)	19,777	190,384,042
Utility plant and irrigation water rights being depreciated:					
Irrigation water rights contracts	9,131,221	254,619	-	-	9,385,840
Buildings and shops	14,739,767	-	-	-	14,739,767
Vehicles	15,808,062	-	377,482	284,765	15,900,779
Equipment and tools	36,287,193	60,078	683,508	249,539	36,781,240
Water system	975,899,620	11,775,352	6,791,390	1,423,261	993,043,101
Wastewater system	721,786,096	7,820,346	2,479,438	12,394	732,073,486
Total utility plant, being depreciated:	1,773,651,959	19,910,395	10,331,818	1,969,959	1,801,924,213
Less accumulated depreciation for:					
Irrigation water rights contracts	(880,704)	(123,447)	-	-	(1,004,151)
Buildings and shops	(8,183,700)	(609,894)	-	-	(8,793,594)
Vehicles	(13,038,813)	(800,932)	-	(284,765)	(13,554,980)
Equipment and tools	(30,088,338)	(1,495,251)	-	(249,539)	(31,334,050)
Water system	(377,697,075)	(27,426,921)	-	(1,423,261)	(403,700,735)
Wastewater system	(330,770,259)	(20,136,094)	-	(12,394)	(350,893,959)
Total accumulated depreciation	(760,658,889)	(50,592,539)	-	(1,969,959)	(809,281,469)
Total utility plant and irrigation water rights being depreciated, net	1,012,993,070	(30,682,144)	10,331,818	-	992,642,744
Utility plant	\$ 1,142,081,031	\$ 40,965,532	\$ -	\$ 19,777	\$ 1,183,026,786

Total depreciation charged to operations for the year ended February 28, 2014 was \$50,592,539.

Included in capital assets of the Water and Wastewater Utility are assets for the Desalination Plant and related activities and the Tech2O Center which are owned and operated by EPWU and are located on Fort Bliss land for which EPWU has a long term land lease. These assets are currently being depreciated over the economic life.

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8. CAPITAL ASSETS (Continued)

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

	Beginning Balance 03/01/2014	Additions	Transfers	Deletions	Ending Balance 02/28/2015
Drainage Work in Progress, not being depreciated:					
Land and right of way	\$ 6,601,105	\$ 32,379	\$ 3,183,671	\$ -	\$ 9,817,155
Construction work in progress	9,976,295	21,173,955	(8,600,838)	-	22,549,412
Total drainage Work in Progress, not being depreciated:	16,577,400	21,206,334	(5,417,167)	-	32,366,567
Drainage System, being depreciated:					
Drainage implementation costs	544,106	-	-	-	544,106
Buildings and shops	96,718	-	-	-	96,718
Vehicles	4,356,504	-	791,788	117,700	5,030,592
Equipment and tools	1,052,648	-	-	-	1,052,648
Drainage system	52,948,690	239,802	4,625,379	-	57,813,871
Total Drainage system, being depreciated:	58,998,666	239,802	5,417,167	117,700	64,537,935
Less accumulated depreciation for:					
Drainage implementation costs	(544,106)	-	-	-	(544,106)
Buildings and shops	(16,546)	(3,870)	-	-	(20,416)
Vehicles	(3,973,505)	(196,571)	-	(117,700)	(4,052,376)
Equipment and tools	(862,364)	(40,391)	-	-	(902,755)
Drainage system	(3,834,777)	(1,124,031)	-	-	(4,958,808)
Total accumulated depreciation	(9,231,298)	(1,364,863)	-	(117,700)	(10,478,461)
Total Drainage System, being depreciated, net	49,767,368	(1,125,061)	5,417,167	-	54,059,474
Drainage System	\$ 66,344,768	\$ 20,081,273	\$ -	\$ -	\$ 86,426,041

Total depreciation charged to operations for the year ended February 28, 2015 was \$1,364,863.

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8. CAPITAL ASSETS (Continued)

	Beginning Balance 03/01/2013	Additions	Transfers	Deletions	Ending Balance 02/28/2014
Drainage Work in Progress, not being depreciated:					
Land and right of way	\$ 4,852,158	\$ -	\$ 1,748,947	\$ -	\$ 6,601,105
Construction work in progress	18,626,370	5,096,545	(13,746,620)	-	9,976,295
Total drainage Work in Progress, not being depreciated:	23,478,528	5,096,545	(11,997,673)	-	16,577,400
Drainage System, being depreciated:					
Drainage implementation costs	544,106	-	-	-	544,106
Buildings and shops	97,920	-	-	1,202	96,718
Vehicles	4,343,704	-	12,800	-	4,356,504
Equipment and tools	1,011,956	40,692	-	-	1,052,648
Drainage system	40,404,635	559,182	11,984,873	-	52,948,690
Total Drainage system, being depreciated:	46,402,321	599,874	11,997,673	1,202	58,998,666
Less accumulated depreciation for:					
Drainage implementation costs	(474,609)	(69,497)	-	-	(544,106)
Buildings and shops	(13,856)	(3,892)	-	(1,202)	(16,546)
Vehicles	(3,545,768)	(427,737)	-	-	(3,973,505)
Equipment and tools	(828,687)	(33,677)	-	-	(862,364)
Drainage system	(2,884,840)	(949,937)	-	-	(3,834,777)
Total accumulated depreciation	(7,747,760)	(1,484,740)	-	(1,202)	(9,231,298)
Total Drainage System, being depreciated, net	38,654,561	(884,866)	11,997,673	-	49,767,368
Drainage System	\$ 62,133,089	\$ 4,211,679	\$ -	\$ -	\$ 66,344,768

Total depreciation charged to operations for the year ended February 28, 2014 was \$1,484,740.

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8. CAPITAL ASSETS (Continued)

Water and Wastewater Utility construction work in progress at February 28, 2015 and 2014, composed of the following:

	February 28, 2015	
	Estimated Cost	Cost Incurred To Date
<u>Water Projects</u>		
Paisano Water Line Replacement Project - Construction	\$ 29,007,469	\$ 28,756,396
Emergency Back-Up Power	25,507,633	8,759,426
Well Construction, Plugging & Test Holes	20,339,375	17,842,225
Advance Water Treatment Plant - Engineering	5,377,584	374,011
Montana North 30-Inch Water Trans Line/6.1 MGD Pump Station- Construction	3,300,000	2,800,564
Montana North Pump Station - Construction	3,300,000	2,260,156
Paisano Waterline Replacement Project - Engineering	2,827,906	2,477,180
Mesa Street 24-Inch Water Transmission-Construction	2,660,000	2,523,485
Economic Dispatch System	2,356,655	2,184,586
JDF Injection Test Well	2,194,000	2,109,413
Northeast Franklin 24-Inch Water Line - Construction	2,023,768	2,000,868
Jonathan Rogers Water Treatment Plant 80 MGD Expansion-Construction	1,850,000	1,222,428
Country Club Road Water Line Replacement - Construction	1,725,000	861,472
Disinfection By-Product Rule/Surface Water Rule	1,704,105	1,566,681
Eastside Planned Service Area Extension of Water Lines at Paseo Del Este	1,676,201	1,526,958
Montwood Drive Project	1,356,550	801,127
GLO Well Drilling Project	1,300,000	23,872
Canal 54-Inch Discharge Line Pump Station	1,070,000	965,260
Water Resource Plans	1,068,962	608,529
Pershing 16-Inch Transmission Main - Construction	1,020,000	-
Other Water Projects Under \$1,000,000	36,404,355	18,474,009
	148,069,563	98,138,646
Subtotal - Water Projects		

(Continued)

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

NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

8. CAPITAL ASSETS (Continued)

	February 28, 2015	
	Estimated Cost	Cost Incurred To Date
<u>Wastewater Projects</u>		
Eastside Interceptor Phase V - Construction	19,824,510	19,139,575
Lower Valley Interceptor Emergency - Construction	8,635,821	8,057,304
William Beaumont Army Medical Center Offsite Sanitary Sewer- Construction	4,405,967	1,408,843
Haskell Street Odor Control - Construction	3,005,114	1,053,222
Country Club Road Sewer Line Replacement	2,850,000	1,936,412
Process Automation SCADA - Sewer	2,406,297	1,876,046
Mowad Interceptor Line - Construction	2,391,781	2,390,920
Wastewater Master Plan	2,170,000	1,889,678
Montwood Lift Station Phase II - Construction	2,100,000	1,085
Northwest Filter Retrofit	1,910,000	140,735
Haskell R. Street Primary Clarifier Rehab	1,850,000	136,810
Eastside Interceptor Phase V - Engineering	1,769,407	1,677,100
Routine Lift Station Rehab	1,496,000	1,089,177
Cottonwood Collector - Construction	1,462,182	115,842
Canutillo Bosque Wastewater LS/FM - Construction	1,446,233	12,335
Northwest WWTP Odor Control - Construction	1,300,000	1,104,151
Montana East Wastewater System and Lift Station - Construction	1,462,377	1,462,377
Doniphan 24-Inch Collector Reach 1 and 3 Rehabilitation - Construction	1,280,501	1,136,291
Other Sanitary Sewer Interceptors at Tierra Del Este Area 8 - Construction	1,162,388	684,830
Plant Emergencies/Small Upgrades	1,010,931	985,342
Loop 375/I-10/Franklin Mountain State Park Sewer Main - Construction	1,000,000	711,674
Other Sewer Projects Under \$1,000,000	18,974,234	10,055,711
Subtotal-Wastewater Projects	83,913,743	57,065,460
<u>Reclaimed Water Projects</u>		
Haskell North Central Reclaimed Water System	13,199,253	8,029,212
Bustamante WWTP Effluent Line to Rio Bosque Wetlands Park- Construction	1,385,000	1,174,206
Bustamante WWTP Indirect Potable Re-use Pilot Testing - Engineering	1,139,455	841,066
Other Reclaimed Projects Under \$1,000,000	3,548,283	2,051,136
Subtotal - Reclaimed Water Projects	19,271,991	12,095,620
Totals	\$ 251,255,297	\$ 167,299,726

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

8. CAPITAL ASSETS (Continued)

	February 28, 2014	
	Estimated Cost	Cost Incurred To Date
<u>Water Projects</u>		
Paisano Water Line Replacement Project - Construction	\$ 28,172,469	\$ 26,467,359
Emergency Back-Up Power	25,507,633	2,728,164
Well Construction, Plugging & Test Holes	8,033,975	5,192,694
Well Drilling and Equipping - Plugging - Testhole Drilling	4,156,613	4,048,386
Replacement Leak Detection System	4,000,000	660,599
Partello Street 30-Inch Water Transmission Line - Construction	3,663,923	3,453,803
Emergency Drought Wells Project	3,452,360	3,267,172
Economic Dispatch System	2,756,655	1,726,855
Paisano - Racetrack to Sunset Water Line Replacement Project -Engineering	2,734,906	2,364,396
Mesa Street-Fountain to Crestmont 24-In Water Transmission-Construction	2,015,000	423,220
Vista Del Sol Pump Station - Construction	2,014,166	2,014,165
JDF Injection Test Well	1,850,000	1,232,800
Spur 1966 Water Line Relocations	1,733,292	866,646
Disinfection By-Product Rule/Surface Water Rule	1,704,105	1,507,538
Eastside Planned Service Area Extension of Water Lines at Paseo Del Este	1,676,201	1,507,341
Activated Carbon for JRWTP and/or Canal Plant	1,480,000	-
Montwood Drive Project	1,179,988	652,133
Eastside Planned Service Area - Pellicano - Sunfire to Aircoupe 24-Inch Water Line - Construction	1,035,982	778,556
Pershing Drive Magnolia to Raynor 16-Inch Transmission Main- Construction	1,020,000	-
Country Club Road Water Line Replacement - Construction	1,000,000	58,946
Other Water Projects Under \$1,000,000	34,147,201	15,632,457
Subtotal - Water Projects	133,334,469	74,583,230
<u>Wastewater Projects</u>		
Eastside Interceptor Phase V - Construction	21,070,003	10,917,023
Lower Valley Interceptor Emergency - Construction	8,777,372	7,385,017
Mowad Interceptor Line - Construction	3,577,046	1,644,942
Country Club Road Sewer Line Replacement	2,650,000	203,414
Wastewater Master Plan	1,900,000	1,469,053
Eastside Interceptor Phase V - Engineering	1,609,407	1,055,461
Northwest WWTP Odor Control - Construction	1,300,000	151,729
Other Sanitary Sewer Interceptors at Tierra Del Este Area 8 - Construction	1,162,388	591,855
Loop 375/I-10/Franklin Mountain State Park Sewer Main - Construction	1,000,000	585,240
Other Sewer Projects Under \$1,000,000	23,502,151	10,520,706
Subtotal-Wastewater Projects	66,548,367	34,524,440

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

8. CAPITAL ASSETS (Continued)

	February 28, 2014	
	Estimated Cost	Cost Incurred To Date
<u>Reclaimed Water Projects</u>		
Haskell North Central Reclaimed Water System	15,415,712	7,559,232
Bustamante WWTP Indirect Potable Re-use Pilot Testing - Engineering	4,210,622	144,745
Northwest and Bustamante Reclaimed WTP - Construction	4,093,549	-
Rio Bosque Wetlands Pipeline	2,450,000	96,768
Northwest WWTP Reclaimed Water Tank - Construction	2,336,949	-
Newman 2500 GPM Reclaimed Pump Station & 16-Inch Reclaimed Transmission Line - Construction	2,090,000	-
Northwest Reclaimed Water Facility Phase II-D - Construction	1,878,660	225,497
Painted Dunes Golf Course Irrigation System Improvements - Construction	1,600,000	1,820
Haskell Street WWTP/Central - Delta Line - Construction	1,448,997	-
Other Reclaimed Projects Under \$1,000,000	4,416,578	2,219,107
	39,941,067	10,247,169
Subtotal - Reclaimed Water Projects		
Totals	\$ 239,823,903	\$ 119,354,839

(Continued)

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

NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

8. CAPITAL ASSETS (Continued)

Municipal Drainage Utility construction work in progress as of February 28, 2015 and 2014 composed of the following:

	February 28, 2015	
	Estimated Cost	Cost Incurred To Date
<u>Drainage Projects</u>		
Cebada Force Main at Piedras/Magnolia - Construction	\$ 12,528,664	\$ 4,039,922
Cebada Pump Station at Piedras/Magnolia - Construction	11,660,000	3,180,814
Northeast Channel 2 Phase 2 Improvements - Construction	4,483,343	28,866
Austin Ponds Improvements - Construction	2,800,000	-
Gateway West Stormwater Retention Pond - Engineering	2,335,837	2,332,171
Cebada Pump Station at Piedras/Magnolia - Engineering	2,031,723	1,456,396
Various Localized Flooding Projects	1,834,584	1,563,281
Cebada Force Main at Piedras/Magnolia - Engineering	1,350,000	1,180,093
Gateway West & East Pond Expansion - Engineering	1,240,949	1,062,609
Pico Norte Pond Expansion/Rehab - Construction	1,160,000	38,131
Morenci Pond Phase 1B - Construction	1,150,000	1,046,287
Austin Ponds - Engineering	1,082,850	827,677
Other Drainage Projects Under \$1,000,000	14,371,636	5,793,165
	\$ 58,029,586	\$ 22,549,412

	February 28, 2014	
	Estimated Cost	Cost Incurred To Date
<u>Drainage Projects</u>		
Cebada Force Main at Piedras/Magnolia - Construction	\$ 11,586,329	\$ 1,281
Cebada Pump Station at Piedras/Magnolia - Construction	10,333,285	-
Various Open Space Projects/Park Ponds	6,417,616	7,483
Doniphan Ditch Improvements - Construction	4,450,000	746,752
Flow Path 20 Dams - Construction	3,150,000	669
Gateway West Storm Retention Pond - Construction	1,274,680	1,069,187
Cebada Force Main at Piedras/Magnolia - Engineering	1,229,054	835,628
Morenci Pond - CE4 Phase 1B - Construction	1,150,000	469,290
Various Localized Flooding Projects	1,053,462	762,921
Cebada Pump Station at Piedras/Magnolia - Engineering	1,045,000	895,607
Other Drainage Projects Under \$1,000,000	13,238,190	5,187,477
	\$ 54,927,616	\$ 9,976,295

(Continued)

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

NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

9. LONG-TERM LIABILITIES

Long-term activity for the Water and Wastewater Utility for the years ended February 28, 2015 and 2014 were as follows:

	Beginning Balance 03/01/2014	Additions	Reductions	Ending Balance 02/28/2015	Due Within One Year	Long-term Portion
Water and Wastewater Utility:						
Water and Sewer Revenue Bonds	\$ 492,250,000	\$ 131,650,000	\$ 141,595,000	\$ 482,305,000	\$ 27,345,000	\$ 454,960,000
Unamortized premiums net of discounts	35,001,162	17,562,668	5,042,825	47,521,005	2,821,377	44,699,628
Land notes payable	4,159,087	-	752,693	3,406,394	790,328	2,616,066
Commercial Paper payable	5,000,000	30,000,000	25,000,000	10,000,000	-	10,000,000
Other governments payable	2,760,792	-	128,932	2,631,860	134,854	2,497,006
Other Post Employment Benefits	6,720,592	969,336	-	7,689,928	-	7,689,928
Self insurance claims	1,384,915	3,988,848	4,330,496	1,043,267	299,060	744,207
Accrued vacation	2,881,680	1,859,803	1,857,724	2,883,759	1,794,440	1,089,319
Total Long-term liabilities						
Water and Wastewater Utility	<u>\$ 550,158,228</u>	<u>\$ 186,030,655</u>	<u>\$ 178,707,670</u>	<u>\$ 557,481,213</u>	<u>\$ 33,185,059</u>	<u>\$ 524,296,154</u>

	Restated Beginning Balance 03/01/2013	Additions	Reductions	Ending Balance 02/28/2014	Due Within One Year	Long-term Portion
Water and Wastewater Utility:						
Water and Sewer Revenue Bonds	\$ 492,785,000	\$ 64,900,000	\$ 65,435,000	\$ 492,250,000	\$ 25,150,000	\$ 467,100,000
Unamortized premiums net of discounts	30,496,030	8,075,464	3,570,332	35,001,162	2,273,256	32,727,906
Land notes payable	4,923,463	-	764,376	4,159,087	752,693	3,406,394
Commercial Paper payable	8,000,000	27,000,000	30,000,000	5,000,000	-	5,000,000
Other governments payable	2,884,060	-	123,268	2,760,792	128,931	2,631,861
Other Post Employment Benefits	5,886,619	833,973	-	6,720,592	-	6,720,592
Self insurance claims	1,269,118	3,763,153	3,647,356	1,384,915	836,027	548,888
Accrued vacation	2,846,180	1,913,241	1,877,741	2,881,680	1,749,273	1,132,407
Total Long-term liabilities						
Water and Wastewater Utility	<u>\$ 549,090,470</u>	<u>\$ 106,485,831</u>	<u>\$ 105,418,073</u>	<u>\$ 550,158,228</u>	<u>\$ 30,890,180</u>	<u>\$ 519,268,048</u>

(Continued)

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

NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

9. LONG-TERM LIABILITIES (Continued)

Long-term activity for the Municipal Drainage Utility for the years ended February 28, 2015 and 2014 were as follows:

	Beginning Balance 03/01/2014	Additions	Reductions	Ending Balance 02/28/2015	Due Within One Year	Long-term Portion
Municipal Drainage Utility:						
Drainage Revenue Bonds	\$ 63,384,000	\$ -	\$ 2,524,000	\$ 60,860,000	\$ 2,644,000	\$ 58,216,000
Unamortized premiums net of discounts	832,667	-	46,259	786,408	46,259	740,149
Accrued vacation	108,457	112,492	86,208	134,741	70,324	64,417
Other Post Employment Benefits	196,987	71,626	-	268,613	-	268,613
Total Long-term liabilities Municipal Drainage Utility	\$ 64,522,111	\$ 184,118	\$ 2,656,467	\$ 62,049,762	\$ 2,760,583	\$ 59,289,179

	Beginning Balance 03/01/2013	Additions	Reductions	Ending Balance 02/28/2014	Due Within One Year	Long-term Portion
Municipal Drainage Utility:						
Drainage Revenue Bonds	\$ 65,743,000	\$ -	\$ 2,359,000	\$ 63,384,000	\$ 2,524,000	\$ 60,860,000
Unamortized premiums net of discounts	878,927	-	46,260	832,667	46,259	786,408
Accrued vacation	97,105	76,153	64,801	108,457	58,633	49,824
Other Post Employment Benefits	145,992	50,995	-	196,987	-	196,987
Total Long-term liabilities Municipal Drainage Utility	\$ 66,865,024	\$ 127,148	\$ 2,470,061	\$ 64,522,111	\$ 2,628,892	\$ 61,893,219

(Continued)

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

NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

10. REVENUE BONDS

Water and Wastewater Utility

Water and Sewer Revenue Bonds payable for the Water and Wastewater Utility Fund, in the amount of \$482,305,000 and \$492,250,000, as of February 28, 2015 and 2014, 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 14. The pledge of net revenue is in effect until the bonds are extinguished. The Revenue Bonds payable as of February 28, 2015 and 2014 include the following individual issues:

	Amounts Outstanding 2/28/14	Issued	Retired/ Refunded	Amounts Outstanding 2/28/15	Due Within One Year
\$8,000,000 1990B Series due in annual installments of \$1,600,000, with interest at 0%. Final payment due in 2017.	\$ 6,400,000	\$ -	\$ 1,600,000	\$ 4,800,000	\$ 1,600,000
\$1,000,000 2003A Series due in annual installments of \$50,000 with interest at 0%. Final payment due 2024.	550,000	-	50,000	500,000	50,000
\$10,000,000 2003B Series due in annual installments of \$5,000 with interest due at 3.29%. Refunded \$9,955,000 with the 2012A Bonds.	5,000	-	5,000	-	-
\$36,070,000 2004 Series with one more installment of \$1,940,000 with interest due at 5%. Refunded \$23,870,000 with the 2012A Bonds.	1,940,000	-	1,940,000	-	-
\$14,360,000 2004A Series with one more installment of \$630,000 with interest due at 5%. Refunded \$9,550,000 with the 2012A Bonds.	630,000	-	630,000	-	-
\$45,660,000 2005A Series with one more installment of \$1,075,000 with interest due at 5%. Refunded \$40,335,000 with the 2014 Bonds. Final payment due in 2015.	2,095,000	-	1,020,000	1,075,000	1,075,000
\$36,515,000 2005B Series with one more installment of \$5,365,000 with interest due at 5.25%. Refunded \$26,430,000 with the 2015 Bonds. Final payment due in 2015.	33,590,000	-	28,225,000	5,365,000	5,365,000

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

10. REVENUE BONDS (Continued)

	Amounts Outstanding 2/28/14	Issued	Retired/ Refunded	Amounts Outstanding 2/28/15	Due Within One Year
\$10,000,000 2005C Series with one more installment of \$465,000 with interest due at 3.10%. Refunded \$6,245,000 with the 2015 Bonds. Final payment due in 2015.	7,160,000	-	6,695,000	465,000	465,000
\$37,745,000 2006 Series due in annual installments of \$325,000 to \$845,000 with interest due at 4% to 5%. Refunded \$10,555,000 with the 2015 Bonds. Final payment due in 2030.	19,270,000	-	11,335,000	7,935,000	810,000
\$45,200,000 2006A Series with one more installment of \$3,350,000 with interest due at 5%. Refunded \$21,010,000 with the 2015 Bonds. Final payment due in 2015.	27,535,000	-	24,185,000	3,350,000	3,350,000
\$35,500,000 2007 Series due in annual installments of \$1,725,000 to \$1,910,000 with interest due at 5%. Refunded \$25,320,000 with the 2015 Bonds. Final payment due 2017.	32,415,000	-	26,965,000	5,450,000	1,725,000
\$30,520,000 2008 Series due in annual installments of \$450,000 to \$970,000 with interest due at 3.63% to 5%. Final payment due 2033.	13,005,000	-	430,000	12,575,000	450,000
\$14,000,000 2008A Series due in annual installments of \$720,000 to \$1,175,000 with interest due at 2.50% to 3.95%. Final payment due 2029.	13,980,000	-	5,000	13,975,000	720,000
\$22,000,000 2008B Series due in annual installments of \$1,135,000 to \$1,850,000 with interest due at 2.50% to 3.95%. Final payment due 2029.	21,980,000	-	5,000	21,975,000	1,135,000
\$35,000,000 2008C Series due in annual installments of \$1,540,000 to \$1,785,000 with interest due at 5%. Refunded \$26,885,000 with the 2015 Bonds. Final payment due 2018.	35,000,000	-	28,355,000	6,645,000	1,540,000

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

10. REVENUE BONDS (Continued)

	Amounts Outstanding 2/28/14	Issued	Retired/ Refunded	Amounts Outstanding 2/28/15	Due Within One Year
\$22,115,000 2010 Series due in annual installments of \$555,000 to \$1,575,000 with interest due at 3.5% to 4.5%. Final payment due 2030.	17,495,000	-	1,455,000	16,040,000	1,335,000
\$15,000,000 2010 Taxable Series due in annual installments of \$595,000 to \$1,205,000 with interest due at 4.75%. Final payment due in 2030.	14,460,000	-	565,000	13,895,000	595,000
\$42,580,000 2010A Series due in annual installments of \$935,000 to \$5,855,000 with interest due at 3% to 5%. Final payment due in 2027.	38,820,000	-	4,100,000	34,720,000	935,000
\$14,680,000 2011 Series due in annual installments of \$100,000 to \$3,400,000 with interest due at 3% to 5%. Final payment due 2031.	14,580,000	-	540,000	14,040,000	500,000
\$52,780,000 2012 Series due in annual installments of \$1,120,000 to \$4,705,000 with interest due at 3% to 5%. Final payment due 2028.	52,780,000	-	2,310,000	50,470,000	1,120,000
\$75,715,000 2012A Series due in annual installments of \$1,865,000 to \$6,575,000 with interest due at 2% to 5%. Final payment due 2033.	73,660,000	-	1,180,000	72,480,000	3,710,000
\$64,900,000 2014 Series due in annual installments of \$865,000 to \$5,405,000 with interest due at 2% to 5%. Final payment due 2034.	64,900,000	-	-	64,900,000	865,000
\$131,650,000 2015 Series due in annual installments of \$1,405,000 to \$12,100,000 with interest due at 3% to 5%. Final payment due 2035.	-	131,650,000	-	131,650,000	-
Total bonds outstanding	492,250,000	<u>\$131,650,000</u>	<u>\$141,595,000</u>	482,305,000	<u>\$ 27,345,000</u>
Less current maturities	<u>25,150,000</u>			<u>27,345,000</u>	
Total long term portion	<u>\$467,100,000</u>			<u>\$454,960,000</u>	

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

10. REVENUE BONDS (Continued)

Interest costs incurred on revenue bonds totaled \$23,348,380 in 2015 of which \$973,887 was capitalized and \$21,838,805 in 2014 of which \$475,960 was capitalized.

Water and Wastewater Utility Fund Annual Revenue Bond Debt Service Requirements

Year Ending February	Principal	Interest	Total
2016	\$ 27,345,000	\$ 17,774,315	\$ 45,119,315
2017	28,025,000	18,784,067	46,809,067
2018	30,040,000	17,841,439	47,881,439
2019	31,335,000	16,740,983	48,075,983
2020	32,415,000	15,489,678	47,904,678
2021 - 2025	161,485,000	56,558,249	218,043,249
2026 - 2030	129,055,000	22,238,711	151,293,711
2031 - 2035	40,950,000	3,732,094	44,682,094
2036	1,655,000	28,963	1,683,963
	<u>\$ 482,305,000</u>	<u>\$ 169,188,499</u>	<u>\$ 651,493,499</u>

On December 26, 2012, the Public Service Board - El Paso Water Utilities issued \$75,715,000 in Water and Sewer Revenue Refunding and Improvement Bonds, Series 2012A with an average interest rate of 4.12% to refund \$15,000,000 of Water and Sewer Commercial Paper Notes with an average interest rate of 0.24%, \$25,000,000 to fund Emergency backup power generation, and advance refund the following outstanding bonds:

Series	Amount	Average Coupon
2003B	\$ 9,955,000	4.16%
2004	23,870,000	5.23%
2004A	9,550,000	5.41%

The liabilities associated with these bonds were removed from the related payables. As of February 28, 2015 and February 28, 2014 \$0 and \$43,375,000 of bonds remained outstanding with an estimated related escrow balance of \$0 and \$44,376,525, respectively. The refunding of the 2003B, 2004, and 2004A reduced debt service by \$7,283,471 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$6,521,301.

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

10. REVENUE BONDS (Continued)

On February 5, 2014, the Public Service Board - El Paso Water Utilities issued \$64,900,000 in Water and Sewer Revenue Refunding Bonds, Series 2014 with an average interest rate of 4.83% to refund \$30,000,000 of Water and Sewer Commercial Paper Notes with an average interest rate of 0.12%, to advance refund \$40,335,000 of 2005A Water and Sewer Revenue Refunding bonds with an average interest rate of 5.11%. The liabilities associated with these bonds were removed from the related payables. As of February 28, 2015 and February 28, 2014, \$40,335,000 and \$40,335,000 of bonds remained outstanding with an estimated related escrow balance of \$41,312,631 and \$43,285,533 respectively. The refunding of the 2005A reduced debt service by \$4,379,527 and resulted in an economic gain (difference between the present values of the old and new service payments) of \$3,060,590.

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

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

The liabilities associated with these bonds were removed from the related payables. As of February 28, 2015 \$116,445,000, of bonds remained outstanding with an estimated escrow balances of \$125,345,648. The refunding of the 2005B, 2005C, 2006, 2006A, 2007 and 2008C reduced debt service by \$11,082,719 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$10,276,163.

(Continued)

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

NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

10. REVENUE BONDS (Continued)

Municipal Drainage Utility

Municipal Drainage Revenue Bonds payable for the Municipal Drainage Utility Fund in the amount of \$60,860,000 and \$63,384,000 as of February 28, 2015 and 2014 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 14. The pledge of net revenue is in effect until the bonds are extinguished. The Revenue Bonds payable as of February 28, 2015 include the following individual issues:

	Amounts Outstanding 2/28/14	Issued	Retired/ Refunded	Amounts Outstanding 2/28/15	Due Within One Year
\$53,000,000 2009 Series due in annual installments of \$2,040,000 to \$4,335,000 with interest due at 5.38%. Final payment due 2029.	\$ 47,780,000	\$ -	\$ 1,935,000	\$ 45,845,000	\$ 2,040,000
\$2,163,000 2009A Series due in annual installments of \$107,000 to \$109,000 with interest at 0%. Final payment due 2031.	1,944,000	-	109,000	1,835,000	109,000
\$14,075,000 2012 Series due in annual installments of \$495,000 to \$995,000 with interest due at 3% to 5%. Final payment due 2032.	13,660,000	-	480,000	13,180,000	495,000
Total bonds outstanding	63,384,000	\$ -	\$ 2,524,000	60,860,000	\$ 2,644,000
Less current maturities	<u>2,524,000</u>			<u>2,644,000</u>	
Total long term portion	<u>\$ 60,860,000</u>			<u>\$ 58,216,000</u>	

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

10. REVENUE BONDS (Continued)

Interest costs incurred on revenue bonds totaled \$2,993,724 in 2015 of which \$191,355 was capitalized, and \$3,107,427 in 2014 of which \$285,533 was capitalized.

Municipal Drainage Utility Fund Annual Revenue Bond Debt Service Requirements

Year Ending February	Principal	Interest	Total
2016	\$ 2,644,000	\$ 2,087,368	\$ 4,731,368
2017	2,774,000	1,996,393	4,770,393
2018	2,919,000	1,898,035	4,817,035
2019	3,069,000	1,791,593	4,860,593
2020	3,224,000	1,676,767	4,900,767
2021 - 2025	18,871,000	6,435,693	25,306,693
2026 - 2030	24,260,000	2,646,567	26,906,567
2031 - 2033	3,099,000	153,740	3,252,740
	<u>\$ 60,860,000</u>	<u>\$ 18,686,156</u>	<u>\$ 79,546,156</u>

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. Arbitrage is evaluated and estimated on an annual basis by a third party arbitrage rebate service company. The company has estimated no liability for EPWU as of February 28, 2015.

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

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

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11. LAND NOTES PAYABLE

During the fiscal year ending February 29, 2004, EPWU purchased two parcels of land totaling 8,865.15 acres that were financed through note instruments. The first note was for a total of \$401,692 with an interest rate of 3.95% for a period of ten years and payments of \$49,402 due in March of each year. This note was paid off in March 2013. The second note was for a total of \$9,971,186 with an interest rate of 5% for the first year and adjusted by the change in rate of a 10 year U.S. Treasury Note on September 1st of each year thereafter. This note is for a period of 15 years with payments due in September that fluctuate in amount based upon the interest rate. The \$9,971,186 purchase also included a lease back of the property for a period of 15 years and an annual lease payment of \$400,000. The following is a list of the principal and interest payments due for the note payable:

Year Ending February	Principal	Interest	Total
2016	\$ 790,328	\$ 101,170	\$ 891,498
2017	829,844	78,482	908,326
2018	871,337	53,587	924,924
2019	914,885	27,447	942,332
	<u>\$ 3,406,394</u>	<u>\$ 260,686</u>	<u>\$ 3,667,080</u>

12. COMMERCIAL PAPER

EPWU through the City of El Paso and JP Morgan Chase Bank (the "Bank") entered into a revolving credit agreement (the "Credit Agreement") in February 2009 pursuant to which the Bank is obligated under the Credit Agreement to loan to the City amounts not to exceed \$40,000,000 for the purpose of paying amounts due on the Commercial Paper Program. 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. On July 3, 2013, the parties amended (the "Credit Agreement") to extend the Final Date to August 3, 2015. Any borrowing under the Credit Agreement is equally and ratably secured by and payable from the above-described sources pledged for payment of the Commercial Paper Program and from a pledge of the Net Revenues of the Water and Wastewater Utility, such pledge being subordinate to the pledge of Net Revenues securing all Senior Lien Obligations. Management intends to continue the remarketing of the tax exempt commercial paper notes as it intends to maintain a portion of its debt in variable rates.

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.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

12. COMMERCIAL PAPER (Continued)

Since the commercial paper represents activity that is the result of EPWU's long term financing plan, the amounts outstanding are presented as long term. The "paper" can be sold in \$100,000 increments and matures from one to 270 days. As of February 28, 2014 there was \$5,000,000 outstanding and as of February 28, 2015 the following amount was outstanding:

	2015	Maturity Date	Coupon Rate
\$	8,000,000	04/06/2015	0.05%
\$	2,000,000	04/01/2015	0.05%

13. OTHER GOVERNMENT PAYABLES

During the fiscal year ending February 28, 2010, EPWU entered into a wholesale contract with Fort Bliss to provide water services for a 20 year period effective June 1, 2009. The El Paso Water Utility is to credit Fort Bliss \$3,300,000 with an interest rate of 4.5% totaling \$5,010,583 over 20 years (\$20,877 monthly) for the engineering/environmental analysis in connection with the Desalination Plant. The following is a list of the principal and interest payments due to Fort Bliss as of February 28, 2015:

Year Ending February	Principal	Interest	Total
2016	\$ 134,854	\$ 115,675	\$ 250,529
2017	141,049	109,480	250,529
2018	147,529	103,000	250,529
2019	154,307	96,222	250,529
2020	161,396	89,133	250,529
2021 - 2025	925,246	327,400	1,252,646
2029 - 2030	967,479	97,270	1,064,749
	\$ 2,631,860	\$ 938,180	\$ 3,570,040

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

14. DEBT SERVICE COVERAGE

Water and Wastewater Utility

The bond ordinances require the EPWU Water and Wastewater Utility Fund 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. The computations of this ratio are summarized below for the years ended February 28, 2015 and 2014.

	2015	2014
Revenues available for debt service	\$ 92,744,976	\$ 94,119,209
Debt service requirements		
Principal	25,150,000	25,100,000
Interest	19,701,136	19,946,447
Total requirements	44,851,136	45,046,447
Debt service ratio	2.07	2.09

Revenues available for debt service are determined as follows:

	2015	2014
Water and wastewater revenue	\$ 172,616,917	\$ 172,115,795
Operating revenue deductions	82,230,188	80,439,770
Net water and wastewater revenue	90,386,729	91,676,025
Other revenues available for debt service:		
Interest income	401,998	265,915
IRS Tax Credit Build America Bonds	214,302	221,332
Property rentals	1,958,038	2,019,831
Administration fees - City Environmental Services	613,136	608,171
Other miscellaneous operating revenue	1,486,686	1,615,576
Gain on sale of miscellaneous assets	646,916	314,473
Other miscellaneous operating expenses	(2,962,829)	(2,602,114)
Net other revenues available for debt service	2,358,247	2,443,184
Revenues available for debt service	\$ 92,744,976	\$ 94,119,209

Municipal Drainage Utility

The bond ordinances require the EPWU Municipal Drainage Utility Fund 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. The computations of this ratio are summarized below for the years ended February 28, 2015 and 2014.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

14. DEBT SERVICE COVERAGE (Continued)

	2015	2014
Revenues available for debt service	\$ 10,802,501	\$ 9,822,915
Debt service requirements		
Principal	2,524,000	2,359,000
Interest	3,050,575	3,216,969
Total requirements	5,574,575	5,575,969
Debt service ratio	1.94	1.76

Revenues available for debt service are determined as follows:

	2015	2014
Municipal drainage utility revenue	\$ 15,298,948	\$ 15,162,459
Operating revenue deductions	6,166,556	6,918,000
Net municipal drainage utility revenue	9,132,392	8,244,459
Other revenues available for debt service:		
Interest income	99,550	89,659
IRS Tax Credit Build American Bonds	800,675	828,171
Property rentals	43,628	41,725
Gain on sale of miscellaneous assets	87,318	-
Other miscellaneous operating revenue	638,938	618,901
Other revenues available for debt service	1,670,109	1,578,456
Revenues available for debt service	\$ 10,802,501	\$ 9,822,915

15. RISK MANAGEMENT

EPWU is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Additionally, the Water and Wastewater Utility and the Municipal Drainage Utility, through the City of El Paso, maintain insurance policies acquired from independent insurance carriers covering all material structural property.

EPWU, in conjunction with the City of El Paso, provides health benefits, life insurance, and workers' compensation benefits under a self-insurance plan for eligible employees and retirees. EPWU and the City of El Paso fund these plans separately, and EPWU is responsible for the costs incurred related to the employees of EPWU.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

15. RISK MANAGEMENT (Continued)

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

Claims Administrative Services administers the workers' compensation self insurance program. A separate bank account is used to pay all claims for workers' compensation, and EPWU accrues estimated future liabilities for workers' compensation claims filed as of the end of the year. Management feels that the contributions made during the year for workers' compensation will offset any claims paid during the year.

For the years ended February 28, 2015, 2014, and 2013 the amount of settlements did not exceed insurance coverage and there were no significant reductions in the coverage from the prior year. The estimated liability for unpaid health claims is based upon the claim lag report. The estimated liability for unpaid workers' compensation claims, is the discounted future payments, as actuarially determined, of case reserves plus claims incurred but not reported as of the actuarial report date of January 1, 2015. Accrued liabilities for these self insurance programs are summarized below for the years ended February 28, 2015, 2014, and 2013:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Health Insurance	\$ 171,399	\$ 513,047	\$ 206,704
Workers' Compensation	871,868	871,868	1,062,414
Total payable	1,043,267	1,384,915	1,269,118
Less current portion	<u>299,060</u>	<u>836,027</u>	<u>356,765</u>
Estimated Long-term portion	\$ 744,207	\$ 548,888	\$ 912,353

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total payable, beginning of year	\$ 1,384,915	\$ 1,269,118	\$ 1,267,609
Additional claims incurred	3,988,848	3,763,153	4,823,825
Claims paid during the year	<u>(4,330,496)</u>	<u>(3,647,356)</u>	<u>(4,822,316)</u>
Total payable, end of year	\$ 1,043,267	\$ 1,384,915	\$ 1,269,118

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

16. PENSION AND RETIREMENT PLAN

General - The Public Service Board - El Paso Water Utilities contributes to the City Employees' Pension Fund (CEPF) which is a single-employer defined benefit pension plan. It is the responsibility of the CEPF to function as an investment and administrative agent for the City of El Paso and EPWU with respect to the pension plan. Stand-alone financial statements may be obtained from the City Employees' Pension Fund administrative office at City of El Paso, 400 W. San Antonio Ave., Suite B, El Paso, Texas 79901.

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

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

Valuation of Investments - Investments are stated at fair value. The fair value of marketable investments, including U.S. government securities, mutual funds, and corporate bonds and stocks, is determined by the latest bid price or by the closing exchange price at statement of plan net position dates (fair value). The fair value of investments in bank collective investment, commingled and real estate investment funds are determined by the investment funds based on the fair values of the underlying securities in the funds. Bank collective investment funds are governed by Section 9.18 of Regulation 9 issued by the Office of Comptroller of the Currency and by other applicable regulations as defined by the Mellon Bank, N.A. Employee Benefit Collective Investment Fund Plan.

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

Net appreciation in fair value of investments reflected in the CEPF statements of changes in plan net position represents gains or losses realized during the year plus or minus the change in the net unrealized gains or losses on investments. The change in net unrealized gains or losses on investments represent the change in the difference between the cost and fair value of investments at the beginning versus the end of the year.

Concentration of Investments - The following table presents the fair value of investments that represent 5% or more of the CEPF's net position available for benefits at August 31, 2014. These investments are in bank collective investment funds which consist of diversified portfolios of investments as described previously.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

16. PENSION AND RETIREMENT PLAN (Continued)

	Shares	Fair Value
EB MCM DV International Specialized Investment Mellon Capital Management Corp.	159,696	\$ 64,625,595
EB MCM DV Aggregate Bond Index Fund Mellon Capital Management Corporation	21,257	\$ 56,219,567
EB MCM DV Mid Cap Specialized Investment Mellon Capital Management Corporation	164,374	\$ 55,736,034
Franklin Templeton Global Multi Sector Plus Franklin Templeton Investments	2,998,804	\$ 38,744,547
EB MCM DV Tangent Added Fund Mellon Capital Management Corporation	218,809	\$ 41,224,061
EB MCM DV Stock Index Fund Mellon Capital Management Corporation	85,003	\$ 40,148,854
UBS Trumbull Property Fund UBS Realty Investors	4,321	\$ 39,929,910

Plan Description - The CEPF covers substantially all full-time employees of the City (including EPWU). Certain contract and permanent part-time employees have the option to participate, but they must sign an irrevocable election regarding membership in the plan. Non-employer contributions are limited to participating employees. The designated purpose of the CEPF is to provide retirement, death, and disability benefits to participants or their beneficiaries.

The CEPF is administered by the CEPF Board which is comprised of two citizens designated by the Mayor who are not officers or employees of the City, four elected City employees, a retiree, and two district representatives. The CEPF Board contracts with an independent pension custodian, investment managers, a pension consultant, and an actuary to assist in managing the CEPF.

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

Participation is mandatory for classified employees (except permanent part-time employees). For non-classified employees, participation is mandatory for employees hired after July 1997. Classified employees include all persons who are permanent, full-time employees and are not otherwise excluded from the CEPF. There are two tiers of benefits, employees who became plan participants before September 1, 2011 are Tier 1, and those who became eligible after are Tier 2.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

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16. PENSION AND RETIREMENT PLAN (Continued)

First Tier Plan

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 of service 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, or (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 final wages defined as the greatest of (i) 2.5% of the average monthly gross earnings received by the employee during the three years immediately prior to retirement, (ii) 2.5% of the average monthly base salary received by the employee during the year immediately prior to retirement, or (iii) 2.5% of the monthly base salary for the month immediately prior to retirement, multiplied by the number of completed years of service, plus .2083 of 1% of such average for each additional completed or fractional part of a month of service.

Second Tier Plan

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 of service 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 vested after reaching 45 years of age and 7 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 the average monthly gross earnings received by the employee during the three years immediately prior to retirement, plus .1875 of 1% of such average for each additional completed or fractional part of a month of service, limited to 90% of the three year average final pay.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

16. PENSION AND RETIREMENT PLAN (Continued)

A pension benefit is available to surviving spouses and dependents. The plan includes no automatic increase in retirement benefits; however, the Board, at its discretion after consideration of a recent actuarial review of the funding status, may provide ad hoc cost of living or other increases in retirement benefits.

Membership in the above described pension plan is as follows as of August 31, 2014:

Retirees and beneficiaries receiving benefits	2,605
Terminated plan members entitled to but not yet receiving benefits	72
Active plan members	4,164
Total	6,841

Contributions - Contribution rates for the CEPF are based upon local statutes 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 30 years. As of the most recent actuarial valuation, the contribution rate was 22.1% of annual covered payroll.

EPWU's gross payroll for fiscal years ended 2015, 2014, and 2013, were \$32,772,087, \$32,572,161, and \$31,140,855, respectively. The portion attributable to eligible employees covered by the pension plan for fiscal years ended 2015, 2014, and 2013 were \$32,349,087, \$31,870,410, and \$30,838,768, respectively. Covered payroll refers to all compensation paid by EPWU to active employees covered by the City PERS on which contributions to the pension are based.

Total contributions into the plan represent 22.1% of wages paid to eligible employees of which 14.05% was contributed by EPWU and 8.95% was contributed by the employees on a pre-tax basis. Total contributions for fiscal years ended 2015, 2014, and 2013 were \$7,283,496, \$6,888,257, and \$6,391,868, respectively. EPWU contributed a total of \$4,440,561, \$4,183,125, and \$3,865,481, and employees contributed \$2,842,935, \$2,705,132, and \$2,526,387, for fiscal years ended 2015, 2014, and 2013, respectively. EPWU contributed 100% of the annual required contributions in the City of El Paso Pension plan for each of the fiscal years ended 2015, 2014, and 2013.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

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16. PENSION AND RETIREMENT PLAN (Continued)

Securities Lending - The CEPF enters into securities lending transactions with broker/dealers for which fees are paid to the CEPF. The CEPF Board may legally and contractually authorize the use of CEPF's securities for lending transactions. The securities involved in the lending transactions continue to be recorded at fair value. Parameters are established by the CEPF's investment guidelines for securities lending transactions. These guidelines require that all securities lending occur with specified broker/dealers and that securities be collateralized using U.S. issuer securities at 102% and non U.S. issuer securities at 105% of the fair value of the securities. U.S. issuer securities used as collateral are marked to fair value on a daily basis to evaluate whether the collateralization requirements of the fair value of investments is always maintained. The CEPF may not pledge or sell the collateral securities except on default of the borrower. Because of this, CEPF administration believes there is some minimal credit risk associated with securities lending transactions. There is no loss indemnification provided to the CEPF by the investment managers or broker/dealers. As of August 31, 2014, the fair value of securities loaned to others, consisted of:

Corporate Stocks \$ 22,906,404

Annual Pension Cost and Net Pension Obligation - The annual pension cost and net pension obligation to CEPF for the years ended August 31, 2014, 2013, and 2012 are shown below. Since the annual cost and obligation of the pension plan are the responsibility of the City of El Paso, these amounts are recorded in its financial statements. EPWU is a participant of the plan and contributes to the plan but does not have any liability associated with the pension plan.

Year	Annual Required Contribution (ARC)	Interest on NPO	Adjustment to ARC	Annual Pension Cost	Contributions Made	Increase (Decrease) in NPO	Net Pension Obligation
8/31/2014	\$ 22,649,727	\$ 143,703	\$ (107,101)	\$ 22,686,329	\$ 21,739,159	\$ 947,170	\$ 2,863,215
8/31/2013	21,075,292	98,880	(73,695)	21,100,477	20,502,828	597,649	1,916,045
8/31/2012	19,605,418	96,690	(67,408)	19,634,700	19,524,934	109,766	1,318,396

The percentage of Annual Pension Cost Contributed for the above three years is 95.8%, 97.2%, and 99.4%, respectively.

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NOTES TO FINANCIAL STATEMENTS

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16. PENSION AND RETIREMENT PLAN (Continued)

Schedule of Funding Progress:

<u>Actuarial valuation date</u>	(1) Actuarial value of <u>assets</u> (dollars in thousands)	(2) Actuarial accrued liability (AAL) <u>entry age</u> (dollars in thousands)	(3) Unfunded AAL (UAAL) <u>(2) - (1)</u> (dollars in thousands)	(4) Funded ratio <u>(1) : (2)</u>	(5) Covered <u>payroll</u> (dollars in thousands)	(6) UAAL as a percentage of covered payroll <u>(3) : (5)</u>
9-1-2014	732,892	859,629	126,737	85.3%	153,613	82.5%
9-1-2012	581,725	788,204	206,479	73.8%	147,740	139.8%
9-1-2010	569,723	709,997	140,274	80.2%	143,107	98.0%

The information presented in the schedule of funding progress was determined as part of actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation follows:

Actuarial Valuation Date	September 1, 2014
Actuarial Cost Method	Entry Age
Asset Valuation Method	Five-year smoothed
Assumed Inflation Rate	3.5%
Assumed Investment Rate of Return	7.5%
Assumed Projected Salary Increases	3.5%
Assumed Cost of Living Adjustment	13 th Check
Amortization Method	Level percent open
Remaining Amortization Period	21 years
Factors that significantly affect the identification of trends	None

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. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

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17. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The City (including the Public Service Board - El Paso Water Utilities) sponsors and administers an informal single-employer defined benefit healthcare plan. Texas statute provides that retirees from a municipality with a population of 25,000 or more and that 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.

The contribution requirements of plan members are established by City ordinance and may be amended as needed. Retiree coverage is the same as the coverage provided to active City employees and for retirees under 65. Retirees over 65 are covered through a Medicare Advantage Plan. Retirees pay premiums ranging from \$106 per month to \$1,319 per month depending on the coverage elected. The cost of retiree health care benefits is recognized as an expense as liabilities are incurred. Of 2,677 retirees eligible (including the City and EPWU), there were 2,605 retirees covered under this plan at August 31, 2014. Dependent coverage was provided for 390 of the retirees, respectively. Total benefits (including the City and EPWU) paid for retirees during the year ended August 31, 2014 and 2013 was approximately \$21,830,044 and \$1,920,450, respectively. For the year ended August 31, 2014, retirees contributed \$14,039,600 or 39% of the total current year cost, and for the year ended August 31, 2013, retirees contributed \$1,658,043 or 45% of the total current year cost.

Funding Policy

Permanent EPWU employees and retirees under 65 years of age have the same benefits as offered by the City of El Paso. The plan premium rates are determined annually by the City's OMB Department in collaboration with an outside benefits consulting firm and are approved by the El Paso City's Council. The City's adopted budget policy maintains that retirees must pay 45% of the cost of premiums. Retirees are responsible for the full cost of coverage for their dependents who participate in the plan. The City employs a pay-as-you-go method and adjusts the rates annually as needed. EPWU self-funds its benefits plan that is offered to its employees, and effective August 1, 2012 pays premiums to a fully insured plan for its retirees.

Annual OPEB costs and Net OPEB Obligation

EPWU's annual other post-employment benefit (OPEB) cost for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following tables show the components of the annual OPEB cost for the years ended February 28, 2015 and 2014, the amount actually contributed to the plan, and changes in the net OPEB obligation.

(Continued)

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

NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

17. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

<u>February 28, 2015</u>	<u>Water and Wastewater Utility</u>	<u>Municipal Drainage Utility</u>
Annual Required Contribution	\$ 1,354,201	\$ 79,398
Interest on Net OPEB Obligation	302,427	8,864
Adjustment to Annual Required Contribution	<u>(280,195)</u>	<u>(8,213)</u>
Annual OPEB Cost	1,376,433	80,049
Less Contributions Made	<u>(407,097)</u>	<u>(8,423)</u>
Increase in Net OPEB Obligation	969,336	71,626
Net OPEB Obligation - Beginning of year	<u>6,720,592</u>	<u>196,987</u>
Net OPEB Obligation - End of year	<u>\$ 7,689,928</u>	<u>\$ 268,613</u>
<u>February 28, 2014</u>		
Annual Required Contribution	\$ 1,231,744	\$ 60,505
Interest on Net OPEB Obligation	264,898	6,570
Adjustment to Annual Required Contribution	<u>(245,425)</u>	<u>(6,087)</u>
Annual OPEB Cost	1,251,217	60,988
Less Contributions Made	<u>(417,244)</u>	<u>(9,993)</u>
Increase in Net OPEB Obligation	833,973	50,995
Net OPEB Obligation - Beginning of year	<u>5,886,619</u>	<u>145,992</u>
Net OPEB Obligation - End of year	<u>\$ 6,720,592</u>	<u>\$ 196,987</u>

The Water and Wastewater Utility's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contributions</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 1,376,433	\$ 407,097	29.58%	\$ 7,689,928
2014	\$ 1,251,217	\$ 417,244	33.35%	\$ 6,720,592
2013	\$ 1,212,591	\$ 381,162	31.43%	\$ 5,886,619

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

17. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The Municipal Drainage Utility's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 80,049	\$ 8,423	10.52%	\$ 268,613
2014	\$ 60,988	\$ 9,993	16.39%	\$ 196,987
2013	\$ 59,034	\$ 1,096	1.86%	\$ 145,992

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

Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the plan was not funded as shown in the table below:

	Water and Wastewater Utility	Municipal Drainage Utility
Actuarial Accrued Liability (AAL)	\$ 14,019,879	\$ 604,874
Actuarial Value of Plan Assets	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 14,019,879</u>	<u>\$ 604,874</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll	\$ 30,374,930	\$ 2,297,528
Unfunded actuarial accrued liability as a percentage of covered payroll	46.16%	26.33%

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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

17. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Methods and Assumptions

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

Actuarial Methods and Assumptions

Actuarial Valuation Date	January 1, 2015
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level as a percentage of employee payroll
Amortization Period	30 year, open amortization
Inflation Rate	3% per annum
Investment Rate of Return	4.5% net of expenses
Payroll Growth	3% per annum
Healthcare cost trend rate	Initial rate of 7% declining to an ultimate rate of 4.75% after 15 years

18. DEFERRED COMPENSATION

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

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

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

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

19. LEASING ARRANGEMENTS WITH EPWU AS LESSOR

EPWU leases real properties under various long-term lease agreements under the operating method of accounting for leases. Minimum future rentals to be received on non-cancelable leases as of February 28, 2015, for each of the next five years and in the aggregate are:

Water and Wastewater Utility

<u>Year ended February</u>	<u>Amount</u>
2016	\$ 1,789,810
2017	1,776,800
2018	1,750,948
2019	1,562,541
2020	1,161,286
2021 - 2025	4,806,988
2026 - 2030	2,513,668
2031 - 2035	1,498,204
2036 - 2039	25,194
2040 - 2044	1,320
2045 - 2049	1,320
2050 - 2054	1,320
2055 - 2059	858
	<hr style="border-top: 1px solid black;"/>
Total minimum future rentals	<u><u>\$ 16,890,257</u></u>

Municipal Drainage Utility

<u>Year ended February</u>	<u>Amount</u>
2016	\$ 44,232
2017	21,720
2018	17,220
2019	15,720
2020	15,720
2021 - 2025	19,850
2026 - 2030	3,600
2031 - 2035	3,600
2036 - 2040	3,000
	<hr style="border-top: 1px solid black;"/>
Total minimum future rentals	<u><u>\$ 144,662</u></u>

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

20. LEASING ARRANGEMENTS WITH EPWU AS LESSEE

EPWU leases buildings, land, computer equipment, and copiers for the Water and Wastewater Utility and the Municipal Drainage Utility under various long-term lease agreements which are recognized using the operating method of accounting for leases. Minimum future payments as of February 28, 2015 are as follows:

Water and Wastewater Utility

<u>Year ended February</u>	<u>Amount</u>
2016	\$ 761,191
2017	668,943
2018	620,508
2019	464,090
2020 - 2024	2,234,996
2025 - 2029	2,197,148
2030 - 2034	2,212,565
2035 - 2039	2,229,943
2040 - 2044	2,249,560
2045 - 2049	2,121,414
2050 - 2054	2,047,500
2055 - 2059	2,047,500
2060	<u>102,375</u>
	<u><u>\$ 19,957,733</u></u>

Rental expense for the years ended February 28, 2015 and 2014 was \$1,286,210 and \$1,203,109, respectively.

Municipal Drainage Utility:

<u>Year ended February</u>	<u>Amount</u>
2016	\$ 19,847
2017	14,733
2018	<u>14,733</u>
	<u><u>\$ 49,313</u></u>

Rental expense for the years ended February 28, 2015 and 2014 was \$24,049 and \$17,089, respectively.

(Continued)

**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

21. WHOLESALE WATER SUPPLY AND WASTEWATER TREATMENT CONTRACTS

EPWU 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 20 years with renewal options available with the consent of both parties. The wholesale rates are updated annually based on cost of service including specific cost credits or offsets to specific entities due to grant proceeds related to specific water and wastewater service areas.

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

<u>Name of Entity</u>	<u>Water Rate</u>	<u>Wastewater Rate</u>
Lower Valley Water District	\$1.00 per ccf	\$0.75 per ccf
County - East Montana	\$0.87 per ccf	N/A
Haciendas Del Norte WID	\$1.34 per ccf	N/A
Ponderosa/Western Village	\$1.78 per ccf	N/A
Gaslight Square MHE	\$1.94 per ccf	\$1.40 per ccf
Paseo del Este MUD (includes fixed base differential rate of \$0.26 for water and \$0.33 for wastewater)	\$1.93 per ccf	\$1.70 per ccf
Fort Bliss	\$0.78 per ccf	\$1.38 per ccf
County - Mayfair/Nuway and Schuman	\$1.49 per ccf	N/A
County - Colonia Revolucion	\$1.68 per ccf	N/A

Transactions with these entities are summarized below:

	<u>2015</u>	<u>2014</u>
Water Sales	<u>\$ 4,426,451</u>	<u>\$ 4,548,425</u>
Wastewater Services	<u>\$ 2,151,904</u>	<u>\$ 2,731,329</u>

(Continued)

PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

22. SURFACE WATER CONTRACTS

The EPWU 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 EPWU.

In a full allocation year, EPWU is currently entitled to receive approximately 28,784 acre feet (AF) of District water under two contracts titled the "1941 Contract" and the "1962 Contract". The 1941 Contract authorizes EPWU to purchase up to 2,000 acres of water rights land and to receive the water appurtenant to such land. The 1962 Contract authorizes EPWU 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, EPWU currently receives water based on its full land purchase authorization of 2,000 acres and 6,245 acres of leased water rights, whose terms range from 25 years to 75 years. During calendar year 2014, the cost of the water purchased from the District for the water associated with the land owned was composed of two parts; a land assessment fee of \$25 per acre, plus a water assessment fee of \$20 per AF. These two charges plus a one-time administrative fee of \$100 and an account service charge of \$12 per lease also applies to the water acquired through leases. EPWU also receives water rights associated with land owned and leases on 3,602 acres obtained within the LVWD. During a full allocation year, these LVWD water rights are equivalent to 14,413 AF worth of raw surface water.

In April of 2001, EPWU executed a contract titled "2001 Implementing Third Party Contract" (ITPC) which allows EPWU to purchase up to 28,116 AF of District water, and as little as zero AF, based on the District's annual water allotment. EPWU, currently owns a total 3,127.832 acres of water rights land. Under the terms of the ITPC (as amended March 2010), EPWU pays \$15 per AF in the initial year of the contract for water allotted to EPWU owned acreage in excess of 2,000 acres, up to a 2,250 acre maximum. This price is adjusted annually by the "Consumer Price Index-All Urban Consumers, All Items". For all other water made available by the District under this contract, EPWU pays \$193.50 per AF for the calendar year commencing January 1, 2001, escalating to \$260 per AF for the calendar year commencing January 1, 2010. In March of 2010, the PSB and the District executed a First Amendment to the ITPC in which the parties agreed to increase said price by the CPI starting on January 1, 2013, with the price for the 2011 and 2012 calendar years set a \$260 per AF. This amendment also increased the quantity of water allotted pursuant to PSB owned acreage in excess of 3,000 acres to 3,250 acres.

Also under the terms of the ITPC, in any year when the Directors of the District determine that the annual water allotment is two AF or greater, then for each AF of usable sewage effluent discharged by EPWU 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.

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**PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

22. SURFACE WATER CONTRACTS (Continued)

In addition to the price of District water, EPWU pays the federal revenue component on all District water delivered to EPWU. 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 2014, EPWU received an allotment of 1.50 AF per acre of surface water and treated 24,093 AF of this water for distribution to its customers.

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

23. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Through the ordinary course of its operations, EPWU becomes subject to various claims and litigation. As of the date of these financial statements, EPWU was named in various legal actions. To the extent the outcome of such litigation is determined to result in probable loss to the EPWU, such loss is accrued in the financial statements. However, as of February 28, 2015, no amounts have been accrued because legal counsel has not determined that the litigation will result in a probable loss to EPWU since the outcome cannot be determined at this time. Management and legal counsel are of the opinion that settlement of these claims and pending litigation will not have a materially adverse effect on EPWU's financial statements.

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

EPWU has ongoing construction projects under non-cancelable contracts. At February 28, 2015, the Water and Wastewater Utility had appropriations and estimated commitments for services yet to be performed that totaled \$83,955,571. At February 28, 2015, the Municipal Drainage Utility had appropriations and estimated commitments for services yet to be performed totaling \$35,480,174.

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PUBLIC SERVICE BOARD - EL PASO WATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

24. RELATED PARTY TRANSACTIONS

The Public Service Board - El Paso Water Utilities makes payments to the City of El Paso based upon a percentage of water sales. In addition, EPWU acts as a billing and collecting agent for environmental services for the City. The following is a summary of those transactions:

	2015	2014
Revenues from City:		
Water and Wastewater Sales	\$ 3,475,921	\$ 3,268,002
Billing and Collecting Agent fees	\$ 875,907	\$ 868,815
Drainage fees	\$ 281,999	\$ 284,238
Expenses to City:		
10% of Water Sales	\$ 10,586,093	\$ 10,452,519
5% on gain on sale of land	\$ 7,173	\$ 100,697
City of El Paso Franchise fee	\$ 1,937,221	\$ -
Receivable:		
Accounts Receivable from City	\$ -	\$ 599
Payable:		
Environmental Services collections fees payable to City	\$ 5,084,817	\$ 4,645,520
10% of water sales payable to City	\$ 1,261,379	\$ 626,634
Franchise fee payable to City	\$ 644,428	\$ -
Property and health insurance payable to City	\$ 483,460	\$ 806,094
City projects and other expenses payable to City	\$ 852,359	\$ 316,691

25. RESTRICTED NET POSITION

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

26. FRANCHISE FEE DUE TO THE CITY OF EL PASO

Effective September 1, 2014, City Council established a Franchise fee to be paid by the El Paso Water Utilities 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). Non-residential meters were billed a calculated monthly fee of \$15.92 to meet the amount established by the City of El Paso City Council. As of February 28, 2015 \$1,937,221 has been billed of which \$1,292,794 has been paid to the City of El Paso.

(Continued)

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

NOTES TO FINANCIAL STATEMENTS

February 28, 2015 and 2014

27. SUBSEQUENT EVENTS

The El Paso Water Utilities Public Service Board approved that the City's Franchise fee will be assessed to all residential, non-residential and standby fire protection accounts based on meter size effective June 2015. Non-residential meters who had been charged the \$15.92 from September 1, 2014 to April 2015 were credited the amount billed in May of 2015. For fiscal year ended February 28, 2015 this totaled \$1,937,221. Refer to Note 26.

On April 7, 2015, the Public Service Board - El Paso Water Utilities issued \$22,240,000 in Municipal Drainage Utility System Revenue Bonds, Series 2015 with an average interest rate of 4.84% to finance drainage projects and improvements throughout the City of El Paso.

REQUIRED SUPPLEMENTARY INFORMATION
FOR
OTHER POST-EMPLOYMENT BENEFITS PLAN

REQUIRED SUPPLEMENTARY INFORMATION

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

WATER AND WASTEWATER UTILITY FUND

**Other Post-Employment Benefits Plan
Schedule of Funding Progress**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percent of Covered Payroll (4) / (5)
01/01/2015	\$ -	\$ 14,019,879	0.00%	\$ 14,019,879	\$ 30,374,930	46.16%
01/01/2013	\$ -	\$ 13,411,767	0.00%	\$ 13,411,767	\$ 29,165,415	45.99%
03/01/2010	\$ -	\$ 11,973,164	0.00%	\$ 11,973,164	\$ 28,099,784	42.61%

**Other Post-Employment Benefits Plan
Schedule of Employer Contributions**

Fiscal Year	(1) Actual Contribution	(2) Annual Required Contribution	(3) Percent Contributed (1)/(2)
2015	\$ 407,097	\$ 1,354,201	30.06%
2014	\$ 417,244	\$ 1,231,744	33.87%
2013	\$ 381,162	\$ 1,195,868	31.87%