

CPA

MIKE WARD ACCOUNTING  
& FINANCIAL CONSULTING, PLLC

POINT, TEXAS

(903) 269-6211

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT

*FOR*

THE FISCAL YEAR ENDED

March 31, 2020

General Manager  
Bill Goheen



# ANNUAL FILING AFFIDAVIT

STATE OF TEXAS COUNTY OF HENDERSON COUNTY

I, Harry W. McCune of the

(Name of Duly Authorized District Representative)

East Cedar Creek Fresh Water Supply District

(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of the Directors of the District on the \_\_\_\_\_ day of \_\_\_\_\_ its annual audit report for the fiscal year or period ended March 31, 2020 and those copies of the annual audit report have been filed in the district office, located at:

115 Hammer Rd, Gun Barrel City, Texas 75156

(Address of District)

The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

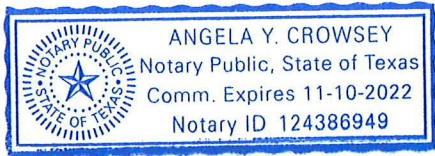
Date: 07/29/2020 By: Harry W. McCune  
(Signature of District Representative)

Harry W. McCune/President  
(Typed Name & Title of above District Representative)

Sworn to and Subscribed to before me by this 29th day of July, 2020

(SEAL)

Angela Y. Crowsey  
(Signature of Notary)



My Commission Expires On: 11/10/2022  
Notary Public in the State of Texas.

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED MARCH 31, 2020**

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**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
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## INTRODUCTORY SECTION



# East Cedar Creek Fresh Water Supply District

P.O. Box 309  
Mabank, TX 75147

July 15,2020

To the Board of Directors  
East Cedar Creek Fresh Water Supply District  
Mabank, Texas

Dear Board of Directors:

The Comprehensive Annual Financial Report (“CAFR”) of the East Cedar Creek Fresh Water Supply District (“District”), for the year ended March 31, 2020, is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mike Ward, CPA P.L.L.C. have issued an unmodified (“clean”) opinion on the District’s financial statements for the year ended March 31, 2020. The independent auditor’s report is located in the beginning of the financial section of the CAFR.

This letter of transmittal is designed to compliment Management’s Discussion and Analysis (MD&A) and should be read in conjunction with it. The District’s MD&A can be found immediately following the independent auditors’ report and provides a narrative introduction, overview and analysis of the basic financial statements.

## GENERAL INFORMATION – EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT

The East Cedar Creek Fresh Water Supply District is located in Henderson County in the Northeast region of Texas.

The Board of Directors is comprised of a President, Vice-President, Secretary, Treasurer and three Directors and is responsible for enacting rates, resolutions, and regulations governing the District, as well as appointing the members of various statutory and advisory boards. The General Manager is the administrator of the District and is responsible for the enforcement of the Board’s decisions and supervision of each department of the District.



## ECONOMIC CONDITIONS AND OUTLOOK

The District's pre-audit fiscal year ending 2019-2020 reflects a strong debt service ratio of 1.57, the post-audit fiscal year ending 2019-2020 reflects a strong debt service ratio of 1.51 (page 65). The Average Debt Running Ratio over the remaining years of bond debt payments is 2.85 (page 61). It is the goal of ECCFWSD to maintain a fiscal year debt service ratio of 1.25. If the District's fiscal year goal is below the 1.25 ratio management must provide supporting data of why the goal was not met and report to the Board of Directors if the reason is significant enough to initiate a rate review. The economic condition of ECCFWSD is very sound and to insure that this condition remains sound the District has monitoring procedures in place with measurable executive summaries to review.

Management provides to the Board of Directors monthly reports that are continuously monitored to provide the District's outlook for the fiscal year. If management projects a negative trend the three-Board member finance committee is notified and committee meetings are scheduled. With the continuous threat of drought conditions throughout the State of Texas water for several seasons, conservation has been strongly promoted and becoming the new norm. Tarrant Regional Water District has decreased the District's estimated raw water purchase price from \$1.26520 in October of 2019 to \$1.25539 in October 2020 for TRWD Fiscal Year 2020, which reflects a small decrease to the District for raw water. The finance committee calls for meetings with management to review water and sewer rates annually and evaluates the importance of maintaining the District's 1.25 debt service ratio. The finance committee reviews management's recommendations and concludes if to place on the board's agenda to adopt a revised customer service resolution to include increases to the water and sewer rates annually. There were no rate increases and the cost of water and sewer tap installations was increased to cover the cost of an increase in labor and materials.

The District secured revenue bonds in FY2018 in the amount of \$3,940,000.00 to fund multiple improvement projects throughout the system. The projects include a new Elevated Storage Tank on the northside, a new Wastewater Plant on the southside to provide redundancy, updating the Brookshire WTP's Raw Water Pumping Station, new Lift Station 19, SCADA improvements to the Brookshire WTP, and updating the District's means of efficient water meter reading by installing an AMR system. District's consulting engineering firm, KSA Engineer, provided plans on the mentioned projects to the District's Board and had them approved through TCEQ. Most projects were completed in 2019. The AMR project was not started in FY 19-20 due to COVID-19.

## MAJOR INITIATIVES

District office personnel continue to schedule time for scanning customer related files and which are accessible by staff electronically. This program assists office staff in expediting records electronically for review during customer concern calls regarding history issues.

The District continues to utilize the dual electronic back-up program. To enhance this process, the District extracts data files from District computers and stores at an offsite location. The District then has a back-up process to restore the District's data collected, if office files become corrupted.

The cross training program for staff remains to be a key program and has proven to be beneficial during times of vacations, vacancies and sick leave.

## FINANCIAL INFORMATION

### Accounting Procedures and Budgetary Controls

Accounting records for the District's water/waste water utility and other proprietary activities are maintained on the economic measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the District's financial management staff, and expenditure estimates by each District department. Budgets are reviewed by the Board. As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the Board, Bookkeeper, and the General Manager concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by a resolution adopted by the Board of Directors prior to the end of the current fiscal year.

## OTHER INFORMATION

Independent Audit The East Cedar Creek Fresh Water Supply District has engaged the firm of Mike Ward CPA P.L.L.C. to perform the annual audit and their opinion has been included in this report. It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material respects, the financial position of the District at March 31, 2020, and the changes in financial position and cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Acknowledgements

Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the District employees throughout the organization, especially those employees of the Accounting Department who were instrumental in the successful completion of this report.

Our appreciation is also extended to the Board Members of the East Cedar Creek Fresh Water Supply District for providing the resources necessary to maintain the integrity of the District's financial affairs.

Respectfully submitted,

*James E Blodgett Jr.*

James Blodgett  
GENERAL MANAGER

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
BOARD OF DIRECTORS  
FOR THE YEAR ENDED MARCH 31, 2020**

East Cedar Creek Fresh Water Supply District  
P. O. Box 309  
Mabank, Texas 75147  
(903) 887-7103

<u>Board Member</u>	<u>Term of Office Elected/Expires or Date Hired</u>	<u>Title at End of Year</u>	<u>Resident of District</u>
Harry McCune	Sept-07 Nov-20	President	Yes
Allen Brier	Dec-14 Nov-22	Vice-President	Yes
Joe Lomonaco	May-10 Nov-22	Secretary	Yes
Ted H. Bayless	Nov-12 Nov-20	Treasurer	Yes
Larry Bratton	Dec-14 Nov-22	Director	Yes
Jim Willi	Dec-16 Nov-20	Director	Yes
Jan Wynn	Mar-19 Nov-22	Director	Yes

**Note:** No Board Member has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developer, or with any of the District's consultants.

FINANCIAL SECTION



## Mike Ward Accounting & Financial Consulting, PLLC

Mike Ward, CPA  
266 RCR 1397  
Point, Texas 75472

(903) 269-6211  
[mward@mikewardcpa.com](mailto:mward@mikewardcpa.com)

### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
East Cedar Creek Fresh Water Supply District  
P.O. Box 309  
Mabank, Texas 75147-0309

#### **Report on the Financial Statements**

I have audited the accompanying financial statements of the business-type activities of East Cedar Creek Fresh Water Supply District ("District"), as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of East Cedar Creek Fresh Water Supply District as of March 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

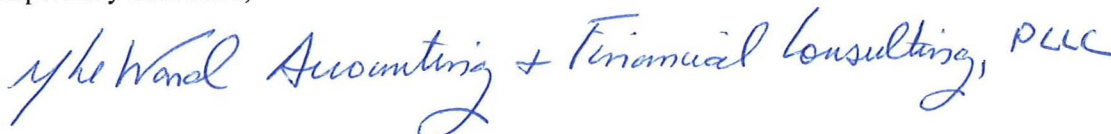
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information, and comparing the information for consistency with management's responses to my inquires, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion, or provide any assurance on the information, because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the East Cedar Creek Fresh Water Supply District's basic financial statements. The introductory section, supplemental schedules required by the Texas Commission on Environmental Quality, statistical tables, and supplemental information listed in the table of contents are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

The introductory section, supplemental schedules required by the Texas Commission on Environmental Quality, statistical section, and supplemental information, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Mike Ward Accounting & Financial Consulting, PLLC". The signature is written in a cursive, flowing style.

**Mike Ward Accounting & Financial Consulting, PLLC**

Point, Texas  
July 14, 2020

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**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
MARCH 31, 2020**

Within this section of the East Cedar Creek Fresh Water Supply District's ("District") annual financial report, management provides this narrative discussion and analysis of the financial activities of the District for for fiscal year ending March 31, 2020. Financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following the section.

**Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$15,201,248 (net position). The portion of net position that can be used to meet the District's on-going obligations to citizens and creditors, the unrestricted net position, is \$2,705,112, or 18% of total net position.
- The District's total net position increased by \$800,568. This increase is due, in large part, to the increase in charge for services of \$345,936, or 6%, compared to the prior year.
- Net investments in capital assets totaled \$11,638,818. This amount includes property, equipment, and infrastructure less related accumulated depreciation, less outstanding debt used to purchase the capital assets, plus any unspent bond proceeds.
- The District's total net debt decreased by (\$1,148,597), or (8%), during the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of two components; 1) fund financial statements, and 2) notes to the financial statements. The report also contains other supplementary information, in addition to the basic financial statements.

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
MARCH 31, 2020**

The financial statements are designed to provide readers with an overview of the District's finances, in a manner similar to a typical private-sector business.

The District operates as a proprietary fund type, and presents its financial statements using the economic resources measurement focus, and the accrual basis of accounting. The District's basic financial statements include:

- Proprietary Fund Type – Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to the Basic Financial Statements

The Statement of Net Position includes all of the District's assets and liabilities, with the difference between the two reported as net position. Net position is displayed in three categories:

- Net Investment in Capital Assets
- Restricted
- Unrestricted

**Overview of the Financial Statements**

The District operates as a proprietary fund type. All proprietary fund types are accounted for on a flow of economic resources measurement focus. Under the flow of economic measurement focus, all assets and liabilities associated with the operation of these funds are included within the Statement of Net Position. Proprietary fund type operating statements present increases, (revenues), and decreases, (expenses), in total net position.

All proprietary fund types utilize the accrual basis of accounting. Under this method, revenues are recognized when earned, regardless of when received, and expenses are recognized at the time the related liabilities are incurred, regardless of when paid.

Notes to the Financial Statements – The accompanying notes to the financial statements provide information that is essential to a complete understanding of the data provided within the basic financial statements. The notes to the financial statements begin immediately following the basic financial statements.



**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
MARCH 31, 2020**

**Schedule of Net Position**

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 5,877,537	\$ 7,617,279
Non current assets	23,534,515	22,276,508
Total assets	<u>29,412,053</u>	<u>29,893,787</u>
Other liabilities	1,278,507	1,297,840
Long-term liabilities	12,932,298	14,094,814
Total liabilities	<u>14,210,805</u>	<u>15,392,654</u>
Net position:		
Net investment in capital assets	11,638,818	11,529,630
Restricted	857,318	836,577
Unrestricted	2,705,112	2,134,926
Total net position	<u>\$ 15,201,248</u>	<u>\$ 14,501,133</u>

As noted earlier, net position may serve over time as one useful indicator of the District's financial condition. The net position of the District was \$15,201,248, as of March 31, 2020. The District's net position increased by \$800,568, or 5.5%, during the fiscal year.

***Net investment in capital assets***

The largest portion, \$11,638,818 or 77%, reflects the District's investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure), less any related debt still outstanding that was issued to acquire those items. The District uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of any outstanding related debt, the resources needed to repay that debt must be provided by other sources.

***Restricted net position***

The restricted net position of \$857,318, or 6%, of total net position, represents resources that are subject to external restriction on their use, or by enabling legislation. Restricted net position of the District is for debt obligations.

***Unrestricted net position***

Unrestricted net position of \$2,705,112, or 18%, of total net position is available to fund the District's programs to its customers and creditors.

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
MARCH 31, 2020**

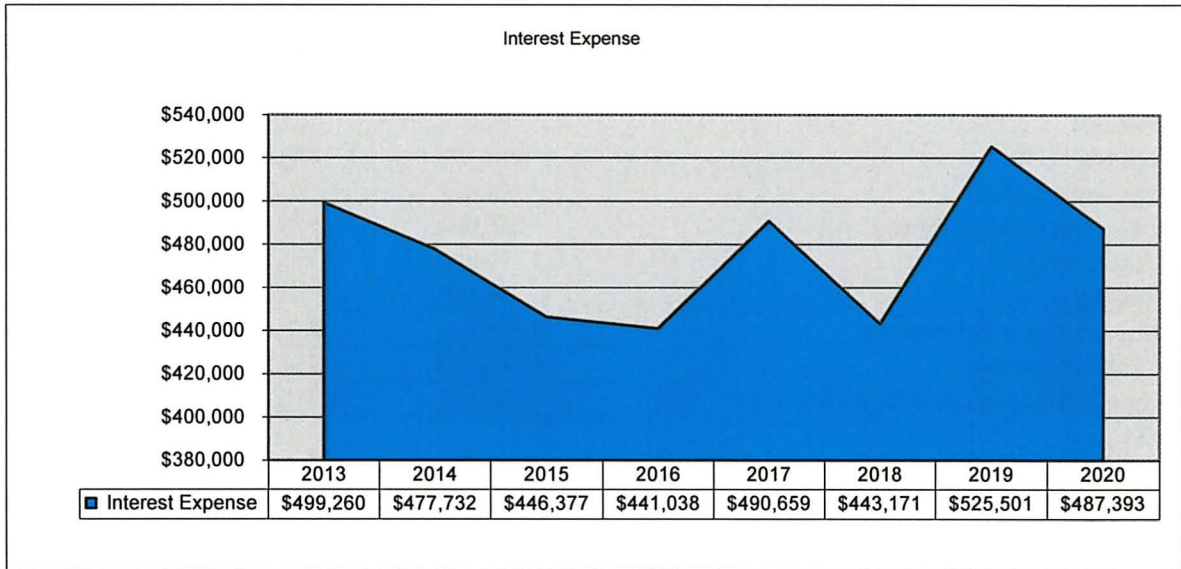
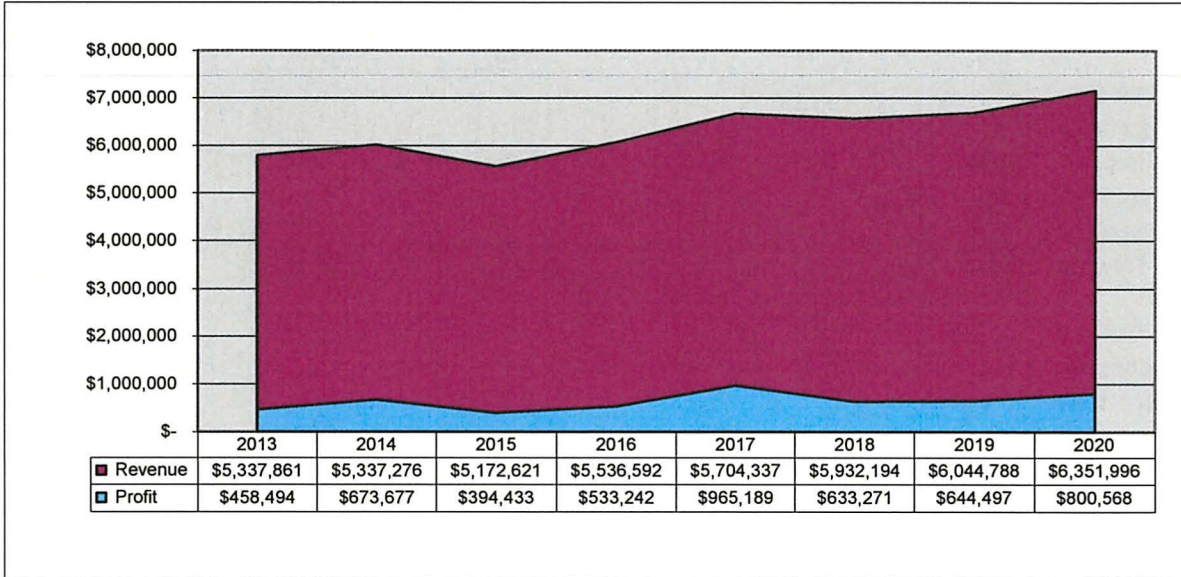
**Changes in Net Position**

	Business-type Activities		Total % Change
	2020	2019	
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	\$ 6,290,077	\$ 5,944,141	5.82%
General Revenues:			
Miscellaneous	61,920	100,647	-38.48%
<b>Total Revenues</b>	<u>6,351,996</u>	<u>6,044,788</u>	<u>5.08%</u>
<b>Expenses:</b>			
Program Expenses:			
Bulk Water Purchases	426,309	460,992	7.52%
Personnel Costs	1,675,515	1,643,532	-1.95%
Professional Fees	17,014	12,550	-35.57%
Printing and Office Supplies	13,865	13,596	-1.98%
Vehicle Expense	25,369	37,867	33.00%
Chemicals	241,532	236,846	-1.98%
Machinery & Equipment Expense	31,175	22,351	-39.48%
Operating Material & Supplies	761,791	610,608	-24.76%
Sludge Control	37,408	34,143	-9.56%
Postage	59,513	59,129	-0.65%
Utilities	269,139	304,068	11.49%
Insurance & Bond	24,507	23,217	-5.56%
Other Operating Expenses	259,663	173,578	-49.59%
Engineering Fees	1,050	8,169	87.15%
Testing	35,350	35,589	0.67%
Depreciation & Amortization	1,264,638	1,258,441	-0.49%
<b>Total Expenses</b>	<u>5,143,839</u>	<u>4,934,676</u>	<u>-4.24%</u>
Excess of Revenues over Expenses	<u>1,208,157</u>	<u>1,110,112</u>	<u>8.83%</u>
Interest on Long-Term Debt	(487,393)	(525,501)	7.25%
Investment Income	75,869	58,416	29.88%
Gain(loss) on Disposal of Assets	3,935	1,470	167.69%
Increase in Net Position	<u>800,568</u>	<u>644,497</u>	<u>24.22%</u>
<b>Net Position, April 1</b>	14,501,133	13,856,636	4.65%
<b>Prior Period Adjustment</b>	(100,453)	-	0.00%
<b>Net Position, March 31</b>	<u>\$ 15,201,248</u>	<u>\$ 14,501,133</u>	<u>4.83%</u>

The District, as a whole, is primarily reliant on charges for services. Activities were 99% supported by charges for service, and 1% of revenues were derived from other sources.

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
FOR THE YEARS ENDED MARCH 31, 2013 - 2020**

**REVENUES AND CHANGES IN NET POSITION**



**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
MARCH 31, 2020**

**Capital Assets** - The District's investment in capital assets for its business-type activities, as of March 31, 2020, total \$23,534,515, net of accumulated depreciation. This investment in capital assets includes buildings, system infrastructure, land, machinery, and equipment. The total increase in investment in capital assets for the current fiscal year was 5.7%.

Major capital improvements on-going during the fiscal year:

- Brookshire raw water pump improvements
- Lift station 19 replacement
- Elevated storage tank
- Southside wastewater treatment plant improvements

<b>Capital Assets</b>		
<b>(net of accumulated depreciation)</b>		
<b>Business-type</b>		
<b>Activities</b>		
	<b>2020</b>	<b>2019</b>
Land & Improvements	\$ 482,051	\$ 482,051
Machinery & Equipment	677,634	669,647
Buildings	161,060	170,705
Infrastructure	20,469,663	20,304,517
Construction in Progress	1,744,107	646,195
<b>Total</b>	<b>\$ 23,534,515</b>	<b>\$ 22,273,115</b>

More detailed information about the District's capital assets is presented in Note E to the financial statements.

**Long-term Debt** - As of March 31, 2020, the District had long-term debt outstanding of \$12,883,345. During the fiscal year, total debt decreased (\$1,148,597), or (8%).

<b>Outstanding Debt</b>		
<b>as of March 31</b>		
<b>Business-type</b>		
<b>Activities</b>		
	<b>2020</b>	<b>2019</b>
Utility System Revenue Bonds	<b>\$ 12,883,345</b>	<b>\$ 14,031,942</b>

More detailed information about the District's long-term liabilities is presented in Note G to the financial statements.



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**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
MARCH 31, 2020**

**Requests for Information**

This report is designed to provide an overview of the District's finances for interested parties. Questions concerning the information found in this report, or requests for additional financial information, should be addressed to East Cedar Creek Fresh Water Supply District, P.O. Box 309, Mabank, TX 75147-0309.

## BASIC FINANCIAL STATEMENTS

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
STATEMENT OF NET POSITION  
MARCH 31, 2020**

	<b>Proprietary Fund</b>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 3,327,819
Restricted cash and cash equivalents	1,844,966
Receivables (net of allowance for uncollectibles)	349,233
Inventory	331,887
Prepaid expenses	23,633
Total Current Assets	<u>5,877,537</u>
Noncurrent Assets:	
Capital Assets (net of accumulated depreciation):	
Land	482,051
Buildings & improvements	273,041
Infrastructure	38,995,701
Machinery & equipment	1,456,498
Construction In progress	2,390,301
Less accumulated depreciation	<u>(20,063,078)</u>
Total Noncurrent Assets	<u>23,534,515</u>
<b>Total Assets</b>	<u><u>29,412,053</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	332,590
Payroll liabilities	8,265
Customer deposits-restricted assets	769,679
Accrued interest payable	110,911
Other liabilities	57,061
Total Current Liabilities	<u>1,278,507</u>
Noncurrent Liabilities:	
Due within one year:	
Revenue bonds payable	1,190,000
Due in more than one year:	
Compensated absences	48,953
Revenue bonds payable	<u>11,693,345</u>
Total Noncurrent Liabilities	<u>12,932,298</u>
<b>Total Liabilities</b>	<u><u>14,210,805</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	11,638,818
Restricted for:	
Debt	857,318
Unrestricted	<u>2,705,112</u>
<b>Total Net Position</b>	<u><u>\$ 15,201,248</u></u>

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

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION  
FOR THE YEAR ENDED MARCH 31, 2020**

	<u>Proprietary Fund</u>
<b>OPERATING REVENUES</b>	
Charges for sales and services:	
Customer service fees	\$ 5,551,257
Other services related fees	603,898
Service charges & penalties	134,921
Other revenues	61,920
<b>Total Operating Revenues</b>	<u>6,351,996</u>
<b>OPERATING EXPENSES</b>	
Bulk water purchases	426,309
Personnel costs	1,675,515
Professional fees	18,064
Printing and office supplies	13,865
Vehicle expenses	25,369
Chemicals	241,532
Machinery & equipment expense	31,175
Operating material & supplies	797,141
Sludge control	37,408
Postage	59,513
Utilities	269,139
Insurance	24,507
Other operating expenses	259,663
Depreciation and amortization	1,264,638
<b>Total Operating Expenses</b>	<u>5,143,839</u>
<b>Operating Income (Loss)</b>	<u>1,208,157</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	75,869
Gain on disposal of asset	3,935
Interest expense	(487,393)
<b>Total Non-operating Revenues (Expenses)</b>	<u>(407,589)</u>
<b>Change in Net Position</b>	800,568
<b>Net position - Beginning, April 1</b>	<u>14,501,133</u>
<b>Prior Period Adjustment</b>	<u>(100,453)</u>
<b>Net position - Ending, March 31</b>	<u>\$ 15,201,248</u>

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

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED MARCH 31, 2020**

	<b>Proprietary Fund</b>
<b>Cash Flows from Operating Activities</b>	
Cash received from customers	\$ 6,338,284
Cash received from other sources	61,920
Cash paid to employees	(1,689,433)
Cash paid to suppliers	(2,284,016)
<b>Net Cash Provided by Operating Activities</b>	<u>2,426,755</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Interest paid on capital debt	(487,391)
Principal payments of capital debt	(1,178,058)
Discount and premium on bonds	29,460
Gain(loss) on sale of assets	3,935
Acquisition and construction of capital assets	(2,522,645)
<b>Net Cash (Used) for Capital &amp; Related Financing Activities</b>	<u>(4,154,699)</u>
<b>Cash Flows from Investing Activities</b>	
Interest income	75,868
<b>Net Cash Provided by Investing Activities</b>	<u>75,868</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,652,076)
<b>Cash and Cash Equivalents at Beginning of Year</b>	6,824,861
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 5,172,785</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operation Activities</b>	
Operating income (loss)	\$ 1,208,157
Adjustment to reconcile operating income to net Cash provided by operating activities:	
Depreciation and amortization	1,264,638
Changes in Assets and Liabilities:	
(Increase) Decrease in Assets:	
Receivables	26,347
Prepaid Assets	0
Inventories	61,319
Increase (Decrease) in Liabilities:	
Accounts payable	(134,297)
Accrued liabilities	0
Compensated absences	(13,919)
Customer deposits	21,861
Accrued interest payable	(6,082)
Other liabilities	(1,271)
Total Adjustments	<u>1,218,598</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 2,426,755</u>

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



**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Board of Directors, a seven-member body elected by qualified voters of the District, is the governing body responsible for all activities of the East Cedar Creek Fresh Water Supply District ("District"), located in Henderson County. The Directors serve four years, staggered terms, that expire in even number years. The District was created on June 25, 1977 by House Bill No. 2165 passed by the 65th Legislature in 1977, as a conservation and reclamation district under Article XVI, Section 59, of the Texas Constitution, and has the powers of a municipal utility district under Chapter 54 of the Texas Water Code, as amended. As a municipal utility district, the District has the authority to levy ad valorem taxes to pay maintenance and operation expenses, payments under contracts, and to pay unlimited tax bonds, all subject to voter approval. The District has not voted to levy ad valorem taxes or issue bonds payable from ad valorem taxes. The District receives funding from various local, state, and federal sources, and must comply with the requirements of these funding entities. The District, and its operations, are subject to regulatory control by the Texas Commission on Environmental Quality, pursuant to various provisions of the Texas Water Code. The District covers approximately 20 square miles.

The accounting and reporting policies of the District, relating to the funds included in the accompanying basic financial statements, conform to accounting principles generally accepted in the United States of America ("GAAP"), applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants, in the publication entitled *State and Local Governments - Auditing and Accounting Guide*, and the Financial Accounting Standards Board, when applicable. The more significant accounting policies of the District are described below:

**1. Reporting Entity**

The District has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity", as amended by GASB 39, "Determining Whether Certain Organizations are Component Units" under GASB 14. Component units are organizations for which the District is financially accountable and all other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. As of March 31, 2020, the District does not have any component units.

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria to be considered a component unit if management's professional judgment determines it to be necessary, and/or misleading, if omitted. This evaluation includes consideration of whether a financial benefit, or burden, exists in the relationship between the entities. Management has not identified any situations that fit this criteria.

**2. Basis of Presentation, Basis of Accounting**

The accounts of the District are organized on the basis of funds, or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, net position, revenue, and expenses. The sole fund type utilized by the District is described below:

**Proprietary Fund** - used to account for the operations of supplying water, which is a self-supporting activity rendering services on a user-charge basis.

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

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

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2. Basis of Presentation, Basis of Accounting (continued)**

Proprietary Fund financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds are accounted for on a flow of economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with proprietary fund activities are included within the statement of net position.

Proprietary funds are financed and operated in a manner similar to a private business enterprise. The costs (expenses, including depreciation), of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District presents their financial statements utilizing only the business-type fund. The District uses the accrual basis of accounting to prepare its financial statements. Revenues are recognized within the accounting period in which they are earned, and expenses are recognized when incurred. The District's operating activities are the sale of water and providing wastewater services to residential and commercial customers located in a limited geographical region. The statements, exhibits, and supporting schedules contained within the financial statements were prepared on the accrual basis of accounting, except for the statement of cash flows, which is a cash basis statement.

**3. Financial Statement Amounts**

**a. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**b. Receivables, Inventory, and Amortization**

Trade receivables are shown net of an allowance for uncollectible accounts.

Inventory is valued at cost using the first-in-first-out method. Inventory consists of expendable supplies held for consumption.

The costs incurred upon the creation of the District are being amortized on a straight-line method over 40 years.

**c. Restricted Assets**

Certain proceeds of the proprietary fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because of their use being limited by applicable bond covenants.

Customer deposits received for water and wastewater service are, by law, considered restricted assets.

**d. Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method.

**e. Capital Assets**

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported at cost. The District defines capital assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost, or estimated historical cost, if historical cost is not available. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed.

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2020**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3. Financial Statement Amounts (continued)**

**e. Capital Assets (continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-like activities is included as part of the capitalized value of the assets constructed, when found to be material. During the current fiscal year, no interest was capitalized.

Management elected not to retroactively report infrastructure assets within the scope of GASB 34.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	40 years
Buildings	40 years
Vehicles and Machinery	5-15 years
Office Equipment	5-10 years
Computer Equipment	5-10 years

**f. Compensated Absences**

District employees are entitled to certain compensated absences based on their length of employment. Regular full-time employees can accrue vacation as follows: 40 hours after one year of service, 80 hours after 2-4 years of service, 120 hours after 5-10 years, and 160 hours after 10 or more years of service. Sick leave can be accumulated and carried over from year-to-year, and 50% of a maximum 60 days is paid upon leaving the employment of the District.

**g. Long-Term Obligations**

Long-term debt, consisting of bonds to be repaid from revenues of the system, are included in these accounts. In all proprietary fund financial statements outstanding debt is reported as a liability. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Management has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bond issuance costs are expensed in the year they are incurred.

**h. Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, less accumulated depreciation, less the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, plus any unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. Unrestricted net position for the proprietary fund represents the net position available for future operations or distributions. The District also has net position restricted by resolution for bond reserve and interest and sinking fund accumulations.

**i. Budget**

Prior to the start of the fiscal year, the governing board of the District adopts an operating budget for the upcoming fiscal year. The adopted budget and any subsequent amendments are approved by a resolution of the governing board, and documented in the governing board minutes. Budget amendments are required by the board only if events occur which prevent meaningful comparison of the budget to the actual results of operations. The adopted budget is not a spending limitation imposed by the Board. However, the governing board may adopt rules to limit the spending authority of the District's officers, in relation to the budget. A comparison of the actual budget, as amended, to actual results is presented in the Required Supplemental Section of this financial report. The budget is adopted under a modified accrual basis of accounting.

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2020**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

3. Financial Statement Amounts (continued)

**j. Comparative Data**

Comparative data of current year actual results to budget has been presented within the required supplementary section of the financial statement in order to provide for a better understanding of the District's expense management process.

**k. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management estimates.

**l. Program Revenues**

Certain revenues, such as charges for services, are included in program revenues.

**m. Program Expenses**

Certain indirect costs, such as administrative costs, are included in program expense, and reported for individual functional activities.

**B. COMPLIANCE AND ACCOUNTABILITY**

**1. Finance-Related Legal and Contractual Provisions**

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action taken</u>
None reported	Not applicable

**2. Deficit Fund Balance or Fund Net Position of Individual Funds**

The following are funds having a deficit fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>
None reported	Not applicable

**C. DEPOSITS AND INVESTMENTS**

The District's funds are required to be deposited and invested under the terms of a depository contract, pursuant to the Statutes of the Texas Water Code. The depository bank deposits, for safekeeping and trust with the District's agent bank, approved pledged securities in an amount sufficient to protect the District's funds on a day-to-day basis during the period of the contract. The pledging of approved securities is waived only to the extent of Federal Deposit Insurance Corporation ("FDIC") coverage.

**Cash Deposits**

At March 31, 2020, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments, petty cash) was \$5,172,785 and the bank balance was \$5,147,404. The District's cash deposits at the fiscal year end, and during the fiscal year, were entirely covered by FDIC, or by pledged securities.

<b>Restricted Cash</b>	
Debt	\$ 857,318
Infrastructure Projects	987,648
	<u>\$ 1,844,966</u>
<b>Unrestricted Cash</b>	<u>\$ 3,327,819</u>
<b>Total Cash</b>	<u>\$ 5,172,785</u>

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

Statutes authorize the District to invest in obligations of the United States, the State of Texas, certain state agencies, certificates of deposit of state or national banks, or savings and loan associations within the State. The District had a total \$2,264,981 in certificates of deposit and \$1,377,033 in money market accounts.

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at fiscal year-end, and if so, the reporting of certain related disclosures:

**Interest Rate Risk**

In order to limit interest and market rate risk from changes in interest rates, the District's adopted Investment Policy setting weighted average days to maturity to be less than 180 days, and the maximum allowable maturity of one year.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. All of the District's cash deposits were either fully insured with FDIC, or pledged security at year end.

The District recognizes over-concentration of assets by market sector, or maturity, as a risk to the portfolio. The District's Investment Policy establishes diversification as a major objective of the investment program, and sets diversification limits for all authorized investment types, which are monitored at least on a monthly basis. In the opinion of management, the District was not exposed to a significant amount of credit risk at March 31, 2020.

**D. RECEIVABLES**

Receivables as of year end for the Proprietary fund, including the applicable allowances for uncollectible accounts, are as follows:

<b>Receivables:</b>	
Fees & Services	\$ 378,403
Allowance for uncollectibles	(29,169)
<b>Net Receivables</b>	<b><u>\$ 349,233</u></b>

**E. CAPITAL ASSETS**

Capital asset activity for the period ended March 31, 2020 was as follows:

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Business-type Activities</b>				
Capital assets, not being depreciated				
Land	\$ 482,051	\$ -	\$ -	\$ 482,051
Construction in progress	646,195	1,744,107	-	2,390,302
<b>Total capital assets, not being depreciated</b>	<b><u>\$ 1,128,246</u></b>	<b><u>\$ 1,744,107</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,872,353</u></b>
Capital assets, being depreciated				
Infrastructure	\$ 38,388,525	\$ 607,176	\$ -	\$ 38,995,701
Buildings & Improvements	273,040	-	-	273,040
Machinery & Equipment	1,285,138	171,362	-	1,456,500
<b>Total assets, being depreciated</b>	<b><u>\$ 39,946,703</u></b>	<b><u>\$ 778,538</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 40,725,241</u></b>
Less accumulated depreciation for:				
Infrastructure	\$ (18,084,008)	\$ (1,088,225)	\$ -	\$ (19,172,233)
Buildings & Improvements	(102,335)	(9,645)	-	(111,980)
Machinery & Equipment	(615,491)	(163,375)	-	(778,866)
<b>Total accumulated depreciation</b>	<b><u>\$ (18,801,834)</u></b>	<b><u>\$ (1,261,245)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (20,063,079)</u></b>
<b>Total capital assets, being depreciated, net</b>	<b><u>21,144,869</u></b>	<b><u>(482,707)</u></b>	<b><u>-</u></b>	<b><u>20,662,162</u></b>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 22,273,115</u></b>	<b><u>\$ 1,261,400</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 23,534,515</u></b>

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020

**F. ORGANIZATION COSTS**

The District, in accordance with requirements of the Texas Water Commission, capitalizes organizational costs incurred during the creation of the District. The District amortizes these organizational costs on a straight-line basis over forty years.

	Fees	Prior Years Amortization Expense	Current Year Amortization Expense	3/31/2020 Balance
Organization Costs	\$ 90,477	\$ (87,084)	\$ (3,393)	\$ -

**G. LONG-TERM OBLIGATIONS**

	Beginning 3/31/2019	Increase	Decrease	Ending 3/31/2020	Due Within One Year
<i>Business-type Activities</i>					
<i>Water &amp; Sewer</i>					
Revenue Bonds	\$ 14,060,000	\$ -	\$ (1,150,000)	\$ 12,910,000	\$ 1,190,000
Less: Discounts	(28,058)	1,403	-	(26,655)	1,403
Total Bonds Payable	14,031,942	1,403	(1,150,000)	12,883,345	1,191,403
Compensated Absences	62,872	25,150	(39,069)	48,953	-
Business-type activity					
Long-term liabilities	<u>\$ 14,094,814</u>	<u>\$ 26,553</u>	<u>\$ (1,189,069)</u>	<u>\$ 12,932,298</u>	<u>\$ 1,191,403</u>

**Changes in Business-type Long-term Debt**

	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding March 31,		Amounts Outstanding March 31, 2020	Due Within One Year
			2019	Issued		
<u>Revenue Bonds</u>						
Series 2001	5.125%	\$ 5,970,000	\$ 105,000	\$ -	\$ 105,000	\$ -
Series 2004	4.05%	5,175,000	975,000	-	(290,000)	340,000
Series 2004-A	3.05%	1,500,000	565,000	-	(85,000)	90,000
Series 2007	2.6%	730,000	395,000	-	(40,000)	40,000
Series 2011-A	2.0%	6,740,000	2,090,000	-	(400,000)	355,000
Series 2011-B	4.5%	1,760,000	1,485,000	-	(100,000)	105,000
Series 2013	3.0%	1,435,000	1,410,000	-	(75,000)	80,000
Series 2015	4.0%	3,095,000	3,095,000	-	(145,000)	150,000
Series 2018	3.5% to 5%	3,940,000	3,940,000	-	(15,000)	30,000
<b>Total Bonds Payable</b>		<b>30,345,000</b>	<b>14,060,000</b>	<b>-</b>	<b>(1,150,000)</b>	<b>12,910,000</b>
Less: Discounts		-	(28,058)	-	(26,655)	1,403
<b>Total Net Bonds Payable</b>		<b>30,345,000</b>	<b>14,031,942</b>	<b>-</b>	<b>(1,150,000)</b>	<b>12,883,345</b>
Compensated Absences			62,872	25,150	(39,069)	48,953
<b>Total Long-Term Obligations</b>		<b>\$ 30,345,000</b>	<b>\$ 14,094,814</b>	<b>\$ 25,150</b>	<b>\$ (1,189,069)</b>	<b>\$ 12,932,298</b>

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**G. LONG-TERM OBLIGATIONS (continued)**

Debt service requirements are as follows:

Year Ending March 31:	Principal	Interest	Total Requirements
2021	1,190,000	443,061	1,633,061
2022	1,235,000	397,532	1,632,532
2023	1,105,000	349,205	1,454,205
2024	1,155,000	306,516	1,461,516
2025-2029	3,640,000	1,068,532	4,708,532
2030-2034	3,170,000	525,190	3,695,190
2035-2039	1,415,000	109,032	1,524,032
<b>Totals</b>	<b>\$ 12,910,000</b>	<b>\$ 3,199,068</b>	<b>\$ 16,109,068</b>

A brief discussion of each bond issuance are as follows:

\$5,970,000 Utility System Revenue Bonds issued December 27, 2001 for the purpose of refunding Bond Series 1979 and Bond Series 1987.

\$5,175,000 Utility System Revenue Bonds issued July 15, 2004 for the purchase of refunding 1996 Bond Series.

\$1,500,000 Utility System Revenue Bonds issued November 9, 2004 for the purpose of improvements to the sewer system infrastructure.

\$730,000 Utility System Revenue Bonds issued March 27, 2007 for the purpose of improvements to the water system infrastructure.

\$6,740,000 Utility System Revenue Bonds issued January 15, 2011 for the purpose of refunding Bond Series 1994, 1999A, and a portion of Bond Series 2001.

\$1,760,000 Utility System Revenue Bonds issued October 1, 2011 for the purpose of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending any districts works, improvements facilities, plants, equipment and appliances with respect to the District's Utility System, including the acquisition of land and right-of-ways, and to pay the costs associated with the issuance of the Bonds.

\$1,435,000 Utility System Revenue Bonds issued February 20, 2013 for the purpose of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending any District works, improvements, facilities, plants, equipment and appliances with respect to the District's Waterworks and Sewer System, including the acquisition of land and right-of-ways and to pay the costs associated with the issuance of the 2013 Series Bonds.

\$3,095,000 Utility System Revenue Bonds issued November 1, 2015 for the purpose of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending any District works, improvements, facilities, plants, equipment and appliances with respect to the District's Waterworks and Sewer System, including the acquisition of land and right-of-ways and to pay the costs associated with the issuance of the 2015 Series Bonds.

\$3,940,000 Utility System Revenue Bonds issued February 21, 2018 for the purpose of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending any District works, improvements, facilities, plants, equipment and appliances with respect to the District's Waterworks and Sewer System, including the acquisition of land, right-of-ways, and to pay the costs associated with the issuance of the 2015 Series Bonds.



**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**H. DEFERRED COMPENSATION PLAN**

Deferred compensation plans described in IRC section 457 are available for certain state and local governments and non-governmental entities, and are tax exempt under IRC 501. Plans eligible under 457b allow employees of sponsoring organizations to defer income taxation on retirement savings into future years.

The District implemented a 457b Deferred Compensation Plan for its employees. Under Section 457b of the Internal Revenue Code, an employee may defer a maximum of pre-deferred taxable income of \$19,000 per year. Effective January 1, 1997, the District may elect to make loans available to participants of the Plan. An employee becomes 100% vested after five years.

The employee may withdraw assets from his/her account either upon retirement, leaving employment, or severe financial hardship. The employee must begin receiving benefit payments no later than April 1 of the calendar year end he/she reaches the age of 70 1/2 or the year in which he/she retires, if later.

Payments may be paid as follows:

1. Lump sum distribution
2. Periodic payments over a specified number of years
3. Periodic payments over the determined life expectancy
4. A periodic payment of a specified amount per month, or year, until the account is exhausted
5. Purchase of a lifetime annuity

In the event of death, the designated beneficiary is eligible to withdraw the deferred compensation plan benefit.

The plan is administered by ICMA/RC Retirement Corporation ("RC"). RC is a not-for-profit, independent corporation, founded by public sector employees in 1972 to provide retirement plans exclusively for state and local government employees.

The Plan summary is as follows:	<u>FYE 3/31/2019</u>	<u>FYE 3/31/2020</u>
Beginning Fund Balance, April 1	\$ 739,493	\$ 785,679
Contributions	95,505	95,402
Earnings/(Loss)	27,356	(31,030)
Distributions & Fees	(76,675)	(332,744)
Ending Fund Balance, March 31	<u>\$ 785,679</u>	<u>\$ 517,308</u>

**I. HEALTH CARE COVERAGE**

During the year ended March 31, 2020, employees of the District were covered by a health insurance plan. The District pays 100% per month per employee, and 50% of the cost for dependent coverage. Employees are authorized to direct payroll to withhold for dependent coverage. All contributions were paid to Blue Cross Blue Shield of Texas. The Plan is approved by article 3.51-2, Texas Insurance Code, and documented by contractual agreement.

**J. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District had general liability coverage at a cost the District considers to be economically justifiable by joining together with other governmental entities within the State, as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The District pays an annual premium to TML for its coverage. The agreement for the formation of TML, provides that TML will be self-sustaining through member premiums, and will reinsure through commercial insurance for claims in excess of acceptable risk levels; however each category of coverage has its own level of reinsurance. The District continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year, and settled claims resulting from these risks have not exceeded coverage in any of the past four years.

The District estimates that the amount of actual or potential claim against it, as of March 31, 2020, will not materially affect the financial condition of the District. Therefore, the accompanying financial statements do not contain a provision for any such claims.

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

**K. LITIGATION**

The District may be subject to certain legal proceedings in the normal course of operations. In the opinion of management, the aggregate liability, if any, with respect to potential legal actions, would not materially affect the District's financial position, results of operations, or cash flows.

**L. ENGINEERING REPORT**

There is no special provision of the bond resolutions regarding engineering reports. The engineer is available to review the operations and physical conditions of the system.

**M. WATER AND WASTEWATER SERVICES**

***Waterworks System***

The District's utility system is comprised of two water treatment plants, water storage facilities, distribution lines, and two wastewater treatment plants, and related collection facilities. The District serves water and sewer customers within its boundaries, and outside its boundaries in the areas designated in separate certificates of convenience and necessity issued by TCEQ.

The District's source of raw water is Cedar Creek Reservoir, pursuant to separate contracts with Tarrant Regional Water District ("TRWD"), and the City of Trinidad, Texas. The contract with TRWD does not limit the amount of water the District may buy. The contract with the City of Trinidad, Texas is limited to 750 acre/feet per year but at a lesser cost. Raw water is pumped from Cedar Creek Reservoir directly to the plants, with screening in place to prevent debris from entering the plants.

The District operates two conventional water treatment plants. The McKay Water Treatment Plant ("McKay WTP") provides water to customers in the southern portion of the District, and the Brookshire Water Treatment Plant ("Brookshire WTP") services customers in the northern section.

McKay WTP, located off Hwy 198 just prior to entering the Town of Enchanted Oaks, has been in operation for approximately 20 years. The McKay WTP has a water treatment capacity of 1.73 million gallons per day. Two ground storage tanks and one elevated water tower provide a treated water storage capacity of 637,000 gallons.

Brookshire WTP, located off Welch Lane in Gun Barrel City, is more than 25 years old. Brookshire WTP has a water treatment capacity of 4.0 million gallons per day. Two ground storage tanks and one elevated water tower provide a treated water storage capacity of 1,570,000 gallons.

***Wastewater System***

The District operates two wastewater treatment plants ("WWTP"). The south WWTP is located along the east side of Hwy 198 just north of the entrance to the Town of Enchanted Oaks, and serves the southern area of the District. The north WWTP is located in an unincorporated area on Hammer Road, just off Welch Lane in Gun Barrel City, and serves the District's northern sector.

The south WWTP is approximately 20 years old with a permitted capacity of 196,000 gallons per day, or 0.196 million gallons per day, as stated within the permit. Less than one-third of the plant's capacity is used daily. This WWTP sits on a 178-acre tract with 1.34 acres dedicated toward water irrigation from the plant. Treated water effluent from the plant is processed to a large holding pond, and then utilized as irrigation source water. The residual sludge is processed for disposal to a sanitary landfill.

The District has contracted for the cutting, bailing, and selling of hay from the plant's irrigated acreage. The District received \$5,647 in hay sales during the current fiscal year.

The north WWTP was built in 1979 with a treatment capacity of 0.626 million gallons per day ("MGD"), with a surge capacity of 1.3 MGD for a period not to exceed two hours. With upgrades over the years, the District is now permitted for a treatment capacity of 0.750 MGD, which will satisfy the District's needs for approximately 10 years. The new permit imposes more challenges to the treatment process due to new and more stringent water quality discharge limits. The major portion of the latest upgrades was due to the need to construct a 1-MGD tertiary clarifier to treat and reduce phosphorous limits to a 1 part per million or less prior to discharging effluent from the treatment facility directly to Cedar Creek Lake.

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2020**

**Additional Services**

The District collects water and sewer franchise fees for the City of Gun Barrel, Town of Enchanted Oaks, and Payne Springs. These funds are paid to the three entities once a year - City of Gun Barrel is paid in August of each year, the Town of Enchanted Oaks and Paynes Springs are paid in January of each year. The District does not charge an administrative fee for this service.

**N. CONSTRUCTION COMMITMENTS**

The North Side project, Phase II, a water and sewer infrastructure improvement project was completed during the fiscal year.

The District had the following active construction projects as of March 31, 2020.

<u>Project</u>	<u>Spent-to-date</u>	<u>Estimated Remaining Commitment</u>
1. Brookshire raw water pump station improvements.	\$ 41,701	\$ 10,299
2. Lift station 19 replacement.	31,489	8,011
3. Water tower construction, 300,000 gallon capacity.	954,911	146,089
4. Southside wastewater treatment plant improvements.	1,244,747	24,452
5. System-wide meter replacements.	13,048	18,952
6. Operations	104,405	121,135
<b>Total</b>	<b><u>\$ 2,390,301</u></b>	<b><u>\$ 328,938</u></b>

**O. SUBSEQUENT EVENTS**

The District has evaluated all events or transactions that occurred after March 31, 2020 through July 14, 2020, the date the financial statements were available to be issued. During this period, the District was in the calculating phase of a utility rate increase. Due to the national Covid 19 outbreak, these rate increase discussions were postponed.

As of March 31, 2020, Bill Goheen was the General Manager for the District, but retired effective April 1, 2020. James Blodgett, Jr., effective April 1, 2020, assumed the role of General Manager upon Bill's retirement.

**P. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment representing a \$100,453 prior year equity reduction was recorded to adjust the March 31, 2020 general ledger accounts payable balance to the amount reported within the accounts payable subsidiary ledger, and to properly record internal transfers between operating and reserve bank accounts.

REQUIRED SUPPLEMENTARY INFORMATION

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
 PROPRIETARY FUND  
 SCHEDULE OF FUNCTIONAL EXPENSES COMPARISON TO BUDGET  
 FOR THE YEAR ENDED MARCH 31, 2020**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b><u>Administration</u></b>			
Payroll Costs	410,500	\$ 370,774	\$ 39,726
Supplies	17,000	8,916	8,084
Professional Services	50,200	22,465	27,735
Maintenance	2,400	538	1,862
Utilities	27,000	13,519	13,481
Vehicle	36,600	2,157	34,443
Other	218,400	213,626	4,774
<b>Total Administration Expenses</b>	<b>762,100</b>	<b>631,996</b>	<b>130,104</b>
<b><u>Operations</u></b>			
Payroll Costs	577,389	505,559	71,830
Water Purchases	479,500	426,309	53,191
Operation	901,900	1,043,622	(141,722)
Contract Services	38,900	44,902	(6,002)
Maintenance	20,500	29,682	(9,182)
Sludge	126,500	37,408	89,092
Utilities	308,100	248,025	60,075
Vehicle	900	4,614	(3,714)
Sundry	17,900	37,234	(19,334)
<b>Total Operations Expenses</b>	<b>2,471,589</b>	<b>2,377,354</b>	<b>94,235</b>
<b><u>Field</u></b>			
Payroll Costs	863,245	799,182	64,063
Utilities	-	7,594	(7,594)
Contract Services	-	10,553	(10,553)
Maintenance	5,900	955	4,945
Vehicle	-	18,599	(18,599)
Sundry	-	32,967	(32,967)
<b>Total Field Expenses</b>	<b>869,145</b>	<b>869,851</b>	<b>(706)</b>
<b>Total Expenses</b>	<b>\$ 4,102,834</b>	<b>\$ 3,879,201</b>	<b>\$ 223,633</b>

Note: The District prepares the Proprietary Fund annual budget on a modified accrual basis, which differs from Generally Accepted Accounting Principles (GAAP basis). The budget, and all transactions, are presented in accordance with the District's method, (modified accrual basis), in the above schedule to provide a meaningful comparison of actual results with the budget.

Adjustments necessary to convert the Proprietary Fund's expenses on the modified accrual basis to a GAAP basis are provided below:

Expenses - Modified Accrual Basis	\$ 3,879,201
Expenses recognized for GAAP:	
Depreciation and Amortization	1,264,638
Interest costs	487,393
Operating Expenses - GAAP Basis	<u>\$ 5,631,232</u>

**SUPPLEMENTAL SCHEDULES**  
**(Unaudited)**

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES  
TEN YEARS ENDED MARCH 31**

	Years Ended March 31			
	2020	2019	2018	2017
<b>Operating Revenues:</b>				
Customer Service Fees	\$ 5,551,257	\$ 5,461,359	\$ 5,348,921	\$ 5,184,106
Other Service Related Fees	603,898	346,423	342,662	230,725
Service Charges & Penalties	134,921	136,359	138,833	130,947
Grant Revenue	-	-	-	-
Other Revenue	61,920	100,647	101,778	141,998
<b>Total Operating Revenues</b>	<b>6,351,996</b>	<b>6,044,788</b>	<b>5,932,194</b>	<b>5,687,776</b>
<b>Operating Expenses:</b>				
Bulk Water Purchases	426,309	460,992	362,339	436,085
Personnel Costs	1,675,515	1,643,532	1,553,376	1,596,546
Professional Fees	17,014	12,550	15,259	10,455
Contracted Services	13,865	13,596	-	-
Printing, Office Supplies, Postage	59,513	59,129	69,370	67,586
Vehicles	25,369	37,867	29,895	56,483
Chemicals	241,532	236,846	212,997	201,772
Machinery & Equipment Expenses	31,175	22,351	25,027	37,789
Operating Materials & Supplies	797,141	646,197	747,338	642,671
Sludge Control	37,408	34,143	34,297	34,575
Telephone & Utilities	269,139	304,068	298,117	295,054
Insurance & Bond	24,507	23,217	19,161	16,761
Engineering Fees	1,050	8,169	1,986	1,853
Uncollectible Accounts	-	-	-	-
Other Operating Expenses	224,313	137,990	148,968	119,790
Testing	35,350	35,589	33,315	36,925
Depreciation and amortization	1,264,638	1,258,440	1,109,220	1,096,237
<b>Total Operating Expenses</b>	<b>5,143,839</b>	<b>4,934,676</b>	<b>4,660,665</b>	<b>4,650,582</b>
<b>Operating Income</b>	<b>1,208,157</b>	<b>1,110,112</b>	<b>1,271,529</b>	<b>1,037,194</b>
<b>Non-Operating Revenue (Expenses):</b>				
Interest Revenue	75,869	58,416	20,634	16,561
Insurance Refund	-	-	-	-
Interest Expense	(487,393)	(525,501)	(443,171)	(490,658)
Bond Issuance Costs	-	-	(221,969)	-
Gain(loss) on disposal of assets	3,935	1,470	6,248	7,426
Extraordinary expense	-	-	-	394,666
<b>Total Non-Operating Revenue (Expense)</b>	<b>(407,589)</b>	<b>(465,615)</b>	<b>(638,258)</b>	<b>(72,005)</b>
<b>Change in Net Position</b>	<b>\$ 800,568</b>	<b>\$ 644,497</b>	<b>\$ 633,271</b>	<b>\$ 965,189</b>



**Years Ended March 31**

<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
\$ 5,110,083	\$ 4,754,402	\$ 4,932,766	\$ 4,851,319	\$ 4,832,021	\$ 4,557,187
136,071	181,056	192,809	259,710	255,009	358,660
140,193	126,611	128,985	130,152	123,147	114,997
-	-	-	-	-	-
140,416	102,564	51,202	56,869	42,583	51,525
<b>5,526,763</b>	<b>5,164,633</b>	<b>5,305,762</b>	<b>5,298,050</b>	<b>5,252,760</b>	<b>5,082,369</b>
439,056	451,688	401,430	464,749	205,818	168,052
1,467,521	1,419,109	1,373,295	1,251,681	1,292,496	1,244,677
24,409	15,986	13,124	41,140	11,868	16,262
-	-	-	-	4,562	7,940
56,298	61,811	57,654	55,408	54,348	51,403
48,963	48,818	40,546	29,438	17,083	23,660
190,479	197,310	103,504	131,128	164,353	133,070
30,677	27,114	34,072	35,558	27,638	38,744
674,351	503,537	478,078	584,210	520,365	577,723
38,220	58,676	152,191	150,580	140,082	212,307
280,792	384,251	421,313	417,337	361,899	343,717
15,615	15,389	17,827	14,953	23,287	15,184
6,911	3,614	628	10,255	13,619	16,322
-	-	-	-	17,579	19,284
113,001	133,821	137,180	137,991	142,949	111,224
31,340	29,595	27,143	26,340	32,591	36,702
1,026,349	978,250	949,697	924,439	888,380	837,181
<b>4,443,982</b>	<b>4,328,969</b>	<b>4,207,682</b>	<b>4,275,207</b>	<b>3,918,917</b>	<b>3,853,452</b>
<b>1,082,781</b>	<b>835,664</b>	<b>1,098,080</b>	<b>1,022,843</b>	<b>1,333,843</b>	<b>1,228,917</b>
9,829	7,988	31,514	8,290	12,737	15,636
-	-	62,760	33,204	-	22,849
(441,038)	(446,377)	(477,732)	(499,260)	(426,668)	(601,340)
(120,000)	-	-	(104,900)	(35,444)	(159,831)
1,670	(2,842)	(40,945)	(1,683)	1,600	-
-	-	-	-	-	-
<b>(549,539)</b>	<b>(441,231)</b>	<b>(424,403)</b>	<b>(564,349)</b>	<b>(447,775)</b>	<b>(722,686)</b>
<b>\$ 533,242</b>	<b>\$ 394,433</b>	<b>\$ 673,677</b>	<b>\$ 458,494</b>	<b>\$ 886,068</b>	<b>\$ 506,231</b>

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES  
TEN YEARS ENDED MARCH 31  
(continued)**

	Years Ended March 31									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Operating Revenues:</b>										
Customer Service Fees	87.4%	90.3%	90.2%	91.1%	92.5%	92.1%	93.0%	91.6%	92.0%	89.7%
Other Service Related Fees	9.51	5.73	5.78	4.06	2.46	3.51	3.63	4.90	4.85	7.06
Service Charges & Penalties	2.12	2.26	2.34	2.30	2.54	2.45	2.43	2.46	2.34	2.26
Grant Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Revenue	0.97	1.67	1.72	2.50	2.54	1.99	0.97	1.07	0.81	1.01
<b>Total Operating Revenues</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Operating Expenses:</b>										
Bulk Water Purchases	6.7	7.6	6.1	7.7	7.9	8.7	7.6	8.8	3.9	3.3
Personnel Costs	26.4	27.2	26.2	28.1	26.6	27.5	25.9	23.6	24.6	24.5
Professional Fees	0.3	0.2	0.3	0.2	0.4	0.3	0.2	0.8	0.2	0.3
Contracted Services	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2
Postage	0.9	1.0	1.2	1.2	1.0	1.2	1.1	1.0	1.0	1.0
Vehicles	0.4	0.6	0.5	1.0	0.9	0.9	0.8	0.6	0.3	0.5
Chemicals	3.8	3.9	3.6	3.5	3.4	3.8	2.0	2.5	3.1	2.6
Machinery & Equipment Expenses	0.5	0.4	0.4	0.7	0.6	0.5	0.6	0.7	0.5	0.8
Operating Materials & Supplies	12.5	10.7	12.6	11.3	12.2	9.7	9.0	11.0	9.9	11.4
Sludge Control	0.6	0.6	0.6	0.6	0.7	1.1	2.9	2.8	2.7	4.2
Telephone & Utilities	4.2	5.0	5.0	5.2	5.1	7.4	7.9	7.9	6.9	6.8
Insurance & Bond	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3
Engineering Fees	0.0	0.1	0.0	0.0	0.1	0.1	0.0	0.2	0.3	0.3
Uncollectible Accounts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.4
Operating Expenses	3.5	2.3	2.5	2.1	2.0	2.6	2.6	2.6	2.7	2.2
Testing	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.7
Depreciation	19.9	20.8	18.7	19.3	18.6	18.9	17.9	17.4	16.9	16.5
<b>Total Operating Expenses</b>	<b>81.0</b>	<b>81.6</b>	<b>78.6</b>	<b>81.8</b>	<b>80.4</b>	<b>83.8</b>	<b>79.3</b>	<b>80.7</b>	<b>74.6</b>	<b>75.8</b>
<b>Operating Income</b>	<b>19.0</b>	<b>18.4</b>	<b>21.4</b>	<b>18.2</b>	<b>19.6</b>	<b>16.2</b>	<b>20.7</b>	<b>19.3</b>	<b>25.4</b>	<b>21.0</b>
<b>Non-Operating Revenue (Expenses)</b>										
Interest Revenue	1.2	1.0	0.3	0.3	0.2	0.2	0.6	0.2	0.2	0.3
Insurance Refund	0.0	0.0	0.0	0.0	0.0	0.0	1.2	0.6	0.0	0.4
Interest Expense	-7.7	-8.7	-7.5	-8.6	-8.0	-8.6	-9.0	-9.4	-8.1	-11.8
Bond Issuance Costs	0.0	0.0	-3.7	0.0	-2.2	0.0	0.0	-2.0	-0.7	-3.1
Gain (loss) on sale of asset	0.1	0.0	0.1	0.1	0.0	-0.1	-0.8	0.0	0.0	0.0
Extraordinary expense	0.0	0.0	0.0	6.9	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Non-Operating Revenue (Expense)</b>	<b>(6.4)</b>	<b>(7.7)</b>	<b>(10.8)</b>	<b>(1.3)</b>	<b>(9.9)</b>	<b>(8.5)</b>	<b>(8.0)</b>	<b>(10.7)</b>	<b>(8.5)</b>	<b>(14.2)</b>
<b>Change in Net Position</b>	<b>12.6</b>	<b>10.7</b>	<b>10.7</b>	<b>17.0</b>	<b>9.6</b>	<b>7.6</b>	<b>12.7</b>	<b>8.7</b>	<b>16.9</b>	<b>6.8</b>

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED MARCH 31, 2020**

1. Services Provided by the District:
- |   |   |                                     |
|---|---|-------------------------------------|
| <input checked="" type="checkbox"/> Retail Water  | <input type="checkbox"/> Wholesale Water      | <input type="checkbox"/> Drainage   |
| <input checked="" type="checkbox"/> Retail Wastewater   | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation   | <input type="checkbox"/> Fire Protection      | <input type="checkbox"/> Security   |
| <input type="checkbox"/> Solid Waste/Garbage  | <input type="checkbox"/> Flood Control        | <input type="checkbox"/> Roads      |
| <input type="checkbox"/> Participants in joint venture, regional system and/or wastewater service (other than emergency interconnect) |   |                                     |
| <input type="checkbox"/> Other (specify):   |   |                                     |

2. Retail Rates Based on 5/8" Meter:  Retail Rates Not Applicable

Most prevalent type of meter (if not 5/8"): 5/8"

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
WATER	<u>\$ 19.76</u>	<u>-</u>	<u>N</u>	<u>\$ 3.86</u>	<u>-0- to 3000 gallons</u>
WASTEWATER	<u>\$ 26.94</u>	<u>-</u>	<u>N</u>	<u>\$ 4.15</u>	<u>0 to \$46.65 maximum</u>

District employs winter averaging for wastewater usage?  Yes  No

Total water and wastewater charges per 10,000 gallons usage (including surcharges) \$ 106.76

3. Standby Fees: Does the District assess standby fees?
- Yes \_\_\_\_\_ No x If yes, specify amount and basis of the assessment.
- \$ - Per Lot \$ - Per Acre \$ - Other of Non-Uniform Rate
- (Check One) \_\_\_\_\_ Per Lot \_\_\_\_\_ Per Acre \_\_\_\_\_ Per Month
- Percent allocated to: General Fund \_\_\_\_\_ %
- Debt Service \_\_\_\_\_ %

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
SERVICES AND RATES (continued)  
FOR THE YEAR ENDED MARCH 31, 2019**

Have the standby fees been approved by the Texas Water Commission:  
\_\_\_\_\_ Yes        x   No

Have standby fees been levied in accordance with Water Code Section 50.056,  
thereby, Constituting a lien on property:      Yes \_\_\_\_\_  
No   x  

4. Total water consumption during the fiscal year:

Gallons pumped into system:        409,574,800    
Gallons billed to customers:        320,780,400  

5. Number of retail water and/or wastewater\* connections within the District as of the fiscal year end.

Connections	Active Connections	Inactive** Connections
Single Family	<u>  6,165  </u>	<u>  1,012  </u>
Multi-Family	<u>    67  </u>	<u>    5  </u>
Commercial	<u>   301  </u>	<u>   76  </u>
Other - Recreational Centers, Gov & VFD	<u>    33  </u>	<u>    4  </u>
TOTAL	<u>  6,566  </u>	<u>  1,097  </u>

\* Number of connections relates to water service, if provided. Otherwise, the number of wastewater connections should be provided.

\*\* "Inactive" means that water and wastewater connections were made, but service is not being provided.

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
SERVICES AND RATES (continued)  
FOR THE FISCAL YEAR ENDED MARCH 31, 2020**

6. Anticipated sources of funds to be used for debt service payments in the District's following years:

a. Debt Service Tax Receipts	\$ -
b. Surplus Construction Funds	-
c. Water Revenue	6,351,996
d. Standby Fees	-
e. Debt Service Fund Balance to be Used	857,318
f. Interest Revenues	75,869
g. Other (Describe)	-
<b>TOTAL ANTICIPATED FUNDS TO BE USED</b>	<u><u>\$ 7,285,182</u></u>

7. Location of District:

County(ies) in which District is located.

Henderson

Is the District located entirely within one county?

Yes  No

Is the District located within a city?

Entirely  Partly  Not at all

City(ies) in which district is located.

Gun Barrel City, Enchanted Oaks, Payne Springs

Is the district located within a city's extraterritorial jurisdiction (ETJ)?

Entirely  Partly  Not at all

ETJ's in which District is located.

Gun Barrel City, Payne Springs, Enchanted Oaks, Mabank

Is the general membership of the Board appointed by an office outside the District?

Yes  No

If Yes, by whom? N/A

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
SCHEDULE OF RATES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2020  
(unaudited)**

<u>Resident Rates:</u>			
Water:	5/8" Meter	\$ 19.76	Base charge
		3.86	0-3,000 Gallons
		4.11	3,001-10,000 Gallons
	3/4" Meter	4.36	over 10,000 Gallons
		27.32	Base charge
		3.86	0-3,000 Gallons
Wastewater:	5/8" Meter	4.11	3,001-10,000 Gallons
		4.36	over 10,000 Gallons
		\$ 26.94	Base charge
	3/4" Meter	4.15	per 1,000 Gallons
		46.65	Maximum
		38.62	Base charge
	4.15	per 1,000 Gallons	
	92.80	Maximum	

<u>Commercial Rates:</u>				
Water:	3/4" Meter	\$ 27.32	Base charge	
		3.86	per 1,000 Gallons	
	1" Meter	42.39	Base charge	
		3.86	per 1,000 Gallons	
	1 1/2" Meter	80.13	Base charge	
		3.86	per 1,000 Gallons	
	2" Meter	125.40	Base charge	
		3.86	per 1,000 Gallons	
	3" Meter	246.12	Base charge	
		3.86	per 1,000 Gallons	
	4" Meter	341.91	Base charge	
		3.86	per 1,000 Gallons	
	Wastewater:	3/4" Meter	\$ 38.62	Base charge
			4.15	per 1,000 Gallons
1" Meter		61.98	Base charge	
		4.15	per 1,000 Gallons	
1 1/2" Meter		120.37	Base charge	
		4.15	per 1,000 Gallons	
2" Meter		190.45	Base charge	
		4.15	per 1,000 Gallons	
3" Meter	377.31	Base charge		
	4.15	per 1,000 Gallons		
4" Meter	587.54	Base charge		
	4.15	per 1,000 Gallons		



**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
 SCHEDULE OF EXPENSES - PROPRIETARY FUND  
 FOR THE FISCAL YEAR ENDED MARCH 31, 2020**

Current:		
Personnel		
	(Including Benefits)	\$ 1,675,515
Professional Fees:		
	Auditing	12,000
	Engineering	1,050
	Other	5,014
Purchased Services for Resale:		
	Bulk Water & Sewer Service Purchases	426,309
Contracted Services:		
	Other Contracted Services	-
Utilities		269,139
Repairs and Maintenance		1,132,626
Administrative Expenses:		
	Office Supplies	73,379
	Insurance	24,507
Other Expenses		<u>259,662</u>
	TOTAL EXPENSES	<u><u>\$ 3,879,201</u></u>

Number of persons employed by the District:	<u>34</u>	Full Time
	<u>-</u>	Part Time

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
SCHEDULE OF INVESTMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2020**

<u>Item</u>	<u>Account Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balances at End of Year</u>
<b>Unrestricted:</b>				
Operating Checking	11006733	0.10%	N/A	\$ 521,505
Cash on Hand				580
Payroll Checking	11020924	-	N/A	19,694
Managers Account Checking	11020916	-	N/A	1,344
Money Market Checking				
Emergency - Special	13640908	0.57%	N/A	193,362
Certificate of Deposit				
Improvement Fund	177000430	2.30%	6/27/2020	722,375
Certificate of Deposit				
Emergency Fund	210912	1.75%	11/4/2020	98,861
Certificate of Deposit				
Operating Reserve	177000353	2.00%	6/23/2020	111,549
Certificate of Deposit				
Emergency Fund	230723	1.85%	8/28/2020	408,962
Certificate of Deposit				
Emergency Fund	228801	1.75%	4/14/2020	98,910
Money Market Checking				
Operating Reserve	2154226	0.10%	N/A	1,150,677
				<u>1,150,677</u>
	<b>Total Unrestricted</b>			<b>\$ 3,327,819</b>
				<u>\$ 3,327,819</u>
<b>Restricted:</b>				
Certificate of Deposit				
Debt Service	10007278	0.150%	9/12/2020	824,324
Money Market Checking				
Bond System Fund Reserve	11028554	0.10%	N/A	32,994
2018 Bonds Fund	1801228	0.55%	N/A	987,648
	<b>Total Restricted</b>			<b>1,844,966</b>
				<u>1,844,966</u>
<b>TOTAL INVESTMENTS</b>				<b>\$ 5,172,785</b>
				<u>\$ 5,172,785</u>

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
ANALYSIS OF CHANGES IN FIXED ASSETS AND INTANGIBLE ASSETS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2020  
(unaudited)**

	Balance 3/31/19	Additions	Other Additions Deletions, Reclassifications	Balance 3/31/20
<u>Physical Facilities:</u>				
Land	\$ 482,051	\$ -	\$ -	\$ 482,051
Bldgs. & Improvements	273,041	-	-	273,041
Infrastructure	38,388,523	607,178	-	38,995,701
Machinery & Equipment	1,285,137	171,361	-	1,456,498
Construction In Progress	646,195	1,744,106	-	2,390,301
Total Fixed Assets	<u>\$ 41,074,947</u>	<u>\$ 2,522,645</u>	<u>\$ -</u>	<u>\$ 43,597,592</u>

<u>Amounts Provided By:</u>				
General Revenues	\$ 9,517,901	\$ 221,836	\$ -	\$ 9,739,737
Bond Proceeds	30,998,295	2,300,809	-	33,299,104
Government Grants	558,751	-	-	558,751
Total Amounts Provided	<u>\$ 41,074,947</u>	<u>\$ 2,522,645</u>	<u>\$ -</u>	<u>\$ 43,597,592</u>

<u>Organizational Costs:</u>				
Election Costs	\$ 674	\$ -	\$ -	\$ 674
Fees, Permits, Etc.	754	-	-	754
Legal Fees	42,305	-	-	42,305
Operating Costs	34,683	-	-	34,683
Bond Issue Expense	21,173	-	-	21,173
Bond Interest Expense	100,000	-	-	100,000
Interest on Investment	(108,889)	-	-	(108,889)
Contribution	(223)	-	-	(223)
Total Intangible Assets	<u>\$ 90,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,477</u>

<u>Amounts Provided By:</u>				
General Revenues	\$ (9,523)	\$ -	\$ -	\$ (9,523)
Bond Proceeds	100,000	-	-	100,000
Total Amounts Provided	<u>\$ 90,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,477</u>

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
REVENUE BONDS PAYABLE - BY YEARS  
FOR THE YEAR ENDED MARCH 31, 2020**

Annual Requirements for All Series			
Due During Fiscal Year Ending	Principal Due Jan/July	Interest Due Jan/July	Total
2021	1,190,000	443,059	1,633,059
2022	1,235,000	397,535	1,632,535
2023	1,105,000	349,208	1,454,208
2024	1,155,000	306,520	1,461,520
2025	815,000	260,266	1,075,266
2026	760,000	235,200	995,200
2027	680,000	211,357	891,357
2028	705,000	191,305	896,305
2029	680,000	170,408	850,408
2030	705,000	148,958	853,958
2031	730,000	126,070	856,070
2032	600,000	102,370	702,370
2033	625,000	83,727	708,727
2034	510,000	64,050	574,050
2035	530,000	47,476	577,476
2036	285,000	30,250	315,250
2037	295,000	20,631	315,631
2038	305,000	10,675	315,675
	<u>\$ 12,910,000</u>	<u>\$ 3,199,061</u>	<u>\$ 16,109,061</u>

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
 REVENUE BONDS PAYABLE - BY YEARS  
 FOR THE YEAR ENDED MARCH 31, 2020**

Series 2001

Due During Fiscal Year Ending	Principal Due January 1	Interest Due July 1	Interest Due January 1	Total
2021	-	2,691	2,691	5,381
2022	-	2,691	2,691	5,381
2023	-	2,691	2,691	5,381
2024	-	2,691	2,691	5,381
2025	-	2,691	2,691	5,381
2026	105,000	2,691	2,691	110,381
	<u>\$ 105,000</u>	<u>\$ 16,144</u>	<u>\$ 16,144</u>	<u>\$ 137,288</u>

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
REVENUE BONDS PAYABLE - BY YEARS  
FOR THE YEAR ENDED MARCH 31, 2020**

Series 2004

Due During Fiscal Year Ending	Principal Due January 1	Interest Due January 1	Interest Due July 1	Total
2021	340,000	13,871	13,871	367,742
2022	345,000	6,987	6,987	358,974
	<u>\$ 685,000</u>	<u>\$ 20,858</u>	<u>\$ 20,858</u>	<u>\$ 726,716</u>

Series 2004A

Due During Fiscal Year Ending	Principal Due January 1	Interest Due January 1	Interest Due July 1	Total
2021	90,000	9,496	9,496	108,992
2022	90,000	7,786	7,786	105,572
2023	95,000	6,054	6,054	107,108
2024	100,000	4,178	4,178	108,356
2025	105,000	2,153	2,153	109,306
	<u>\$ 480,000</u>	<u>\$ 29,667</u>	<u>\$ 29,667</u>	<u>\$ 539,334</u>

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
REVENUE BONDS PAYABLE - BY YEARS  
FOR THE YEAR ENDED MARCH 31, 2020**

Series 2007

Due During Fiscal Year Ending	Principal Due July 1	Interest Due January 1	Interest Due July 1	Total
2021	40,000	5,125	5,125	50,250
2022	40,000	4,540	4,540	49,080
2023	40,000	3,945	3,945	47,890
2024	45,000	3,302	3,302	51,604
2025	45,000	2,616	2,616	50,232
2026	45,000	1,924	1,924	48,848
2027	50,000	1,181	1,181	52,362
2028	50,000	-	785	50,785
	<u>\$ 355,000</u>	<u>\$ 22,633</u>	<u>\$ 23,418</u>	<u>\$ 401,051</u>



**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
REVENUE BONDS PAYABLE - BY YEARS  
FOR THE YEAR ENDED MARCH 31, 2020**

Series 2011A

Due During Fiscal Year Ending	Principal Due January 1	Interest Due January 1	Interest Due July 1	Total
2021	355,000	37,540	37,540	430,080
2022	380,000	30,219	30,219	440,438
2023	430,000	22,144	22,144	474,288
2024	445,000	12,469	12,469	469,938
2025	80,000	1,900	1,900	83,800
	<u>\$ 1,690,000</u>	<u>\$ 104,272</u>	<u>\$ 104,272</u>	<u>\$ 1,898,544</u>

Series 2011B

Due During Fiscal Year Ending	Principal Due January 1	Interest Due January 1	Interest Due July 1	Total
2021	105,000	23,950	23,950	152,900
2022	110,000	22,638	22,638	155,276
2023	110,000	20,988	20,988	151,976
2024	115,000	19,338	19,338	153,676
2025	120,000	17,469	17,469	154,938
2026	125,000	15,519	15,519	156,038
2027	130,000	13,331	13,331	156,662
2028	135,000	11,056	11,056	157,112
2029	140,000	8,525	8,525	157,050
2030	145,000	5,900	5,900	156,800
2031	150,000	3,000	3,000	156,000
	<u>\$ 1,385,000</u>	<u>\$ 161,714</u>	<u>\$ 161,714</u>	<u>\$ 1,708,428</u>

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
REVENUE BONDS PAYABLE - BY YEARS  
FOR THE YEAR ENDED MARCH 31, 2020**

Series 2013

Due During Fiscal Year Ending	Principal Due January 1	Interest Due January 1	Interest Due July 1	Total
2021	80,000	20,638	20,638	121,276
2022	85,000	19,438	19,438	123,876
2023	85,000	18,163	18,163	121,326
2024	90,000	16,888	16,888	123,776
2025	95,000	15,538	15,538	126,076
2026	95,000	14,113	14,113	123,226
2027	100,000	12,688	12,688	125,376
2028	105,000	11,188	11,188	127,376
2029	110,000	9,613	9,613	129,226
2030	115,000	7,963	7,963	130,926
2031	120,000	6,094	6,094	132,188
2032	125,000	4,144	4,144	133,288
2033	130,000	2,113	2,113	134,226
	<u>\$ 1,335,000</u>	<u>\$ 158,581</u>	<u>\$ 158,581</u>	<u>\$ 1,652,162</u>

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
REVENUE BONDS PAYABLE - BY YEARS  
FOR THE YEAR ENDED MARCH 31, 2020**

Series 2015

Due During Fiscal Year Ending	Principal Due January 1	Interest Due January 1	Interest Due July 1	Total
2021	150,000	43,938	43,938	237,876
2022	155,000	40,938	40,938	236,876
2023	160,000	37,838	37,838	235,676
2024	165,000	36,238	36,238	237,476
2025	170,000	34,485	34,485	238,970
2026	180,000	32,572	32,572	245,144
2027	185,000	30,322	30,322	245,644
2028	195,000	27,547	27,547	250,094
2029	200,000	24,622	24,622	249,244
2030	210,000	21,622	21,622	253,244
2031	220,000	18,472	18,472	256,944
2032	225,000	15,172	15,172	255,344
2033	235,000	11,797	11,797	258,594
2034	245,000	8,125	8,125	261,250
2035	255,000	4,144	4,144	263,288
	<u>\$ 2,950,000</u>	<u>\$ 387,832</u>	<u>\$ 387,832</u>	<u>\$ 3,725,663</u>

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
REVENUE BONDS PAYABLE - BY YEARS  
FOR THE YEAR ENDED MARCH 31, 2020**

Series 2018				
Due During Fiscal Year Ending	Principal Due January 1	Interest Due January 1	Interest Due July 1	Total
2021	30,000	64,281	64,281	158,563
2022	30,000	63,531	63,531	157,063
2023	185,000	62,781	62,781	310,563
2024	195,000	58,156	58,156	311,313
2025	200,000	53,281	53,281	306,563
2026	210,000	50,781	50,781	311,563
2027	215,000	48,156	48,156	311,313
2028	220,000	45,469	45,469	310,938
2029	230,000	42,444	42,444	314,888
2030	235,000	38,994	38,994	312,988
2031	240,000	35,469	35,469	310,938
2032	250,000	31,869	31,869	313,738
2033	260,000	27,963	27,963	315,925
2034	265,000	23,900	23,900	312,800
2035	275,000	19,594	19,594	314,188
2036	285,000	15,125	15,125	315,250
2037	295,000	10,316	10,316	315,631
2038	305,000	5,338	5,338	315,675
	<u>\$ 3,925,000</u>	<u>\$ 697,447</u>	<u>\$ 697,447</u>	<u>\$ 5,319,894</u>

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
ANALYSIS OF CHANGES IN REVENUE BONDS PAYABLE  
REVENUE BONDS PAYABLE - BY SERIES  
AS OF MARCH 31, 2020**

	Bond Issues									Total
	Series 2001	Series 2004	Series 2004A	Series 2007	Series 2011A	Series 2011B	Series 2013	Series 2015	Series 2018	
Interest Rate	4% - 5.125%	4.05%	1.45% - 4.10%	2.55% - 3.15%	2% - 4.75%	2.5% - 4.5%	3% - 3.25%	2.00% - 4.00%	3.50% - 5.00%	
Date Interest Payable	1-1/7-1	1-1/7-1	1-1/7-1	1-1/7-1	1-1/7-1	1-1/7-1	1-1/7-1	1-1/7-1	1-1/7-1	
Maturity Dates	01/01/03 to 01/01/26	01/01/05 to 01/01/22	03/31/06 to 03/31/25	01/01/08 to 03/31/28	07/01/2011 to 01/01/2025	01/01/2013 to 01/01/2031	07/01/2013 to 01/01/2033	01/01/2016 to 07/01/2035	01/01/2018 to 07/01/2039	
Bonds Outstanding at Beginning of Current Year	\$ 105,000	\$ 975,000	\$ 565,000	\$ 395,000	\$ 2,090,000	\$ 1,485,000	\$ 1,410,000	\$ 3,095,000	\$ 3,940,000	\$ 14,060,000
Retirements: Principal	-	290,000	85,000	40,000	400,000	100,000	75,000	145,000	15,000	1,150,000
Bonds Outstanding at End of Current Year	\$ 105,000	\$ 685,000	\$ 480,000	\$ 355,000	\$ 1,690,000	\$ 1,385,000	\$ 1,335,000	\$ 2,950,000	\$ 3,925,000	\$ 12,910,000
Retirements: Current Year Interest	\$ 5,381	\$ 39,488	\$ 22,138	\$ 11,400	\$ 91,081	\$ 50,400	\$ 43,525	\$ 93,675	\$ 129,313	\$ 486,401
Paying Agent's Name and Address:	The Bank of New York Trust Company of Florida N.A. 600 N. Pearl Street Suite 420 Dallas, TX 75201 (Series 2001, 2004A, 2007)			Bank of America, N.A. 901 Main 7th Floor Dallas, TX 75201 (Series 2004)		Bank of New York Mellon Trust Company, N.A. 2001 Bryan St. 11th Floor Dallas, TX 75201 (Series 2011, 2011A & 2011B)				
Bond Authority: Amount Authorized	\$5,970,000	\$5,175,000	\$1,500,000	\$730,000	\$6,740,000	\$1,760,000	\$1,435,000	\$3,095,000	\$3,940,000	\$30,345,000
Amount Issued	\$5,970,000	\$5,175,000	\$1,500,000	\$730,000	\$6,740,000	\$1,760,000	\$1,435,000	\$3,095,000	\$3,940,000	\$30,345,000

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
SCHEDULE OF INSURANCE COVERAGE  
FOR THE YEAR ENDED MARCH 31, 2020  
(unaudited)**

<u>Type of Coverage</u>	<u>From</u>	<u>To</u>	<u>Amount of Coverage</u>	<u>Insurer</u>	<u>Type of Corp. Stock/Mutual</u>
Position Schedule Bond: Board of Directors (6) Board Treasurer (1)	6/1/2019	6/1/2020	\$10,000 \$10,000 \$10,000	Victor Schinnerer	Stock
Workers Compensation:	10/1/2019	10/1/2020		TML Intergovernmental Risk Pool	
Bodily Injury: By Accident By Disease By Disease			\$100,000 Each Accident \$100,000 Each Employee \$500,000 Policy Limit	TML Intergovernmental Risk Pool Contract 5546	Pool
Public Employee Dishonesty:	10/1/2018	10/1/2020	\$10,000 Limit	TML Intergovernmental	
Real and Personal Property:	10/1/2018	10/1/2020	\$11,374,583	Risk Pool Contract 5546	Pool
Fire, Lightening and Extended Coverage			\$10,000,000		
Deductible			\$1,000		
Blanket Limit			\$10,000,000		
Mobile Equipment			474429		
Deductible			\$1,000		
Boiler and Machinery			\$3,423,440		
Deductible			\$1,000		
Sublimits:					
Valuable Papers			\$10,000		
Accounts Receivable			\$10,000		
Loss of Revenues			\$50,000		
Personal Effects			\$5,000		
Leasehold Interest			\$5,000		
Outdoor Trees and Shrubs (\$250 each)			\$10,000		
Newly Acquired Property			\$1,000,000		
Pollutant Cleanup and Removal			\$20,000 each premises		

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
SCHEDULE OF INSURANCE COVERAGE (continued)  
FOR THE YEAR ENDED MARCH 31, 2020  
(unaudited)**

<u>Type of Coverage</u>	<u>From</u>	<u>To</u>	<u>Amount of Coverage</u>	<u>Insurer</u>	<u>Stock/Mutual</u>
Commercial General Liability:	10/1/2019	10/1/2020	\$1,000,000 Each Occurrence	TML Intergovernmental Risk Pool Contract 5546	Pool
General Aggregate Limit			\$2,000,000 Annual		
Sudden Events Involving Pollution			\$1,000,000 Each Occurrence		
Deductible			\$1,000 Each Occurrence		
Commercial Auto:	10/1/2019	10/1/2020		TML Intergovernmental Risk Pool Contract 5546	Pool
Liability			\$1,000,000 Each Occurrence		
Medical			\$25,000 Each Person		
Deductible			\$1,000 Each Occurrence		
Errors and Omissions:	10/1/2019	10/1/2020		TML Intergovernmental Risk Pool Contract 5546	Pool
Liability			\$1,000,000 Each Act		
Deductible			\$2,000,000 Aggregate \$1,000 Each Act		
Auto Physical Damage:	10/1/2019	10/1/2020		TML Intergovernmental Risk Pool Contract 5546	Pool
Limits of Coverage			Actual Cash Value		
Deductible			\$1,000 Per Vehicle		
Deductible			\$10,000 Each Occurrence		
Information Security and Privacy Liability	10/1/2019	10/1/2020		TML Intergovernmental Risk Pool Contract 5546	Pool
Website Media Content Liability					
Limits of Coverage			\$1,000,000 Aggregate		
Deductible			\$0 Each Claim		

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT**  
**SCHEDULE OF INSURANCE COVERAGE (continued)**  
**FOR THE YEAR ENDED MARCH 31, 2020**  
**(unaudited)**

Privacy Breach Response Services	10/1/2019	10/1/2020		TML Intergovernmental Risk Pool Contract 5546	Pool
Limits of Coverage			\$25,000 Aggregate		
Deductible			\$1,250 Each Incident		
Regulatory Defense and Penalties	10/1/2019	10/1/2020		TML Intergovernmental Risk Pool Contract 5546	Pool
Payment Card Industry Fines, Expenses and Costs					
Cyber Extortion					
First Party Data Protection					
First Party Network Business Interruption					
Limits of Coverage			\$50,000 Aggregate		
Deductible			\$2,500 Each Claim		
Loss of Income Deductible			\$5,000 Each Claim		



**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
 KEY PERSONNEL AND CONSULTANTS  
 FOR THE YEAR ENDED MARCH 31, 2020  
 (unaudited)**

East Cedar Creek Fresh Water Supply District  
 P. O. Box 309  
 Mabank, Texas 75147  
 (903) 887-7200

<u>Name and Address</u>	<u>Term of Office Elected/Expires or Date Hired</u>	<u>Fees &amp; Expense Reim- bursement</u>	<u>Title at End of Year</u>	<u>Resident of District</u>
Key Administrative Personnel:				
Bill Goheen	September, 2004	\$ 97,291	Manager	Yes
Consultants:				
KSA Engineers	2010	86,342	Engineer	No
Mike Ward, CPA	2020	12,000	Auditor	No
Mark H Zeppa	2007	-	Attorney	No
Paul Terrill	2019	-	Attorney	No

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED MARCH 31, 2020

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Section I - Summary of Auditor's Results

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*Financial Statements*

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____	Yes <u>  x  </u>	No
Reportable condition(s) identified that are not considered to be material weaknesses?	<u>  x  </u>	Yes _____	No
Noncompliance material to financial statements noted?	_____	Yes <u>  x  </u>	No

*Federal Awards*

Identification of major programs:	None		
Dollar threshold used to identify major programs:	\$750,000		
Auditee qualified as low-risk auditee?	_____	Yes <u>  n/a  </u>	No

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Section II - Financial Statement Findings

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No Matters Reported

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Section III - Federal Awards Findings and Questioned Costs

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N/A

REPORT OF CERTIFIED PUBLIC ACCOUNTANT

THE STATE OF TEXAS                                 §  
  §  
COUNTY OF HENDERSON                         §

I, the undersigned, Mike Ward Accounting and Financial Consulting, PLLC, DO HEREBY MAKE the following report:

- 1) According to the books and records of the Waterworks and Sewer System ("System") of the East Cedar Creek Fresh Water Supply District, the gross revenues, operation and maintenance expense, net earnings, 2020 debt requirements and times coverage of the System for the fiscal year ending March 31, 2020 are as follows:

<u>Gross Revenues</u>	<u>Maintenance and Operating Expenses</u>	<u>Net Revenues</u>	<u>2020 Debt Requirements</u>	<u>Times Coverage</u>
<u>\$ 6,351,996</u>	<u>\$ 3,879,201</u>	<u>\$ 2,472,795</u>	<u>\$1,633,061</u>	<u>1.51</u>

- 2) In my opinion, the net earnings of the System for such fiscal year are equal to at least 1.51 times the annual principal and interest requirements of the outstanding debt of the East Cedar Creek Fresh Water Supply District at March 31, 2020.

Mike Ward Accounting & Financial Consulting, PLLC  
Certified Public Accountant

By: \_\_\_\_\_

SWORN TO AND SUBSCRIBED BEFORE ME, this the \_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Notary Public, State of Texas

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
DEBT COVERAGE RATIO  
FOR THE YEAR ENDED MARCH 31, 2020**

Annual Requirements for All Series

Fiscal Year Ending	Principal Due Jan/July	Interest Due Jan/July	Total
2021	1,190,000	443,059	1,633,059
2022	1,235,000	397,535	1,632,535
2023	1,105,000	349,208	1,454,208
2024	1,155,000	306,520	1,461,520
2025	815,000	260,266	1,075,266
2026	760,000	235,200	995,200
2027	680,000	211,357	891,357
2028	705,000	191,305	896,305
2029	680,000	170,408	850,408
2030	705,000	148,958	853,958
2031	730,000	126,070	856,070
2032	600,000	102,370	702,370
2033	625,000	83,727	708,727
2034	510,000	64,050	574,050
2035	530,000	47,476	577,476
2036	285,000	30,250	315,250
2037	295,000	20,631	315,631
2038	305,000	10,675	315,675
	<u>\$ 12,910,000</u>	<u>\$ 3,199,061</u>	<u>\$ 16,109,061</u>

\$16,109,061 / 18 = \$894,948 Average Yearly Payments

\$ 800,568	Increase in Net Position
1,264,638	Depreciation & Amortization Expense
<u>487,393</u>	Bond Interest Expense & Issuance Costs

\$ 2,552,598 Net Revenue for Debt Coverage

\$2,552,598 Net Revenue for Debt Coverage / \$894,948 Average Yearly Payment

2.85 Total Debt Ratio



**STATISTICAL INFORMATION**  
(Unaudited)

## STATISTICAL SECTION (unaudited)

This part of the East Cedar Creek Fresh Water Supply Districts' Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and supplementary information says about the Water Supply District' overall financial health. This information has not been audited by the independent auditor.

<b><u>Contents</u></b>	<b>Table #s</b>
<b>Financial Trends</b> This table contains trend information to help the reader understand how the Water Supply's financial performance and well-being have changed over time.	1
<b>Debt Capacity</b> This table presents information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	2
<b>Economic and Demographic Information</b> This table offers economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place.	3
<b>Operating Information</b> These tables contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides.	4,5,6

**Source:** Unless otherwise noted, the information in these tables are derived from the Comprehensive Annual Financial Reports for the relevant year.

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
(accrual basis of accounting)  
(unaudited)

**Table 1**

	FISCAL YEAR				
	2011	2012	2013	2014	2015
Business-type activities					
Net investment in capital assets	\$ 7,598,738	\$ 7,239,272	\$ 8,526,582	\$ 8,835,168	\$ 9,291,769
Restricted	978,000	990,000	1,312,328	1,454,390	1,378,063
Unrestricted	1,400,508	2,634,042	817,914	1,040,943	1,055,102
Total business-type activities net position	<u>\$ 9,977,246</u>	<u>\$ 10,863,314</u>	<u>\$ 10,656,824</u>	<u>\$ 11,330,501</u>	<u>\$ 11,724,934</u>

	FISCAL YEAR				
	2016	2017	2018	2019	2020
Business-type activities					
Net investment in capital assets	\$ 9,771,372	\$ 10,230,453	\$ 11,174,083	\$ 11,529,630	\$ 11,638,818
Restricted	1,566,290	1,370,620	649,816	836,577	857,318
Unrestricted	920,514	1,622,292	2,032,737	2,134,926	2,705,112
Total business-type activities net position	<u>\$ 12,258,176</u>	<u>\$ 13,223,364</u>	<u>\$ 13,856,636</u>	<u>\$ 14,501,133</u>	<u>\$ 15,201,248</u>

- The restricted assets for the District are comprised of legally required fund balances per debt
- The District's assets consist primarily of water treatment and distribution facilities.



**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
 PLEDGED-REVENUE COVERAGE  
 LAST TEN FISCAL YEARS  
 (unaudited)**

**Table 2**

<u>Fiscal Year</u>	<u>Total Revenues <sup>a</sup></u>	<u>Less: Operating Expenses <sup>b</sup></u>	<u>Net Available Revenue</u>	<u>Annual Requirements</u>	<u>Times Coverage</u>
2011	5,082,369	3,016,271	2,066,098	1,397,312	1.48
2012	5,252,760	3,030,537	2,222,223	1,639,596	1.36
2013	5,298,050	3,350,768	1,947,282	1,480,719	1.32
2014	5,368,522	3,257,985	2,110,537	1,476,841	1.43
2015	5,164,633	3,350,719	1,813,914	1,511,085	1.20
2016	5,526,763	3,417,633	2,109,130	1,536,038	1.38
2017	5,787,957	3,554,344	2,233,613	1,627,816	1.37
2018	5,932,194	3,551,444	2,380,750	1,633,227	1.46
2019	6,044,788	3,676,234	2,368,554	1,736,264	1.36
2020	6,351,996	3,879,201	2,472,795	1,633,061	1.51

**Note:** <sup>a</sup> Total Revenues do not include non-operating revenues  
<sup>b</sup> Operating Expenses only - excludes depreciation and amortization

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
TEN LARGEST WATER CUSTOMERS  
MARCH 31, 2020  
(unaudited)**

**Table 3**

<u>Customer</u>	<u>Water Billings</u>	<u>% of Total Customer Usage</u>	<u>Gallons Consumed</u>
Express Car Wash	\$ 8,560	0.61% #	1,943,000
Wal-Mart	10,404	0.58%	1,850,800
Lowe's	7,975	0.52%	1,654,200
Saubaba Hotels LLC	7,693	0.49%	1,579,200
Silverleaf at GBC	7,481	0.48%	1,522,600
Jalapeno Tree Mexican	6,878	0.47%	1,509,900
Stephen Hudson	6,373	0.44%	1,396,600
Dakai Ye China Café Restaurant	6,208	0.42%	1,356,100
Hootin Holler	6,051	0.36%	1,142,300
Executive Inn	4,887	0.31%	1,001,500
		<u>4.68%</u>	<u>14,956,200</u>
Total Customer Consumption		<u>100.00%</u>	<u>319,769,740</u>

**Source:** East Cedar Creek Water Supply District's service records

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
 FULL-TIME EQUIVALENT EMPLOYEES BY  
 FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (unaudited)**

**Table 4**

Function / Program	MARCH 31									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Management	3	3	3	4	4	4	4	4	4	4
Utility Administration	4	4	4	4	4	4	4	4	4	4
Water Systems Operations	3	3	3	3	3	3	3	4	4	4
Field Operations	17	17	17	17	17	17	17	17	15	15
WWTR Systems Operations	5	5	4	5	5	5	5	5	5	5

**Source:** Staff

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
 OPERATING INDICATORS BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (unaudited)**

**Table 5**

Function	MARCH 31				
	2011	2012	2013	2014	2015
Number of water customers	5,549	6,347	6,297	6,340	6,367
Number of services added	40	40	40	30	18
Average daily water consumption	883,280	999,968	976,127	974,354	869,617
Month of peak consumption	September	September	July	September	September
Peak monthly consumption (gallons)	36,737,400	47,507,900	43,288,400	48,398,536	35,736,400
Maximum storage capacity	2,137,000	2,137,000	2,137,000	2,137,000	2,137,000

Function	MARCH 31				
	2016	2017	2018	2019	2020
Number of water customers	6,398	6,416	6,458	6,529	6,566
Number of services added	10	16	55	52	70
Average daily water consumption	919,346	880,626	889,102	920,513	878,146
Month of peak consumption	August	July	Sept	July	Aug
Peak monthly consumption (gallons)	44,788,100	47,252,000	41,309,000	50,781,000	53,411,000
Maximum storage capacity	2,137,000	2,137,000	2,137,000	2,137,000	2,137,000

**Source:** East Cedar Creek Water Supply District's service records

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
 CAPITAL ASSET STATISTICS BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (unaudited)**

**Table 6**

<b>Function</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Miles of pipeline	145	160	160	160	160
Treatment Plants - Water	2	2	2	2	2
Treatment Plants - Wastewater	2	2	2	2	2

<b>Function</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Miles of pipeline	160	212.7	212.7	212.7	212.7
Treatment Plants - Water	2	2	2	2	2
Treatment Plants - Wastewater	2	2	2	2	2

**Source:** East Cedar Creek Water Supply District's service records