

**PRELIMINARY OFFICIAL STATEMENT DATED MAY 6, 2021**

**Standard & Poor's: "Applied For"**  
**(See "RATINGS" and "BOND INSURANCE")**

**NEW ISSUE -BOOK-ENTRY ONLY**

In the opinion of Bond Counsel (defined herein), assuming continuing compliance by the Authority (defined hereinafter) after the date of initial delivery of the Bonds (defined herein) with certain covenants contained in the Resolution (defined herein) and subject to the matters described under "TAX MATTERS" herein, interest on the Bonds under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof for federal income tax purposes under section 103 of the Internal Revenue Code, as amended to the date of initial delivery of the Bonds, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. See "TAX MATTERS" herein.

**CANYON REGIONAL WATER AUTHORITY**  
**(A political subdivision of the State of Texas located within**  
**Atascosa, Bexar, Caldwell, Comal, Guadalupe, Hays, Medina and Wilson Counties, Texas)**

**\$13,870,000\***

**TAX-EXEMPT CONTRACT REVENUE REFUNDING BONDS**  
**(WELLS RANCH I PROJECT), SERIES 2021**

**Dated: May 1, 2021**

**Due: August 1, as shown on the inside front cover page**

The \$13,870,000\* Canyon Regional Water Authority Tax-Exempt Contract Revenue Refunding Bonds (Wells Ranch I Project), Series 2021 (the "Bonds"), are being issued pursuant to the provisions of (i) the Constitution and general laws of the State of Texas, including particularly the Special Act (as defined herein), Chapter 49 and certain provisions of Chapter 65, Texas Water Code, as amended, and Chapters 1207 and 1371, Texas Government Code, as amended, and (ii) a resolution authorizing the Bonds (the "Resolution"), to be adopted by the Board of Trustees (the "Board") of Canyon Regional Water Authority (the "Authority" or the "Issuer") on May 10, 2021. The Board, in the Resolution, will delegate the authority to certain Authority officials to execute an approval certificate (the "Approval Certificate") establishing the final sale terms for the Bonds. Interest on the Bonds will accrue from the Dated Date, will be computed on the basis of a 360-day year composed of twelve 30-day months, and will be payable on February 1 and August 1 of each year, commencing February 1, 2022, until stated maturity or prior redemption.

The Bonds are special obligations payable as to principal and interest from, and secured (together with any Bonds Similarly Secured (as defined in the Resolution) currently outstanding or hereafter issued by the Authority) solely by, a lien on and pledge of the Special Payments (being the Annual Payments as defined in the Contract) to be paid to the Authority by (1) the City of San Antonio, Texas, acting by and through San Antonio Water System ("SAWS"), (2) Green Valley Special Utility District, (3) the City of Cibolo, Texas, (4) the City of Marion, Texas, (5) Crystal Clear Special Utility District, (6) Springs Hill Water Supply Corporation and (7) East Central Special Utility District (collectively, the "Participating Members") pursuant to the Contract (defined herein). SAWS is not a member of the Authority but a Participating Member pursuant to Amendment No. 3 to the Contract. The Bonds are also secured by a pledge of the money in all Funds (defined herein) created, established, and maintained by the Resolution. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority, including the System (defined herein) or of the Participating Members (or the respective utility systems of the Participating Members), and the registered owner of a Bond shall never have the right to demand payment of the Bonds from any other sources or properties of the Authority, any Participating Member, or the State of Texas. The Bonds are not payable from or secured by any other revenue of the Authority, or any other entity (including any Participating Member), and the Authority is not authorized to levy any ad valorem tax for any purpose, including in payment of the Bonds or any other Bonds Similarly Secured. The Authority reserves the right to issue Additional Bonds, Prior Lien Obligations, Junior Lien Obligations and Inferior Lien Obligations (as such terms are defined in the Resolution) without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise. See "THE BONDS – Future Borrowing" and "– Source of Payment and Security", "APPENDIX F – Selected Provisions of the Resolution" and "APPENDIX G – Actual Contract, as amended" herein.

The Bonds will be issued in registered form in principal denominations of \$5,000 or any integral multiple thereof. The Authority intends to utilize the Book-Entry Only System of the Depository Trust Company, New York, New York ("DTC"), but reserves the right to discontinue the use of such system. Principal of and interest on the Bonds will be payable by UMB Bank, N.A., Austin, Texas (the "Paying Agent/Registrar"), to Cede & Co., as nominee of DTC. Such Book-Entry Only System will affect the method and timing of payment and the method of transfer. See "BOOK-ENTRY ONLY SYSTEM" herein.

Proceeds from the sale of the Bonds will be used for (1) refunding a portion of the Authority's outstanding bonds that were originally issued as Bonds Similarly Secured (the "Refunded Obligations") for debt service savings (see "Schedule I – Schedule of Refunded Obligations"), and (2) paying the costs of issuance of the Bonds. See "PLAN OF FINANCING - Purpose" and "WELLS RANCH PROJECT" herein.

The Issuer has made applications to municipal bond insurance companies to have the payment of the principal of and interest on the Bonds insured by a municipal bond insurance policy. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)

The Authority is considering the issuance of another series of refunding bonds payable from a separate source (and not the Annual Payments) to realize debt service savings. This Official Statement describes only the Bonds and not these other refunding bonds. See "INTRODUCTION" herein.

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**MATURITY SCHEDULE AND BOND TERMS**  
**See Inside Front Cover Page**

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The Bonds are offered for delivery when, as and if issued, subject to approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin and San Antonio, Texas, Bond Counsel. Certain legal matters will be passed upon for the initial purchaser of the Bonds (the "Underwriter") by its counsel, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas. Certain matters will be passed upon for the Authority by the Law Offices of Louis T. Rosenberg, P.C., as General Counsel for the Authority. Certain matters will be passed upon for SAWS by its General Counsel. The Bonds are expected to be available for delivery on or about June 16, 2021 through the services of DTC.

**FHN FINANCIAL CAPITAL MARKETS**

\* Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

**MATURITY SCHEDULE\***  
**\$13,870,000\***  
**CANYON REGIONAL WATER AUTHORITY**  
**TAX-EXEMPT CONTRACT REVENUE REFUNDING BONDS (WELLS RANCH I PROJECT), SERIES 2021**

**CUSIP No. Prefix 139042 <sup>(1)</sup>**

Due	Principal	Interest	Initial	CUSIP	Due	Principal	Interest	Initial	CUSIP
<u>(8/1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Reoffering</u>	<u>No.</u>	<u>(8/1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Reoffering</u>	<u>No.</u>
			<u>Yield</u>	<u>Suffix <sup>(1)</sup></u>				<u>Yield</u>	<u>Suffix <sup>(1)</sup></u>
2022	\$ 590,000				2032	\$ 585,000			
2023	710,000				2033	605,000			
2024	730,000				2034	625,000			
2025	755,000				2035	640,000			
2026	775,000				2036	660,000			
2027	800,000				2037	675,000			
2028	825,000				2038	700,000			
2029	850,000				2039	720,000			
2030	550,000				2040	745,000			
2031	565,000				2041	765,000			

The Bonds maturing on or after August 1, 2031, are subject to optional redemption, in whole or in part, on August 1, 2030, or any date thereafter at the price of par plus accrued interest to such date of redemption. Additionally, the Underwriter may select certain maturities of the Bonds to be grouped together as a term bond, and such term bonds would be subject to mandatory sinking fund redemption. (See "THE BONDS – Redemption" herein.)

<sup>(1)</sup> CUSIP numbers are included solely for the convenience of the owner of the Bonds. CUSIP is a registered trademark of The American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Authority, the Participating Members, the Financial Advisor, or the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.

\* Preliminary, subject to change.

## USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

The information set forth or included in this Official Statement has been provided by the Issuer and from other sources believed by the Issuer and the Underwriter to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the Issuer described herein since the date hereof. The Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

*No dealer, broker, salesman, or other person has been authorized to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Any information or expression of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Issuer or other matters described herein since the date hereof.*

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

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

None of the Authority, the Financial Advisor or the Underwriter make any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company or its Book-Entry-Only System or the Bond Insurer, if any, or its municipal bond insurance policy described herein under the heading "BOND INSURANCE" as such information was provided by DTC and the Bond Insurer respectively.

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

The agreements of the Authority and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE SCHEDULE AND ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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**BOARD OF TRUSTEES**

Name	Sponsoring Member	Years Of Service	Term Expires (May)
Albert Strzelczyk, President	East Central SUD	9	2021
Timothy Fousse, Vice President	City of Cibolo, Texas	2	2022
Doris Steubing, Secretary	Maxwell SUD	2	2022
Mike Taylor, Treasurer	Crystal Clear SUD	7	2022
Marchell Camp-Gebhardt	Crystal Clear SUD	4	2021
Jill Bennett	Green Valley SUD	newly appointed	2022
Jackie Nolte	Green Valley SUD	3	2021
Ted Gibbs	City of Cibolo, Texas	3	2021
Steven Fonville	Martindale WSC	4	2022
James Forssell	Martindale WSC	1	2021
Martin Poore	City of La Vernia, Texas	4	2022
Robert Gregory	City of La Vernia, Texas	7	2021
Doug Spillman	Maxwell SUD	8	2021
Abigaile Maberry	City of Marion, Texas	newly appointed	2022
Victor Contreras	City of Marion, Texas	1	2021
Steve Ramsey	Springs Hill WSC	2	2022
Kathy Bryant	Springs Hill WSC	newly appointed	2021
Doug Schnautz	County Line SUD	4	2022
Daniel Heideman	County Line SUD	1	2021
Randy Schwenn	East Central SUD	newly appointed	2022
Dr. Jerry K. Riley	City of Converse, Texas	3	2022
Jon Lindgren	City of Converse, Texas	4	2021

**ADMINISTRATIVE OFFICIALS**

Name	Position	Years of Service
David J. Davenport	General Manager	31
Humberto Ramos	Director of Water Resources	9
Michael A. Saldana	Plant Manager-Wells Ranch	7
Joe Moreno	Plant Manager-Lake Dunlap	15
Michael Allman	Plant Manager-Hays Caldwell	14
Jimmy Flores	Field Manager	13
Adam Telfer	Operations Manager	6
Joan Wilkinson	Finance Manager	14
Ritzie Watkins	Administrative Assistant	7
David McMullen	Quality Control Manager	2
Clarissa Bink	Lab Technician	1
Edward Cruz	Water Operator	2
Debra Kirkland	Lab Technician	1
Austin Shirk	Water Operator	6
Russell L. Wallace	Water Operator	3
Bradley H. Kilpatrick	Water Operator	8

**CONSULTANTS AND ADVISORS**

<b>Bond Counsel</b>	<b>Financial Advisor</b>	<b>Authority's General Counsel</b>	<b>Certified Public Accountants</b>
Ms. Stephanie Leibe	Mr. Mark McLiney	Mr. Lou Rosenberg	Armstrong, Vaughn &
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**OFFICIAL STATEMENT SUMMARY**

The following material is qualified by and subject in all respects to the detailed information and financial statements appearing in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement, including the Appendices hereto. No person is authorized to detach this summary from this Official Statement or to otherwise use it without this entire Official Statement including the Appendices hereto.

**General Information**

The Authority ..... Canyon Regional Water Authority (the “Authority”) is a political subdivision of the State of Texas located in the following counties: Atascosa, Bexar, Caldwell, Comal, Guadalupe, Hays, Medina, and Wilson. The Authority was created by the Texas Legislature on August 28, 1989 under Article XVI, Section 59, of the Texas Constitution. The Authority operates pursuant to the Special Act (hereafter defined) and the provisions of Chapter 49 and certain provisions of Chapter 65 of the Texas Water Code, as amended. The Authority was created to (1) purchase, own, hold, lease and otherwise acquire sources of a potable water supply, (2) build, operate and maintain facilities for the treatment and transportation of water, (3) sell potable water to local governments, water supply corporations and other persons in this State, and (4) protect, preserve and restore the purity and sanitary condition of water in the Authority. The Authority is governed by a twenty-two member Board of Trustees (the “Board”). The Authority contains approximately 1,163 square miles and the population of the area covered by the Authority is in excess of 500,000, but serves a population of approximately 377,221. See “THE AUTHORITY.”

The Bonds..... \$13,870,000\* Canyon Regional Water Authority Tax-Exempt Contract Revenue Refunding Bonds (Wells Ranch I Project), Series 2021. The Bonds are issued pursuant to the provisions of (i) the Constitution and general laws of the State of Texas, including particularly the Special Act, Chapter 49 and certain provisions of Chapter 65, Texas Water Code, as amended, and Chapters 1207 and 1371, Texas Government Code, as amended, and (ii) a resolution to be adopted by the Board on May 10, 2021 (the “Resolution”). The Board, in the Resolution, will delegate the authority to certain Authority officials to execute an approval certificate (the “Approval Certificate”) establishing the final sale terms for the Bonds. See “THE BONDS - Authority for Issuance.”

Interest Payment Dates..... Interest on the Bonds is payable on February 1, 2022 and on each August 1 and February 1 thereafter until stated maturity or prior redemption. See “THE BONDS - Description of the Bonds.”

Source of Payment ..... The Bonds are payable from, and secured (together with any Bonds Similarly Secured currently outstanding or hereafter issued by the Authority) solely by, a lien on and pledge of the Special Payments to be paid to the Authority (being the Annual Payments as defined in the Contract) by the City of San Antonio, Texas, acting by and through the San Antonio Water System (“SAWS”), Green Valley Special Utility District, the City of Cibolo, the City of Marion, Crystal Clear Special Utility District, Springs Hill Water Supply Corporation and East Central Special Utility District (collectively, the “Participating Members”) pursuant to the Contract (defined herein). SAWS is not a member of the Authority. See “THE BONDS - Source of Payment and Security.” The Bonds are also secured by a pledge of the money in all Funds created, established, and maintained by the Resolution.

\* Preliminary, subject to change.

Maturity .....	The Bonds will mature in the principal amounts and in the years set forth under "MATURITY SCHEDULE" on the inside front cover page of this Official Statement.
Redemption.....	The Bonds maturing on or after August 1, 2031, are subject to optional redemption, in whole or in part, on August 1, 2030 or any date thereafter at the price of par plus accrued interest to such date of redemption. Additionally, the Underwriter may select certain maturities of the Bonds to be grouped together as a term bond, and such term bonds would be subject to mandatory sinking fund redemption. (See "THE BONDS – Redemption" herein.)
Use of Proceeds.....	Proceeds from the sale of the Bonds will be used for the purposes of (1) refunding a portion of the Authority's outstanding bonds that were originally issued as Bonds Similarly Secured (the "Refunded Obligations") for debt service savings (See "Schedule I – Schedule of Refunded Obligations"), and (2) paying the costs of issuance of the Bonds. See "PLAN OF FINANCING – Purpose" and "THE WELLS RANCH I PROJECT."
Payment Record .....	The Authority has never defaulted in the payment of any of its debt obligations.
Rating .....	A municipal bond rating application has been made to S&P Global Ratings relating to the Bonds. The results will be made available as soon as possible. See "RATINGS" herein.
Bond Insurance .....	The Issuer has made applications to municipal bond insurance companies to have the payment of the principal of and interest on the Bonds insured by a municipal bond insurance policy. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)
Book-Entry Only .....	The Authority intends to utilize the Book-Entry Only System of The Depository Trust Company, New York, New York ("DTC"). See "BOOK-ENTRY ONLY SYSTEM."
Additional Bonds .....	In the Resolution, the Authority reserves the right to issue Additional Bonds, as well as Prior Lien Obligations, Junior Lien Obligations, and Inferior Lien Obligations, without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise. See "THE BONDS – Future Borrowings."
Tax Matters .....	In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income of the owners thereof for purposes of federal income taxation under existing law subject to matters discussed herein under "TAX MATTERS". (See "TAX MATTERS" and "APPENDIX E – Form of Opinion of Bond Counsel" herein.)
Concurrent Issuance.....	The Authority is considering the issuance of another series of refunding bonds payable from a separate source (and not the Annual Payments) to realize debt service savings. This Official Statement describes only the Bonds and not these other refunding bonds. See "INTRODUCTION" herein.

**CANYON REGIONAL WATER AUTHORITY**  
**\$13,870,000\***  
**Tax-Exempt Contract Revenue Refunding Bonds**  
**(Wells Ranch I Project), Series 2021**

**INTRODUCTION**

This Official Statement is provided to furnish information in connection with the offering of the \$13,870,000\* Canyon Regional Water Authority Tax-Exempt Contract Revenue Refunding Bonds (Wells Ranch I Project), Series 2021 (the "Bonds"). The Bonds are being issued pursuant to (i) the Constitution and general laws of the State of Texas (the "State"), including particularly the Special Act (as herein defined), Chapter 49 and certain provisions of Chapter 65, Texas Water Code, as amended, and Chapters 1207 and 1371, Texas Government Code, as amended (together, the "Acts"), and (ii) a resolution authorizing the Bonds (the "Resolution"), to be adopted by the Board of Trustees (the "Board") of Canyon Regional Water Authority (the "Authority" or the "Issuer") on May 10, 2021. The Board, in the Resolution, will delegate to the authority to certain Authority officials to execute an approval certificate (the "Approval Certificate") establishing the final sale terms for the Bonds (see "THE BONDS – Authority for Issuance" herein).

The Authority's financial statements included in this Official Statement present information on the general financial condition of the Authority at the dates and for the periods shown. However, the Bonds are payable solely from Special Payments (being the Annual Payments as defined in the Contract) derived from the Regional Tax-Exempt Water Supply Contract, dated as of May 1, 2007, as previously amended, among the Authority, Green Valley Special Utility District, the City of Cibolo, Texas, the City of Marion, Texas, Crystal Clear Special Utility District, Springs Hill Water Supply Corporation, East Central Special Utility District, and the City of San Antonio, Texas, acting by and through the San Antonio Water System ("SAWS") (collectively, the "Participating Members"). SAWS is not a member of the Authority but is a Participating Member for purposes of the Contract pursuant to Amendment No. 3 to the Contract. The Bonds are not payable from ad valorem taxes levied and collected by any Participating Member (and the Authority itself is not authorized to levy an ad valorem tax.) See "THE BONDS - Source of Payment and Security."

There follows in this Official Statement a description of the Bonds and certain information about the Authority and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained upon request from the Authority, and, during the offering period, from the Authority's Financial Advisor via electronic mail or upon payment of reasonable copying, handling, and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the final Official Statement (defined herein) pertaining to the Bonds will be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Authority's undertaking to provide certain information on a continuing basis.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution. See "APPENDIX F – Selected Provisions of the Resolution."

**Concurrent Issuance.....**The Authority is considering the issuance of another series of refunding bonds payable from a separate source (and not the Annual Payments) to realize debt service savings. This Official Statement describes only the Bonds and not these other refunding bonds.

**2021 WEATHER EVENT**

**General**

From February 14, 2021 through February 19, 2021, the continental United States experienced a severe winter storm (the "2021 Event"). As a result of the 2021 Event, areas throughout Texas experienced widespread, record breaking cold.

Due to effects of the 2021 Event and a reduction in available gas supply, approximately 185 generating units in the Electric Reliability Council of Texas ("ERCOT") grid tripped offline, and the grid lost roughly 46,000 MW of generation. In order to limit demand and protect the integrity of the grid, ERCOT implemented widespread and prolonged blackouts. As a result, approximately 4 million Texas residents were without power for significant stretches of the week.

Extended subfreezing temperatures caused water pipes to freeze and burst, and combined with the lack of power, eventually led to multiple water system failures across the State that impacted water availability generally and, in some instances, required the issuance of water boil notices. Initial reports indicated that roughly 14 million Texans were under boil water notices as of February 19, 2021.

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\*Preliminary, subject to change.



On February 19, 2021, the President of the United States issued a Major Disaster Declaration for 77 counties in Texas, including a majority of the counties where the Authority provide water. The Texas Governor, on February 18, 2021, declared a new emergency item for the current Texas legislative session (in session until May 31, 2021) in which he requested the Legislature to mandate the winterization of Texas' power system and to ensure the necessary funding for winterization.

### **Impact to the Authority, the System and the Participating Members**

The water systems of the Authority and its various participating members were impacted by the 2021 Event. Sub-freezing temperatures caused damage to a variety of facilities at each water treatment plant and the related transmission systems. Additionally, repeated electric blackouts reduced the System's ability to produce treated water, while at the same time water demand increased as a result both of end-users continually dripping faucets to avoid freezing and from leaks associated with frozen and cracked pipes. Because of these events, many of the systems receiving water from the Authority's System saw temporary service interruptions. Multiple customers, including all of the Participating Members, issued boil water notices for parts or all of their respective systems.

While repairs are ongoing, at the current time all of the System's water treatment plants are fully functioning and operational and providing treated water to the Authority's customers. Currently, the Authority has sufficient funding to address its immediate and near term operational and capital needs. Over the long term, the Authority expects to finance all necessary repairs through a combination of available funds, insurance proceeds, and possible federal disaster aid through the Federal Emergency Management Agency.

The Authority cannot determine at this time the impact on the Authority's or the Participating Members' financial condition and/or operations, or the availability of assistance from federal or state aid.

### **INFECTIOUS DISEASE OUTBREAK – COVID-19**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic which has been subsequently extended and is still in effect. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. However, on March 2, 2021, the Governor issued Executive Order GA-34, which supersedes most of the executive orders relating to COVID-19 and provides, generally, for the reopening of the State to 100%, ends the COVID-19 mask mandate, and supersedes any conflicting order issued by local officials in response to COVID-19, among other things and subject to certain limitations. Executive Order GA-34 became effective on March 10, 2021. Executive Order GA-34 remains in place until amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the Authority and its customers. These negative impacts may reduce or otherwise negatively affect the revenues of the customers of the System, which provide the funds for the Special Payments that are pledged as security for the Bonds. The Authority cannot predict the effect of the continued spread of COVID-19 will have on the finances or operations and maintenance of the Authority, its System, or its customers.

The Authority continues to monitor the spread of COVID-19 and is working to address the potential impact of COVID-19. While the potential impact of COVID-19 on the Authority cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the Authority's operations and financial condition.

### **PLAN OF FINANCING**

#### **Purpose**

Proceeds from the sale of the Bonds will be used for the purposes of paying contractual obligations of the Authority for (1) refunding a portion of the Authority's outstanding bonds that were originally issued as Bonds Similarly Secured (the "Refunded Obligations") for debt service savings (See "Schedule I – Schedule of Refunded Obligations"), and (2) paying the costs of issuance of the Bonds.

## Sources and Uses of Proceeds

The proceeds from the sale of the Bonds will be applied approximately as follows (ANY AUTHORITY CONTRIBUTION?):

Sources of Funds:	
Par Amount of the Bonds	\$ _____
[Net] Original Issue Reoffering Premium on the Bonds	_____
Accrued Interest	_____
Total Sources of Funds	\$ _____
Uses of Funds:	
Deposit to Escrow Fund	\$ _____
Costs of Issuance (including Bond Insurance Premium, if any)	_____
Total Underwriter's Discount	_____
Deposit to Debt Service Fund	_____
Total Uses of Funds	\$ _____

## THE BONDS

### Description of the Bonds

The Bonds will be dated May 1, 2021, will mature on the dates and in the principal amounts, and will bear interest at the rates set forth on the inside front cover page of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months and is payable on February 1, 2022 and on each August 1 and February 1 thereafter until stated maturity or prior redemption. The Bonds are issued in fully registered form in denominations of \$5,000 or any multiple thereof. Principal of and interest on the Bonds are payable in the manner described herein under "BOOK-ENTRY-ONLY SYSTEM". In the event the Book-Entry-Only System is discontinued, the interest on the Bonds will be payable to the registered owner as shown on the security register maintained by UMB Bank, N.A., Austin, Texas, as the initial Paying Agent/Registrar, as of the Record Date (defined herein), by check, mailed first-class, postage prepaid, to the address of such person on the security register or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, principal of the Bonds will be payable at stated maturity or prior redemption upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar.

### Authority for Issuance

The Bonds are being issued pursuant to the Constitution and general laws of the State, including the Acts and the Resolution. The Board, in the Resolution, will delegate the authority to certain Authority officials to execute an approval certificate (the "Approval Certificate") establishing the final sale terms for the Bonds.

### Refunded Obligations

The Refunded Obligations, and interest due thereon, are to be paid on their scheduled respective redemption dates from cash and investments to be deposited with UMB Bank, N.A., Austin, Texas, (the "Escrow Agent") pursuant to an Escrow Deposit Letter dated as of May 10, 2021 (the "Escrow Agreement") between the Authority and the Escrow Agent.

The Resolution provides that the Authority will deposit certain proceeds of the sale of the Bonds, along with other lawfully available funds of the Authority (if any), with the Escrow Agent in the amount necessary and sufficient to accomplish the discharge and final payment of the Refunded Obligations at their respective scheduled dates of early redemption. Such funds shall be held by the Escrow Agent in an escrow fund (the "Escrow Fund") irrevocably pledged to the payment of principal of and interest on the Refunded Obligations. SAMCO Capital Markets, Inc., in its capacity as Financial Advisor to the Authority, will certify as to the sufficiency of the amount initially deposited to the Escrow Fund, without regard to investment (if any), to pay the principal of and interest on the Refunded Obligations, when due, on the respective Redemption Dates (the "Sufficiency Certificate"). Amounts on deposit in the Escrow Fund shall, until such time as needed for their intended purpose, be (i) held uninvested in cash and/or (ii) invested in certain direct, noncallable obligations of the United States of America (including obligations unconditionally guaranteed by the United States of America) that were, on the date the Resolution was adopted, rated as to investment quality by a nationally recognized rating firm of not less than "AAA" (the "Federal Securities"). Cash and investments (if any) held in the Escrow Fund shall not be available to pay debt service requirements on the Bonds.

Prior to, or simultaneously with, the issuance of the Bonds, the Authority will give irrevocable instructions to provide notice to the owners of the Refunded Obligations that the Refunded Obligations will be redeemed prior to stated maturity on which dates money will be made available to redeem the Refunded Obligations from money held under the Escrow Agreement.

By the deposit of the cash and Federal Securities with the Escrow Agent pursuant to the Escrow Agreement, the Authority will have effected the defeasance of all of the Refunded Obligations in accordance with the law. It is the opinion of Bond Counsel, in reliance upon the Sufficiency Certificate provided by SAMCO Capital Markets, Inc., that as a result of such defeasance the Refunded Obligations will be

outstanding only for the purpose of receiving payments from the Escrow Fund held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the Authority payable from the pledge of the Special Payments (as further described herein) taxes nor for the purpose of applying any limitation on the issuance of debt. The Authority has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Obligations, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund are insufficient to make such payment.

### **Source of Payment and Security**

The Bonds are special obligations payable as to principal and interest from, and secured (together with any Bonds Similarly Secured currently outstanding or hereafter issued by the Authority) solely by, a lien on and pledge of the Special Payments (being the Annual Payments as defined in the Contract) to be paid by the Participating Members to the Authority pursuant to the Contract. See "APPENDIX G - Actual Contract, as amended." The Bonds are also secured by a pledge of the money in all Funds created, established, and maintained by the Resolution. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or of the Participating Members and the registered owner of a Bond shall never have the right to demand payment of the Bonds from any other sources or properties of the Authority or the State of Texas. The Bonds are not payable from or secured by any other revenues of the Authority, or any other entity, and the Authority is not authorized to levy any tax in payment thereof. The Authority reserves the right to issue Additional Bonds, Prior Lien Obligations, Junior Lien Obligations and Inferior Lien Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise.

### **Payment Record**

The Authority has never defaulted in the payment of its bonded indebtedness.

### **Redemption**

The Bonds maturing on or after August 1, 2031 are subject to optional redemption, in whole or in part, on August 1, 2030, or any date thereafter, in principal amounts of \$5,000 or any integral multiple thereof at the price of par plus accrued interest thereon to such date of redemption. If less than all of the Bonds within a stated maturity are to be redeemed, the particular Bonds to be redeemed shall be selected at random and by lot by the Paying Agent/Registrar. Additionally, the Underwriter may select maturities of the Bonds to be grouped together as a term bond, and such term bonds would be subject to mandatory sinking fund redemption.

### **Notice of Redemption**

At least 30 days prior to the date fixed for any redemption of any Bonds or portions thereof prior to stated maturity, the Authority shall cause notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owner of each Bond or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar on the day such notice of redemption is mailed. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such notice of redemption is given and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE BONDHOLDERS FAILED TO RECEIVE SUCH NOTICE, AND, PROVIDED THAT PROVISION FOR PAYMENT OF THE REDEMPTION PRICE IS MADE AND ANY OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST ON THE REDEEMED BONDS SHALL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A BOND HAS NOT BEEN PRESENTED FOR PAYMENT.

Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any integral multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same stated maturity and interest rate for the unredeemed portion of the principal.

The Paying Agent/Registrar and the Authority, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Resolution or other notices with respect to the Bonds only to The Depository Trust Company ("DTC"), New York, New York. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Authority will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the beneficial owners. Any such selection of Bonds to be redeemed will not be governed by the Resolution and will not be conducted by the Authority or the Paying Agent/Registrar. Neither the Authority nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act

as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds for redemption. See "BOOK-ENTRY-ONLY SYSTEM."

## **Defeasance**

The Resolution provides for the defeasance of the Bonds when payment of the principal amount of the Bonds plus interest accrued on the Bonds to their due date (whether such due date be by reason of stated maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment, and/or (2) Government Securities (defined below), to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The foregoing deposits shall be certified as to sufficiency by an independent accounting firm, the Authority's Financial Advisor, the Paying Agent/Registrar, or such other qualified financial institution (as provided in the Resolution). The Authority has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the Authority moneys in excess of the amount required for such defeasance. The Resolution provides that "Government Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the Authority adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (d) any additional securities and obligations hereafter authorized by State law as eligible for use to accomplish the discharge of obligations such as the Bonds. Authority officials are authorized to restrict such eligible securities as deemed appropriate in connection with the sale of the Bonds. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Bonds, or those for any other Government Securities, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of these securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Bonds ("Defeasance Proceeds"), though the Authority has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Resolution does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the Authority to use lawfully available Defeasance Proceeds to defease all or any portion of the Bonds, registered owners of Bonds are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under State law as permissible defeasance securities.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the Authority to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, the Authority has the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption at an earlier date those Bonds which have been defeased to their maturity date, if the Authority (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption, (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

## **Amendments**

The Issuer may amend the Resolution without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the Issuer may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Resolution; except that, without the consent of the registered owners of all of the Bonds affected, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, or the rate of interest thereon, or the redemption price therefor, change the place or places at or the coin or currency in which any Bond or interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, (3) extend any waiver of default to subsequent defaults, or (4) reduce the aggregate principal amount of Bonds required for consent to any amendment, change, modification, or waiver.

## **Payment of the Bonds**

The Authority intends to utilize the Book-Entry Only System of DTC, but reserves the right on its behalf or on behalf of the holders of the Bonds to discontinue such system. So long as the Bonds are in book-entry only form, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., as nominee of DTC. Such Book-Entry Only System will affect the method and timing of payment and the method of transfer. DTC will be responsible for distributing principal and interest payments to the participating members of DTC and the participating members will be responsible for distributing the payment to the owners of beneficial interests in the Bonds. See "BOOK-ENTRY ONLY SYSTEM." So long as the Bonds are in book-entry only form, and DTC is the securities depository therefor, Cede & Co., as nominee for DTC, will be the registered owner of the Bonds and references herein to Owners, Bondholders or registered owners shall mean Cede & Co., and not the "Beneficial Owners" of the Bonds.

In the event the Book-Entry Only System is discontinued (i) payment of the principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due in the United States of America, upon their presentation and surrender as they respectively become due and payable at the designated payment/transfer office of the Paying Agent/Registrar and (ii) payment of the interest on the Bonds shall be payable on each interest payment date by check dated as of such interest payment date and mailed by the Paying Agent/Registrar by United States mail, first-class, postage prepaid, to the Owner of record as of the Record Date, to the address of such Owner as shown on the books of registration maintained by the Paying Agent/Registrar, or by such other method, acceptable to the Paying Agent/Registrar, at the request of and at the risk and expense of the Owner. If the date for the payment of the principal of or interest on a Bond shall be a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city where the designated payment/ transfer office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or a day on which banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due. See "REGISTRATION, TRANSFER AND EXCHANGE."

## **Rate Covenant**

Pursuant to the Resolution, the Authority has agreed, while any of the Bonds Similarly Secured (including the Bonds) are Outstanding, to establish and maintain rates and charges for facilities and services afforded by the System (as defined herein) that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce Gross Revenues in each Fiscal Year sufficient: (1) to pay all Maintenance and Operating Expenses, or any expenses required by statute to be a first claim on and charge against the Gross Revenues of the System; (2) to produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest on any Prior Lien Obligations hereafter issued by the Authority and the amounts required to be deposited in any reserve, contingency, or redemption fund or account created for the payment and security of any Prior Lien Obligations, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a prior and first lien on and pledge of the Net Revenues of the System; (3) to produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest on any Junior Lien Obligations hereafter issued by the Authority and the amounts required to be deposited in any reserve, contingency, or redemption fund or account created for the payment and security of any Junior Lien Obligations, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a junior and inferior lien on and pledge of the Net Revenues of the System; (4) to produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest on any Inferior Lien Obligations hereafter issued by the Authority and the amounts required to be deposited in any reserve, contingency, or redemption fund or account created for the payment and security of any Inferior Lien Obligations, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a subordinate and inferior lien on and pledge of the Net Revenues of the System; and (5) to produce Net Revenues, together with any other lawfully available funds, including Special Payments, to pay the principal of and interest on the Bonds Similarly Secured as the same become due and payable and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of the Bonds Similarly Secured (including the Bonds).

## **Future Borrowing**

The Authority reserves the right to issue, for any lawful purpose, including refunding purposes, such Additional Bonds as the Authority may hereafter be authorized to issue, which Additional Bonds, when issued and delivered, may be payable from and secured by a lien on and pledge of the Special Payments on a parity with the lien and pledge securing the Bonds. In addition, the Authority reserves the right to issue Additional Obligations (Prior Lien Obligations, Junior Lien Obligations, or Inferior Lien Obligations), which when issued and delivered, shall be secured by a lien against the Net Revenues of the System. The Authority also reserves the right to issue indebtedness secured by revenues other than Special Payments and Net Revenues of the System. See "APPENDIX F – Selected Provisions of the Resolution."

## **Default and Remedies**

If the Authority defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Resolution, the registered owners may seek a writ of mandamus to compel Authority officials to carry out their

legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or Resolution and the Authority's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. Additionally, the Participating Members' default under the Contract to make the Annual Payment (or any portion thereof) when due or with respect to its observance or performance of any of its covenants, conditions, or obligations set forth in the Contract gives rise to the Authority's exercise of rights and remedies thereunder to compel the Participating Member's performance or to undertake other available action (in response to which the Participating Members are permitted to raise defenses under the Contract and remedies otherwise available thereto pursuant to applicable law). Neither the registered owners of the Bonds nor any trustee acting on their behalf have been assigned the right to directly enforce the Authority's rights and remedies under the Contract or to compel the Participating Members' performance thereunder. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Resolution does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the Authority to perform in accordance with the terms of the Resolution, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, as amended, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the Authority, permits the Authority to waive sovereign immunity in the proceedings authorizing the issuance of the Bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Bonds (as further described under the caption "THE BONDS – Authority for Issuance"), the Authority has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas legislature has effectively waived the Authority's sovereign immunity from a suit for money damages beyond Chapter 1371, bondholders may not be able to bring such a suit against the Authority for breach of the Bonds or Resolution covenants. Even if a judgment against the Authority could be obtained, it could not be enforced by direct levy and execution against the Authority's property. Furthermore, the Authority is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such as the Special Payments, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the Authority avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Resolution and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

#### **BOOK-ENTRY ONLY SYSTEM**

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority, the Financial Advisor, and the Underwriter believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries.

Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

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

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent/Registrar, on payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificates representing each Bond stated maturity are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates representing each Bond stated maturity will be printed and delivered to DTC.

So long as Cede & Co. is the registered owner of the Bonds, the Issuer will have no obligation or responsibility to the DTC. Participants or Indirect Participants, or the persons for which they act as nominees, with respect to payment to or providing of notice to such Participants, or the persons for which they act as nominees.

## **Use of Certain Terms in Other Sections of this Official Statement**

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

## **REGISTRATION, TRANSFER AND EXCHANGE**

### **Paying Agent/Registrar**

The initial Paying Agent/Registrar is UMB Bank, N.A., Austin, Texas. In the Resolution, the Authority retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Authority, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Authority, shall be a national or state banking institution, shall be an association or a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, shall be subject to supervision or examination by federal or state authority, and shall be authorized by law to serve as a Paying Agent/Registrar. Upon a change in the Paying Agent/Registrar for the Bonds, the Authority agrees to promptly cause written notice thereof to be sent to each registered owner of the Bonds by United States mail, first-class, postage prepaid.

The Bonds will be issued in fully registered form in multiples of \$5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid by check or draft mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal will be paid to the registered owner at stated maturity or earlier redemption upon presentation to the Paying Agent/Registrar. If the date for the payment of the principal or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

### **Future Registration**

In the event the Bonds are not in the Book-Entry-Only System, the Bonds may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bonds being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in denominations of \$5,000 for any one stated maturity or any integral multiple thereof in inverse order and for a like aggregate principal amount and rate of interest as the Bond or Bonds surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized in regard to ownership and transferability of the Bonds.)

### **Record Date for Interest Payment**

The record date ("Record Date") for determining the party to whom interest on a Bond is payable on any interest payment date is the fifteenth calendar day of the preceding month, as specified in the Resolution.

### **Special Record Date for Interest Payment**

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



### **Limitation on Transfer of Bonds**

Neither the Authority nor the Paying Agent/Registrar shall be required to transfer or exchange any Bonds (i) during the period commencing at the close of business on the Record Date and ending at the opening of business on the next interest payment date and (ii) with respect to any Bonds selected for redemption in whole or in part, within 45 days of the date fixed for redemption; provided, however, this limitation shall not be applicable to the transfer or exchange of the unredeemed balance of a Bond called for redemption in part.

### **Replacement Bonds**

The Authority has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the Authority and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The Authority may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

## **BOND INSURANCE**

The Authority has made application to municipal bond insurance companies to have the payment of the principal of and interest on the Bonds insured by a municipal bond insurance policy. The Authority shall notify the Underwriter upon obtaining a commitment from a bond insurance company (the "Insurer") concerning this matter. The final Official Statement shall disclose, to the extent necessary, any relevant information relating to this municipal bond insurance policy (the "Policy").

### **BOND INSURANCE GENERAL RISKS**

As described above, the Authority may purchase a Policy from an Insurer in connection with the issuance of the Bonds. If this occurs, the following general municipal bond insurance policy risk factors will apply.

In the event of default of the scheduled payment of principal of or interest on the Bonds when all or a portion thereof becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the Authority which is recovered by the Authority from the Beneficial Owners as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the Authority (unless the Insurer chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Bonds is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE BONDS – Default and Remedies"). The Insurer may direct the pursuit of available remedies, and generally must consent to any remedies available to and requested by the Beneficial Owners. Additionally, the Insurer's consent may be required in connection with amendments to the Resolution. In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the Special Payments, as further described in "THE BONDS – Source of Payment and Security". In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Bonds.

If a policy is obtained, the long-term ratings on the Bonds will be dependent on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the ratings on the Bonds, whether or not subject to the Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Bonds. See the disclosure described in "RATINGS" herein.

The obligations of the Insurer under the Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the Authority, any Participating Member, the Financial Advisor, or the Underwriter have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given.

## **THE AUTHORITY**

### **Creation and Purpose**

The Authority was created by Chapter 670, Acts of the 71st Legislature, Regular Session, as amended (the "Special Act"), which became effective on August 28, 1989, under Article XVI, Section 59, of the Texas Constitution. The Authority operates under the Special Act and Chapter 49 and certain provisions of Chapter 65 of the Texas Water Code. The Authority was created to (1) purchase, own, hold, lease and otherwise acquire sources of a potable water supply, (2) build, operate and maintain facilities for the treatment and transportation of water, (3) sell potable water to local governments, water supply corporations and other persons in the state, and (4) protect, preserve and restore the purity and sanitary condition of water in the Authority. The Authority's principal function is to provide wholesale water supply,

treatment and transmission services to its member entities. The Authority may not levy or collect ad valorem taxes, but does have the power of eminent domain and may issue bonds to provide funds to accomplish its public purposes.

The Authority is comprised of eleven member entities (the "Members"), and the governing board consists of two voting members from each entity. The member entities consist of Crystal Clear Special Utility District, East Central Special Utility District, Springs Hill Water Supply Corporation, Green Valley Special Utility District, County Line Special Utility District, Maxwell Special Utility District, Martindale Water Supply Corporation and the cities of Marion, Cibolo, La Vernia, and Converse. In addition, the City of San Antonio, Texas, acting by and through the San Antonio Water System ("SAWS"), is a customer of the Authority and a participating party under the Contract, but is not a Member of the Authority. The City of San Marcos, Texas, is a customer under a water supply contract with the Authority, but is not a Member of the Authority.

The Authority functions as a partnership of its Members that is responsible for acquiring, treating, and transporting potable water. Members include water supply corporations, cities and special purpose districts. The Authority is also responsible for encouraging water conservation, to reduce the reliance on a future uncertain supply of groundwater, and to protect, preserve and restore the purity of water.

The Members and customers either pump water from the Edwards Aquifer or have Guadalupe River Water rights and are therefore regulated by the Edwards Aquifer Authority or Guadalupe Blanco River Authority. In addition, the Authority has water rights in the Carrizo and Wilcox Aquifers located in Guadalupe and Gonzales Counties. The Authority provides water to its Members and customers pursuant to certain water supply contracts ("Water Supply Contracts"). The City of Marion, Texas, the City of Cibolo, Texas, East Central Special Utility District, Green Valley Special Utility District, Crystal Clear Special Utility District, SAWS and Springs Hill Water Supply Corporation receive water from the Authority pursuant to the Lake Dunlap/Mid Cities Project Contract. County Line Special Utility District, Crystal Clear Special Utility District, Maxwell Special Utility District, Martindale Water Supply Corporation and the City of San Marcos, Texas, receive water from the Authority pursuant to the Hays/Caldwell Counties Area Contract; entered into in connection with the acquisition and construction of the Hays/Caldwell Counties Area Project. SAWS, the City of Cibolo, Green Valley Special Utility District, East Central Special Utility District, Crystal Clear Special Utility District, the City of Marion and Springs Hill Water Supply Corporation receive water from the Wells Ranch I Contract (the "Contract") entered into a connection with the acquisition and construction of the Wells Ranch I Project. Green Valley Special Utility District, City of Cibolo, City of Converse, East Central Special Utility District, Crystal Clear Special Utility District, and the City of Marion receive water from the Wells Ranch II Project pursuant to the Wells Ranch II Contract entered into in connection with the acquisition and construction of the Wells Ranch II Project. The Authority maintains separate books and records for the Hays/Caldwell Counties Area Project, the Lake Dunlap/Mid Cities Project, the Wells Ranch I Project and the Wells Ranch II Project. See "Authority Projects" below.

Additional information about the Authority, and copies of the Contract, the Resolution or other Water Supply Contracts and bond resolutions, may be obtained from the Authority's Financial Advisor, SAMCO Capital Markets, Inc., 1020 NE Loop 410, Suite 640, San Antonio, Texas 78209, by electronic mail or upon payment of reasonable handling, copying, and delivery charges.

### **Authority Projects**

The Authority owns and operates the following special projects (i) the Lake Dunlap Water Treatment Plant and the Mid-Cities Water transmission system (the "Lake Dunlap/Mid Cities Project"), (ii) the Wells Ranch I Project, (iii) the Wells Ranch II Project, and (iv) the Hays/Caldwell Counties Area Project, each of which are operated as separate enterprises on a separate fiscal basis. In addition, the Resolution provides for the ownership and operation by the Authority of a utility system in addition to the Lake Dunlap/Mid-Cities Project, the Wells Ranch I Project, the Wells Ranch II Project and the Hays/Caldwell Counties Area Project; however, the Authority does not currently own or operate a utility system or any facilities other than those related to the Lake Dunlap/Mid-Cities Project, the Wells Ranch I Project, the Wells Ranch II Project, and the Hays/Caldwell Counties Area Project. See "APPENDIX A – Information Relating to the Authority's Debt" for a description of the Authority's outstanding debt associated with the Authority's projects.

### **History**

#### *The Lake Dunlap/Mid-Cities Project*

The Authority was preceded by a non-profit water supply corporation, which was incorporated September 23, 1988 and dissolved as of August 28, 1989. Operations of the predecessor corporation were devoted primarily to planning, obtaining financing and administrative functions. The Authority acquired all assets and assumed the liabilities of the dissolved predecessor corporation. Prior to the fiscal year ending September 30, 1994, the Authority's operations were devoted to obtaining financing for the construction of the Lake Dunlap Water Treatment Plant and administrative functions. On March 23, 1992, a loan of \$5,090,000 was approved by the United States Department of Agriculture, Farmers Home Administration. On April 19, 1993, construction was authorized to proceed. Production of potable water began in 1994 at the two million gallons per day (MGD) Lake Dunlap Treatment Plant.

On April 8, 1999, the Authority closed on three loans with the Texas Water Development Board (the "TWDB"). The proceeds of those loans were used to finance two projects and to refund the Farmers Home Administration debt that was issued in 1992. The first project was to increase the existing Lake Dunlap Water Treatment Plant capacity from 2 MGD to 4 MGD. The second project was the Hays/Caldwell Counties Area Project.

On September 20, 2000, the Authority closed on two loans with the TWDB to provide funds for Phase 1 of the Mid Cities Transmission Line. This project included the construction of water transmission lines from the Lake Dunlap Treatment Plant to delivery points to some of the Members, a booster station, and a 2 MGD ground storage tank.

On June 10, 2003 the Authority closed on two loans with the TWDB to provide funds for an expansion of the Lake Dunlap Treatment Plant and the completion of the Mid-Cities Transmission Line. The expansion of the Treatment Plant increased its capacity from 4 MGD plan to 10 MGD. The completion of the Transmission Line consisted of an extension of the line to add additional points of delivery to the Participating Members, a 3 MGD ground storage tank, a 2 MGD elevated storage tank, a 1.5 MGD elevated storage tank, and booster stations along the transmission line.

In 2006, all of the then outstanding Lake Dunlap and Mid-Cities Project Bonds were refunded into a Lake Dunlap Tax-Exempt Bond, a Lake Dunlap Taxable Bond, and a Mid-Cities Tax-Exempt Bond and sold via a negotiated sale in the public market.

On August 4, 2016, the Authority issued \$34,800,000 Tax-Exempt Contract Revenue and Refunding Bonds (Lake Dunlap/Mid Cities Project) through a public offering to make improvements to the Lake Dunlap treatment plant and refund all of the Authority's then outstanding, Lake Dunlap Project Bonds and Mid-Cities Transmission Line Project Bonds. The Bonds are supported by a take-or-pay contract between the Authority and the Cities of Cibolo and Marion, Green Valley Special Utility District, East Central Special Utility District, SAWS, acting by and through the San Antonio Water System, Crystal Clear Special Utility District and Springs Hill Water Supply Corporation.

The Lake Dunlap Treatment Plant currently has a production and treatment capacity of 16 MGD. The first 2 MGD is the original conventional Water Treatment Plant built in 1992. The balance is the Koch membrane filtration plant was completed in 2006. Treated water is stored in two 0.5 million gallon (MG) tanks and two 1.25 MG tanks. The water is pumped out to the transmission system through four 2,400 GPM booster pumps to the Mid-Cities customers (SAWS, the Cities of Cibolo, Texas, and Marion, Texas, East Central Special Utility District, and Green Valley Special Utility District), and four 1,200 GPM booster pumps to Springs Hill Water Supply Corporation and Crystal Clear Special Utility District.

The Authority maintains two transmission lines consisting of approximately 24 miles of 24 to 30 inch pipes. The first line takes water from the Treatment Plant East to Highway 123 between the Cities of Seguin and San Marcos and serves Springs Hill Water Supply Corporation and Crystal Clear Special Utility District. The second transmission line is approximately 24 miles long. There are three elevated storage tanks along the transmission line that provide pressure and storage for the members. The tanks consist of the 2 MG tank at Dameru Road, the 1.5 MG tank at FM 1518 and the 0.5 MG standpipe at Highway 46. Water is pumped through the transmission line by the Wagner Pump Station with its 2 MG ground storage tanks and five 2,250 gallons per minute ("GPM") pumps and the Loop 1604 Pump Station with a 3 MG ground storage tank and three 1,800 GPM pumps.

The original bonds for the Lake Dunlap Project, Wells Ranch I Project and Mid-Cities Project are supported with take-or-pay contracts with each participating member. To accommodate governmental and non-governmental member entities, the bonds for these projects were issued either as tax-exempt project bonds or taxable project bonds. The original tax-exempt bonds for the Lake Dunlap Project and Mid-Cities Project were supported by take-or-pay contracts with Green Valley Special Utility District, Bexar Metropolitan Water District (now dissolved into SAWS), the City of Cibolo and the City of Marion. The original taxable bonds for the Lake Dunlap Project and Mid-Cities Project were supported by a substantially similar take-or-pay contract with Crystal Clear Special Utility District, East Central Water Supply Corporation and Springs Hill Water Supply Corporation. On April 14, 2005, East Central Water Supply Corporation converted to a special utility district. East Central Special Utility District's conversion to a governmental entity allows for their portion of the taxable bonds to be refunded into tax-exempt bonds.

#### *The Hays/Caldwell Counties Area Project*

As discussed above, on April 8, 1999, the Authority closed on three loans with the TWDB to finance two projects, one of which was the Hays/Caldwell Counties Area Project. This project consisted of a 1.5 MGD water treatment plant, 2 MGD ground storage tank, high speed booster pumps and water transmission lines in Hays and Caldwell Counties with delivery points to the participating members of the Hays/Caldwell Counties Area Project.

On February 7, 2001, the Authority closed on a loan with the TWDB to finance additional work for the Hays/Caldwell Counties Area Project.

In addition, on June 26, 2003, the Authority closed on a loan with the TWDB to provide funds for the expansion of the Hays/Caldwell Counties Area Project. The expansion of the existing plant from 2 MGD to 4 MGD included the installation of an additional water filtration unit.

In 2005, certain of the Hays/Caldwell Counties Area Project Bonds that were originally sold to the TWDB were refunded via a negotiated sale in the public market.

On July 17, 2017, the Authority issued its \$5,000,000 Hays/Caldwell Counties Area Taxable Contract Revenue Bonds, Series 2017 (the "2017 Bonds") to the TWDB. On March 25, 2021, the Authority issued its \$12,050,000 Tax Exempt Contract Revenue Bonds (Hays/Caldwell Counties Area Project), Series 2021 (the "2021 Bonds") via a negotiated sale in the public market. The 2017 Bonds and the 2021 Bonds were issued for the purposes of increasing the Hays/Caldwell Area Plant capacity from 2,908 acre feet to 4,468 acre feet, and (ii) installing additional disinfection, storage and sludge handling improvements and new raw water intake infrastructure (the "2020 Project"). On February 9, 2021, the Authority, Maxwell Special Utility District, Martindale Water Supply Corporation, Crystal Clear Special Utility District, County Line Special Utility District, and the City of San Marcos, Texas, entered into an amended and restated Hays/Caldwell Counties Area Contract (the "Amended and Restated Contract") provide for the issuance of the 2021 Bonds, the construction of the 2020 Project, and the addition of the City of San Marcos as a customer.

The Hays/Caldwell Counties Area Project currently consists of a 6 MGD membrane filtration surface water treatment plant and approximately 2 miles of 12 to 16-inch water transmission lines. Treated water is stored in a 1 MG ground storage tank located at the plant and is pumped into the transmission lines by four high service pumps. Maxwell Special Utility District, Martindale Water Supply Corporation, Crystal Clear Special Utility District and County Line Special Utility District are all served by this plant. Upon completion of the 2020 Project, the City of San Marcos, Texas, will also be served by this plant.

#### *Hays/Caldwell Counties Area Project – San Marcos River Rights Project*

On March 5, 2008, the Authority delivered its \$3,200,000 Taxable Contract Revenue Bonds (Hays/Caldwell Counties Area Project), Series 2008 (the 2008 Bonds) to finance additional water rights to supply additional water to County Line Special Utility District, Crystal Clear Special Utility District and Maxwell Special Utility District through the Hays/Caldwell Counties Area Project San Marcos River Rights Project. These bonds were sold to the TWDB and are only secured by revenues derived from each of these special districts under the Amended and Restated Contract.

The Authority is considering the issuance of a separate series of bonds to refund the 2008 Bonds.

#### *Wells Ranch I Project*

On September 11, 2007, the Authority delivered its \$43,360,000 Tax Exempt Contract Revenue Bonds (Wells Ranch I Project), Series 2007 (the "2007 Bonds") via a negotiated sale in the public market for construction of a well field in Carrizo and Wilcox Aquifers in Guadalupe and Gonzales Counties. This project is known as the "Wells Ranch I Project".

On July 14, 2009, the Authority delivered its \$3,695,000 Tax Exempt Contract Revenue Bonds (Wells Ranch I Project), Series 2009 (the "Series 2009 Bonds") to finance the construction of an additional well and easement acquisitions costs in conjunction with the Wells Ranch I Project.

On December 22, 2011 the Authority delivered its \$15,575,000 Tax Exempt Contract Revenue Bonds (Wells Ranch I Project) Series 2011 (the "Series 2011 Bonds") via a negotiated sale in the public market for the construction of additional pipe lines associated with the Wells Ranch I Project to better serve its customers served by that project.

On August 10, 2016, the Authority delivered its \$31,550,000 Tax Exempt Contract Revenue Refunding Bonds (Wells Ranch I Project), Series 2016 (the "2016 Bonds") via a negotiated sale in the public market to refund the 2007 Bonds.

The Wells Ranch I Bonds are supported by the Contract and the Annual Payments from the Participating Members. SAWS, City of Cibolo, City of Marion, East Central Special Utility District, Green Valley Special Utility District, Springs Hill Water Supply Corporation, and Crystal Clear Special Utility District are all served by the Wells Ranch I Project.

As described above, the Bonds are being issued to refund the Refunded Obligations being the Series 2009 Bonds and the Series 2011 Bonds, related to the Wells Ranch I Project.

#### *Wells Ranch II Project*

On December 10, 2015 the Authority delivered its \$42,000,000 Tax-Exempt Contract Revenue Bonds (Wells Ranch II Project), Series 2015 (Texas Water Development SWIRFT Project Financing) to the TWDB SWIRFT Project Fund for the construction of a well field and distribution system capable of producing 13,029 acre feet per year (known as Wells Ranch II Project). These bonds are supported by a take or pay contract with Green Valley Special Utility District, the City of Cibolo, the City of Converse, East Central Special Utility District, Crystal Clear Special Utility District, and the City of Marion.

**Form of Government**

Board of Trustees. The Authority is governed by a twenty-two member Board, with two individuals representing each Member entity on the Board. Board members are appointed by the Member entities and serve two-year staggered terms. Newly appointed Board members take office in May of each year. The current members and officers of the Board and their respective sponsoring entities are listed on page 5 of this Official Statement. SAWS and the City of San Marcos, Texas are customers of the Authority, but are not members of the Authority.

Board of Managers. The Board of Managers is comprised of the senior managers of each Member entity and provides technical assistance and guidance to the Board. The Board of Managers (as of September 1, 2020) are:

<u>Sponsoring Member</u>	<u>Name</u>	<u>Position with Member</u>
City of Cibolo, Texas	Chris Wright	Assistant Public Works Director
City of Converse, Texas	Jonathon Smith	Director of Utilities
County Line Special Utility District	Daniel Heideman	Manager
Crystal Clear Special Utility District	Regina Franke	Assistant General Manager
East Central Special Utility District	Albert Strzelczyk	General Manager
Green Valley Special Utility District	Pat Allen	General Manager
City of La Vernia, Texas	David Mahula	Public Works Director
City of Marion, Texas	Victor Contreras	Mayor
Martindale Water Supply Corporation	Steven Fonville	General Manager
Maxwell Special Utility District	Justin Ivicic	General Manager
Springs Hill Water Supply Corporation	Daniel Pepin	General Manager

Associate Member	Name	Position with Member
Canyon Lake Water Supply	Tom Hodge	General Manager
Guadalupe Valley Electrical Cooperative	Ky Slone	Senior Executive Manager & Chief Financial Officer
Sulphur Springs Water Supply Corporation	Carlos Febus	General Manager

Management of the Authority. Day-to-day operations are under the direction of a General Manager, who is responsible for the operation of the Authority’s facilities. Management and administrative functions are performed by the General Manager under policies established by the Board of Trustees. Employees of the Authority are identified on page v of this Official Statement.

**Source of Water Supply**

The Authority and the Guadalupe Blanco River Authority (“GBRA”) entered into a water purchase contract dated as of October 13, 1998, as amended (the “GBRA Water Supply Contract”) which provides for the purchase of water by the Authority. The current annual commitment under the GBRA Water Supply Contract is 10,575 acre feet of water per year. The water supplied under the GBRA Water Supply Contract may not be used to supply users other than the retail customers within the service areas of the Crystal Clear Special Utility District, the Green Valley Special Utility District, the Springs Hill Water Supply Corporation, the East Central Special Utility District, the City of Cibolo, the City of Marion, and the former Bexar Metropolitan Water District (which was assumed by SAWS in 2012; see “Information Relating to Participating Members” attached hereto in APPENDIX B). The GBRA Water Supply Contract expires on December 31, 2039, subject to renewal or extension on such terms as may be agreed upon by GBRA and the Authority.

The Authority entered into a contract for raw water service with the GBRA dated as of June 16, 1999, as amended (the “Second GBRA Water Supply Contract”) on terms substantially similar to the terms of the GBRA Water Supply Contract. The Authority’s annual commitment pursuant to the Second GBRA Water Supply Contract is to purchase 2,038 acre feet of water per year for use to supply Maxwell Special Utility District, County Line Special Utility District, and Martindale Water Supply Corporation. The Second GBRA Water Supply Contract expires on December 31, 2039, subject to renewal or extension on such terms as may be agreed upon by GBRA and the Authority.

In 2007, through the Wells Ranch I & II projects, the Authority began producing and transporting from a well field in the Carrizo and Wilcox Aquifers located in Guadalupe and Gonzales Counties for use by SAWS, City of Cibolo, City of Marion, East Central Special Utility District, Green Valley Special Utility District, Springs Hill Water Supply Corporation, City of Converse, and Crystal Clear Special Utility District. The Authority has permits for 13,029 acre feet of water.

In addition, the Authority has contracted individually with certain of its Members and customers to treat and transport water that such Members and customers own or have contracted to receive from various other sources of supply.

**No Ad Valorem Tax**

The Authority may not levy or collect ad valorem taxes.

**THE WELLS RANCH I PROJECT**

**General Description of the Project**

In 2007, the Authority initiated Phase I development of the Carrizo-Wilcox groundwater start-up project to serve the seven (7) entities, namely, Bexar Metropolitan Water District (now having been assumed by SAWS) the City of Cibolo, Texas, Crystal Clear Special Utility District, East Central Special Utility District, Green Valley Special Utility District, City of Marion, Texas and Springs Hill Water Supply Corporation (referred to elsewhere herein as the Participating Members). The Wells Ranch I Project (the “Project”) and phased development approach to the Project is described in detail in the Wells Ranch I Project Preliminary Engineering Report (the “PER”). Phase I of the Project has been completed and is on-line, delivering water. It consists of, among other improvements to System capacity and reliability, seven (7) 500 GPM Carrizo wells, groundwater collection piping system, 5 MGD groundwater treatment plant, two (2) ground storage tank and booster pump station sites and approximately 100,000 linear feet of 30” transmission main. Also included in the completed work are associated site civil, roadway, piping and chemical treatment and disinfection systems. The Project currently integrates with the Authority’s Mid-Cities pipeline and storage facilities, from the Lake Dunlap surface water system treatment facilities. The well field is located along the Guadalupe – Gonzalez county line, approximately 15 miles southeast of Seguin, Texas. The Guadalupe and Gonzales County Groundwater Conservation Districts exercise continuing regulatory jurisdiction regarding the permits to pump and export water and following project installation, for purposes of drought management and management plan objectives of each county’s groundwater district.

In 2011 this Project was expanded, to include the construction of approximately 50,000 linear feet of 30” transmission main and associated easement acquisitions. This phase of the Project increased the capacity that can be delivered through the initial phase of the System, as well as increased reliability of the Project.

**The Contract**

The Authority sells treated water to the Participating Members pursuant to a Water Supply Contract dated as of May 1, 2007 as amended by Amendment No. 1, dated June 8, 2009, as further amended by Amendment No. 2 dated October 24, 2011, and as further amended by Amendment No. 3 as of June 14, 2016, collectively, the Contract between the Authority and the Participating Members. Under the Contract, the Participating Members agree to pay for the right to receive from the Authority and the Authority agrees to sell to the Participating Members treated water produced by the Authority from the Project.

The Contract allocates capacity in the Wells Ranch I Project to certain Participating Members (which corresponds to the right to receive treated water obtained pursuant to the Guadalupe and Gonzales County Underground Water Districts for treatment by the Lake Dunlap Treatment Plant) in the amounts shown in the following table. See “APPENDIX G – Actual Contract, as amended.” Pursuant to the Contract, Participating Members have each agreed to pay fixed charges, as described in the Contract (“Annual Payments”), that in the aggregate are sufficient to pay their respective shares of the debt service on the Bonds Similarly Secured and the Operations and Maintenance Expenses relating to the Wells Ranch I Project. The Annual Payment of each Participating Member is determined by reference to such Participating Member’s percent of ownership in the Wells Ranch I Project that is financed or refinanced with proceeds of the Bonds Similarly Secured. Accordingly, the debt service in respect of the Bonds is expected to be allocated in accordance with the percentages set forth in the following table.

**Wells Ranch I Project**

Participating Member	Debt Service		Operations and Maintenance	
	Water Production (Acre Feet)	Percent Ownership	Water Production (Acre Feet)	Percent Ownership
San Antonio Water System (formerly Bexar Metropolitan Water District)	2,800	53.85%	2,800	53.85%
City of Cibolo	700	13.46%	700	13.46%
City of Marion	100	1.92%	100	1.92%
East Central Special Utility District	500	9.62%	500	9.62%
Green Valley Special Utility District	700	13.46%	700	13.46%
Spring Hill Water Supply Corporation	100	1.92%	100	1.92%
Crystal Clear Special Utility District	<u>300</u>	<u>5.77%</u>	<u>300</u>	<u>5.77%</u>
Total Participating Members	5,200	100.00%	5,200	100.00%

## **The Participating Members**

The following information concerning the Participating Members was obtained by the Authority from each Participating Member:

Green Valley Special Utility District - Green Valley SUD was originally created in December 1963 as a Water Supply Corporation to supply water to the area directly east of San Antonio. On May 4, 1992, by a vote of the members the Corporation converted to a Special Utility District. The District operates under the Texas Constitution, Article XVI, Section 59, and Chapter 49 and certain provisions of Chapter 65 of the Texas Water Code. The District's powers are as follows: (1) to purchase, own, lease, and otherwise acquire sources of water, (2) to build, operate, and maintain facilities for the transportation of water, (3) to sell water to towns, cities, other political subdivisions, and to private individuals and businesses, (4) to establish, operate and maintain fire-fighting facilities and to perform fire-fighting activities, (5) to protect, preserve, and restore the purity and sanitary condition of water, and (6) to carry out the duties and powers of a Special Utility District. The District has 14,677 connections and serves an estimated population of 44,000.

San Antonio Water System – Created by the City Council of the City of San Antonio, Texas (the “City”) in 1992 to consolidate all water related systems, functions agencies and activities into one agency, SAWS provides water and wastewater service to the majority of the population within the corporate limits of the City and Bexar County. The complete management and control of SAWS is vested in a board of trustees consisting of seven members. SAWS assumed the rights and obligations of the Bexar Metropolitan Water District (“BexarMet”) under the Contract after BexarMet was dissolved and its water system consolidated with SAWS. SAWS is not a member of the Authority but is a customer and a Participating Member under the Contract pursuant to Amendment No. 3 to the Contract.

East Central Special Utility District - East Central SUD was originally created in 1967 as a Water Supply Corporation to supply water to the area directly east of San Antonio. On October 12, 2004, by a vote of the members the Corporation converted to a Special Utility District. The District operates under the Texas Constitution, Article XVI, Section 59, and Chapter 49 and certain provisions of Chapter 65 of the Texas Water Code. The District's powers are as follows: (1) to purchase, own, lease, and otherwise acquire sources of water, (2) to build, operate, and maintain facilities for the transportation of water, (3) to sell water to towns, cities, other political subdivisions, and to private individuals and businesses, (4) to establish, operate and maintain fire-fighting facilities and to perform fire-fighting activities, (5) to protect, preserve, and restore the purity and sanitary condition of water, and (6) to carry out the duties and powers of a Special Utility District. The District has 7,203 water connections and an estimated population of 18,000.

City of Cibolo, Texas - The City of Cibolo, Texas (“Cibolo”) is located on IH-35, 5 miles northeast of the City. Cibolo is located in Guadalupe County. It is included in the San Antonio Greater Metropolitan area. Cibolo covers about 7.2 square miles. The estimated population is estimated at 33,505. Cibolo has 5,741 water connections. Cibolo approved its first Home Rule Charter on September 11, 2004.

City of Marion, Texas - The City of Marion (“Marion”), a Type A municipal corporation of the State of Texas, is a retail and distribution point located approximately 25 miles northeast of San Antonio on Farm Road 78 within an agricultural area. The estimated population is 1,100. Marion has 700 water connections.

Crystal Clear Special Utility District - Crystal Clear SUD was incorporated on September 14, 1964 as a non-profit corporation for the purpose of acquiring and operating a water distribution system to furnish water to members residing in Guadalupe and Hays Counties, Texas and surrounding Areas. The District has 5,913 connections and serves an estimated population of 18,000.

Springs Hill Water Supply Corporation - Springs Hill Water Supply Corporation was incorporated on April 28, 1967 as a non-profit corporation for the purpose of acquiring and operating a water distribution system to furnish water to members residing in Guadalupe County, Texas and surrounding Area. The Corporation has 8,185 connections and serves an estimated population of 13,563.

See “APPENDIX B - Information Relating to the Participating Members” for additional information regarding the Participating Members.

## **INVESTMENTS**

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

### **Legal Investments**

Under State law and subject to certain limitations, the Authority is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) “A” or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized United States government securities repurchase agreements; (9) one-year or shorter securities

lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an “A” or better rated state or national bank; (10) 270-day or shorter bankers’ acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least “A-1” or “P-1”; (11) commercial paper rated at least “A-1” or “P-1”; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) “AAA” or “AAAm”-rated investment pools that invest solely in investments described above; and (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The Authority may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the Authority may not invest more than 15% of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund’s total assets.

Except as stated above or inconsistent with its investment policy, the Authority may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the Authority is not required to liquidate the investment unless it no longer carries a required rating, in which case the Authority is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

**Investment Policies**

Under State law, the Authority is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The Authority is required to adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the Authority’s investments be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived.” The Authority is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

**Current Investments <sup>(1)</sup>**

**Table 1**

As of December 31, 2020, the Authority had the following investments:

<u>Investment Type</u>	
Cash/Money Market/Certificates of Deposit	\$24,358,335.69

As of such date, the market value of such investments (as determined by the Issuer by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the Issuer are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

(1) Unaudited

**LEGAL MATTERS**

**Legal Opinions and No-Litigation Certificate**

The Issuer will furnish the Underwriter with a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Initial Bond is a valid and legally binding obligation of the Issuer, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Bonds, issued in compliance with the provisions of the Resolution, are valid and legally binding obligations of the Issuer and, subject to the qualifications set forth herein under "TAX MATTERS", the interest on the Bonds is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions. Though it represents the Financial Advisor from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel was engaged by, and only represents, the Authority in connection with the issuance of the Bonds. In its capacity as Bond Counsel, Norton Rose Fulbright US LLP, Austin and San Antonio, Texas has reviewed (except for numerical, statistical or technical data) the information under the captions “THE BONDS” (except under the subcaptions “Payment Record”, and “Default and Remedies”, as to which no opinion is expressed), “REGISTRATION, TRANSFER AND EXCHANGE”, “TAX MATTERS”, “CONTINUING DISCLOSURE OF INFORMATION” (except under the subheadings “Compliance with Prior undertakings of the Authority” and “Compliance with



Prior Undertakings of the Participating Members” as to which no opinion is expressed), “LEGAL MATTERS—Legal Investments and Eligibility to Secure Public Funds in Texas”, and “REGISTRATION AND QUALIFICATION OF BONDS FOR SALE” in this Official Statement and such firm is of the opinion that the information relating to the Bonds and the Resolution contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Bonds will also be furnished. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of Bonds are contingent on the sale and initial delivery of the Bonds. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas as counsel to the Underwriter.

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

### **Legal Investments and Eligibility to Secure Public Funds in Texas**

Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code) and Section 271.051, as amended, Texas Local Government Code, each, provide that the Bonds are negotiable instruments governed by Chapter 8, as amended, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act, Chapter 2256, as amended, Texas Government Code, the Bonds must have to be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. (See “RATINGS” herein.) In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital, and savings and loan associations.

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

## **TAX MATTERS**

### **Tax Exemption**

The delivery of the Bonds is subject to the opinion of Norton Rose Fulbright US LLP, Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes (1) is excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”), of the owners thereof pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The statute, regulations, rulings, and court decisions on which such opinion is based are subject to change. A form of Bond Counsel’s opinion is reproduced as APPENDIX F.

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

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Issuer described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the Issuer as the “taxpayer,” and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the Issuer may have different or conflicting interests from the owners of the Bonds. Public awareness

of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

### **Tax Changes**

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

### **Ancillary Tax Consequences**

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust ("FASIT"), individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

### **Tax Accounting Treatment of Discount Bonds**

The initial public offering price to be paid for certain Bonds may be less than the amount payable on such Bonds at maturity (the "Discount Bonds"). An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bonds. A portion of such original issue discount, allocable to the holding period of a Discount Bond by the initial purchaser, will be treated as interest for federal income tax purposes, excludable from gross income on the same terms and conditions as those for other interest on the Bonds. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year.

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

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

### **Tax Accounting Treatment of Premium Bonds**

The initial public offering price to be paid for certain Bonds may be greater than the stated redemption price on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and its stated redemption price at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable Bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable Bond premium with respect to the Premium Bonds. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

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

## REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; and the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The Authority assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

No investigation has been made of any other laws, rules, regulations, or investment criteria that might affect the suitability of the Bonds for any of the above purposes or limit the authority of any of the above entities or persons to purchase or invest in the Bonds.

It is the obligation of the Underwriter to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The Authority agrees to cooperate, at the Underwriter's written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the Authority shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

## CONTINUING DISCLOSURE OF INFORMATION

### Continuing Disclosure Undertaking of the Authority

Pursuant to the Resolution, the Authority has made a continuing disclosure undertaking for the benefit of the holders and beneficial owners of the Bonds. The Authority is required to observe the agreement for so long as the Authority remains obligated to advance funds to pay the Bonds. Under the agreement, the Authority will be obligated to provide certain updated financial information and operating data annually and timely notice of specified material events to the Municipal Securities Rulemaking Board (the "MSRB"). The information provided to the MSRB will be available to the public free of charge via the Electronic Municipal Market Access ("EMMA") system at [www.emma.msrb.org](http://www.emma.msrb.org).

### Continuing Disclosure Undertaking of the Participating Members

In the Contract, each Participating Member has agreed to provide certain updated financial information and operating data to the MSRB annually for the benefit of the holders and beneficial owners of the Bonds. Each Participating Member has agreed to observe its agreement to the extent and only during such time as it remains obligated to advance funds to pay the Bonds. Under such agreement, the Participating Members will be obligated to provide certain updated financial information and operating data annually to the MSRB. This information will be available to the general public, free of charge, through EMMA at [www.emma.msrb.org](http://www.emma.msrb.org). The information to be updated includes all quantitative financial information and operating data with respect to such Participating Member of the general type included in its annual financial statement; provided, that at the time of delivery of the Bonds, such Participating Members will acknowledge that such financial information and operating data will include information of the general type included with respect to such Participating Member in APPENDIX B to this Official Statement. The Participating Members will update and provide this information within 180 days after the end of their respective fiscal year. If a Participating Member or SAWS changes its fiscal year, it will file notice of such change with EMMA.

The Participating Members may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12 ("Rule 15c2-12") of the United States Securities and Exchange Commission (the "SEC"). The updated information will consist of audited financial statements, if the respective Participating Member commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Participating Members have agreed to provide unaudited financial statements within the required time and audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with generally accepted accounting principles for governmental entities or such other accounting principles as the Participating Member may be required to employ from time to time pursuant to state law or regulation.

### Annual Reports

Under Texas law, including, but not limited to, Chapter 49, as amended, Texas Water Code, the Issuer must keep its fiscal records in accordance with generally accepted accounting principles, must have its financial accounts and records audited by a certified public accountant and must file each audit report within 120 days after the close of the Issuer's fiscal year. The Issuer's fiscal records and audit reports are available for public inspection during the regular business hours, and the Issuer is required to provide a copy of the Issuer's audit reports to any bondholder or other member of the public within a reasonable time on request upon payment of charges prescribed by the Texas General Services Commission.

The Issuer will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the Issuer of the general type included in Table 1 of the Official Statement and in Tables 1-11 of APPENDIX A to this Official Statement and in APPENDIX C. The Issuer will update and provide this

information within six months after the end of each fiscal year in or after 2021. The Authority will provide the updated information to the MSRB in an electronic format, which will be available through EMMA to the general public without charge.

The Issuer may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements for the Issuer, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by that time, the Issuer will provide by the required time unaudited financial statements for the applicable fiscal year to the MSRB with the financial information and operating data and will file the annual audit report when and if the same becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Issuer's annual financial statements or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

The Issuer's current fiscal year end is September 30. Accordingly, it must provide updated information by the end of March in each year following end of its fiscal year, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB through EMMA of the change.

#### **Notice of Certain Events**

The Authority or a Participating Member will also provide timely notices of certain events to the MSRB. The Authority will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds, as the case may be; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of The Authority or a Participating Member, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving The Authority or a Participating Member or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrant or the change of name of a paying agent/registrant, if material; (15) incurrence of a Financial Obligation of the Authority or a Participating Member, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such Financial Obligation of the Authority, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such Financial Obligation of The Authority or a Participating Member, any of which reflect financial difficulties. In the Resolution, the Authority will adopt policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the Authority will provide timely notice of any failure by the Authority to provide annual financial information in accordance with their agreement described above under "Annual Reports." Neither the Bonds nor the Resolution make provision for liquidity enhancement, or debt service reserves.

For these purposes, (a) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority, and (b) the Authority intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

#### **Availability of Information**

Effective July 1, 2009 (the "EMMA Effective Date"), the SEC implemented amendments to the Rule which approved the establishment by the MSRB of EMMA, which is now the sole successor to the national municipal securities information repositories with respect to filings made in connection with undertakings made under the Rule after the EMMA Effective Date. All information and documentation filing required to be made by the Authority and the Participating Members in accordance with their undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

With respect to debt of the Authority issued prior to the EMMA Effective Date, the Authority and the Participating Members remain obligated to make annual required filings, as well as notices of material events, under their continuing disclosure obligations relating to those debt obligations (which includes a continuing obligation to make such filings with the Texas state information depository (the "SID")). Prior to EMMA Effective Date, the Municipal Advisory Council of Texas (the "MAC") had been designated by the State and approved by the SEC staff as a qualified SID. Subsequent to the EMMA Effective Date, the MAC entered into a Subscription Agreement with the MSRB pursuant to which the MSRB makes available to the MAC, in electronic format, all Texas-issuer continuing disclosure documents and related information posted to EMMA's website simultaneously with such posting. Until the Authority and the Participating Members receive

notice of a change in this contractual agreement between the MAC and EMMA or of a failure of either party to perform as specified thereunder, the Authority and the Participating Members have determined, in reliance on guidance from the MAC, that making their continuing disclosure filings solely with the MSRB will satisfy their obligations to make filings with the SID pursuant to their continuing disclosure agreements entered into prior to the EMMA Effective Date.

### **Limitations and Amendments**

The Authority and the Participating Members have agreed to update information and to provide notices of material events only as described above. None of the Authority and the Participating Members has agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. None makes any representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. Each disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of such person's continuing disclosure agreement or from any statement made pursuant to such person's agreement, although holders of Bonds may seek a writ of mandamus to compel the Authority and the Participating Members to comply with their agreements.

The Authority and the Participating Members may amend their continuing disclosure agreements to adapt to changed circumstances that arise from a change in legal requirements, a change in the identity, nature, status or type of operations of the Authority or the Participating Members if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with SEC Rule 15c2-12 and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the Authority and the Participating Members (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of such Bonds. If the Authority or the Participating Members so amend such person's agreement, such person must include with the next financial information and operating data provided in accordance with such person's agreement (described above) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided. The Authority and the Participating Members may also amend their respective continuing disclosure agreements if the SEC amends or repeals the applicable provisions of SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of SEC Rule 15c2-12 are invalid, but only if and to the extent that such amendment would not have prevented an underwriter from lawfully purchasing or selling the Bonds in the primary offering of the Bonds.

### **Compliance with Prior Undertakings of the Authority**

The past five years, the Authority has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

Notwithstanding the foregoing, due to an administrative oversight, audited financial statements for fiscal years 2016 through 2019 were not filed by certain participating members with the MSRB for various contract revenue bonds (secured by the Contract or by separate take or pay contracts) issued by the Authority, or such participating members did not properly link such audited financial statements to the Authority's bonds on the MSRB. Audited financial statements for East Central Special Utility District for fiscal years 2016 through 2019 and a notice of failure to file were filed with the MSRB on January 20, 2021. Audited financial statements for City of Cibolo, Texas, City of Marion, Texas, Crystal Clear Special Utility District, Green Valley Special Utility District, and Springs Hill Water Supply Corporation for fiscal years 2016 through 2019 and notices of failure to file were filed with the MSRB on February 9, 2021. The Authority has confirmed that such participating members have implemented procedures to ensure timely compliance with their respective continuing disclosure obligations prospectively.

### **Compliance with Prior Undertakings of the Participating Members**

Except as described below, in the past five years, the Participating Members have complied all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

Due to an administrative oversight, audited financial statements for Crystal Clear Special Utility District, East Central Special Utility District, Green Valley Special Utility District, City of Cibolo, Texas, City of Marion, Texas, and Springs Hill Water Supply Corporation were not properly linked to certain contract revenue bonds issued by the Authority. Audited financial statements for East Central Special Utility District for Fiscal years 2016 through 2019 were separately refiled and notices of failure to file were filed with the MSRB on January 20, 2021. Audited financial statements for Crystal Clear Special Utility District, Green Valley Special Utility District, City of Cibolo, Texas, City of Marion, Texas, and Springs Hill Water Supply Corporation for Fiscal years 2016 through 2019 were separately refiled and notices of failure to file were filed with the MSRB on February 9, 2021.

On March 18, 2020, SAWS closes its "City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2020B" sold to the Texas Water Development Board Pursuant to a private placement. SAWS previously covenanted in its prior continuing disclosure undertakings to provide notice of inurrence of a material financial obligation. SAWS provided this notice, along with a notice of late filing, on November 18, 2020. SAWS has taken measures to assure prospective compliance with its undertaking obligations.

## **FINANCIAL STATEMENTS**

A copy of the Authority's Audited Financial Report, as prepared by the Authority Auditor's Office and audited by Armstrong, Vaughan & Associates, P.C., for the fiscal year ended September 30, 2020, is attached hereto in APPENDIX C. Copies of the Authority Auditor's Financial Reports for the preceding years are available upon request.

## **RATINGS**

The Authority intends to apply for a municipal bond rating from S&P Global Ratings ("S&P") based upon a municipal bond insurance policy, if any is acquired. A municipal bond rating application for the Bonds has been made to S&P. The results will be made available as soon as possible. The outstanding Bonds Similarly Secured are rated "AA" by S&P. An explanation of the significance of such a rating may be obtained from S&P. The rating of the Bonds by S&P reflects only the view of S&P at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell, or hold securities.

## **FORWARD-LOOKING STATEMENTS DISCLAIMER**

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

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

## **LITIGATION**

The Authority is not a party to any litigation or other proceeding pending or to its knowledge threatened in any court, agency or other administrative body (either state or federal).

At the time of the initial delivery of the Bonds, the Authority will provide the Underwriter with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of said Bonds.

## **FINANCIAL ADVISOR**

SAMCO Capital Markets, Inc. is employed as Financial Advisor to the Authority to assist in the issuance of the Bonds. In this capacity, the Financial Advisor has assisted in drafting this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Authority to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fee of the Financial Advisor for services with respect to the Bonds is contingent upon the issuance and the sale of the Bonds.

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

## UNDERWRITING

FHN Financial Capital Markets (the "Underwriter") has agreed to purchase the Bonds from the Authority for \$\_\_\_\_\_ (representing the initial offering price of the Bonds set forth on the inside cover page of this Official Statement, plus a [net] reoffering premium of \$\_\_\_\_\_, less an underwriting discount of \$\_\_\_\_\_), plus accrued interest on the Bonds from their dated date to their date of initial delivery. The obligation of the Underwriter to purchase the Bonds is subject to certain conditions contained in a bond purchase contract between the Authority and the Underwriter. The Underwriter are obligated to purchase, and the Authority's obligation is to deliver, all of the Bonds if any of the Bonds are purchased and such purchase is also subject to various other conditions.

The Underwriter have provided the following sentence for inclusion in this Official Statement. The Underwriter have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriter do not guarantee the accuracy or completeness of such information.

The Bonds are being offered initially at the respective offering prices or yields set forth on the inside front cover page of this Official Statement. Such offering prices or yields may be changed at any time. Bonds may be offered and sold to dealers (including dealers purchasing for their own account or accounts controlled by them) and certain other persons at prices lower or yields higher than the public offering prices or yields.

The Authority has no understanding with the Underwriter regarding the reoffering prices or yields of the Bonds and has no control over trading of the Bonds after their initial sale by the Authority to the Underwriter. Information concerning reoffering prices or yields is the responsibility of the Underwriter.

FHN Financial Capital Markets is a division of First Horizon Bank and First Horizon Advisors, Inc. is a wholly owned subsidiary of First Horizon Bank. FHN Financial Capital Markets has entered into a distribution agreement with First Horizon Advisors, Inc. for the distribution of the offered Bonds at the original issue prices. Such arrangement generally provides that FHN Financial Capital Markets will share a portion of its underwriting compensation or selling concession with First Horizon Advisors, Inc.

## SOURCES OF COMPILATION OF INFORMATION

The information contained in this Official Statement has been obtained from the Authority's records. Certain information has been obtained from other sources which are believed to be reliable; however, no representation is made as to the accuracy or completeness of the information obtained from such sources, and its inclusion herein is not to be construed as a representation to such effect. The summaries of the statutes, resolutions and other related documents are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

## MISCELLANEOUS

The Resolution authorizing the issuance of the Bonds will also approve the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorize its further use in the reoffering of the Bonds by the Underwriter.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

This Official Statement will be approved by the Board of Trustees of the Authority for distribution in accordance with the provisions of the United States Securities and Exchange Commission's rule codified at 17 C.F.R. §240.15c2-12, as amended.

/s/ \_\_\_\_\_  
President, Board of Trustees

ATTEST:

/s/ \_\_\_\_\_  
Secretary, Board of Trustees

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**SCHEDULE I**

**SCHEDULE OF REFUNDED OBLIGATIONS**

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**SCHEDULE I \***  
**SCHEDULE OF REFUNDED OBLIGATIONS**

**Canyon Regional Water Authority**

**Tax-Exempt Contract Revenue Bonds, Series 2009 (Wells Ranch Project)**  
**(Redemption Date 6-17-21 @ par)**

**Current Interest Bonds**

<u>Original Dated Date</u>	<u>Original Maturity (August 1)</u>	<u>Original Principal Amount</u>	<u>Principal Being Refunded</u>	<u>Interest Rate</u>
June 1, 2009	2021	\$ 205,000.00	\$ 205,000.00	4.625%
	2022	215,000.00	215,000.00	4.750%
	2023	225,000.00	225,000.00	5.000%
	2024	235,000.00	235,000.00	5.000%
	2025	250,000.00	250,000.00	5.125%
	2026	260,000.00	260,000.00	5.250%
	2027	275,000.00	275,000.00	5.250%
	2028	290,000.00	290,000.00	5.375%
	2029	305,000.00	305,000.00	5.500%
		<u>\$ 2,260,000.00</u>	<u>\$ 2,260,000.00</u>	

\* Preliminary, subject to change.

**Tax-Exempt Contract Revenue Bonds, Series 2011 (Wells Ranch Project)**  
**(Redemption Date 8-1-21 @ par)**

**Current Interest Bonds**

<u>Original Dated Date</u>	<u>Original Maturity (August 1)</u>	<u>Original Principal Amount</u>	<u>Principal Being Refunded</u>	<u>Interest Rate</u>
December 1, 2011	2022	\$ 415,000.00	\$ 415,000.00	3.250%
	2023	430,000.00	430,000.00	3.500%
	2024 <sup>(1)</sup>	445,000.00	445,000.00	4.000%
	2025 <sup>(1)</sup>	460,000.00	460,000.00	4.000%
	2026	480,000.00	480,000.00	4.000%
	2027	500,000.00	500,000.00	4.125%
	2028	520,000.00	520,000.00	1.250%
	2029	545,000.00	545,000.00	4.375%
	2030	565,000.00	565,000.00	4.500%
	2031	590,000.00	590,000.00	4.500%
	2032 <sup>(2)</sup>	620,000.00	620,000.00	4.750%
	2033 <sup>(2)</sup>	650,000.00	650,000.00	4.750%
	2034 <sup>(2)</sup>	680,000.00	680,000.00	4.750%
	2035 <sup>(3)</sup>	710,000.00	710,000.00	4.875%
	2036 <sup>(3)</sup>	745,000.00	745,000.00	4.875%
	2037 <sup>(3)</sup>	780,000.00	780,000.00	4.875%
	2038 <sup>(4)</sup>	820,000.00	820,000.00	5.000%
	2039 <sup>(4)</sup>	860,000.00	860,000.00	5.000%
	2040 <sup>(4)</sup>	905,000.00	905,000.00	5.000%
	2041 <sup>(4)</sup>	950,000.00	950,000.00	5.000%
		<u>\$ 12,670,000.00</u>	<u>\$ 12,670,000.00</u>	

\* Preliminary, subject to change.

<sup>(1)</sup> Represents a sinking fund installment on a term bond maturing August 1, 2025.

<sup>(2)</sup> Represents a sinking fund installment on a term bond maturing August 1, 2034.

<sup>(3)</sup> Represents a sinking fund installment on a term bond maturing August 1, 2037.

<sup>(4)</sup> Represents a sinking fund installment on a term bond maturing August 1, 2041.

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APPENDIX A  
INFORMATION RELATING TO THE AUTHORITY'S DEBT

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**INFORMATION REGARDING EXISTING FACILITIES**

**TABLE 1**

The Authority owns and operates the following special projects (i) the Lake Dunlap Water Treatment Plant on Lake Dunlap on the Guadalupe River southwest of New Braunfels, Texas and the Mid-Cities Water Transmission System (collectively the "Lake Dunlap/Mid-Cities Project"), (ii) the Hays/Caldwell Water Treatment Plant on the San Marcos River east of San Marcos, Texas (the "Hays/Caldwell Counties Area Project"), (iii) the Wells Ranch Project I, and (iv) the Wells Ranch Project II, each of which are operated as separate enterprises on a separate fiscal basis. See "THE AUTHORITY - Creation and Purpose". In addition, the Resolution provides for the ownership and operation by the Authority of a utility system in addition to the Lake Dunlap/Mid-Cities Project, the Hays/Caldwell Counties Area Project, the Wells Ranch I Project and the Wells Ranch II Project; however, the Authority does not currently own or operate a utility system or any facilities other than those related to the Lake Dunlap/Mid-Cities Project, the Hays/Caldwell Counties Area Project, the Wells Ranch I Project and Wells Ranch II Project. See Tables 6-11 below for a description of the Authority's outstanding debt associated with the Lake Dunlap/Mid-Cities Project, Hays/Caldwell Counties Area Project, the Wells Ranch I Project and the Wells Ranch II Project. The Special Payments are not pledged to secure payment of debt service on obligations (or for payment of operation and maintenance costs) related to the Lake Dunlap/Mid-Cities Project, Hays/Caldwell Counties Area Project, Wells Ranch I Project or Wells Ranch II Project; and no revenues of the Lake Dunlap/Mid-Cities Project, Hays/Caldwell Counties Area Project, Wells Ranch I Project or the Wells Ranch II Project are pledged to secure payment of debt service on the Bonds or any other Bonds Similarly Secured (or for payment of operation and maintenance costs of the Wells Ranch I Project).

**Currently Outstanding Bonds**

The Authority's current outstanding indebtedness secured by water supply contracts consists of the following issues:

[As of April 1, 2021]

**Contract Revenue Bonds <sup>(1)</sup>**

Taxable Contract Revenue Bonds (Hays/Caldwell Counties Area Project), Series 2005	\$ 1,950,000	
Taxable Contract Revenue Bonds (Hays/Caldwell Counties Area Project), Series 2008 (San Marcos River Rights Project)	-	(2)*
Tax-Exempt Contract Revenue Bonds (Wells Ranch Project), Series 2009	-	(3)*
Tax-Exempt Contract Revenue Bonds (Wells Ranch Project), Series 2011	405,000	(3)*
Tax-Exempt Contract Revenue Bonds (Wells Ranch Project II), Series 2015	39,750,000	
Tax-Exempt Contract Revenue Bonds (Wells Ranch I Project), Series 2016	25,000,000	
Tax-Exempt Contract Revenue and Refunding Bonds (Lake Dunlap/Mid-Cities Project), Series 2016	27,540,000	
Taxable Contract Revenue Bonds (Hays/Caldwell Counties Area Project), Series 2017	4,750,000	
Tax-Exempt Contract Revenue Bonds (Hays/Caldwell Counties Area Project), Series 2021 (the "Wells Ranch I Bonds", or the "Bonds")	12,050,000	
Tax-Exempt Contract Revenue Refunding Bonds (Wells Ranch I Project), Series 2021 (the "Wells Ranch I Bonds", or the "Bonds")	13,870,000	*
Tax-Exempt Contract Revenue Refunding Bonds (Hays/Caldwell Counties Area Project - San Marcos River Rights Project), Series 2021 (the "San Marcos River Rights Bonds")	2,265,000	*
<b>Total</b>	<b>\$127,580,000</b>	<b>*</b>

<sup>(1)</sup> Each of the above referenced bonds is supported by a take or pay contract between the Authority and its members and customers. More detailed information is provided in Appendix A & B herein.

<sup>(2)</sup> Excludes obligations expected to be refunded by separate Authority bonds (the Hays/Caldwell Counties Area Project - San Marcos River Rights Project Bonds) concurrently with the issuance of the Bonds.

<sup>(3)</sup> Excludes the Refunded Obligations.

\* Preliminary, subject to change.

**REVENUE BONDS AUTHORIZED BUT UNISSUED**

**TABLE 2**

-NONE-

**CHANGES IN GENERAL FIXED ASSETS****TABLE 3**

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balances at			Balances at
	10/1/2019	Additions	Disposals	9/30/2020
Land*	\$ 1,813,088	\$ 517,090	\$ -	\$ 2,330,178
Water Rights*	3,439,604	-	-	3,439,604
Building and Improvements	791,035	-	-	791,035
Plant and Distribution System	148,478,063	886,461	15,940,514	165,305,038
Machinery and Equipment	918,071	98,099	(18,387)	997,783
Construction in Progress*	<u>25,860,668</u>	<u>1,012,312</u>	<u>(16,759,554)</u>	<u>10,113,426</u>
Accumulated Depreciation	<u>(36,457,598)</u>	<u>(3,415,909)</u>	<u>187,929</u>	<u>(39,685,578)</u>
Capital Assets, Net	<u>\$ 144,842,931</u>	<u>\$ (901,947)</u>	<u>\$ (649,498)</u>	<u>\$ 143,291,486</u>

\* *Land, Water Rights and Construction in progress are not depreciated.**Source: The Authority's Comprehensive Annual Financial Report for the fiscal year ended 2020.***CAPITAL LEASE AND NOTES PAYABLE****TABLE 4***As of September 30, 2020*

-NONE-

*Source: The Authority's Comprehensive Annual Financial Report for the fiscal year ended 2020.***GENERAL FUND COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****TABLE 5**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>					
Water Sales	\$ 12,558,713	\$ 11,424,074	\$ 11,374,397	\$ 11,040,319	\$ 9,620,178
Member Entity					
Operating Payment	11,713,986	10,857,320	10,586,582	8,701,972	10,159,135
Interest Income	271,217	458,495	119,970	36,945	35,815
Miscellaneous	<u>698,598</u>	<u>719,360</u>	<u>331,807</u>	<u>342,341</u>	<u>305,466</u>
Total Revenues	\$ 25,242,514	\$ 23,459,249	\$ 22,412,756	\$ 20,121,577	\$ 20,120,594
<b>Expenditures:</b>					
Water Purchased	\$ 4,314,208	\$ 4,165,087	\$ 4,182,009	\$ 4,451,367	\$ 4,240,831
Other Expenses	<u>7,498,734</u>	<u>7,301,345</u>	<u>6,335,749</u>	<u>5,152,502</u>	<u>4,933,529</u>
Total Expenditures	\$ 11,812,942	\$ 11,466,432	\$ 10,517,758	\$ 9,603,869	\$ 9,174,360
<b>Net Available for Debt Service</b>	<u>\$ 13,429,572</u>	<u>\$ 11,992,817</u>	<u>\$ 11,894,998</u>	<u>\$ 10,517,708</u>	<u>\$ 10,946,234</u>
Annual Debt Service Requirements	\$11,279,205	\$10,839,963	\$10,218,745	\$10,025,716	\$10,312,412
Coverage	1.19X	1.11X	1.16X	1.05X	1.06X
Gallons Pumped into the System	5,190,613,000	4,014,717,000	4,320,800,000	4,052,991,000	3,246,969,000
Gallons Billed to Wholesale Customers	5,156,260,000	3,764,361,000	4,080,849,000	3,710,365,000	3,086,097,000

*Source: The Authority's Comprehensive Annual Financial Report for the fiscal year ended 2020.*



**GENERAL INFORMATION REGARDING HAYS/CALDWELL COUNTIES AREA  
PROJECT (SAN MARCOS RIVER RIGHTS)**

**TABLE 6**

In 2008, the Authority issued Taxable Contract Revenue Bonds (the "San Marcos River Rights Project Bonds"), the proceeds of which were used to secure certain water rights for use in the Hays/Caldwell Counties Area Project for County Line Special Utility District, Crystal Clear Special Utility District, and Maxwell Special Utility District. The San Marcos River Rights Project Bonds are secured only by Annual Payments made under the Amended and Restated Contract (as defined below) by County Line Special Utility District, Crystal Clear Special Utility District, and Maxwell Special Utility District.

<b>San Marcos River Rights Project</b>	<b>Outstanding Principal Amount</b>
Taxable Contract Revenue Bonds, Series 2008	\$ - <sup>(1)*</sup>
Tax-Exempt Contract Revenue Refunding Bonds, Series 2021	<u>2,265,000</u> *
<b>Total</b>	<u>2,265,000</u>

<sup>(1)</sup> Excludes obligations expected to be refunded by separate Authority bonds (the Hays/Caldwell Counties Area Project - San Marcos River Rights Project Bonds) concurrently with the issuance of the Bonds.

\* Preliminary, subject to change.

**Allocation of the Project and Debt Service**

Maxwell Special Utility District	45.48%
County Line Special Utility District	36.42%
Crystal Clear Special Utility District	<u>18.10%</u>
<b>Total</b>	<u>100.00%</u>

**Hays/Caldwell Counties Area Project (San Marcos River Rights Project)**

FYE (9/30)	Existing Debt		Less: Refunded		Plus: The San Marcos River Rights Project Bonds*			New Outstanding Debt Service
	Service	Obligations	Principal	Interest	Total			
2021	\$ 199,258	\$ 139,629	\$ 125,000	\$ 938	\$ 125,938	\$ 185,567		
2022	200,146	200,146	85,000	80,250	165,250	165,250		
2023	200,777	200,777	100,000	61,650	161,650	161,650		
2024	201,150	201,150	105,000	58,650	163,650	163,650		
2025	201,267	201,267	110,000	55,500	165,500	165,500		
2026	201,126	201,126	110,000	52,200	162,200	162,200		
2027	200,729	200,729	115,000	48,900	163,900	163,900		
2028	200,074	200,074	120,000	45,450	165,450	165,450		
2029	199,163	199,163	120,000	41,850	161,850	161,850		
2030	202,994	202,994	130,000	38,250	168,250	168,250		
2031	201,312	201,312	130,000	34,350	164,350	164,350		
2032	199,372	199,372	130,000	30,450	160,450	160,450		
2033	202,176	202,176	140,000	26,550	166,550	166,550		
2034	199,465	199,465	140,000	22,350	162,350	162,350		
2035	201,497	201,497	145,000	18,150	163,150	163,150		
2036	203,015	203,015	150,000	13,800	163,800	163,800		
2037	199,020	199,020	150,000	9,300	159,300	159,300		
2038	199,767	199,767	160,000	4,800	164,800	164,800		
<b>Total</b>	<b>\$ 3,612,309</b>	<b>\$ 3,552,680</b>	<b>\$ 2,265,000</b>	<b>\$ 643,388</b>	<b>\$ 2,908,388</b>	<b>\$ 2,968,017</b>		

\* Preliminary, subject to change.

Estimated Average Annual Debt Service Requirements (2021-2038)	\$ 164,890
Maximum Annual Debt Service Requirements (2021)	\$ 185,567

**GENERAL INFORMATION REGARDING HAYS/CALDWELL COUNTIES AREA PROJECT**

**TABLE 7**

The Authority has issued special project bonds (the “Hays/Caldwell Special Project Bonds”) for the construction of facilities related to the Hays/Caldwell Counties Area Project that are secured by and payable solely from payments received by the Authority pursuant to the take-or-pay contract (the “Regional (Hays/Caldwell Counties Area) Taxable Water Supply Contract” dated August 1, 1998, as amended (now defined as the "Original Contract")) between the Authority, and County Line Special Utility District, Crystal Clear Special Utility District, Martindale Water Supply Corporation, Maxwell Special Utility District. Due to the admission of the City of San Marcos as a customer to the Hays/Caldwell Counties Area Project, the Original Contract was amended to include the City. The Amended and Restated Regional (Hays/Caldwell Counties Area) Water Supply and Treatment Contract (the "Amended and Restated Contract") dated February 9, 2021 replaced the Original Contract. The City of San Marcos is a customer under the Amended and Restated Contract, but is not a Participating Member.

<b>Hays/Caldwell Counties Area Project Bonds</b>	<b>Outstanding Principal Amount</b>
Taxable Contract Revenue Refunding Bonds, Series 2005	\$ 1,950,000
Taxable Contract Revenue Bonds, Series 2017	4,750,000
Tax-Exempt Contract Revenue Bonds, Series 2021	12,050,000
<b>Total</b>	<b>\$ 18,750,000</b>

The Hays/Caldwell Counties Area Project constitutes a special project of the Authority and the Hays/Caldwell Special Project Bonds constitute “Bonds Similarly Secured” under the Resolutions, which are secured by and payable solely from revenues derived from the ownership and operation of the Hays/Caldwell Counties Area Project, including payments to the Authority received from Hays/Caldwell Counties Area Project Participating Members. No revenues of the Hays/Caldwell Counties Area Project are pledged to secure payment of debt service on the Lake Dunlap/Mid-Cities Project, Wells Ranch I Project or the Wells Ranch II Project.

**Allocation of the Project**

County Line Special Utility District	29.275%
Crystal Clear Special Utility District	11.191%
Martindale Water Supply Corporation	9.982%
Maxwell Special Utility District	20.143%
City of San Marcos*	<u>29.409%</u>
<b>Total</b>	<b><u>100.000%</u></b>

**Allocation of the Debt Service**

County Line Special Utility District	41.471%
Crystal Clear Special Utility District	15.853%
Martindale Water Supply Corporation	14.141%
Maxwell Special Utility District	28.535%
City of San Marcos*	<u>0.000%</u>
<b>Total</b>	<b><u>100.000%</u></b>

\* The City of San Marcos will contribute cash toward the project based upon their ownership interest in the project.

**HAYS/CALDWELL COUNTIES AREA PROJECT DEBT SERVICE**

**TABLE 8**

FYE (9/30)	Principal	Interest	Total
2021	\$ 675,000	\$ 268,055	\$ 943,055
2022	800,000	741,171	1,541,171
2023	1,035,000	554,268	1,589,268
2024	1,085,000	505,650	1,590,650
2025	635,000	453,924	1,088,924
2026	655,000	432,885	1,087,885
2027	675,000	410,710	1,085,710
2028	700,000	391,735	1,091,735
2029	720,000	371,292	1,091,292
2030	740,000	349,584	1,089,584
2031	765,000	326,740	1,091,740
2032	790,000	302,630	1,092,630
2033	815,000	277,370	1,092,370
2034	840,000	250,905	1,090,905
2035	865,000	223,305	1,088,305
2036	895,000	194,583	1,089,583
2037	920,000	165,007	1,085,007
2038	585,000	134,425	719,425
2039	600,000	116,875	716,875
2040	620,000	98,875	718,875
2041	635,000	83,375	718,375
2042	650,000	67,500	717,500
2043	665,000	51,250	716,250
2044	685,000	34,625	719,625
2045	700,000	17,500	717,500
<b>Total</b>	<b>\$ 18,750,000</b>	<b>\$ 6,824,235</b>	<b>\$ 25,574,235</b>

**Tax-Exempt Contract Revenue and Refunding Bonds (Lake Dunlap/Mid-Cities Project), Series 2016**

The Authority has issued special project bonds (the “Lake Dunlap/Mid-Cities Special Project Bonds”) for the refunding of bonds related to the Mid-Cities Project and Lake Dunlap Project as well as construction of improvements related to both the Lake Dunlap Project and Mid-Cities Project that are secured by and payable solely from payments received by the Authority pursuant to a take-or-pay contract (the “Lake Dunlap/Mid-Cities Contract”) among the Authority, SAWS (as successor to Bexar Metropolitan Water District), City of Cibolo, Green Valley Special Utility District, East Central Special Utility District, the City of Marion, Crystal Clear Special Utility District and Springs Hill Water Supply Corporation. The percentages of debt service that each Participant will pay are as follows:

San Antonio Water System	47.09%
City of Cibolo	11.88%
Green Valley Special Utility District	11.70%
East Central Special Utility District	16.48%
City of Marion	1.91%
Crystal Clear Special Utility District	2.23%
Springs Hill Water Supply Corporation	8.71%
Total	100.00%

**Tax-Exempt Contract Revenue Refunding Bonds (Lake Dunlap/Mid-Cities Project), Series 2016**

FYE (9/30)	Principal	Interest	Total
2021	\$ 2,645,000	\$ 1,151,900	\$ 3,796,900
2022	2,745,000	1,046,100	3,791,100
2023	2,890,000	908,850	3,798,850
2024	3,035,000	764,350	3,799,350
2025	3,175,000	612,600	3,787,600
2026	3,345,000	453,850	3,798,850
2027	3,510,000	286,600	3,796,600
2028	3,655,000	146,200	3,801,200
Total	<u>\$ 25,000,000</u>	<u>\$ 5,370,450</u>	<u>\$ 30,370,450</u>

**BOND DEBT SERVICE - WELLS RANCH I PROJECT**

**TABLE 10**

In 2007, the Authority initiated Phase I development of the Carrizo-Wilcox groundwater start-up project to serve the seven (7) entities, namely, SAWS (as successor to Bexar Metropolitan Water District), the City of Cibolo, Texas, Crystal Clear Special Utility District, East Central Special Utility District, Green Valley Special Utility District, City of Marion, Texas and Springs Hill Water Supply Corporation (referred to elsewhere herein as the Participating Members). The Wells Ranch I Project (the "Project") and phased development approach to the Project is described in detail in the Wells Ranch I Project Preliminary Engineering Report (the "PER"). Phase I of the Project has been completed and is on line delivering water. It consists of, among other improvements to System capacity and reliability, seven (7) 500 GPM Carrizo wells, groundwater collection piping system, 5 MGD groundwater treatment plant, two (2) ground storage tank and booster pump station sites and approximately 100,000 linear feet of 30" transmission main. Also included in the completed work are associated site civil, roadway, piping and chemical treatment and disinfection systems. The Project currently integrates with the Authority's Mid-Cities pipeline and storage facilities, from the Lake Dunlap surface water System treatment facilities. The well field is located along the Guadalupe – Gonzalez county line, approximately 15 miles southeast of Seguin, Texas. The Guadalupe and Gonzales County Groundwater Conservation Districts exercise continuing regulatory jurisdiction regarding the permits to pump and project installation, for purposes of drought management and management plan objectives of each county's groundwater district.

In 2011 the Authority began the construction of the Project to include the construction of approximately 50,000 linear feet of 30" transmission main and associated easement acquisitions. This Project, now completed, increased the capacity that can be delivered through the initial phase of the system as well as increased reliability of the project.

In the future, it is anticipated that the well field, treatment, and delivery system will be expanded by adding additional wells within the permitted well field.

**Bond Data (Wells Ranch I Project)**

[As of April 1, 2021]	<u>Outstanding Principal Amount</u>	
Tax-Exempt Contract Revenue Bonds, Series 2009	\$ -	* <sup>(1)</sup>
Tax-Exempt Contract Revenue Bonds, Series 2011	405,000	* <sup>(1)</sup>
Tax-Exempt Contract Revenue Refunding Bonds, Series 2016	26,750,000	
Tax-Exempt Contract Revenue Refunding Bonds, Series 2021 (the "Bonds")	<u>13,870,000</u>	*
Total Wells Ranch I Project Debt	\$ 41,025,000	*

\* Preliminary, subject to change.

<sup>(1)</sup> Excludes the Refunded Obligations.

The Debt Service payments shown on the following page are supported by Contract Payments being made by SAWS (as successor to Bexar Metropolitan Water District), City of Cibolo, Green Valley Special Utility District, East Central Special Utility District, Crystal Clear Special Utility District, Springs Hill Water Supply Corporation, and City of Marion. The Contract stipulates that the participating members and SAWS will pay the Debt Service in the following percentages.

San Antonio Water System	53.85%
City of Cibolo	13.46%
Green Valley Special Utility District	13.46%
East Central Special Utility District	9.62%
Crystal Clear Special Utility District	5.77%
Springs Hill Water Supply Corporation	1.92%
City of Marion	<u>1.92%</u>
Total	<u>100.00%</u>

**BOND DEBT SERVICE - WELLS RANCH I PROJECT (cont.)**

**Wells Ranch I Project**

FYE (9/30)	Existing Debt Service	Less: Refunded Obligations	Plus: The Bonds*			New Outstanding
			Principal	Interest	Total	
2021	\$ 4,225,525	\$ 553,384				\$ 3,672,141
2022	4,219,788	1,317,288	590,000	520,125	1,110,125	4,012,625
2023	4,222,088	1,318,588	710,000	398,400	1,108,400	4,011,900
2024	4,217,288	1,317,288	730,000	377,100	1,107,100	4,007,100
2025	4,224,738	1,317,738	755,000	355,200	1,110,200	4,017,200
2026	4,220,275	1,316,525	775,000	332,550	1,107,550	4,011,300
2027	4,219,175	1,318,675	800,000	309,300	1,109,300	4,009,800
2028	4,220,613	1,318,613	825,000	285,300	1,110,300	4,012,300
2029	4,222,525	1,320,925	850,000	260,550	1,110,550	4,012,150
2030	3,897,706	995,306	550,000	235,050	785,050	3,687,450
2031	3,899,081	994,881	565,000	218,550	783,550	3,687,750
2032	3,905,131	998,331	585,000	201,600	786,600	3,693,400
2033	998,881	998,881	605,000	184,050	789,050	789,050
2034	998,006	998,006	625,000	165,900	790,900	790,900
2035	995,706	995,706	640,000	147,150	787,150	787,150
2036	996,094	996,094	660,000	127,950	787,950	787,950
2037	994,775	994,775	675,000	108,150	783,150	783,150
2038	996,750	996,750	700,000	87,900	787,900	787,900
2039	995,750	995,750	720,000	66,900	786,900	786,900
2040	997,750	997,750	745,000	45,300	790,300	790,300
2041	997,500	997,500	765,000	22,950	787,950	787,950
<b>Total</b>	<b>\$ 58,665,144</b>	<b>\$ 23,058,753</b>	<b>\$ 13,870,000</b>	<b>\$ 4,449,975</b>	<b>\$ 18,319,975</b>	<b>\$ 53,926,366</b>

\* Preliminary, subject to change.

Estimated Average Annual Debt Service Requirements (2021-2041)	\$ 2,567,922
Maximum Annual Debt Service Requirements (2025)	\$ 4,017,200

**BOND DEBT SERVICE - WELLS RANCH II PROJECT****TABLE 11**

The Wells Ranch II Project consists of a well field and distribution system capable of producing 13,029 acre feet per year, financed through a take or pay contract (the "Wells Ranch II Contract") with certain participating members. The Debt Service payments shown below are supported by Contract Payments being made by City of Converse, City of Cibolo, City of Marion, Green Valley Special Utility District, East Central Special Utility District and Crystal Clear Special Utility District. The Contract stipulates that the participants will pay the Debt Service in the following percentages.

City of Converse	6.39%
Crystal Clear Special Utility District	6.28%
City of Cibolo	16.36%
City of Marion	1.28%
East Central Special Utility District	6.39%
Green Valley Special Utility District	<u>63.30%</u>
Totals	100.00%

**Tax-Exempt Contract Revenue Bonds (Wells Ranch II Project), Series 2015**

<u>FYE (9/30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,800,000	\$ 759,174	\$ 2,559,174
2022	2,360,000	740,994	3,100,994
2023	2,395,000	713,618	3,108,618
2024	2,440,000	682,483	3,122,483
2025	2,485,000	648,567	3,133,567
2026	2,530,000	612,037	3,142,037
2027	2,585,000	570,545	3,155,545
2028	2,645,000	523,757	3,168,757
2029	2,710,000	471,915	3,181,915
2030	2,775,000	415,005	3,190,005
2031	2,845,000	353,955	3,198,955
2032	2,925,000	289,089	3,214,089
2033	3,000,000	221,229	3,221,229
2034	3,085,000	150,129	3,235,129
2035	<u>3,170,000</u>	<u>76,397</u>	<u>3,246,397</u>
Total	<u>\$ 39,750,000</u>	<u>\$ 7,228,888</u>	<u>\$ 46,978,888</u>

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APPENDIX B  
INFORMATION RELATING TO THE PARTICIPATING MEMBERS

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## SAN ANTONIO WATER SYSTEM

### REVENUE BOND DEBT DATA (SAWS)

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[As of April 1, 2021]

Water System Revenue Bonds, Taxable Series 2009B	\$	72,085,000
Water System Revenue Bonds, Taxable Series 2010B		29,750,000
Water System Revenue and Refunding Bonds, Series 2011		24,560,000
Water System Junior Lien Revenue and Refunding Bonds, Series 2011A		14,060,000
Water System Junior Lien Revenue Bonds, Series 2011		14,025,000
Water System Revenue and Refunding Bonds, Series 2012		75,450,000
Water System Junior Lien Revenue Refunding Bonds, Series 2012		5,530,000
Water System Junior Lien Revenue Bonds, Series 2012		14,950,000
Water System Revenue and Refunding Bonds, Series 2012A		120,105,000
Water System Junior Lien Revenue Bonds, Series 2013A		33,250,000
Water System Junior Lien Revenue Refunding Bonds, Series 2013B		56,145,000
Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2013F		98,795,000
Water System Junior Lien Revenue Bonds, Series 2013D		49,235,000
Water System Junior Lien Revenue and Refunding Bonds, Series 2013E		53,570,000
Water System Junior Lien Revenue Bonds, Series 2013C		17,870,000
Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2014B		99,590,000
Water System Junior Lien Revenue and Refunding Bonds, Series 2014A		73,560,000
Water System Junior Lien Revenue Bonds, Series 2014D		16,085,000
Water System Junior Lien Revenue Bonds, Series 2014C		31,835,000
Water System Junior Lien Revenue Bonds, Series 2015A		65,015,000
Water System Junior Lien Revenue and Refunding Bonds, Series 2015B		284,225,000
Water System Junior Lien Revenue Refunding Bonds, Series 2016A		154,465,000
Water System Junior Lien Revenue Refunding Bonds, Taxable Series 2016B		12,770,000
Water System Junior Lien Revenue and Refunding Bonds, Series 2016C		298,200,000
Water System Junior Lien Revenue Bonds, Series 2016D		11,180,000
Water System Junior Lien Revenue Bonds, Series 2016E		12,855,000
Water System Junior Lien Revenue Refunding Bonds, Series 2017A		73,295,000
Water System Junior Lien Revenue and Refunding Bonds, Series 2018A		204,275,000
Water System Junior Lien Revenue Bonds, Series 2018B		9,915,000
Water System Variable Rate Junior Lien Revenue Bonds, Series 2019A		166,480,000
Water System Junior Lien Revenue Bonds, Series 2019B		29,780,000
Water System Junior Lien Revenue Refunding Bonds, Series 2019C		81,380,000
Water System Junior Lien Revenue and Refunding Bonds, Series 2020A		276,815,000
Water System Junior Lien Revenue Bonds, Series 2020B		25,285,000
Water System Junior Lien Revenue Bonds, Series 2020C		153,390,000
Water System Junior Lien Revenue Bonds, Series 2020D		11,805,000
	\$	<u>2,771,580,000</u>

### REVENUE BONDS AUTHORIZED BUT UNISSUED

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-NONE-

**CAPITAL ASSETS (SAWS)***(amounts in thousands)*

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balances at				Balances at
	12/31/2019	Additions	Transfers	Deletions	12/31/2020
<i>Capital Assets, not subject to depreciation</i>					
Land	\$ 115,007	\$ 46,814	\$ 652	\$ 35	\$ 162,438
Water Rights	248,881	-	-	-	248,881
Other Intangible Assets	370	-	-	-	370
Construction in Progress	673,633	438,393	(590,044)	355	521,627
Total	1,037,891	485,207	(589,392)	390	933,316
<i>Capital Assets, being depreciated</i>					
Structures and Improvements	\$ 856,587	\$ 124,288	\$ 25,965	\$ 4,770	\$ 1,002,070
Pumping and Purification Equipment	254,787	21,694	2,783	46	279,218
Distribution and Transmission System	2,685,097	638,687	298,417	12,115	3,610,086
Treatment Facilities	2,595,741	-	220,012	15,343	2,800,410
Equipment and Machinery	339,294	104,220	39,703	5,978	477,239
Furniture and Fixtures	6,595	-	-	-	6,595
Computer Equipment	24,461	5,245	-	-	29,706
Software	52,443	652	2,512	-	55,607
Other Intangible Assets	1,354	-	-	-	1,354
Total	6,816,359	894,786	589,392	38,252	8,262,285
Accumulated Depreciation	(2,204,823)	(187,847)	-	(37,362)	(2,355,308)
Capital Assets, Net	\$ 4,089,478	\$ 1,192,146	\$ -	\$ 1,280	\$ 6,840,293

*Source: The System's Comprehensive Annual Financial Report for the fiscal year ended 2020.***TOP TEN WATER CUSTOMERS (SAWS)**

Customer	Usage (Million Gallons)	Total Revenue (in Thousands)
City of San Antonio	518	\$ 4,341
HEB Grocery	584	3,702
San Antonio Housing Authority	461	2,836
Methodist Healthcare System	305	2,544
Bexar County	398	2,378
Northside ISD	225	1,892
University of Texas San Antonio	216	1,820
East Central Special Utility District	248	1,613
Northeast ISD	204	1,522
CPS Energy	250	1,495
Total	3,410	\$ 24,144

*Source: The System's Comprehensive Annual Financial Report for the fiscal year ended 2020.*

## OPERATING STATEMENT (SAWS)

(amounts in thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
Operating Revenues:					
Water Delivery	\$ 223,076	\$ 229,203	\$ 218,399	\$ 202,264	\$ 190,913
Water Supply	295,682	218,842	202,674	202,143	185,037
Wastewater	266,265	274,519	259,124	250,977	234,966
Chilled Water & Steam	9,894	10,615	10,849	11,368	11,541
Total Operating Revenues	<u>794,917</u>	<u>733,179</u>	<u>691,046</u>	<u>666,752</u>	<u>622,457</u>
Operating Expenses Before Depreciation:					
Salaries and Fringe Benefits	\$ 163,910	\$ 162,445	\$ 149,970	\$ 148,058	\$ 142,315
Contractual Services	184,517	173,187	171,032	168,350	170,845
Materials and Supplies	25,836	26,469	23,485	23,159	21,959
Other Charges	(2,402)	6,726	11,718	11,150	12,702
Less: Construction in Progress	(29,921)	(30,743)	(31,613)	(32,275)	(32,426)
Depreciation	188,872	157,225	155,550	152,072	142,856
Total Operating Expenses	<u>\$ 530,812</u>	<u>\$ 495,309</u>	<u>\$ 480,142</u>	<u>\$ 470,514</u>	<u>\$ 458,251</u>
Operating Income	<u>\$ 264,105</u>	<u>\$ 237,870</u>	<u>\$ 210,904</u>	<u>\$ 196,238</u>	<u>\$ 164,206</u>
Non-Operating Revenues:					
Interest Revenues	\$ 17,974	\$ 32,583	\$ 22,488	\$ 10,407	\$ 8,146
Interest Expense	\$ 90,874	\$ 96,420	\$ 88,542	\$ 86,615	\$ 86,566
Interest Expense on Contract Payable	32,947*	-	-	-	-
Debt Issue Costs/Amortization of Debt Issuance Costs	3,667	2,627	1,711	1,385	4,716
Other Financing Charges	1,814	2,066	1,957	2,697	2,121
Loss on Defeased Debt	(1,556)	664	-	-	-
(Gain)/Loss on Sale of Capital Assets	(777)	(886)	(924)	(951)	(3,087)
Payments to City	31,043	21,917	18,287	17,276	14,228
Payments to Other Entities	93	99	101	108	109
Total Non-Operating Expenses	<u>\$ 158,105</u>	<u>\$ 122,907</u>	<u>\$ 109,674</u>	<u>\$ 107,130</u>	<u>\$ 104,653</u>
Increase/(Decrease) in Net Position Before Capital Contributions	<u>123,974</u>	<u>147,546</u>	<u>123,718</u>	<u>99,515</u>	<u>67,699</u>
Capital Contributions:					
Plant Contributions	\$ 73,375	\$ 73,375	\$ 59,761	\$ 60,643	\$ 73,889
Capital Recovery Fees	94,641	94,641	79,794	72,846	67,991
Grant Revenue	9,258	9,258	6,435	7,925	3,866
Total Contributions	<u>\$ 177,274</u>	<u>\$ 177,274</u>	<u>\$ 145,990</u>	<u>\$ 141,414</u>	<u>\$ 145,746</u>
Change in Net Position	<u>\$ 301,248</u>	<u>\$ 324,820</u>	<u>\$ 269,708</u>	<u>\$ 240,929</u>	<u>\$ 213,445</u>

\* Based on the commencement of the operational phase of the Vista Ridge Pipeline Project, a contract payable and the associated interest expense were added to the financial statements in April 2020.

**CITY OF CIBOLO**

**REVENUE BOND DEBT DATA**

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*As of April 1, 2021*

Utility System Revenue Bonds, Series 2006	\$ 955,000
Utility System Revenue Bonds, Series 2012	<u>4,985,000</u>
Total Utility System Debt	<u><u>\$ 5,940,000</u></u>

**REVENUE BONDS AUTHORIZED BUT UNISSUED**

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-NONE-

**REVENUE BONDS DEBT SERVICE REQUIREMENTS**

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FY Ending 30-Sep	Principal	Interest	Total
2021	\$ 525,000	\$ 199,816	\$ 724,816
2022	535,000	185,695	720,695
2023	555,000	167,569	722,569
2024	570,000	148,838	718,838
2025	595,000	129,501	724,501
2026	610,000	109,409	719,409
2027	415,000	93,088	508,088
2028	430,000	79,600	509,600
2029	445,000	65,625	510,625
2030	460,000	50,050	510,050
2031	475,000	33,950	508,950
2032	495,000	17,325	512,325
	<u>\$ 6,110,000</u>	<u>\$ 1,280,466</u>	<u>\$ 7,390,466</u>

## WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT

The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, bad debt, debt service payments and expenditures identified as capital.

	Fiscal Year Ended				
	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Revenues	14,876,703	13,442,811	11,582,741	11,402,577	\$10,456,623
Expenses	<u>10,750,325</u>	<u>10,357,259</u>	<u>9,573,178</u>	<u>9,102,897</u>	<u>8,908,512</u>
Net Revenue Available for Debt Service	<u>\$4,126,378</u>	<u>\$3,085,552</u>	<u>\$2,009,563</u>	<u>\$2,299,680</u>	<u>\$1,548,111</u>
Customer Count:					
Water	5,741	5,625	5,552	5,429	5,418
Sewer	9,818	9,499	9,093	8,722	8,350

Source: The City's Comprehensive Annual Financial Reports

### CAPITAL ASSETS

(as of 9/30/2020)	Beginning		Deletions/ Transfers	Ending Balance
	Balance	Increases		
Land	\$ 1,396,208	\$ -	\$ -	\$ 1,396,208
Water Rights	475,000	-	-	475,000
Construction in Progress	2,451,791	2,440,907	(1,846,457)	3,046,241
Utility Systems	35,824,745	3,242,812	1,846,457	40,914,014
Equipment and Vehicles	<u>1,767,953</u>	<u>116,612</u>	<u>(80,278)</u>	<u>1,804,287</u>
Totals	\$ 41,915,697	\$ 5,800,331	\$ (80,278)	\$ 47,635,750
Less: Accumulated Depreciation	<u>(6,938,105)</u>	<u>(931,793)</u>	<u>80,278</u>	<u>(7,789,620)</u>
Total Property Plant & Equipment	\$ 34,977,592	\$ 4,868,538	\$ -	\$ 39,846,130

### TOP 10 USERS (FOR FISCAL YEAR 2020)

Name of Customer	Gallons	% of Total
Liberty Oilfield Services	15,049,500	2.70%
SCUCISD	10,369,900	1.86%
City of Cibolo	7,240,000	1.30%
Ripps Kresler Irrigation	5,374,800	0.96%
Blue Wave Care Wash	5,188,400	0.93%
Bee Clean Carwash	5,161,200	0.93%
DR Horton	4,957,000	0.89%
DNT Construction	4,767,100	0.85%
El Sereno Restaurant	3,051,600	0.55%
Walmart	<u>2,873,700</u>	<u>0.52%</u>
Total	64,033,200	11.48%

Total Usage for the entire City was 557,869,607 gallons.

Source: The City's Comprehensive Annual Financial Reports

**GREEN VALLEY SPECIAL UTILITY DISTRICT**

**UTILITY SYSTEM DEBT DATA**

*As of April 1, 2021*

Water System Revenue Bonds, Series 2003	\$ 447,000
Water System Revenue Bonds, Series 2020	4,975,439
Prior Lien Water and Wastewater System Revenue Bonds, Series 2020	24,985,000
Water System Revenue Refunding Bonds, Series 2020	8,400,000
Water System Revenue Bonds, Series 2020A	5,290,000
Water System Revenue Bonds, Series 2020B	<u>2,840,000</u>
	<u>\$ 46,937,439</u>

**REVENUE BONDS AUTHORIZED BUT UNISSUED**

-NONE-

**WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT**

*The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, bad debt, debt service payments and expenditures identified as capital.*

	Fiscal Year Ended			
	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total Revenue	\$ 15,267,322	\$ 12,433,712	\$ 11,391,414	\$ 9,754,753
Operating Expenses (less depreciation)	<u>14,220,497</u>	<u>10,738,723</u>	<u>9,802,607</u>	<u>7,699,375</u>
Operating Income (Loss)	<u>\$ 1,046,825</u>	<u>\$ 1,694,989</u>	<u>\$ 1,588,807</u>	<u>\$ 2,055,378</u>
Total Paid to CRWA Included in Expenses Above	\$6,055,565	\$5,277,961	\$5,034,607	\$3,544,651
Water Connections	14,677	13,929	12,731	11,746
Gallons Pumped into System (Rounded to nearest thousand)	1,614,562,000	1,273,262,837	1,360,972,000	1,287,143,000
Gallons Billed to Customers	1,392,008,981	994,567,976	1,094,870,000	1,020,425,197
Water Sales Ratio	86.22%	78.11%	80.45%	79.28%

*Source: The District's Comprehensive Annual Financial Reports and information provided by the District.*



## CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balances at 10/1/2019	Additions/ Decreases	Balances at 9/30/2020
<i>Capital Assets, not subject to depreciation</i>			
Land	\$ 1,594,986	\$ 557,290	\$ 2,152,276
Construction in Progress	5,542,796	7,020,463	12,563,259
<i>Capital Assets, being depreciated</i>			
Furniture and Fixtures	\$ 62,651	\$ -	\$ 62,651
Lines, Pumps, Equipment, Plant	34,244,173	1,023,667	35,267,840
Office Building and Equipment	1,066,058	214,560	1,280,618
Shop Building and Equipment	433,561	-	433,561
Vehicles and Equipment	1,353,622	136,376	1,489,998
	44,297,847	8,952,356	53,250,203
Accumulated Depreciation	(14,622,170)	(1,058,375)	(15,590,344)
Capital Assets, Net	\$ 29,675,677	\$ 7,893,981	\$ 37,659,859

Source: The System's Comprehensive Annual Financial Report for the fiscal year ended 2020.

## TOP 10 USERS (FOR FISCAL YEAR ENDING 2020)

Name of Customer	Gallons	% of Total
New Braunfels Utilities Co	17,889,316	1.29%
Water Services Inc.	12,380,636	0.89%
Universal Forest Products, Inc.	10,496,839	0.75%
Cypress Grove	8,386,194	0.60%
Tricon Precast	8,150,940	0.59%
Vals Community Limited Partnership	4,789,237	0.34%
Turning Stone HOA	3,824,126	0.27%
Stonecreek RV Park	3,136,955	0.23%
Stonecreek RV Park	3,001,217	0.22%
Dieu Crowley Investments	2,670,000	0.19%
Total	74,725,460	5.37%

Total Usage for the entire District was 1,392,008,981 gallons.

Source: The District's Comprehensive Annual Financial Reports and information provided by the District.

**EAST CENTRAL SPECIAL UTILITY DISTRICT****REVENUE BOND DEBT DATA***(As of April 1, 2021)*

Utility System Revenue Refunding Bonds, Series 2016	\$ 875,000
Utility System Revenue Bonds, Series 2021	<u>4,200,000</u>
Total Revenue Bond Debt Outstanding	<u>\$ 5,075,000</u>

**REVENUE BONDS AUTHORIZED BUT UNISSUED****-NONE-****WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT**

*The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, bad debt, debt service payments and expenditures identified as capital.*

	Fiscal Year Ended			
	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Total Revenue	\$11,793,281	\$ 7,607,727	\$ 6,699,644	\$ 5,773,858
Operating Expenses (less depreciation)	<u>5,159,693</u>	<u>4,644,191</u>	<u>4,550,322</u>	<u>4,527,395</u>
Operating Income	<u>\$6,633,588</u>	<u>\$2,963,536</u>	<u>\$2,149,322</u>	<u>\$1,246,463</u>
Total Paid to CRWA Included in Expenses Above	\$2,532,543	\$2,149,978	\$2,136,614	\$1,521,764
Water Connections	7,203	5,471	5,219	4,997
Gallons Pumped into System (Rounded to nearest thousand)	645,070	589,119	543,803	564,767
Gallons Billed to Customers	535,184	470,754	450,153	460,536
Water Sales Ratio	82.97%	79.91%	82.78%	81.54%

*Source: The District's Comprehensive Annual Financial Reports*

**PROPERTY, PLANT AND EQUIPMENT**

	<u>FYE 12/31/2020</u>
Land and Easements	\$ 772,723
Construction in Progress	590,566
CRWA Assets	13,304,338
Plant and Distribution System	15,290,674
Equipment	673,095
Building and Improvements	96,505
Furniture and Fixtures	246,536
Vehicles	806,625
Organizational Expenses	180,372
Refinance Bond Costs	157,086
CRWA Membership	<u>10,000</u>
Total Capital Assets	\$ 32,128,520
Less: Accumulated Depreciation	<u>(13,716,253)</u>
Net Capital Assets	\$ 18,412,267

**TOP 10 USERS (FOR FISCAL YEAR ENDING 2020)**

<u>Name of Customer</u>	<u>Gallons</u>	<u>% of Total</u>
East Central ISD	11,409,273	2.13%
Tex-Mix	8,946,528	1.67%
Universal Injection	5,141,691	0.96%
Reynolds	3,516,818	0.66%
Keller North	2,879,437	0.54%
Reynosa	2,530,822	0.47%
Fred Schoenfeld	1,939,075	0.36%
Fisher's Neighborhood Mkt	1,898,678	0.35%
Minerva Leal	1,746,814	0.33%
Carl Coleman	<u>1,564,277</u>	<u>0.29%</u>
Total	41,573,413	7.77%

Total Usage for the entire District was 535,184,181 gallons.

*Source: The District's Comprehensive Annual Financial Reports*

**CRYSTAL CLEAR SPECIAL UTILITY DISTRICT**

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**UTILITY SYSTEM DEBT DATA**

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*(As of April 1, 2021)*

Combination Water and Sewer System Revenue Refunding Bonds, Series 2015	\$2,972,000
Combination Water and Sewer System Revenue Bonds, Series 2017	13,480,000
Promissory Notes	4,232,874
Co-Bank Notes	<u>5,121,098</u>
	\$25,805,972

**REVENUE BONDS AUTHORIZED BUT UNISSUED**

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-NONE-

**WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT**

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*The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, bad debt, debt service payments and expenditures identified as capital.*

	Fiscal Year Ended			
	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Total Revenue	\$ 10,701,779	\$ 8,997,789	\$ 8,679,922	\$ 8,046,595
Operating Expenses (less: Depreciation and CRWA Payment)	\$ 5,266,698	\$ 4,063,442	\$ 4,184,802	\$ 4,413,885
CRWA Payment	<u>2,018,705</u>	<u>1,537,611</u>	<u>1,416,903</u>	<u>1,241,989</u>
Total Operating Expenses	<u>\$ 7,285,403</u>	<u>\$ 5,601,053</u>	<u>\$ 5,601,705</u>	<u>\$ 5,655,874</u>
Available for Debt Service	<u>\$ 3,416,376</u>	<u>\$ 3,396,736</u>	<u>\$ 3,078,217</u>	<u>\$ 2,390,721</u>
Annual Debt Service <sup>(1)</sup>	\$ 1,395,697	\$ 1,392,747	\$ 787,164	\$ 588,036
Coverage	2.45X	2.44X	3.91X	4.07X
Water Connections	5,913	5,822	5,513	5,122
Gallons Billed to Customers	493,493,000	493,493,000	511,079,000	500,673,438

*Source: The District's Annual Financial Reports and information provided by the District.*

<sup>(1)</sup> *Debt service only includes obligations payable by the District. It does not include payments to the Authority which are captured in the District's operating expenses.*

**PROPERTY, PLANT AND EQUIPMENT**

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	<u>FYE 9/30/20</u>
Land	\$ 388,509
Water Rights	7,079,526
Buildings and Improvements	983,582
Plant & Distribution System	26,694,898
Machinery and Equipment	1,303,386
Construction in Process	<u>7,073,138</u>
Totals	\$ 43,523,039
Less: Accumulated Depreciation	<u>(8,477,652)</u>
Total Property Plant & Equipment	\$ 35,045,387

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Source: The District's Annual Financial Reports and information provided by the District.

**TOP 10 USERS (FOR FISCAL YEAR ENDING 2020)**

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<u>Name of Customer</u>	<u>Gallons</u>	<u>% of Total</u>
D&R RANCH RV PARK	2,994,514	0.61%
AMERITEX PIPE & Products	2,738,500	0.55%
Kenneth Hoelscher	1,604,634	0.33%
Dale Lowden Excavating LLC	1,170,200	0.24%
Herbert Rizk Sr	902,039	0.18%
Gregory Ploch	887,835	0.18%
McEtheridge CO	645,172	0.13%
Mary Lou Villasana	591,968	0.12%
Maritex Pipe	349,599	0.07%
McIntyre Properties	<u>348,627</u>	<u>0.07%</u>
Total	12,233,088	2.48%

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Source: The District's Annual Financial Reports and information provided by the District.

CITY OF MARION

**REVENUE BOND DEBT DATA**

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*As of March 15, 2021*

- NONE -

**REVENUE BONDS AUTHORIZED BUT UNISSUED**

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-NONE-

**WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT**

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*The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, bad debt, debt service payments and expenditures identified as capital.*

Please review the attached audit for a more complete income statement.

	Fiscal Year Ended			
	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Total Revenue	\$989,142	\$985,954	\$1,072,718	\$808,367
Operating Expenses (less depreciation)	<u>\$840,376</u>	<u>\$908,629</u>	<u>\$806,431</u>	<u>\$611,740</u>
Operating Income	<u>\$148,766</u>	<u>\$77,325</u>	<u>\$266,287</u>	<u>\$196,627</u>
Total Paid to CRWA Included in Expenses Above	\$324,033	\$298,778	\$295,970	\$270,219
Water Connections	700	695	689	671

*Source: The City's Comprehensive Annual Financial Reports.*

**CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balances at 10/1/2019	Additions	Balances at 9/30/2020
<i>Capital Assets, not subject to depreciation</i>			
Water Rights	\$ 50,000	\$ -	\$ 50,000
Land and Land Rights	72,947	-	72,947
Construction in Process	75,362	-	75,362
<i>Capital Assets, being depreciated</i>			
Utility System	\$ 3,810,927	\$ -	\$ 3,810,927
Equipment	161,126	4,600	165,726
Buildings	33,651	-	33,651
	4,204,013	4,600	4,208,613
Accumulated Depreciation	(3,596,518)	(42,090)	(3,638,608)
Capital Assets, Net	<u>\$ 607,495</u>	<u>\$ (37,490)</u>	<u>\$ 570,005</u>

Source: The City's Comprehensive Annual Financial Report for the fiscal year ended 2020.

**TOP 10 USERS (FOR FISCAL YEAR ENDING 2020)**

Name of Customer	Gallons	% of Total
Cemex USD	2,264,000	5.07%
Marion ISD	633,500	1.42%
Joel Krock	414,902	0.93%
GG's Corner Café	330,200	0.74%
Penshorn Meat Market	269,300	0.60%
Taprite	210,200	0.47%
JB Bertling Rental	179,079	0.40%
La Prima	119,800	0.27%
Lupitas	132,100	0.30%
Hitching Post	111,900	0.25%
Total	4,664,981	10.45%

Total Usage for the entire City was 44,622,000 gallons.

Source: The City's Comprehensive Annual Financial Report for the fiscal year ended 2020.

**SPRINGS HILL WATER SUPPLY CORPORATION\***

**REVENUE BOND DEBT DATA**

As of December 31, 2020

Utility System Debt \$5,452,813

The Long-term Debt of the Corporation consists of two Notes payable to CoBank and two Loans with the Texas Water Development Board. The Notes were issued October 31, 2015 and are collateralized by a security interest in all real and personal property of the Corporation. Details about these financings are as follows:

Series Name	Original Issue		Interest Rate	Maturity Date
	Amount	Date		
<i>Texas Water Development Board</i>				
<i>American Recovery and Reinvestment Act Loan</i>	\$3,130,000	2/24/2010	0.00%	12/31/2030
<i>Drinking Water State Revolving Fund</i>	1,100,000	5/2/2013	0.63%-4.64%	11/1/2032
<i>Co Bank</i>				
<i>Note Payable RI1421T01</i>	3,950,692	10/31/2015	6.27%	10/31/2033

The Corporation's long-term debt activity as of and for the year ending December 31, 2020 is as follows:

Bonds Payable, Series	Balance Outstanding			Balance Outstanding	
	1/1/2020	Additions	Retirements	12/31/2020	Due Within One Year
ARRA Loan	\$ 1,726,000	\$ -	\$ (156,000)	\$ 1,570,000	\$ 156,000
State Revolving Fund	795,000	-	(50,000)	745,000	50,000
CoBank RI1421T01	182,294	-	(182,294)	-	-
CoBank RI1421T02	3,308,568	-	(170,755)	3,137,813	179,013
Unamortized Issuance Costs	(15,733)	-	1,211	(14,522)	1,211
<b>Totals</b>	<u>\$ 5,996,129</u>	<u>\$ -</u>	<u>\$ (557,838)</u>	<u>\$ 5,438,291</u>	<u>\$ 386,224</u>

The annual requirements to amortize all debt outstanding as of December 31, 2020, including interest payments, are as follows:

Year	Principal	Interest	Total
2021	\$ 385,012	\$ 222,622	\$ 607,634
2022	398,668	209,693	608,361
2023	407,742	195,910	603,652
2024	417,255	181,413	598,668
2025	432,228	166,201	598,429
2026-2030	2,363,453	572,398	2,935,851
2031-2033	1,048,454	103,959	1,152,413
<b>Total</b>	<u>\$ 5,452,812</u>	<u>\$ 1,652,196</u>	<u>\$ 7,105,008</u>



**WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT**

The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, bad debt, debt service payments and expenditures identified as capital.

	Fiscal Year Ended			
	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Total Revenue	\$11,699,834	\$7,927,204	\$7,927,204	\$8,180,184
Operating Expenses (less depreciation)	<u>6,299,327</u>	<u>5,673,692</u>	<u>5,673,692</u>	<u>5,101,625</u>
Operating Income (Loss)	<u>\$ 5,400,507</u>	<u>\$ 2,253,512</u>	<u>\$ 2,253,512</u>	<u>\$ 3,078,559</u>
Total Paid to CRWA Included in Expenses Above	\$1,660,798	\$1,634,091	\$1,651,151	\$1,555,428
Water Connections	8,185	8,185	7,869	7,678

Source: The Corporation's Comprehensive Annual Financial Reports and information provided by the Corporation.

**PROPERTY, PLANT AND EQUIPMENT**

	<u>FYE 12/31/2020</u>
Land and Land Rights	\$ 231,626
Water Plant and Distribution	35,088,270
Vehicles and Equipment	935,023
Buildings and Improvements	739,005
Construction in Progress	<u>1,499,268</u>
Totals	\$ 38,493,192
Less: Accumulated Depreciation	<u>(15,858,397)</u>
Total Property Plant & Equipment	\$ 22,634,795

**TOP 10 USERS**

<u>Name of Customer</u>	<u>Gallons</u>	<u>% of Total</u>
CMC Steel Texas	46,988,000	5.37%
Crystal Clear SUD	34,058,000	3.89%
Caterpillar	30,205,000	3.45%
Navarro ISD	6,667,800	0.76%
Fairway Manor Apts	5,822,000	0.67%
Keller North American	5,003,000	0.57%
FADAL Mgmt	4,037,800	0.46%
Stefan Filipiak	3,263,000	0.37%
Love Truck Stop	2,971,000	0.34%
05 Enterprises	<u>2,730,000</u>	<u>0.31%</u>
Total	141,745,600	16.20%

Source: The Corporation's Comprehensive Annual Financial Reports and information provided by the Corporation.

Total Usage 2020 874,752,600

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APPENDIX C  
AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2020

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Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Canyon Regional Water Authority  
New Braunfels, TX

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

We have audited the accompanying financial statements of the Canyon Regional Water Authority, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Canyon Regional Water Authority's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Canyon Regional Water Authority, as of September 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance 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 and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Canyon Regional Water Authority's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information required by the Texas Commission on Environmental Quality is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Armstrong, Vaughan & Associates, P.C.

December 15, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Canyon Regional Water Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended September 30, 2020. Please read it in conjunction with the Authority's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The Authority's total net position was \$45 million at September 30, 2020.
- During the year, the Authority's operating revenues were \$1.2 million more than the \$11.8 million in operating expenses. After depreciation, operating income was a loss of \$2.2 million.
- Operating revenues increased by 10% and operating expenses increased by 5%.
- The Authority issued no new debt.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), *the basic financial statements, required supplementary information*, and *supplementary information required by the Texas Commission on Environmental Quality (TCEQ)*. The basic financial statements consist of the following statements:

- The *Statement of Net Position* shows the financial standing of the authority as of the end of the year, including all assets and liabilities.
- The *Statement of Revenues, Expenses and Changes in Net Position* provides information about the activity of the Authority during the fiscal year. It reports revenues when incurred, regardless of when they are received, and expenses when incurred, regardless of when they are paid.
- The *Statement of Cash Flows* reports the sources and uses of cash during the fiscal year.

The financial statements also include notes that explain a few of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The final section of supplementary information provides even more information required by TCEQ.

Figure A-2 summarizes the major features of the Authority's financial statements, including the portion of the Authority government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

### FINANCIAL ANALYSIS OF THE AUTHORITY

Net position—the difference between the Authority's assets and liabilities—is one way to measure the Authority's financial health or *position*.

- Over time, increases or decreases in the Authority's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

The Authority's combined net position was \$45 million at September 30, 2020. Of this amount, \$11 million is unrestricted, representing resources available to fund the operations of the Authority next year. (See Table A-1).

**Table A-1**  
 Authority's Net Position  
*(In thousands dollars)*

	2020	2019	Percentage Change
<i>Assets:</i>			
Cash and Investments	\$ 6,856	\$ 7,252	-5%
Other Current Assets	2,967	2,330	27%
Other Assets	16,718	17,282	-3%
Capital Assets (Net)	<u>143,291</u>	<u>144,843</u>	-1%
<i>Total Assets</i>	<u>169,832</u>	<u>171,707</u>	-1%
<i>Deferred Outflows</i>	<u>239</u>	<u>201</u>	19%
<i>Liabilities:</i>			
Current	10,634	10,036	6%
Long Term	<u>114,430</u>	<u>123,195</u>	-7%
<i>Total Liabilities</i>	<u>125,064</u>	<u>133,231</u>	-6%
<i>Net Position:</i>			
Net Investment in Capital Assets	26,935	20,846	29%
Restricted	7,058	6,683	6%
Unrestricted	<u>11,015</u>	<u>11,148</u>	-1%
<i>Total Net Position</i>	<u>\$ 45,007</u>	<u>\$ 38,677</u>	16%

The Authority's total operating revenues were \$13 million, an increase of 10%. Water sales fluctuate with the environmental conditions and the ability of member entities to take water. The operating expenses were \$15.2 million, with a 5% increase from prior year. (See Table A-2)

**Table A-2**  
 Changes in Authority Net Position  
*(In thousands dollars)*

	2020	2019	Percentage Change
Operating Revenues	\$ 12,986	\$ 11,782	10%
Operating Expenses	<u>(15,229)</u>	<u>(14,548)</u>	5%
Operating Income (Loss)	(2,243)	(2,766)	-19%
Nonoperating Income (Expense)	<u>8,573</u>	<u>8,291</u>	3%
Change in Net Position	<u>\$ 6,330</u>	<u>\$ 5,525</u>	15%



## BUDGETARY HIGHLIGHTS

The Authority budgets on a modified accrual basis so that the billings to the members result in funds available to pay obligations of the Authority as they come due. The Authority exceeded revenue expectations in the current year due to increased water sales and expenses were lower than anticipated. The Authority ended the year with more operating income than was budgeted. Net position increased more than originally budgeted.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2020, the Authority had invested \$183 million in a broad range of capital assets, including land, buildings, equipment, treatment plants, and distribution systems. (See Table A-3.) More detailed information about the Authority's capital assets is presented in the notes to the financial statements.

**Table A-3**  
Authority's Capital Assets  
(In thousands of dollars)

	2020	2019	Percentage Change
Land	\$ 2,330	\$ 1,813	29%
Water Rights	3,440	3,440	0%
Building and Improvements	791	791	0%
Plant and Distribution System	165,305	148,478	11%
Machinery and Equipment	998	918	9%
Construction in Progress	10,113	25,861	-61%
Totals at Historical Cost	<u>182,977</u>	<u>181,301</u>	<u>1%</u>
Total Accumulated Depreciation	<u>(39,686)</u>	<u>(36,458)</u>	<u>9%</u>
Net Capital Assets	<u><u>\$ 143,291</u></u>	<u><u>\$ 144,843</u></u>	<u><u>-1%</u></u>

### Long-Term Debt

At year-end, the Authority had \$123 million in principal outstanding on bonded debt. More detailed information about the Authority's debt is presented in the notes to the financial statements.

**Table A-4**  
Authority's Long Term Debt  
(In thousands of dollars)

	2020	2019	Percentage Change
Bonds Payable	<u><u>\$ 123,195</u></u>	<u><u>\$ 131,203</u></u>	<u><u>-6%</u></u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

For the fiscal year ending September 30, 2021, the Authority has budgeted \$28,558,130 in total revenues and expenses. The Authority expected an increase in water sales in preparing the 2020/2021 budget based on discussions with member entities. In addition, the Authority is monitoring any potential financial effects of the ongoing COVID-19 pandemic; however, they do not anticipate a significant financial or operational impact.

## **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority at Canyon Regional Water Authority, 850 Lakeside Pass, New Braunfels, Texas 78130-8233.



CANYON REGIONAL  
water authority

## BASIC FINANCIAL STATEMENTS

The basic financial statements include:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CANYON REGIONAL WATER AUTHORITY  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020

**ASSETS**

*Current Assets:*

Cash and Cash Equivalents	\$ 6,856,032
Receivables - Member Entities	2,907,383
Prepaid Expense	60,089
<i>Total Current Assets</i>	9,823,504

*Other Assets:*

Long-term Receivables - Member Entities	3,239,111
Restricted Cash for Construction	8,062,393
Restricted Cash for Debt Service	5,412,729
Net Pension Asset	3,627
<i>Total Other Assets</i>	16,717,860

<i>Capital Assets (net)</i>	143,291,486
<b>TOTAL ASSETS</b>	<b>169,832,850</b>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Pension Related Outflows	61,592
Deferred Loss on Debt Refunding	177,272
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>238,864</b>

**LIABILITIES**

*Current Liabilities:*

Accounts Payable	1,068,848
Salaries Payable	45,013
Accrued Leave	46,574
Accrued Interest, Payable from Restricted Assets	709,227
Bonds Payable - Current	8,764,209
<i>Total Current Liabilities</i>	10,633,871

*Long-term Liabilities:*

Bonds Payable	114,430,341
<i>Total Long-term Liabilities</i>	114,430,341
<b>TOTAL LIABILITIES</b>	<b>125,064,212</b>

**NET POSITION**

Net Investment in Capital Assets	26,934,525
Restricted, Expendable:	
Debt Service	4,703,502
Membrane Replacement	2,354,405
Unrestricted	11,015,070
<b>TOTAL NET POSITION</b>	<b>\$ 45,007,502</b>

See accompanying notes to basic financial statements.

CANYON REGIONAL WATER AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<b>Operating Revenues:</b>	
Water Sales	\$ 12,558,713
Miscellaneous Income	427,381
<b>Total Operating Revenues</b>	<u>12,986,094</u>
 <b>Operating Expenses:</b>	
Water Purchases	4,314,208
Treatment Plant Operating Expenses	5,374,351
Salaries and Wages	1,207,234
Line Use and Transmission Costs	322,363
Employment Related Expenses	223,549
Professional Fees	371,237
<b>Total Operating Expenses</b>	<u>11,812,942</u>
<b>Operating Income (Loss) Before Depreciation</b>	1,173,152
Depreciation	<u>3,415,909</u>
<b>Operating Income (Loss)</b>	(2,242,757)
 <b>Non-Operating Revenues (Expenses):</b>	
Member Entity Debt Reimbursements	11,713,986
Loss on Disposal of Asset	(156,551)
Interest Income	271,217
Interest Expense	(3,255,365)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>8,573,287</u>
<b>Change in Net Position</b>	6,330,530
Net Position at Beginning of Year	<u>38,676,972</u>
Net Position at End of Year	<u><u>\$ 45,007,502</u></u>

See accompanying notes to basic financial statements.

CANYON REGIONAL WATER AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers		\$ 12,382,259
Cash Payments to Suppliers for Goods and Services		(10,765,548)
Cash Payments to Employees for Services		<u>(1,172,124)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>		<u>444,587</u>
 <b>Cash Flows from Capital and Related Financing Activities</b>		
Bond Principal Payments		(6,785,000)
Member Entity Debt Reimbursements		11,713,986
Interest Paid		(4,494,565)
Purchase of Property, Plant and Equipment		<u>(2,085,969)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>		<u>(1,651,548)</u>
 <b>Cash Flows from Investing Activities</b>		
Interest and Investment Income		<u>271,217</u>
<b>Net Cash Provided (Used) by Investing Activities</b>		<u>271,217</u>
 Net Increase (Decrease) in Cash and Cash Equivalents		 (935,744)
 <b>Beginning Cash</b>		
Cash and Cash Equivalents	\$ 7,251,434	
Restricted Cash	<u>14,015,464</u>	
		<u>21,266,898</u>
 <b>Ending Cash</b>		
Cash and Cash Equivalents	6,856,032	
Restricted Cash	<u>13,475,122</u>	
		<u><u>\$ 20,331,154</u></u>

See accompanying notes to basic financial statements.

CANYON REGIONAL WATER AUTHORITY  
STATEMENT OF CASH FLOWS (CONT.)  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	\$ (2,242,757)
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:	
Depreciation	3,415,909
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(603,835)
(Increase) Decrease in Prepaid Expense	(5,801)
Increase (Decrease) in Accounts Payable	(154,039)
Increase (Decrease) in Salaries Payable	25,707
Increase (Decrease) in Accrued Leave	9,403
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ 444,587</u></u>

See accompanying notes to basic financial statements.



CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Canyon Regional Water Authority (the “Authority”) was created by the Texas Legislature on August 28, 1989 under Article XVI, Section 59 of the Texas Constitution. The Authority operates under Chapter 65 of the Texas Water Code. The Authority was created to purchase, own, hold, lease and otherwise acquire sources of potable water; build, operate and maintain facilities for the treatment and transportation of water; sell potable water to local governments, water supply corporations and other persons in this state; and to protect, preserve and restore the purity and sanitary condition of water in the area. The Authority may not levy or collect ad valorem taxes, but does have the power of eminent domain and may issue bonds.

The Authority is comprised of eleven member entities, and the governing board consists of two voting members from each entity. The member entities consist of Crystal Clear Special Utility District, East Central Special Utility District, Springs Hill Water Supply Corporation, Green Valley Special Utility District, County Line Special Utility District, Maxwell Special Utility District, Martindale Water Supply Corporation and the cities of Marion, Cibolo, La Vernia, and Converse.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority’s accounting policies are described below:

**1. REPORTING ENTITY**

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, “The Financial Reporting Entity” and GASB Statement 39 “Determining Whether Certain Organizations are Component Units”. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The Authority has no component units.

**2. ENTERPRISE FUND**

The Authority is an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public or other governmental entities. The activities are financed by charges to member entities and the measurement of financial activity focuses on net income similar to the private sector. Revenues are recognized when earned, and expenses are recognized when incurred.

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

Revenues are classified as *operating* and *non-operating*. Operating revenues include charges to member entities for water pumpage pursuant to their contractual agreements. Non-operating revenues are expense reimbursements from member entities, interest income, and other revenues not related to the sale of wholesale water.

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

**4. CASH AND INVESTMENTS**

State statutes authorize the Authority to invest in (a) obligations of the United States or its agencies, and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) – (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost, which approximates fair value.

The Authority reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority considers cash and cash equivalents to be amounts in checking accounts, savings accounts, money market accounts, local government investment pools and certificates of deposit with a maturity date within three months or less from the date of purchase.

**5. ACCOUNTS RECEIVABLE**

Accounts receivable consists of amounts due from member entities. Management considers all outstanding amounts to be collectible and has not recorded an allowance for doubtful accounts.

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. PREPAID EXPENSES**

Expenses paid during the year that have a benefit beyond the current fiscal year are recorded on the balance sheet as prepaid expenses.

**7. CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, equipment, water rights, and water plant and distribution systems, are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Purchases in excess of \$5,000 with a useful life in excess of one year are capitalized and depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	3 to 50 years
Water Plants and Distribution Systems	10 to 50 years

**8. DEFERRED INFLOWS AND OUTFLOWS**

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Losses on debt refundings arise when advance payments are made to refund outstanding obligations exceed the carrying amount of those obligations. These losses are deferred and amortized over the life of the bond. Deferred Outflows.

**9. LONG-TERM OBLIGATIONS**

Bonds, notes and capital leases are recorded as liabilities on the statement of net position. Bond issue costs are expensed in the period they are incurred and premiums are amortized of the life of the obligation. Bonds payable are reported net of the applicable bond premium or discount.

**10. NET POSITION**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When expenses qualify for restricted and unrestricted resources, the Authority's policy is to use restricted resources first.

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

11. PENSIONS

The net pension liability, deferred inflows, and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County District Retirement System (TCDRS), and additions to and deductions from TCERS's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. BUDGET

An operating budget is adopted each fiscal year for the Authority. The budget is adopted on a modified accrual basis of accounting. Additional budgetary information is provided in the required supplementary information.

13. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

14. RECLASSIFICATIONS

Certain transactions are classified differently on the September 30, 2020 financial statements than previous fiscal years. These reclassifications had no effect on net income.

**NOTE B -- CASH AND INVESTMENTS**

1. Cash and Cash Equivalents

The Authority's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Authority's agent bank approved pledge securities in an amount sufficient to protect Authority funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At September 30, 2020, the Authority's bank deposits were fully covered by a combination of federal deposit insurance and pledged securities.

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE B -- CASH AND INVESTMENTS (Continued)**

2. Investments

The Authority is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that the Authority's investment practices, management reports and establishment of appropriate policies adhered to the requirements of the Act.

The Act determines the types of investments which are allowable for the Authority. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

As of September 30, 2020, the Authority had \$2,393,776 in LOGIC, a AAA rated local government investment pool. The pool strives to maintain a \$1 per share market value and is included in cash and cash equivalents.

**NOTE C -- LONG-TERM RECEIVABLE/ REIMBURSEMENT FOR JOINT VENTURE**

In previous fiscal years, the Authority assigned 100% of its interest in Alliance Water Authority (formerly Hays Caldwell Public Utility Agency) to four member entities. In exchange, the member entities agreed to reimburse the Authority for the related portion of all prior payments and they will assume responsibility for all future payments to Alliance Water. As of September 30, 2020, the outstanding amount from members was \$3,239,111. No repayment terms have been established. See Note I.

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE D -- CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balances at 10/1/19	Additions	Transfers/ Disposals	Balances at 9/30/2020
Land	\$ 1,813,088	\$ 517,090	\$ -	\$ 2,330,178
Water Rights	3,439,604	-	-	3,439,604
Building and Improvements	791,035	-	-	791,035
Plant and Distribution System	148,478,063	886,461	15,940,514	165,305,038
Machinery and Equipment	918,071	98,099	(18,387)	997,783
Construction in Progress	25,860,668	1,012,312	(16,759,554)	10,113,426
	<u>181,300,529</u>	<u>2,513,962</u>	<u>(837,427)</u>	<u>182,977,064</u>
<i>Less Accumulated Depreciation</i>				
Building and Improvements	(350,189)	(20,676)	-	(370,865)
Plant and Distribution System	(35,458,112)	(3,326,748)	169,543	(38,615,317)
Machinery and Equipment	(649,297)	(68,485)	18,386	(699,396)
	<u>(36,457,598)</u>	<u>(3,415,909)</u>	<u>187,929</u>	<u>(39,685,578)</u>
Capital Assets, Net	<u>\$ 144,842,931</u>	<u>\$ (901,947)</u>	<u>\$ (649,498)</u>	<u>\$ 143,291,486</u>

Land, Water Rights and Construction in Progress are not depreciated.

**NOTE E -- LONG-TERM DEBT**

The Authority's long-term debt consists of bonds with interest payable on February 1 and interest and principal payable on August 1 of each year.

Series Name	Original Issue		Interest Rate	Maturity Date	
	Amount	Date			
<i>Project Hays/Caldwell:</i>					
Taxable Contract Revenue Bonds, 2003	\$ 2,000,000	6/1/2003	2.9-5.9%	2028	*
Taxable Revenue Refunding Bonds, 2005	5,845,000	10/26/2005	6.4%	2024	*
Taxable Contract Revenue Bonds, 2017	5,000,000	7/27/2017	1.32-3.84%	2037	*
<i>Project Lake Dunlap/Mid-Cities:</i>					
Tax-Exempt Contract Revenue Refunding Bonds, 2016	34,800,000	8/15/2016	2-5%	2028	
<i>Project Wells Ranch:</i>					
Tax-Exempt Contract Revenue Bonds, 2009	3,695,000	7/14/2009	2-5.5%	2029	
Tax-Exempt Contract Revenue Bonds, 2011	15,575,000	12/22/2011	2.5-5%	2041	
Tax-Exempt Contract Revenue Bonds, 2015	42,000,000	12/10/2015	.56-2.41%	2035	*
Tax-Exempt Contract Revenue Refunding Bonds, 2016	31,550,000	8/1/2016	3-5%	2032	
<i>Project San Marcos River Rights:</i>					
Taxable Contract Revenue Bonds, 2008	3,200,000	1/1/2008	5.1%	2038	*

\* Private Placement Bonds

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE E -- LONG-TERM DEBT (Continued)**

The Authority's long-term debt activity as of and for the year ending September 30, 2020 is as follows:

Bonds Payable, Series	Balance Outstanding 10/1/2019	Additions	Retirements	Balance Outstanding 9/30/2020	Due Within One Year
<i>Private Placement Bonds:</i>					
2003, Hays Caldwell	\$ 1,060,000	\$ -	\$ (95,000)	\$ 965,000	\$ 100,000
2005, Hays Caldwell	2,365,000	-	(415,000)	1,950,000	445,000
2008, San Marcos River	2,400,000	-	(80,000)	2,320,000	80,000
2015, Wells Ranch	40,950,000	-	(1,200,000)	39,750,000	1,800,000
2017, Hays Caldwell	4,975,000	-	(225,000)	4,750,000	230,000
<i>Total Private Placement Bonds:</i>	<u>51,750,000</u>	<u>-</u>	<u>(2,015,000)</u>	<u>49,735,000</u>	<u>2,655,000</u>
<i>Bonds Offered to Public:</i>					
2009, Wells Ranch	2,455,000	-	(195,000)	2,260,000	205,000
2011, Wells Ranch	13,465,000	-	(390,000)	13,075,000	405,000
2016, Wells Ranch	28,395,000	-	(1,645,000)	26,750,000	1,715,000
2016, Dunlap/Mid-Cities	27,540,000	-	(2,540,000)	25,000,000	2,645,000
<i>Total Bonds Offered to Public:</i>	<u>71,855,000</u>	<u>-</u>	<u>(4,770,000)</u>	<u>67,085,000</u>	<u>4,970,000</u>
Premiums & Discounts	7,597,589	-	(1,223,039)	6,374,550	1,139,209
<b>Total</b>	<u><b>\$ 131,202,589</b></u>	<u><b>\$ -</b></u>	<u><b>\$ (8,008,039)</b></u>	<u><b>\$ 123,194,550</b></u>	<u><b>\$ 8,764,209</b></u>

The annual requirements to amortize private placements outstanding as of September 30, 2020, including interest payments, are as follows:

Year End September 30,	Private Placements		
	Principal Payments	Interest Payments	Total
2021	\$ 2,655,000	\$ 1,202,937	\$ 3,857,937
2022	3,250,000	1,142,560	4,392,560
2023	3,330,000	1,070,436	4,400,436
2024	3,425,000	991,631	4,416,631
2025	2,955,000	906,790	3,861,790
2026-2030	15,555,000	3,600,973	19,155,973
2031-2035	17,320,000	1,659,443	18,979,443
2036-2038	1,245,000	97,137	1,342,137
<b>Total</b>	<u><b>\$ 49,735,000</b></u>	<u><b>\$ 10,671,907</b></u>	<u><b>\$ 60,406,907</b></u>

CANYON REGIONAL WATER AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE E -- LONG-TERM DEBT (Continued)**

The annual requirements to amortize public offerings outstanding as of September 30, 2020, including interest payments, are as follows:

Year End September 30,	Public Offerings		
	Principal Payments	Interest Payments	Total
2021	\$ 4,970,000	\$ 3,052,424	\$ 8,022,424
2022	5,155,000	2,855,887	8,010,887
2023	5,415,000	2,605,939	8,020,939
2024	5,675,000	2,341,639	8,016,639
2025	5,950,000	2,062,338	8,012,338
2026-2030	26,130,000	6,046,945	32,176,945
2031-2035	8,730,000	2,066,808	10,796,808
2036-2040	4,110,000	871,120	4,981,120
2041	950,000	47,500	997,500
Total	<u>\$ 67,085,000</u>	<u>\$ 21,950,600</u>	<u>\$ 89,035,600</u>

The Authority has five bond series that were directly placed at local banking and other institutions. The bond documents do not contain subjective acceleration clauses, events of default with finance related consequences or termination events with finance-related consequences.

**NOTE F -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

Plan Description

The Authority participates as one of 780 plans in the nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the state of Texas and administered in accordance with the TCDRS Act as an agent multiple-employer retirement system for County and District employees in the State of Texas. The Board of Trustees of TCDRS is responsible for the administration and management of the system. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the Authority, within the options available in the state statutes governing TCDRS. Members can retire at age 60 and above with 8 or more years of service or with 20 years regardless of age or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan. Members who withdraw their personal contributions in a partial lump sum are entitled to any amounts contributed by the employer.



CANYON REGIONAL WATER AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE F -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)**

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the Authority within the actuarial constraints imposed by the TCDRS Act so the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions

The Authority has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the Authority is actuarially determined annually. The Authority contributed using the actuarially determined rate of 6.68% for the calendar year of 2020.

The contribution rate payable by the employee members is 4% as adopted by the governing body of the Authority. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Benefits Provided

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Authority, within the options available in the state statutes governing TCDRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Authority-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

	12/31/19
Inactive Employees Receiving Benefits	0
Inactive Employees	0
Active Employees	16
	16

Net Pension Liability

The Authority's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CANYON REGIONAL WATER AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE F -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)**

Actuarial Assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Real rate of return	5.25%
Inflation	2.75%
Long-term Investment return	8.00%

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The long-term expected rate of return on pension plan investments is 8.00%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return (Geometric)
US Equities	14.50%	5.20%
Private Equity	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities - Developed	7.00%	5.20%
International Equities - Emerging	7.00%	5.70%
Investment-Grade Bonds	3.00%	-0.02%
Strategic Credit	12.00%	3.14%
Direct Lending	11.00%	7.16%
Distressed Debt	4.00%	6.90%
REIT Equities	3.00%	4.50%
Master Limited Partnerships (MLPs)	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.00%
	100.00%	

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE F -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)**

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following presents the net pension liability of the Authority, calculated using the discount rate of 8.10%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.10%) or 1-percentage point higher (9.10%) than the current rate:

	Discount Rate 7.10%	Discount Rate 8.10%	Discount Rate 9.10%
Net Pension Liability (Asset)	\$ 1,712	\$ (3,627)	\$ (7,765)

Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2019:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2018	\$ -	\$ -	\$ -
Changes for the year:			
Service Cost	24,085	-	24,085
Interest on total pension liability	1,951	-	1,951
Change of Benefit Terms	-	-	-
Economic/Demographic gains or losses	19	-	19
Changes of Assumptions	-	-	-
Refund of Contributions	-	-	-
Benefit Payments	-	-	-
Administrative Expense	-	(23)	23
Member Contributions	-	10,766	(10,766)
Net Investment Income	-	(29)	29
Employer Contributions	-	17,980	(17,980)
Other	-	988	(988)
Net Changes	26,055	29,682	(3,627)
Balance at December 31, 2019	\$ 26,055	\$ 29,682	\$ (3,627)

CANYON REGIONAL WATER AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE F -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)**

Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained at [www.tcdrs.com](http://www.tcdrs.com).

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the Authority recognized pension expense of \$13,368. Also as of September 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 17	\$ -
Changes in Actuarial Assumptions	-	-
Net Difference between Projected and Actual Earnings	967	-
Contributions Subsequent to the Measurement Date	60,608	-
	\$ 61,592	\$ -

Deferred outflows of resources in the amount of \$60,608 result from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year ended December 31,	
2020	\$ 244
2021	244
2022	244
2023	243
2024	2
Therafter	7
	\$ 984

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE G -- WATER CONTRACTS**

The Authority has contracted to purchase water from Guadalupe Blanco River Authority (GBRA) to sell to member entities. The contract has a term of forty years with renewal options upon the agreement of both parties. In addition, the Authority has water lease agreements with several landowners in the region. The schedule below summarizes the minimum lease payments for the next five years on the Authority's water leases, calculated at rates currently in effect.

Year End September 30,	GBRA					Total
	Lake Dunlap	San Marcos River	Hays Caldwell	Wells Ranch	Others	
2021	\$ 1,700,825	\$ 307,738	\$ 24,000	\$ 2,079,383	\$ 7,600	\$ 4,119,546
2022	1,700,825	307,738	24,000	2,079,383	7,600	4,119,546
2023	1,700,825	307,738	24,000	2,079,383	7,600	4,119,546
2024	1,700,825	307,738	24,000	2,079,383	7,600	4,119,546
2025	1,700,825	307,738	24,000	2,079,383	7,600	4,119,546
Total	<u>\$ 8,504,125</u>	<u>\$ 1,538,690</u>	<u>\$ 120,000</u>	<u>\$ 10,396,915</u>	<u>\$ 38,000</u>	<u>\$ 20,597,730</u>
Acre Feet	<u>10,575</u>	<u>2,038</u>	<u>320</u>	<u>14,601</u>	<u>152</u>	<u>27,686</u>

The Authority also has contracts with its member entities in which the members agree to pay for the right to receive water from the Authority and the Authority agrees to sell its treated water to the members. A few member entities have leased their shares to other members. The following schedule summarizes the contracts in acre-feet commitments for each entity not taking into account any member to member agreements or any allocations of excess water capacity.

Member Entity	Lake Dunlap	Hays Caldwell	Wells Ranch	New Berlin	Total
City of Cibolo	1,230	-	1,981	-	3,211
City of Converse	-	-	500	-	500
City of Marion	100	-	200	-	300
City of La Vernia	-	-	-	400	400
East Central SUD	1,400	-	1,000	-	2,400
Green Valley SUD	1,800	-	5,656	-	7,456
Springs Hill WSC	1,950	-	100	-	2,050
San Antonio Water System	4,000	-	2,800	-	6,800
Crystal Clear SUD	500	500	792	-	1,792
Maxwell SUD	-	900	-	-	900
County Line SUD	-	1,308	-	-	1,308
Martindale WSC	-	200	-	-	200
Total	<u>10,980</u>	<u>2,908</u>	<u>13,029</u>	<u>400</u>	<u>27,317</u>

CANYON REGIONAL WATER AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE H -- PROFIT SHARING PLAN**

The Authority participates in a defined contribution profit sharing plan for eligible employees. The Authority no longer contributes to the plan, but employees may contribute at their discretion. The plan is administered by Retirement Horizons Incorporated as a 401K profit sharing plan. Employees who have attained the age of 21 years, have completed one year of service, and have been credited 1,000 hours of service may participate in the plan. Annual contributions were \$0, \$72,007, and \$74,677 for the years ending September 30, 2020, 2019, and 2018, respectively.

**NOTE I -- JOINT VENTURE – ALLIANCE WATER**

The Authority entered into a joint venture with three other entities in 2007, creating Hays Caldwell Public Utility Agency (the Agency). In 2017, the Agency converted from a public utility agency to Alliance “RWA” – a regional water authority. The Agency was created to design, construct, maintain and operate a project to deliver water to the participating entities and other purchasers in the region. The participating entities are contractually obligated to fund a pro-rated portion of the Agency’s operations and project costs. The Authority has pledged its system revenues to fund its share of the Agency’s operations. The Agency has issued bonds in the amount of \$17.39 million, of which the Authority is responsible for \$7.06 million. The debt service on these bonds, which matures 2037, will be added to the Authority’s annual share of operating expenses of the Agency. The Authority does not have an equity interest in the Agency and acts as a conduit for the responsible entities below. Unaudited Agency financial statements for the year ending September 30, 2020 reported \$148.7 million in assets and \$123.7 million in liabilities (including the bonds mentioned previously). Annual, audited financial statements for the Agency may be obtained by writing to Alliance Water, 1040 Highway 123, San Marcos, Texas 78666.

The Authority has assigned all of its interest in the Agency to member entities. These member entities will reimburse the Authority for their share of the Agency costs. Contracts in place as of September 30, 2020 allocated the Authority’s share in the Agency as follows:

Responsible Entity	Authority Share Allocation
Green Valley SUD	33.33%
Crystal Clear SUD	53.52%
Martindale WSC	3.15%
County Line SUD	10.00%
Total	100%

**NOTE J -- LITIGATION**

Management is currently in disputes with contractors over construction defects; however, management and legal counsel do not believe any pending or threatened litigation will have a material effect on the Authority’s financial position.

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE K -- RISK MANAGEMENT**

The Authority has identified possible risk of losses related to torts; theft of, damage to, or destruction of assets; business interruption; errors and omissions; job-related illnesses or injuries to employees; and other claims of various natures. The Authority contracts with the Texas Municipal League (TML) to provide insurance coverage for identified risks. TML is a multi-employer group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Annual contributions for the year ended September 30, 2020, were \$74,047. Liability by the Authority is generally limited to the contributed amounts up to coverage limits as follows:

	Limits of Coverage
General Liability	\$ 5,000,000
Errors and Omissions	5,000,000
Automobile Liability	5,000,000
Cyber Liability	1,050,000
Real and Personal Property	78,598,415
Mobile Equipment	139,304
Boiler and Machinery	10,000,000

REQUIRED SUPPLEMENTARY INFORMATION



CANYON REGIONAL WATER AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget Amounts		Actual Results (Budgetary Basis)	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>Operating Revenues:</b>				
Water Sales	\$ 12,571,656	\$ 12,571,656	\$ 12,558,713	\$ (12,943)
Miscellaneous Income	324,847	324,847	427,381	102,534
<b>Total Operating Revenues</b>	<u>12,896,503</u>	<u>12,896,503</u>	<u>12,986,094</u>	<u>89,591</u>
<b>Operating Expenses:</b>				
Water Purchases	4,328,835	4,328,835	4,314,208	14,627
Treatment Plant Operating Expenses	6,162,677	6,162,677	5,374,351	788,326
Salaries and Wages	1,227,061	1,227,061	1,207,234	19,827
Line Use and Transmission Costs	324,847	324,847	322,363	2,484
Employment Related Expenses	329,133	329,133	223,549	105,584
Professional Fees	523,950	523,950	371,237	152,713
<b>Total Operating Expenses</b>	<u>12,896,503</u>	<u>12,896,503</u>	<u>11,812,942</u>	<u>1,083,561</u>
<b>Operating Income (Loss)</b>	<u>-</u>	<u>-</u>	<u>1,173,152</u>	<u>1,173,152</u>
<b>Non-Operating Revenues (Expenses)</b>				
Member Entity Debt				
Reimbursements	11,714,455	11,714,455	11,713,986	(469)
Principal and Interest Payments	(11,714,455)	(11,714,455)	(11,279,207)	435,248
<b>Total Non-Operating</b>	<u>-</u>	<u>-</u>	<u>434,779</u>	<u>434,779</u>
<b>Net Income</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,607,931</u>	<u>\$ 1,607,931</u>

CANYON REGIONAL WATER AUTHORITY  
 NOTES TO SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-  
 BUDGET AND ACTUAL (BUDGETARY BASIS)  
 SEPTEMBER 30, 2020

**Budgetary Information** – The budget is prepared on a modified accrual basis of accounting. The Authority maintains strict budgetary controls. The annually adopted budget is not a legally binding document, but is used as a planning tool. The Authority does not use encumbrance accounting.

The following schedule reconciles the budgetary basis to generally accepted accounting principles.

Net Income (Budgetary Basis)	\$ 1,607,931
Amortization of Bond Premiums	1,223,039
Bond Principal Payments	6,785,000
Loss on Disposal of Asset	(156,551)
Amortization of Deferred Loss	(24,005)
Changes in Interest Accrual	39,808
Interest Income	271,217
Depreciation Expense	<u>(3,415,909)</u>
Change in Net Position (GAAP Basis)	<u>\$ 6,330,530</u>

CANYON REGIONAL WATER AUTHORITY  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST CALENDAR YEAR

Total Pension Liability	
Year Ended December 31,	
	2019
Service Cost	\$ 24,085
Interest (on the Total Pension Liability)	1,951
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	19
Change of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	-
Net Change in Total Pension Liability	26,055
Total Pension Liability - Beginning	-
Total Pension Liability - Ending	\$ 26,055
Plan Fiduciary Net Position	
Year Ended December 31,	
	2019
Contributions - Employer	\$ 17,980
Contributions - Employee	10,766
Net Investment Income	(29)
Benefit Payments, Including Refunds of Employee Contributions	-
Administrative Expense	(23)
Other	988
Net Change	29,682
Beginning Plan Fiduciary Net Position	-
Ending Plan Fiduciary Net Position	\$ 29,682
Net Pension Liability - Ending	\$ (3,627)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	113.92%
Covered Payroll	\$ 269,158
Net Pension Liability as a Percentage of Covered Payroll	-1.35%

Information in this schedule is being accumulated until ten years are presented.  
See Independent Auditor's Report.

CANYON REGIONAL WATER AUTHORITY  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS- PENSION PLAN  
 LAST FISCAL YEAR

Year Ending September 30,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions As Percent of Payroll
2020	\$ 78,588	\$ 78,588	\$ -	\$ 1,176,474	6.70%

**Valuation Timing:**

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which

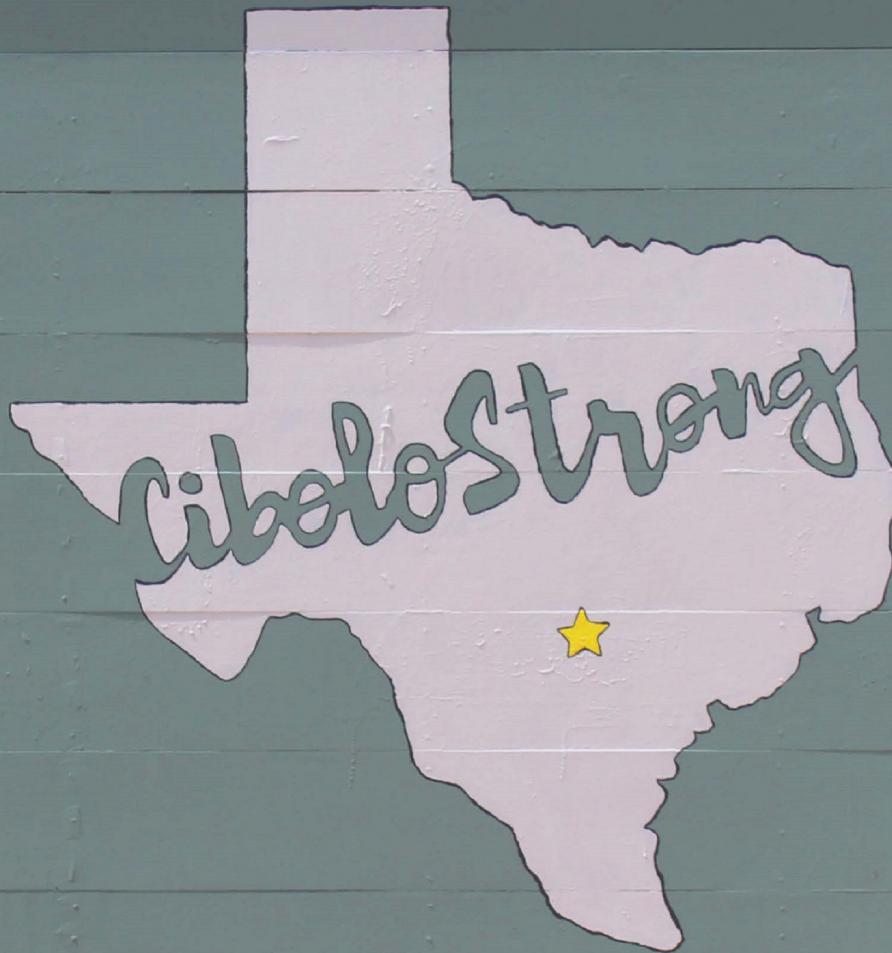
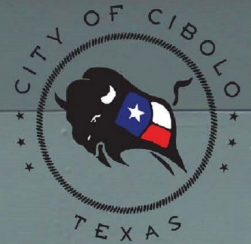
**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/19 valuation)
Asset Valuation Method	5 Year Smoothed Market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Health Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate Scale after 2014.
Changes in Assumptions	2019: No changes in plan provisions were reflected.
Changes in Plan Provisions	2019: No changes in plan provisions were reflected in the Schedule.

Information in this schedule is being accumulated until ten years are presented.  
 See Independent Auditor's Report.

APPENDIX D  
AUDITED FINANCIAL STATEMENTS OF THE PARTICIPATING MEMBERS

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*City of Cibolo, Texas*

**FISCAL YEAR ENDED SEPTEMBER 30, 2020**





# City of Cibolo, Texas



## Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2020

Prepared by the Finance Department



**CITY OF CIBOLO, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the year ended September 30, 2020**

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**CITY OF CIBOLO, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the year ended September 30, 2020**

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**CITY OF CIBOLO, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the year ended September 30, 2020**

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CITY OF CIBOLO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## **INTRODUCTORY SECTION**







City of Cibolo 200 South Main / PO BOX 826 Cibolo, Texas 78108 (210) 658-9900 [www.cibolotx.gov](http://www.cibolotx.gov)

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April 27, 2021

To the Honorable Mayor, City Council, and Citizens of the City of Cibolo:

State law requires that local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Cibolo for the fiscal year ended September 30, 2020.

This report consists of management's representations concerning the finances of the City of Cibolo. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Cibolo has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse; and to compile sufficient, reliable information for the preparation of the City of Cibolo's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Cibolo comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Cibolo's financial statements have been audited by ABIP, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Cibolo, for the fiscal year ended September 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Cibolo's financial statements for the fiscal year ended September 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

## Profile of the Government

The City of Cibolo, incorporated in 1965, is located in the central part of Texas, which is considered to be a top growth area in the state, and one of the top growth areas in the country. The City of Cibolo currently occupies a land area of 15.9 square miles and serves an estimated population of over 30,000. The City of Cibolo is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

The City of Cibolo has operated under the council-manager form of government since September 2004. Policymaking and legislative authority are vested in a City Council consisting of the mayor and 7 members. The City Council is responsible for establishing public policy on City matters by the passage of appropriate ordinances and resolutions. The City Manager is responsible for overseeing the day-to-day operations of the government, implementing policy established by City Council, and for appointing the heads of the various departments. Since November 2013, the council is elected by district on a non-partisan basis. As of November 2018, council members serve three-year staggered terms and the mayor is elected at large, to also serve a three-year term. Prior to November 2018, term lengths were two years.

The City of Cibolo provides a full range of services, including police and fire protection, the construction and maintenance of streets and drainage ways, parks maintenance, water and sewer services, building inspection, planning and zoning, municipal code compliance and animal services.

The annual budget serves as the foundation for the City of Cibolo's financial planning and control. All departments of the City of Cibolo are required to submit requests for appropriation to the City Manager by June of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review prior to August 15th. The City Council holds public hearings and community meetings on the proposed budget and to adopt a final budget by no later than September 30th, the close of the City of Cibolo's fiscal year. The City Council may authorize budget amendments as necessary during the year when unforeseen events occur. Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 73-76 as part of the required supplementary information.

## Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Cibolo operates.

**Local economy.** The City of Cibolo is one of the fastest growing cities in the State. The strong military presence in the area contributes to our growth and job stability. With the high population growth, the Cibolo economy has become attractive for commercial development and despite the pandemic, 2020 has seen continued business interest and commercial activity.

Cibolo's first major retail development project, Wal-Mart Super Center opened in January of 2016. This construction spurred a lot of activity in the same general area with several personal service businesses, various quick service restaurants and other major retailers locating in newly constructed strip centers nearby. Sales tax revenue in Cibolo has increased approximately 125% since 2015.

Along with growth in new retail sectors, Cibolo’s downtown area is also experiencing revitalization, with many people drawn to the quaint atmosphere, good food and entertainment being offered in the ‘Old Town District’.

The Northern part of the City along IH35 is under development as well. In May 2019, Santikos Entertainment opened a family entertainment center in Cibolo. The entertainment center includes 12 theaters with luxury reclining seating, arcade games, sports bar and 16 bowling lanes. The facility employs approximately 200 people. This 80-acre project also includes the development of family restaurants and retail development and is expected to have a significant impact on Cibolo’s economy in 2019 and beyond.

Also in 2019, Aisin AW Texas, a major manufacturing company, announced that they would be making a \$400 million investment in Cibolo with construction of a 468,200 square foot facility. This facility, expected to be completed within 2 years, will result in approximately 900 primary jobs for the area within the next five years.

In 2020, Magnolia Pancake Haus opened its doors to the public with its second location in the San Antonio area. Additionally, in 2020, Living Spaces, a retail furniture store and Willie’s Grill and Ice House announced locating in Cibolo and are in various stages of construction.

**Long-term financial planning and relevant financial policies.** The City of Cibolo fund balance policy sets the City’s guideline for maintaining a fund balance level in the general fund that contributes to our financial stability and our strong bond rating. It is the City’s goal to maintain fund balance between 25% to 35% of expenditures. Historically, the City has been very dependent on property tax revenue and building permits and fees. With the continued development of retail business, our revenues are expected to be more diverse which will help to maintain a stable property tax rate.

**Major Initiatives.** The City’s fiscal year 2021 budget is conservative in both revenues and expenditures due to the ongoing impact of the pandemic. Included in that budget is funding for additional fire department personnel in anticipation of the opening of Fire Station #3 early in fiscal year 2022. \$7.5 million in Certificates of Obligation issued in late 2020, funded by street maintenance tax dollars, will fund major infrastructure road repairs, starting with Cibolo Valley Drive. In addition, the Texas Department of Transportation has worked through the utility relocation phase and in 2021, will begin a long-awaited reconstruction and widening of FM 1103, a major city thoroughfare.

Projects funded by prior bonds to address infrastructure challenges have been recently completed or are underway. These are discussed in greater detail in the MD&A.

### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cibolo for its comprehensive annual financial report for the fiscal year ended September 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In 2016, Cibolo received Gold certification from the Scenic Texas - Scenic City Certification Program. The Scenic City Certification Program provides a proven, highly-regarded tool to Texas cities for assessment, evaluation and recognition of infrastructure standards. Cibolo is one of twenty-five cities in Texas that has achieved Gold recognition. There are five levels of recognition. The fourth level, Gold recognition, requires 80-89% of total possible points. The certification continues for five years.

San Antonio Magazine has mentioned Cibolo as one of the “Best Neighborhoods for Families”. Well-rated public schools, plentiful shopping, suburban atmosphere, affordable housing, with relatively easy commutes are a few of the factors that contributed to the endorsement.

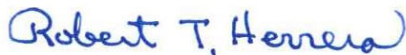
More recently, Cibolo was ranked:

- #28 “Safest Cities in Texas – 2020” by Alarm.org;
- #87 of 411 in Niche’s “Suburbs with the Best Public Schools” in Texas in 2020;
- #93 of 411 in Niche’s “Best Suburbs to Raise a Family in Texas” in 2020;
- #94 of 411 in Niche’s “Best Suburbs to Buy a House in Texas” in 2020; and
- #34 in Safewise’s “50 Safest Cities in Texas” for 2020, up 10 spots from the prior year.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report.

In addition, without the assistance of each and every department head on staff, we would not have the successes we've enjoyed. Credit also must be given to the Mayor and the City Council for their leadership and support of the City Manager and staff.

Respectfully submitted,



Robert T. Herrera  
City Manager



Anna S. Miranda, CPA, CGFO  
Finance Director

**CITY OF CIBOLO, TEXAS**

**CITY OFFICIALS**

**September 30, 2020**

MAYOR

STOSH BOYLE

CITY COUNCIL MEMBERS

JENNIFER SCHULTES

STEVE QUINN

REGGIE BONE

TED GIBBS

MARK ALLEN

TIM WOLIVER

JOEL HICKS

CITY MANAGER

ROBERT T. HERRERA

DIRECTOR OF FINANCE

ANNA S. MIRANDA, CPA

CITY ATTORNEY

DAVIDSON, TROILO, REAM AND GARZA, P.C.

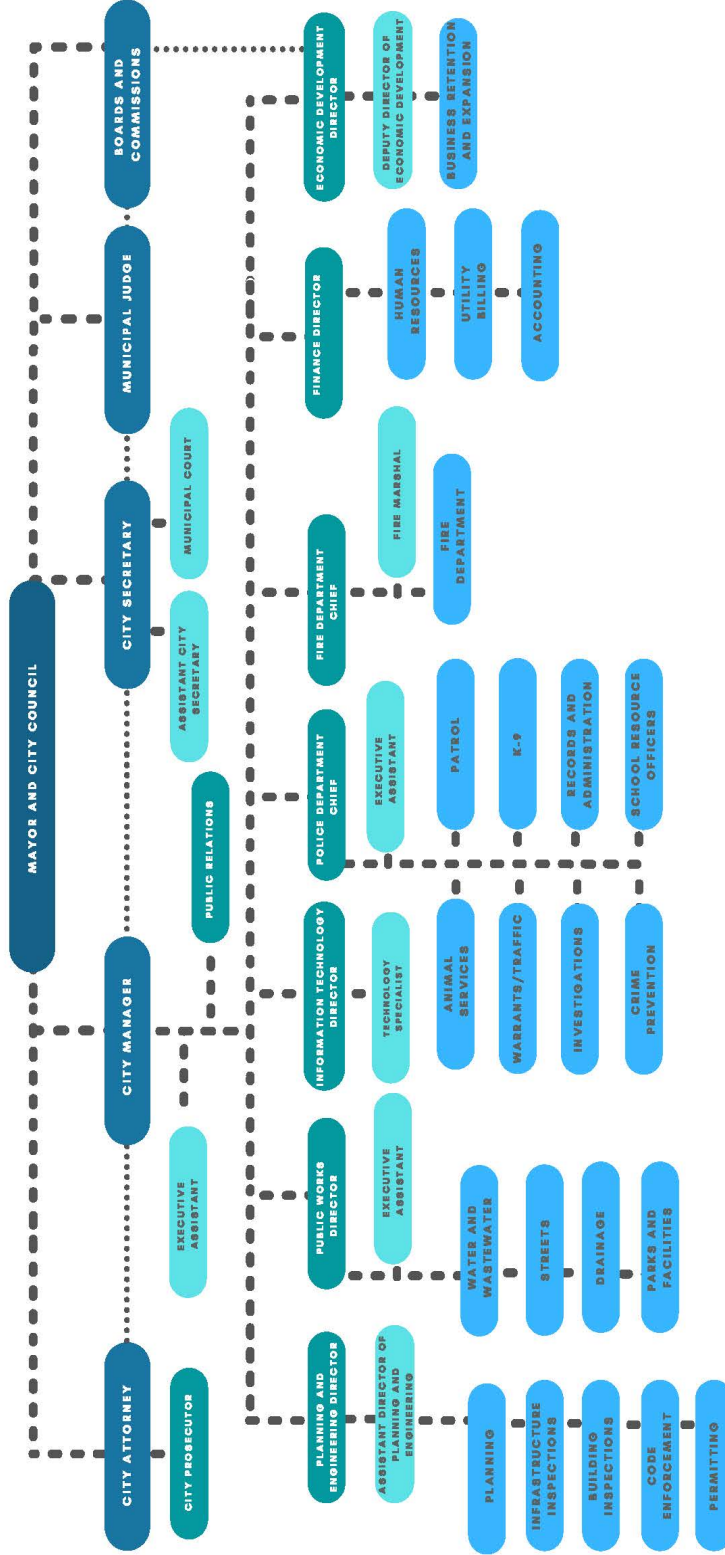
# CITY OF CIBOLO, TEXAS

## ORGANIZATIONAL CHART

September 30, 2020

**Vision**  
Cibolo is committed to enhancing the quality and characteristic typical of a City of Cibolo, from excellent police and fire protection to quality of life issues. The city endeavors to be cognizant of its businesses and citizens first and foremost.

**Mission**  
The mission of the City of Cibolo is to provide the best city services possible with excellent customer service while implementing cost-effective measures through fiscal responsibility and the innovative allocation of human resources.



..... Line of Authority

..... Line of Coordination



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Cibolo  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO





## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Cibolo, Texas

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cibolo, Texas (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City'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 misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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. Those standards require that we 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cibolo, Texas, as of September 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance 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, budgetary comparison information, the schedule of changes and related ratios for net pension liability and other postemployment benefit liabilities, and the schedule of City contributions for the pension liability and other postemployment benefit liabilities as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The comparative statements, combining and individual nonmajor fund financial statements, introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

San Antonio, Texas  
April 27, 2021



## CITY OF CIBOLO, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This section of the City of Cibolo's comprehensive annual financial report presents an overview, through management's discussion and analysis (MD&A), of the City's financial activities and performance during the fiscal year ended September 30, 2020. The MD&A should be read in conjunction with the transmittal letter found in the introductory section of this report and the accompanying financial statements and disclosure following this section.

#### Financial Highlights

##### Government-Wide Statements

- The City's net position (the amount by which the assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources) was \$82.3 million at September 30, 2020. Of this amount, \$6.9 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased by \$11.8 million in this fiscal year. This is a 16.8% increase over the prior year net position.
- Total net expenses over program revenue of \$5.1 million represents an increase of \$2.7 million over the prior year.
- Total general revenues and transfers of \$16.9 million were \$2.2 million more than in the prior year, which is attributable to increases in ad valorem taxes, sales taxes and investment earnings.

##### Fund Statements

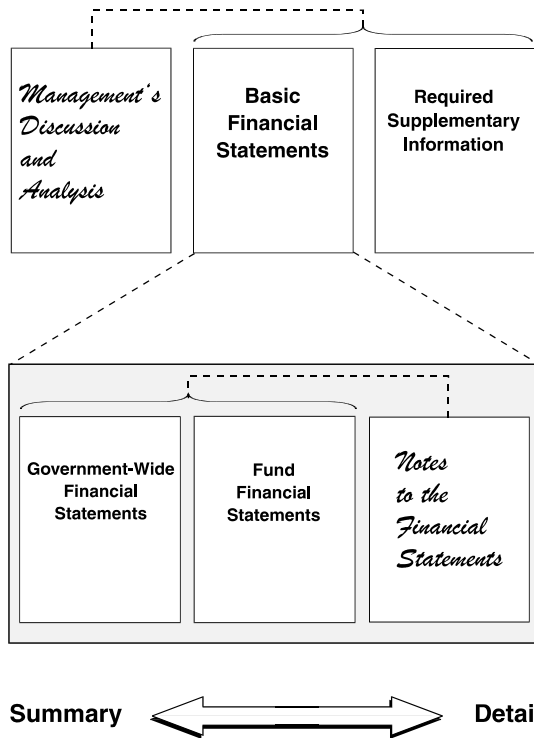
- At the end of the fiscal year, the combined total of the general fund balance was \$7.7 million, of which \$7.1 million is unassigned. This represents 56.3% of general fund expenditures not including capital outlay and capital related debt financing, which is up from 46.6% in the prior year. The fund balance policy is to maintain between 25% and 35% of general fund expenditures in reserves.
- General fund revenues increased over the prior year by 11.7% to \$14.3 million as a result of an increase in taxes and grant revenues.
- Expenditures in the general fund increased over the prior year by 10.4% to \$13.7 million as a result of staffing level increases primarily in public safety.
- During the fiscal year, the City issued \$5 million in refunding general obligation bonds to refund the 2011 series general obligation bonds.
- Water and sewer fund operating revenues increased by 26.7% to \$14.7 million in 2020 largely due to an increase in our customer base.
- Water and sewer fund operating expenses increased by 4.5% to \$11.5 million primarily due to increased costs related to water purchases.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

**Figure A-1, Required Components of the City’s Annual Financial Report**



- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*, such as utility services.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.



**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows of resources, and its liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Cibolo is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Cibolo that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Cibolo include general government, public safety, streets maintenance, parks and recreation, and community development. The business-type activities of the City of Cibolo include a water and sewer fund and drainage utility district.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Cibolo, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City of Cibolo can be divided into two categories: governmental and proprietary.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Cibolo maintains sixteen (16) individual governmental funds. Information is presently separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects fund, the debt service fund, all of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary funds.** The City of Cibolo maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Cibolo uses enterprise funds to account for its water and sewer utility and other nonmajor proprietary funds of the City.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides separate information for the water and sewer utility, which is considered to be a major fund of the City of Cibolo. Individual fund data for each of the nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s general fund budgetary schedule. The City of Cibolo adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. The Cibolo Economic Development Corporation also adopts an annual budget and a comparison schedule which is provided in the other supplementary information.

The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor proprietary funds are presented immediately following the required supplementary information.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Cibolo, assets exceeded liabilities by \$82.3 million at the close of the most recent fiscal year.

The largest portion of the City’s total net position (74.8% or \$61.5 million) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding, plus bond proceeds that have not yet been spent. The City of Cibolo uses these capital assets to provide services to citizens; consequently, these assets are not available for operational type of future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s total net position (16.8% or \$13.9 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$6.9 million, may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Cibolo is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

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The following table reflects the net position of the governmental and business-type activities:

TABLE 1  
CITY OF CIBOLO'S NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2020	2019	2020	2019	2020	2019
<b>Assets:</b>						
Current and other assets	\$ 41,575,401	\$ 40,516,744	\$ 18,406,342	\$ 15,691,258	\$ 59,981,743	\$ 56,208,002
Capital assets	<u>57,321,031</u>	<u>55,878,365</u>	<u>39,846,131</u>	<u>34,977,593</u>	<u>97,167,162</u>	<u>90,855,958</u>
Total assets	<u>98,896,432</u>	<u>96,395,109</u>	<u>58,252,473</u>	<u>50,668,851</u>	<u>157,148,905</u>	<u>147,063,960</u>
Deferred outflows of resources	<u>1,487,614</u>	<u>1,730,625</u>	<u>185,717</u>	<u>214,016</u>	<u>1,673,331</u>	<u>1,944,641</u>
<b>Liabilities:</b>						
Current liabilities	8,999,913	8,052,768	3,127,849	2,315,491	12,127,762	10,368,259
Long-term liabilities	<u>54,907,499</u>	<u>58,215,671</u>	<u>9,027,135</u>	<u>9,886,603</u>	<u>63,934,634</u>	<u>68,102,274</u>
Total liabilities	<u>63,907,412</u>	<u>66,268,439</u>	<u>12,154,984</u>	<u>12,202,094</u>	<u>76,062,396</u>	<u>78,470,533</u>
Deferred inflows of resources	<u>407,724</u>	<u>34,309</u>	<u>57,560</u>	<u>4,678</u>	<u>465,284</u>	<u>38,987</u>
<b>Net position:</b>						
Net investment in capital assets	27,468,175	25,512,455	34,060,936	29,561,453	61,529,111	55,073,908
Restricted	5,187,133	3,967,197	8,682,651	5,917,470	13,869,784	9,884,667
Unrestricted	<u>3,413,602</u>	<u>2,343,334</u>	<u>3,482,059</u>	<u>3,197,172</u>	<u>6,895,661</u>	<u>5,540,506</u>
Total net position	<u>\$ 36,068,910</u>	<u>\$ 31,822,986</u>	<u>\$ 46,225,646</u>	<u>\$ 38,676,095</u>	<u>\$ 82,294,556</u>	<u>\$ 70,499,081</u>

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The government's net position increased by \$11.8 million during the current fiscal year. The following table indicates changes in net position for governmental and business-type activities.

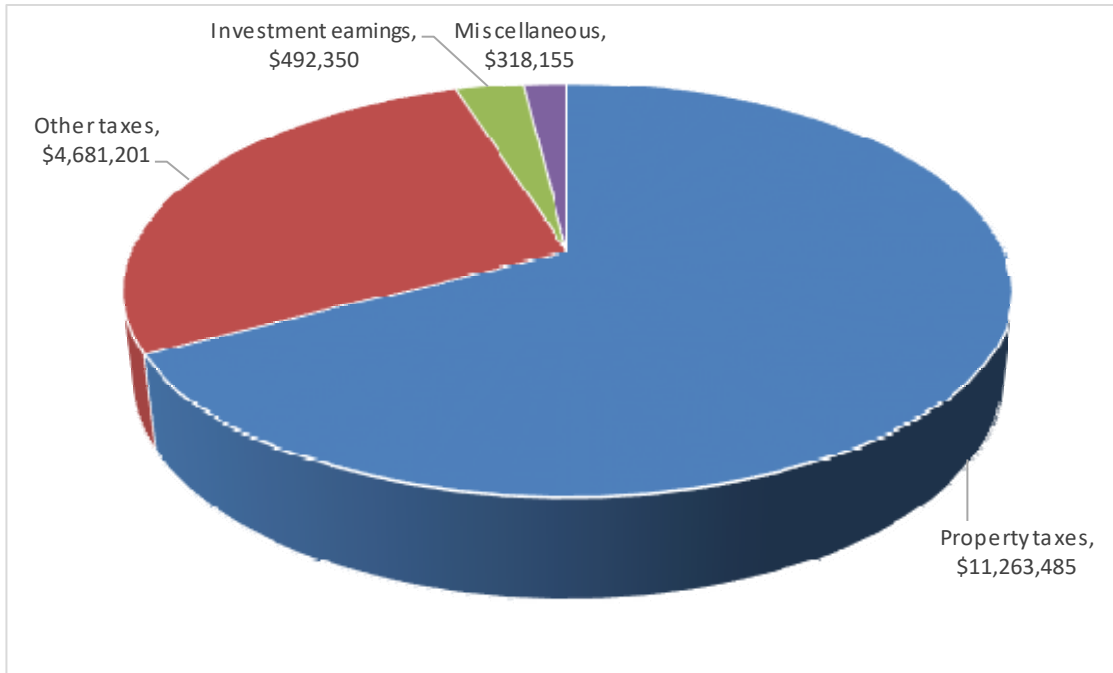
**TABLE 2**  
**CITY OF CIBOLO'S CHANGES IN NET POSITION**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2020	2019	2020	2019	2020	2019
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 3,182,234	\$ 3,963,743	\$ 14,299,333	\$ 14,190,388	\$ 17,481,567	\$ 18,154,131
Operating contributions	928,556	260,732	-	-	928,556	260,732
Capital contributions	2,021,684	4,416,848	5,279,686	4,885,871	7,301,370	9,302,719
General revenues:						
Property taxes	11,263,485	9,933,673	-	-	11,263,485	9,933,673
Other taxes	4,681,201	3,582,727	-	-	4,681,201	3,582,727
Investment earnings	492,350	742,358	148,842	278,461	641,192	1,020,819
Miscellaneous	318,155	162,907	26,762	824	344,917	163,731
Total revenues	<u>22,887,665</u>	<u>23,062,988</u>	<u>19,754,623</u>	<u>19,355,544</u>	<u>42,642,288</u>	<u>42,418,532</u>
<b>EXPENSES:</b>						
General government	2,009,214	1,797,311	-	-	2,009,214	1,797,311
Law enforcement and municipal court	4,563,579	4,488,322	-	-	4,563,579	4,488,322
Planning and engineering	954,337	978,359	-	-	954,337	978,359
Public works	3,343,924	3,625,301	-	-	3,343,924	3,625,301
Parks and recreation	1,687,815	1,574,101	-	-	1,687,815	1,574,101
Animal control	258,941	223,468	-	-	258,941	223,468
Fire	3,081,114	2,887,686	-	-	3,081,114	2,887,686
Finance	529,332	459,423	-	-	529,332	459,423
Information technology	507,297	514,524	-	-	507,297	514,524
Water and sewer	-	-	11,546,712	11,377,596	11,546,712	11,377,596
Drainage	-	-	828,259	649,556	828,259	649,556
Interest and other fees	1,536,289	1,568,835	-	-	1,536,289	1,568,835
Total expenses	<u>18,471,842</u>	<u>18,117,330</u>	<u>12,374,971</u>	<u>12,027,152</u>	<u>30,846,813</u>	<u>30,144,482</u>
Increases (decreases) in net position before transfers	4,415,823	4,945,658	7,379,652	7,328,392	11,795,475	12,274,050
Transfers in (out)	<u>(169,899)</u>	<u>220,923</u>	<u>169,899</u>	<u>(220,923)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	4,245,924	5,166,581	7,549,551	7,107,469	11,795,475	12,274,050
NET POSITION - BEGINNING	<u>31,822,986</u>	<u>28,161,647</u>	<u>38,676,095</u>	<u>31,773,886</u>	<u>70,499,081</u>	<u>59,935,533</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>(1,505,242)</u>	<u>-</u>	<u>(205,260)</u>	<u>-</u>	<u>(1,710,502)</u>
NET POSITION - BEGINNING, AS RESTATED	<u>-</u>	<u>26,656,405</u>	<u>-</u>	<u>31,568,626</u>	<u>-</u>	<u>58,225,031</u>
NET POSITION - ENDING	<u>\$ 36,068,910</u>	<u>\$ 31,822,986</u>	<u>\$ 46,225,646</u>	<u>\$ 38,676,095</u>	<u>\$ 82,294,556</u>	<u>\$ 70,499,081</u>

## Governmental Activities

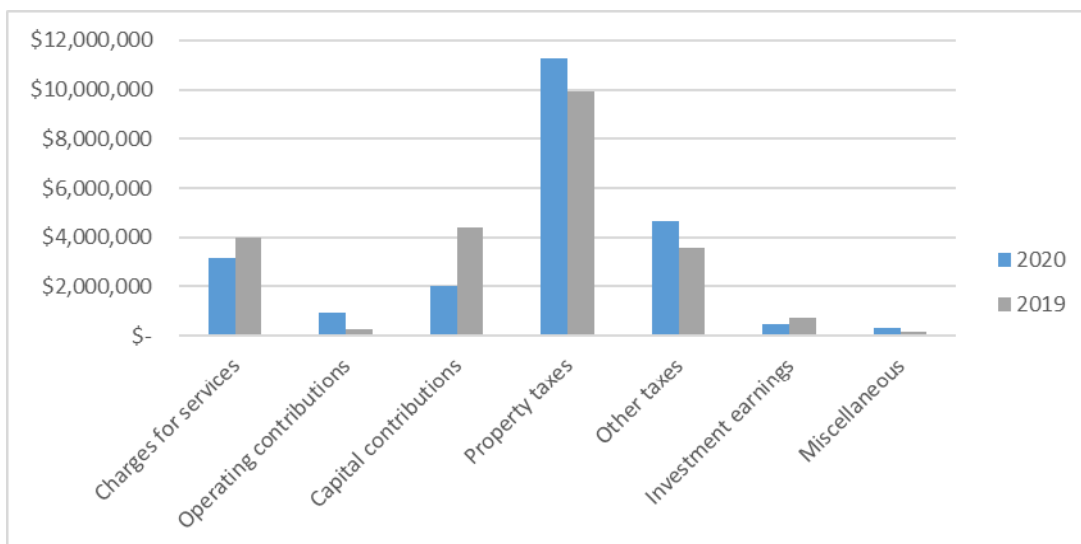
Government activities accounted for 36.0% of the growth in the net position of the City of Cibolo. As illustrated in the graphs below, property taxes is our largest source of revenue and increased by approximately 13.4% from the prior year. The growth in property taxes is a result of a 5.7% increase in our taxable property values (after freeze adjustment) combined with an increase in our property tax rate of 10.3% over the effective rate. We expect that this growth in our values will continue to an increased level, with recent growth in our commercial sector as well as continued growth in residential properties.

**General Revenue by Source – Governmental Activities**



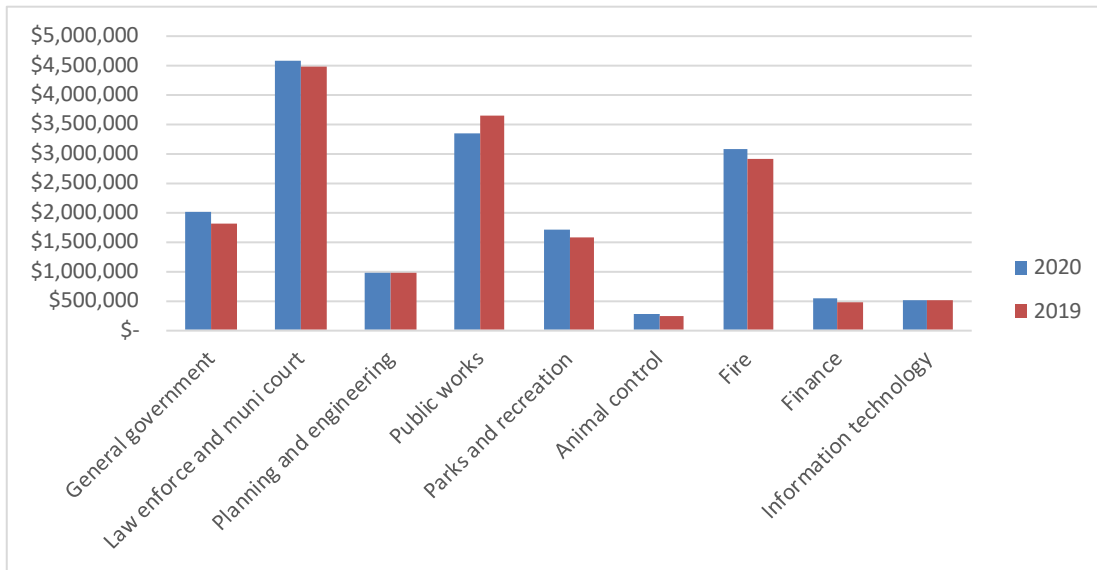
Our second largest revenue source, as illustrated in the graph below, is other taxes which is made up of sales taxes and franchise fees. Our third largest revenue source is charges for services which are made up of impact fees, construction related permits and fees, intergovernmental revenue, municipal court fines and other fees.

**Total Revenues – Governmental Activities**



Expenses in governmental activities increased by 2.0%. Law Enforcement, Public Works and Fire comprise our largest cost centers as illustrated in the graph below. Of these three, fire had the largest increase at 6.7% over the prior year primarily due to increase in personnel and an increase in depreciation expense of added infrastructure. Law enforcement had an increase of 1.7% due to increases in public safety staffing levels.

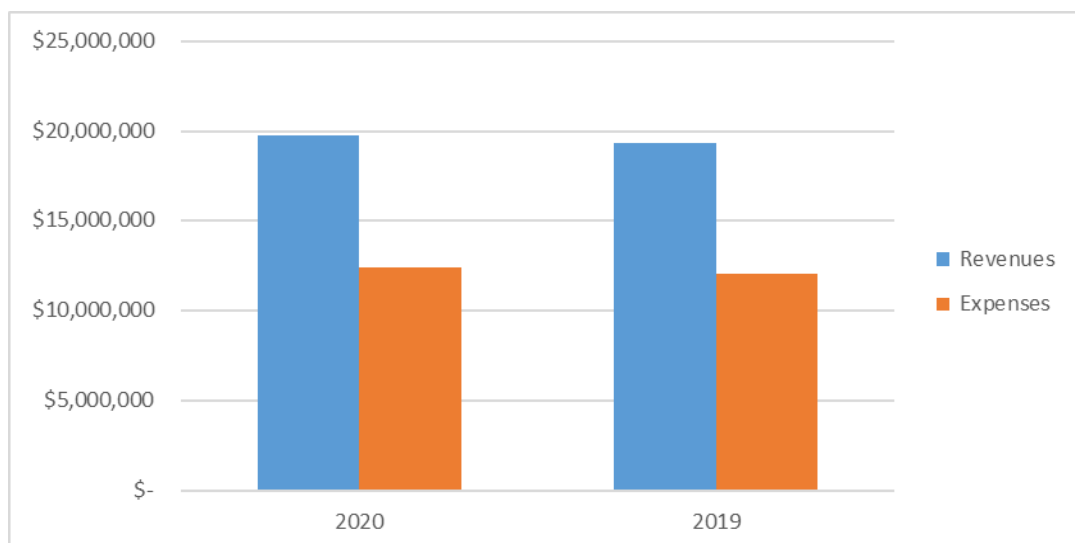
### Total Expenses – Governmental Activities



### Business-Type Activities

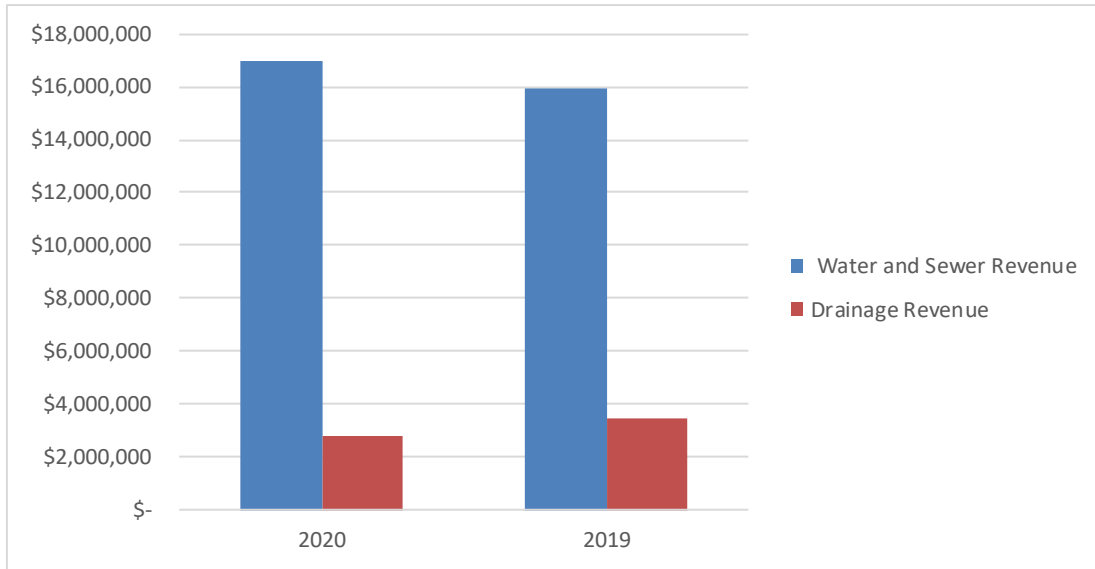
Business-type activities accounted for 63.6% of the growth in the net position of the City of Cibolo. Of this increase, 42.9% is the result of capital contributions from developers. Charges for services increased by 15.1% from the prior year primarily due to growth in our customer base. The 2.9% increase in business-type activities program expenses is related to increases in contracted water supply, wastewater treatment and solid waste collection services.

### Revenues and Expenditures – Business-Type Activities



Of business-type activities, water and sewer utility is the City’s largest activity comprising 95.4% of total program revenue.

### Revenues – Business-Type Activities



### Financial Analysis of the Government’s Funds

As noted earlier, the City of Cibolo uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City’s governmental funds reported combined ending fund balances of \$36.5 million. Of this total amount, \$7.1 million constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed to pay debt service, for capital improvement projects, and other assigned purposes.

The general fund is the chief operating fund of the City of Cibolo. At the end of the fiscal year, unassigned balance of the general fund was \$7.1 million, while total fund balance was \$7.7 million, an increase of \$1.6 million from the prior year. This increase is attributable to several factors. In fiscal year 2020, the City negotiated a new franchise agreement with Guadalupe Valley Electric Cooperative for a 3% franchise fee recognized quarterly versus the previous 2% recognized annually. This resulted in an increase in of approximately \$500 thousand in electric franchise revenue based on the change in the timing of receipts. In addition, grant revenue related to reimbursement of public safety personnel costs was recognized during the fiscal year in an amount equal to approximately \$600 thousand. Furthermore, property tax and sales tax revenue was approximately \$400 thousand more than budgeted. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 56.3% of total general fund expenditures, not including capital and capital related debt service. Unassigned fund balance in excess of our policy’s 30% threshold may be used for one-time capital expenditures.

The debt service fund has a total fund balance of approximately \$837 thousand, all of which is restricted for the payment of debt service. The net increase in fund balance during the fiscal year in the debt service fund was \$149 thousand. The City is maintaining approximately 18% of annual principal and interest costs in the debt service fund balance.

The capital projects fund has a total fund balance of \$23.9 million, a decrease of \$2.2 million over the prior year. During the year, the City spent approximately \$1.9 million of capital project funds on road improvement projects and new vehicles.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the water and sewer fund at the end of the year amounted to \$3.5 million which is an increase of \$284 thousand over the prior year.

### **General Fund Budgetary Highlights**

Original budget for general fund expenditures of \$14.0 million was revised to a final budget of \$14.4 million, which is an overall difference of 2.85%. However, various departments realized more significant variances from original budget to final budget. Under general government, the 28% increase from original budget to final budget is attributable to recognition of salary savings in various departmental budgets and eliminating from the general government budget where it was originally credited. Besides salary savings recognized in public safety and public works, other significant differences include revision of the budget for additional auditor engagements and increased legal fees.

Actual general fund expenditures were \$616 thousand less than the \$14.4 million final budget. This was largely due to additional salary savings during the year related to a hiring freeze for several months during the year in anticipation of reduced revenues from sales taxes. In addition, overall expenses were down related to reduced service levels during the height of the pandemic. Revenues were \$814 thousand more than final budget primarily due to an increase in taxes and grant revenues. Overall, fund balance increased by \$1.6 million which was a positive variance of \$1.9 million from final budget.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$97.2 million (net of accumulated depreciation). This is a net increase of approximately \$6.3 million over the prior year. Overall increases in capital, before depreciation, amounted to \$10.7 million, of which 50.0% or \$5.3 million was contributed by developers. The City has several projects in progress from voter approved bonds, which is covered in more detail in the "bond program" section of the MD&A. The City also utilizes impact fees and park fees to fund capital. Additions from these impact fee funds during the year amounted to \$73 thousand. Capital additions from the governmental funds and proprietary funds amounted to \$11.1 million. Additional information on the City's capital assets can be found in note 7 to the basic financial statements.



**TABLE 3**  
**CITY OF CIBOLO'S CAPITAL ASSETS AT YEAR-END**

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2020	2019	2020	2019	2020	2019
Land	\$ 3,776,480	\$ 3,474,730	\$ 1,396,208	\$ 1,396,208	\$ 5,172,688	\$ 4,870,938
Water rights	-	-	475,000	475,000	475,000	475,000
Buildings and improvements	68,530,998	65,972,314	-	-	68,530,998	65,972,314
Utility systems			40,914,015	35,824,746	40,914,015	35,824,746
Transportation and equipment	7,531,403	6,976,299	1,804,287	1,767,953	9,335,690	8,744,252
Construction in progress	2,711,377	1,184,973	3,046,241	2,451,791	5,757,618	3,636,764
Total	<u>82,550,258</u>	<u>77,608,316</u>	<u>47,635,751</u>	<u>41,915,698</u>	<u>130,186,009</u>	<u>119,524,014</u>
Total accumulated depreciation	<u>(25,229,227)</u>	<u>(21,729,951)</u>	<u>(7,789,620)</u>	<u>(6,938,105)</u>	<u>(33,018,847)</u>	<u>(28,668,056)</u>
Net capital assets	<u>\$ 57,321,031</u>	<u>\$ 55,878,365</u>	<u>\$ 39,846,131</u>	<u>\$ 34,977,593</u>	<u>\$ 97,167,162</u>	<u>\$ 90,855,958</u>

**Long-term debt.** At the end of the fiscal year, the City of Cibolo had total long-term debt outstanding of \$60.1 million. Of this amount, \$45.3 million comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). During the fiscal year, the City issued \$5.0 million in general obligation refunding bonds to refund the 2011 series general obligation bonds. The related principal and interest payment for the bonds are from an annual ad valorem tax levied against all taxable property within the City as well as specific revenue sources. Additional information on the City's long-term debt can be found in note 8 to the basic financial statements.

**TABLE 4**  
**CITY OF CIBOLO'S LONG-TERM DEBT AT YEAR-END**

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 44,065,000	\$ 47,135,000	\$ 1,225,000	\$ 1,375,000	\$ 45,290,000	\$ 48,510,000
Certificates of Obligation	6,190,000	6,300,000	-	-	6,190,000	6,300,000
Revenue Bonds	-	-	7,415,000	7,975,000	7,415,000	7,975,000
Capital Leases	1,123,201	759,421	125,971	83,198	1,249,172	842,619
TOTALS	<u>\$ 51,378,201</u>	<u>\$ 54,194,421</u>	<u>\$ 8,765,971</u>	<u>\$ 9,433,198</u>	<u>\$ 60,144,172</u>	<u>\$ 63,627,619</u>

**Bond program.** In November 2008, Cibolo voters approved five (5) bond propositions and authorized the issuance of approximately \$27.9 million in bonds to fund roadway improvements, drainage improvements, construction of public safety facilities, and construction of recreation and community facilities. The timing of projects called for issuance of general obligation bonds in 2009, 2011 and 2013. The first phase of projects, which included roadway improvements and the construction of public safety facilities, was funded in 2009 and completed in 2011. The second phase of projects, funded in 2011, includes drainage improvements to the Town Creek watershed and park land acquisition for the construction of ball fields. Construction of the ball fields, known as the Cibolo Youth Sports Complex was completed in early 2018. Construction of the drainage improvements, for which engineering is substantially complete, is expected to commence in early 2021. The final phase of projects, funded in 2013, includes additional funding for the drainage improvements within Town Creek and construction of a community center. Additional funding for the community center project, as with the Sports Complex, was obtained through a public private partnership with the YMCA. Construction of the community recreation center began in 2018 and was completed in the summer of 2019.

In April 2014, the City issued \$2.875 million in general obligation bonds that were authorized by the voters in November 2013 for sidewalk improvements along Borgfeld Road and intersection improvements at Main and F.M. 1103 to aid in traffic flow and pedestrian safety and for Fire Station #1 improvements. Fire Station #1 was completed in late 2017. Construction of the intersection improvement project started in August of 2018 and was completed in the summer of 2019.

In November 2014, the voters approved three (3) bond propositions and authorized the issuance of \$13.5 million in general obligation bonds to be issued bi-annually over the following five years. The first tranche of bonds was issued in July 2015 for \$4 million in construction funds to fund 1) the first phase of the F.M. 1103 roadway improvement project which is acquisition of right-of-way by the Texas Department of Transportation (TxDOT) which is ongoing, 2) Haeckerville Road improvement project completed in 2018, and 3) the first phase of Fire Station #3 which includes land preparation and design work. The second tranche of bonds was issued in 2018 for \$3.5 million in construction funds to fund Fire Station #3. Construction is in progress with expected completion in late 2021. The final tranche of bonds was issued in September 2019 for the remaining funding for the TxDOT F.M. 1103 roadway improvement project expected to begin construction in mid-2021.

In November 2018, the voters authorized issuance of \$4.75 million in general obligation bonds for 1) facilities expansion, 2) Public Safety communications, 3) road and drainage improvements (Tolle Road) and 4) quality of life projects (Tolle Park and Miracle Field). These bonds were issued in September 2019. Additional funding is expected from developers and other contributors to complete the road and drainage improvements and to fund the Miracle Field addition to the City's Youth Sports Complex. Facilities expansion is currently underway with construction of a city hall annex to house planning, engineering, economic development and information technology staff. Public works facility expansion is in the planning stages. Improvement to public safety communications was completed with the installation of a new radio tower in our town center area by the Lower Colorado River Authority. Road and drainage improvements along Tolle Road are currently in the engineering design phase.

In September 2019, the City Council approved issuance of Certificates of Obligation in the amount of \$5.86 million to fund 1) a road improvement project at Santa Clara and Bolton Road in support of a major economic development project; and 2) utility infrastructure relocation related to the widening of F.M. 1103. The road improvement project is currently under construction with expected completion in July 2021. Utility relocation along F.M. 1103 was completed at the end of fiscal year 2020.

In December 2019, the City Council approved issuance of General Obligation Refunding Bonds in the amount of \$5.0 million to refund the 2011 series general obligation bonds.

In September 2020, the City issued \$6.95 million in Certificates of Obligation. These bonds were issued to finance major road repairs within the City. The City's quarter-cent street maintenance taxes will be used for repayment of the bonds. Engineering design of Cibolo Valley Drive repairs is currently underway.

## Economic Factors and Next Year's Budget and Rates

**Bond rating.** For the City's most recent public sale of bonds in 2020, Standard and Poor's (S&P) Ratings Services assigned its "AA" rating to the City's series 2020 Certificates of Obligation Bonds; and affirmed its "AA" long-term rating and underlying rating (SPUR) on previously rated general obligation (GO) debt, with a stable outlook. The "AA" rating allows the City to sell bonds at lower interest rates. The affirmation is a testament that the City is on sound economic footing and has implemented plans and policies that will help prepare the City for the future. Standard and Poor's included the following rationale for the bond rating:

- Strong economy with access to a broad and diverse metropolitan statistical area;
- Strong management with good financial policies and practices;
- Very strong budgetary flexibility;
- Adequate budgetary performance;
- Very strong liquidity; and
- Strong institutional framework score.

**Local economy.** The City of Cibolo is one of the fastest growing cities in the State. The strong military presence in the area contributes to our growth and job stability. Located 13 miles from downtown San Antonio along Interstate 35, Cibolo is an established residential suburb that offers easy access to leading employment centers throughout the San Antonio-New Braunfels MSA. With the high population growth, the Cibolo economy has become attractive for commercial development and despite the pandemic, 2020 has seen continued business interest and commercial activity.

Cibolo's first major retail development project opened in January of 2016, stimulating Cibolo's economy. Since 2016, many businesses have followed. These include fast food restaurants, convenience stores, auto parts retailers, auto repair and maintenance services, medical, minor emergency, dental and orthodontic services, child care facilities. More recently, the northern part of the City along IH35 has begun to develop. In mid-2019, Santikos Entertainment completed a major family entertainment complex. The entertainment complex includes 12 theaters with luxury reclining seating, arcades, sports bar and 16 bowling lanes. This 80-acre project will also include the development of family restaurants and retail development and is expected to have a significant impact on Cibolo's economy. Magnolia Pancake Haus opened its doors in November 2020 and Willie's Grill and Ice House is currently under construction. Living Spaces, a furniture retailer announced plans to build in this area as well. Future plans for this area include development of multi-family living space and amenities. Additionally, in 2019, the EDC completed a hotel feasibility study for this area and is continuing to seek opportunities in this industry.

Cibolo's downtown area also continues to generate interest. Old store fronts and renovated historic residential homes have been converted to new businesses while keeping the look and feel of the "Old Town District". One of the first new businesses downtown, Old Main Street Ice House, has now been in business for several years and has stimulated evening activity in the downtown area, making it a popular weekend destination despite the pandemic. Advanced Solar and Electric occupies the former 1930's gas station and still includes replicas of the original 1930s-stype gas pumps. The Shops at the Mill, in the old downtown lumber mill, opened in mid-2016 with a renovated store front, houses an ice cream parlor and a boutique. 1908 House of Wine and Ale and Kindling Texas Kitchen, both in renovated century-old homes, serve diners in a quaint atmosphere. Downtown also includes an event center and office space, an early childhood learning center, a yoga studio and a cigar shop. More recent renovations projects downtown include Mama Mill's, featuring Jamaican cuisine, which opened in early 2021. The Rooted Fork, a breakfast and brunch restaurant, and State Farm Insurance are both expected to open their doors in Spring 2021. In addition, the Pastry Corner, selling artisan bread, pastries and cookies is expected to open in late 2021. Nearby, along F.M. 78, Mako's on the Creek, an upscale restaurant, voted one of the Top Ten Best New Restaurants in San Antonio, opened in 2019.

Most notably, in July 2019, Aisin AW Co, Ltd, a leading manufacturer of automobile transmissions, decided to locate a new production base in the City of Cibolo, established as AW Texas, Inc. AW Texas is making a capital investment of approximately \$400 million in plant construction and will bring approximately 900 primary jobs to this area over the next five years. Construction is underway and recruitment and hiring and hiring efforts have begun. The 159-acre site along IH10 will ultimately be built out to a 468,200 square foot facility by late 2021.

Additionally, Cibolo is experiencing growth in multi-family residential construction. A senior living community, El Sereno, was completed in 2019 along Borgfeld Road and an assisted living facility, The Brooks, is under construction near the town's center. Another multi-family project, constructed just south of F.M. 78 through partnership with the Cibolo Public Facility Corporation (PFC), recently opened. This construction project, along with the continuing development of a single-family subdivision in this area, is expected to stimulate further retail development along this corridor.

**Taxable values.** The City's total taxable assessed valuation for fiscal year 2021 of \$2.47 billion, is approximately 6.0% higher than the prior year. Residential construction has driven this increase over the last 10 years and continues to remain steady, with residential values increasing by 8.5%. Although industrial values, which make up approximately 2% of our values, dropped by 22.8%, continued expansion of commercial development in the City, resulted in an increase in commercial values of approximately 15.4%.

**Tax rate.** The tax rate adopted by the City Council for fiscal year 2021 decreased from \$0.4935 per \$100 of assessed valuation to \$0.4835 per \$100 of assessed valuation, a decrease of 2.0%. This rate was 1.7% less than the "no new revenue tax rate" of \$0.4918 per \$100 of assessed valuation. Historical values and tax rates are presented in the statistical section of this report.

**General fund.** During the current fiscal year, unassigned fund balance in the general fund increased to \$7.1 million. Contributing to this increase in fund balance was a combination of grant funding for pandemic-related public safety personnel expenses of approximately \$624,000 and implementation of a hiring freeze and increased general revenues. As mentioned earlier, this represents 50.0% of 2021 budgeted general fund expenditures not including capital outlay and capital related debt service. The fund balance policy is to maintain between 25% and 35% balance in reserves. It should be noted that the fiscal year 2021 budget draws down excess fund balance by approximately \$641 thousand to be used for one-time capital expenses and capital financing as authorized by the City's fund balance policy.

**Water and sewer fund.** Unrestricted net position in the water and sewer fund increased from the prior year to \$3 million, which represents an 11% increase. Working capital increased by less than 4% to \$2.9 million which represents approximately 25% of operating expenses of the water and sewer fund. As residential and commercial growth continues in our City, the need for development of additional water resources increases. Additional costs associated with growth has prompted the City to further analyze our rate structure to make necessary adjustments in fiscal year 2021 and beyond.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Cibolo, 200 South Main Street, Cibolo, Texas 78108.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF CIBOLO, TEXAS**

**STATEMENT OF NET POSITION**

**September 30, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Cibolo Economic Development Corporation
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 3,020,240	\$ 4,318,897	\$ 7,339,137	\$ -
Investments	11,564,502	2,029,521	13,594,023	706,407
Receivables (net of allowance for uncollectibles):				
Taxes	956,800	-	956,800	108,710
Accounts and other	396,933	2,819,445	3,216,378	-
Internal balances	(70,965)	70,965	-	-
Due from component unit	20,768	-	20,768	-
Prepaid expenses	2,764	16,000	18,764	-
Inventories	15,068	106,766	121,834	-
<b>Total current assets</b>	<b>15,906,110</b>	<b>9,361,594</b>	<b>25,267,704</b>	<b>815,117</b>
<b>Noncurrent assets:</b>				
<b>Restricted assets:</b>				
Cash and cash equivalents	809,876	-	809,876	-
Investments	24,859,415	8,313,132	33,172,547	-
<b>Capital assets, net:</b>				
Land	3,776,480	1,396,208	5,172,688	-
Water rights	-	475,000	475,000	-
Buildings	13,452,230	-	13,452,230	-
Improvements other than buildings	34,272,486	-	34,272,486	-
Utility systems	-	34,346,665	34,346,665	-
Equipment and vehicles	3,108,458	582,017	3,690,475	-
Construction in progress	2,711,377	3,046,241	5,757,618	-
<b>Total noncurrent assets</b>	<b>82,990,322</b>	<b>48,159,263</b>	<b>131,149,585</b>	<b>-</b>
<b>Total assets</b>	<b>98,896,432</b>	<b>57,520,857</b>	<b>156,417,289</b>	<b>815,117</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on debt refunding	442,275	38,139	480,414	-
Deferred outflows related to pensions	910,220	128,502	1,038,722	32,126
Deferred outflows related to OPEB death benefit	44,432	6,273	50,705	1,568
Deferred outflows related to OPEB health benefit	90,687	12,803	103,490	3,200
<b>Total deferred outflows     of resources</b>	<b>1,487,614</b>	<b>185,717</b>	<b>1,673,331</b>	<b>36,894</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF CIBOLO, TEXAS**  
**STATEMENT OF NET POSITION**

**September 30, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Cibolo Economic Development Corporation
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 4,548,772	\$ 1,654,728	\$ 6,203,500	\$ 9,956
Accrued liabilities	424,355	44,948	469,303	5,096
Due to primary government	-	-	-	20,768
Unearned revenue	43,865	19,672	63,537	-
Customer deposits	-	530,560	530,560	-
Accrued interest payable	281,497	58,074	339,571	-
Compensated absences	122,855	6,893	129,748	855
Current portion of long-term debt	3,578,569	812,974	4,391,543	-
<b>Total current liabilities</b>	<u>8,999,913</u>	<u>3,127,849</u>	<u>12,127,762</u>	<u>36,675</u>
<b>Noncurrent liabilities:</b>				
Compensated absences	491,418	27,572	518,990	3,421
Long-term debt	50,659,343	8,469,201	59,128,544	-
Net pension liability	1,613,388	227,772	1,841,160	56,943
OPEB death benefit liability	173,090	24,436	197,526	6,109
OPEB health benefit liability	1,970,260	278,154	2,248,414	69,539
<b>Total noncurrent liabilities</b>	<u>54,907,499</u>	<u>9,027,135</u>	<u>63,934,634</u>	<u>136,012</u>
<b>Total liabilities</b>	<u>63,907,412</u>	<u>12,154,984</u>	<u>76,062,396</u>	<u>172,687</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pension	371,825	52,493	424,318	13,124
Deferred inflows related to OPEB death benefit	23,038	3,252	26,290	813
Deferred inflows related to OPEB health benefit	12,861	1,815	14,676	454
<b>Total deferred inflows of resources</b>	<u>407,724</u>	<u>57,560</u>	<u>465,284</u>	<u>14,391</u>
<b>NET POSITION</b>				
Net investment in capital assets	27,468,175	34,060,936	61,529,111	-
<b>Restricted for:</b>				
Debt service	837,519	747,843	1,585,362	-
Impact fees	1,652,276	6,230,950	7,883,226	-
Capital improvement	2,115,866	1,703,858	3,819,724	-
Public, educational and governmental	435,641	-	435,641	-
Police and municipal court	139,046	-	139,046	-
Economic Development Corporation	-	-	-	664,933
Youth council	5,000	-	5,000	-
Other	1,785	-	1,785	-
Unrestricted	<u>3,413,602</u>	<u>3,482,059</u>	<u>6,895,661</u>	<u>-</u>
<b>Total net position</b>	<u>\$ 36,068,910</u>	<u>\$ 46,225,646</u>	<u>\$ 82,294,556</u>	<u>\$ 664,933</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF CIBOLO, TEXAS**

**STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 2,009,214	\$ -	\$ 211,411	\$ -
Law enforcement and municipal court	4,563,579	562,318	717,145	-
Community development	954,337	1,877,007	-	-
Public works	3,343,924	566,513	-	2,021,684
Parks and recreation	1,687,815	128,840	-	-
Animal control	258,941	17,448	-	-
Fire	3,081,114	30,108	-	-
Finance	529,332	-	-	-
Information technology	507,297	-	-	-
Interest and fees	1,536,289	-	-	-
Total governmental activities	<u>18,471,842</u>	<u>3,182,234</u>	<u>928,556</u>	<u>2,021,684</u>
Business-type activities:				
Water and sewer	11,546,712	13,392,211	-	3,439,040
Drainage	<u>828,259</u>	<u>907,122</u>	-	<u>1,840,646</u>
Total business-type activities	12,374,971	14,299,333	-	5,279,686
Total primary government	<u>\$ 30,846,813</u>	<u>\$ 17,481,567</u>	<u>\$ 928,556</u>	<u>\$ 7,301,370</u>
<b>Component unit:</b>				
Cibolo Economic Development Corporation	<u>\$ 580,986</u>	<u>\$ -</u>	<u>\$ 119,200</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Ad valorem				
Sales				
Franchise fees				
Investment earnings				
Gain on sale of assets				
Miscellaneous				
Total general revenues				
Transfers				
Change in net position				
Net position - beginning				
Net position - ending				

The accompanying notes are an integral part of these financial statements.



Net (Expense) Revenue and Changes in Net Position			Component Unit Cibolo Economic Development Corporation
Primary Government			
Governmental Activities	Business-Type Activities	Total	
\$ (1,797,803)	\$ -	\$ (1,797,803)	\$ -
(3,284,116)	-	(3,284,116)	-
922,670	-	922,670	-
(755,727)	-	(755,727)	-
(1,558,975)	-	(1,558,975)	-
(241,493)	-	(241,493)	-
(3,051,006)	-	(3,051,006)	-
(529,332)	-	(529,332)	-
(507,297)	-	(507,297)	-
<u>(1,536,289)</u>	<u>-</u>	<u>(1,536,289)</u>	<u>-</u>
<u>(12,339,368)</u>	<u>-</u>	<u>(12,339,368)</u>	<u>-</u>
-	5,284,539	5,284,539	-
<u>-</u>	<u>1,919,509</u>	<u>1,919,509</u>	<u>-</u>
-	7,204,048	7,204,048	-
<u>(12,339,368)</u>	<u>7,204,048</u>	<u>(5,135,320)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ (461,786)</u>
11,263,485	-	11,263,485	-
3,312,720	-	3,312,720	657,290
1,368,481	-	1,368,481	-
492,350	148,842	641,192	4,806
97,267	10,821	108,088	-
<u>220,888</u>	<u>15,941</u>	<u>236,829</u>	<u>508</u>
<u>16,755,191</u>	<u>175,604</u>	<u>16,930,795</u>	<u>662,604</u>
(169,899)	169,899	-	-
4,245,924	7,549,551	11,795,475	200,818
<u>31,822,986</u>	<u>38,676,095</u>	<u>70,499,081</u>	<u>464,115</u>
<u>\$ 36,068,910</u>	<u>\$ 46,225,646</u>	<u>\$ 82,294,556</u>	<u>\$ 664,933</u>

**CITY OF CIBOLO, TEXAS**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

**September 30, 2020**

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,862,624	\$ -	\$ -	\$ 1,157,616	\$ 3,020,240
Investments	8,723,278	-	-	2,841,224	11,564,502
Receivables (net of allowances)					
Taxes and franchise fees	804,929	-	43,161	108,710	956,800
Accounts and other	377,007	6,176	13,750	-	396,933
Due from other funds	105,125	16,996	-	269,170	391,291
Due from component unit	7,293	-	15,975	-	23,268
Inventory	15,068	-	-	-	15,068
Prepaid items	2,764	-	-	-	2,764
Restricted assets:					
Cash and cash equivalents	-	-	809,876	-	809,876
Investments	-	24,859,415	-	-	24,859,415
<b>Total assets</b>	<b><u>\$ 11,898,088</u></b>	<b><u>\$ 24,882,587</u></b>	<b><u>\$ 882,762</u></b>	<b><u>\$ 4,376,720</u></b>	<b><u>\$ 42,040,157</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ 3,515,308	\$ 917,739	\$ -	\$ 115,725	\$ 4,548,772
Accrued interest payable	-	-	3,163	-	3,163
Accrued salaries and benefits	424,355	-	-	-	424,355
Due to other funds	171,751	22,067	400	268,038	462,256
Due to component unit	2,500	-	-	-	2,500
Unearned revenues	43,865	-	-	-	43,865
<b>Total liabilities</b>	<b><u>4,157,779</u></b>	<b><u>939,806</u></b>	<b><u>3,563</u></b>	<b><u>383,763</u></b>	<b><u>5,484,911</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable property tax revenues	65,320	-	41,680	-	107,000
<b>FUND BALANCES</b>					
Nonspendable:					
Inventory	15,068	-	-	-	15,068
Prepaid items	2,764	-	-	-	2,764
Restricted for:					
Impact fees	-	-	-	1,652,276	1,652,276
Capital improvement	-	-	-	690,656	690,656
Public, educational and governmental	435,641	-	-	-	435,641
Capital projects	-	23,942,781	-	-	23,942,781
Debt service	-	-	837,519	-	837,519
Street maintenance	100,000	-	-	1,325,210	1,425,210
Tree project	1,400	-	-	-	1,400
Police special	-	-	-	108,757	108,757
Court special	-	-	-	30,289	30,289
Youth council	5,000	-	-	-	5,000
Other	-	-	-	385	385
Committed for capital replacement	-	-	-	95,240	95,240
Committed for special projects	-	-	-	90,144	90,144
Unassigned	7,115,116	-	-	-	7,115,116
<b>Total fund balances</b>	<b><u>7,674,989</u></b>	<b><u>23,942,781</u></b>	<b><u>837,519</u></b>	<b><u>3,992,957</u></b>	<b><u>36,448,246</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 11,898,088</u></b>	<b><u>\$ 24,882,587</u></b>	<b><u>\$ 882,762</u></b>	<b><u>\$ 4,376,720</u></b>	<b><u>\$ 42,040,157</u></b>

The accompanying notes are an integral part of these financial statements.

**CITY OF CIBOLO, TEXAS**

**RECONCILIATION OF BALANCE SHEET-  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

**September 30, 2020**

Total fund balances - governmental funds balance sheet		\$ 36,448,246
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		57,321,031
Net pension liabilities (and related deferred outflows and inflows of resources) do not consume current financial resources and are not reported in the funds:		
Net pension liability	\$ (1,613,388)	
Pension related deferred outflows	910,220	
Pension related deferred inflows	<u>(371,825)</u>	(1,074,993)
OPEB liabilities (and related deferred outflows and inflows of resources) do not consume current financial resources and are not reported in the funds:		
OPEB liability	(2,143,350)	
OPEB related deferred outflows	135,119	
OPEB related deferred inflows	<u>(35,899)</u>	(2,044,130)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized as revenue in the funds.		107,000
Long-term liabilities, including bonds payable and capital leases, are not due and payable in the current period and, therefore, not reported in the funds:		
Bonds payable	(50,255,000)	
Unamortized premiums, discounts, losses on refundings	(2,417,436)	
Capital lease payable	(1,123,201)	
Accrued interest payable	(278,334)	
Compensated absences	<u>(614,273)</u>	<u>(54,688,244)</u>
Net position of governmental activities - statement of net position		<u>\$ 36,068,910</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF CIBOLO, TEXAS**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

**For the year ended September 30, 2020**

	General Fund	Capital Projects Fund	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 10,850,911	\$ -	\$ 4,417,545	\$ 657,290	\$ 15,925,746
Permits and fees	1,877,007	-	-	82,800	1,959,807
Service fees	478,091	-	-	-	478,091
Fines and fees	174,022	-	-	21,549	195,571
Park revenue	46,040	-	-	-	46,040
Grant revenue	629,214	-	165,000	-	794,214
Impact fees	-	-	-	502,725	502,725
Investment earnings	150,969	301,339	10,894	29,148	492,350
Miscellaneous	96,788	-	123,300	135,142	355,230
Total revenues	<u>14,303,042</u>	<u>301,339</u>	<u>4,716,739</u>	<u>1,428,654</u>	<u>20,749,774</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,776,126	-	-	51,709	1,827,835
Law enforcement and municipal court	4,100,643	-	-	10,826	4,111,469
Planning and engineering services	920,199	-	-	-	920,199
Public works	1,162,302	-	-	38,913	1,201,215
Parks and recreation	823,989	-	-	31,086	855,075
Animal control	247,173	-	-	-	247,173
Fire	2,640,685	-	-	-	2,640,685
Finance	519,786	-	-	-	519,786
Information technology	456,389	-	-	43,820	500,209
Capital outlay	841,979	1,962,937	-	438,202	3,243,118
Debt service:					
Principal	258,290	-	2,985,000	-	3,243,290
Interest and fiscal charges	18,614	-	1,582,543	-	1,601,157
Bond issue costs	-	-	88,529	-	88,529
Total expenditures	<u>13,766,175</u>	<u>1,962,937</u>	<u>4,656,072</u>	<u>614,556</u>	<u>20,999,740</u>
Excess (deficiency) of revenues over (under) expenditures	<u>536,867</u>	<u>(1,661,598)</u>	<u>60,667</u>	<u>814,098</u>	<u>(249,966)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of assets	97,267	-	-	-	97,267
Issuance of debt	-	-	5,000,000	-	5,000,000
Premium on issuance of debt	-	-	377,176	-	377,176
Payment to escrow agent	-	-	(5,288,313)	-	(5,288,313)
Proceeds from capital lease	634,086	-	-	-	634,086
Transfers in	479,188	-	-	140,385	619,573
Transfers out	(136,435)	(521,411)	-	(131,626)	(789,472)
Total other financing sources	<u>1,074,106</u>	<u>(521,411)</u>	<u>88,863</u>	<u>8,759</u>	<u>650,317</u>
Net change in fund balances (uses)	1,610,973	(2,183,009)	149,530	822,857	400,351
Fund balance - beginning	<u>6,064,016</u>	<u>26,125,790</u>	<u>687,989</u>	<u>3,170,100</u>	<u>36,047,895</u>
Fund balance - ending	<u>\$ 7,674,989</u>	<u>\$ 23,942,781</u>	<u>\$ 837,519</u>	<u>\$ 3,992,957</u>	<u>\$ 36,448,246</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF CIBOLO, TEXAS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2020**

Net change in fund balances - total governmental funds	\$	400,351
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report all capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In addition, capital assets contributed to governmental activities are not recorded on the fund statements.

Capital outlay	\$ 3,243,118	
Capital contributions	2,021,684	
Depreciation expense	<u>(3,822,136)</u>	1,442,666

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	18,940
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Governmental funds report required contributions to employee pensions as expenditures. However, in the statement of activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that pension expense exceeded the actuarially determined contributions.	(75,043)
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Governmental funds report contributions to OPEB as expenditures. However, in the statement of activities the cost of the expense is recorded based on the actuarially determined cost of the plan. This is the amount that actuarially determined OPEB expense exceeded contributions.	(188,733)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Proceeds from the issuance of debt	(722,949)	
Principal repayments	3,243,243	
Amortization of premiums, discounts, losses	<u>175,769</u>	2,696,063

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences	(38,058)	
Accrued interest	<u>(10,262)</u>	<u>(48,320)</u>

Change in net position of governmental activities - statement of activities	\$	<u><u>4,245,924</u></u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF CIBOLO, TEXAS**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

**September 30, 2020**

	Water and Sewer Fund	Drainage Fund	Nonmajor Funds	Total
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 2,067,324	\$ 209,308	\$ 2,042,265	\$ 4,318,897
Investments	1,683,810	345,711	-	2,029,521
Accounts receivable (net allowances for uncollectibles):				
Customer accounts	1,433,759	77,238	3,191	1,514,188
Due from other governments	731,616	-	-	731,616
Due from other funds	23,373	9,100	106,515	138,988
Prepaid expenses	16,000	-	-	16,000
Inventory	106,766	-	-	106,766
Total current assets	6,062,648	641,357	2,151,971	8,855,976
<b>Noncurrent assets:</b>				
Investments - restricted	4,206,684	-	4,106,448	8,313,132
Accounts receivable - restricted	1,305,257	-	-	1,305,257
<b>Capital assets:</b>				
Land	503,121	893,087	-	1,396,208
Water rights	475,000	-	-	475,000
Utility systems	33,741,434	7,172,581	-	40,914,015
Equipment and vehicles	1,138,015	666,272	-	1,804,287
Construction in progress	857,820	2,188,421	-	3,046,241
Less: accumulated depreciation	(6,844,747)	(944,873)	-	(7,789,620)
Total noncurrent assets	35,382,584	9,975,488	4,106,448	49,464,520
Total assets	41,445,232	10,616,845	6,258,419	58,320,496
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on debt refunding	38,139	-	-	38,139
Pension related deferred outflows	85,668	42,834	-	128,502
OPEB death benefit related deferred outflows	4,182	2,091	-	6,273
OPEB health benefit related deferred outflows	8,535	4,268	-	12,803
Total deferred outflows of resources	136,524	49,193	-	185,717

The accompanying notes are an integral part of these financial statements.

**CITY OF CIBOLO, TEXAS**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

**September 30, 2020**

	Water and Sewer Fund	Drainage Fund	Nonmajor Funds	Total
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 1,620,609	\$ 6,650	\$ 27,469	\$ 1,654,728
Accrued liabilities	28,484	16,464	-	44,948
Customer deposits	530,560	-	-	530,560
Deferred revenue	19,672	-	-	19,672
Accrued interest payable	58,074	-	-	58,074
Due to other funds	50,056	17,967	-	68,023
Current portion of compensated absences	5,355	1,538	-	6,893
Current portion of long-term debt	812,974	-	-	812,974
Total current liabilities	3,125,784	42,619	27,469	3,195,872
<b>Noncurrent liabilities:</b>				
Compensated absences	21,422	6,150	-	27,572
Long-term debt (net of current portion)	8,469,201	-	-	8,469,201
Net pension liability	151,848	75,924	-	227,772
OPEB liability - death benefit	16,291	8,145	-	24,436
OPEB liability - health benefit	185,436	92,718	-	278,154
Total noncurrent liabilities	8,844,198	182,937	-	9,027,135
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related deferred inflows	34,996	17,497	-	52,493
OPEB death benefit related deferred inflows	2,169	1,083	-	3,252
OPEB health benefit related deferred inflows	1,210	605	-	1,815
Total deferred inflows of resources	38,375	19,185	-	57,560
<b>NET POSITION</b>				
Net investment in capital assets	24,085,448	9,975,488	-	34,060,936
<b>Restricted for:</b>				
Debt service	747,843	-	-	747,843
Impact fees	-	-	6,230,950	6,230,950
Capital improvement	1,703,858	-	-	1,703,858
Unrestricted	3,036,250	445,809	-	3,482,059
Total net position	\$ 29,573,399	\$ 10,421,297	\$ 6,230,950	\$ 46,225,646

The accompanying notes are an integral part of these financial statements.

**CITY OF CIBOLO, TEXAS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS**

**For the year ended September 30, 2020**

	Water and Sewer Fund	Drainage Fund	Nonmajor Funds	Total
OPERATING REVENUES:				
Charges for services:				
Fees charged to users	\$ 12,622,826	\$ 716,089	\$ -	\$ 13,338,915
Other charges	<u>98,485</u>	<u>762</u>	-	<u>99,247</u>
Total operating revenues	<u>12,721,311</u>	<u>716,851</u>	<u>-</u>	<u>13,438,162</u>
OPERATING EXPENSES:				
Water purchase	3,668,757	-	-	3,668,757
Garbage service	2,774,806	-	-	2,774,806
Sewage treatment	2,600,164	-	-	2,600,164
Personnel services	794,981	428,835	-	1,223,816
Contractual services	181,481	80,432	47,103	309,016
Supplies and maintenance	425,275	122,671	-	547,946
General and administrative	304,861	13,810	-	318,671
Depreciation	<u>749,283</u>	<u>182,511</u>	<u>-</u>	<u>931,794</u>
Total operating expenses	<u>11,499,608</u>	<u>828,259</u>	<u>47,103</u>	<u>12,374,970</u>
Operating income (loss)	<u>1,221,703</u>	<u>(111,408)</u>	<u>(47,103)</u>	<u>1,063,192</u>
NONOPERATING REVENUES:				
Investment earnings	91,757	4,949	52,136	148,842
Capital grants	2,036,873	-	-	2,036,873
Gain on sale of asset	10,821	-	-	10,821
Impact fees	-	-	1,127,092	1,127,092
Interest expense	(265,922)	-	-	(265,922)
Insurance proceeds	<u>15,941</u>	<u>-</u>	<u>-</u>	<u>15,941</u>
Total nonoperating revenues	<u>1,889,470</u>	<u>4,949</u>	<u>1,179,228</u>	<u>3,073,647</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS				
	<u>3,111,173</u>	<u>(106,459)</u>	<u>1,132,125</u>	<u>4,136,839</u>
Transfers in	73,040	521,411	-	594,451
Transfers out	(293,568)	(57,944)	(73,040)	(424,552)
Capital contributions	<u>1,402,167</u>	<u>1,840,646</u>	<u>-</u>	<u>3,242,813</u>
Change in net position	<u>4,292,812</u>	<u>2,197,654</u>	<u>1,059,085</u>	<u>7,549,551</u>
Total net position - beginning	<u>25,280,587</u>	<u>8,223,643</u>	<u>5,171,865</u>	<u>38,676,095</u>
Total net position - ending	<u>\$ 29,573,399</u>	<u>\$ 10,421,297</u>	<u>\$ 6,230,950</u>	<u>\$ 46,225,646</u>

The accompanying notes are an integral part of these financial statements.



**CITY OF CIBOLO, TEXAS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

**For the year ended September 30, 2020**

	Water and Sewer Fund	Drainage Fund	Nonmajor Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers and users	\$ 12,952,572	\$ 714,787	\$ -	\$ 13,667,359
Cash paid to employees for services	(755,942)	(413,345)	-	(1,169,287)
Cash paid to supplier for goods and services	(9,175,650)	(214,023)	(139,449)	(9,529,122)
Net cash provided by (used in) operating activities	3,020,980	87,419	(139,449)	2,968,950
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash transfers and advances from/(to) other funds	(255,034)	431,997	(173,230)	3,733
Net cash provided by (used in) noncapital financing activities	(255,034)	431,997	(173,230)	3,733
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(1,997,711)	(559,808)	-	(2,557,519)
Proceeds from sale of assets	10,821	-	-	10,821
Impact fees	-	-	1,127,092	1,127,092
Proceeds from the issuance of debt	65,819	-	-	65,819
Interest paid on long-term debt	(303,556)	-	-	(303,556)
Principal paid on long-term debt	(733,046)	-	-	(733,046)
Net cash provided by (used) by capital and related financing activities	(2,957,673)	(559,808)	1,127,092	(2,390,389)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds from the sale of investments	1,024,727	-	-	1,024,727
Purchase of investments	-	(133,174)	(1,252,667)	(1,385,841)
Insurance proceeds	15,941	-	-	15,941
Interest and investment earnings	91,757	4,949	52,136	148,842
Net cash provided by (used by) investing activities	1,132,425	(128,225)	(1,200,531)	(196,331)
Net increase (decrease) in cash and cash equivalents	940,698	(168,617)	(386,118)	385,963
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR:</b>				
Cash and cash equivalents	1,126,626	377,925	2,428,383	3,932,934
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR:</b>				
Cash and cash equivalents	\$ 2,067,324	\$ 209,308	\$ 2,042,265	\$ 4,318,897
<b>NONCASH CAPITAL AND RELATED FINANCING TRANSACTIONS:</b>				
Amortization of loss and premiums on debt issuances	\$ 37,004	\$ -	\$ -	\$ -
Developer contributions of capital assets	\$ 1,402,167	\$ 2,459,782	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

**CITY OF CIBOLO, TEXAS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

**For the year ended September 30, 2020**

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH  
PROVIDED BY (USED IN) OPERATING ACTIVITIES

Operating income (loss)	\$ 3,258,576	\$ (111,408)	\$ (47,103)	\$ 3,100,065
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:				
Depreciation	749,283	182,511	-	931,794
Decrease (increase) in assets:				
Accounts receivable (net)	(1,884,804)	(2,064)	-	(1,886,868)
Prepaid expenses	60			60
Inventory	(16,559)	-	-	(16,559)
Increase (decrease) in other liabilities:				
Accounts payable	796,193	(329)	(92,346)	703,518
Accrued liabilities	2,102	3,219	-	5,321
Customer deposits	87,278	-	-	87,278
Deferred revenue	(8,086)	-	-	(8,086)
Compensated absences	2,950	(1,502)	-	1,448
Net pension liability	10,271	5,135	-	15,406
OPEB liability	23,716	11,857	-	35,573
	<u>23,716</u>	<u>11,857</u>	<u>-</u>	<u>35,573</u>
Net cash provided by (used in) operating activities	<u>\$ 3,020,980</u>	<u>\$ 87,419</u>	<u>\$ (139,449)</u>	<u>\$ 2,968,950</u>

The accompanying notes are an integral part of these financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**



# CITY OF CIBOLO, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2020

### (1) Summary of significant accounting policies

The City of Cibolo is a municipal corporation governed by an elected mayor and seven-member council. The financial statements of the City and its discretely presented component unit have been prepared in conformity with general accepted accounting principles (GAAP) as applied to governmental units. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies for the City are described below:

#### Reporting entity

**Component unit** - As required by generally accepted accounting principles, these financial statements present the government and its component units for which the government is considered to be financially accountable. Blended component units, although legally separate entities are in substance, part of the government's operations, thus data from these units would be combined with data of the primary government. Each discretely presented component unit is presented as a separate column in the government-wide financial statements to emphasize it's legally separate from the government. Following is a summary of the component unit.

Cibolo Economic Development Corporation (CEDC) – a nonprofit Corporation organized under the development corporation act of 1979, Texas Revised Civil Statutes Annotated, Article 5190.6, Section 4A for the purpose of promoting economic development within the community in order to eliminate unemployment and underemployment and to promote and encourage employment and public welfare of, for, and on behalf of the City. It receives all proceeds from .25% sales tax adopted for economic development in the City of Cibolo and the City Council appoints directors of the Corporation. The CEDC is a separate organization and meets the criteria of a discretely presented component unit, described above, and is presented in the government-wide financial statements. Complete financial statements for the Cibolo Economic Development Corporation may be obtained from City Hall and are presented in the other supplementary information of this report.

Cibolo Public Facilities Corporation (CPFC) – a public facilities corporation organized under Chapter 303 of the Texas Local Government Code for the purpose of assisting the City in financing, refinancing, or providing public facilities. The CPFC was created to authorize the public/private sector agreement to construct a market driven 324-unit multifamily housing project, Trophy Oak Apartments. The CPFC will own the land and the building and lease the use of the land and building back to the developer in a 75 year lease agreement. The CPFC will work closely with the developer of the project and monitor the progress of the project.

**Joint ventures** – a joint venture is a legally separate entity that results from a contractual arrangement and is owned, operated, or governed by two or more participating governments. The following entities meet the criteria as joint ventures. Separate financial statements for these entities may be obtained at City Hall.

# CITY OF CIBOLO, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2020

### (1) Summary of significant accounting policies (continued)

#### Reporting entity (continued)

Canyon Regional Water Authority (Authority) – was created by the Texas Legislature on August 28, 1989 under Article XVI, Section 59 of the Texas Constitution. The Authority operates under Chapter 65 of the Texas Water Code. The Authority was created to purchase, own, hold, lease and otherwise acquire sources of potable water; build, operate and maintain facilities for the treatment and transportation of water; sell potable water to local governments, water supply corporations and other persons in this state; and to protect, preserve and restore the purity and sanitary condition of water in the area. The Authority may not levy or collect ad valorem taxes, but does have the power of eminent domain and may issue bonds. The Authority is comprised of eleven member entities, and the governing board consists of two voting members from each entity. The member entities consist of Crystal Clear Special Utility District, East Central Special Utility District, Springs Hill Water Supply Corporation, Green Valley Special Utility District, County Line Special Utility District, Maxwell Water Supply Corporation, Martindale Water Supply Corporation and the cities of Marion, Cibolo, Converse, and La Vernia. The participating members have an ongoing financial responsibility to fund the operation of the Authority subsidizing the operations.

Cibolo Valley Local Government Corporation – is a public, nonprofit corporation organized July 29, 2011 to aid, assist, and act on behalf of the cities of Cibolo and Schertz in acquiring, constructing, maintaining, and operating a water utility system. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations.

#### Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges or support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges of customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

# CITY OF CIBOLO, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2020

### (1) Summary of significant accounting policies (continued)

#### Measurement focus and basis of accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Nonexchange revenues that are measurable but not available are recorded as unavailable revenue (a deferred inflow of resources). These revenues are generally property taxes and warrants outstanding. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Exchange revenues (payments for services) received in advance of the service being provided are recorded as unearned revenue.

The City reports the following major governmental funds:

The **general fund** is the City's primary operating fund which accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **debt service fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **capital projects fund** accounts for financial resources to be used for the acquisition and construction of major capital facilities and is principally financed by the sale of bonds or certificates of obligation and grants.

The government reports the following major proprietary funds:

The **water and sewer system fund** accounts for the water and sewer services provided to the citizens through user charges.

The **drainage fund** accounts for the maintenance of drainage infrastructure of the City through user charges.

# CITY OF CIBOLO, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2020

### (1) Summary of significant accounting policies (continued)

#### Measurement focus and basis of accounting (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this are charges between the City's general government function and various other activities of the City. Eliminations of these charges would distort the direct costs and program revenues for the various activities concerned.

Amounts reported as program revenues include 1) charges to customers or applications for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes and investment earnings.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### Cash and cash equivalents

The City's cash and cash equivalents are considered to be cash on hand and demand deposits. Cash is reported as restricted when it has restrictions on its use narrower than the purpose of the fund in which it is reported. This can result in differences in presentation between fund statements and government-wide statements.

#### Investments

The City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated of not less than "AA" or its equivalent; (5) certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, or secured by obligations mentioned above; and (6) fully collateralized direct repurchase agreements having a defined termination date. In addition, the City is authorized to invest in local government investment pools. The investment pools operate in accordance with appropriate state laws and regulations and have regulatory oversight from the Texas Public Funds Investment Act Sec. 2256.0016. The fair value of the City's position in each pool is the same as the fair value of the pool shares.



# CITY OF CIBOLO, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2020

### (1) Summary of significant accounting policies (continued)

#### Receivables and payables

Activities between the funds that are representative of interfund loans outstanding at the end of the fiscal year are referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Accounts receivable are reported net of allowances for uncollectible accounts. The allowance account represents management’s estimate of uncollectible accounts based upon experience and historical trends.

Property taxes for the City are levied each October 1 on the taxable value as of the preceding January 1, the date a lien attaches, for all taxable real and personal property located in the City. Taxes are due by January 31 following the October 1 assessment date and become delinquent on February 1, at which time they begin accruing penalty and interest. The enforceable legal claim date for property taxes is the assessment date; therefore, the City did not record a receivable for accrual of future taxes at year end. Accordingly, no current taxes receivable are reported. Delinquent taxes have been reported in the financial statements net of the allowance for uncollectible taxes. Tax revenues are recognized as they become available. Accordingly, an amount equal to taxes not yet available has been reported as unavailable revenue (a deferred inflow of resources) at the government fund level.

#### Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements and in the fund financial statements are offset by a nonspendable fund balance which indicates they do not represent “available spendable resources”.

In the governmental funds, prepaid expenses are accounted for using the consumption method. Under the consumption method, prepaid expenses are certain types of supplies and/or services (not inventory) that are acquired or purchased during an accounting period but not used or consumed during that period.

#### Restricted assets

Certain proceeds from bonds, resources set aside for their repayment, and other restrictive agreements are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants and/or contractual arrangements.

**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(1) Summary of significant accounting policies (continued)

Capital assets

Capital assets, which include land, buildings and improvements, utility systems, equipment, vehicles, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Capital assets are valued at cost where historical records are available and at an estimated cost where no records exist. Donated capital assets, donated works of art and similar items received as part of a service concession arrangement are reported at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements to capital assets that materially extend the life of the asset or add to the value are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction will not be capitalized in the governmental activities on the government-wide financial statements; however capitalization of interest is required for business-type activities. There was no capitalized interest during the current fiscal year.

Capital assets are depreciated over their useful lives on a straight-line basis as follows:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 – 40
Utility systems	50
Equipment and vehicles	3 – 10

Compensated absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and compensatory time benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation and compensatory time pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The general fund, water and sewer fund, and drainage fund are used to liquidate the liability for compensated absences.

Deferred inflows/outflows of resources

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

# CITY OF CIBOLO, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2020

### (1) Summary of significant accounting policies (continued)

#### Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, losses on defeasance, are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and losses on defeasance. Bond issuance costs are recognized as expenditures or expenses in the financial statements in the period in which the bonds are issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Pensions

The net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value. The general fund, water and sewer fund and drainage fund are used to liquidate net pension liabilities.

#### Other postemployment benefit (OPEB) liability

For purposes of measuring the OPEB liability, deferred inflows and outflows of resources related to OPEB and OPEB expense, information about the OPEB liability of the Texas Municipal Retirement System (TMRS) and additions to/deletions from TMRS' OPEB liability have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the same period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. The general fund, water and sewer fund and drainage fund are used to liquidate other postemployment benefit liabilities.

The City also has a retiree healthcare plan which an OPEB liability has been determined by using the flow of economic resources measurement focus and full accrual basis of accounting. This includes deferred outflow of resources and deferred inflow of resources related to the OPEB liability and OPEB expense.

**CITY OF CIBOLO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(1) Summary of significant accounting policies (continued)

Fund equity

Fund balances in governmental funds are classified as follows:

**Nonspendable** – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

**Restricted** – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed** – represents amounts that can only be used for a specific purpose because of a formal action by the government’s highest level of decision making authority: an ordinance adopted by City Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**Assigned** – represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. The City Council authorized (by way of policy) the City Manager to also make assignments. The City Manager’s assignments do not require formal action; however, the City Manager has not assigned any funds at this time.

**Unassigned** - represents the residual balance that may be spent on any other purpose of the City. The City’s policy is to maintain an unassigned fund balance in the general fund of 25-35% of operating expenditures.

Net position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent bond proceeds. Net position is reported as restricted when there are limitations by creditors, grantors, or laws or regulations of other governments.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

**CITY OF CIBOLO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(1) Summary of significant accounting policies (continued)

Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds the capital projects fund, which adopts project-length budgets, however the budgets are then estimated by fiscal year.

Reclassifications

Certain reclassifications have been made in the presentation of the September 30, 2020 financial statement. All comparative information for prior periods has been reclassified to match the new presentation. The changes in presentation had no impact on the changes in net position or fund balance.

New accounting pronouncements

The Government Accounting Standards Board has issued the following statements:

**Statement Number 84, Fiduciary Activities** – the requirements of this statement will take effect for reporting periods ending after December 31, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting certain criteria will be reported in a fiduciary fund in the basic financial statements. The City has not early adopted this pronouncement.

**Statement Number 87, Leases** – the requirements of this statement will take effect for reporting periods ending after June 30, 2022. A lessee will be required to recognize the assets and liabilities for leases with lease terms of more than 12 months. The City has not early adopted this pronouncement.

**Statement Number 89, Accounting For Interest Cost Incurred Before The End Of A Construction Period** - the requirements of this statement will take effect for reporting periods ending after December 31, 2021. This statement requires interest expense incurred before the end of a construction period to be expensed rather than capitalized as part of the historic cost of a capital asset. The City has not early adopted this pronouncement.

**Statement Number 90, Majority Equity Interests**– the requirements of this statement will take effect for reporting periods ending after December 30, 2020. The statement establishes a definition for a majority equity interest and the criteria for recognizing a government’s majority equity interest in a legally separate organization. The City has not early adopted this pronouncement.

**Statement Number 91, Conduit Debt Obligation** – the requirements of this statement will take effect for reporting periods ending after December 31, 2022. The statement clarifies the existing definitions of conduit debt obligations and improves note disclosures.

**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(2) Cash, cash equivalents and investments

The operating deposits of the City and the component unit, Cibolo Economic Development Corporation, are held at one institution. The institution provides a combination of pledged collateral and FDIC insurance to completely collateralize the City’s deposits. As of September 30, 2020, the City had the following investment funds:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Days</u>
TexPool	\$ 37,114,593	38
Texas CLASS	4,241,543	56
TexSTAR	6,106	27
Municipal bonds and governmental agencies	1,012,873	198
Money market fund	2,597,862	30
Certificate of deposit	<u>2,500,000</u>	<u>205</u>
Total	<u>\$ 47,472,977</u>	
Weighted average maturity		41

*Interest rate risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy limits the City’s investment portfolio to highly liquid investments to meet unanticipated cash requirements, and/or to redeploy cash into other investments expected to outperform current holdings.

*Credit risk:* State law limits investments in certificates of deposit to guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor or the National Credit Union Share Insurance Fund, or its successor and investment pools continuously rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The City’s investment policy does not further limit its investment choices. As of September 30, 2020, the City’s investments were in TexPool, Texas CLASS, TexSTAR, money market fund, certificates of deposits, and municipal bonds and governmental agencies, and all securities held maintained a continuous rating of no lower than AAA or AAA, or an equivalent rating by at least one nationally recognized rating service.

*Custodial credit risk – deposits:* In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned. As of September 30, 2020, the City’s cash and cash equivalents (including certificates of deposit, and component unit holdings) were fully collateralized by the City’s depository by a combination of pledged collateral and FDIC insurance. All collateral is held in the City’s name.

*Foreign currency risk:* This is the risk that exchange rates will adversely affect the fair value of an investment. The City’s policy does not allow investment in foreign currency. At year end, the City was not exposed to foreign currency risk.

**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**(3) Fair value measurement**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

As of September 30, 2020, the City’s recurring fair value measurement assets consist of debt securities which are valued using observable inputs (level 2). The debt securities are valued using matrix pricing from a pricing service. Municipal investment pools, money market fund, and certificates of deposit are valued using prices quoted in active markets for those securities (level 1). The municipal investment pools are reported on the statement of net position and balance sheet as cash and cash equivalents.

The following table summarizes the assets for which fair values are determined on a recurring basis as of September 30, 2020:

<u>Investment Type</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Fair Value</u>
Debt securities	\$ -	\$ 1,012,873	\$ -	\$ 1,012,873
Municipal investment pools	41,362,242	-	-	41,362,242
Money market fund	2,597,862	-	-	2,597,862
Certificates of deposit	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>
Total investments	<u>\$ 46,460,104</u>	<u>\$ 1,012,873</u>	<u>\$ -</u>	<u>\$ 47,472,977</u>

**(4) Property tax**

Total taxable values are as of January 1 and levied on October 1. The City has contracted with the Guadalupe County Tax Assessor-Collector to collect taxes on its behalf. Current taxes become delinquent February 1. Current year delinquent taxes not paid by July 1 are turned over to attorneys for collection action. The total taxable value as of October 1, 2019, upon which the fiscal 2020 levy was based, was \$2,328,871,959 (i.e., market value less exemptions). The estimated market value was \$2,933,421,101, making the taxable value 80% of the estimated market value.

**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**(4) Property tax (continued)**

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt for the year ended September 30, 2020, was \$0.4935 per \$100 of assessed value, which means that the City has a tax margin of \$2.0065 for each \$100 value and could increase its annual tax levy by approximately \$46,728,816 based upon the present assessed valuation before the limit is reached.

However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code without holding a public hearing. The Property Tax Code subjects an increase in the effective tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than three-half percent (3.5%) of the previous year's effective tax rate.

Property taxes are recorded as receivables and unearned revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in the time to be a resource for payment of obligations incurred during the fiscal year and, therefore, susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government-wide financial statements the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

**(5) Receivables**

Receivables as of year end of the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Proprietary Funds		
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Water and Sewer Fund	Drainage Fund	Nonmajor Funds
Receivables:							
Property taxes	\$ 71,175	\$ -	\$ 45,433	\$ -	\$ -	\$ -	\$ -
Sales taxes	438,494	-	-	108,710	-	-	-
Franchise fees	298,819	-	-	-	-	-	-
Customers	-	-	-	-	1,952,925	107,949	3,191
Other	377,007	6,176	13,750	-	2,036,873	-	-
Gross receivables	1,185,495	6,176	59,183	108,710	3,989,798	107,949	3,191
Less: allowance for uncollectibles	3,559	-	2,272	-	519,166	30,711	-
Net total receivables	\$ 1,181,936	\$ 6,176	\$ 56,911	\$ 108,710	\$ 3,470,632	\$ 77,238	\$ 3,191

Governmental funds report *unavailable revenue* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.



**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**(5) Receivables (continued)**

At the end of the current fiscal year, the various components of *unearned/unavailable revenue* and *unavailable revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General fund		
Delinquent property taxes receivable	\$ 65,320	\$ -
SCUCISD program	-	30,203
Permits	-	13,662
Total general fund	<u>65,320</u>	<u>43,865</u>
 Debt service fund		
Delinquent property taxes receivable	<u>41,680</u>	<u>-</u>
 Total governmental funds	<u>\$ 107,000</u>	<u>\$ 43,865</u>

**(6) Interfund balances and transfers**

The following schedule briefly summarizes the City's transfer activity:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor governmental	General	\$ 131,626	Maintenance sales tax and crossing guard fees
General	Nonmajor governmental	136,435	Transfer in support of technology replacement
Water & sewer	Nonmajor governmental	3,440	Transfer in support of technology replacement
Drainage	Nonmajor governmental	510	Transfer in support of technology replacement
Capital projects	Drainage	521,411	Transfer of drainage projects
Drainage	General	57,434	Transfer in support of general projects
Water & sewer	General	290,128	Transfer in support of general projects
Nonmajor proprietary	Water & sewer	73,040	Transfer of utility projects

**CITY OF CIBOLO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**(6) Interfund balances and transfers (continued)**

The composition of interfund balances as of September 30, 2020 is as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Purpose</u>
Capital projects	General	\$ 22,067	short-term lending
General	Nonmajor governmental	15,767	short-term lending
General	Nonmajor proprietary	106,515	short-term lending
Water & sewer	General	50,056	short-term lending
Drainage	General	17,967	short-term lending
Nonmajor governmental	Nonmajor governmental	253,403	short-term lending
Debt service	General	400	short-term lending
Nonmajor governmental	General	14,635	short-term lending
General	Capital projects	16,996	short-term lending
General	Water & sewer	23,373	short-term lending
General	Drainage	9,100	short-term lending

**(7) Capital assets**

Governmental fund capital asset activity for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u> <u>October 1, 2019</u>	<u>Increases</u>	<u>Deletions/ Transfers and Adjustments</u>	<u>Ending Balance</u> <u>September 30, 2020</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,474,730	\$ 301,750	\$ -	\$ 3,776,480
Construction in progress	1,184,973	1,526,404	-	2,711,377
Total capital assets not being depreciated	<u>4,659,703</u>	<u>1,828,154</u>	<u>-</u>	<u>6,487,857</u>
Capital assets being depreciated:				
Buildings and improvements	16,256,775	-	-	16,256,775
Improvements other than buildings	49,715,539	2,558,684	-	52,274,223
Equipment and vehicles	6,976,299	877,964	(322,860)	7,531,403
Total capital assets being depreciated	<u>72,948,613</u>	<u>3,436,648</u>	<u>(322,860)</u>	<u>76,062,401</u>
Less accumulated depreciation:				
Buildings and improvements	(2,396,004)	(408,541)	-	(2,804,545)
Improvements other than buildings	(15,296,527)	(2,705,210)	-	(18,001,737)
Equipment and vehicles	(4,037,420)	(708,385)	322,860	(4,422,945)
Total accumulated depreciation	<u>(21,729,951)</u>	<u>(3,822,136)</u>	<u>322,860</u>	<u>(25,229,227)</u>
Total capital assets being depreciated, net	<u>51,218,662</u>	<u>(385,488)</u>	<u>-</u>	<u>50,833,174</u>
Governmental activities capital assets, net	<u>\$ 55,878,365</u>	<u>\$ 1,442,666</u>	<u>\$ -</u>	<u>\$ 57,321,031</u>

**CITY OF CIBOLO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**(7) Capital assets (continued)**

Proprietary fund capital asset activity for the year ended September 30, 2020 was as follows:

	Beginning Balance October 1, 2019	Increases	Deletions/ Transfers and Adjustments	Ending Balance September 30, 2020
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,396,208	\$ -	\$ -	\$ 1,396,208
Water rights	475,000	-	-	475,000
Construction in progress	<u>2,451,791</u>	<u>2,440,907</u>	<u>(1,846,457)</u>	<u>3,046,241</u>
Total capital assets not being depreciated	<u>4,322,999</u>	<u>2,440,907</u>	<u>(1,846,457)</u>	<u>4,917,449</u>
Capital assets being depreciated:				
Utility systems	35,824,746	3,242,812	1,846,457	40,914,015
Equipment and vehicles	<u>1,767,953</u>	<u>116,612</u>	<u>(80,278)</u>	<u>1,804,287</u>
Total capital assets being depreciated	<u>37,592,699</u>	<u>3,359,424</u>	<u>1,766,179</u>	<u>42,718,302</u>
Less accumulated depreciation:				
Utility systems	(5,799,963)	(767,387)	-	(6,567,350)
Equipment and vehicles	<u>(1,138,142)</u>	<u>(164,406)</u>	<u>80,278</u>	<u>(1,222,270)</u>
Total accumulated depreciation	<u>(6,938,105)</u>	<u>(931,793)</u>	<u>80,278</u>	<u>(7,789,620)</u>
Total capital assets being depreciated, net	<u>30,654,594</u>	<u>2,427,631</u>	<u>1,846,457</u>	<u>34,928,682</u>
Business-type activities capital assets, net	<u>\$ 34,977,593</u>	<u>\$ 4,868,538</u>	<u>\$ -</u>	<u>\$ 39,846,131</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 146,433
Law enforcement and municipal court	351,226
Planning and engineering services	7,130
Public works	2,112,555
Animal control	7,582
Parks and recreation	815,717
Fire	<u>381,493</u>
Total depreciation expense-governmental activities	<u>\$ 3,822,136</u>
<b>Business-type activities:</b>	
Water, sewer, and drainage systems	<u>\$ 931,793</u>
Total depreciation expense-business-type activities	<u>\$ 931,793</u>

**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**(8) Long-term liabilities**

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental activities. These instruments include general obligation bonds, certificates of obligation, and capital leases. These debt obligations are secured by either future property tax revenue or liens on property and equipment.

In December 2019, the City issued \$5,000,000 in General Obligation Refunding Bonds, Series 2019 with interest rates of 2.0% to 5.0%. The bonds were issued to refund \$5,195,000 in General Obligation Refunding Bonds, Series 2011. This refunding reduced the total debt service payments for all debt over the next 12 years by \$540,209. The intent of this refunding was to affect a net present value savings of \$471,347 on the refunded issue.

Bonded debt of the City consists of various series of general obligation bonds, revenue bonds, and certificates of obligation. General obligation bonds and certificates of obligation are direct obligations of the City for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the City. Revenue bonds are generally payable from pledged revenues generated by the water and sewer fund. The debenture agreement for water and sewer bonds requires that funds be available for 1/12<sup>th</sup> of the principal and 1/6<sup>th</sup> of the interest requirements for the next fiscal year.

The City is required to accumulate a reserve fund in an amount equal to the average principal and interest on the revenue bonds.

**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**(8) Long-term liabilities (continued)**

A summary of the terms of general obligation bonds and combination of tax and revenue certificates of obligation outstanding at September 30, 2020, follows:

<u>Primary Government</u>	<u>Issue Amount</u>	<u>Maturity</u>	<u>Rate</u>	<u>Total Balance</u>
<b>General Obligation Bonds</b>				
2010 series, refunding	\$ 920,000	2021	1.13% - 3.73%	\$ 95,000
2012 series, refunding	1,465,000	2030	1.5% - 3.0%	1,065,000
2013 series	8,500,000	2033	2.0% - 4.0%	6,025,000
2014 series	2,875,000	2034	2.0% - 3.5%	2,195,000
2015 series	3,770,000	2035	3.0% - 4.0%	3,065,000
2015 series, refunding	3,995,000	2027	3.0% - 4.0%	3,640,000
2016 series	3,455,000	2030	2.0% - 3.0%	2,890,000
2017 series, refunding	8,325,000	2029	4.0% - 4.6%	7,330,000
2018 series	3,490,000	2026	3.0% - 5.0%	3,260,000
2019 series	9,680,000	2039	3.5% - 5.0%	9,590,000
2019 series, refunding	5,000,000	2031	2.0% - 5.0%	4,910,000
<b>Certificates of Obligation</b>				
2017 series	2,000,000	2032	3.85%	1,685,000
2019 series	4,505,000	2039	3.0% - 5.0%	<u>4,505,000</u>
Total governmental long-term obligations				<u><u>\$ 50,255,000</u></u>
<b>Revenue Bonds</b>				
2006 series	3,000,000	2026	4.07%	\$ 1,125,000
2012 series	7,640,000	2032	1.5% - 3.5%	4,985,000
2019 series	1,355,000	2039	3.0% - 5.0%	1,305,000
<b>General Obligation Bonds</b>				
2015 series, refunding	1,350,000	2027	3.0% - 4.0%	<u>1,225,000</u>
Total business-type long-term obligations				<u><u>\$ 8,640,000</u></u>

**CITY OF CIBOLO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**(8) Long-term liabilities (continued)**

Changes in long-term liabilities for the year ended September 30, 2020 are as follows:

	Balance October 1, 2019	Issued / Additions	Retired / Payments	Balance September 30, 2020	Due Within One Year
<b>Governmental Activities:</b>					
Long-term debt:					
General Obligation Bonds	\$ 33,610,000	\$ -	\$ (6,585,000)	\$ 27,025,000	\$ 1,095,000
Unamortized premium	1,881,578	-	(197,517)	1,684,061	120,258
General Obligation Bonds - privately placed	85,000	-	(85,000)	-	-
General Obligation Refunding Bonds	5,135,000	5,000,000	(520,000)	9,615,000	935,000
Unamortized premium	319,789	377,176	(69,208)	627,757	69,208
General Obligation Refunding Bonds - privately placed	8,305,000	-	(880,000)	7,425,000	855,000
Certificates of obligation	4,505,000	-	-	4,505,000	-
Unamortized premium	576,729	-	(28,836)	547,893	28,836
Certificates of obligation - privately placed	1,795,000	-	(110,000)	1,685,000	115,000
Capital lease - direct borrowing	<u>759,421</u>	<u>634,086</u>	<u>(270,306)</u>	<u>1,123,201</u>	<u>360,267</u>
Total long-term debt	56,972,517	6,011,262	(8,745,867)	54,237,912	3,578,569
Other long-term liabilities:					
Compensated absences	<u>576,215</u>	<u>153,301</u>	<u>(115,243)</u>	<u>614,273</u>	<u>122,855</u>
Total governmental activities	<u>\$ 57,548,732</u>	<u>\$ 6,164,563</u>	<u>\$ (8,861,110)</u>	<u>\$ 54,852,185</u>	<u>\$ 3,701,424</u>
<b>Business-Type Activities:</b>					
Long-term debt:					
Revenue Bonds	\$ 6,685,000	\$ -	\$ (395,000)	\$ 6,290,000	\$ 400,000
Unamortized premium	472,354	-	(31,664)	440,690	31,664
Revenue Bonds - privately placed	1,290,000	-	(165,000)	1,125,000	170,000
General Obligation Bonds - privately placed	35,000	-	(35,000)	-	-
General Obligation Refunding Bonds	1,340,000	-	(115,000)	1,225,000	155,000
Unamortized premium	86,303	-	(10,789)	75,514	10,787
Capital lease - direct borrowing	<u>83,198</u>	<u>65,819</u>	<u>(23,046)</u>	<u>125,971</u>	<u>45,523</u>
Total long-term debt	9,991,855	65,819	(775,499)	9,282,175	812,974
Other long-term liabilities:					
Compensated absences payable	<u>33,017</u>	<u>8,051</u>	<u>(6,603)</u>	<u>34,465</u>	<u>6,893</u>
Total business-type activities	<u>\$ 10,024,872</u>	<u>\$ 73,870</u>	<u>\$ (782,102)</u>	<u>\$ 9,316,640</u>	<u>\$ 819,867</u>
<b>Economic Development Corporation:</b>					
Other long-term liabilities:					
Compensated absences payable	<u>\$ 16,794</u>	<u>\$ 1,794</u>	<u>\$ (14,312)</u>	<u>\$ 4,276</u>	<u>\$ 855</u>
Total economic development corp.	<u>\$ 16,794</u>	<u>\$ 1,794</u>	<u>\$ (14,312)</u>	<u>\$ 4,276</u>	<u>\$ 855</u>

**CITY OF CIBOLO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**(8) Long-term liabilities (continued)**

Annual debt service requirements of bonded debt as of September 30, 2020, are as follows:

Year Ended September 30,	Governmental Activities								
	Bonds Payable			Privately Placed Debt			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 2,030,000	\$ 1,648,071	\$ 3,678,071	\$ 970,000	\$ 202,365	\$ 1,172,365	\$ 3,000,000	\$ 1,850,436	\$ 4,850,436
2022	2,285,000	1,557,378	3,842,378	890,000	184,584	1,074,584	3,175,000	1,741,962	4,916,962
2023	2,365,000	1,458,940	3,823,940	900,000	167,340	1,067,340	3,265,000	1,626,280	4,891,280
2024	2,440,000	1,353,921	3,793,921	920,000	148,746	1,068,746	3,360,000	1,502,667	4,862,667
2025	2,670,000	1,238,256	3,908,256	940,000	128,569	1,068,569	3,610,000	1,366,825	4,976,825
2026-2030	13,630,000	4,249,161	17,879,161	4,155,000	298,079	4,453,079	17,785,000	4,547,240	22,332,240
2031-2035	10,645,000	1,664,313	12,309,313	335,000	12,994	347,994	10,980,000	1,677,307	12,657,307
2036-2039	5,080,000	294,937	5,374,937	-	-	-	5,080,000	294,937	5,374,937
Total	\$ 41,145,000	\$ 13,464,977	\$ 54,609,977	\$ 9,110,000	\$ 1,142,677	\$ 10,252,677	\$ 50,255,000	\$ 14,607,654	\$ 64,862,654

Year Ended September 30,	Business-Type Activities								
	Bonds Payable			Privately Placed Debt			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 555,000	\$ 292,441	\$ 847,441	\$ 170,000	\$ 42,328	\$ 212,328	\$ 725,000	\$ 504,769	\$ 1,229,769
2022	570,000	271,270	841,270	175,000	35,307	210,307	745,000	306,577	1,051,577
2023	590,000	245,319	835,319	185,000	27,981	212,981	775,000	273,300	1,048,300
2024	605,000	218,050	823,050	190,000	20,350	210,350	795,000	238,400	1,033,400
2025	630,000	189,426	819,426	200,000	12,414	212,414	830,000	201,840	1,031,840
2026-2030	2,850,000	575,422	3,425,422	205,000	4,172	209,172	3,055,000	579,594	3,634,594
2031-2035	1,355,000	141,350	1,496,350	-	-	-	1,355,000	141,350	1,496,350
2036-2039	360,000	22,050	382,050	-	-	-	360,000	22,050	382,050
Total	\$ 7,515,000	\$ 1,955,328	\$ 9,470,328	\$ 1,125,000	\$ 142,552	\$ 1,267,552	\$ 8,640,000	\$ 2,267,880	\$ 10,907,880

**(9) Capital lease**

The City has entered into lease agreements to finance equipment. The lease agreements qualify as capital lease for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payment at the inception date. The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Assets:		
Equipment	\$ 2,888,434	\$ 675,683
Less: accumulated depreciation	<u>839,585</u>	<u>351,983</u>
Total	<u>\$ 2,048,849</u>	<u>\$ 323,700</u>

**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**(9) Capital lease (continued)**

Future minimum obligations (direct borrowings) and the net present value of these minimum lease payments as of September 30, 2020 are as follows:

Year ending <u>September 30,</u>	Governmental Activities	Business-Type Activities
2021	\$ 391,070	\$ 49,305
2022	391,070	49,305
2023	289,018	15,329
2024	123,103	15,329
2025	14,607	6,819
Total payments	1,208,868	136,087
Less: amount representing interest	(85,667)	(10,116)
Present value of minimum lease payments	\$ 1,123,201	\$ 125,971

**(10) Retirement plan**

Plan description

The City of Cibolo participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publically available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the City are required to participate in TMRS.

Benefits provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total employee's deposits and interest.



CITY OF CIBOLO, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

(10) Retirement plan (continued)

Benefits provided (continued)

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 7%, and the City matching percent is currently 2 to 1.

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement dates, the following employees were covered by the benefit terms:

	<u>2018</u>	<u>2019</u>
Inactive employees or beneficiaries receiving benefits	34	38
Inactive employees entitled to but not yet receiving benefits	92	89
Active employees	<u>127</u>	<u>138</u>
Total	<u>253</u>	<u>265</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the employer's contribution rate for each city is determined annually by the actuary using the entry age normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.72% and 12.49% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2020 were \$969,262 and were equal to the required contributions.

Net pension liability

The City's net pension liability (NPL) was measured as of December 31, 2019, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return*	6.75%

\* Presented net of pension plan investment expense, including inflation.

**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(10) Retirement plan (continued)

Actuarial assumptions (continued)

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the general employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and annuity purchase rates (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	100.00%	

**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(10) Retirement plan (continued)

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension liability

The schedule below presents the changes in the net pension liability (asset) as of December 31, 2019:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2018	\$ 14,443,673	\$ 11,914,998	\$ 2,528,675
Changes for the year:			
Service cost	1,293,239	-	1,293,239
Interest	1,007,212	-	1,007,212
Difference between expected and actual experience	227,112	-	227,112
Change of assumptions	114,983	-	114,983
Contributions - employer	-	926,764	(926,764)
Contributions - employee	-	510,010	(510,010)
Net investment income	-	1,847,065	(1,847,065)
Benefit payments, including refunds of employee contributions	(337,261)	(337,261)	-
Administrative expenses	-	(10,408)	10,408
Other changes	-	(313)	313
Net changes	<u>2,305,285</u>	<u>2,935,857</u>	<u>(630,572)</u>
Balance at December 31, 2019	<u>\$ 16,748,958</u>	<u>\$ 14,850,855</u>	<u>\$ 1,898,103</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	<u>\$ 4,905,089</u>	<u>\$ 1,898,103</u>	<u>\$ (489,911)</u>

**CITY OF CIBOLO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(10) Retirement plan (continued)

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained at [www.tMrs.com](http://www.tMrs.com).

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended September 30, 2020, the City recognized pension expense of \$1,097,655.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 245,790	\$ 6,322
Changes in actuarial assumptions	89,260	-
Difference between projected and actual investment earnings	-	431,120
Contributions made subsequent to the measurement date	735,798	-
Total	\$ 1,070,848	\$ 437,442

The City reported \$735,798 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Fiscal Year Ended September 30,	
2021	\$ 4,225
2022	(19,707)
2023	85,678
2024	(172,588)
Total	\$ (102,392)

**CITY OF CIBOLO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(11) Other postemployment benefits (OPEB) plan

Supplemental death benefits fund

Plan description

The City participates in the single-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefit payments

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary calculated based on the employee's actual earnings, for the 12-month period preceding the month of death. Retired employees are insured for \$7,500; this coverage is an "other postemployment benefit" or OPEB. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

The contribution rate for the City was 0.15% and 0.16% for calendar years 2019 and 2020, respectively. The City's contributions to TMRS was \$12,179 for the fiscal year ended September 30, 2020 and was equal to the required contributions.

**Employees covered by benefit terms**

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	9
Active employees	<u>138</u>
Total	<u>169</u>

OPEB liability

The City's OPEB liability of \$203,635 was measured as of December 31, 2019, and was determined by an actuary valuation as of that date.

**CITY OF CIBOLO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(11) Other postemployment benefits (OPEB) plan (continued)

OPEB liability (continued)

Actuary assumptions

The OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Discount rate *	2.75%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

\* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the OPEB liability:

Balance at December 31, 2018	\$ 154,887
Changes for the year:	
Service cost	16,757
Interest on the total OPEB liability	6,044
Changes of benefit terms	-
Difference between expected and actual experience	(13,729)
Change of assumptions or other inputs	40,405
Benefit payments	<u>(729)</u>
Net changes	<u>48,748</u>
Balance at December 31, 2019	<u><u>\$ 203,635</u></u>

**CITY OF CIBOLO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(11) Other postemployment benefits (OPEB) plan (continued)

OPEB liability (continued)

Sensitivity of the OPEB liability to changes in the discount rate:

The following presents the OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1% Decrease in Discount Rate (1.75%)	Current Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's OPEB liability	\$ 254,722	\$ 203,635	\$ 164,956

OPEB expenses, deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended September 30, 2020, the City recognized OPEB expense of \$25,497.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ 17,434
Changes in actuarial assumptions	42,847	9,669
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	9,426	-
Total	\$ 52,273	\$ 27,103

The City reported \$9,426 as deferred outflows of resources related to the OPEB liability resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the OPEB liability will be recognized in OPEB expenses as follows:

For the Fiscal Year Ended September 30,	
2021	\$ 2,696
2022	2,696
2023	2,696
2024	2,696
2025	1,405
Thereafter	3,555
Total	\$ 15,744

**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(11) Other postemployment benefits (OPEB) plan (continued)

Retiree healthcare plan

Plan description and benefits provided

The City provides medical insurance benefits through a single employer defined benefit OPEB plan. The City maintains fully-insured medical, dental and vision insurance coverage for eligible employees and retired employees and their dependents under the age of 65. The same level of benefit is provided for eligible retirees as to active employees. Retirees are required to contribute 100% of the premium rates. The plan does not issue a publicly available financial report.

Postemployment healthcare coverage

The Texas Municipal Retirement System provides a variety of retirement options. The City of Cibolo has elected service retirement with 20 years of service at any age or age 60 with at least 5 years of service. Retirees pay contributions for coverage in the OPEB programs.

Retirees are eligible for medical, dental and vision coverage as provided in the plan document. Spouses and children of the retiree are eligible for the plan. Benefits cease upon the death of the retiree or the retiree/spouse attaining age 65.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Contributions

Retirees are required to contribute 100% of the premiums rates. Monthly contributions for retirees by plan option and tier are as follows:

<b>Tier</b>	<b>Gold</b>	<b>Silver</b>	<b>Bronze</b>
Employee	\$ 493	\$ 370	\$ 322
Employee + Spouse	1,085	812	710
Employee + Child(ren)	937	702	613
Employee + Family	1,578	1,182	1,032

Contributions paid by retirees during the fiscal year ended September 30, 2020, were \$4,487.

Employees covered by benefit terms

At the September 30, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefits	0
Active members	<u>132</u>
	<u>133</u>



**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(11) Other postemployment benefits (OPEB) plan (continued)

OPEB liability

The City's OPEB liability of \$2,317,953 was measured as of September 30, 2020, and was determined by an actuarial valuation as of September 30, 2020.

Actuarial valuation information:

Actuarial assumptions and other inputs - The OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.00%
Discount rate	2.28%

The discount rate was based on the average of the September 30, 2020 Fidelity General Obligation AA 20-year yield and the S&P Municipal Bond 20 year high grade index.

Mortality rates for active employees were based on the RPH-2014 employee mortality table, generational with projection scale MP-2020 for males or females, as appropriate.

Mortality rates for retirees/disabled employees were based on the PRH-2014 health annuitant and disabled retiree mortality table, generational with projection scale MP-2020 for males or females, as appropriate.

Healthcare cost trend rates developed using the baseline projection of the SoA long-run medical cost trend model with the following variables:

Inflation	2.20%
Rate of growth in real income	1.50%
Excess medical cost growth	1.20%
Health share of GDP in 2028	20.50%
Health share of GDP resistance	25.00%
Year for limiting cost growth	2075

Participants rates            100% of future eligible retirees

**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(11) Other postemployment benefits (OPEB) plan (continued)

The following changes were made to assumptions since the prior valuation:

Discount rate: The discount rate was decreased from 3.17% to 2.28%. This resulted in an increase in the OPEB liability.

Medical plan elections: The FY2020 gold and silver plans had a \$2,000 deductible whereas the bronze plan had a \$5,000 deductible. The FY2021 gold and silver plans have deductibles of \$1,500 and \$5,000, respectively. Because of this, the elections for future retirees were revised from 85%, 15%, 5% for the gold, silver and bronze plans, respectively, to 95%, 0% and 5%. This resulted in an increase in the OPEB liability.

Mortality rates: Mortality tables were updated from the RPH-2014 mortality tables, using mortality improvement scale MP-2018 with a generational projection to the RPH-2014 mortality tables, using scale MP-2020 with a generational projection. This resulted in a slight decrease in the OPEB liability.

Claim cost trend: We have revised the first-year claim cost trend from 6% to -4.9% for the gold plan and -16.9% for the bronze plan based on known premium increases for FY2021. This resulted in a decrease in the OPEB liability.

Changes in the OPEB liability

Balance at September 30, 2018	\$ 1,942,399
Changes for the year:	
Service cost	190,724
Interest on the OPEB liability	67,491
Difference between expected and actual experience	(7,853)
Change of assumptions or other inputs	133,362
Change in benefit terms	-
Benefit payments	(8,170)
Administrative expense	-
Net changes	<u>375,554</u>
Balance at September 30, 2019	<u>\$ 2,317,953</u>

**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(11) Other postemployment benefits (OPEB) plan (continued)

Sensitivity of the OPEB liability to changes in the discount rate and healthcare cost trend rates:

The following presents the OPEB liability of the City, calculated using the discount rate of 2.28%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.28%) or 1 percentage point higher (3.28%) than the current rate.

<u>1% Decrease in Discount Rate (1.28%)</u>	<u>Current Discount Rate (2.28%)</u>	<u>1% Increase in Discount Rate (3.28%)</u>
<u>\$ 2,710,148</u>	<u>\$ 2,317,953</u>	<u>\$ 1,986,306</u>

The following presents the OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City's OPEB liability would be if it were calculated using the trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

<u>1% Decrease</u>	<u>Current Health Cost Trend Rate Assumption</u>	<u>1% Increase</u>
<u>\$ 1,887,936</u>	<u>\$ 2,317,953</u>	<u>\$ 2,866,033</u>

OPEB expense and deferred outflows of resources and deferred inflows of resources as related to OPEB

For the year ended September 30, 2020, the City recognized OPEB expense of \$281,105.

As of September 30, 2020, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ -	\$ 15,130
Changes in actuarial assumptions	106,690	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 106,690</u>	<u>\$ 15,130</u>

The City's reported deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Fiscal Year Ended September 30,</u>	
2021	\$ 22,890
2022	22,890
2023	22,890
2024	22,890
2025	-
Thereafter	-
Total	<u>\$ 91,560</u>

**CITY OF CIBOLO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(12) Joint ventures

Cibolo Valley Local Government Corporation

The Cibolo Valley Local Government Corporation (CVLGC) is a public nonprofit corporation incorporated in March 2012 to assist and act on behalf of the cities of Cibolo and Schertz to obtain additional water sources. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations. Contributions to the corporation are reflected as “operating expenses” in the water and sewer fund. Separate financial statements for the CVLGC may be obtained from CVLGC, 108 West Mountain Street, Seguin, Texas 78156.

The City of Cibolo is jointly liable, together with the City of Schertz, for operating deficits and long-term debt of CVLGC. Following is a summary of financial data as reported in the Corporation’s audited financial statements dated September 30, 2019:

Assets:	
Current assets	\$ 753,341
Noncurrent assets	<u>1,532,297</u>
Total assets	<u>2,285,638</u>
Liabilities:	
Current liabilities	<u>57,924</u>
Total liabilities	<u>57,924</u>
Net position:	
Net investment in capital assets	1,532,297
Unrestricted	<u>695,417</u>
Total net position	<u>\$ 2,227,714</u>

Canyon Regional Water Authority

Canyon Regional Water Authority (the “Authority”) operates under Chapter 65 of the Texas Water Code. The Authority is comprised of the eleven member entities listed in note 1. The Authority was created to purchase, own, hold, lease and otherwise acquire sources of potable water; build operate and maintain facilities for the treatment and transportation of water; sell potable water to local governments, water supply corporations and other persons in this state; and to protect, preserve and restore the purity and sanitary condition of water in the area. Separate financial statements may be obtained from the Authority.

**CITY OF CIBOLO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(12) Joint ventures (continued)

Canyon Regional Water Authority (continued)

Following is a summary of financial data as reported in the Authority's audited financial statements dated September 30, 2019:

Assets:	
Cash and investments	\$ 7,251,434
Other current assets	2,329,993
Other assets	17,282,325
Capital assets, net	<u>144,842,931</u>
Total assets	<u>171,706,683</u>
Deferred outflows of resources:	
Deferred loss on debt refunding	<u>201,277</u>
Liabilities:	
Accounts payable and accruals	2,028,399
Long-term debt	<u>131,202,589</u>
Total liabilities	<u>133,230,988</u>
Net position:	
Net investment in capital assets	20,845,711
Restricted	6,682,899
Unrestricted	<u>11,148,362</u>
Total net position	<u>\$ 38,676,972</u>

(13) Commitments and contingencies

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(13) Commitments and contingencies (continued)

Risk management

The City is exposed to various risks of loss related to torts; theft of and damage to property, and destruction of assets; errors and omissions; and natural disasters. The City contracts with the Texas Municipal League Intergovernmental Risk Pool (TML), a public entity risk pool currently operating as a common risk management and insurance program providing insurance coverage in the following areas: general liability, automobile liability and physical damage, law enforcement liability, worker’s compensation, real and personal property, mobile equipment, and errors and omissions liability. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2020 were \$339,873 for property and casualty and workers compensation coverage.

Construction commitments

The City of Cibolo has entered into various contracts for construction projects. As of September 30, 2020, the City had the following estimated commitments related to these contracts:

	Estimated Project Cost to City	Expended to Date	Estimated Future Commitment
Town Creek Flood Control engineering	\$ 943,474	\$ 905,149	\$ 38,325
Construction and bid phase services - Town Creek	40,000	-	40,000
Land services	136,500	5,789	130,711
Haeckerville Road - FM 78 to Park Valley	197,660	183,790	13,870
FM 1003 Expansion/Reconstruction	7,000,000	853,126	6,146,874
Engineering - FM 78 East Sanitary Sewer Main & Lift Station	484,930	403,794	81,136
Land services - FM 78 East Sanitary Sewer Main	45,600	-	45,600
Land services - Bolton Road	40,975	20,512	20,463
AW Texas Project - Santa Clara and Bolton Rd	3,548,863	718,540	2,830,323
AW Texas Project - Santa Clara Rd Channel	430,264	339,397	90,867
AW Texas Project - Engineering and surveying for Bolton and Santa Clara	352,670	351,459	1,211
Fire Station #3 design services	165,000	147,192	17,808
Fire Station #3 Subdivision Plat	16,600	14,110	2,490
Fire Station #3 Civil Engineering Services Project	105,110	85,400	19,710
Tolle Road Reconstruction	185,158	169,082	16,076
Old School House/City Hall Annex	1,200,000	49,909	1,150,091
Schlather Street Drainage Improvements	15,000	9,650	5,350
Charleston Parke Channel Erosion Improvements - Green Valley Road	65,000	50,475	14,525
Total estimated future commitments	<u>\$ 14,972,804</u>	<u>\$ 4,307,374</u>	<u>\$ 10,665,430</u>

**CITY OF CIBOLO, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

(13) Commitments and contingencies (continued)

380 agreements

The Chapter 380 Incentive Program, authorized by Chapter 380 of the Texas Local Government Code, enables the City of Cibolo to provide grants or reimbursements from the City's general fund. To become eligible for Chapter 380 incentives, projects must: create at least \$100 million in new real and personal property; or generate at least \$35 million in gross sales that is subject to the collection of local sales and use tax. Businesses that have a 380 incentive agreement with the City are eligible to receive a reimbursement of taxes paid for the year if they have met the requirements outlined in the agreement by a certain date each year. For the fiscal year ended September 30, 2020, the City reimbursed \$224,519 in sales taxes paid.

(14) Subsequent event

On October 2, 2020 the City issued Combination Tax and Limited Pledge Revenue Certificate of Obligations, Series 2020 in the amount of \$6,950,000.





**REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF CIBOLO, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

**For the year ended September 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 9,944,485	\$ 9,944,485	\$ 10,850,911	\$ 906,426
Permits and fees	2,417,610	2,417,610	1,877,007	(540,603)
Service fees	478,500	478,500	478,091	(409)
Fines and fees	268,700	268,700	174,022	(94,678)
Park	67,500	67,500	46,040	(21,460)
Grant revenue	1,200	1,200	629,214	628,014
Investment earnings	280,000	280,000	150,969	(129,031)
Miscellaneous	24,850	31,496	96,788	65,292
<b>Total revenues</b>	<b>13,482,845</b>	<b>13,489,491</b>	<b>14,303,042</b>	<b>813,551</b>
<b>Expenditures</b>				
<b>General Government:</b>				
Mayor and Council meeting expense and awards	2,800	2,800	2,112	688
City Council contingency	12,300	12,510	4,561	7,949
Salaries and fringe benefits	469,429	752,009	736,187	15,822
Supplies	355,145	356,345	335,821	20,524
Maintenance	21,000	21,000	15,465	5,535
Contractual services	636,490	778,330	631,508	146,822
Utilities	38,960	45,170	50,472	(5,302)
Capital outlay	-	-	25,003	(25,003)
Principal	-	-	2,224	(2,224)
<b>Total general government</b>	<b>1,536,124</b>	<b>1,968,164</b>	<b>1,803,353</b>	<b>164,811</b>
<b>Law Enforcement and Municipal Court:</b>				
Salaries and fringe benefits	3,627,951	3,552,451	3,376,978	175,473
Supplies	227,750	204,017	159,073	44,944
Maintenance	145,500	165,851	151,999	13,852
Contractual services	403,460	379,899	341,191	38,708
Utilities	58,480	70,195	71,402	(1,207)
Capital outlay	-	104,299	606,466	(502,167)
Principal	58,514	58,514	106,636	(48,122)
Interest	6,388	6,388	3,470	2,918
<b>Total law enforcement and municipal court</b>	<b>4,528,043</b>	<b>4,541,614</b>	<b>4,817,215</b>	<b>(275,601)</b>
<b>Planning and Engineering Services:</b>				
Salaries and fringe benefits	883,990	871,530	813,460	58,070
Supplies	13,000	13,000	7,190	5,810
Maintenance	11,200	11,200	4,314	6,886
Contractual services	166,500	173,753	91,778	81,975
Utilities	2,300	3,723	3,457	266
<b>Total planning and engineering services</b>	<b>1,076,990</b>	<b>1,073,206</b>	<b>920,199</b>	<b>153,007</b>

**CITY OF CIBOLO, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

**For the year ended September 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Expenditures (continued)				
Public Works:				
Salaries and fringe benefits	\$ 1,045,558	\$ 979,628	\$ 909,239	\$ 70,389
Supplies	224,925	219,240	153,038	66,202
Maintenance	74,450	77,840	61,854	15,986
Contractual services	36,050	31,940	12,329	19,611
Utilities	27,500	37,430	25,842	11,588
Capital outlay	14,600	80,000	46,823	33,177
Principal	15,634	15,634	3,512	12,122
Total public works	<u>1,438,717</u>	<u>1,441,712</u>	<u>1,212,637</u>	<u>229,075</u>
Parks and Recreation:				
Salaries and fringe benefits	599,495	584,116	544,413	39,703
Supplies	107,850	120,410	67,609	52,801
Maintenance	70,700	71,625	50,574	21,051
Contractual services	25,470	24,470	8,985	15,485
Utilities	216,080	213,505	152,408	61,097
Capital outlay	14,000	14,000	66,713	(52,713)
Principal	110,934	110,934	116,411	(5,477)
Interest	12,187	12,187	12,187	-
Total parks and recreation	<u>1,156,716</u>	<u>1,151,247</u>	<u>1,019,300</u>	<u>137,424</u>
Animal Control:				
Salaries and fringe benefits	187,920	187,920	202,305	(14,385)
Supplies	30,900	30,900	12,190	18,710
Maintenance	9,500	9,500	5,312	4,188
Contractual services	19,080	22,080	20,029	2,051
Utilities	7,620	7,905	7,337	568
Capital outlay	-	-	26,328	(26,328)
Principal	-	-	2,419	(2,419)
Total animal control	<u>255,020</u>	<u>258,305</u>	<u>275,920</u>	<u>(17,615)</u>
Fire:				
Salaries and fringe benefits	2,212,322	2,091,578	1,966,761	124,817
Supplies	78,750	68,895	51,463	17,432
Maintenance	48,000	95,250	84,407	10,843
Contractual services	512,515	510,815	498,995	11,820
Utilities	34,600	35,345	39,059	(3,714)
Capital outlay	51,000	39,750	39,742	8
Principal	23,250	23,250	27,088	(3,838)
Interest	2,538	2,538	2,957	(419)
Total fire	<u>2,962,975</u>	<u>2,867,421</u>	<u>2,710,472</u>	<u>156,949</u>
Finance:				
Salaries and fringe benefits	282,780	265,780	257,056	8,724
Supplies	4,500	4,500	2,687	1,813
Contractual services	212,760	277,260	260,043	17,217
Total finance	<u>500,040</u>	<u>547,540</u>	<u>519,786</u>	<u>27,754</u>

**CITY OF CIBOLO, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

**For the year ended September 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Expenditures (continued)				
Information Technology:				
Salaries and fringe benefits	\$ 203,460	\$ 192,080	\$ 181,212	\$ 10,868
Supplies	16,500	15,328	11,210	4,118
Maintenance	5,000	5,535	5,535	-
Contractual services	265,300	255,409	231,962	23,447
Utilities	15,920	26,852	26,470	382
Capital outlay	<u>35,000</u>	<u>32,820</u>	<u>30,904</u>	<u>1,916</u>
Total information technology	<u>541,180</u>	<u>528,024</u>	<u>487,293</u>	<u>40,731</u>
Total expenditures	<u>13,995,805</u>	<u>14,377,233</u>	<u>13,766,175</u>	<u>616,535</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(512,960)</u>	<u>(887,742)</u>	<u>536,867</u>	<u>1,424,609</u>
Other financing sources (uses)				
Sale of assets	-	-	97,267	97,267
Proceeds from capital lease	-	-	634,086	634,086
Transfers in	470,500	470,500	479,188	8,688
Transfers out	<u>(390,535)</u>	<u>(390,535)</u>	<u>(136,435)</u>	<u>(254,100)</u>
Total other financing sources (uses)	<u>79,965</u>	<u>79,965</u>	<u>1,074,106</u>	<u>485,941</u>
Net change in fund balance	(432,995)	(807,777)	1,610,973	1,910,550
Fund balance, beginning	<u>6,064,016</u>	<u>6,064,016</u>	<u>6,064,016</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,631,021</u>	<u>\$ 5,256,239</u>	<u>\$ 7,674,989</u>	<u>\$ -</u>

**CITY OF CIBOLO, TEXAS**

**NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

**September 30, 2020**

(1) Budgetary information

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and, as such, is a good management control device. Annual budgets are adopted for the general fund; debt service fund; special revenue funds; capital replacement; Cibolo Fest; traffic impact; street impact; street maintenance; park fee; court technology; court security; police seizure; police special; police education; and child safety funds. Project-length financial plans are adopted for capital projects funds. Of these budgets, only the general fund and debt fund are legally adopted. The grant fund did not have a budget.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The City did not exceed the budgeted expenditures in any funds with legally adopted budgets during 2020.

The City does not use encumbrances.

**CITY OF CIBOLO, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND  
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS) RELATED RATIOS**

**For the measurement period ended December 31,**

	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>						
Service cost	\$ 1,293,239	\$ 1,201,011	\$ 1,188,141	\$ 1,072,363	\$ 943,527	\$ 801,058
Interest (on the total pension liability)	1,007,212	885,979	761,533	648,018	571,820	490,946
Difference between expected and actual experience	227,112	(11,297)	142,214	92,870	(7,356)	(25,502)
Change of assumptions	114,983	-	-	-	39,380	-
Benefit payments, including refunds of employee contributions	<u>(337,261)</u>	<u>(314,267)</u>	<u>(195,086)</u>	<u>(183,789)</u>	<u>(176,960)</u>	<u>(187,829)</u>
Net change in total pension liability	2,305,285	1,761,426	1,896,802	1,629,462	1,370,411	1,078,673
Total pension liability - beginning	<u>14,443,673</u>	<u>12,682,247</u>	<u>10,785,445</u>	<u>9,155,983</u>	<u>7,785,572</u>	<u>6,706,899</u>
Total pension liability - ending (a)	<u>\$ 16,748,958</u>	<u>\$ 14,443,673</u>	<u>\$ 12,682,247</u>	<u>\$ 10,785,445</u>	<u>\$ 9,155,983</u>	<u>\$ 7,785,572</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 926,764	\$ 872,855	\$ 829,521	\$ 707,822	\$ 689,147	\$ 480,458
Contributions - employee	510,010	467,840	452,749	411,769	378,059	349,243
Net investment income	1,847,065	(337,069)	1,236,531	505,615	9,723	322,016
Benefit payments, including refunds of employee contributions	<u>(337,261)</u>	<u>(314,267)</u>	<u>(195,086)</u>	<u>(183,789)</u>	<u>(176,960)</u>	<u>(187,829)</u>
Administrative expense	<u>(10,408)</u>	<u>(6,503)</u>	<u>(6,404)</u>	<u>(5,709)</u>	<u>(5,920)</u>	<u>(3,360)</u>
Other	<u>(313)</u>	<u>(340)</u>	<u>(325)</u>	<u>(308)</u>	<u>(292)</u>	<u>(276)</u>
Net change in plan fiduciary net position	2,935,857	682,518	2,316,986	1,435,400	893,757	960,252
Plan fiduciary net position - beginning	<u>11,914,998</u>	<u>11,232,480</u>	<u>8,915,494</u>	<u>7,480,094</u>	<u>6,586,337</u>	<u>5,626,085</u>
Plan fiduciary net position - ending (b)	<u>\$ 14,850,855</u>	<u>\$ 11,914,998</u>	<u>\$ 11,232,480</u>	<u>\$ 8,915,494</u>	<u>\$ 7,480,094</u>	<u>\$ 6,586,337</u>
Net pension liability (a) - (b)	<u>\$ 1,898,103</u>	<u>\$ 2,528,675</u>	<u>\$ 1,449,767</u>	<u>\$ 1,869,951</u>	<u>\$ 1,675,889</u>	<u>\$ 1,199,235</u>
Plan fiduciary net position as a percentage of total pension liability	88.67%	82.49%	88.57%	82.66%	81.70%	84.60%
Covered payroll	<u>\$ 7,285,856</u>	<u>\$ 6,683,423</u>	<u>\$ 6,467,836</u>	<u>\$ 5,882,409</u>	<u>\$ 5,400,840</u>	<u>\$ 4,989,184</u>
Net pension liability as a percentage of total covered payroll	26.05%	37.84%	22.42%	31.79%	31.03%	24.04%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the sixth year of implementation of GASB 68. The City will develop the schedule prospectively.

**CITY OF CIBOLO, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS – PENSION  
AND NOTES TO SCHEDULE OF CONTRIBUTIONS**

**For the year ended September 30,**

<b>Schedule of Contributions</b>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 969,262	\$ 900,408	\$ 869,704	\$ 797,062	\$ 729,386	\$ 632,009
Contributions in relation to the actuarially determined contribution	<u>969,262</u>	<u>900,408</u>	<u>869,704</u>	<u>797,062</u>	<u>729,386</u>	<u>632,009</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 7,726,503</u>	<u>\$ 7,036,292</u>	<u>\$ 6,680,580</u>	<u>\$ 6,303,654</u>	<u>\$ 5,966,881</u>	<u>\$ 5,296,108</u>
Contributions as a percentage of covered payroll	12.54%	12.80%	13.02%	12.64%	12.22%	11.93%

**Valuation Date:**

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

**Methods and Assumption Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 Year smoothed market, 12% soft corridor
Inflation	2.50%
Salary Increases	3.5% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.  Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

There were no benefit changes during the year.

GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the sixth year of implementation of GASB 68. The City will develop the schedule prospectively.



**CITY OF CIBOLO, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE OTHER POSTEMPLOYMENT BENEFIT  
(OPEB) LIABILITY AND RELATED RATIOS  
SUPPLEMENTAL DEATH BENEFITS FUND**

**For the measurement period ended December 31,**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPEB liability			
Service cost	\$ 16,757	\$ 18,045	\$ 14,876
Interest on the OPEB liability	6,044	5,358	4,823
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(13,729)	(7,726)	-
Change of assumptions	40,405	(13,311)	13,661
Benefit payments	<u>(729)</u>	<u>(668)</u>	<u>(647)</u>
 Net change in OPEB liability	48,748	1,698	32,713
 OPEB liability - beginning	<u>154,887</u>	<u>153,189</u>	<u>120,476</u>
 OPEB liability - ending	<u>\$ 203,635</u>	<u>\$ 154,887</u>	<u>\$ 153,189</u>
 Covered payroll	<u>\$ 7,285,856</u>	<u>\$ 6,683,423</u>	<u>\$ 6,467,836</u>
 OPEB liability as a percentage of covered payroll	2.79%	2.32%	2.37%

\*GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the third year of implementation of GASB 75. The City will develop the schedule prospectively.

**CITY OF CIBOLO, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS – OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
AND NOTES TO SCHEDULE OF CONTRIBUTIONS  
SUPPLEMENTAL DEATH BENEFITS FUND**

**For the year ended September 30,**

	2020	2019	2018
Actuarially determined contributions	\$ 12,179	\$ 10,554	\$ 9,687
Contributions in relation to the actuarially determined contributions	12,179	10,554	9,687
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 7,726,503	\$ 7,036,292	\$ 6,680,580
Contributions as a percentage of covered payroll	0.16%	0.15%	0.15%

**Note to Schedule of Contributions - OPEB**

Inflation	2.5%
Salary increases	3.50% to 11.5% including inflation
Discount rate *	2.75%
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

\* The discount rate was based on the Fidelity Index’s “20-Year Municipal GO AA Index” rate as of December 31, 2019.

**Other information:**

Note: The actuarial assumptions used in the December 31, 2019 valuation were based on the result of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the third year of implementation of GASB 75. The City will develop the schedule prospectively.

**CITY OF CIBOLO, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN OTHER POSTEMPLOYMENT BENEFIT (OPEB)  
LIABILITY AND RELATED RATIOS AND NOTE TO THE SCHEDULE  
RETIREE HEALTH CARE PLAN**

**For the year ended September 30,**

	<u>2020</u>	<u>2019</u>
OPEB liability		
Service cost	\$ 190,724	\$ 186,984
Interest	67,491	60,120
Changes of benefit terms	-	-
Difference between expected and actual experience	(7,853)	(13,271)
Change in assumptions	133,362	-
Benefit payments	<u>(8,170)</u>	<u>(1,936)</u>
 Net change in OPEB liability	 375,554	 231,897
 OPEB liability - beginning	 <u>1,942,399</u>	 <u>1,710,502</u>
 OPEB liability - ending	 <u>\$ 2,317,953</u>	 <u>\$ 1,942,399</u>
 Covered payroll	 <u>\$ 6,884,328</u>	 <u>\$ 6,749,341</u>
 OPEB liability as a percentage of covered payroll	 33.67%	 28.78%

**Note to Schedule- OPEB**

Changes in benefit terms  
Changes of assumptions

None

The prior year mortality assumptions were based on using the RPH-2014 tables with a generational projection using Projection scale MP-2018. We have updated the generational projection using the Projection scale MP-2020. The first year trend was updated based on actual premiums for FY2021 compared to FY2020. In addition, the plan elections for future retirees was updated based on the City moving from three plans (Gold, silver and Bronze) to two (Gold and Silver).

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

2019	3.17%
2020	2.28%

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the second year of this plan. The City will develop the schedule prospectively.



**OTHER SUPPLEMENTARY INFORMATION**



**CITY OF CIBOLO, TEXAS**  
**COMPARATIVE BALANCE SHEETS**  
**GENERAL FUND**

**September 30, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,862,624	\$ 1,012,678
Investments	8,723,278	8,406,941
Receivables (net of allowances)		
Taxes	804,929	559,657
Accounts and other	377,007	25,343
Due from other funds	105,125	215,533
Due from component unit	7,293	7,817
Inventory	15,068	15,258
Prepays	2,764	1,583
 Total assets	 \$ 11,898,088	 \$ 10,244,810
<b>LIABILITIES</b>		
Accounts payable	\$ 3,515,308	\$ 3,629,181
Accrued liabilities	424,355	396,202
Due to other funds	171,751	52,852
Due to component unit	-	-
Unearned revenue	43,865	48,453
Total liabilities	4,155,279	4,126,688
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	65,320	54,106
<b>FUND BALANCE</b>		
Nonspendable:		
Inventory	15,068	15,258
Prepaid items	2,764	1,583
Restricted for:		
Public education grant fees	435,641	384,648
Street maintenance	100,000	100,000
Tree project	1,400	1,400
Youth council	5,000	5,000
Unassigned	7,115,116	5,556,127
Total fund balance	7,674,989	6,064,016
 Total liabilities, deferred inflows of resources and fund balance	 \$ 11,895,588	 \$ 10,244,810

**CITY OF CIBOLO, TEXAS**

**COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GENERAL FUND**

**For the years ended September 30, 2020 and 2019**

	2020	2019
<b>REVENUES</b>		
Taxes	\$ 10,850,911	\$ 9,228,105
Permits and fees	1,877,007	2,545,351
Service fees	478,091	402,112
Fines and fees	174,022	215,656
Park revenue	46,040	63,762
Grant revenue	629,214	5,327
Investment earnings	150,969	301,532
Miscellaneous	96,788	60,015
Total revenues	14,303,042	12,821,860
<b>EXPENDITURES</b>		
<b>Current:</b>		
General government	1,776,126	1,625,656
Law enforcement and municipal court	4,100,643	3,949,214
Planning and engineering services	920,199	910,289
Public works	1,162,302	1,116,906
Parks and recreation	823,989	780,866
Animal control	247,173	205,172
Fire	2,640,685	2,428,151
Finance	519,786	444,329
Information technology	456,389	468,320
Capital outlay	841,979	433,231
<b>Debt service:</b>		
Principal	258,290	168,871
Interest and fiscal charges	18,614	16,529
Total expenditures	13,766,175	12,547,534
Excess (deficiency) of revenues over (under) expenditures	536,867	274,326
<b>OTHER FINANCING SOURCES (USES)</b>		
Sale of assets	97,267	959
Proceeds from capital lease	634,086	297,802
Transfers in	479,188	409,995
Transfers out	(136,435)	(297,462)
Total other financing sources	1,074,106	411,294
Net change in fund balance	1,610,973	685,620
Fund balance - beginning	6,064,016	5,378,396
Fund balance - ending	\$ 7,674,989	\$ 6,064,016



**CITY OF CIBOLO, TEXAS**  
**COMPARATIVE BALANCE SHEETS**  
**DEBT SERVICE FUND**

**September 30, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Receivables (net of allowances):		
Taxes	\$ 43,161	\$ 37,395
Accounts and other	13,750	-
Due from other funds	-	17,325
Due from component unit	15,975	-
Restricted assets:		
Cash and cash equivalents	809,876	668,788
Total assets	\$ 882,762	\$ 723,508
<b>LIABILITIES</b>		
Accrued interest payable	\$ 3,163	\$ 1,565
Due to other funds	400	-
Total liabilities	3,563	1,565
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	41,680	33,954
<b>FUND BALANCE</b>		
Restricted for:		
Debt service	837,519	687,989
Total liabilities, deferred inflows of resources and fund balance	\$ 882,762	\$ 723,508

**CITY OF CIBOLO, TEXAS**

**COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL - DEBT SERVICE FUND  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2019)**

**For the year ended September 30, 2020**

	Budgeted Amounts		2020	Variance with	2019
	Original	Final	Actual Amounts	Final Budget- Positive (Negative)	Actual Amounts
<b>REVENUES</b>					
Property taxes	\$ 4,267,500	\$ 4,267,500	4,417,545	\$ 150,045	\$ 3,819,963
Investment earnings	25,000	25,000	10,894	(14,106)	28,588
Grant revenue	165,000	165,000	165,000	-	165,000
Miscellaneous	<u>123,300</u>	<u>123,300</u>	<u>123,300</u>	<u>-</u>	<u>125,550</u>
Total revenues	<u>4,580,800</u>	<u>4,580,800</u>	<u>4,716,739</u>	<u>135,939</u>	<u>4,139,101</u>
<b>EXPENDITURES</b>					
Debt service:					
Principal	2,805,000	2,985,000	2,985,000	-	2,720,000
Interest and fiscal charges	1,744,368	1,564,368	1,582,543	(18,175)	1,279,352
Bond issue costs	<u>-</u>	<u>-</u>	<u>88,529</u>	<u>(88,529)</u>	<u>-</u>
Total expenditures	<u>4,549,368</u>	<u>4,549,368</u>	<u>4,656,072</u>	<u>(106,704)</u>	<u>3,999,352</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,432</u>	<u>31,432</u>	<u>60,667</u>	<u>29,235</u>	<u>139,749</u>
<b>OTHER FINANCING SOURCES</b>					
Issuance of refunding bonds	-	-	5,000,000	5,000,000	-
Premium on issuance of debt	-	-	377,176	377,176	-
Payment to escrow agent	<u>-</u>	<u>-</u>	<u>(5,288,313)</u>	<u>(5,288,313)</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>88,863</u>	<u>88,863</u>	<u>-</u>
Net change in fund balance	31,432	31,432	149,530	118,098	139,749
Fund balance, beginning	<u>687,989</u>	<u>687,989</u>	<u>687,989</u>	<u>-</u>	<u>548,240</u>
Fund balance, ending	<u>\$ 719,421</u>	<u>\$ 719,421</u>	<u>\$ 837,519</u>	<u>\$ 118,098</u>	<u>\$ 687,989</u>

**CITY OF CIBOLO, TEXAS**  
**COMPARATIVE BALANCE SHEETS**  
**CAPITAL PROJECTS FUND**

**September 30, 2020 and 2019**

	2020	2019
ASSETS		
Restricted assets:		
Investments	\$ 24,859,415	\$ 26,408,510
LIABILITIES		
Accounts payable	917,739	268,018
Due to other funds	22,067	14,702
Total liabilities	939,806	282,720
FUND BALANCE		
Restricted for:		
Capital improvement	23,942,781	26,125,790
Total liabilities and fund balance	\$ 24,882,587	\$ 26,408,510

**CITY OF CIBOLO, TEXAS**

**COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
CAPITAL PROJECTS FUND**

**For the years ended September 30, 2020 and 2019**

	2020	2019
REVENUES		
Investment earnings	\$ 301,339	\$ 337,911
EXPENDITURES		
Capital outlay	1,962,937	6,056,337
Debt service:		
Bond issue costs	-	251,133
Total expenditures	1,962,937	6,307,470
Excess (deficiency) of revenues over (under) expenditures	(1,661,598)	(5,969,559)
OTHER FINANCING SOURCES		
Issuance of debt	-	14,185,000
Premium on debt issued	-	1,813,146
Transfer in	-	193,529
Transfers out	(521,411)	(75,445)
Total other financing sources	(521,411)	16,116,230
Net change in fund balance	(2,183,009)	10,146,671
Fund balance, beginning	26,125,790	15,979,119
Fund balance, ending	\$ 23,942,781	\$ 26,125,790

**CITY OF CIBOLO, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**September 30, 2020**

	Combined Special Revenue Funds	Combined Capital Projects Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 188,292	\$ 969,324	\$ 1,157,616
Investments	1,026,299	1,814,925	2,841,224
Accounts receivable (net of allowance)			
Taxes	108,710	-	108,710
Due from other funds	<u>260,450</u>	<u>8,720</u>	<u>269,170</u>
 Total assets	 <u>\$ 1,583,751</u>	 <u>\$ 2,792,969</u>	 <u>\$ 4,376,720</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 25,808	\$ 89,917	\$ 115,725
Due to other funds	<u>3,158</u>	<u>264,880</u>	<u>268,038</u>
Total liabilities	<u>28,966</u>	<u>354,797</u>	<u>383,763</u>
<b>FUND BALANCE</b>			
Restricted for:			
Impact fees	-	1,652,276	1,652,276
Capital improvements	-	690,656	690,656
Street maintenance	1,325,210	-	1,325,210
Police special	108,757	-	108,757
Court special	30,289	-	30,289
Other	385		385
Committed for:			
Capital replacement	-	95,240	95,240
Special projects	<u>90,144</u>	<u>-</u>	<u>90,144</u>
Total fund balance	<u>1,554,785</u>	<u>2,438,172</u>	<u>3,992,957</u>
 Total liabilities and fund balance	 <u>\$ 1,583,751</u>	 <u>\$ 2,792,969</u>	 <u>\$ 4,376,720</u>

**CITY OF CIBOLO, TEXAS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

**For the year ended September 30, 2020**

	Combined Special Revenue Funds	Combined Capital Projects Funds	Total
<b>REVENUES</b>			
Sales tax	\$ 657,290	\$ -	\$ 657,290
Permits and fees	-	82,800	82,800
Fines and fees	21,549		21,549
Impact fees	-	502,725	502,725
Investment earnings	9,903	19,245	29,148
Miscellaneous	134,342	800	135,142
Total revenues	\$ 823,084	\$ 605,570	\$ 1,428,654
<b>EXPENDITURES</b>			
Current:			
General government	\$ 51,709	\$ -	\$ 51,709
Law enforcement and municipal court	10,826	-	10,826
Public works	38,913	-	38,913
Parks and recreation	31,086	-	31,086
Information technology	-	43,820	43,820
Capital outlay	189,405	248,797	438,202
Total expenditures	321,939	292,617	614,556
Excess (deficiency) of revenues over (under) expenditures	501,145	312,953	814,098
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	140,385	140,385
Transfers out	(131,626)	-	(131,626)
Total other financing sources (uses)	(131,626)	140,385	8,759
Net change in fund balance	369,519	453,338	822,857
Fund balance, beginning	1,185,266	1,984,834	3,170,100
Fund balance, ending	\$ 1,554,785	\$ 2,438,172	\$ 3,992,957



**CITY OF CIBOLO, TEXAS**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS**

**September 30, 2020**

	SPECIAL REVENUE			
	Cibolo Fest Fund	Street Maintenance Fund	Court Technology Fund	Court Security Fund
<b>Assets</b>				
Cash and cash equivalents	\$ 26,942	\$ -	\$ 11,343	\$ 18,876
Investments	-	963,097	-	-
Accounts receivable (net of allowance for uncollectibles):				
Taxes	-	108,710	-	-
Due from other funds	-	253,403	568	-
<b>Total assets</b>	<b>\$ 26,942</b>	<b>\$ 1,325,210</b>	<b>\$ 11,911</b>	<b>\$ 18,876</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	498
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>498</b>
<b>Fund balances</b>				
<b>Restricted for:</b>				
Street maintenance	-	1,325,210	-	-
Police special	-	-	-	-
Court special	-	-	11,911	18,378
Other	-	-	-	-
<b>Committed</b>	<b>26,942</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fund balances</b>	<b>26,942</b>	<b>1,325,210</b>	<b>11,911</b>	<b>18,378</b>
<b>Total liabilities and fund balances</b>	<b>\$ 26,942</b>	<b>\$ 1,325,210</b>	<b>\$ 11,911</b>	<b>\$ 18,876</b>



SPECIAL REVENUE

Police Seizure Fund	Police Special Fund	Police Education Fund	Child Safety Fund	Public Facility Corporation	Grant Fund	Total Nonmajor Governmental Funds
\$ 9,553	\$ 14,828	\$ 15,183	\$ 63,766	\$ -	\$ 27,801	\$ 188,292
-	-	-	-	63,202	-	1,026,299
-	-	-	-	-	-	108,710
<u>6,479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,450</u>
<u>\$ 16,032</u>	<u>\$ 14,828</u>	<u>\$ 15,183</u>	<u>\$ 63,766</u>	<u>\$ 63,202</u>	<u>\$ 27,801</u>	<u>\$ 1,583,751</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,808	\$ 25,808
-	-	-	-	-	-	-
-	-	-	1,052	-	1,608	3,158
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,052</u>	<u>-</u>	<u>27,416</u>	<u>28,966</u>
-	-	-	-	-	-	1,325,210
16,032	14,828	15,183	62,714	-	-	108,757
-	-	-	-	-	-	30,289
-	-	-	-	-	385	385
-	-	-	-	63,202	-	90,144
<u>16,032</u>	<u>14,828</u>	<u>15,183</u>	<u>62,714</u>	<u>63,202</u>	<u>385</u>	<u>1,554,785</u>
<u>\$ 16,032</u>	<u>\$ 14,828</u>	<u>\$ 15,183</u>	<u>\$ 63,766</u>	<u>\$ 63,202</u>	<u>\$ 27,801</u>	<u>\$ 1,583,751</u>

**CITY OF CIBOLO, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**

**September 30, 2020**

	Capital Projects Fund			Totals
	Capital Replacement Fund	Street and Traffic Impact Fund	Park Fee Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 612,442	\$ 356,882	\$ 969,324
Investments	182,317	1,287,434	345,174	1,814,925
Accounts receivable (net of allowance)	-	-	-	-
Due from other funds	-	8,720	-	8,720
Due from component unit	-	-	-	-
<b>Total assets</b>	<b><u>\$ 182,317</u></b>	<b><u>\$ 1,908,596</u></b>	<b><u>\$ 702,056</u></b>	<b><u>\$ 2,792,969</u></b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 87,000	2,917	\$ -	\$ 89,917
Due to other funds	77	253,403	11,400	264,880
<b>Total liabilities</b>	<b><u>87,077</u></b>	<b><u>256,320</u></b>	<b><u>11,400</u></b>	<b><u>354,797</u></b>
<b>FUND BALANCE</b>				
Nonspendable for:				
Impact fees	-	1,652,276	-	1,652,276
Capital improvements	-	-	690,656	690,656
Committed for:				
Capital replacement	95,240	-	-	95,240
<b>Total fund balance</b>	<b><u>95,240</u></b>	<b><u>1,652,276</u></b>	<b><u>690,656</u></b>	<b><u>2,438,172</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 182,317</u></b>	<b><u>\$ 1,908,596</u></b>	<b><u>\$ 702,056</u></b>	<b><u>\$ 2,792,969</u></b>



**CITY OF CIBOLO, TEXAS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS**

**For the year ended September 30, 2020**

	SPECIAL REVENUE			
	Cibolo Fest Fund	Street Maintenance Fund	Court Technology Fund	Court Security Fund
REVENUES				
Sales tax	\$ -	\$ 657,290	\$ -	\$ -
Fines and fees	-	-	3,894	3,731
Investment earnings	249	6,859	53	100
Miscellaneous	<u>46,411</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>46,660</u>	<u>664,149</u>	<u>3,947</u>	<u>3,831</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Law enforcement and municipal court	-	-	4,947	3,346
Public works	-	38,913	-	-
Parks and recreation	31,086	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>31,086</u>	<u>38,913</u>	<u>4,947</u>	<u>3,346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,574</u>	<u>625,236</u>	<u>(1,000)</u>	<u>485</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(120,000)	-	-
Net change in fund balances	15,574	505,236	(1,000)	485
Fund balance - beginning	<u>11,368</u>	<u>819,974</u>	<u>12,911</u>	<u>17,893</u>
Fund balances - ending	<u>\$ 26,942</u>	<u>\$ 1,325,210</u>	<u>\$ 11,911</u>	<u>\$ 18,378</u>

SPECIAL REVENUE

Police Seizure Fund	Police Special Fund	Police Education Fund	Child Safety Fund	Public Facility Corporation	Grant Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 657,290
11,182	-	2,742	-	-	-	21,549
40	63	74	288	1,792	385	9,903
<u>-</u>	<u>6,792</u>	<u>-</u>	<u>29,430</u>	<u>-</u>	<u>51,709</u>	<u>134,342</u>
<u>11,222</u>	<u>6,855</u>	<u>2,816</u>	<u>29,718</u>	<u>1,792</u>	<u>52,094</u>	<u>823,084</u>
-	-	-	-	-	51,709	51,709
-	2,533	-	-	-	-	10,826
-	-	-	-	-	-	38,913
-	-	-	-	-	-	31,086
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,405</u>	<u>-</u>	<u>189,405</u>
<u>-</u>	<u>2,533</u>	<u>-</u>	<u>-</u>	<u>189,405</u>	<u>51,709</u>	<u>321,939</u>
<u>11,222</u>	<u>4,322</u>	<u>2,816</u>	<u>29,718</u>	<u>(187,613)</u>	<u>385</u>	<u>501,145</u>
-	-	-	(11,626)	-	-	(131,626)
11,222	4,322	2,816	18,092	(187,613)	385	369,519
<u>4,810</u>	<u>10,506</u>	<u>12,367</u>	<u>44,622</u>	<u>250,815</u>	<u>-</u>	<u>1,185,266</u>
<u>\$ 16,032</u>	<u>\$ 14,828</u>	<u>\$ 15,183</u>	<u>\$ 62,714</u>	<u>\$ 63,202</u>	<u>\$ 385</u>	<u>\$ 1,554,785</u>

**CITY OF CIBOLO, TEXAS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS**

**For the year ended September 30, 2020**

	Capital Projects Fund			Totals
	Capital Replacement Fund	Street and Traffic Impact Fund	Park Fee Fund	
<b>REVENUES</b>				
Permits and fees	\$ -	\$ -	\$ 82,800	\$ 82,800
Impact fees	-	502,725	-	502,725
Investment earnings	1,102	12,867	5,276	19,245
Miscellaneous	<u>800</u>	<u>-</u>	<u>-</u>	<u>800</u>
Total revenues	<u>\$ 1,902</u>	<u>\$ 515,592</u>	<u>\$ 88,076</u>	<u>\$ 605,570</u>
<b>EXPENDITURES</b>				
Current:				
Information technology	\$ 43,820	\$ -	\$ -	\$ 43,820
Capital outlay	<u>122,984</u>	<u>13,467</u>	<u>112,346</u>	<u>248,797</u>
Total expenditures	<u>166,804</u>	<u>13,467</u>	<u>112,346</u>	<u>292,617</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(164,902)</u>	<u>502,125</u>	<u>(24,270)</u>	<u>312,953</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>140,385</u>	<u>-</u>	<u>-</u>	<u>140,385</u>
Total other financing sources	<u>140,385</u>	<u>-</u>	<u>-</u>	<u>140,385</u>
Net change in fund balance	(24,517)	502,125	(24,270)	453,338
Fund balance, beginning	<u>119,757</u>	<u>1,150,151</u>	<u>714,926</u>	<u>1,984,834</u>
Fund balance, ending	<u>\$ 95,240</u>	<u>\$ 1,652,276</u>	<u>\$ 690,656</u>	<u>\$ 2,438,172</u>

**CITY OF CIBOLO, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
CIBOLO FEST FUND  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2019)**

**For the year ended September 30, 2020**

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget- Positive (Negative)	2019 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Investment earnings	\$ 500	\$ 500	\$ 249	\$ (251)	\$ 489
Miscellaneous	39,550	39,550	46,411	6,861	42,272
Total revenues	<u>40,050</u>	<u>40,050</u>	<u>46,660</u>	<u>6,610</u>	<u>42,761</u>
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	<u>31,545</u>	<u>31,545</u>	<u>31,086</u>	<u>459</u>	<u>30,954</u>
Total expenditures	<u>31,545</u>	<u>31,545</u>	<u>31,086</u>	<u>459</u>	<u>30,954</u>
Net change in fund balance	8,505	8,505	15,574	6,151	11,807
Fund balance, beginning	<u>11,368</u>	<u>11,368</u>	<u>11,368</u>	<u>-</u>	<u>(439)</u>
Fund balance, ending	<u>\$ 19,873</u>	<u>\$ 19,873</u>	<u>\$ 26,942</u>	<u>\$ 6,151</u>	<u>\$ 11,368</u>

**CITY OF CIBOLO, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
STREET MAINTENANCE FUND  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2019)**

**For the year ended September 30, 2020**

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget- Positive (Negative)	2019 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Sales tax	\$ 620,000	\$ 620,000	\$ 657,290	\$ 37,290	\$ 537,613
Investment earnings	<u>24,000</u>	<u>24,000</u>	<u>6,859</u>	<u>(17,141)</u>	<u>22,868</u>
Total revenues	<u>644,000</u>	<u>644,000</u>	<u>664,149</u>	<u>20,149</u>	<u>560,481</u>
<b>EXPENDITURES</b>					
Current:					
Public works	750,000	750,000	38,913	711,087	676,830
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>750,000</u>	<u>750,000</u>	<u>38,913</u>	<u>711,087</u>	<u>676,830</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(106,000)</u>	<u>(106,000)</u>	<u>625,236</u>	<u>(690,938)</u>	<u>(116,349)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	<u>(120,000)</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>	<u>(100,000)</u>
Net change in fund balance	(226,000)	(226,000)	505,236	(690,938)	(216,349)
Fund balance, beginning	<u>819,974</u>	<u>819,974</u>	<u>819,974</u>	<u>-</u>	<u>1,036,323</u>
Fund balance, ending	<u>\$ 593,974</u>	<u>\$ 593,974</u>	<u>\$ 1,325,210</u>	<u>\$ (690,938)</u>	<u>\$ 819,974</u>



**CITY OF CIBOLO, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
COURT TECHNOLOGY FUND  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2019)**

**For the year ended September 30, 2020**

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget- Positive (Negative)	2019 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Fines and fees	\$ 6,000	\$ 6,000	\$ 3,894	\$ (2,106)	\$ 6,335
Investment earnings	250	250	53	(197)	201
Total revenues	<u>6,250</u>	<u>6,250</u>	<u>3,947</u>	<u>(2,303)</u>	<u>6,536</u>
<b>EXPENDITURES</b>					
Current:					
Law enforcement and municipal court	<u>6,000</u>	<u>6,000</u>	<u>4,947</u>	<u>1,053</u>	<u>5,378</u>
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>4,947</u>	<u>1,053</u>	<u>5,378</u>
Net change in fund balance	250	250	(1,000)	(3,356)	1,158
Fund balance, beginning	<u>12,911</u>	<u>12,911</u>	<u>12,911</u>	<u>-</u>	<u>11,753</u>
Fund balance, ending	<u>\$ 13,161</u>	<u>\$ 13,161</u>	<u>\$ 11,911</u>	<u>\$ (3,356)</u>	<u>\$ 12,911</u>

**CITY OF CIBOLO, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
COURT SECURITY FUND  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2019)**

**For the year ended September 30, 2020**

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget- Positive (Negative)	2019 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Fines and fees	\$ 4,500	\$ 4,500	\$ 3,731	\$ (769)	\$ 4,751
Investment earnings	500	500	100	(400)	491
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>3,831</u>	<u>(1,169)</u>	<u>5,242</u>
<b>EXPENDITURES</b>					
Current:					
Law enforcement and municipal court	<u>5,000</u>	<u>5,000</u>	<u>3,346</u>	<u>1,654</u>	<u>10,740</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>3,346</u>	<u>1,654</u>	<u>10,740</u>
Net change in fund balance	-	-	485	(2,823)	(5,498)
Fund balance, beginning	<u>17,893</u>	<u>17,893</u>	<u>17,893</u>	-	<u>23,391</u>
Fund balance, ending	<u>\$ 17,893</u>	<u>\$ 17,893</u>	<u>\$ 18,378</u>	<u>\$ (2,823)</u>	<u>\$ 17,893</u>

**CITY OF CIBOLO, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
POLICE SEIZURE FUND  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2019)**

**For the year ended September 30, 2020**

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget- Positive (Negative)	2019 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Fines and fees	\$ -	\$ -	\$ 11,182	\$ 11,182	\$ 2,078
Investment earnings	50	50	40	(10)	64
Total revenues	<u>50</u>	<u>50</u>	<u>11,222</u>	<u>11,172</u>	<u>2,142</u>
<b>EXPENDITURES</b>					
Current:					
Law enforcement and municipal court	<u>4,500</u>	<u>4,500</u>	-	<u>4,500</u>	-
Total expenditures	<u>4,500</u>	<u>4,500</u>	-	<u>4,500</u>	-
Net change in fund balance	(4,450)	(4,450)	11,222	6,672	2,142
Fund balance, beginning	<u>4,810</u>	<u>4,810</u>	<u>4,810</u>	-	<u>2,668</u>
Fund balance, ending	<u>\$ 360</u>	<u>\$ 360</u>	<u>\$ 16,032</u>	<u>\$ 6,672</u>	<u>\$ 4,810</u>

**CITY OF CIBOLO, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
POLICE SPECIAL FUND  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2019)**

**For the year ended September 30, 2020**

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget- Positive (Negative)	2019 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Investment earnings	\$ 150	\$ 150	\$ 63	\$ (87)	\$ 196
Miscellaneous	-	2,000	6,792	4,792	19,564
Total revenues	<u>150</u>	<u>2,150</u>	<u>6,855</u>	<u>4,705</u>	<u>19,760</u>
<b>EXPENDITURES</b>					
Current:					
Law enforcement and municipal court	10,475	12,475	2,533	9,942	19,164
Capital outlay	-	-	-	-	-
Total expenditures	<u>10,475</u>	<u>12,475</u>	<u>2,533</u>	<u>9,942</u>	<u>19,164</u>
Net change in fund balance	(10,325)	(10,325)	4,322	(5,237)	596
Fund balance, beginning	<u>10,506</u>	<u>10,506</u>	<u>10,506</u>	<u>-</u>	<u>9,910</u>
Fund balance, ending	<u>\$ 181</u>	<u>\$ 181</u>	<u>\$ 14,828</u>	<u>\$ (5,237)</u>	<u>\$ 10,506</u>

**CITY OF CIBOLO, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
POLICE EDUCATION FUND  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2019)**

**For the year ended September 30, 2020**

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget- Positive (Negative)	2019 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Fines and fees	\$ 2,600	\$ 2,600	\$ 2,742	\$ 142	\$ 2,567
Investment earnings	150	150	74	(76)	251
Total revenues	<u>2,750</u>	<u>2,750</u>	<u>2,816</u>	<u>66</u>	<u>2,818</u>
<b>EXPENDITURES</b>					
Current:					
Law enforcement and municipal court	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>-</u>
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>-</u>
Net change in fund balance	(3,250)	(3,250)	2,816	(5,934)	2,818
Fund balance, beginning	<u>12,367</u>	<u>12,367</u>	<u>12,367</u>	<u>-</u>	<u>9,549</u>
Fund balance, ending	<u>\$ 9,117</u>	<u>\$ 9,117</u>	<u>\$ 15,183</u>	<u>\$ (5,934)</u>	<u>\$ 12,367</u>

**CITY OF CIBOLO, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
CHILD SAFETY FUND  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2019)**

**For the year ended September 30, 2020**

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget- Positive (Negative)	2019 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Investment earnings	\$ 2,500	\$ 2,500	\$ 288	\$ (2,212)	\$ 2,250
Miscellaneous	<u>28,600</u>	<u>28,600</u>	<u>29,430</u>	<u>830</u>	<u>28,569</u>
Total revenues	<u>31,100</u>	<u>31,100</u>	<u>29,718</u>	<u>(1,382)</u>	<u>30,819</u>
<b>EXPENDITURES</b>					
Current:					
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,273</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,100</u>	<u>31,100</u>	<u>29,718</u>	<u>(1,382)</u>	<u>(31,454)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	<u>(21,700)</u>	<u>(21,700)</u>	<u>(11,626)</u>	<u>10,074</u>	<u>(17,387)</u>
Net change in fund balance	9,400	9,400	18,092	8,692	(48,841)
Fund balance, beginning	<u>44,622</u>	<u>44,622</u>	<u>44,622</u>	<u>-</u>	<u>93,463</u>
Fund balance, ending	<u>\$ 54,022</u>	<u>\$ 54,022</u>	<u>\$ 62,714</u>	<u>\$ 8,692</u>	<u>\$ 44,622</u>

**CITY OF CIBOLO, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
CAPITAL REPLACEMENT FUND  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2019)**

**For the year ended September 30, 2020**

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget- Positive (Negative)	2019 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Investment earnings	\$ 2,000	\$ 2,000	\$ 1,102	\$ (898)	\$ 1,944
Miscellaneous	800	800	800	-	880
Total revenues	<u>2,800</u>	<u>2,800</u>	<u>1,902</u>	<u>(898)</u>	<u>2,824</u>
<b>EXPENDITURES</b>					
Current:					
Information technology	51,000	51,000	43,820	7,180	31,846
Capital outlay	<u>126,000</u>	<u>126,000</u>	<u>122,984</u>	<u>3,016</u>	<u>22,285</u>
Total expenditures	<u>177,000</u>	<u>177,000</u>	<u>166,804</u>	<u>10,196</u>	<u>54,131</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(174,200)</u>	<u>(174,200)</u>	<u>(164,902)</u>	<u>(11,094)</u>	<u>(51,307)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>149,785</u>	<u>149,785</u>	<u>140,385</u>	<u>(9,400)</u>	<u>107,693</u>
Net change in fund balance	(24,415)	(24,415)	(24,517)	(20,494)	56,386
Fund balance, beginning	<u>119,757</u>	<u>119,757</u>	<u>119,757</u>	-	<u>63,371</u>
Fund balance, ending	<u>\$ 95,342</u>	<u>\$ 95,342</u>	<u>\$ 95,240</u>	<u>\$ (20,494)</u>	<u>\$ 119,757</u>

**CITY OF CIBOLO, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
STREET AND TRAFFIC IMPACT FUND  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2019)**

**For the year ended September 30, 2020**

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget- Positive (Negative)	2019 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Service fees	\$ -	\$ -	\$ -	\$ -	\$ -
Impact fees	198,380	198,380	502,725	304,345	197,972
Investment earnings	12,000	12,000	12,867	867	29,803
Miscellaneous	-	-	-	-	-
Total revenues	<u>210,380</u>	<u>210,380</u>	<u>515,592</u>	<u>305,212</u>	<u>227,775</u>
<b>EXPENDITURES</b>					
Public works	-	-	-	-	6,054
Capital outlay	<u>527,929</u>	<u>542,279</u>	<u>13,467</u>	<u>528,812</u>	<u>128,279</u>
Total expenditures	<u>527,929</u>	<u>542,279</u>	<u>13,467</u>	<u>528,812</u>	<u>134,333</u>
Net change in fund balance	(317,549)	(331,899)	502,125	(223,600)	93,442
Fund balance, beginning	<u>1,150,151</u>	<u>1,150,151</u>	<u>1,150,151</u>	<u>-</u>	<u>1,056,709</u>
Fund balance, ending	<u>\$ 832,602</u>	<u>\$ 818,252</u>	<u>\$ 1,652,276</u>	<u>\$ (223,600)</u>	<u>\$ 1,150,151</u>



**CITY OF CIBOLO, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
PARK FEE FUND  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2019)**

**For the year ended September 30, 2020**

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget- Positive (Negative)	2019 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Permits and fees	\$ 115,200	\$ 115,200	\$ 82,800	\$ (32,400)	\$ 188,399
Investment earnings	9,000	9,000	5,276	(3,724)	14,955
Total revenues	<u>124,200</u>	<u>124,200</u>	<u>88,076</u>	<u>(36,124)</u>	<u>203,354</u>
<b>EXPENDITURES</b>					
Capital outlay	<u>555,000</u>	<u>555,000</u>	<u>112,346</u>	<u>442,654</u>	<u>29,931</u>
Total expenditures	<u>555,000</u>	<u>555,000</u>	<u>112,346</u>	<u>442,654</u>	<u>29,931</u>
Net change in fund balance	(430,800)	(430,800)	(24,270)	(478,778)	173,423
Fund balance, beginning	<u>714,926</u>	<u>714,926</u>	<u>714,926</u>	<u>-</u>	<u>541,503</u>
Fund balance, ending	<u>\$ 284,126</u>	<u>\$ 284,126</u>	<u>\$ 690,656</u>	<u>\$ (478,778)</u>	<u>\$ 714,926</u>

**CITY OF CIBOLO, TEXAS**

**COMBINING SCHEDULE OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS**

**September 30, 2020**

	Proprietary Funds			
	Water Impact Fund	Sewer Impact Fund	Drainage Impact Fund	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 679,526	\$ 549,607	\$ 813,132	\$ 2,042,265
Restricted assets:				
Investments	831,300	1,674,164	1,600,984	4,106,448
Accounts receivable - other	-	3,191	-	3,191
Due from other funds	68,305	30,090	8,120	106,515
Total assets	1,579,131	2,257,052	2,422,236	6,258,419
<b>LIABILITIES</b>				
Accounts payable	-	26,182	1,287	27,469
Total liabilities	-	26,182	1,287	27,469
<b>NET POSITION</b>				
Restricted for:				
Impact fees	1,579,131	2,230,870	2,420,949	6,230,950
Total net position	\$ 1,579,131	\$ 2,230,870	\$ 2,420,949	\$ 6,230,950

**CITY OF CIBOLO, TEXAS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN NET POSITION  
NONMAJOR PROPRIETARY FUNDS**

**For the year ended September 30, 2020**

	Proprietary Funds			Totals
	Water Impact Fund	Sewer Impact Fund	Drainage Impact Fund	
OPERATING REVENUES				
Fees charged to users	\$ -	\$ -	\$ -	\$ -
Total operating revenues	-	-	-	-
OPERATING EXPENDITURES				
Contractual services	-	47,103	-	47,103
Total operating expenditures	-	47,103	-	47,103
OPERATING INCOME (LOSS)	-	(47,103)	-	(47,103)
NONOPERATING REVENUES				
Investment earnings	10,220	16,468	25,448	52,136
Impact fees	533,103	403,718	190,271	1,127,092
Total nonoperating revenues	543,323	420,186	215,719	1,179,228
Income before contributions and transfers	543,323	373,083	215,719	1,132,125
Transfers out	-	(73,040)	-	(73,040)
Change in net position	543,323	300,043	215,719	1,059,085
Net position, beginning of year	1,035,808	1,930,827	2,205,230	5,171,865
Net position, end of year	\$ 1,579,131	\$ 2,230,870	\$ 2,420,949	\$ 6,230,950

**CITY OF CIBOLO, TEXAS**

**COMBINING SCHEDULE OF CASH FLOWS – NONMAOR PROPRIETARY FUNDS**

**September 30, 2020 and 2019**

	Proprietary Funds			Totals
	Water Impact Fund	Sewer Impact Fund	Drainage Impact Fund	
<b>Cash Flows From Operating Activities:</b>				
Cash owed (paid) to supplier for goods and services	\$ -	\$ (139,449)	\$ -	\$ (139,449)
Net cash provided (used) by operating activities	<u>-</u>	<u>(139,449)</u>	<u>-</u>	<u>(139,449)</u>
<b>Cash Flows From Noncapital Financing Activities:</b>				
Cash advances from/(to) other funds	<u>(68,305)</u>	<u>(97,820)</u>	<u>(7,105)</u>	<u>(173,230)</u>
Net cash provided (used) by noncapital financing activities	<u>(68,305)</u>	<u>(97,820)</u>	<u>(7,105)</u>	<u>(173,230)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Impact fees	<u>533,103</u>	<u>403,718</u>	<u>190,271</u>	<u>1,127,092</u>
Net cash provided (used) by capital and related financing activities	<u>533,103</u>	<u>403,718</u>	<u>190,271</u>	<u>1,127,092</u>
<b>Cash Flows From Investing Activities:</b>				
Proceeds (purchases) from the sale of investments	(385,160)	(636,439)	(231,068)	(1,252,667)
Interest and investment earnings	<u>10,220</u>	<u>16,468</u>	<u>25,448</u>	<u>52,136</u>
Net cash provided (used) by investing activities	<u>(374,940)</u>	<u>(619,971)</u>	<u>(205,620)</u>	<u>(1,200,531)</u>
Net increase (decrease) in cash and cash equivalents	<u>89,858</u>	<u>(453,522)</u>	<u>(22,454)</u>	<u>(386,118)</u>
<b>Cash and cash equivalents at beginning of year:</b>				
Cash and cash equivalents	589,668	1,003,129	835,586	2,428,383
Restricted cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>589,668</u>	<u>1,003,129</u>	<u>835,586</u>	<u>2,428,383</u>
<b>Cash and cash equivalents at end of year:</b>				
Cash and cash equivalents	679,526	549,607	813,132	2,428,383
Restricted cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 679,526</u>	<u>\$ 549,607</u>	<u>\$ 813,132</u>	<u>\$ 2,042,265</u>

**CITY OF CIBOLO, TEXAS**

**COMPARATIVE SCHEDULE OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNIT  
CIBOLO ECONOMIC DEVELOPMENT CORPORATION**

**September 30, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Investments	\$ 706,407	\$ 410,976
Sales tax receivables	108,710	95,030
Total assets	815,117	506,006
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	32,126	-
Deferred outflows related to OPEB death benefit	1,568	-
Deferred outflows related to OPEB health benefit	3,200	-
Total deferred outflows	36,894	-
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	9,956	9,896
Accrued liabilities	5,096	6,724
Due to primary government	20,768	8,477
Compensated absences	855	3,359
Total current liabilities	36,675	28,456
Noncurrent liabilities:		
Compensated absences	3,421	13,435
Net pension liability	56,943	-
OPEB death benefit	6,109	-
OPEB health benefit	69,539	-
Total noncurrent liabilities	136,012	13,435
Total liabilities	172,687	41,891
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pension	13,124	-
Deferred inflows related to OPEB death benefit	813	-
Deferred inflows related to OPEB health benefit	454	-
Total deferred inflows of resources	14,391	-
<b>NET POSITION</b>		
Restricted for:		
Economic development	664,933	464,115
Total net position	\$ 664,933	\$ 464,115

**CITY OF CIBOLO, TEXAS**

**COMPARATIVE SCHEDULE OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNIT  
CIBOLO ECONOMIC DEVELOPMENT CORPORATION**

**For the years ended September 30, 2020 and 2019**

	2020	2019
REVENUES		
Sales taxes	\$ 657,290	\$ 537,613
Interest revenues	4,806	10,939
Revenue from primary government	119,200	119,120
Miscellaneous	508	-
Total revenues	781,804	667,672
EXPENDITURES		
Economic development	457,686	541,617
Transfer to primary government in support of debt	123,300	125,550
Total expenditures	580,986	667,167
Net change in net position	200,818	505
Net position, beginning	464,115	463,610
Net position, ending	\$ 664,933	\$ 464,115

**CITY OF CIBOLO, TEXAS**

**COMPARATIVE BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT  
CIBOLO ECONOMIC DEVELOPMENT CORPORATION**

**September 30, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Investments	\$ 706,407	\$ 410,976
Sales tax receivables	108,710	95,030
 Total assets	 815,117	 506,006
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	32,126	-
Deferred outflows related to OPEB death benefit	1,568	-
Deferred outflows related to OPEB health benefit	3,200	-
Total deferred outflows	36,894	-
 <b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	9,956	9,896
Accrued liabilities	5,096	6,724
Due to primary government	20,768	8,477
Compensated absences	855	3,359
Total current liabilities	36,675	28,456
 <b>Noncurrent liabilities:</b>		
Compensated absences	3,421	13,435
Net pension liability	56,943	-
OPEB death benefit	6,109	-
OPEB health benefit	69,539	-
Total noncurrent liabilities	136,012	13,435
 Total liabilities	 172,687	 41,891
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pension	13,124	-
Deferred inflows related to OPEB death benefit	813	-
Deferred inflows related to OPEB health benefit	454	-
Total deferred inflows of resources	14,391	-
 <b>NET POSITION</b>		
<b>Restricted for:</b>		
Economic development	664,933	464,115
 Total net position	 \$ 664,933	 \$ 464,115

**CITY OF CIBOLO, TEXAS**

**COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
DISCRETELY PRESENTED COMPONENT UNIT  
CIBOLO ECONOMIC DEVELOPMENT CORPORATION**

**For the years ended September 30, 2020 and 2019**

	2020	2019
<b>REVENUES</b>		
Sales taxes	657,290	\$ 537,613
Investment earnings	4,806	10,939
Revenue from primary government	119,200	119,120
Miscellaneous	508	-
Total revenues	781,804	667,672
<b>EXPENDITURES</b>		
Economic development	483,416	668,374
Total expenditures	483,416	668,374
Net change in fund balance	298,388	(702)
Fund balance, beginning	480,909	481,611
Fund balance, ending	\$ 779,297	\$ 480,909
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 298,388</b>	<b>\$ (702)</b>
<p>Amounts reported in the statement of activities are different because:</p> <p>Governmental funds report required contributions to employee pensions as expenditures. However, in the statement of activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that pension expense exceeded the actuarially determined contributions.</p>		
	(37,941)	-
<p>Governmental funds report contributions to OPEB as expenditures. However, in the statement of activities the cost of the expense is recorded based on the actuarially determined cost of the plan. This is the amount that actuarially determined OPEB expense exceeded contributions.</p>		
	(72,147)	-
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.</p>		
Compensated absences	12,518	1,207
Change in net position	\$ 200,818	\$ 505



## **STATISTICAL SECTION**



# CITY OF CIBOLO, TEXAS

## STATISTICAL SECTION

This part of the City of Cibolo, Texas comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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- Total Water and Sewer Consumption and Rates
- Principal Water and Sewer Consumers
- Assessed Value and Estimated Actual Value of Taxable Property
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These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property and sales tax.

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- Operating Indicators by Function/Program
- Capital Asset Statistics by Function/Program

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs

**CITY OF CIBOLO, TEXAS**

**NET POSITION, BY COMPONENT  
LAST TEN FISCAL YEARS**

	<u>2011*</u>	<u>2012*</u>	<u>2013*</u>	<u>2014*</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 11,394,731	\$ 12,505,601	\$ 12,943,557	\$ 12,647,240
Restricted	2,646,191	1,659,707	2,090,014	2,293,663
Unrestricted	<u>3,479,110</u>	<u>4,026,760</u>	<u>4,625,113</u>	<u>5,432,793</u>
 TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	 <u>\$ 17,520,032</u>	 <u>\$ 18,192,068</u>	 <u>\$ 19,658,684</u>	 <u>\$ 20,373,696</u>
 <b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ 9,303,769	\$ 12,527,731	\$ 14,350,403	\$ 16,695,634
Restricted	2,339,100	2,826,828	3,845,778	4,375,183
Unrestricted	<u>5,622,842</u>	<u>4,618,154</u>	<u>3,287,954</u>	<u>2,743,386</u>
 TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	 <u>\$ 17,265,711</u>	 <u>\$ 19,972,713</u>	 <u>\$ 21,484,135</u>	 <u>\$ 23,814,203</u>
 <b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 20,698,500	\$ 25,033,332	\$ 27,293,960	\$ 29,342,874
Restricted	4,985,291	4,486,535	5,935,792	6,668,846
Unrestricted	<u>9,101,952</u>	<u>8,644,914</u>	<u>7,913,067</u>	<u>8,176,179</u>
 TOTAL PRIMARY GOVERNMENT NET POSITION	 <u>\$ 34,785,743</u>	 <u>\$ 38,164,781</u>	 <u>\$ 41,142,819</u>	 <u>\$ 44,187,899</u>

\* Prior periods have not been restated for the adoption of GASB Statement No. 68. Fiscal years 2010-2017 have also not been restated for the adoption of GASB Statement No. 68 (see note 1).

TABLE 1

<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 13,412,650	\$ 14,017,679	\$ 18,302,317	\$ 20,952,911	\$ 25,512,455	\$ 27,468,175
2,357,819	3,094,888	3,103,980	3,589,320	3,967,197	5,187,133
<u>5,903,552</u>	<u>5,879,704</u>	<u>4,977,152</u>	<u>3,619,416</u>	<u>2,343,334</u>	<u>3,413,602</u>
<u>\$ 21,674,021</u>	<u>\$ 22,992,271</u>	<u>\$ 26,383,449</u>	<u>\$ 28,161,647</u>	<u>\$ 31,822,986</u>	<u>\$ 36,068,910</u>
\$ 18,189,574	\$ 20,765,497	\$ 231,008,516	\$ 23,397,977	\$ 29,594,470	\$ 34,560,936
4,751,655	3,894,311	4,285,030	5,004,741	5,917,470	9,015,665
<u>3,018,896</u>	<u>2,685,575</u>	<u>2,498,633</u>	<u>3,371,168</u>	<u>3,164,155</u>	<u>2,649,045</u>
<u>\$ 25,960,125</u>	<u>\$ 27,345,383</u>	<u>\$ 237,792,179</u>	<u>\$ 31,773,886</u>	<u>\$ 38,676,095</u>	<u>\$ 46,225,646</u>
\$ 31,602,224	\$ 34,783,176	\$ 249,310,833	\$ 44,350,888	\$ 55,106,925	\$ 62,029,111
7,109,474	6,989,199	7,389,010	8,594,061	9,884,667	14,202,798
<u>8,922,448</u>	<u>8,565,279</u>	<u>7,475,785</u>	<u>6,990,584</u>	<u>5,507,489</u>	<u>6,062,647</u>
<u>\$ 47,634,146</u>	<u>\$ 50,337,654</u>	<u>\$ 264,175,628</u>	<u>\$ 59,935,533</u>	<u>\$ 70,499,081</u>	<u>\$ 82,294,556</u>

**CITY OF CIBOLO, TEXAS**

**CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS**

	2011*	2012*	2013*	2014*
<b>EXPENSES</b>				
Governmental Activities				
General Government	\$ 1,194,232	\$ 940,716	\$ 1,035,640	\$ 1,032,591
Law Enforcement and Municipal Court	2,164,651	2,453,387	2,768,504	3,113,876
Planning and Engineering	643,292	670,872	736,643	948,076
Public Works	1,917,432	1,865,501	2,113,172	2,043,744
Parks and Recreation	583,388	535,928	651,418	628,968
Animal Control	92,271	102,581	103,804	136,731
Economic Development	101,299	103,013	-	-
Fire	1,126,990	1,273,984	1,539,629	1,753,480
Finance	283,494	279,883	298,842	311,373
Information Technology	-	-	87,256	163,671
Capital Outlay	-	-	-	-
Interest on Long-Term Debt	995,216	1,108,522	1,164,936	1,345,248
Total Governmental Activities Expenses	<u>9,102,265</u>	<u>9,334,387</u>	<u>10,499,844</u>	<u>11,477,758</u>
Business-Type Activities				
Water, Sewer, and Drainage	6,743,329	6,837,749	7,381,583	8,451,400
Interest on Long-Term Debt	223,115	211,809	504,590	358,347
Total Business-Type Activities Expenses	<u>6,966,444</u>	<u>7,049,558</u>	<u>7,886,173</u>	<u>8,809,747</u>
Total Primary Government Expenses	<u>16,068,709</u>	<u>16,383,945</u>	<u>18,386,017</u>	<u>20,287,505</u>
<b>PROGRAM REVENUES</b>				
Governmental Activities				
Charges for Service:				
General Government	184,274	-	-	-
Law Enforcement and Municipal Court	199,257	271,612	461,980	421,942
Planning and Engineering	1,624,562	1,779,731	2,230,483	2,726,258
Public Works	139,504	431,989	575,389	318,224
Parks and Recreation	145,910	32,937	34,158	64,203
Animal Control	-	16,226	13,207	11,531
Fire	-	-	-	29,231
Operating Grants and Contributions	85,679	622,933	294,482	2,608
Capital Grants and Contributions	2,008,349	441,762	361,775	569,036
Total Governmental Activities Program Revenues	<u>4,387,535</u>	<u>3,597,190</u>	<u>3,971,474</u>	<u>4,143,033</u>
Business-Type Activities				
Charges for Service:				
WaterxSewer, and Drainage	8,472,130	8,618,161	9,220,439	9,409,282
Capital Grants and Contributions	2,131,310	362,758	238,764	849,431
Total Business-Type Activities Program Revenues	<u>10,603,440</u>	<u>8,980,919</u>	<u>9,459,203</u>	<u>10,258,713</u>
Total Primary Government Program Revenues	<u>14,990,975</u>	<u>12,578,109</u>	<u>13,430,677</u>	<u>14,401,746</u>

\* Prior periods have not been restated for the adoption of GASB Statement No. 68. Fiscal years 2010-2017 have also not been restated for the adoption of GASB Statement No. 68 (see note 1).

TABLE 2

	2015*	2016*	2017*	2018	2019	2020
\$	1,005,608	\$ 1,151,136	\$ 1,322,866	\$ 1,438,436	\$ 1,797,311	\$ 2,009,214
	3,382,526	3,742,330	4,086,482	4,033,050	4,488,322	4,563,579
	957,564	984,944	881,121	1,061,976	978,359	954,337
	2,107,534	2,292,490	2,432,913	2,771,347	3,625,301	3,343,924
	613,489	736,130	774,753	1,154,736	1,574,101	1,687,815
	129,025	175,037	221,364	227,919	223,468	258,941
	-	-	-	-	-	-
	1,904,504	1,983,541	2,168,397	2,530,941	2,887,686	3,081,114
	339,822	365,319	390,026	425,972	459,423	529,332
	175,792	216,050	245,202	460,712	514,524	507,297
	-	-	-	-	-	-
	<u>1,450,727</u>	<u>1,399,334</u>	<u>1,450,836</u>	<u>1,225,930</u>	<u>1,568,835</u>	<u>1,536,289</u>
	<u>12,066,591</u>	<u>13,046,311</u>	<u>13,973,960</u>	<u>15,331,019</u>	<u>18,117,330</u>	<u>18,471,842</u>
	8,944,967	9,887,946	10,070,732	10,747,263	11,377,596	12,374,971
	<u>355,783</u>	<u>301,108</u>	<u>288,794</u>	<u>267,348</u>	<u>649,556</u>	<u>-</u>
	<u>9,300,750</u>	<u>10,189,054</u>	<u>10,359,526</u>	<u>11,014,611</u>	<u>12,027,152</u>	<u>12,374,971</u>
	<u>21,367,341</u>	<u>23,235,365</u>	<u>24,333,486</u>	<u>26,345,630</u>	<u>30,144,482</u>	<u>30,846,813</u>
	-	-	-	-	-	-
	473,721	380,504	507,047	465,031	607,864	562,318
	2,261,883	2,392,186	2,168,698	2,222,579	2,795,351	1,877,007
	355,993	204,780	309,720	182,747	258,235	566,513
	298,193	257,196	319,434	250,126	252,161	128,840
	18,619	18,987	25,415	22,356	20,024	17,448
	29,231	31,423	29,231	30,108	30,108	30,108
	45,261	32,002	20,115	281,565	260,732	928,556
	<u>1,126,540</u>	<u>421,121</u>	<u>2,137,311</u>	<u>748,671</u>	<u>4,416,848</u>	<u>2,021,684</u>
	<u>4,609,441</u>	<u>3,738,199</u>	<u>5,516,971</u>	<u>4,203,183</u>	<u>8,641,323</u>	<u>6,132,474</u>
	10,360,042	11,161,668	12,129,146	12,324,913	14,190,388	14,299,333
	<u>497,866</u>	<u>276,509</u>	<u>622,688</u>	<u>588,414</u>	<u>4,885,871</u>	<u>5,279,686</u>
	<u>10,857,908</u>	<u>11,438,177</u>	<u>12,751,834</u>	<u>12,913,327</u>	<u>19,076,259</u>	<u>19,579,019</u>
	<u>15,467,349</u>	<u>15,176,376</u>	<u>18,268,805</u>	<u>17,116,510</u>	<u>27,717,582</u>	<u>25,711,493</u>

**CITY OF CIBOLO, TEXAS**

**CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS**

	2011*	2012*	2013*	2014*
Net (Expense) Revenues				
Governmental Activities	\$ (4,714,730)	\$ (5,737,197)	\$ (6,528,370)	\$ (7,334,725)
Business-Type Activities	<u>3,636,996</u>	<u>1,931,361</u>	<u>1,573,030</u>	<u>1,448,966</u>
Total Primary Government Net Expenses	<u>(1,077,734)</u>	<u>(3,805,836)</u>	<u>(4,955,340)</u>	<u>(5,885,759)</u>
 GOVERNMENTAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental Activities				
Taxes				
Ad Valorem	4,978,614	5,410,039	6,059,839	6,701,205
Sales	679,651	794,950	1,010,623	1,072,230
Franchise Fees	662,030	692,803	691,404	974,741
Interest and Investment Earnings	29,135	22,874	41,774	44,618
Gain (Loss) on Sale of Capital Assets	6,319	18,125	966	875
Legal Judgement	-	112,500	-	-
Miscellaneous	190,324	125,827	91,601	83,782
Transfers	<u>(559,371)</u>	<u>(767,885)</u>	<u>98,779</u>	<u>(842,343)</u>
Total Governmental Activities	<u>5,986,702</u>	<u>6,409,233</u>	<u>7,994,986</u>	<u>8,035,108</u>
Business-Type Activities				
Investment Earnings	6,525	6,041	28,591	36,250
Gain on Sale of Capital Assets	-	-	1,737	2,509
Miscellaneous	-	1,715	6,843	-
Transfers	<u>559,371</u>	<u>767,885</u>	<u>(98,779)</u>	<u>842,343</u>
Total Business-Type Activities	<u>565,896</u>	<u>775,641</u>	<u>(61,608)</u>	<u>881,102</u>
Total Primary Government	<u>6,552,598</u>	<u>7,184,874</u>	<u>7,933,378</u>	<u>8,916,210</u>
 CHANGES IN NET POSITION				
Governmental Activities	1,271,972	672,036	1,466,616	700,383
Business-Type Activities	<u>4,202,892</u>	<u>2,707,002</u>	<u>1,511,422</u>	<u>2,330,068</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 5,474,864</u>	<u>\$ 3,379,038</u>	<u>\$ 2,978,038</u>	<u>\$ 3,030,451</u>

\* Prior periods have not been restated for the adoption of GASB Statement No. 68. Fiscal years 2010-2017 have also not been restated for the adoption of GASB Statement No. 68 (see note 1).



**TABLE 2**  
(Continued)

2015*	2016*	2017*	2018	2019	2020
\$ (7,457,150)	\$ (9,308,112)	\$ (8,269,989)	\$ (11,127,836)	\$ (9,476,007)	\$ (12,339,368)
<u>1,557,158</u>	<u>1,249,123</u>	<u>2,392,308</u>	<u>1,898,716</u>	<u>7,049,107</u>	<u>7,204,048</u>
<u>(5,899,992)</u>	<u>(8,058,989)</u>	<u>(5,877,681)</u>	<u>(9,229,120)</u>	<u>(2,426,900)</u>	<u>(5,135,320)</u>
7,396,959	7,841,537	8,466,785	8,883,289	9,933,673	11,263,485
1,212,798	1,609,453	1,941,632	2,472,260	2,717,645	3,312,720
870,923	951,269	912,443	872,398	865,082	1,368,481
91,047	196,395	331,713	516,277	742,358	492,350
83,616	30,907	3,903	14,926	959	97,267
-	-	-	-	-	-
19,681	28,897	41,844	52,937	161,948	220,888
<u>(286,226)</u>	<u>(32,096)</u>	<u>(37,153)</u>	<u>198,181</u>	<u>220,923</u>	<u>(169,899)</u>
<u>9,388,798</u>	<u>10,626,362</u>	<u>11,661,167</u>	<u>13,010,268</u>	<u>14,642,588</u>	<u>16,585,292</u>
56,646	95,434	108,136	180,642	278,461	148,842
338,233	958	3,853	7,357	824	10,821
10,564	7,647	5,346	8,927	-	15,941
<u>286,226</u>	<u>32,096</u>	<u>37,153</u>	<u>(198,181)</u>	<u>(220,923)</u>	<u>169,899</u>
<u>691,669</u>	<u>136,135</u>	<u>154,488</u>	<u>(1,255)</u>	<u>58,362</u>	<u>345,503</u>
<u>10,080,467</u>	<u>10,762,497</u>	<u>11,815,655</u>	<u>13,009,013</u>	<u>14,700,950</u>	<u>16,930,795</u>
1,931,648	1,318,250	3,391,178	1,882,432	5,166,581	4,245,924
<u>2,248,827</u>	<u>1,385,258</u>	<u>2,546,796</u>	<u>1,897,461</u>	<u>7,107,469</u>	<u>7,549,551</u>
<u>\$ 4,180,475</u>	<u>\$ 2,703,508</u>	<u>\$ 5,937,974</u>	<u>\$ 3,779,893</u>	<u>\$ 12,274,050</u>	<u>\$ 11,795,475</u>

**CITY OF CIBOLO, TEXAS**

**FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Nonspendable Fund Balance:				
Inventory and Prepaid Items	\$ 11,718	\$ 34,703	\$ 39,599	\$ 19,973
Restricted Fund Balance:				
Impact Fees	2,136,399	803,937	879,806	1,088,038
Capital Improvement	233,039	273,097	468,149	558,916
PEG Capital Fees	-	49,991	104,363	161,181
Capital Projects	9,280,218	9,059,500	17,310,754	18,527,831
Debt Service	200,495	198,747	390,740	387,800
Special Events	-	7,990	8,940	14,629
Street Maintenance	76,258	231,389	139,090	257,556
Tree Project	-	-	1,400	1,400
Police Special	-	57,684	64,428	55,455
Court Special	-	36,872	33,098	32,419
Community Garden	-	-	-	-
Youth Council	-	-	-	-
Other	-	-	-	-
Total Restricted Fund Balance	<u>11,926,409</u>	<u>10,719,207</u>	<u>19,400,768</u>	<u>21,085,225</u>
Committed Fund Balance:				
Capital Replacement	157,471	94,454	89,685	89,715
Special Projects	-	-	-	-
Total Committed Fund Balance	<u>157,471</u>	<u>94,454</u>	<u>89,685</u>	<u>89,715</u>
Unassigned Fund Balance	<u>3,519,621</u>	<u>4,323,998</u>	<u>4,839,719</u>	<u>5,389,823</u>
Total Governmental Funds	<u>\$ 15,615,219</u>	<u>\$ 15,172,362</u>	<u>\$ 24,369,771</u>	<u>\$ 26,584,736</u>

TABLE 3

2015	2016	2017	2018	2019	2020
\$ 20,299	\$ 19,759	\$ 35,099	\$ 36,976	\$ 22,604	\$ 17,832
801,785	941,946	1,105,379	1,056,709	1,150,151	1,652,276
567,348	721,192	568,422	541,503	714,926	690,656
224,200	282,455	283,278	333,175	384,648	435,641
21,745,373	24,605,223	17,728,296	15,979,119	26,125,790	23,942,781
399,717	408,535	419,886	548,240	687,989	837,519
5,923	4,016	-	-	-	-
470,401	825,115	838,258	1,136,323	919,974	1,425,210
1,400	1,400	1,400	1,400	1,400	1,400
71,341	82,361	101,638	115,590	72,305	108,757
36,291	33,200	35,832	35,144	30,804	30,289
-	1,805	-	-	-	-
-	5,000	5,000	5,000	5,000	5,000
-	-	-	-	-	385
<u>24,323,779</u>	<u>27,912,248</u>	<u>21,087,389</u>	<u>19,752,203</u>	<u>30,092,987</u>	<u>29,129,914</u>
87,733	81,978	82,859	63,371	119,757	95,240
-	-	-	-	-	90,144
<u>87,733</u>	<u>81,978</u>	<u>82,859</u>	<u>63,371</u>	<u>119,757</u>	<u>185,384</u>
<u>5,642,869</u>	<u>5,765,351</u>	<u>5,312,127</u>	<u>4,901,406</u>	<u>5,812,547</u>	<u>7,115,116</u>
<u>\$ 30,074,680</u>	<u>\$ 33,779,336</u>	<u>\$ 26,517,474</u>	<u>\$ 24,753,956</u>	<u>\$ 36,047,895</u>	<u>\$ 36,448,246</u>

**CITY OF CIBOLO, TEXAS**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

	2011	2012	2013	2014
<b>REVENUES</b>				
Taxes	\$ 6,287,774	\$ 6,921,688	\$ 7,731,520	\$ 8,784,593
Permits and Fees	1,554,475	1,779,731	2,287,228	2,710,837
Service Fees	25,886	377,058	407,709	215,244
Fines and Fees	515,904	773,629	620,280	597,215
Grants	85,679	77,138	194,558	-
Other Revenue	438,147	409,073	233,300	219,702
<b>Total Revenues</b>	<u>8,907,865</u>	<u>10,338,317</u>	<u>11,474,595</u>	<u>12,527,591</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,143,342	883,644	943,064	1,088,564
Law Enforcement and Municipal Court	2,022,833	2,279,601	2,597,412	2,919,612
Planning and Engineering Services	629,500	672,802	722,156	856,039
Public Works	727,916	729,458	934,730	833,519
Parks and Recreation	434,186	389,464	450,716	454,553
Animal Control	87,557	101,984	103,607	133,115
Economic Development	98,667	101,424	-	-
Fire	1,045,521	1,150,082	1,405,512	1,619,360
Finance	288,742	276,702	297,877	301,603
Information Technology	-	-	83,689	161,425
Capital Outlay	3,880,415	1,336,969	1,221,393	1,445,302
Debt Service:				
Principal	1,000,000	1,145,000	1,160,000	1,310,000
Interest and Fiscal Charges	872,071	1,104,522	1,173,141	1,298,852
Bond Issue Costs	185,101	-	-	57,100
<b>Total Expenditures</b>	<u>12,415,851</u>	<u>10,171,652</u>	<u>11,093,297</u>	<u>12,479,044</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,507,986)</u>	<u>166,665</u>	<u>381,298</u>	<u>48,547</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Assets	6,319	36,363	966	875
Issuance of Debt	9,570,000	-	9,965,000	2,947,309
Payment to Escrow Agent	(891,669)	-	(1,505,299)	-
Premium on Issuance of Debt	154,509	-	256,665	60,578
Gain on Judgement	-	122,000	-	-
Transfers In (Out)	(559,371)	(138,142)	98,779	(842,343)
<b>Total Other Financing Sources (Uses)</b>	<u>8,279,788</u>	<u>20,221</u>	<u>8,816,111</u>	<u>2,166,419</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 4,771,802</u>	<u>\$ 186,886</u>	<u>\$ 9,197,409</u>	<u>\$ 2,214,966</u>
 Debt Service as a Percentage of Noncapital Expenditures	 21.9%	 25.5%	 23.6%	 23.6%

TABLE 4

	2015	2016	2017	2018	2019	2020
\$	9,470,957	\$ 10,396,209	\$ 11,309,556	\$ 12,215,004	\$ 13,585,681	\$ 15,925,746
	2,470,278	2,509,221	2,371,083	2,387,219	2,733,750	1,959,807
	229,550	247,177	837,128	318,774	402,112	478,091
	667,549	418,259	573,382	399,219	481,387	195,571
	15,733	3,150	78,396	188,480	170,327	794,214
	<u>247,825</u>	<u>472,823</u>	<u>655,626</u>	<u>843,017</u>	<u>1,280,062</u>	<u>1,396,345</u>
	<u>13,101,892</u>	<u>14,046,839</u>	<u>15,825,171</u>	<u>16,351,713</u>	<u>18,653,319</u>	<u>20,749,774</u>
	1,039,294	1,169,611	1,347,537	1,431,830	1,593,810	1,827,835
	3,125,332	3,442,872	3,752,603	3,725,670	4,016,342	4,111,469
	815,013	825,911	744,796	917,247	910,289	920,199
	808,516	925,868	1,296,570	1,193,808	1,799,790	1,201,215
	486,376	588,483	684,373	817,987	811,820	855,075
	124,100	166,650	211,108	214,538	205,172	247,173
	-	-	-	-	-	-
	1,749,342	1,802,171	1,993,486	2,237,953	2,428,151	2,640,685
	339,958	361,287	383,438	423,688	444,329	519,786
	181,452	218,367	236,315	454,461	500,166	500,209
	2,107,855	1,062,357	11,403,717	6,577,292	6,732,336	3,243,118
	5,738,326	1,861,718	2,182,422	2,654,158	2,888,871	3,243,290
	1,591,136	1,396,801	1,455,754	1,555,142	1,295,881	1,601,157
	<u>145,619</u>	<u>103,345</u>	<u>36,600</u>	<u>167,843</u>	<u>251,133</u>	<u>88,529</u>
	<u>18,252,319</u>	<u>13,925,441</u>	<u>25,728,719</u>	<u>22,371,617</u>	<u>23,878,090</u>	<u>20,999,740</u>
	<u>(5,150,427)</u>	<u>121,398</u>	<u>(9,903,548)</u>	<u>(6,019,904)</u>	<u>(5,224,771)</u>	<u>(249,966)</u>
	124,345	12,009	3,903	15,522	959	97,267
	8,064,827	3,455,000	2,674,936	11,815,000	14,185,000	5,000,000
	-	-	-	-	-	(5,288,313)
	737,425	148,345	-	102,683	2,110,948	1,011,262
	-	-	-	-	-	-
	<u>(286,226)</u>	<u>(32,096)</u>	<u>(37,153)</u>	<u>198,181</u>	<u>220,923</u>	<u>(169,899)</u>
	<u>8,640,371</u>	<u>3,583,258</u>	<u>2,641,686</u>	<u>12,131,386</u>	<u>16,517,830</u>	<u>650,317</u>
\$	<u>3,489,944</u>	<u>\$ 3,704,656</u>	<u>\$ (7,261,862)</u>	<u>\$ 6,111,482</u>	<u>\$ 11,293,059</u>	<u>\$ 400,351</u>
	45.4%	25.3%	25.4%	26.7%	24.4%	27.3%

**CITY OF CIBOLO, TEXAS**

**TAX REVENUE BY SOURCE – GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

TABLE 5

<u>FISCAL YEAR</u>	<u>PROPERTY TAX</u>	<u>SALES AND USE TAX</u>	<u>FRANCHISE TAX</u>	<u>TOTAL</u>
2020	\$ 11,244,545	\$ 3,312,720	\$ 1,368,481	\$ 15,925,746
2019	9,942,691	2,717,645	865,082	13,585,681
2018	8,870,346	2,472,260	819,425	12,162,031
2017	8,455,482	1,941,632	858,953	11,256,067
2016	7,835,488	1,609,453	901,686	10,346,627
2015	7,387,236	1,212,798	828,114	9,428,148
2014	6,737,621	1,072,231	736,721	8,546,573
2013	6,029,493	1,010,623	691,404	7,731,520
2012	5,433,935	794,950	692,803	6,921,688
2011	4,942,539	683,205	662,030	6,287,774

**CITY OF CIBOLO, TEXAS**

**TOTAL WATER AND SEWER CONSUMPTION AND RATES  
LAST TEN FISCAL YEARS**

TABLE 6

<u>Fiscal Year Ended September 30,</u>	<u>Total Water Consumption (in Gallons)</u>	<u>Water and Sewer Base Rate - Residential</u>	<u>Water and Sewer Initial Rate Per Tgal - Residential</u>	<u>Water and Sewer Base Rate - Commercial</u>	<u>Water and Sewer Initial Rate Per Tgal - Commercial</u>
2020	\$ 557,869,607	\$ 41.50	\$ 10.45	based on meters size	\$ 10.45
2019	486,107,441	41.50	10.45	based on meters size	10.45
2018	469,967,757	41.25	10.35	based on meters size	10.35
2017	463,445,463	41.25	9.80	49.75	10.50
2016	458,886,300	40.50	9.60	48.75	10.30
2015	450,615,000	36.00	8.74	46.00	9.92
2014	470,864,998	36.00	8.74	46.00	9.92
2013	483,373,702	36.00	8.74	46.00	9.92
2012	515,859,100	36.00	8.74	46.00	9.92
2011	547,422,700	34.00	8.13	44.00	9.20

**CITY OF CIBOLO, TEXAS**

**PRINCIPAL WATER AND SEWER CONSUMERS  
CURRENT YEAR AND NINE YEARS AGO**

TABLE 7

Consumers	2020			2011		
	Total Water Consumption (in Gallons)	Rank	Percentage of Total City Water Consumption	Total Water Consumption (in Gallons)	Rank	Percentage of Total City Water Consumption
Liberty Oilfield Services	15,049,500	1	2.70%			
SCUCISD	10,369,900	2	1.86%	94,884,700	1	17.33%
City of Cibolo	7,240,000	3	1.30%	20,253,000	2	3.70%
Ripps Kreusler Irrigation	5,374,800	4	0.96%			
Blue Wave Car Wash	5,188,400	5	0.93%			
Bee Clean Carwash	5,161,200	6	0.93%			
D R Horton	4,957,000	7	0.89%			
DNT Construction	4,767,100	8	0.85%			
El Sereno	3,051,600	9	0.55%			
WalMart	2,873,700	10	0.52%			
Continental Homes				4,552,300	3	0.83%
Bentwood Ranch HOA				2,898,400	4	0.53%
Ryland Homes				2,654,900	5	0.48%
Buell's				2,570,200	6	0.47%
Brazos Valley Construction				1,529,600	7	0.28%
Signature Plating				1,477,000	8	0.27%
Jungle Laboratories				1,174,100	9	0.21%
Falcon Ridge HOA				996,100	10	0.18%



**CITY OF CIBOLO, TEXAS**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

TABLE 8

<u>Fiscal Year Ended September 30,</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2020	\$ 2,328,871,959	0.4935
2019	2,199,975,854	0.4474
2018	2,047,409,476	0.4474
2017	1,949,275,252	0.4474
2016	1,800,977,238	0.4454
2015	1,687,064,551	0.4454
2014	1,529,261,589	0.4454
2013	1,428,355,068	0.4327
2012	1,288,030,747	0.4256
2011	1,212,866,771	0.4139

Source: Guadalupe County Appraisal District

Notes: Property in the City of Cibolo is reassessed every year at estimated actual value. For this reason, assessed value is equal to estimated actual value. Tax rates are per \$100 of assessed value. Total taxable assessed value is before any applicable freeze adjustments.

**CITY OF CIBOLO, TEXAS**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

TABLE 9

Fiscal Year	City Direct Rates			Overlapping Rates	
	Basic Rate	Debt Service	Total	Schertz - Cibolo - Universal City ISD	Guadalupe County
2020	0.2996	0.19390	0.4935	1.4200	0.3819
2019	0.2878	0.17960	0.4674	1.4900	0.3819
2018	0.2726	0.17480	0.4474	1.4900	0.3799
2017	0.2653	0.18210	0.4474	1.4700	0.3851
2016	0.2681	0.17730	0.4454	1.4900	0.3311
2015	0.2745	0.17090	0.4454	1.4900	0.3999
2014	0.2759	0.16950	0.4454	1.4900	0.4036
2013	0.2688	0.16390	0.4327	1.4600	0.4036
2012	0.2585	0.16710	0.4256	1.4350	0.3999
2011	0.2545	0.15940	0.4139	1.4350	0.3999

Source: Guadalupe County Tax Office

Note: Overlapping rates are those of local and county governments that apply within the City of Cibolo.

**CITY OF CIBOLO, TEXAS**

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

TABLE 10

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
LIBERTY OILFIELD SERVICES	\$ 34,321,211	1	1.47%			
SANTIKOS CIBOLO THEATER REALTY	13,995,222	2	0.60%			
INDEPENDENT ROUGH TERRAIN CENTER	11,270,712	3	0.48%			
WAL-MART REAL ESTATE BUSINESS TRUST	9,600,000	4	0.41%			
WALMART STORES TEXAS LLC	9,435,683	5	0.41%			
FLORIN CAPITAL BSD-8 LP	9,004,620	6	0.39%			
GUADALUPE VALLEY ELECTRIC CO-OP	8,001,018	7	0.34%	3,405,640	6	0.28%
BABCOCK ROAD 165 LTD	5,600,555	8	0.24%			
CIBOLO REAL ESTATE HOLDINGS LLC	5,588,307	9	0.24%			
LOS CIBOLO RE INVESTMENTS LLC	5,389,800	10	0.23%			
KALMAR RT CENTER LLC				8,983,720	1	0.74%
KALMAR RT CENTER LLC				7,584,358	2	0.63%
COMPASS BANK				5,312,524	3	0.44%
JUNGLE LABORATORIES CORP				4,164,478	4	0.34%
ROBLES DEMOLITION				3,459,416	5	0.29%
NORTH AMERICAN BULLETPROOF INC				2,183,127	7	0.18%
TRIPLE S DYNAMICS, INC				1,916,269	8	0.16%
WOLVERINE ENTERPRISES LTD				1,717,363	9	0.14%
AGE INDUSTRIES	-		-	1,504,082	10	0.12%
Total	<u>\$ 112,207,128</u>		<u>4.81%</u>	<u>\$ 40,230,977</u>		

Source: Guadalupe County Appraisal District

**CITY OF CIBOLO, TEXAS**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

TABLE 11

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected Within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections To Date	
		Amount	% of Levy		Amount	% of Levy
2020	\$ 10,846,919	\$ 10,790,805	99.48%	\$ -	\$ 10,790,805	99.48%
2019	9,846,856	9,793,142	99.45%	35,454	9,828,596	99.81%
2018	8,792,711	8,751,227	99.53%	27,500	8,778,727	99.84%
2017	8,215,446	8,178,806	99.55%	30,471	8,209,277	99.92%
2016	7,813,886	7,782,605	99.60%	26,639	7,809,244	99.94%
2015	7,386,249	7,354,232	99.57%	28,083	7,382,315	99.95%
2014	6,648,113	6,606,247	99.37%	38,967	6,645,214	99.96%
2013	6,025,204	5,966,742	99.03%	56,728	6,023,470	99.97%
2012	5,392,662	5,367,232	99.53%	22,597	5,389,829	99.95%
2011	4,924,577	4,893,457	99.37%	28,017	4,921,474	99.94%

Source: Guadalupe County Tax Office

**CITY OF CIBOLO, TEXAS**

**TAXABLE ASSESSED VALUE  
LAST TEN FISCAL YEARS**

TABLE 12

<u>Fiscal Year Ended September 30,</u>	<u>Taxable Value January 1,</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Tax-Exempt Property</u>	<u>Other Property</u>	<u>Total Taxable Assessed Value*</u>	<u>Total Direct Tax Rate</u>
2020	2019	\$ 2,391,987,324	\$ 177,191,534	\$ (604,549,142)	\$ 364,242,243	\$ 2,328,871,959	0.4935
2019	2018	2,232,474,629	215,447,640	(546,789,903)	298,843,488	2,199,975,854	0.4674
2018	2017	2,065,833,194	170,856,737	(360,979,388)	171,698,933	2,047,409,476	0.4474
2017	2016	1,898,749,628	190,596,308	(268,698,676)	128,627,992	1,949,275,252	0.4474
2016	2015	1,699,908,610	206,871,658	(213,194,628)	107,391,598	1,800,977,238	0.4454
2015	2014	1,496,870,962	231,331,658	(175,034,116)	100,455,776	1,687,064,551	0.4454
2014	2013	1,373,819,236	205,346,897	(149,792,893)	99,888,349	1,529,261,589	0.4454
2013	2012	1,302,276,711	159,922,830	(134,453,134)	100,608,661	1,428,355,068	0.4454
2012	2011	1,230,104,615	82,409,561	(127,786,620)	103,303,191	1,288,030,747	0.4327
2011	2010	1,153,466,284	77,307,748	(113,161,939)	95,254,678	1,212,866,771	0.4256

\*Taxable Assessed Value is before any applicable freeze adjustments.

Source: Guadalupe County Appraisal District

**CITY OF CIBOLO, TEXAS**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Notes Payable	Capital Lease
2020	\$ 46,376,818	\$ 6,737,893	\$ -	\$ -	\$ 1,123,201
2019	49,336,367	6,876,729	-	-	759,421
2018	41,131,163	1,900,000	-	-	630,490
2017	39,575,775	200,000	-	-	809,671
2016	41,693,081	100,000	-	-	212,092
2015	39,887,041	200,000	-	-	288,810
2014	37,042,032	300,000	-	-	72,309
2013	35,359,115	400,000	-	-	-
2012	26,187,106	1,970,000	-	-	-
2011	26,980,000	2,105,000	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. See Table 8 for the City's property tax value data. City population data can be found in Table 18.

TABLE 13

Business-Type Activities				Total Primary Government	Percent of Gross Income	Per Capita*
Revenue Bonds	General Obligation Bonds	Tax Notes	Capital Lease			
\$ 7,855,690	\$ 1,300,514	\$ -	\$ 125,971	63,520,087	5.16%	1,963
8,447,354	1,461,303	-	83,198	66,964,372	6.49%	2,095
7,436,878	1,622,090	-	-	52,720,621	5.38%	1,744
7,944,869	1,777,877	-	73,772	50,381,964	5.39%	1,747
8,442,860	1,923,664	-	172,708	52,544,405	5.86%	1,859
8,950,850	2,104,451	-	269,400	51,700,552	5.97%	1,911
9,443,841	2,185,000	-	366,788	49,409,970	6.17%	1,937
9,916,832	2,335,000	-	84,200	48,095,147	6.26%	1,932
2,325,000	2,505,000	-	166,131	33,153,237	4.53%	1,417
2,455,000	2,655,000	-	-	34,195,000	4.87%	1,591

**CITY OF CIBOLO, TEXAS**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

TABLE 14

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Total		
2020	\$ 47,677,332	\$ 6,737,893	\$ -	\$ 54,415,225	2.34%	1,682
2019	50,797,670	6,876,729	\$ -	52,697,670	2.40%	1,648
2018	42,753,253	1,900,000	-	44,653,253	2.18%	1,477
2017	41,353,652	200,000	-	41,553,652	2.22%	1,452
2016	43,616,745	100,000	-	43,716,745	2.43%	1,547
2015	41,991,492	200,000	-	42,191,492	2.50%	1,559
2014	39,227,032	300,000	-	39,527,032	2.58%	1,550
2013	37,694,115	400,000	-	38,094,115	2.67%	1,530
2012	28,692,106	1,970,000	-	30,662,106	2.38%	1,310
2011	29,635,000	2,105,000	-	31,740,000	2.62%	1,477

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. See Table 8 for the City's property tax value data. City population data can be found in Table 18.



**CITY OF CIBOLO, TEXAS**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
CURRENT YEAR**

TABLE 15

Government Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Guadalupe County	\$ 17,905,000	16.40%	\$ 2,936,420
Schertz-Cibolo-Universal ISD	397,644,650	37.70%	<u>149,912,033</u>
Subtotal, Overlapping Debt			<u>152,848,453</u>
City of Cibolo Direct Debt			<u>54,237,912</u>
TOTAL NET OVERLAPPING DEBT			<u>\$ 207,086,365</u>

Notes: The overlapping debt was received from the Municipal Advisory Council of Texas. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Cibolo. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF CIBOLO, TEXAS**  
**DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

Assessed Value, 2019 Tax Roll \$ 2,328,871,959

Debt Limit - Texas statues do not provide a legal debt limit for cities; however, through accepted practice a practical "economic" debt limit is considered to be 10% of the assessed value. \$ 232,887,196

Amount of Applicable Debt:

General Bonded Debt	\$	54,237,912	
Less Debt Service Net Position		<u>(837,519)</u>	<u>53,400,393</u>

DEBT MARGIN \$ 179,486,803

Total Net Debt as a Percentage of Debt Margin: 29.75%

	Fiscal Year			
	2011	2012	2013	2014
Assessed Value	<u>\$ 1,212,866,770</u>	<u>\$ 1,288,030,750</u>	<u>\$ 1,428,355,068</u>	<u>\$ 1,529,261,589</u>
Debt Limit	\$ 121,286,677	\$ 128,803,075	\$ 142,835,507	\$ 152,926,159
Total Net Debt Applicable to Limit	<u>31,539,505</u>	<u>30,463,359</u>	<u>37,630,949</u>	<u>38,627,200</u>
Total Debt Margin	<u>\$ 89,747,172</u>	<u>\$ 98,339,716</u>	<u>\$ 105,204,558</u>	<u>\$ 114,298,959</u>

TABLE 16

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 1,687,064,551	\$ 1,800,977,238	\$ 1,949,275,252	\$ 2,047,409,476	\$ 2,199,975,854	\$ 2,328,871,959
\$ 168,706,455	\$ 180,097,727	\$ 194,927,525	\$ 204,740,948	\$ 219,997,585	\$ 232,887,196
38,829,093	41,596,638	41,965,560	43,297,177	56,284,528	53,400,393
\$ 129,877,362	\$ 138,501,089	\$ 152,961,965	\$ 161,443,771	\$ 163,713,057	\$ 179,486,803

**CITY OF CIBOLO, TEXAS**  
**PLEDGED REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**

TABLE 17

Fiscal Year	Water Revenue Bonds							Coverage
	Utility Service Charges	Less: Operating Expenses	Add: Impact Fee Revenues	Net Available Revenue	Debt Service			
					Principal	Interest		
2020	\$ 12,721,311	\$ 10,750,325	\$ 936,821	\$ 2,907,807	\$ 560,000	\$ 259,819	\$ 3.55	
2019	11,621,564	10,357,259	1,663,880	2,928,185	645,000	279,282	3.17	
2018	10,760,243	9,573,178	710,474	1,897,539	630,000	270,676	2.11	
2017	10,278,912	9,102,897	1,042,053	2,218,068	610,000	315,967	2.40	
2016	9,663,681	8,908,512	719,699	1,474,868	655,000	337,897	1.49	
2015	8,931,752	8,037,634	655,897	1,550,015	630,000	367,620	1.55	
2014	8,117,147	7,514,121	633,078	1,236,104	600,000	386,697	1.25	
2013	7,941,182	6,498,086	649,695	2,092,791	305,000	200,780	4.14	
2012	7,386,435	6,135,866	701,807	1,952,376	280,000	213,373	3.96	
2011	7,585,937	6,164,993	620,280	2,041,224	265,000	225,087	4.17	



**CITY OF CIBOLO, TEXAS**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Median Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling</u>
2020	32,357	\$ 1,231,022,065	\$ 38,045	\$ 101,197	34.5	14.3
2019	31,968	1,032,246,720	32,290	87,967	34.6	14.3
2018	30,225	979,773,600	32,416	92,773	33.7	14.2
2017	29,861	968,780,423	32,443	91,827	34.4	14.2
2016	28,259	896,742,847	31,733	89,945	34.5	14.3
2015	27,059	838,558,410	30,990	87,613	34.6	14.3
2014	25,508	785,850,464	30,808	87,993	33.9	14.1
2013	24,892	767,694,172	30,841	91,238	32.4	14.1
2012	23,400	732,537,000	31,305	89,785	34.0	14.3
2011	21,490	702,207,240	32,676	85,350	33.0	14.4

Sources: Population, personal income, median age and education level information provided by City Economic Development Corporation. School enrollment provided by Cibolo-Schertz-Universal City Independent School District. Unemployment data provided by the Texas Workforce Commission.

TABLE 18

<u>School Enrollment</u>	<u>Unemployment Rate</u>	<u>High School Degree Attainment or Higher</u>	<u>Bachelor Degree Attainment or Higher</u>
15,675	6.1%	98.0%	40.8%
15,925	3.1%	96.0%	40.6%
15,817	2.9%	98.0%	39.4%
15,530	2.4%	96.0%	38.6%
15,110	3.0%	94.1%	36.8%
15,076	3.6%	94.1%	36.8%
15,022	4.0%	95.5%	40.6%
14,058	5.3%	94.3%	38.1%
13,542	6.1%	96.0%	40.5%
13,014	6.3%	96.2%	42.4%

**CITY OF CIBOLO, TEXAS**

**TOP TEN PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

TABLE 19

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Schertz/Cibolo/UC ISD	817	1	46.05%	687	1	44.41%
Walmart	245	2	13.81%	-		0.00%
Liberty Oilfield Services	210	3	11.84%	-		0.00%
City of Cibolo	153	4	8.62%	-		0.00%
Robles 1 Demolition	88	5	4.96%	95	5	6.14%
Independent Rough Terrain Center	83	6	4.68%	120	4	7.76%
Santikos	65	7	3.66%	-		0.00%
Zaxby's	41	8	2.31%	-		0.00%
Age Industries	36	9	2.03%	64	6	4.14%
Taco Bell	36	10	2.03%	-		0.00%
Sanjel, USA	-		0.00%	300	2	19.39%
Kalmar	-		0.00%	157	3	10.15%
Signature Plating	-		0.00%	35	7	2.26%
La Cabana	-		0.00%	32	8	2.07%
Timber Tech	-		0.00%	30	9	1.94%
Sonic	-		0.00%	27	10	1.75%
	<u>1,774</u>		<u>100.00%</u>	<u>1,547</u>		<u>100.00%</u>

Source: City Economic Development Corporation





**CITY OF CIBOLO, TEXAS**

**FULL-TIME EQUIVALENT CITY GOVERNMENTAL EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Full-Time Equivalent Employees as of September 30,				
	2011	2012	2013	2014	2015
<b>General Fund</b>					
City Manager:					
City Manager	-	-	-	1	1
Public Relations Manager	-	-	-	-	-
Executive Assistant	-	-	-	1	1
Subtotal	-	-	-	2	2
City Secretary:					
IT Administrator	1	-	-	-	-
City Manager	1	1	1	-	-
City Secretary	1	1	1	1	1
Assistant City Secretary	1	1	1	1	1
Administrative Assistant	1	1	1	-	-
Finance Director	-	-	-	-	-
Accounting Clerk	-	-	-	-	-
Purchasing/Accounts Payable	-	-	-	-	-
Subtotal	5	4	4	2	2
Police Department:					
Police Chief	1	1	1	1	1
Assistant Police Chief	-	-	-	-	-
Executive Assistant	-	-	-	1	1
Lieutenants	1	1	2	2	2
Sergeants	4	7	7	7	7
Corporals	1	1	1	1	1
Police Officers	16	13	15	18	18
School Resource Officer	-	2	2	2	2
Public Safety Officer	-	-	-	-	-
Property/Evidence Room Technician	-	-	-	-	-
Clerks	2	2	2	2	2
Crossing Guards (6)	1.2	1.2	1.2	1.2	1.2
Subtotal	26.2	28.2	31.2	35.2	35.2
Municipal Court:					
Court Clerk	1	1	1	1	1
Deputy Court Clerk	1	1	1	1	1
Subtotal	2	2	2	2	2
Planning and Engineering Services:					
Planning and Engineering Director	-	-	-	-	1
Planning and Development Director	1	1	1	1	-
Assistant Director/City Planner	-	-	-	-	-
Engineer-in-training	-	-	-	-	-
Senior Planner	1	1	1	1	1
Planner 2	1	1	1	1	1
Infrastructure Inspector	0.5	0.5	0.5	0.5	0.5
Senior Building Inspector	1	1	1	1	1
Building Inspector	2	2	2	2	2
Code Enforcement Officer	1	1	1	2	2
Plan Reviewer	-	-	-	-	-
GIS Technician	-	-	-	-	-
GIS Coordinator	-	-	-	-	-
Planning Technician	-	-	-	-	-
Administrative Assistant	1	1	1	1	1
Receptionist/Clerk	1	1	1	1	1
Subtotal	9.5	9.5	9.5	10.5	10.5
Public Works - Streets:					
Public Works/Utilities Director	-	-	-	-	-
Executive Assistant	-	-	-	-	-
Subtotal	-	-	-	-	-

TABLE 20

Full-Time Equivalent Employees as of September 30,				
2016	2017	2018	2019	2020
1	1	1	1	1
-	-	-	1	1
<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
2	2	2	3	3
-	-	-	-	-
-	-	-	-	-
1	1	1	1	1
1	1	1	1	1
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
1	1	1	1	1
-	-	-	-	-
1	1	1	1	1
2	2	2	2	2
7	8	8	8	8
1	1	1	1	1
21	20	20	23	25
2	2	2	3	3
1	0.5	0.5	0.5	0.5
-	1	1	1	1
2	2	2	2	2
<u>1.2</u>	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>
38.7	39.9	39.9	43.9	45.9
1	1	1	1	1
<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
2	2	2	2	2
1	1	1	1	1
-	-	-	-	-
-	-	-	1	1
1	1	1	-	-
1	1	1	1	1
0.5	0.5	0.5	0.5	0.5
1	1	1	1	1
2	1	1	1	1
1	1	1	1	1
1	1	1	-	-
1	1	1	1	1
-	-	-	-	1
-	-	-	1	1
1	1	1	1	1
<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
11.5	10.5	10.5	10.5	12.5
-	1	1	1	1
<u>-</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
-	2	2	2	2

**CITY OF CIBOLO, TEXAS**

**FULL-TIME EQUIVALENT CITY GOVERNMENTAL EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Full-Time Equivalent Employees as of September 30,				
	2011	2012	2013	2014	2015
<b>Public Works - Streets:</b>					
Public Works/Utilities Director	-	0.5	0.5	0.5	0.5
Fire Chief/Public Works/Utilities Superintendent	0.25	-	-	-	-
Infrastructure Inspector	1	1	0.7	0.7	0.7
Foreman	-	-	-	-	-
Executive Assistant	-	1	-	-	-
Crew Leader	-	-	-	-	-
Fleet Mechanic	1	1	2	2	2
Maintenance Worker	1	1	1	0.5	0.5
	9	7	7	9	9
Subtotal	<u>12.25</u>	<u>11.50</u>	<u>11.2</u>	<u>12.7</u>	<u>12.7</u>
<b>Animal Services:</b>					
Senior Animal Control Officer	-	-	-	-	-
Animal Control Officer	1	1.5	2	2	2
Kennel Attendant (Part-time)	-	-	-	-	-
Subtotal	<u>1</u>	<u>1.5</u>	<u>2</u>	<u>2</u>	<u>2</u>
<b>Parks:</b>					
Superintendent	-	-	-	1	1
Foreman	-	1	-	-	-
Crew Leader	1	-	1	1	1
Maintenance Worker	6	6	6	6	6
Gardener	-	-	-	-	-
Custodian	-	-	-	-	-
Seasonal Labor Position	0.375	0.375	0.375	0.375	0.375
Subtotal	<u>7.375</u>	<u>7.375</u>	<u>7.375</u>	<u>8.375</u>	<u>8.375</u>
<b>Finance:</b>					
Finance Director	1	1	1	1	1
Accounting Manager	-	-	-	-	-
Finance Assistant	1	1	1	1	1
Accounts Payable/Purchasing Clerk	1	1	1	1	1
Subtotal	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
<b>Information Technology:</b>					
Information Technology Director	-	1	1	1	1
Technology Specialist	-	-	-	-	1
Subtotal	<u>-</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>
<b>Human Resources:</b>					
Human Resources Manager	-	-	-	1	1
Payroll Clerk	-	-	-	-	-
File Clerk	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>

TABLE 20  
(Continued)

Full-Time Equivalent Employees as of September 30,				
2016	2017	2018	2019	2020
0.5	-	-	-	-
-	-	-	-	-
0.7	1	1	1	1
-	-	-	-	-
-	-	-	-	-
1	-	-	-	-
2	3	3	3	3
0.5	0.5	0.5	0.5	-
9	9	9	10	11
<u>13.7</u>	<u>13.5</u>	<u>13.5</u>	<u>14.5</u>	<u>15.0</u>
1	1	1	1	1
1	1	1	1	2
1	1.5	1.5	1.5	1.5
<u>3</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>4.5</u>
1	1	1	1	1
-	-	-	-	-
2	2	2	2	2
7	6	6	7	7
-	-	-	-	1
0.5	1	1	1	1
0.375	-	-	-	-
<u>10.875</u>	<u>10</u>	<u>10</u>	<u>11</u>	<u>12</u>
1	1	1	1	1
-	1	1	1	1
1	1	-	-	-
1	1	1	1	1
<u>3</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>3</u>
1	1	1	1	1
1	1	1	1	1
<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
1	1	1	1	1
-	-	1	1	1
-	0.5	0.5	0.5	0.5
<u>1</u>	<u>1.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>

**CITY OF CIBOLO, TEXAS**

**FULL-TIME EQUIVALENT CITY GOVERNMENTAL EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Full-Time Equivalent Employees as of September 30,				
	2011	2012	2013	2014	2015
<b>Fire Department:</b>					
Fire Chief	0.5	1	1	1	1
Assistant Fire Chief	-	-	0.375	0.375	0.375
Fire Marshall	1	1	1	1	1
Fire Lieutenant	-	-	3	3	3
Fire Apparatus Operator	3	3	-	-	-
Firefighter	<u>7</u>	<u>7</u>	<u>9</u>	<u>12</u>	<u>12</u>
Subtotal	<u>11.5</u>	<u>12.0</u>	<u>14.375</u>	<u>17.375</u>	<u>17.375</u>
<b>Total General Fund</b>	<u>77.825</u>	<u>80.075</u>	<u>85.65</u>	<u>97.15</u>	<u>98.15</u>
<b>Net Change</b>	5	2.25	5.575	11.5	1
<b>Water-Sewer Fund</b>					
Utility Administration:					
Utility Administration:	1	1	1	1	1
Senior Utility Billing Clerk	-	1	1	1	1
Utility Billing Clerk	1	1	1	1	1
Receptionist	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	3	3	3	3	3
Utility Operations:					
Public Works/Utilities Director	-	0.35	0.35	0.35	0.35
Fire Chief/PW/Utilities	0.25	-	-	-	-
Assistant Public Works Director	-	-	-	-	-
Superintendent	1	0.67	1	1	1
Infrastructure Inspector	0.5	0.5	0.5	0.5	0.5
Foreman	1	1	1	1	1
Crew Leader	-	2	2	2	2
Fleet Mechanic	-	-	-	0.5	0.5
Utilities Operator	6	5	5	5	5
Customer Service Technician	1	1	1	1	1
Administrative Assistant	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>10.75</u>	<u>10.52</u>	<u>10.85</u>	<u>11.35</u>	<u>11.35</u>
<b>Total Water-Sewer Fund</b>	<u>13.75</u>	<u>13.52</u>	<u>13.85</u>	<u>14.35</u>	<u>14.35</u>
<b>Net Change</b>	-	(0.23)	0.33	0.5	-
<b>Drainage Utility District</b>					
Drainage Operations:					
Public Works Director	-	0.15	0.15	0.15	0.15
Superintendent	-	0.33	0.3	0.3	0.3
Supervisor	-	-	1	1	1
Crew Leader	1	1	-	-	-
Street Sweeper	-	1	1	1	1
Maintenance Worker	<u>2</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>
<b>Total Drainage Utility District</b>	<u>3</u>	<u>5.48</u>	<u>5.45</u>	<u>6.45</u>	<u>6.45</u>
<b>Net Change</b>	3	2.48	(0.03)	1	-

TABLE 20  
(Continued)

Full-Time Equivalent Employees as of September 30,				
2016	2017	2018	2019	2020
1	1	1	1	1
0.375	0.375	0.375	0.375	0.375
1	1	1	1	1
3	3	3	6	6
-	-	-	6	6
<u>12</u>	<u>15</u>	<u>15</u>	<u>10</u>	<u>14</u>
<u>17.375</u>	<u>20.375</u>	<u>20.375</u>	<u>24.375</u>	<u>28.375</u>
<u>107.15</u>	<u>113.275</u>	<u>113.275</u>	<u>124.275</u>	<u>134.775</u>
9	6.125	-	11	10.5
1	1	1	1	1
1	1	1	1	1
1	1	1	1	2
-	-	-	-	-
<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>
0.35	-	-	-	-
-	-	-	-	-
-	-	1	1	1
1	1	-	-	-
0.5	0.5	0.5	0.5	0.5
1	1	1	1	1
2	3	3	3	3
0.5	0.5	0.5	0.5	-
5	6	6	6	6
1	1	1	1	1
-	-	-	-	-
<u>11.35</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>12.5</u>
<u>14.35</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16.5</u>
-	1.65	-	-	0.5
0.15	-	-	-	-
0.3	1	1	1	1
1	-	-	-	-
-	-	1	1	1
1	1	1	1	1
<u>4</u>	<u>4</u>	<u>5</u>	<u>5</u>	<u>5</u>
<u>6.45</u>	<u>6</u>	<u>8</u>	<u>8</u>	<u>8</u>
-	(0.45)	2	-	-

**CITY OF CIBOLO, TEXAS**

**FULL-TIME EQUIVALENT CITY GOVERNMENTAL EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Full-Time Equivalent Employees as of September 30,				
	2011	2012	2013	2014	2015
Economic Development Fund					
Economic Development Director	1	1	1	1	1
Deputy Economic Development Director	-	-	-	-	-
Business Development Coordinator	-	-	-	1	1
Business Retention and Expansion Specialist	-	-	-	-	-
<b>Total Economic Development Fund</b>	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>
<b>Net Change</b>	-	-	-	1	-
<b>Grand Total</b>	<u>95.575</u>	<u>100.075</u>	<u>105.95</u>	<u>119.95</u>	<u>120.95</u>



TABLE 20  
(Continued)

Full-Time Equivalent Employees as of September 30,				
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1	1	1	1	1
-	-	-	-	1
1	1	1	1	-
-	-	-	-	1
<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>3</u>
-	-	-	-	1
<u>129.95</u>	<u>137.275</u>	<u>139.275</u>	<u>150.275</u>	<u>162.275</u>

**CITY OF CIBOLO, TEXAS**

**OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function	Fiscal Year				
	2011	2012	2013	2014	2015
<u>General Government</u>					
Building permits issued	278	335	420	383	367
<u>Police*</u>					
Activities**	12,936	16,874	18,431	17,445	19,516
Custodial Arrests	197	270	262	242	268
Traffic Citations	2,202	2,196	1,737	1,672	1,326
Traffic Collisions	194	210	227	238	251
Index Crimes	225	0:00	249	298	294
Average response time	7:26	6:11	5:28	5:09	4:44
<u>Fire</u>					
Number of fire responses	91	80	88	148	73
Number of rescue/EMS responses	858	907	913	859	909
Number of other calls for service	83	111	149	137	158
Number of false alarms	87	87	88	89	92
Hazardous condition	21	22	21	15	24
Severe weather/natural diaster	1	-	1	4	3
Total calls for service	1,141	1,185	1,238	1,233	1,259
Average response time	11:00	7:29	7:45	7:50	6:48
Number of training hours	128	392	614	1313	1,572
Hours of public education/relations	68	80	342	246	162
<u>Court</u>					
New cases filed (calendar year)	2,404	2,496	1,979	1,849	1,758
Dispositions (calendar year)	2,204	2,500	2,016	1,933	1,985
<u>Animal Services</u>					
Number of animals adopted	57	67	25	17	97
Number of animals handled	353	349	279	190	351
<u>Water</u>					
New connections	168	185	138	135	134
Total consumption	547,422,700	515,859,100	483,373,702	470,864,998	450,615,000
Average daily consumption	1,432,482	1,475,603	1,637,712	1,186,736	1,367,676
Peak daily consumption	2,513,000	2,983,000	2,939,000	2,749,000	3,019,000
Total residential customers	4,739	4,894	5,023	5,146	5,215
Total commercial customers	154	162	155	166	183
Average use per connection	111,879	102,029	93,351	88,642	83,478
Rainfall (in inches)	-	-	-	-	-
<u>Sewer</u>					
Total residential customers	6,587	6,806	7,184	7,541	7,841
Total commercial customers	93	96	93	95	111
New connections	263	314	353	373	300

\*includes calls for service and self initiated activities

\*\* Police statistics are for calendar year period

TABLE 21

Fiscal Year					
2016	2017	2018	2019	2020	
424	315	338	384	309	
18,620	17,654	25,945	21,685	21,970	
221	167	138	249	226	
1,094	1,370	1,305	1,412	731	
302	301	287	350	320	
358	419	450	528	562	
3:49	4:09	4:09	4:09	2:51	
83	159	112	91	108	
963	983	1,167	1,329	1,479	
229	379	608	836	408	
91	98	105	160	141	
32	35	54	64	47	
5	3	2	3	1	
1,403	1,656	2,048	2,483	2,707	
7:10	7:42	7:07	6:58	7:40	
3,280	2,707	2,187	6,920	4,441	
159	347	303	86	-	
1,286	1,812	1,751	1,838	1,070	
1,356	1,719	1,446	1,803	1,098	
96	158	120	126	82	
440	460	509	527	442	
20	11	123	73	116	
458,886,300	463,445,463	469,967,757	498,197,777	557,830,907	
1,257,222	1,269,714	1,287,583	1,364,925	1,528,303	
3,099,000	3,442,000	4,579,170	3,184,000	4,653,000	
5,230	5,218	5,323	5,390	5,467	
188	211	229	235	274	
84,696	85,365	84,648	88,568	97,166	
47.59	31.48	41.20	22.02	23.59	
8,229	8,586	8,946	9,339	9,651	
121	136	147	160	167	
388	357	371	406	319	

**CITY OF CIBOLO, TEXAS**

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

TABLE 22

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Building Inspection/</b>										
<b>Code Compliance</b>										
Vehicles	6	7	7	8	7	6	7	8	6	6
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	22	22	23	24	27	31	35	29	28	32
<b>Fire</b>										
Stations	1	1	1	2	2	2	2	2	2	2
Fire vehicles	3	4	4	4	5	5	5	7	11	15
<b>Public Works/Utilities</b>										
Vehicles	22	20	22	29	23	25	25	27	29	29
<b>Streets</b>										
Streets, paved and unpaved (miles)	117	128	135	140	143	143	145	145	116	122
<b>Parks and Recreation</b>										
Parks - developed	3	4	4	4	4	4	4	5	5	5
Playgrounds, city maintained	3	4	4	4	4	4	4	4	4	4
Baseball fields	2	2	2	2	2	2	4	4	4	4
Soccer fields	1	1	1	1	1	1	4	1	4	4
Football fields	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Number of storage tanks	3	3	3	3	3	3	4	5	5	5
Number of pump stations	1	1	1	1	1	1	2	2	2	2
Water mains (miles)*	N/A	N/A	62	63	63	70	72	74	74	85
<b>Sewer</b>										
Sanitary sewers (miles)*	N/A	N/A	74	75	75	75	77	90	90	301
Number of pump stations	3	3	3	4	4	4	5	5	5	5

\* The miles of water mains and sanitary sewers were not available for years prior to 2012.

Source: Various City Departments

## **COMPLIANCE SECTION**



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

To the Honorable Mayor and  
Members of the City Council  
City of Cibolo, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cibolo, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 27, 2021.

*Internal Control over Financial Reporting*

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

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

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

*Compliance and Other Matters*

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

*Purpose of this Report*

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

San Antonio, Texas  
April 27, 2021





**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2020**



CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS :

COUNTY OF HAYS :

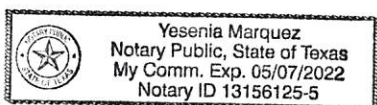
I, Milke Taylor, of Crystal Clear Special Utility District hereby swear, or affirm, that the District named above has reviewed and approved, at a meeting of the District's Board of Trustees on the 28<sup>th</sup> day of January, 2021, its annual audit report of the fiscal period ended September 30, 2020, and that copies of the annual audit report have been filed in the District's office located at 2370 FM 1979, San Marcos, TX 78666.

This annual filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of the Texas Water Code Section 49.194.

Date: January 28, 2021 By: [Signature]  
(Signature of District Official)

Mike Taylor - General Manager  
(Typed Name & Title of District Representative)

Sworn to and subscribed to before me this 28<sup>th</sup> day of January, 2021.



[Signature]  
(Signature of Notary)

Commission expires on May 7, 2022  
Notary Public in the State of Texas



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Crystal Clear Special Utility District  
San Marcos, TX

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

We have audited the accompanying financial statements of the Crystal Clear Special Utility District, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Crystal Clear Special Utility District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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. Those standards require that we 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Crystal Clear Special Utility District, as of September 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

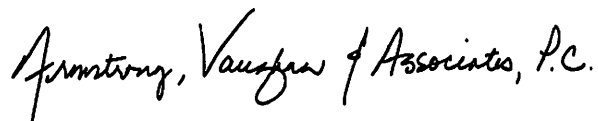
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension related schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information,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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crystal Clear Special Utility District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality and the schedule of expenditures of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2021 on our consideration of Crystal Clear Special Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crystal Clear Special Utility District's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.  
January 18, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Crystal Clear Special Utility District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's total net position was \$19.2 million at September 30, 2020, an increase of \$1.8 million. The increase was reinvested in capital assets, leaving a deficit in unrestricted net position of \$916 thousand.
- During the year, the District's operating revenues were \$112 thousand more than the \$8.3 million in operating expenses.
- The District signed promissory notes in 2020 for \$4.5 million to purchase water rights.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), *the basic financial statements, required supplementary information*, and *supplementary information required by the Texas Commission on Environmental Quality*. The basic financial statements consist of the following statements:

- The *Statement of Net Position* shows the financial standing of the District as of the end of the year, including all assets and liabilities.
- The *Statement of Revenues, Expenses and Changes in Net Position* provides information about the activity of the District during the fiscal year. It reports revenues when incurred, regardless of when they are received, and expenses when incurred, regardless of when they are paid.
- The *Statement of Cash Flows* reports the sources and uses of cash during the fiscal year.

The financial statements also include notes that explain a few of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The final section of supplementary information provides even more information required by TCEQ.

### FINANCIAL ANALYSIS OF THE DISTRICT

Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

The District's combined net position was \$19.2 million at September 30, 2020. Of this amount, \$19.6 million was invested in capital assets, leaving a deficit unrestricted net position of \$916 thousand. (See Table A-1).

**Table A-1**  
District's Net Position

	<u>2020</u>	<u>2019</u>	Percentage Change
<i>Assets:</i>			
Cash and Investments	\$ 654,265	\$ 1,001,696	-35%
Other Current Assets	1,752,970	1,851,354	-5%
Other Assets	13,052,486	14,723,330	-11%
Capital Assets (Net)	<u>35,045,387</u>	<u>25,736,799</u>	36%
<i>Total Assets</i>	<u>50,505,108</u>	<u>43,313,179</u>	17%
<i>Deferred Outflows</i>	<u>152,554</u>	<u>85,422</u>	79%
<i>Liabilities:</i>			
Current	6,625,988	4,166,031	59%
Long Term	<u>24,842,116</u>	<u>21,869,823</u>	14%
<i>Total Liabilities</i>	<u>31,468,104</u>	<u>26,035,854</u>	21%
<i>Deferred Inflows</i>	<u>5,730</u>	<u>7,394</u>	-23%
<i>Net Position:</i>			
Net Investment in Capital Assets	19,604,596	16,781,764	17%
Restricted	495,028	547,772	-10%
Unrestricted	<u>(915,796)</u>	<u>25,817</u>	-3647%
<i>Total Net Position</i>	<u>\$ 19,183,828</u>	<u>\$ 17,355,353</u>	11%

The District's total operating revenues were \$8.4 million, an increase of 12% over the prior year. The operating expenses were \$8.3 million, also an increase of 26% over the prior year. Non-operating revenues increased from impact fees and line extensions. (See Table A-2)

**Table A-2**  
Changes in District Net Position

	<u>2020</u>	<u>2019</u>	Percentage Change
Operating Revenues	\$ 8,379,875	\$ 7,512,305	12%
Operating Expenses	<u>(8,267,682)</u>	<u>(6,540,955)</u>	26%
Operating Income (Loss)	112,193	971,350	-88%
Non-operating Income (Expense)	<u>1,716,282</u>	<u>901,817</u>	90%
Change in Net Position	<u>\$ 1,828,475</u>	<u>\$ 1,873,167</u>	-2%



**BUDGETARY HIGHLIGHTS**

District revenues exceeded expectations in the budget by \$339 thousand. Operating expenses were \$324 thousand over budget from higher than expected depreciation and repairs and maintenance on the system. The net change in net position was an increase of \$1.8 million, \$148 thousand less than the budget anticipated.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of September 30, 2020, the District had invested \$44 million in a broad range of capital assets, including land, buildings, equipment, treatment plants, and distribution systems. Significant additions include water rights and ongoing engineering and construction for the Texas Water Development Board project. (See Table A-3.) More detailed information about the District’s capital assets is presented in the notes to the financial statements.

**Table A-3**  
District’s Capital Assets

	<u>2020</u>	<u>2019</u>	<u>Percentage Change</u>
Land	\$ 388,509	\$ 388,509	0%
Water Rights	7,079,526	2,522,628	181%
Building and Improvements	983,582	983,582	0%
Plant and Distribution System	26,694,898	25,994,167	3%
Machinery and Equipment	1,303,386	1,249,030	4%
Construction in Progress	<u>7,073,138</u>	<u>2,108,088</u>	<u>236%</u>
Totals at Historical Cost	<u>43,523,039</u>	<u>33,246,004</u>	<u>31%</u>
Total Accumulated Depreciation	<u>(8,477,652)</u>	<u>(7,509,205)</u>	<u>13%</u>
Net Capital Assets	<u><u>\$ 35,045,387</u></u>	<u><u>\$ 25,736,799</u></u>	<u><u>36%</u></u>

**Long-Term Debt**

At year-end, the District had \$26 million in principal outstanding on bonded debt and notes. \$4.5 million in notes were issued in 2020 to buy water rights. More detailed information about the District’s debt is presented in the notes to the financial statements.

**Table A-4**  
District’s Long Term Debt

	<u>2020</u>	<u>2019</u>	<u>Percentage Change</u>
Bonds Payable	\$ 17,011,000	\$ 17,564,000	-3%
Notes Payable	<u>9,091,526</u>	<u>5,121,098</u>	<u>78%</u>
Total Long-Term Debt	<u><u>\$ 26,102,526</u></u>	<u><u>\$ 22,685,098</u></u>	<u><u>15%</u></u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The 2021 budget contemplates continued expenditures from the 2017 Texas Water Development Board Bonds for the Capital Improvement Plan. Water and wastewater rates are largely unchanged for fiscal year 2021 except for a \$7 per month increase in the water base rate. Aside from the construction, the District expects no major changes to services or operations. Rapid development in the area continues to put demands on the District's system and for more water sources.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at 2370 FM 1979, San Marcos, TX 78666.

## BASIC FINANCIAL STATEMENTS

The basic financial statements include:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020

**ASSETS**

*Current Assets:*

Cash and Cash Equivalents	\$ 654,265
Accounts Receivable (net)	1,746,688
Prepaid Expense	<u>6,282</u>
<i>Total Current Assets</i>	<u>2,407,235</u>

*Other Assets:*

Restricted Cash for Construction	12,346,172
Restricted Cash for Debt Service	230,031
Restricted Cash for USDA Reserve	433,609
Net Pension Asset	<u>42,674</u>
<i>Total Other Assets</i>	<u>13,052,486</u>

*Capital Assets (net)*

35,045,387

**TOTAL ASSETS**

50,505,108

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Pension Related Outflows	<u>\$ 152,554</u>
-----------------------------------	-------------------

**LIABILITIES**

*Current Liabilities:*

Accounts Payable	\$ 2,347,252
Payroll Liabilities	88,043
Accrued Wages	15,039
Customer Deposits	885,672
Accrued Interest	168,612
Accrued Compensated Absences	39,722
Payable to Canyon Regional Water Authority	1,821,238
Bonds and Notes Payable - Current	<u>1,260,410</u>
<i>Total Current Liabilities</i>	<u>6,625,988</u>

*Long-term Liabilities:*

Bonds and Notes Payable - Net of Current Portion	<u>24,842,116</u>
<i>Total Long-term Liabilities</i>	<u>24,842,116</u>
<b>TOTAL LIABILITIES</b>	<u>31,468,104</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Pension Related Inflows	<u>5,730</u>
----------------------------------	--------------

**NET POSITION**

Net Investment in Capital Assets	19,604,596
Restricted:	
Debt Service and USDA Reserve	495,028
Unrestricted (Deficit)	<u>(915,796)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 19,183,828</u>

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

**OPERATING REVENUES**

Water Sales	\$ 7,900,012
Wastewater Charges	142,853
Other Charges	<u>337,010</u>
<b>TOTAL OPERATING REVENUES</b>	<u><u>8,379,875</u></u>

**OPERATING EXPENSES**

Water Purchase	2,562,292
Personnel	2,259,003
Depreciation	982,279
Operations and Maintenance	926,973
Professional Fees	968,284
Admin Expenses	240,311
Vehicles and Equipment	111,862
Utilities	132,537
Insurance	<u>84,141</u>
<b>TOTAL OPERATING EXPENSES</b>	<u><u>8,267,682</u></u>

<b>OPERATING INCOME (LOSS)</b>	<u>112,193</u>
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**NON-OPERATING REVENUES (EXPENSES)**

Interest Income	91,256
Impact and Installation Fees	2,230,648
Loss on Disposal of Capital Assets	(3,219)
Interest Expense	<u>(602,403)</u>
<b>TOTAL NON-OPERATING REVENUES</b>	<u><u>1,716,282</u></u>

<b>CHANGE IN NET POSITION</b>	1,828,475
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Net Position at Beginning of Year	<u>17,355,353</u>
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Net Position at End of Year	<u><u>\$ 19,183,828</u></u>
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CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers		\$ 8,450,038
Cash Payments to Suppliers for Goods and Services		(3,047,412)
Cash Payments to Employees for Services		<u>(2,289,813)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>		<u>3,112,813</u>
 <b>Cash Flows from Capital and Related Financing Activities</b>		
Issuance of Promissory Notes		4,516,898
Principal Payments on Bonds and Notes Payable		(1,099,470)
Impact and Installation Fees		2,230,648
Interest Paid		(610,335)
Proceeds from the Sale of Equipment		6,000
Purchase of Property, Plant and Equipment		<u>(10,300,086)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>		<u>(5,256,345)</u>
 <b>Cash Flows from Investing Activities</b>		
Interest and Investment Income		<u>91,256</u>
<b>Net Cash Provided (Used) by Investing Activities</b>		<u>91,256</u>
 Net Increase (Decrease) in Cash and Cash Equivalents		 (2,052,276)
 <b>Beginning Cash and Cash Equivalents</b>		
Unrestricted	1,001,696	
Restricted	<u>14,714,657</u>	<u>15,716,353</u>
 <b>Ending Cash and Cash Equivalents</b>		
Unrestricted	654,265	
Restricted	<u>13,009,812</u>	<u>\$ 13,664,077</u>

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<b>Reconciliation of Operating Income to Net Cash Provided (Used)</b>	
<b>by Operating Activities</b>	
Operating Income (Loss)	\$ 112,193
Adjustments to Reconcile Income from Operations to Net Cash	
Provided by Operating Activities:	
Depreciation	982,279
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(5,139)
(Increase) Decrease in Prepaid Expenses	47,269
(Increase) Decrease in Inventory	56,254
(Increase) Decrease in Deferred Pension Related Outflows	(67,132)
Increase (Decrease) in Accounts Payable	1,875,465
Increase (Decrease) in Payroll Liabilities	71,694
Increase (Decrease) in Accrued Wages	(13,379)
Increase (Decrease) in Customer Deposits	75,302
Increase (Decrease) in Accrued Compensated Absences	13,672
Increase (Decrease) in Net Pension Liability/Asset	(34,001)
Increase (Decrease) in Deferred Pension Related Inflows	(1,664)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ 3,112,813</u></u>

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Crystal Clear Special Utility District (the “District”) was created pursuant to Texas Senate Bill 116, 83<sup>rd</sup> Legislature, R.S. (2013), further codified in Texas Special District Local Laws Code Chapter 7206, enacted under the authority granted to the Texas Legislature in Texas Constitution article XVI Section 59. Prior to that date the District operated as a Water Supply Corporation. The District was organized to furnish potable water and wastewater utility services. The District is managed by a Board of Directors consisting of seven members elected by voters residing in the District’s boundaries. The District serves customers in Hays, Comal and Guadalupe counties.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below:

**1. REPORTING ENTITY**

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, “The Financial Reporting Entity” and GASB Statement 39 “Determining Whether Certain Organizations are Component Units”. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The District has no component units.

**2. ENTERPRISE FUND**

The District is an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public or other governmental entities. The activities are financed by charges to customers and the measurement of financial activity focuses on net income similar to the private sector. Revenues are recognized when earned, and expenses are recognized when incurred.

**3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

Revenues are classified as *operating* and *non-operating*. Operating revenues include charges to customers for water and wastewater services. Non-operating revenues include customer charges for capital expansion and interest income.

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.



CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. CASH AND INVESTMENTS**

State statutes authorize the District to invest in (a) obligations of the United States or its agencies, and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) – (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value (plus accrued interest) except for money market, certificates of deposit, local government investment pools, and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost, which approximates fair value.

The District considers cash and cash equivalents to be amounts in checking accounts, savings accounts, money market accounts, and local government investment pools.

**5. ACCOUNTS RECEIVABLE**

Customers are billed monthly for services and recorded as revenue in the period of the service. Often bills are issued in subsequent months for water consumption in the previous month. Revenue earned in a previous period is recorded as an unbilled receivable at the end of each period. Accounts receivable consists of amounts due from customers for services rendered and is presented net of an allowance for doubtful accounts based on management's estimate.

**6. INVENTORY**

Inventory consists of pipe, fittings, pumps and meters. Inventory is reported at the lower of cost or market based on the first in-first out method.

**7. PREPAID EXPENSES**

Expenses paid during the year that have a benefit beyond the current fiscal year are recorded on the balance sheet as prepaid expenses.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**8. CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, equipment, water rights, and water plant and distribution systems, are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Interest has been capitalized during the construction periods on water plant and distribution systems. Purchases in excess of \$5,000 with a useful life in excess of one year are capitalized and depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	3 to 10 years
Water Plants and Distribution Systems	20 to 50 years

**9. DEFERRED INFLOWS AND OUTFLOWS**

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

**10. CUSTOMER DEPOSITS**

Upon the creation of a new account, customers make a deposit toward their final bill. The amount is recorded as customer deposits liability on the Statement of Net Position.

**11. LONG-TERM OBLIGATIONS**

Bonds, notes and capital leases are recorded as liabilities on the statement of net position. Bond issue costs and premiums are expensed in the period they are incurred. Bonds payable are reported net of the applicable bond premium or discount. Interest costs are expensed during the construction period.

**12. NET POSITION**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When expenses qualify for restricted and unrestricted resources, the District's policy is to use restricted resources first.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**13. PENSION**

The net pension liability (asset), deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS), and additions to and deductions from TCDRS' fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**14. BUDGET**

An operating budget is adopted each fiscal year for the District. The budget is adopted on a cash basis of accounting internally and converted to accrual basis for financial reporting. Additional budgetary information is provided in the required supplementary information.

**15. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE B – CASH AND INVESTMENTS**

**1. Cash and Cash Equivalents**

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledge securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At September 30, 2020, the District's bank deposits were covered by a combination of federal deposit insurance and pledged securities. All of the District's deposits were fully collateralized.

**2. Investments**

As of September 30, 2020, the District's investments consisted of Texas Class local government investment pools presented at net asset value. The Texas Class pool maintains a AAAM rating and a stable net asset value of \$1.00 per share. Texas Class is a 2a7-like pool which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Therefore, the Texas Class is reported at \$1 per share, which approximates fair value and is included in cash and cash equivalents. The amount invested in Texas Class at September 30, 2020 is \$692,586.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE C – RESTRICTED CASH AND EQUIVALENTS**

Restricted cash consists of a debt service and loan reserve related to the United States Department of Agriculture (USDA) Series 2015 Revenue Bonds and Texas Water Development Board (TWDB) 2017 Revenue Bonds. The District is required to make monthly transfers to these accounts up to certain limits and may only spend the balances on debt service or USDA/TWDB approved activities.

In addition, the proceeds of the 2017 bonds are held in escrow for construction and are released only upon approval by the TWDB.

**NOTE D -- ACCOUNTS RECEIVABLE**

District receivables as of September 30, 2020, consisted of the following:

Customer Balances	\$	925,421
Unbilled Services Rendered		756,841
Bulk Water Agreement		136,527
Allowance for Uncollectible Accounts		<u>(72,101)</u>
Total Accounts Receivable (net)	\$	<u>1,746,688</u>

**NOTE E – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balances at 10/1/19	Additions	Transfers/ Disposals	Balances at 9/30/2020
Land	\$ 388,509	\$ -	\$ -	\$ 388,509
Water Rights	2,522,628	4,556,898	-	7,079,526
Building and Improvements	983,582	-	-	983,582
Plant and Distribution System	25,994,167	341,592	359,139	26,694,898
Machinery and Equipment	1,249,030	77,407	(23,051)	1,303,386
Construction in Progress	2,108,088	5,324,189	(359,139)	7,073,138
	<u>33,246,004</u>	<u>10,300,086</u>	<u>(23,051)</u>	<u>43,523,039</u>
<i>Less Accumulated Depreciation</i>				
Building and Improvements	(275,762)	(24,916)	-	(300,678)
Plant and Distribution System	(6,517,256)	(759,465)	-	(7,276,721)
Machinery and Equipment	(716,187)	(197,898)	13,832	(900,253)
	<u>(7,509,205)</u>	<u>(982,279)</u>	<u>13,832</u>	<u>(8,477,652)</u>
Capital Assets, Net	<u>\$ 25,736,799</u>	<u>\$ 9,317,807</u>	<u>\$ (9,219)</u>	<u>\$ 35,045,387</u>

Land, Water Rights and Construction in Progress are not depreciated.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE F -- LONG-TERM DEBT**

The District's long-term debt activity as of and for the year ending September 30, 2020 is as follows:

Bonds Payable, Series	Balance			Balance
	Outstanding 10/1/2019	Additions	Retirements	Outstanding 9/30/2020
Notes and Bonds	\$ 22,685,098	\$ 4,516,898	\$ (1,099,470)	\$ 26,102,526
Net Pension Liability (Asset)	(8,673)	65,481	(99,482)	(42,674)
Compensated Absences	26,050	39,722	(26,050)	39,722
<b>Totals</b>	<b>\$ 22,702,475</b>	<b>\$ 4,622,101</b>	<b>\$ (1,225,002)</b>	<b>\$ 26,099,574</b>

The District's bond and note activity as of and for the year ending September 30, 2020 is as follows:

Bonds Payable, Series	Balance			Balance	Due Within One Year
	Outstanding 10/1/2019	Additions	Retirements	Outstanding 9/30/2020	
CoBank Notes	\$ 5,121,098	\$ -	\$ (262,446)	\$ 4,858,652	\$ 270,991
Promissory Notes	-	4,516,898	(284,024)	4,232,874	430,419
Revenue Bonds, Series 2015	3,069,000	-	(48,000)	3,021,000	49,000
Revenue Bonds, Series 2017	14,495,000	-	(505,000)	13,990,000	510,000
<b>Totals</b>	<b>\$ 22,685,098</b>	<b>\$ 4,516,898</b>	<b>\$ (1,099,470)</b>	<b>\$ 26,102,526</b>	<b>\$ 1,260,410</b>

All debt was privately placed with no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences.

**Bonds Payable**

Combination Water and Sewer System Revenue Refunding Bonds, Series 2015 were issued by the District in July 2016 to pay off short term borrowings for construction of system improvements. The bonds were purchased at closing by the United States Department of Agriculture. The bonds bear interest at 2.75% and mature serially through December 1, 2055. The bonds require debt service and reserve accounts to which the District has substantially complied.

Combination Water and Sewer System Revenue Bonds, Series 2017 were issued by the District in November 2017 to fund system improvements. The bonds were placed with the Texas Water Development Board. The bonds bear interest at rates ranging from 0.02% to 2.33% and mature serially through December 1, 2043. The bonds require debt service and reserve accounts to which the District has substantially complied.

**CoBank Notes**

The District signed promissory notes with CoBank to refinance existing notes in 2015. The CoBank notes bear interest at 4.5-4.8% and require quarterly payments of interest and principal until maturity on April 20, 2036. The notes require the District to maintain debt service coverage and debt to capitalization ratios to which the District has complied.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE F -- LONG-TERM DEBT (Continued)**

Promissory Notes

The District signed promissory notes to purchase water rights from landowners in 2020 for \$4,516,898. The notes require monthly payments of \$40,000 until maturity at January 10, 2030. The notes bear simple interest of 5% until maturity, which is an effective interest rate of 1.23%.

The annual requirements to amortize all outstanding privately-placed debt as of September 30, 2020, including interest payments, are as follows:

Year End September 30,	Principal Payments	Interest Payments	Total
2021	\$ 1,260,410	\$ 602,976	\$ 1,863,386
2022	1,280,732	581,097	1,861,829
2023	1,297,420	557,722	1,855,142
2024	1,318,499	532,951	1,851,450
2025	1,346,073	506,174	1,852,247
2026-2030	6,799,504	2,079,266	8,878,770
2031-2035	4,857,115	1,333,659	6,190,774
2036-2040	4,000,773	716,923	4,717,696
2041-2045	2,677,000	284,103	2,961,103
2046-2050	526,000	138,637	664,637
2051-2055	607,000	60,850	667,850
2056	132,000	1,820	133,820
Total	<u>\$ 26,102,526</u>	<u>\$ 7,396,178</u>	<u>\$ 33,498,704</u>

**NOTE H -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

Plan Description

The District participates as one of 800 plans in the nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the state of Texas and administered in accordance with the TCDRS Act as an agent multiple-employer retirement system for County and District employees in the State of Texas. The Board of Trustees of TCDRS is responsible for the administration and management of the system. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS. Members can retire at age 60 and above with 8 or more years of service or with 20 years regardless of age or when the sum of their age and years of service equals 80 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan. Members who withdraw their personal contributions in a partial lump sum are entitled to any amounts contributed by the employer.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE H -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)**

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions

The District has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the District is actuarially determined annually. The District contributed more than the actuarially determined rate of 4.00% and 3.89% for the calendar years of 2019 and 2020, respectively.

The contribution rate payable by the employee members is 7% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Benefits Provided

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the District-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2019</u>
Inactive Employees Receiving Benefits	1
Inactive Employees	18
Active Employees	<u>28</u>
	<u><u>47</u></u>

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE H – TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)**

Net Pension Liability

The District’s Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	0 years (based on contribution rate calculated in 12/31/19 valuation)
Asset Valuation Method	5 Year Smoothed Market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Health Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate Scale after 2014.

The long-term expected rate of return on pension plan investments is 8.00%. The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS’ investment consultant, Cliffwater LLC. The numbers shown are based on April 2020 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman’s TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.



CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE H -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Cont.)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return (Geometric)</u>
US Equities	14.50%	5.20%
Private Equity	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities - Developed	7.00%	5.20%
International Equities - Emerging	7.00%	5.70%
Investment-Grade Bonds	3.00%	-0.20%
Strategic Credit	12.00%	3.14%
Direct Lending	11.00%	7.16%
Distressed Debt	4.00%	6.90%
REIT Equities	3.00%	4.50%
Master Limited Partnerships (MLPs)	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.30%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following presents the net pension liability of the District, calculated using the discount rate of 8.10%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.10%) or 1-percentage point higher (9.10%) than the current rate:

	<u>Discount Rate 7.10%</u>	<u>Discount Rate 8.10%</u>	<u>Discount Rate 9.10%</u>
Net Pension Liability (Asset)	\$ 32,991	\$ (42,674)	\$ (103,284)

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE H -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Cont.)**

Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2019:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2018	\$ 238,786	\$ 247,459	\$ (8,673)
Changes for the year:			
Service Cost	123,711	-	123,711
Interest on total pension liability	28,758	-	28,758
Change of Benefit Terms	-	-	-
Economic/Demographic gains or losses	37,023	-	37,023
Changes of Assumptions	-	-	-
Refund of Contributions	(14,035)	(14,035)	-
Benefit Payments	(1,190)	(1,190)	-
Administrative Expense	-	(347)	347
Member Contributions	-	113,104	(113,104)
Net Investment Income	-	40,473	(40,473)
Employer Contributions	-	64,636	(64,636)
Other	-	5,627	(5,627)
Net Changes	<u>174,267</u>	<u>208,268</u>	<u>(34,001)</u>
Balance at December 31, 2019	<u>\$ 413,053</u>	<u>\$ 455,727</u>	<u>\$ (42,674)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained at [www.tcdrs.com](http://www.tcdrs.com).

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE H -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Cont.)**

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the District recognized pension expense of \$15,950. Also as of September 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Outflows of of Resources	Deferred Inflows Inflows of of Resources
Differences between Expected and Actual Economic Experience	\$ 56,292	\$ 4,919
Changes in Actuarial Assumptions	-	40
Differences Between Projected and Actual Investment Earnings	-	771
Contributions Subsequent to the Measurement Date	96,262	-
	\$ 152,554	\$ 5,730

Deferred outflows of resources in the amount of \$96,262 result from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year ended December 31,	
2020	\$ 8,572
2021	8,173
2022	8,434
2023	6,626
2024	9,379
Thereafter	9,378
	\$ 50,562

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE I -- JOINT VENTURE – CANYON REGIONAL WATER AUTHORITY**

The District is a member entity of Canyon Regional Water Authority (CRWA) through a regional taxable water supply contract dated August 1, 1998. CRWA was created to purchase, own, hold, lease and otherwise acquire sources of potable water; build, operate and maintain facilities for the treatment and transportation of water; sell potable water to local governments, water supply corporations and other persons in Texas; to protect, preserve and restore the purity and sanitary condition of water in the area. The participating entities, of which there are 13, are contractually obligated to fund a pro-rata portion of CRWA’s operating, debt service and project costs. The District has pledged its system revenues to fund its share of CRWA costs and debts (approximately 7%). For the fiscal year ended September 30, 2020, CRWA reported assets of \$170 million and liabilities of \$125 million, including bonds payable of \$123 million. Annual required funding payments are recorded as water purchases.

In addition, CRWA is a member of Alliance Regional Water Authority under a similar arrangement. In 2014, the District agreed to reimburse CRWA for 53.52% of CRWA’s share of Alliance in exchange for the future water developed by Alliance. The agreement required the District to fund the annual requirements in addition to the past costs incurred by CRWA in relation to the Alliance project. The District makes regular contributions for annual funding, but is not required at this time to make payments on the prior costs, which are recognized as a liability on the Statement of Net Position in the amount of \$1,821,238. The District is responsible for approximately 16% of Alliance’s budget and debt. For the fiscal year ended September 30, 2019 (the most recent year available), Alliance reported assets of \$57 million and liabilities of \$41 million, including bonds payable of \$37 million. Annual required funding payments are recorded as water purchases.

Furthermore, the District entered into a reservation agreement with a development neighboring the District’s CCN. The reservation agreement reserves 20.191% of the District’s 53.52% of the Alliance responsibility and benefits. The development is billed monthly their share of the costs resulting from the Alliance project as a reservation fee.

**NOTE J – COMMITMENTS**

As of September 30, 2020, the District had the following commitments:

	Total Commitment	Expended to Date	Estimated Remaining
Construction	\$ 5,578,850	\$ 3,073,743	\$ 2,505,107
Engineering	612,653	207,893	404,760
	\$ 6,191,503	\$ 3,281,636	\$ 2,909,867

**NOTE K -- LITIGATION**

The District is subject to various claims regarding easements, decertifications from the District’s CCN, water rights and impact fees. If decided adversely to the District, the outcomes would not be expected to have a significant impact on these financial statements. No loss contingencies have been recorded.

**NOTE L – SUBSEQUENT EVENT**

In October 2019, Crystal Clear agreed to sell a portion of its CCN and all pipes, meters, tanks and easements included in that CCN to the City of San Marcos for \$1.14 million. The sale was approved by the Public Utility Commission and is expected to occur in 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>Operating Revenues:</b>				
Water Sales	\$ 7,697,934	\$ 7,697,934	\$ 7,900,012	\$ 202,078
Waterwater Charges	70,600	70,600	142,853	72,253
Other Charges	272,000	272,000	337,010	65,010
<b>Total Operating Revenues</b>	8,040,534	8,040,534	8,379,875	339,341
<b>Operating Expenses:</b>				
Water Purchase	2,532,000	2,532,000	2,562,292	(30,292)
Personnel	2,306,650	2,306,650	2,259,003	47,647
Depreciation	800,000	800,000	982,279	(182,279)
Operations and Maintenance	665,500	665,500	926,973	(261,473)
Professional Fees	933,900	933,900	968,284	(34,384)
Admin Expenses	335,000	335,000	240,311	94,689
Vehicles and Equipment	143,000	143,000	111,862	31,138
Utilities	151,200	151,200	132,537	18,663
Insurance	76,000	76,000	84,141	(8,141)
<b>Total Operating Expenses</b>	7,943,250	7,943,250	8,267,682	(324,432)
<b>Operating Income (Loss)</b>	97,284	97,284	112,193	14,909
<b>Non-Operating Revenues (Expenses):</b>				
Interest Income	15,000	15,000	91,256	76,256
Capital, Reservation and Installation Fees	1,263,388	1,263,388	2,230,648	967,260
Gain on Sale of Assets	1,200,000	1,200,000	(3,219)	(1,203,219)
Interest Expense	(599,000)	(599,000)	(602,403)	(3,403)
<b>Non-Operating Revenues</b>	1,879,388	1,879,388	1,716,282	(163,106)
<b>Net Income</b>	\$ 1,976,672	\$ 1,976,672	\$ 1,828,475	\$ (148,197)

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM  
 FOR THE LAST FOUR PLAN (CALENDAR) YEARS

	Total Pension Liability			
	2016	2017	2018	2019
Service Cost	\$ 51,116	\$ 81,798	\$ 86,710	\$ 123,711
Interest (on the Total Pension Liability)	2,030	10,608	16,376	28,758
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	44	(9,839)	32,719	37,023
Change of Assumptions	-	(83)	-	-
Benefit Payments, Including Refunds of Employee Contributions	-	(8,217)	(24,475)	(15,225)
Net Change in Total Pension Liability	53,190	74,267	111,330	174,267
Total Pension Liability - Beginning	-	53,190	127,457	238,787
Total Pension Liability - Ending	<u>\$ 53,190</u>	<u>\$ 127,457</u>	<u>\$ 238,787</u>	<u>\$ 413,054</u>
	Plan Fiduciary Net Position			
	2016	2017	2018	2019
Contributions - Employer	\$ 17,706	\$ 32,415	\$ 45,759	\$ 113,104
Contributions - Employee	32,109	58,016	82,279	64,636
Net Investment Income	-	8,704	(1,498)	40,473
Benefit Payments, Including Refunds of Employee Contributions	-	(8,217)	(24,475)	(15,225)
Administrative Expense	-	(95)	(199)	(347)
Other	754	1,101	3,101	5,627
Net Change in Plan Fiduciary Net Position	50,569	91,924	104,967	208,268
Plan Fiduciary Net Position - Beginning	-	50,569	142,493	247,460
Plan Fiduciary Net Position - Ending	<u>\$ 50,569</u>	<u>\$ 142,493</u>	<u>\$ 247,460</u>	<u>\$ 455,728</u>
Net Pension Liability - Ending	\$ 2,621	\$ (15,036)	\$ (8,673)	\$ (42,674)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.07%	111.80%	103.63%	110.33%
Covered Payroll	\$ 458,699	\$ 828,805	\$ 1,175,420	\$ 1,615,767
Net Pension Liability as a Percentage of Covered Payroll	0.57%	-1.81%	-0.74%	-2.64%

The District began participating in the plan in 2016. Information will be accumulated until ten years are presented.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM  
 LAST FIVE FISCAL YEARS

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions As Percent of Payroll
2020	\$ 56,085	\$ 114,509	(58,424)	\$ 1,831,356	6.25%
2019	55,134	55,134	-	1,384,658	3.98%
2018	41,861	41,923	(62)	1,077,933	3.89%
2017	29,934	29,934	-	775,492	3.86%
2016	11,039	11,039	-	285,984	3.86%

**Valuation Timing:**

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	0 years (based on contribution rate calculated in 12/31/19 valuation)
Asset Valuation Method	5 Year Smoothed Market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Health Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate Scale after 2014.
Changes in Assumptions	2015: New inflation, mortality and other assumptions 2017: New mortality assumptions
Changes in Plan Provisions	2017: New annuity purchase rates

The District began participating in the plan in 2016. Information will be accumulated until ten years are presented.



## SUPPLEMENTARY INFORMATION

The following Supplementary Information is required to be included as additional information by the Texas Commission on Environmental Quality (TCEQ).

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
TSI-1. SERVICES AND RATES  
FISCAL YEAR ENDING SEPTEMBER 30, 2020

**1. Services Provided by the District during the Fiscal Year:**

- |  |   |                                     |
|--|---|-------------------------------------|
| <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"/> Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect) |   |                                     |
| <input type="checkbox"/> Other (specify): _____  |   |                                     |

**2. Retail Service Providers**

Retail Rates for a 5/8" Meter	Minimum Charge	Minimum Usage	Flat Rate	Rate per 1,000 Gallons Over Minimum	Usage Level
Water	\$ 58.83	N/A	No	\$ 5.09	0 to 5,000
				\$ 5.60	5,000 to 10,000
				\$ 6.66	10,000 to 20,000
				\$ 9.00	20,000 to 50,000
				\$ 11.50	50,000 to 70,000
				\$ 12.00	Over 70,000
Wastewater	\$ 33.64	N/A	No	\$ 2.66	0 to 5,000
				\$ 2.92	Over 5,000
Surcharge	\$ -			\$ -	

District employs winter averaging for wastewater usage? No

Total Charges per 10,000 gallons usage:

Water	\$ 112.28
Wastewater	\$ 61.54

**Water and Wastewater Retail Connections**

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	0	0	1.0	0
<=3/4"	5,865	5,845	1.0	5,845
1"	39	38	2.5	95
1 1/2"	4	4	5.0	20
2"	24	24	8.0	192
3"	2	2	15.0	30
4"	0	0	25.0	0
6"	0	0	50.0	0
8"	0	0	80.0	0
10"	0	0	115.0	0
Total Water	5,934	5,913		6,182
Total Wastewater	125	125	1.0	125

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
 TSI-1. SERVICES AND RATES (CONTINUED)  
 FISCAL YEAR ENDING SEPTEMBER 30, 2020

**3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):**

Gallons pumped into system	690,147		Water Accountability Ratio: (Gallons billed/Gallons pumped)
Gallons billed to customers:	493,493		72%

**4. Standby Fees (authorized only under TWC Section 49.231):**

Does the District have Debt Service standby Fees? Yes  No

If yes, Date of the most recent Commission Order: \_\_\_\_\_

Does the District have Operation and Maintenance standby fees? Yes  No

If yes, Date of the most recent Commission Order: \_\_\_\_\_

**5. Location of District:**

Counties in which the District is located: Guadalupe, Comal, Hays

Is the District located entirely within one county? Yes  No

Is the District located within a city? Entirely  Partly  Not at all

Cities in which the District is located: San Marcos, Seguin, New Braunfels

Is the District located within a city's extra territorial jurisdiction (ETJ)?  
 Entirely  Partly  Not at all

ETJs in which the District is located: San Marcos, Seguin, New Braunfels

Are Board members appointed by an office outside the district? Yes  No

If Yes, by whom? \_\_\_\_\_

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
 TSI-2. ENTERPRISE FUND EXPENSES  
 FISCAL YEAR ENDING SEPTEMBER 30, 2020

<b>Personnel Expenditures</b> (including benefits)		\$ 2,259,003
<b>Professional Fees:</b>		
Legal		608,704
Engineering		240,152
Accounting and Audit		15,000
Other		104,428
<b>Water and Transmission Costs</b>		2,562,292
<b>Utilities</b>		132,537
<b>Repairs and Maintenance</b>		1,038,835
<b>Administrative Expenses</b>		324,452
<b>Depreciation and Amortization</b>		982,279
<b>Interest</b>		<u>602,403</u>
<b>Total Expenses</b>		<u><u>\$ 8,870,085</u></u>
Total number of persons employed by the District	Full-Time	<u>27</u>
	Part-Time	<u>0</u>

**The following sections have been omitted since they do not pertain to this entity:**

- TSI-3. Temporary Investments
- TSI-4. Taxes Levied and Receivable

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS  
 SEPTEMBER 30, 2020

Combination Water and Sewer Revenue Refunding Bonds, Series 2015			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2021	\$ 49,000	\$ 82,406	\$ 131,406
2022	50,000	81,044	131,044
2023	52,000	79,642	131,642
2024	53,000	78,410	131,410
2025	55,000	76,680	131,680
2026	56,000	75,187	131,187
2027	58,000	73,620	131,620
2028	60,000	72,192	132,192
2029	61,000	70,334	131,334
2030	63,000	68,629	131,629
2031	65,000	66,869	131,869
2032	67,000	65,229	132,229
2033	69,000	63,184	132,184
2034	71,000	61,259	132,259
2035	73,000	59,279	132,279
2036	75,000	57,398	132,398
2037	77,000	55,154	132,154
2038	79,000	53,009	132,009
2039	82,000	50,796	132,796
2040	84,000	48,643	132,643
2041	86,000	46,176	132,176
2042	89,000	43,770	132,770
2043	91,000	41,295	132,295
2044	94,000	38,854	132,854
2045	97,000	36,125	133,125
2046	100,000	33,416	133,416
2047	102,000	30,639	132,639
2048	105,000	27,865	132,865
2049	108,000	24,864	132,864
2050	111,000	21,853	132,853
2051	115,000	18,746	133,746
2052	118,000	15,580	133,580
2053	121,000	12,256	133,256
2054	125,000	8,873	133,873
2055	128,000	5,395	133,395
2056	132,000	1,820	133,820
	<u>\$ 3,021,000</u>	<u>\$ 1,746,491</u>	<u>\$ 4,767,491</u>

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

<u>Combination Water and Sewer System Revenue Bonds, Series 2017</u>			
<u>Fiscal Year Ending</u> <u>September 30,</u>	<u>Principal Due</u> <u>Each Year</u>	<u>Interest Due</u> <u>Each Year</u>	<u>Total</u>
2021	\$ 510,000	\$ 245,652	\$ 755,652
2022	515,000	243,369	758,369
2023	515,000	240,125	755,125
2024	520,000	235,827	755,827
2025	530,000	230,547	760,547
2026	535,000	224,261	759,261
2027	545,000	216,940	761,940
2028	555,000	208,714	763,714
2029	560,000	199,681	759,681
2030	575,000	189,917	764,917
2031	585,000	179,504	764,504
2032	595,000	168,499	763,499
2033	605,000	156,887	761,887
2034	620,000	144,604	764,604
2035	630,000	131,728	761,728
2036	645,000	118,339	763,339
2037	660,000	104,374	764,374
2038	675,000	89,821	764,821
2039	690,000	74,737	764,737
2040	705,000	59,147	764,147
2041	725,000	42,951	767,951
2042	740,000	26,139	766,139
2043	755,000	8,796	763,796
	<u>\$ 13,990,000</u>	<u>\$ 3,540,559</u>	<u>\$ 17,530,559</u>

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

Fiscal Year Ending September 30,	Annual Requirements for all Series		
	Principal Due Each Year	Interest Due Each Year	Total
2021	\$ 559,000	\$ 328,058	\$ 887,058
2022	565,000	324,413	889,413
2023	567,000	319,767	886,767
2024	573,000	314,237	887,237
2025	585,000	307,227	892,227
2026	591,000	299,448	890,448
2027	603,000	290,560	893,560
2028	615,000	280,906	895,906
2029	621,000	270,015	891,015
2030	638,000	258,546	896,546
2031	650,000	246,373	896,373
2032	662,000	233,728	895,728
2033	674,000	220,071	894,071
2034	691,000	205,863	896,863
2035	703,000	191,007	894,007
2036	720,000	175,737	895,737
2037	737,000	159,528	896,528
2038	754,000	142,830	896,830
2039	772,000	125,533	897,533
2040	789,000	107,790	896,790
2041	811,000	89,127	900,127
2042	829,000	69,909	898,909
2043	846,000	50,091	896,091
2044	94,000	38,854	132,854
2045	97,000	36,125	133,125
2046	100,000	33,416	133,416
2047	102,000	30,639	132,639
2048	105,000	27,865	132,865
2049	108,000	24,864	132,864
2050	111,000	21,853	132,853
2051	115,000	18,746	133,746
2052	118,000	15,580	133,580
2053	121,000	12,256	133,256
2054	125,000	8,873	133,873
2055	128,000	5,395	133,395
2056	132,000	1,820	133,820
	<u>\$ 17,011,000</u>	<u>\$ 5,287,050</u>	<u>\$ 22,298,050</u>

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
 TSI-6. CHANGES IN LONG-TERM BONDED DEBT  
 FISCAL YEAR ENDING SEPTEMBER 30, 2020

	USDA Series 2015	TWDB Series 2017	Total
Interest Rate	2.75%	0.02-2.33%	
Dates Interest Payable	Jun 1; Dec 1	Jun 1; Dec 1	
Maturity Dates	12/1/2055	12/1/2042	
Beginning Bonds Outstanding	\$ 3,069,000	\$ 14,495,000	\$ 17,564,000
Bonds Sold During the Year	-	-	-
Bonds Retired During the Year	(48,000)	(505,000)	(553,000)
Ending Bonds Outstanding	<u>\$ 3,021,000</u>	<u>\$ 13,990,000</u>	<u>\$ 17,011,000</u>
Interest Paid During the Year	<u>\$ 83,967</u>	<u>\$ 247,075</u>	<u>\$ 331,042</u>
Paying Agent's Name	USDA	BOKF, NA	
City	Seguin, TX	Austin, TX	
<i>Bond Authority</i>			
Amount Authorized by			
The Board of Directors	\$ 3,200,000	\$ 15,000,000	\$ 18,200,000
Amount Issued	<u>3,200,000</u>	<u>15,000,000</u>	<u>18,200,000</u>
Remaining to be Issued	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service Cash and Investments as of September 30			<u>\$ 230,031</u>
Average Annual Debt Service			<u>\$ 619,390</u>





CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES  
FISCAL YEAR ENDING SEPTEMBER 30, 2020

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Operating Revenues:</b>					
Water Sales	\$4,357,605	\$6,590,266	\$6,947,697	\$7,104,895	\$7,900,012
Wastewater Charges	4,764	29,904	55,266	65,111	142,853
Other Charges	121,604	163,698	388,946	342,299	337,010
<b>Total Operating Revenues</b>	<u>4,483,973</u>	<u>6,783,868</u>	<u>7,391,909</u>	<u>7,512,305</u>	<u>8,379,875</u>
<b>Operating Expenses:</b>					
Water Purchase	1,045,458	1,609,122	1,710,218	1,959,600	2,562,292
Personnel	719,587	1,061,422	1,488,070	1,868,559	2,259,003
Depreciation	434,683	602,968	803,179	939,902	982,279
Operations and Maintenance	429,316	1,531,186	901,956	578,206	926,973
Professional Fees	809,393	874,215	805,627	501,652	968,284
Admin Expenses	209,177	333,568	351,224	313,057	240,311
Vehicles and Equipment	49,707	67,264	142,321	184,048	111,862
Utilities	112,539	125,982	138,267	126,794	132,537
Insurance	29,461	53,115	64,022	69,137	84,141
<b>Total Operating Expenses</b>	<u>3,839,321</u>	<u>6,258,842</u>	<u>6,404,884</u>	<u>6,540,955</u>	<u>8,267,682</u>
<b>Operating Income (Loss)</b>	644,652	525,026	987,025	971,350	112,193
<b>Non-Operating Revenues (Expenses):</b>					
Interest Income	3,841	2,899	126,882	271,436	91,256
Capital, Reservation and Installation Fees	2,157,661	1,243,828	1,105,122	1,199,198	2,230,648
Gain on the Sale of Property/Equipment	-	16,000	56,009	14,850	(3,219)
Interest Expense	(246,227)	(362,435)	(536,081)	(583,667)	(602,403)
Other Expenses	(54,265)	(305)	(681,467)	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>1,861,010</u>	<u>899,987</u>	<u>70,465</u>	<u>901,817</u>	<u>1,716,282</u>
<b>Change in Net Position</b>	<u>\$2,505,662</u>	<u>\$1,425,013</u>	<u>\$1,057,490</u>	<u>\$1,873,167</u>	<u>\$1,828,475</u>

\* 2016 figures represent nine months ending September 30.

**Percent of Total Revenues**

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
97.2%	97.1%	94.0%	94.6%	94.3%
0.1%	0.4%	0.7%	0.9%	1.7%
2.7%	2.4%	5.3%	4.6%	4.0%
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
23.3%	23.7%	23.1%	26.1%	30.6%
16.0%	15.6%	20.1%	24.9%	27.0%
9.7%	8.9%	10.9%	12.5%	11.7%
9.6%	22.6%	12.2%	7.7%	11.1%
18.1%	12.9%	10.9%	6.7%	11.6%
4.7%	4.9%	4.8%	4.2%	2.9%
1.1%	1.0%	1.9%	2.4%	1.3%
2.5%	1.9%	1.9%	1.7%	1.6%
0.7%	0.8%	0.9%	0.9%	1.0%
<u>85.6%</u>	<u>92.3%</u>	<u>86.6%</u>	<u>87.1%</u>	<u>98.7%</u>
14.4%	7.7%	13.4%	12.9%	1.3%
0.1%	0.0%	1.7%	3.6%	1.1%
48.1%	18.3%	15.0%	16.0%	26.6%
0.0%	0.2%	0.8%	0.2%	0.0%
-5.5%	-5.3%	-7.3%	-7.8%	-7.2%
<u>-1.2%</u>	<u>0.0%</u>	<u>-9.2%</u>	<u>0.0%</u>	<u>0.0%</u>
<u>41.5%</u>	<u>13.3%</u>	<u>1.0%</u>	<u>12.0%</u>	<u>20.5%</u>
<u>55.9%</u>	<u>21.0%</u>	<u>14.3%</u>	<u>24.9%</u>	<u>21.8%</u>

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
 TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS  
 FISCAL YEAR ENDING SEPTEMBER 30, 2020

Complete Entity Mailing Address: 2370 FM 1979, San Marcos, TX 78666

Entity Business Telephone Number: 830-372-1031

Submission Date of the most recent Registration Form: May 2020

Limit of Fees of Office that a Trustee may receive during a fiscal year: \$7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid* 9/30/20	Expense Reimbursements 9/30/20	Title at Year End
<b>Board of Trustees:</b>				
Don Bosworth	7/14-12/21	---	\$ 60	Secretary
Amy Galle	1/16-12/21	---	\$ 60	Director
Jack Carson	11/08-12/22	---	---	Vice President
Mike Cox	1/11-12/22	---	\$ 3,855	President
Allen Pooley	4/20-12/22	---	---	Director
Ernest Hartman, Jr	12/17-12/23	---	\$ 60	Director
Marchell Camp-Gebhardt	11/18-12/23	---	---	Treasurer
<b>Administrative Personnel:</b>				
Mike Taylor	5/1/2013	\$ 156,379	\$ -	Gen. Manager
Regina Franke	8/15/2016	\$ 114,114	\$ -	Asst Gen Mgr
<b>Consultants:</b>				
M&S Engineering		\$ 1,122,001		Engineer
Armstrong, Vaughan & Associates, P.C.		\$ 15,000		Auditor
Terrill & Waldrop		\$ 292,211		Attorney
Texas Land & Right of Way Company		\$ 716,543		ROW Agent
Freese and Nichols		\$ 28,295		Engineer

\*Fees of Office are the amounts actually paid to a director during the District's fiscal year.

**COMPLIANCE SECTION**



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Crystal Clear Special Utility District

We have audited, 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, the financial statements of Crystal Clear Special Utility District as of September 30, 2020 and for the year then ended, and the related notes to the financial statements, which collectively comprise Crystal Clear Special Utility District's basic financial statements, and have issued our report thereon dated January 18, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Crystal Clear Special Utility District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crystal Clear Special Utility District's internal control. Accordingly, we do not express an opinion on the effectiveness of Crystal Clear Special Utility District's internal control.

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

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

### ***Compliance and Other Matters***

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

We noted certain matters that we have reported to management of Crystal Clear Special Utility District in a separate letter dated January 18, 2021.

### **Purpose of this Report**

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



Armstrong, Vaughan & Associates, P.C.

January 18, 2021



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Board of Directors  
Crystal Clear Special Utility District  
San Marcos, TX

#### **Report on Compliance for Each Major Federal Program**

We have audited Crystal Clear Special Utility District's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020. Crystal Clear Special Utility District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

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

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

We believe that our compliance audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Crystal Clear Special Utility District's compliance.



### ***Opinion on Each Major Federal Program***

In our opinion, Crystal Clear Special Utility District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

### **Report on Internal Control over Compliance**


The management of Crystal Clear Special Utility District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Crystal Clear Special Utility District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Crystal Clear Special Utility District's internal control over compliance.

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

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

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

Respectfully submitted,



Armstrong, Vaughan & Associates, P.C.

January 18, 2021

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Any material weaknesses identified?  Yes  No

Any significant deficiencies identified?  Yes  No

Noncompliance material to financial Statements noted?  Yes  No

2. Federal Awards

Internal control over major programs:

Any material weaknesses identified?  Yes  No

Any significant deficiencies identified?  Yes  No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.468	Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and type B Programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

D. Prior Audit Findings

NONE

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Passed through Texas Water Development Board</i>			
Drinking Water State Revolving Funds	66.468	L1000615	<u>\$ 3,668,021</u>

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal grant funds are considered to be expended as purchases are made under the provisions of the grant, and accordingly, may be in advance of the reimbursements received.

The Drinking Water State Revolving Funds program is a loan through the Texas Water Development Board and not from the Federal government. Thus, the loan amount is not reported on the face of the Schedule of Federal Expenditures and federal expenditures are recorded when expenses are incurred, not when advances from loan proceeds are made.

The District has not elected to use the 10% de minimis indirect cost rate as allowed by Uniform Guidance.



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**EAST CENTRAL SPECIAL UTILITY DISTRICT**

Comparative Financial Statements  
With TSI Supplementary Information

December 31, 2020 and 2019

**ANNUAL FILING AFFIDAVIT**

STATE OF TEXAS}  
COUNTY OF BEXAR}

I, Melvin Strey, of the East Central Special Utility District hereby swear, or affirm, that the District above has reviewed and approved at the meeting of the District's Board of Directors on the 11 day of March, 2021 its annual audit report for the fiscal period ended December 31, 2020 and the copies of the annual audit report have been filed in the District's office, located at 5520 FM 1628, Adkins, Texas 78101.

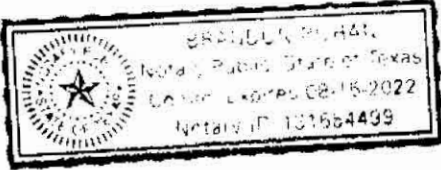
This affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of the Texas Water Code Section 49.194.

Date: March 11, 2021 By: Melvin E. Strey

Sworn to and subscribed to before me this 11 day of March, 2021.

[Signature]

My commission expires on: 2022  
Notary Public in the State of Texas





# EAST CENTRAL SPECIAL UTILITY DISTRICT

Annual Financial Report  
For the Year Ended December 31, 2020

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## Independent Auditor's Report

Board of Directors  
East Central Special Utility District  
Adkins, Texas

We have audited the accompanying financial statements of the East Central Special Utility District (District) as of and for the year ended December 31, 2020 and 2019, 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 misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of East Central Special Utility District as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance 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, and the budgetary comparison information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standard generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Central Special Utility District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information required by the Texas Commission on Environmental Quality is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2021 on our consideration of East Central Special Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Central Special Utility District's internal control over financial reporting and compliance.

Williams, Steinert, Mask, LLP  
March 2, 2021  
San Antonio, Texas

## **EAST CENTRAL SPECIAL UTILITY DISTRICT**

### **Management's Discussion and Analysis**

December 31, 2020 and 2019

#### **Using this Annual Report**

Within this section of the East Central Special Utility District (the District) annual financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the year ended December 31, 2020 and 2019. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. This analysis should be read in conjunction with the basic financial statements that follow this section.

#### **Financial Highlights**

- Total assets increased \$4,588,145 to \$27,215,290.
- Total liabilities decreased \$641,940 to \$13,568,537.
- Total unrestricted net position increase \$1,586,954 to \$4,832,210.
- Total net position increased \$5,230,085 to \$13,646,753.
- Net operating revenues increased \$4,219,549.
- Net operating expenses increased \$540,854.

#### **Required Basic Financial Statements**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of five components: (1) the independent auditor's report; (2) management's discussion and analysis (MD&A); (3) The Statement of Net Position which include all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities); (4) The Statement of Revenues, Expenses and Changes in Net Position shows the business-type activities of the District and provides information regarding income and expenses, both operating and non-operating, that affect the Net Position; and (5) The Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the period using the direct method of reporting cash flows from operating, investing, and capital and noncapital financing activities.

#### **Notes to the Financial Statements**

Integral to the financial statements are the notes to the basic financial statements. These notes provide additional information that is essential to a full understanding of the financial data provided in the basic statements. The District has prepared notes sufficient to provide the readers of these financial statements a clear picture of the District's financial position and insight into the results of its operations. These notes comply with the standardized reporting requirements for districts by TCEQ and are in conformity with GAAP.

#### **Other Required/Supplementary Information**

In addition to the basic financial statements and accompanying notes, this section also represents certain required supplementary information (RSI) and required supplementary information by TCEQ which may be beneficial to the reader. This information is in conformity with Generally Accepted Accounting Principles (GAAP).

## EAST CENTRAL SPECIAL UTILITY DISTRICT

### Management's Discussion and Analysis

December 31, 2020 and 2019

#### Financial Analysis of The District

The following condensed Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position show a three-year operating comparison of the District.

<b>District Net Position</b>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash and investments	\$ 7,621,707	3,454,389	3,108,834
Other current assets	1,181,316	996,940	859,356
Capital assets, net	18,223,280	17,970,947	17,516,784
Other assets	188,987	204,869	220,751
<b>Total Assets</b>	<u><u>27,215,290</u></u>	<u><u>22,627,145</u></u>	<u><u>21,705,725</u></u>
Current liabilities	2,307,330	1,965,332	1,950,197
Long-term liabilities	11,261,207	12,245,145	12,870,219
<b>Total Liabilities</b>	<u><u>13,568,537</u></u>	<u><u>14,210,477</u></u>	<u><u>14,820,416</u></u>
Net investment in capital assets	6,158,768	5,006,412	3,769,663
Restricted	2,655,775	165,000	165,000
Unrestricted	4,832,210	3,245,256	2,950,646
<b>Total Net Position</b>	<u><u>13,646,753</u></u>	<u><u>8,416,668</u></u>	<u><u>6,885,309</u></u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 27,215,290</u></u>	<u><u>22,627,145</u></u>	<u><u>21,705,725</u></u>

Changes in the District's net position can be determined by reviewing the following condensed Statement of Revenue, Expenses, and Changes in Net Position for the three years ended December 31, 2020, 2019 and 2018.

<b>Changes in District Net Position</b>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 11,769,385	7,549,836	6,654,421
Operating expenses	6,080,790	5,539,936	5,416,813
<b>Operating Income (Loss)</b>	<u>5,688,595</u>	<u>2,009,900</u>	<u>1,237,608</u>
Non-operating income (expense)	(458,510)	(478,541)	(488,509)
<b>Change in Net Position</b>	<u><u>\$ 5,230,085</u></u>	<u><u>1,531,359</u></u>	<u><u>749,099</u></u>

## EAST CENTRAL SPECIAL UTILITY DISTRICT

### Management's Discussion and Analysis

December 31, 2020 and 2019

#### Capital Assets and Debt

##### *Capital Assets*

As of December 31, 2020, the District had invested \$31.9 million in a broad range of capital assets, including land, buildings, equipment, plants, and distribution systems. Significant additions include several vehicles, land and construction in progress for the new building. More detailed information about the District's capital assets is presented in the notes to the financial statements.

##### District's Capital Assets

	2020	2019	2018
Land	\$ 772,723	772,723	72,126
CRWA assets	13,304,338	13,304,338	13,304,338
Plant and distribution system	15,290,674	15,085,944	15,042,338
Equipment	673,095	280,356	220,424
Building and improvements	96,505	96,505	96,505
Furniture and fixtures	246,536	246,536	241,406
Vehicles	806,625	714,018	484,546
Construction in progress	690,566	223,094	-
<b>Totals at cost</b>	31,881,062	30,723,514	29,461,683
Total accumulated depreciation	(13,657,782)	(12,752,567)	(11,944,899)
<b>Net capital assets</b>	\$ 18,223,280	17,970,947	17,516,784

##### *Long-Term Debt*

At year-end, the District had \$12.2 million in principal outstanding on bonded debt and notes. No new debt was issued during 2020. More detailed information about the District's debt is presented in the notes to the financial statements.

##### District's Long Term Debt

	2020	2019	2018
Bonds payable	\$ 875,000	995,000	1,110,000
Notes payable	11,368,499	12,164,406	12,637,121
<b>Totals at cost</b>	\$ 12,243,499	13,159,406	13,747,121

## **EAST CENTRAL SPECIAL UTILITY DISTRICT**

### **Management's Discussion and Analysis**

**December 31, 2020 and 2019**

#### **Budgetary Highlights**

The District's revenues exceeded expectations by \$4.4 million, primarily because of an increase in an increase of sales due to quick growth, water impact fees and meter installations, which is categorized in other charges. Operating expenses were \$28 thousand more than the budget, primarily due to an increase in water purchases and depreciation expense. The net change in net position was an increase of \$5.2 million, of this amount \$1.5 million increases the unrestricted and \$2.5 increases the restricted net position; capital assets in excess of debt are increased by \$1.2 million approximately.

#### **Economic Factors and Next Year's Budget**

The 2021 budget contemplates continued expenditures from the new building for the Capital Improvement Plan. Water rates are increased 2.5% for 2021 to prepare for upcoming bond payments for the new office. Aside from the construction, the District expects no major changes to services or operations.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at:

Street address:  
5520 FM 1628,  
Adkins, Texas, 78101

Mailing address:  
P.O. Box 570  
Adkins, Texas, 78101

Phone: (210-649-2383)

**EAST CENTRAL SPECIAL UTILITY DISTRICT**

Statement of Net Position  
December 31, 2020 and 2019

	2020	2019
Current assets:		
Cash	\$ 6,779,946	2,609,777
Investments	676,761	679,612
Accounts receivable, net	743,716	675,154
Inventory	437,600	321,787
Total Current Assets	8,638,023	4,286,329
Capital assets, net	18,223,280	17,970,947
Other assets:		
CRWA membership	10,000	10,000
Bond issue and organizational costs	178,987	194,869
Restricted cash for debt service	165,000	165,000
Total Other Assets	353,987	369,869
<b>Total Assets</b>	<b>\$ 27,215,290</b>	<b>22,627,145</b>
Current liabilities:		
Accounts payable	300,392	161,191
Payroll liabilities	33,007	33,189
Accrued interest	34,843	40,830
Customer deposits	956,796	815,861
Current portion of long-term debt	982,292	914,261
Total Current Liabilities	2,307,330	1,965,332
Bonds and notes payable, net of current portion	11,261,207	12,245,145
<b>Total Liabilities</b>	<b>13,568,537</b>	<b>14,210,477</b>
Net position:		
Capital assets in excess of debt	6,158,768	5,006,412
Restricted:		
Debt service	165,000	165,000
Impact fees	1,899,975	-
Water acquisition	590,800	-
Unrestricted	4,832,210	3,245,256
<b>Total Net Position</b>	<b>13,646,753</b>	<b>8,416,668</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 27,215,290</b>	<b>22,627,145</b>

See Accompanying Notes to the Financial Statements and the Auditor's Report.



**EAST CENTRAL SPECIAL UTILITY DISTRICT**  
Statement of Revenues, Expenses and Changes in Net Position  
For the Years Ended December 31, 2020 and 2019

	2020	2019
Operating revenue:		
Water sales	\$ 7,538,061	5,902,488
Wastewater service fees	385,183	208,812
Water impact fees	1,899,975	787,675
Water acquisition fees	590,800	-
Other charges	1,355,366	650,861
<b>Total operating revenues</b>	<b>11,769,385</b>	<b>7,549,836</b>
Operating expenses	6,080,790	5,539,936
<b>Operating income (loss)</b>	<b>5,688,595</b>	<b>2,009,900</b>
Non-operating revenues (expenses)		
Rental income	10,452	8,857
Interest income	7,294	21,384
Gain on sale of assets	-	14,000
Other income	6,150	13,650
Interest expense	(482,406)	(536,432)
<b>Total non-operating revenues (expenses)</b>	<b>(458,510)</b>	<b>(478,541)</b>
<b>Change in net position</b>	<b>5,230,085</b>	<b>1,531,359</b>
Net position at beginning of year	8,416,668	6,885,309
Net position at end of year	<b>\$ 13,646,753</b>	<b>8,416,668</b>

See Accompanying Notes to the Financial Statements and the Auditor's Report.

**EAST CENTRAL SPECIAL UTILITY DISTRICT**  
Statement of Cash Flows  
For the Years Ended December 31, 2020 and 2019

	<b>2020</b>	<b>2019</b>
Net cash provided by operating activities		
Cash received from customers	\$ 11,841,758	7,506,807
Cash payments to suppliers for goods and services	(4,117,128)	(3,879,285)
Payments to employees for services	(1,019,359)	(912,894)
<b>Net cash flow provided by operating activities</b>	<b>6,705,271</b>	<b>2,714,628</b>
Cash flows from capital and related financing activities		
Principal payments on bonds and notes payable	(915,907)	(587,715)
Interest paid	(488,393)	(505,222)
Proceeds from the sale of equipment	-	14,000
Purchase of property, plant and equipment	(690,079)	(1,110,929)
Construction in process	(467,471)	(223,096)
<b>Net cash used by capital and related financing activities</b>	<b>(2,561,850)</b>	<b>(2,412,962)</b>
Cash flows from investing activities		
Interest and investment income	23,896	43,891
<b>Net cash provided by investing activities</b>	<b>23,896</b>	<b>43,891</b>
Net increase (decrease) in cash and cash equivalents	4,167,317	345,557
Beginning cash and cash equivalents	3,454,390	3,108,833
Ending cash and cash equivalents	\$ 7,621,707	3,454,390
<i>Reconciliation to Statement of Net Position</i>		
Cash and cash equivalents - Unrestricted	\$ 7,456,707	3,289,390
Cash and cash equivalents - Restricted	165,000	165,000
	\$ 7,621,707	3,454,390

See Accompanying Notes to the Financial Statements and the Auditor's Report.

**EAST CENTRAL SPECIAL UTILITY DISTRICT**  
Statement of Cash Flows (Continued)  
For the Years Ended December 31, 2020 and 2019

	<b>2020</b>	<b>2019</b>
Reconciliation of operating income to net cash		
provided by operating activities		
Operating income	\$ 5,688,595	2,009,900
Adjustments to reconcile income from operations to net cash		
provided by operating activities:		
Depreciation	921,097	895,745
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(68,562)	(115,796)
Inventory	(115,813)	(21,787)
Increase (decrease) in liabilities:		
Accounts payable	139,201	(137,330)
Payroll liabilities	(182)	11,129
Customer deposits	140,935	72,767
<b>Net cash flow provided by operating activities</b>	<b>\$ 6,705,271</b>	<b>2,714,628</b>

See Accompanying Notes to the Financial Statements and the Auditor's Report.

# EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements  
December 31, 2020 and 2019

## 1) Reporting Entity

East Central Special Utility District (the District) was created pursuant to the provision of Texas Water Code, Chapters 49 and 65 and Texas Administrative Code 293.11 and 293.12 to purchase, own, hold, lease and otherwise acquire sources of water supply; to build, operate and maintain facilities for the transportation of water; and to sell water and wastewater services to towns, cities, and other political subdivisions of this state, to private business entities and to individuals. East Central Water Supply Corporation was dissolved, and all assets and liabilities and equity of that organization were transferred to the newly created East Central Special Utility District. This transfer took place in April of 2005, for financial reporting purposes.

The Board of Directors (Board), a nine-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to providing water services within the jurisdiction of the East Central Special Utility District. Members of the Board are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters.

The District is legally separate and is fiscally independent of other state and local governments, it is a primary government and not included in any other governmental reporting entity. The District has no component units.

## 2) Summary of Significant Accounting Policies

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units in conjunction with the "Water District's Financial Management Guide" published by the Texas Commission on Environmental Quality. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The District is reported as a special-purpose government engaged in business-type activities. The financial statements of the District measure and report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, and gains and losses using the economic resources measurement focus and accrual basis of accounting.

### Basis of Presentation

Net position and revenue, expenses, gains, and losses are classified based on the existence or absence of grantor-imposed restrictions. Net position of the District and changes therein are classified as unrestricted net position. Unrestricted net position represents the portion of expendable funds that is available for support of the operations of the District. 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 CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2020 and 2019

### 2) Summary of Significant Accounting Policies (Continued)

#### Operating and Non-Operating Revenue and Expense Policy

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operating activities. As business-type activities, the District's operating revenues are defined as the result of exchange transactions with those who purchase, use or directly benefit from the services provided by the District. Non-operating items include activities that have the characteristic on non-exchange transactions such as grants and contributions and other items that are defined as non-operating.

#### Cash and Cash Equivalents

State statutes authorize the District to invest in (a) obligations of the United States or its agencies, and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value (plus accrued interest) except for money market, certificates of deposit, local government investment pools, and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost, which approximates fair value.

The District considers cash and cash equivalents to be amounts in checking accounts, savings accounts, money market accounts, and local government investment pools.

#### Receivables and Payables

All receivables and payables are reported at their gross value. The District uses the direct write-off method to account for bad debt associated with receivables. Payables are reported in the period the liability is incurred. The District believes that sufficient detail of receivable and payable balances are provided and therefore, provides no additional disclosure.

#### Inventory

Inventory consists of pipe, fittings, pumps and meters. Inventory is reported at the lower of cost or market based on the first in-first out method.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements  
December 31, 2020 and 2019

### 2) Summary of Significant Accounting Policies (Continued)

#### Customer Deposits

Upon creation of a new account, customers make a deposit toward their final bill. The amount is recorded as customer deposits liability on the Statement of Net Position.

#### Capital Assets

Capital assets, which include land, buildings and improvements, equipment, water rights, and water plant and distribution systems, are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Interest has been capitalized during the construction periods on water plant and distribution systems. Purchases in excess of \$5,000 with a useful life in excess of one year are capitalized and depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	3 to 10 years
Water Plants and Distributions Systems	20 to 50 years

#### Amortization of SUD Conversion

The District's membership voted in March of 2005 and approved the conversion from its then current status to a Special Utility District under Chapter 65 of the Texas Water Code. Section 65.014 permits a Special Utility District to file a resolution with the Commission requesting that a district be created. The application was completed, and SUD conversion was achieved in April of 2005.

Accounting principles generally accepted in the United States of America require that the District capitalize the costs associated with these assets and amortize those costs over the life of the asset or loan, and not less than 60 months, respectively, rather than expensing the entire amount in the year acquired. The expense associated with this amortization appears in the basic financial statements as "Amortization."

#### Long-Term Obligations

Bonds, notes and capital leases are recorded as liabilities on the statement of net position. Bond issue costs and premiums are expensed in the period they are incurred. Bonds payable are reported net of the applicable bond premium or discount. Interest costs are expensed during the construction period.

#### Budget

An operating budget is adopted each fiscal year for the District. The budget is adopted on a cash basis of accounting internally and converted to accrual basis for financial reporting. Additional budgetary information is provided in the required supplementary information.

**EAST CENTRAL SPECIAL UTILITY DISTRICT**

Notes to the Financial Statements  
December 31, 2020 and 2019

**2) Summary of Significant Accounting Policies (Continued)**

Compensated Absences

East Central Special Utility District provides vacation and sick leave for all qualifying employees. Employees are allowed to accumulate vacation leave, and it is payable if the employee terminates. Sick leave may also be accumulated; however, it is not payable upon termination. The vacation and sick accrual schedules for 2020 and 2019 are as follows:

	<b>Year of Service</b>	<b>Annual Accrual in Hours</b>	<b>Carry Over Amount in Hours</b>
<b>Vacation</b>	1/2-4	80	136
	5-9	96	136
	10-14	120	136
	15-19	136	136
	20-29	160	136
	30-34	176	136
	Over 35	200	136
<b>Sick</b>	1/2-14	48	160
	15-19	56	160
	20-29	72	160
	Over 30	80	160

**3) Cash and Investments**

Cash

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledge securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. As of year-end, the District's bank deposits were covered by a combination of federal deposit insurance and pledged securities.

Investments

The District is required by Government Code Chapter 2256, *The Public Funds Investment Act* (the "Act") to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) bid solicitation preferences for certificates of deposit and, (9) stated compliance with this Investment Policy.

## EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements  
December 31, 2020 and 2019

### 3) Cash and Investments (Continued)

#### Investments (Continued)

This Act requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines which investments are acceptable for the District. These may include, with certain restrictions; (1) obligations of the U.S. Treasury, certain U.S. agencies, the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) fully collateralized repurchase agreements with certain criteria, (6) banker's acceptances, (7) mutual funds, (8) investment pools, and (9) guaranteed investment contracts. The District policy authorizes all the State allowable investments. If additional types of securities are approved for investment by public funds by state statute, the District will have to amend its policy before the new investment types can be considered for investment by the District.

The District's board believes that the District has complied in all material respects with the requirements of the Act and the District's investment policies.

As of December 31, 2020 and 2019, the District had \$841,761 and \$844,612 respectively, in a money market account that has a AAA rating, of this amount \$165,000 is restricted.

#### Analysis of Specific Deposit and Investment Risks

GASB Statement 40 requires a determination as to whether the district was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures.

##### *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year-end the District did not have any significant credit risk

##### *Custodial Credit Risk*

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralize with securities held by the pledging financial institution's trust department or agent. At year-end the District had no exposure to custodial credit risk.

##### *Concentration of Credit Risk*

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District adopted Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on at least a monthly basis.

##### *Interest Rate Risk*

This is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to limit interest and market rate risk from changes in interest rates, the District's adopted Investment Policy sets a maximum stated maturity limit of two years



## EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements  
December 31, 2020 and 2019

### 4) Restricted Cash and Cash Equivalents

Restricted cash consists of a debt service related to the Trust account with Bank of America. The District is required to pledge a portion of their investments for sinking funds. The District has complied with the restriction requirements.

### 5) Receivables

Accounts receivable from members represent unpaid water usage. At December 31, 2020 and 2019 the amount is as follows:

	<u>2020</u>	<u>2019</u>
Customer balances	\$ 751,228	681,973
Allowance for doubtful	<u>(7,512)</u>	<u>(6,819)</u>
	<u>\$ 743,716</u>	<u>675,154</u>

### 6) Joint Venture – Canyon Regional Water Authority

The District is a member entity of Canyon Regional Water Authority (CRWA) through a regional taxable water supply contract dated August 1, 1998. CRWA was created to purchase, own, hold, lease and otherwise acquire sources of potable water; build, operate and maintain facilities for the treatment and transportation of water; sell potable water to local governments, water supply corporations and other persons in Texas; to protect, preserve and restore the purity and sanitary condition of water in the area. The participating entities, of which there are 12, are contractually obligated to fund a pro-rata portion of CRWA's operating, debt service and project costs. The District participates in the repayment of the CRWA bond indebtedness. Principal and interest payments are made to CRWA monthly. The District receives approximately 12% of the related debt.

## EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements  
December 31, 2020 and 2019

### 7) Capital Assets

As of December 31, 2020, the District had \$13,646,753 in Net Position. The District had capital assets in excess of related debt in the amount of \$6,158,768.

A summary of changes in capital assets for the year ended December 31, 2020, is as follows:

	<u>Balances at 12/31/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances at 12/31/20</u>
<b>Capital Assets</b>				
Non-depreciable:				
Land and easements	772,723	-	-	772,723
Construction in Progress	223,095	467,471	-	690,566
Total assets non-depreciable	<u>995,818</u>	<u>467,471</u>	<u>-</u>	<u>1,463,289</u>
Depreciable:				
CRWA assets	13,304,338	-	-	13,304,338
Plant and distribution system	15,085,944	204,730	-	15,290,674
Equipment	280,356	392,739	-	673,095
Building and improvements	96,505	-	-	96,505
Furniture and fixtures	246,536	-	-	246,536
Vehicles	714,017	92,608	-	806,625
Total assets depreciable	<u>29,727,696</u>	<u>690,077</u>	<u>-</u>	<u>30,417,773</u>
Less accumulated depreciation	<u>12,752,567</u>	<u>905,215</u>	<u>-</u>	<u>13,657,782</u>
Total depreciable assets, net	<u>16,975,129</u>	<u>(215,138)</u>	<u>-</u>	<u>16,759,991</u>
Total depreciable and non-depreciable assets	<u>17,970,947</u>	<u>252,333</u>	<u>-</u>	<u>18,223,280</u>
<b>Other assets</b>				
Organizational expenses	180,372	-	-	180,372
Refinance bond costs	157,086	-	-	157,086
CRWA membership	10,000	-	-	10,000
	<u>347,458</u>	<u>-</u>	<u>-</u>	<u>347,458</u>
Less accumulated amortization	<u>142,589</u>	<u>15,882</u>	<u>-</u>	<u>158,471</u>
Total other assets, net	<u>204,869</u>	<u>(15,882)</u>	<u>-</u>	<u>188,987</u>
<b>Total Capital and Other Assets</b>	<u>18,175,816</u>	<u>236,451</u>	<u>-</u>	<u>18,412,267</u>

Depreciation for 2020 was \$905,215 and amortization was \$15,882. Depreciation for 2019 was \$879,864 and amortization was \$15,882. Land, water rights and construction in progress are not depreciated.

**EAST CENTRAL SPECIAL UTILITY DISTRICT**

Notes to the Financial Statements  
December 31, 2020 and 2019

**7) Capital Assets (Continued)**

As of December 31, 2019, the District had \$8,416,668 in Net Position. The District had capital assets in excess of related debt in the amount of \$5,006,412.

A summary of changes in capital assets for the year ended December 31, 2019, is as follows:

	<u>Balances at 12/31/18</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances at 12/31/19</u>
<b>Capital Assets</b>				
Non-depreciable:				
Land and easements	72,126	700,597	-	772,723
Construction in Progress	-	223,095	-	223,095
Total assets non-depreciable	72,126	923,692	-	995,818
Depreciable:				
CRWA assets	13,304,338	-	-	13,304,338
Plant and distribution system	15,042,338	43,606	-	15,085,944
Equipment	220,424	132,128	(72,196)	280,356
Building and improvements	96,505	-	-	96,505
Furniture and fixtures	241,406	5,130	-	246,536
Vehicles	484,546	229,471	-	714,017
Total assets depreciable	29,389,557	410,335	(72,196)	29,727,696
Less accumulated depreciation	11,944,899	879,864	(72,196)	12,752,567
Total depreciable assets, net	17,444,658	(469,529)	-	16,975,129
Total depreciable and non-depreciable assets	17,516,784	454,163	-	17,970,947
<b>Other assets</b>				
Organizational expenses	180,372	-	-	180,372
Refinance bond costs	157,086	-	-	157,086
CRWA membership	10,000	-	-	10,000
	347,458	-	-	347,458
Less accumulated amortization	126,707	15,882	-	142,589
Total other assets, net	220,751	(15,882)	-	204,869
<b>Total Capital and Other Assets</b>	17,737,535	438,281	-	18,175,816

**EAST CENTRAL SPECIAL UTILITY DISTRICT**

Notes to the Financial Statements  
December 31, 2020 and 2019

**8) Long-Term Debt**

The District's bond and note activity as of and for the year ending December 31, 2020 and 2019 is as follows

<u>Bonds, Notes Payable</u>	<u>Balance Outstanding at 12/31/19</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance Outstanding at 12/31/20</u>	<u>Due Within One Year</u>
LD/MC Bond, Series 2016	\$ 4,465,512	\$ -	\$ 411,852	\$ 4,053,660	\$ 428,877
Wells Ranch, Series 2009	236,171	-	18,759	217,412	19,721
Wells Ranch, Series 2011	1,295,333	-	37,518	1,257,815	38,961
Wells Ranch, Series 2015	2,616,705	-	76,680	2,540,025	115,020
Wells Ranch, Series 2016	2,731,599	-	158,249	2,573,350	164,983
Revenue Refunding, Series 2016	995,000	-	120,000	875,000	120,000
CoBank Note	819,086	-	91,203	727,883	94,730
	<u>\$ 13,159,406</u>	<u>\$ -</u>	<u>\$ 914,261</u>	<u>\$ 12,245,145</u>	<u>\$ 982,292</u>

<u>Bonds, Notes Payable</u>	<u>Balance Outstanding at 12/31/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance Outstanding at 12/31/19</u>	<u>Due Within One Year</u>
LD/MC Bond, Series 2016	\$ 4,700,218	\$ -	\$ 234,706	\$ 4,465,512	\$ 411,852
Wells Ranch, Series 2009	246,832	-	10,661	236,171	18,759
Wells Ranch, Series 2011	1,316,656	-	21,323	1,295,333	37,518
Wells Ranch, Series 2015	2,642,796	-	26,091	2,616,705	76,680
Wells Ranch, Series 2016	2,821,381	-	89,782	2,731,599	158,249
Revenue Refunding, Series 2016	1,110,000	-	115,000	995,000	120,000
CoBank Note	909,238	-	90,152	819,086	91,203
	<u>\$ 13,747,121</u>	<u>\$ -</u>	<u>\$ 587,715</u>	<u>\$ 13,159,406</u>	<u>\$ 914,261</u>

**Bonds Payable**

Revenue Refunding Bonds, Series 2016 were refinanced and issued by the District in 2016 to pay off short term borrowings for construction of system improvements. The bonds were refinanced through BB&T Governmental Finance. The bonds bear interest at 2.08% and mature serially through December 1, 2027. The bonds require debt service and reserve accounts to which the District has substantially complied.

**Notes Payable**

The District signed a promissory note with CoBank in 2017. The CoBank note bears a variable interest rate not to exceed 3% and requires monthly payments of interest and principal until maturity on October 20, 2027. In addition to the notes and bonds, the District is liable for a portion of CRWA bonds, which have been included in the long-term debt. There are no debt service requirements related to this debt.

**EAST CENTRAL SPECIAL UTILITY DISTRICT**

Notes to the Financial Statements  
December 31, 2020 and 2019

**8) Long-Term Debt (Continued)**

The annual requirements to amortize all outstanding privately placed debt as of December 31, 2020, including interest payments, are as follows:

Year End December 31,	Principal Payments	Interest Payments	Total
2021	982,292	461,180	1,443,472
2022	1,046,131	427,975	1,474,106
2023	1,091,746	386,777	1,478,523
2024	1,133,148	343,281	1,476,429
2025	1,175,816	297,533	1,473,348
2026-2030	4,529,317	819,536	5,348,853
2031-2035	1,799,924	268,529	2,068,452
2036-2040	395,382	83,802	479,184
2041	91,390	4,570	95,960
Total	<u>\$ 12,245,145</u>	<u>\$ 3,093,182</u>	<u>\$ 15,338,327</u>

**9) Risk Management**

General Liability

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; personal injuries; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers and from participation in a risk pool.

The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage. District management is not aware of any pending or alleged claims for which expected liability would exceed the policy limits of present insurance coverage. The following table shows the District's coverage:

<u>Type of Policy</u>	<u>Coverage Period</u>		<u>Coverage Amount</u>
	<u>Beginning</u>	<u>Ending</u>	
Workers' compensation	02-2020	01-2020	STATUTORY
Vehicle	02-2020	01-2020	\$1,000,000
Umbrella	02-2020	01-2020	\$1,000,000
Directors	02-2020	01-2020	\$2,000,000
Real and Personal Property	02-2020	01-2020	Per Schedule
General liability	02-2020	01-2020	\$2,000,000

Workers' Compensation

The District purchases workers' compensation insurance annually on the open market. Premiums are based on the estimated District payroll by risk factor and rates. The premiums are adjusted by the District's experience modifier. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for in the financial statements.

## EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements  
December 31, 2020 and 2019

### 10) Contingent Liabilities and Commitments

During calendar year 2019, the District began plans for a new building, new land was purchased and costs for building plans were added to Construction in Progress. The estimated total amount for the building will be \$3 million. All costs to date have been paid with operational funding, but management is actively seeking alternative funding.

### 11) Retirement Plan

The District began participation in the Texas County & District Retirement Systems (TCDRS) as of January 1, 2020, and therefore did not have any participating employees as of the TCERS measurement date, December 31, 2019. Actuarial studies performed by TCERS will be performed in future years as well as the related accounting policies required.

The district provides retirement benefits for all of its employees (excluding Temporary) through a defined benefit pension plan in the statewide Texas County and District Retirement System (TCERS). The Board of Trustees of TCERS is responsible for the administration of the statewide agent multiple employer public retirement system.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the member of that employer's plan. In accordance with Texas law, it is intended that the pension plan be constructed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan.

All full-time and part-time, non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership. The plan provides retirement, disability, and survivor benefits. TCERS is a savings-based plan. For the District's plans, 4% of each employee's pay is deposited into his or her TCERS account. By law, employee accounts earn 7% interest per year on beginning of year balances. At retirement, the account is matched at an employer set percentage (current match is 250%) and is then converted to a lifetime annuity. There are no automatic COLAs. Each year, the District may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by an actual inflation. Benefit terms are established under the TCERS Act. They may be amended as of January 1 of each year but must remain in conformity with the Act.

The District's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The District contribution rate is based on the TCERS funding policy adopted by the TCERS Board of Trustees and must conform with TCERS Act. The employee contribution rates are set by ECSUD and are currently 4%. The actuarially determined employer contribution rate for 2020 was 6.32%. Contributions to the pension plan from the District were \$82,552 for the fiscal year ended 2020.

### 11) Subsequent Events

Subsequent events were evaluated through March 2, 2021, which is the report date. It was noted that in February, an unexpected snow storm hit which caused damage to multiple water lines which has lead to an increase in expenses. In addition, the effects of Covid-19 are still ongoing, however, it does not appear that his will have a material effect on the financials for 2021.

**EAST CENTRAL SPECIAL UTILITY DISTRICT**  
Required Supplementary Information  
Statement of Revenues, Expenses and Changes in Net Pension  
Budget and Actual  
For the years ended December 31, 2020 and 2019

	2020			2019		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Operating revenue:</b>						
Water sales	6,090,970	7,538,061	1,447,091	5,678,500	5,902,488	223,988
Wastewater service fees	69,000	385,183	316,183	69,000	208,812	139,812
Water impact fees	490,000	1,899,975	1,409,975	-	787,675	787,675
Water acquisition fees	170,000	590,800	420,800	-	-	-
Other charges	502,452	1,355,366	852,914	63,393	650,861	587,468
<b>Total operating revenue</b>	<u>7,322,422</u>	<u>11,769,385</u>	<u>4,446,963</u>	<u>5,810,893</u>	<u>7,549,836</u>	<u>1,738,943</u>
<b>Operating expenses:</b>						
Water purchases	3,825,189	3,161,331	663,858	3,520,000	2,731,093	788,907
Personnel	930,000	1,019,177	(89,177)	1,013,000	980,913	32,087
Repairs and maintenance	557,553	390,462	167,091	365,193	405,912	(40,719)
Depreciation	160,000	921,097	(761,097)	-	895,745	(895,745)
Professional fees	65,000	78,758	(13,758)	40,000	51,918	(11,918)
Administrative expenses	336,221	302,109	34,112	341,150	294,855	46,295
Vehicles and equipment	145,200	111,209	33,991	102,300	98,538	3,762
Utilities	50,000	48,825	1,175	50,000	43,462	6,538
Insurance	40,000	47,822	(7,822)	45,000	37,500	7,500
<b>Total operating expenses</b>	<u>6,109,163</u>	<u>6,080,790</u>	<u>28,373</u>	<u>5,476,643</u>	<u>5,539,936</u>	<u>(63,293)</u>
<b>Operating income (loss)</b>	<u>1,213,259</u>	<u>5,688,595</u>	<u>1,675,650</u>	<u>334,250</u>	<u>2,009,900</u>	<u>1,675,650</u>
<b>Non-operating revenues (expenses)</b>						
Rental income	8,700	10,452	1,752	8,000	8,857	857
Interest income	21,200	7,294	(13,906)	10,000	21,384	11,384
Gain on sale of assets	-	-	-	-	14,000	14,000
Other income	-	6,150	6,150	5,000	13,650	8,650
Interest expense	(60,000)	(482,406)	(422,406)	(70,000)	(536,432)	(466,432)
<b>Total non-operating revenues (expenses)</b>	<u>(30,100)</u>	<u>(458,510)</u>	<u>(428,410)</u>	<u>(47,000)</u>	<u>(478,541)</u>	<u>(431,541)</u>
<b>Net income</b>	<u>\$ 1,183,159</u>	<u>5,230,085</u>	<u>1,247,240</u>	<u>287,250</u>	<u>1,531,359</u>	<u>1,244,109</u>

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
East Central Special Utility District  
Adkins, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller General of the United States, the financial statements of East Central Special Utility District (District) which comprise the balance sheet as of December 31, 2020 and 2019, fund balance, and cash flows for the year then ended and the related notes to the financial statements, and have issued my report thereon dated March 2, 2021.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of East Central Special Utility District's internal control.

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

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

**Compliance and Other Matters**

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



**Purpose of the Report**

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

March 2, 2021

San Antonio, Texas

## EAST CENTRAL SPECIAL UTILITY DISTRICT

TSI – 1 Services and Rates  
For the year ended December 31, 2020

1. Services Provided by the District:

- |   |   |                                     |
|---|---|-------------------------------------|
| <input checked="" type="checkbox"/> Retail Water  | <input checked="" type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage   |
| <input 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 checked="" type="checkbox"/> Participants in joint venture, regional system and/or wastewater service<br>(other than emergency interconnect) |   |                                     |
| <input type="checkbox"/> Other (specify):   |   |                                     |

2. Retail Rates Based on 5/8' Meter

		Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons/C u Ft over Minimum	Usage Levels
<b>East Central</b>						
Water	\$	38.00	-	Y	\$ 5.58	0 to 1,199 cu ft
					\$ 6.41	1,200 to 2,299 cu ft
					\$ 7.10	2,300 to 3,399 cu ft
					\$ 7.52	3,400 to 4,499 cu ft
					\$ 8.46	4,500 and over
<b>Palm Park</b>						
Water	\$	33.00	-	Y	\$ 6.41	0 to 6,999 gallons
					\$ 7.20	7,000 to 9,999 gallons
					\$ 7.59	10,000 to 15,999
					\$ 8.12	16,000 to 20,999 gallons
					\$ 9.14	21,000 and over

District employs winter averaging for wastewater usage? No

Total charges per 10,500 gallons/cu ft usage:

East Central: WATER	\$119.20
Palm Park: WATER	\$104.17

**EAST CENTRAL SPECIAL UTILITY DISTRICT**

TSI – 1 Services and Rates (Continued)

For the year ended December 31, 2020

2. Retail Rates based on 5/8' Meter continued

Water and Wastewater Retail Connections:

Meter Size Unmetered	Total Connections	Active Connections	ESFC Factor	Active ESFCs
5/8"	5,558	6,295	x 1	6,295
3/4"	21	24	x 1.5	36
1.0"	21	22	x 2.5	55
1.5"	7	7	x 5	35
2.0"	29	29	x 8	232
3.0"	2	2	x 17.5	35
4.0"	1	1	x 25	25
6.0"	1	1	x 50	50
8.0"	1	1	x 80	80
Multi Unit	100	102	-	360
Total Water	5,741	6,484		7,203

**EAST CENTRAL SPECIAL UTILITY DISTRICT**

TSI – 1 Services and Rates (Continued)

For the year ended December 31, 2020

3. Total water consumption during the fiscal year:

Gallons pumped into system:	645,070,473
Gallons billed to customers:	535,184,181
Water accountability ratio:	82.97%

4. District does not levy standby fees.

5. Location of District:

County(ies) in which the District is located. Bexar, Wilson, Guadalupe

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 the District is located. San Antonio, St. Hedwig, New Berlin

Is the District located within a city's extraterritorial jurisdiction (ETJ)?  
 Entirely  Partly  Not at all

ETJ's in which District is located. San Antonio, St. Hedwig, New Berlin, Elmendorf

Is the general membership of the Board appointed by an office outside the District?  
 Yes  No

If yes, by whom? N/A

**EAST CENTRAL SPECIAL UTILITY DISTRICT**

TSI – 2 Enterprise Fund Expenses  
For the year ended December 31, 2020

Water purchases		3,161,331
Personnel		1,019,177
Operations and maintenance		390,462
Depreciation		921,097
Professional fees		
Legal		13,293
Engineering		57,715
Accounting and Audit		7,750
Administrative expenses		302,109
Vehicles and equipment		111,209
Utilities		48,825
Insurance		47,822
Interest		<u>482,406</u>
<b>Total expenses</b>		<b>6,563,196</b>
Total number of persons employed by the District	Full time	<u>19</u>
	Part time	<u>2</u>

The following sections have been omitted since they do not pertain to this entity:

TSI-3 Temporary Investments  
TSI-4 Taxes Levied and Receivable

See Independent Auditor's Report.

**EAST CENTRAL SPECIAL UTILITY DISTRICT**

TSI – 5 Long-Term Debt Service Requirements

Series 2016 – by Years

Year Ended December 31, 2020

Year Ending December 31,	<b>Series 2016</b>		
	Principal Due Each Year	Interest Due Each Year	Total
2021	120,000	16,952	136,952
2022	120,000	14,456	134,456
2023	125,000	11,908	136,908
2024	125,000	9,308	134,308
2025	125,000	6,708	131,708
2026	130,000	4,056	134,056
2027	130,000	1,352	131,352
	<u>\$ 875,000</u>	<u>\$ 64,740</u>	<u>\$ 939,740</u>

**EAST CENTRAL SPECIAL UTILITY DISTRICT**

TSI – 6 Changes in Long-Term Bonded Debt  
Year Ended December 31, 2020

	Revenue Refunding, Series 2016
Interest Rate	2.080%
Dates Interest Payable	Feb 1; Aug 1
Maturity Date	2/1/2027
Beginning Bonds Outstanding	995,000
Bonds Sold During the Year	-
Bonds Retired During the Year	(120,000)
Ending Bonds Outstanding	<u>\$ 875,000</u>
Interest Paid During the Year	<u>\$ 19,448</u>
Paying Agent's Name and City	<u>BB&amp;T Charlotte, NC</u>
Bond authority	Refunding Bonds
Amount Authorized by Voters	<u>1,345,000</u>
Amount Issued	<u>1,345,000</u>
Remaining to be Issued	<u>\$ -</u>
Debt Service Cash and Investments as of December 31	<u>\$ 165,000</u>
Average Annual Debt Service	137,000

**EAST CENTRAL SPECIAL UTILITY DISTRICT**  
 TSI – 7 Comparative Schedule of Revenues and Expenses  
 Five Years Ended  
 Year Ended December 31, 2020

	2016	2017	2018	2019	2020
<b>Operating revenue:</b>					
Water sales	4,357,605	4,883,580	5,360,374	5,902,488	7,538,061
Wastewater service fees	45,960	53,009	136,687	208,812	385,183
Water impact fees	-	-	-	787,675	1,899,975
Water acquisition fees	-	-	-	-	590,800
Other charges	418,302	754,677	1,157,360	650,861	1,355,366
<b>Total operating revenues</b>	<u>4,821,867</u>	<u>5,691,266</u>	<u>6,654,421</u>	<u>7,549,836</u>	<u>11,769,385</u>
<b>Operating expenses:</b>					
Water purchases	1,599,663	2,780,137	2,410,464	2,731,093	3,161,331
Personnel	685,839	852,362	948,731	980,913	1,019,177
Repairs and maintenance	320,738	437,348	656,004	405,912	390,462
Depreciation	906,006	890,606	866,491	895,745	921,097
Professional fees	68,834	63,344	69,678	51,918	78,758
Administrative expenses	227,778	232,735	268,160	294,855	302,109
Vehicles and equipment	70,112	85,644	108,065	98,538	111,209
Utilities	61,341	48,796	52,001	43,462	48,825
Insurance	36,195	27,029	37,219	37,500	47,822
<b>Total operating expenses</b>	<u>3,976,506</u>	<u>5,418,001</u>	<u>5,416,813</u>	<u>5,539,936</u>	<u>6,080,790</u>
<b>Operating income (loss)</b>	<u>845,361</u>	<u>273,265</u>	<u>1,237,608</u>	<u>2,009,900</u>	<u>5,688,595</u>
<b>Non-operating revenues (expenses)</b>					
Rental income	11,212	7,260	7,986	8,857	10,452
Interest income	5,859	6,191	13,274	21,384	7,294
Gain on sale of assets	-	-	19,463	14,000	-
Other income	62,653	69,141	4,500	13,650	6,150
Interest expense	(650,274)	(544,417)	(533,732)	(536,432)	(482,406)
<b>Total non-operating revenues (expenses)</b>	<u>(570,550)</u>	<u>(461,825)</u>	<u>(488,509)</u>	<u>(478,541)</u>	<u>(458,510)</u>
<b>Change in Net Position</b>	<u>\$ 274,811</u>	<u>\$ (188,560)</u>	<u>\$ 749,099</u>	<u>\$ 1,531,359</u>	<u>\$ 5,230,085</u>



**EAST CENTRAL SPECIAL UTILITY DISTRICT**  
 TSI – 8 Board Members, Key Personnel and Consultants  
 Year Ended December 31, 2020

Complete District Mailing Address: PO Box 570, Adkins, TX 78101

District Business Telephone Number: (210) 649-2383

Submission Date of the most recent District Registration Form: February 2006

Limit on Fees of Office that a Director may receive during a fiscal year: \$6,000

Name	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid * 12/31/20	Expense Reimbursements 12/31/20	Title at Year End
<b>Board of Directors:</b>				
Melvin Strey	2005	1,040	-	President
Paul Bricker	2005	1,120	-	Vice President
Milton Lowak	2010	1,030	-	Treasurer
James Pederson	2005	1,360	-	Director
Doris Isley	2013	960	-	Director
Mark Davis	2011	960	-	Director
Randy Schwenn	2019	2,550	-	Director
Tom Dupnick	2020	320	-	Director
David Padalecki	2020	800	-	Director
<b>Administrative Personnel:</b>				
Albert Strzelczyk		101,754		General Manager
Arthur Strzelczyk		99,123		Field Manager
Jill Brown		57,569		Office Manager
Brandon Rohan		86,815		Asst Gen Manager
<b>Consultants:</b>				
Gallegos Engineering, Inc.		57,715		Engineer
Louis Rosenberg, PC		13,293		Attorney
Williams, Steinert, Mask LLP		7,750		Auditor

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ANNUAL FILING AFFIDAVIT

State of Texas §  
§  
County of Guadalupe §

RECEIVED

FEB 23 2021

Texas Water Development Board

I, Christina Miller, Secretary/Treasurer of the

**Green Valley Special Utility District**

Hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on **January 28, 2021** its annual audit report for fiscal period ending **September 30, 2020** and that copies of the annual report have been filed in the office of the District, located at:

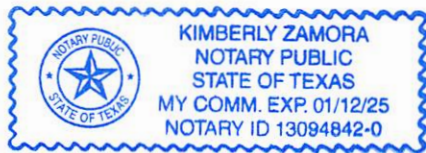
**529 South Center Street, Marion, Texas, 78214.**

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Code Section 49.194.

Date: February 18, 2021

By: *Christina Miller*  
Christina Miller, Secretary/Treasurer  
Green Valley Special Utility District

Sworn to and subscribed before me this 18 day of February, 2021.  
(SEAL)



*[Signature]*

My Commission expires on: 18 January 2025  
Notary Public, State of Texas

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*ANNUAL FINANCIAL REPORT*

of the

**GREEN VALLEY  
SPECIAL UTILITY DISTRICT**

For the Year Ended  
September 30, 2020

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# GREEN VALLEY SPECIAL UTILITY DISTRICT

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## ***INDEPENDENT AUDITORS' REPORT***

To the Board of Directors of  
Green Valley Special Utility District:

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

We have audited the accompanying financial statements of the business-type activities of Green Valley Special Utility District (the "District") as of and for the year ended September 30, 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 misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance 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 and budgetary comparison information, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information (TSI) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The TSI has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
January 27, 2021

# **GREEN VALLEY SPECIAL UTILITY DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended September 30, 2020**

As management of the Green Valley Special Utility District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended September 30, 2020. All amounts, unless otherwise indicated, are expressed in whole dollars.

### **Financial Highlights**

The assets and deferred outflows of the District exceeded its liabilities at the close of the most recent fiscal year by \$38,340,227. Of this amount, \$5,937,499 is unrestricted net position, \$8,671,614 is restricted, and \$23,731,114 is net investment in capital assets, net of related debt.

The District's total net position increased by \$4,037,570. The majority of this increase is attributable primarily to an increase in capital recovery revenue.

As of September 30, 2020, the District's capital assets totaled \$37,659,859, net of accumulated depreciation.

### **Overview of the Financial Statements**

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the District for the year ended September 30, 2020. The analysis is based on currently known facts, decisions, or economic conditions. It presents a short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

The District's basic financial statements include (1) Statement of Net Position; (2) Statement of Revenues, Expenses, and Changes in Net Position; (3) statement of cash flows; and (4) notes to the financial statements.

### **Basic Financial Statements**

The Statement of Net Position presents information on all of the District's assets, deferred outflows, and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other nonfinancial factors, such as the District's property tax base and the condition of the District's infrastructure, need to be considered to assess the overall health of the District.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows, which is the accrual method.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position present the District using one class of activity:

1. Business-Type Activities – The District's water distribution system is reported within this class. Interest payments on the District's debt are also reported within this class.

The statement of cash flows presents information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

# GREEN VALLEY SPECIAL UTILITY DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2020

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The basic financial statements can be found after the MD&A within this report.

### Other Information

In addition to basic financial statements, the MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the proprietary fund. RSI can be found after the notes to the basic financial statements. The District adopts an annual unappropriated budget for its proprietary fund. A budgetary comparison schedule has been provided for the proprietary fund to demonstrate compliance with this budget.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows exceeded liabilities by \$38,340,227 as of September 30, 2020.

A portion of the District's net position reflects its investments in capital assets (e.g., land, water system, and infrastructure) less any debt used to acquire those assets that is still outstanding. The District's net investment in capital assets is \$23,731,114, roughly 62% of total net position. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

### Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 51,941,846	\$ 15,963,260
Capital assets, net	37,659,859	29,675,677
<b>Total Assets</b>	<u>89,601,705</u>	<u>45,638,937</u>
Deferred charge on refunding	184,960	-
<b>Total Deferred Outflows of Resources</b>	<u>184,960</u>	<u>-</u>
Long-term liabilities	47,164,243	8,668,914
Other liabilities	4,282,195	2,667,366
<b>Total Liabilities</b>	<u>51,446,438</u>	<u>11,336,280</u>
<b>Net Position:</b>		
Net investment in capital assets	23,731,114	21,155,442
Restricted	8,671,614	8,012,909
Unrestricted	5,937,499	5,134,306
<b>Total Net Position</b>	<u>\$ 38,340,227</u>	<u>\$ 34,302,657</u>

A portion of the District's net position represents resources that are subject to restrictions on how they may be used, which is \$8,671,614. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligation to citizens and creditors. The financial condition of the District increased due to new connections and water consumption. The District also received \$1,861,400 pursuant to an agreement with Guadalupe Valley Development Corporation for a sewer line extension.

**GREEN VALLEY SPECIAL UTILITY DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2020

**Statement of Changes in Net Position**

The following table provides a summary of the District's changes in net position:

	2020	2019
Program revenues	\$ 13,348,409	\$ 10,527,846
Operating expenses	15,314,703	11,731,511
<b>Operating Income</b>	<b>(1,966,294)</b>	<b>(1,203,665)</b>
Other revenues	1,918,913	1,905,866
Capital recovery revenue	4,468,451	2,725,982
Interest expense	(383,500)	(415,082)
<b>Change in Net Position</b>	<b>4,037,570</b>	<b>3,013,101</b>
Beginning net position	34,302,657	31,289,556
<b>Ending Net Position</b>	<b>\$ 38,340,227</b>	<b>\$ 34,302,657</b>

Compared to the prior year, revenues from business-type activities increased by \$2,820,563. This is the result of an increase in water revenue mainly due to more new connections and water consumption.

**PROPRIETARY FUND BUDGETARY HIGHLIGHTS**

Budgeted revenues were greater than actual proprietary fund revenues by \$841,109 during the year primarily due to less than expected sewer and other revenues partially offset by the increase in water sales and services, materials and supplies. Budgeted proprietary fund expenses were less than actual expenses by \$328,203 during the year primarily due to the increase in actual water repairs and maintenance expense, as well as professional fees related to debt issuances.

**CAPITAL ASSETS**

At the end of the year, the District's business-type activities had invested \$37,659,859 in a variety of capital assets, net of accumulated depreciation. This represents a net increase of \$7,984,182 during the fiscal year.

Major capital asset additions during the year included several vehicles, an International dump truck and the completion of the Bolton Road meter station, as well as numerous construction projects in progress.

More detailed information about the District's capital assets is presented in note 5 to the financial statements.

**LONG-TERM DEBT**

As of September 30, 2020, the District reported \$47,000,000 in long-term debt.

More detailed information about the District's long-term liabilities is presented in note 6 to the financial statements.

# **GREEN VALLEY SPECIAL UTILITY DISTRICT**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)***

**For the Year Ended September 30, 2020**

### **COVID-19**

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into effect. While the pandemic caused changes to operations, the overall impact to the financial operations for the 2019-2020 fiscal year was nominal.

### **ECONOMIC FACTORS**

The District continues to provide quality services while maintaining reasonable level of expenses in the area. The total budgeted operating expenses for fiscal year ended September 30, 2021 is \$16,034,122.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the finances of the District. Questions concerning this report or requests for additional financial information should be directed to the District at P.O. Box 99, Marion, Texas 78124-0099.

***BASIC FINANCIAL STATEMENTS***

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# GREEN VALLEY SPECIAL UTILITY DISTRICT

## STATEMENT OF NET POSITION - PROPRIETARY FUND

September 30, 2020

<u>Assets</u>	<u>Business-Type</u>
<b>Current Assets</b>	<b>Enterprise</b>
Cash and cash equivalents	\$ 1,886,539
Investments	4,275,776
Accounts receivable	2,882,397
Inventory	725,837
<b>Total Current Assets</b>	<b>9,770,549</b>
<b>Restricted Assets</b>	
Cash and cash equivalents	35,443,853
Investments	5,967,905
<b>Total Restricted Assets</b>	<b>41,411,758</b>
<b>Property, Plant, and Equipment</b>	
Construction in progress	12,563,259
Land	2,152,276
Property, plant, and equipment, net of accumulated depreciation	22,944,324
<b>Total Property, Plant, and Equipment</b>	<b>37,659,859</b>
<b>Other Assets</b>	
Investment in Canyon Regional Water Authority	10,000
Purchased water rights	749,539
<b>Total Other Assets</b>	<b>759,539</b>
	<b>Total Assets</b>
	<b>89,601,705</b>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - deferred charge on refunding	184,960
<b>Total Deferred Outflows of Resources</b>	<b>184,960</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	2,328,846
Interest payable	117,516
Customer deposits	1,835,833
<b>Total Current Liabilities</b>	<b>4,282,195</b>
<b>Noncurrent Liabilities</b>	
Due within one year	655,322
Due in more than one year	46,508,921
<b>Total Noncurrent Liabilities</b>	<b>47,164,243</b>
	<b>Total Liabilities</b>
	<b>51,446,438</b>
<b>Net Position</b>	
Net investment in capital assets	23,731,114
Restricted for other assets	759,539
Restricted for debt service	974,060
Restricted for capital improvements	6,938,015
Unrestricted	5,937,499
	<b>Total Net Position</b>
	<b>\$ 38,340,227</b>

See Notes to Financial Statements.

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# GREEN VALLEY SPECIAL UTILITY DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN

### NET POSITION - PROPRIETARY FUND

For the Year Ended September 30, 2020

	<u>Business-Type</u>
	<u>Enterprise</u>
<b>Operating Revenues</b>	
Water service	\$ 12,052,945
Meter installations	621,750
Penalties, fees, and other charges	673,714
<b>Total Operating Revenues</b>	<u>13,348,409</u>
<b>Operating Expenses</b>	
Water purchases	6,518,354
Salaries and labor	1,930,497
Payroll taxes and employee benefits	523,564
Edwards' Aquifer fees	147,698
Materials and supplies	377,042
Utilities	244,942
Repairs and maintenance	1,404,146
Office and operations	351,801
Professional fees	2,722,453
Depreciation	1,094,206
<b>Total Operating Expenses</b>	<u>15,314,703</u>
<b>Operating (Loss)</b>	<u>(1,966,294)</u>
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	153,961
Antenna service income	98,058
Capital recovery revenue	4,468,451
Water acquisition	1,666,894
Interest expense	(383,500)
<b>Total Nonoperating Revenues</b>	<u>6,003,864</u>
<b>Change in Net Position</b>	4,037,570
Beginning net position	<u>34,302,657</u>
<b>Ending Net Position</b>	<u>\$ 38,340,227</u>

See Notes to Financial Statements.

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# GREEN VALLEY SPECIAL UTILITY DISTRICT

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUND

For the Year Ended September 30, 2020

	<b>Business-Type</b>
	<b>Enterprise</b>
<b><u>Cash Flows from Operating Activities</u></b>	
Cash received from customers	\$ 12,534,356
Cash paid to suppliers and others	(10,752,172)
Cash paid to employees and benefits	(2,372,010)
<b>Net Cash (Used) by Operating Activities</b>	<b>(589,826)</b>
<b><u>Cash Flows from Nonoperating Activities</u></b>	
Water acquisition	1,666,894
<b>Net Cash Provided by Nonoperating Activities</b>	<b>1,666,894</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Antenna service	98,058
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>98,058</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Capital contributions and developer payments	4,468,451
Debt proceeds	46,724,864
Principal payments on debt	(8,211,721)
Acquisition and construction of capital assets	(9,078,387)
Interest paid on debt	(383,500)
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<b>33,519,707</b>
<b><u>Cash Flows from Investing Activities</u></b>	
Interest on investments	153,961
Purchase of investments	(10,243,681)
Sale of investments	8,155,277
<b>Net Cash (Used) by Investing Activities</b>	<b>(1,934,443)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>32,760,390</b>
Beginning cash and cash equivalents	4,570,002
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 37,330,392</b>
 <b>Reconciliation of Operating Income (Loss)</b>	
<b>to Net Cash Provided (Used) by Operating Activities</b>	
Operating (loss)	\$ (1,966,294)
Adjustments to reconcile operating (loss)	
to net cash (used) by operating activities:	
Depreciation	1,094,206
(Increase) Decrease in:	
Accounts receivable	(814,053)
Inventory	(315,739)
Deferred outflows	(184,960)
Increase (Decrease) in:	
Accounts payable	1,309,584
Customer deposits	205,379
Compensated absences	82,051
<b>Net Cash (Used) by Operating Activities</b>	<b>\$ (589,826)</b>
 <b>Cash and Cash Equivalents</b>	
Unrestricted	\$ 1,886,539
Restricted	35,443,853
<b>Total Cash and Cash Equivalents</b>	<b>\$ 37,330,392</b>

See Notes to Financial Statements.



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# GREEN VALLEY SPECIAL UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

### NOTE 1 – CREATION OF DISTRICT

The Green Valley Special Utility District (the “District”) was created May 4, 1992 by a vote of the members of the Green Valley Water Supply Corporation. The District operates under the Texas Constitution, Article XVI, Section 59, Chapter 65 of the Texas Water Code. The District’s services are as follows:

- To purchase, own, hold, lease, and otherwise acquire sources of water supply;
- To build, operate, and maintain facilities for the transportation of water;
- To sell water to towns, cities, other political subdivisions, and to private individuals and businesses;
- To protect, preserve, and restore the purity and sanitary condition of water; and
- To carry out the duties and powers of a Special Utility District.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements and accounting policies of the District are prepared in conformity with generally accepted accounting principles for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

#### **Reporting Entity**

The District has adopted GASB Statements No. 14, *The Financial Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units*. In accordance with these statements, a financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. There are no component units that are legally separate for which the District is considered financially accountable.

The District is governed by a board of directors consisting of seven individuals who are residents or owners of property within the District and are elected by voters within the District. Board members that resign prior to the completion of their term are appointed by the board. As required by generally accepted accounting principles, these financial statements present the activities of the District, which is considered to be the primary government, as well as the reporting entity. There are no other organizations which meet the criteria for inclusion herein as part of the financial reporting entity.

#### **Basis of Accounting**

The District is a proprietary fund accounted for on an accrual basis, which is a flow of economic resources measurement focus. Revenues and expenses are recognized in the accounting period in which they are earned and incurred, respectively, and in which net income is determined.

# **GREEN VALLEY SPECIAL UTILITY DISTRICT**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For the Year Ended September 30, 2020**

### **Proprietary Fund Types**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets and deferred outflows, liabilities and deferred inflows, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items.

Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The proprietary fund types used by the District include the following:

#### **Enterprise Fund**

The enterprise fund is used to account for water operations. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The enterprise fund is considered a major fund for reporting purposes.

#### **Budget**

An unappropriated budget is adopted for the proprietary fund. The budget is prepared using the same method of accounting as for financial reporting and serves as a planning tool. Encumbrance accounting is not utilized.

#### **Investments**

Temporary investments consist of certificates of deposit and time deposits and are stated at cost, which approximates market value.

#### **Receivables and Payables**

Accounts receivable consist of amounts due from customers of the District. Accounts payable consist of trade payables and other accrued expenses including accrued payroll taxes.

#### **Inventory**

The inventory of supplies at year end is valued at cost using the first-in, first-out (FIFO) method.



# GREEN VALLEY SPECIAL UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., water lines, sewer lines, and storm sewers), are reported in the applicable business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with the construction of capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Property improvements	5 to 30 years
Water supply system plant and distribution system	25 to 50 years
Machinery and equipment	5 to 10 years

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The District has only one type of item, which results from the difference in the carrying value of refunded debt and its reacquisition price. A deferred charge on refunding is deferred and amortized over the shorter of the life of the refunded or refunding debt.

### Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as liabilities in the applicable business-type activities Statement of Net Position. The long-term debt consists primarily of revenue bonds payable.

# GREEN VALLEY SPECIAL UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

### Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### Compensated Absences

It is the District's policy to permit employees to accumulate an amount of earned but unused vacation, which will be paid to employees upon separation from the District's service.

### Customer Deposits

The District requires customers to make deposits to provide service. These deposits are refundable upon the termination of services. These deposits are not set aside in restricted bank accounts by the District.

### Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

## NOTE 3 – CASH AND TEMPORARY INVESTMENTS

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the District reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the U.S. Securities and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

As of September 30, 2020, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Certificates of deposit	\$ 3,508,107	0.59
LOGIC	5,710,374	0.15
TexPool	1,025,000	0.10
<b>Total</b>	<b>\$ 10,243,481</b>	
Portfolio weighted average maturity		0.18

# GREEN VALLEY SPECIAL UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

### Investment Policies

Applicable state laws and regulations allow the District to invest its funds in direct or indirect obligations of the United States, the State of Texas (the "State"), or any county, district, school district, or other political subdivision of the State. Funds may also be placed in certificates of deposit of state or national banks or savings and loan associations (depository institutions) domiciled within the State. Related state statutes and provisions included in the District's bond resolutions require that all funds invested in depository institutions be guaranteed by federal depository insurance (FDIC) and/or be secured in the manner provided by law for the security of public funds.

**Custodial Credit Risk – Deposits** - In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2020, market values of pledged securities and FDIC insurance exceeded the bank balances.

**Interest Rate Risk** – As a means of limiting its exposure to fair value losses resulting from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years, or interest rate indexed collateralized mortgage obligations. External investment pools are presented as investments with a maturity of less than one year because they are redeemable in full immediately.

**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At year end, the District's investments in external investment pools were rated "AAAm" by Standard & Poor's.

### LOGIC

Local Government Investment Cooperative (LOGIC) was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. The Act allows eligible local governments, state agencies, and nonprofit corporations of the State (each a "Government Entity") to jointly invest their funds in permitted investments. Capitalized terms used but not defined herein shall have the meaning ascribed to them in the LOGIC investment policies. The LOGIC's governing body is a six-member Board of Directors (the "Board") comprised of employees, officers, or elected officials of participant Government Entities or individuals who do not have a business relationship with LOGIC and are qualified to advise it. A maximum of two advisory Board members represent the co-administrators of LOGIC. As of September 30, 2020, the District had \$5,710,374 invested in LOGIC.

# **GREEN VALLEY SPECIAL UTILITY DISTRICT**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For the Year Ended September 30, 2020**

### **TexPool**

TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. As of September 30, 2020, the District had \$1,025,000 invested in TexPool.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

# GREEN VALLEY SPECIAL UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

### NOTE 4 – RECEIVABLES

The following comprises the receivable balance at year end:

	<u>Enterprise</u>
Accounts receivable	\$ 2,957,278
Less allowance	(74,881)
<b>Total</b>	<u><u>\$ 2,882,397</u></u>

### NOTE 5 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2020 is as follows:

	Beginning Balances	Increases	(Decreases)	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,594,986	\$ 557,290	\$ -	\$ 2,152,276
Construction in progress	5,542,796	7,020,463	-	12,563,259
Total capital assets not being depreciated	<u>7,137,782</u>	<u>7,577,753</u>	<u>-</u>	<u>14,715,535</u>
Other capital assets:				
Furniture and fixtures	62,651	-	-	62,651
Lines, pumps, equipment, and plant	34,244,173	1,023,667	-	35,267,840
Office building and equipment	1,066,058	214,560	-	1,280,618
Shop building and equipment	433,561	-	-	433,561
Vehicles and equipment	1,353,622	262,407	(126,031)	1,489,998
Total other capital assets	<u>37,160,065</u>	<u>1,500,634</u>	<u>(126,031)</u>	<u>38,534,668</u>
Less accumulated depreciation	<u>(14,622,170)</u>	<u>(1,058,375)</u>	<u>90,201</u>	<u>(15,590,344)</u>
Other capital assets, net	<u>22,537,895</u>	<u>442,259</u>	<u>(35,830)</u>	<u>22,944,324</u>
<b>Business-Type Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 29,675,677</u>	<u>\$ 8,020,012</u>	<u>\$ (35,830)</u>	<u>37,659,859</u>
			Less associated debt	(47,000,000)
			Unspent proceeds of debt issued	33,071,255
			<b>Net Investment in Capital Assets</b>	<u><u>\$ 23,731,114</u></u>

### NOTE 6 – CHANGES IN LONG-TERM DEBT, DEBT SERVICE REQUIREMENTS, AND BOND RESOLUTION REQUIREMENTS

Long-term debt consists of revenue bonds payable. Payments of principal and interest on the bonds are to be provided from charges for services on properties within the District. The bond resolutions require an amount equal to the average annual debt service requirements to be reserved by the District. This requirement has been met.

# **GREEN VALLEY SPECIAL UTILITY DISTRICT**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For the Year Ended September 30, 2020**

### **Current Refunding**

On July 13, 2020, the District issued \$8,400,000 of Texas Water Development Board (TWDB) Water System Revenue Refunding Bonds, Series 2020 to provide resources for debt service to fully refund the remaining \$2,505,000 of the Series 2010 Bonds, and \$5,560,000 of the Series 2011 Bonds, respectively (collectively, the "Refunded Bonds"). As a result, the Refunded Bonds are considered to be defeased and the liability has been removed from the Statement of Net Position. This 2020 current refunding was undertaken to reduce total debt service payments over the next 20 years by \$1,875,941 and resulted in an economic gain of \$1,660,599.

On May 19, 2020, the District issued its Prior Lien Water and Wastewater System Revenue Bonds, Series 2020 (the "Bonds") in the principal amount of \$24,985,000, with interest rates ranging from 0.05% to 1.40% and a final maturity date of September 15, 2049. The proceeds from the Bonds will be used for the purposes of acquiring, purchasing, constructing, improving, extending, equipping, or repairing the District's wastewater system. The District has \$23,434,490 funds held in escrow pursuant to the bond resolutions for use in projects as specified by the TWDB.

On March 4, 2020, the District issued its United States Department of Agriculture (USDA) Water System Revenue Bonds, Series 2020, with an interest rate of 2.75% and a final maturity date of September 15, 2029 for various improvement projects. The District has \$1,989,000 held in escrow that will be released on a project by project basis as determined by the USDA.

On August 28, 2020, the District issued its USDA Water System Revenue Bonds, Series 2020A and 2020B, in the principal amounts of \$5,290,000 and \$2,840,000, respectively, with interest rates of 1.875% and a final maturity date of September 15, 2059 for various improvement projects. The District has \$4,906,000 and \$2,739,000 from the Series 2020A and Series 2020B Bonds, respectively, held in escrow which will be released on a project by project basis as determined by the USDA.

# GREEN VALLEY SPECIAL UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

The following is a summary of changes in long-term liabilities for the year ended September 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Revenue bonds payable:					
Series 2003	\$ 458,000	\$ -	\$ (11,000)	\$ 447,000 *	\$ 12,000
Series 2010	2,505,000		(2,505,000)	-	-
Series 2011	5,560,000		(5,560,000)	-	-
Series 2020 Refunding	-	8,400,000	-	8,400,000 *	285,000
Series 2020 TWDB	-	24,985,000	-	24,985,000 *	10,000
Series 2020 USDA	-	5,110,000	(72,000)	5,038,000 *	74,000
Series 2020A USDA	-	5,290,000	-	5,290,000 *	93,000
Series 2020B USDA	-	2,840,000	-	2,840,000 *	50,000
Compensated absences	145,913	82,051	(63,721)	164,243	131,322
	<u>\$ 8,668,913</u>	<u>\$ 46,707,051</u>	<u>\$ (8,211,721)</u>	<u>\$ 47,164,243</u>	<u>\$ 655,322</u>
				<u>*Debt associated with capital assets</u>	<u>\$ 47,000,000</u>
				<b>Long-term liabilities due in more than one year</b>	<u>\$ 46,508,921</u>

Bonds payable at September 30, 2020 are comprised of the following issues:

	<u>Amounts Outstanding</u>	<u>Interest Rates</u>	<u>Maturity Interest Payment Dates</u>	<u>Callable Date</u>
Series 2003	\$ 447,000	3.75 to 5.50%	March 15, September 15	March 15, 2014
Series 2020 Refunding	8,400,000	2.00% to 4.00%	March 15, September 15	March 15, 2025
Series 2020 (TWDB)	24,985,000	0.00% to 1.40%	March 15, September 15	March 15, 2030
Series 2020 (USDA)	5,038,000	2.75%	March 15, September 15	
Series 2020A (USDA)	5,290,000	1.88%	March 15, September 15	
Series 2020B (USDA)	2,840,000	1.88%	March 15, September 15	
	<u>\$ 47,000,000</u>			

# GREEN VALLEY SPECIAL UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

As of September 30, 2020, the debt service requirements on bonds outstanding are as follows:

Due During Fiscal Year Ended September 30	Principal Due	Interest Due	Total
2021	\$ 524,000	\$ 827,620	\$ 1,351,620
2022	1,279,000	739,528	2,018,528
2023	1,375,000	722,014	2,097,014
2024	1,395,000	703,216	2,098,216
2025	1,420,000	683,376	2,103,376
2026-2030	7,391,000	3,131,779	10,522,779
2031-2035	7,870,000	2,653,222	10,523,222
2036-2040	8,483,000	2,013,757	10,496,757
2041-2045	7,169,000	1,292,908	8,461,908
2046-2050	5,996,000	730,625	6,726,625
2051-2055	2,176,000	362,415	2,538,415
2056-2059	1,922,000	108,458	2,030,458
<b>Total</b>	<b>\$ 47,000,000</b>	<b>\$ 13,968,918</b>	<b>\$ 60,968,918</b>

### Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the District could result. The District periodically engages an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

### **NOTE 7 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three fiscal years.



# GREEN VALLEY SPECIAL UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

### NOTE 8 – DEFINED CONTRIBUTION PLAN

The District has a defined contribution plan (the “Plan”) for employees. Benefits depend solely on amounts contributed plus investment earnings, Employees are eligible to participate after one year of employment. On a monthly basis, the employees may make contributions up to 10% of compensation. The District matches these employee contributions up to 6% of the base pay. On an annual basis, the District makes an additional contribution of 4% of the employee’s annual base salary.

The regular vesting schedule of the Plan is as follows: less than two years of service is 0% vested, two years of service is 20% vested, three years of service is 40% vested, four years of service is 60% vested, five years of service is 80% vested, and six or more years of service is 100% vested.

Current year employer discretionary contributions amounted to \$48,389.

### NOTE 9 – WATER RIGHTS

The District purchased the right to pump 309 acre-feet of Edwards’ Aquifer water from the Regional Water Resources Development Group (RWRDG) for \$274,539. Additionally, the District has purchased 190 acre-feet of Guadalupe Water for \$475,000.

### NOTE 10 – COMMITMENTS AND CONTINGENCIES

The District entered into contracts with various entities for water supply, sewer outfall construction, and wholesale wastewater service.

#### Water Supply Contracts

The District has acquired certain water rights and entered into supply contracts with Canyon Regional Water Authority (CRWA), Well Ranch, Edwards’ Aquifer, Laguna Water II LTD, Hays Caldwell Public Utility Agency (HCPUA), and Guadalupe-Blanco River Authority (GBRA) that will require payments that may change based on the actual rates and consumption.

The estimated commitments are as follows:

Year	CRWA	Wells Ranch	Edwards’ Aquifer	Laguna Water II, LTD	HCPUA	GBRA	Totals
2021	\$ 1,875,469	\$ 3,444,843	\$ 45,000	\$ 72,882	\$ 735,254	\$ 163,583	\$ 6,337,031
2022	1,931,733	3,548,188	-	75,068	757,312	168,490	6,480,791
2023	1,989,685	3,654,634	-	77,320	780,031	173,545	6,675,215
2024	2,049,376	3,764,273	-	79,640	803,432	178,751	6,875,472
2025	2,110,857	3,877,201	-	82,029	827,535	184,114	7,081,736
2026-2030	10,554,285	19,386,005	-	328,116	4,137,675	920,570	35,326,651
2031-2035	10,870,914	19,967,585	-	-	4,261,805	948,187	36,048,491
2036-2040	11,197,041	20,566,613	-	-	4,389,659	976,633	37,129,946
2041-2045	11,532,952	21,183,611	-	-	4,521,349	1,005,932	38,243,844
2046-2050	11,878,941	21,819,119	-	-	4,656,989	-	38,355,049
2051-2055	12,235,309	22,473,693	-	-	4,796,699	-	39,505,701
2056-2060	12,602,368	23,147,904	-	-	4,940,600	-	40,690,872
<b>Total</b>	<b>\$ 90,828,930</b>	<b>\$ 166,833,669</b>	<b>\$ 45,000</b>	<b>\$ 715,055</b>	<b>\$ 35,608,340</b>	<b>\$ 4,719,805</b>	<b>\$ 298,705,799</b>

# **GREEN VALLEY SPECIAL UTILITY DISTRICT**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For the Year Ended September 30, 2020**

### **Sewer Outfall Construction Agreement**

On May 4, 2017, the District entered into a interlocal agreement with San Antonio River Authority (the "Authority") for sewer outfall construction. The Authority owns and operates the wastewater treatment system. The District contracts with the Authority to construct a sanitary sewer outfall line to serve current and future customers. The District will pay the actual cost line minus the Developer's contribution for the line extension. The District will be the owner of the sanitary sewer outfall line.

### **Wholesale Wastewater Services Agreement**

On August 31, 2017, the District entered into a wholesale wastewater services agreement (the "Agreement") with the City of Marion, Texas (the "City"). The City owns and operates a wastewater system and treatment facility. The District obtains wholesale wastewater treatment and disposal services from the City. The District will be responsible for construction of any improvements necessary to collect wastewater from the District's customers within the Woods of St. Clare subdivision. The City agrees to expend and improve the City's sewer system in order to provide adequate service to the District.

The District will invest up to, but no more than, \$365,000 for capital improvements to the City's wastewater treatment plant.

The wholesale service commitment shall be subject to: the average dry weather flow rate shall not exceed 24,500 gallons per day, the peak dry weather flow rate shall not exceed 61,250 gallons per day, and the peak wet weather flow shall not exceed 72,905 gallons per day. The District shall provide the City at least 90 days written notice of additional wastewater flows that are expected to increase by 25,000 gallons or more.

The District will pay the wholesale wastewater rate and wastewater impact fee calculated by the City in accordance with the applicable provisions of Chapter 395, Texas Local Government Code and Chapter 293 of Title 30 of the Texas Administrative Code and the City's service rules and policies.

This Agreement shall become effective upon the effective date and shall extend for a term of five years unless terminated earlier. The District provides at least six months written notice to the City and it may renew this Agreement for one additional term of five years.

# **GREEN VALLEY SPECIAL UTILITY DISTRICT**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For the Year Ended September 30, 2020**

### **NOTE 11 – CONTINGENCIES**

#### **Litigation**

Two cities which overlap the District's service area have filed a petition with the Texas Public Utilities Commission (PUC) to decertify the District's sewer certification in areas the respective cities have annexed. The PUC has granted the decertification. The District is involved in various lawsuits in State and Federal court to prevent decertification or obtain compensation in the event of decertification. The final outcome of these legal actions is unknown. The estimated economic loss to the District that is without compensation is \$932,456. The District intends to continue its fights in federal court against the cities and continues to pursue its right to compensation. If the decertification was granted, there would be a limited impairment to net position previously recorded and, accordingly, an immaterial loss under generally accepted accounting principles. The limited impairment and loss would primarily consist of disposal costs and write-off of other capitalized acquisition for the purchase of land and design work for a wastewater treatment facility. Decertification would not impact the District's ability to continue as a going concern, as the District's predominant revenue source has historically been from water services. The District has invested significant time, effort, and energy in the development of plans and preparation to provide needed sewer services to the citizens within the District, which this legal matter is delaying.

In December 2018, a city filed a complaint against the USDA, Rural Services and the District concerning a lawsuit seeking an injunction to prevent USDA from entering into debt financing with the District. In November 2019, a judge entered a final judgement in the District's favor. The city appealed the case and the case is pending outcome. The District intends to participate, in the event that the city appeals the final judgement, and vigorously defend their entitlements to acquire USDA financing.

#### **COVID -19**

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into effect. The District continues to modify its operations to prevent the spread to protect staff and the community as a whole, while balancing the need to continue to provide essential services. The District is continuing to monitor exposure levels among staff and the community as a whole, but to date the overall exposure threat level has been sufficiently low with no significant disruption of services. The District does not anticipate adverse impact to its operations or financial condition related to COVID-19.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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# GREEN VALLEY SPECIAL UTILITY DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET TO ACTUAL - PROPRIETARY FUND

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Operating Revenues</b>				
Water service	\$ 8,690,000	\$ 8,690,000	\$ 12,052,945	\$ 3,362,945
Meter installations	650,000	650,000	621,750	(28,250)
Penalties, fees, and other charges	245,000	245,000	673,714	428,714
Other revenue	2,922,300	2,922,300	-	(2,922,300)
<b>Total Operating Revenues</b>	<u>12,507,300</u>	<u>12,507,300</u>	<u>13,348,409</u>	<u>841,109</u>
<b>Operating Expenses</b>				
Water and sewer purchases	7,109,000	7,109,000	6,518,354	590,646
Salaries and labor	1,715,500	1,715,500	1,930,497	(214,997)
Payroll taxes and employee benefits	542,000	542,000	523,564	18,436
Edwards' Aquifer fees	283,000	283,000	147,698	135,302
Materials and supplies	1,696,100	1,696,100	377,042	1,319,058
Utilities	260,000	260,000	244,942	15,058
Repairs and maintenance	190,500	190,500	1,404,146	(1,213,646)
Office and operations	514,400	514,400	351,801	162,599
Professional fees	1,725,000	1,725,000	2,722,453	(997,453)
Depreciation	951,000	951,000	1,094,206	(143,206)
<b>Total Operating Expenses</b>	<u>14,986,500</u>	<u>14,986,500</u>	<u>15,314,703</u>	<u>(328,203)</u>
<b>Operating (Loss)</b>	<u>(2,479,200)</u>	<u>(2,479,200)</u>	<u>(1,966,294)</u>	<u>512,906</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	160,000	160,000	153,961	(6,039)
Antenna service income	85,000	85,000	98,058	13,058
Capital recovery revenue	3,022,340	3,022,340	4,468,451	1,446,111
Water acquisition	1,732,000	1,732,000	1,666,894	(65,106)
Interest expense	5,000	5,000	(383,500)	(388,500)
<b>Total Nonoperating Revenues</b>	<u>5,004,340</u>	<u>5,004,340</u>	<u>6,003,864</u>	<u>999,524</u>
<b>Change in Net Position</b>	2,525,140	2,525,140	4,037,570	1,512,430
<b>Beginning net position</b>	<u>34,302,657</u>	<u>34,302,657</u>	<u>34,302,657</u>	<u>-</u>
<b>Ending Net Position</b>	<u>\$ 36,827,797</u>	<u>\$ 36,827,797</u>	<u>\$ 38,340,227</u>	<u>\$ 1,512,430</u>

Note to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principals (GAAP).

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***TEXAS SUPPLEMENTARY INFORMATION***

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# GREEN VALLEY SPECIAL UTILITY DISTRICT

## TSI-1 SERVICES AND RATES

For the Year Ended September 30, 2020

**1. Services provided by the District:**

<u>X</u>	Retail Water	<u>X</u>	Wholesale Water	<u>    </u>	Drainage
<u>X</u>	Retail Sewer	<u>    </u>	Wholesale Sewer	<u>    </u>	Irrigation
<u>    </u>	Parks/Recreation	<u>    </u>	Fire Protection	<u>    </u>	Security
<u>    </u>	Solid Waste/Garbage	<u>    </u>	Flood Control	<u>    </u>	Roads
<u>    </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u>    </u>	Other (specify): _____				

**2. a. Retail rates based on 5/8" meter**

				Retail rates not applicable	
The most prevalent type of meter (if not a 5/8"):				Not applicable	
	<b>Minimum Charge</b>	<b>Minimum Usage</b>	<b>Flat Rate Y/N</b>	<b>Rate per 1,000 Gallons Over Minimum</b>	<b>Usage Levels</b>
Water	<u>\$ 28.35</u>	<u>2,000</u>	<u>N</u>	<u>\$3.90</u>	<u>2,001 to 5,000</u>
				<u>\$5.05</u>	<u>5,001 to 10,000</u>
				<u>\$6.25</u>	<u>10,001 to 15,000</u>
				<u>\$7.60</u>	<u>15,001 to 25,000</u>
				<u>\$10.00</u>	<u>25,001 to 50,000</u>
				<u>\$12.50</u>	<u>50,001 and up</u>
Waste	<u>\$ 50.00</u>	<u>N/A</u>	<u>N/A</u>		
Surcharge	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>		
District employs winter averaging for wastewater usage?				Yes <u>    </u> No <u>X</u>	
Total water charges per 10,000 gallons usage (including surcharges)				<u>\$ 65.63</u>	

**b. Water and Wastewater Retail Connections:** Number of retail water and/or wastewater\* connections within the District as of the fiscal year end. Provide actual numbers and single family equivalents (ESFC) as noted:

<b>Meter Size</b>	<b>Total Connections</b>	<b>Active Connections</b>	<b>ESFC Factor</b>	<b>Active ESFCs</b>
5/8"	<u>14,430</u>	<u>14,020</u>	x 1.0	<u>14,020</u>
3/4"	<u>20</u>	<u>20</u>	x 1.5	<u>30</u>
1"	<u>84</u>	<u>77</u>	x 2.5	<u>193</u>
1 1/2"	<u>19</u>	<u>18</u>	x 5.0	<u>90</u>
2"	<u>23</u>	<u>23</u>	x 8.0	<u>184</u>
3"	<u>4</u>	<u>4</u>	x 15.0	<u>60</u>
4"	<u>4</u>	<u>4</u>	x 25.0	<u>100</u>
6"	<u>0</u>	<u>0</u>	x 50.0	<u>0</u>
Total water	<u>14,584</u>	<u>14,166</u>		<u>14,677</u>

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

**3. Total Water Consumption (In Thousands) During the Fiscal Year:**

Gallons pumped into system:	1,614,562,000	<b>Water accountability Ratio:</b>
Gallons billed to customers:	1,392,008,981	(Gallons billed/Gallons pumped)
		86%

# GREEN VALLEY SPECIAL UTILITY DISTRICT

## TSI-2 PROPRIETARY FUND EXPENSES

For the Year Ended September 30, 2020

### Operating Expenses

Water purchases	\$ 6,518,354
Salaries and labor	1,930,497
Payroll taxes and employee benefits	523,564
Edwards' Aquifer fees	147,698
Materials and supplies	377,042
Utilities	244,942
Repairs and maintenance	1,404,146
Office and operations	351,801
Professional fees	2,722,453
Depreciation	1,094,206
<b>Total Operating Expenses</b>	<b><u>15,314,703</u></b>

### Nonoperating Expenses

Interest expense	<u>383,500</u>
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**Total Expenses** **\$ 15,698,203**

### **Number of persons employed by the District**

Full-time employees	<u><u>38</u></u>
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(1) The District operates as an enterprise fund and, accordingly, this presentation is for an enterprise fund since there is no general fund.

# GREEN VALLEY SPECIAL UTILITY DISTRICT

## TSI-3 CASH AND TEMPORARY INVESTMENTS

For the Year Ended September 30, 2020

Funds	Identification or Certificate Number	Interest Rate (%)	Maturity Date	Balance at End of Year
<b><u>Enterprise Fund</u></b>				
<b><u>Marion State Bank</u></b>				
Capital Recovery Account	043M0673-4	Various	Various	\$ 970,110
Series 2003 I & S	044M0640-1	Various	Various	78,764
Debt Service Reserve Fund	044M0764-9	Various	Various	507,099
TWDB Construction Account	2108447	Various	Various	2,765
Series 2010 I & S	044M0768-0	Various	Various	312,778
Series 2011 I & S	044M0817-5	Various	Various	4
Water Acquisition	04444-0781-3	Various	Various	427,434
Operating Web Account	2110476	Various	Various	30,917
TWDB Debt Service	4409876	Various	Various	2,282
USDA Construciton	2113447	Various	Various	427,928
I & S Fund	4409819	Various	Various	500
Public Fund Regular	2113470	Various	Various	701,932
CIAC	4409702	Various	Various	521,751
Escrow - Series 2020		Various	Various	23,434,490
Escrow - Series 2020 (USDA)		Various	Various	1,989,000
Escrow - Series 2020A (USDA)		Various	Various	4,906,000
Escrow - Series 2020B (USDA)		Various	Various	2,739,000
CD - Capital Recovery Account	26325	0.90%	03/16/21	264,653
CD - Capital Recovery Account	26396	0.90%	09/22/21	567,768
CD - Capital Recovery Account	27094	1.70%	04/25/21	1,055,104
CD - Capital Recovery Account	27095	1.70%	04/25/21	1,055,104
<b><u>Schertz Bank &amp; Trust</u></b>				
Operating Account	4005000740	Various	Demand	56,023
CD - Operating Account	1023826	1.75%	03/02/21	500,000
CD - Operating Account	1023834	0.90%	10/04/20	65,677
<b><u>First United Bank</u></b>				
Operating Account	43567	Various	Demand	147,407
<b><u>Bank of Texas</u></b>				
Escrow Account	600024642	Various	Demand	73,131
<b><u>TexPool</u></b>				
Capital Recovery Account	940600002	Various	N/A	491,599
Operating Account	940600001	Various	N/A	533,401
<b><u>LOGIC</u></b>				
Operating Account	742634126001	Various	N/A	884,306
Capital Recovery Account	742634126002	Various	N/A	2,533,676
Operating Account II	742634126003	Various	N/A	1,237,932
Water Acquisition	2634126005	Various	N/A	1,054,460
<b>Cash on hand</b>				<u>1,078</u>
			<b>Total Enterprise Fund</b>	<b><u>\$ 47,574,073</u></b>

# GREEN VALLEY SPECIAL UTILITY DISTRICT

## TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS

For the Year Ended September 30, 2020

Due During Fiscal Year Ended September 30	Bond Series 2003			Bond Series 2020 TWDB		
	Principal Due	Interest Due	Total Due	Principal Due	Interest Due	Total Due
2021	\$ 12,000	\$ 18,998	\$ 30,998	\$ 10,000	\$ 293,251	\$ 303,251
2022	12,000	18,488	30,488	750,000	221,786	971,786
2023	13,000	17,978	30,978	825,000	221,411	1,046,411
2024	13,000	17,425	30,425	825,000	220,504	1,045,504
2025	14,000	16,873	30,873	830,000	219,266	1,049,266
2026	15,000	16,278	31,278	830,000	217,689	1,047,689
2027	15,000	15,640	30,640	830,000	215,863	1,045,863
2028	16,000	15,003	31,003	835,000	213,622	1,048,622
2029	17,000	14,323	31,323	835,000	211,201	1,046,201
2030	17,000	13,600	30,600	840,000	208,278	1,048,278
2031	18,000	12,878	30,878	845,000	204,162	1,049,162
2032	19,000	12,113	31,113	850,000	199,008	1,049,008
2033	20,000	11,305	31,305	855,000	192,803	1,047,803
2034	20,000	10,455	30,455	860,000	185,536	1,045,536
2035	21,000	9,605	30,605	870,000	177,538	1,047,538
2036	22,000	8,713	30,713	880,000	169,012	1,049,012
2037	23,000	7,776	30,776	885,000	159,860	1,044,860
2038	24,000	6,800	30,800	895,000	150,214	1,045,214
2039	25,000	5,780	30,780	905,000	140,100	1,045,100
2040	26,000	4,718	30,718	920,000	129,421	1,049,421
2041	27,000	3,613	30,613	930,000	118,197	1,048,197
2042	28,000	2,465	30,465	940,000	106,572	1,046,572
2043	30,000	1,276	31,276	950,000	94,539	1,044,539
2044	-	-	-	965,000	82,094	1,047,094
2045	-	-	-	980,000	69,260	1,049,260
2046	-	-	-	990,000	56,030	1,046,030
2047	-	-	-	1,005,000	42,467	1,047,467
2048	-	-	-	1,020,000	28,598	1,048,598
2049	-	-	-	1,030,000	14,420	1,044,420
2050	-	-	-	-	-	-
2051	-	-	-	-	-	-
2052	-	-	-	-	-	-
2053	-	-	-	-	-	-
2054	-	-	-	-	-	-
2055	-	-	-	-	-	-
2056	-	-	-	-	-	-
2057	-	-	-	-	-	-
2058	-	-	-	-	-	-
2059	-	-	-	-	-	-
<b>Total</b>	<b>\$ 447,000</b>	<b>\$ 262,103</b>	<b>709,103</b>	<b>\$ 24,985,000</b>	<b>\$ 4,562,702</b>	<b>\$ 29,547,702</b>

**GREEN VALLEY SPECIAL UTILITY DISTRICT**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (Continued)**  
For the Year Ended September 30, 2020

Due During Fiscal Year Ended September 30	Bond Series 2020 Refunding			Bond Series 2020 USDA		
	Principal Due	Interest Due	Total Due	Principal Due	Interest Due	Total Due
2021	\$ 285,000	\$ 224,387	\$ 509,387	\$ 74,000	\$ 138,545	\$ 212,545
2022	295,000	212,987	507,987	76,000	136,510	212,510
2023	310,000	201,187	511,187	78,000	134,420	212,420
2024	325,000	188,787	513,787	80,000	132,275	212,275
2025	340,000	175,787	515,787	82,000	130,075	212,075
2026	355,000	162,188	517,188	84,000	127,820	211,820
2027	365,000	151,537	516,537	87,000	125,510	212,510
2028	380,000	140,588	520,588	89,000	123,117	212,117
2029	385,000	132,987	517,987	92,000	120,670	212,670
2030	395,000	125,288	520,288	94,000	118,140	212,140
2031	400,000	117,387	517,387	97,000	115,555	212,555
2032	405,000	109,387	514,387	99,000	112,888	211,888
2033	420,000	101,287	521,287	102,000	110,165	212,165
2034	425,000	92,888	517,888	105,000	107,360	212,360
2035	435,000	83,325	518,325	108,000	104,472	212,472
2036	440,000	73,538	513,538	111,000	101,502	212,502
2037	455,000	63,638	518,638	114,000	98,450	212,450
2038	455,000	52,263	507,263	117,000	95,315	212,315
2039	475,000	40,888	515,888	120,000	92,096	212,096
2040	485,000	29,013	514,013	123,000	88,797	211,797
2041	285,000	15,675	300,675	127,000	85,415	212,415
2042	285,000	7,838	292,838	130,000	81,923	211,923
2043	-	-	-	134,000	78,347	212,347
2044	-	-	-	138,000	74,663	212,663
2045	-	-	-	141,000	70,868	211,868
2046	-	-	-	145,000	66,990	211,990
2047	-	-	-	149,000	63,003	212,003
2048	-	-	-	153,000	58,905	211,905
2049	-	-	-	158,000	54,698	212,698
2050	-	-	-	162,000	50,352	212,352
2051	-	-	-	166,000	45,898	211,898
2052	-	-	-	171,000	41,333	212,333
2053	-	-	-	176,000	36,630	212,630
2054	-	-	-	180,000	31,790	211,790
2055	-	-	-	185,000	26,840	211,840
2056	-	-	-	191,000	21,752	212,752
2057	-	-	-	196,000	16,500	212,500
2058	-	-	-	201,000	11,110	212,110
2059	-	-	-	203,000	5,583	208,583
<b>Total</b>	<b>\$ 8,400,000</b>	<b>\$ 2,502,850</b>	<b>\$ 10,902,850</b>	<b>\$ 5,038,000</b>	<b>\$ 3,236,282</b>	<b>\$ 8,274,282</b>

**GREEN VALLEY SPECIAL UTILITY DISTRICT**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (Continued)**  
For the Year Ended September 30, 2020

Due During Fiscal Year Ended September 30	Bond Series 2020A USDA			Bond Series 2020B USDA		
	Principal Due	Interest Due	Total Due	Principal Due	Interest Due	Total Due
2021	\$ 93,000	\$ 99,189	\$ 192,189	\$ 50,000	\$ 53,250	\$ 103,250
2022	95,000	97,444	192,444	51,000	52,313	103,313
2023	97,000	95,662	192,662	52,000	51,356	103,356
2024	99,000	93,844	192,844	53,000	50,381	103,381
2025	100,000	91,987	191,987	54,000	49,388	103,388
2026	102,000	90,112	192,112	55,000	48,375	103,375
2027	104,000	88,200	192,200	56,000	47,344	103,344
2028	106,000	86,250	192,250	57,000	46,294	103,294
2029	108,000	84,263	192,263	58,000	45,224	103,224
2030	110,000	82,238	192,238	59,000	44,137	103,137
2031	112,000	80,175	192,175	60,000	43,031	103,031
2032	114,000	78,075	192,075	61,000	41,906	102,906
2033	117,000	75,937	192,937	63,000	40,763	103,763
2034	119,000	73,744	192,744	64,000	39,581	103,581
2035	121,000	71,512	192,512	65,000	38,381	103,381
2036	123,000	69,244	192,244	66,000	37,163	103,163
2037	126,000	66,937	192,937	67,000	35,924	102,924
2038	128,000	64,575	192,575	69,000	34,669	103,669
2039	130,000	62,175	192,175	70,000	33,375	103,375
2040	133,000	59,738	192,738	71,000	32,063	103,063
2041	135,000	57,244	192,244	73,000	30,731	103,731
2042	138,000	54,712	192,712	74,000	29,363	103,363
2043	140,000	52,125	192,125	75,000	27,975	102,975
2044	143,000	49,500	192,500	77,000	26,569	103,569
2045	146,000	46,819	192,819	78,000	25,125	103,125
2046	148,000	44,081	192,081	80,000	23,662	103,662
2047	151,000	41,306	192,306	81,000	22,163	103,163
2048	154,000	38,475	192,475	83,000	20,644	103,644
2049	157,000	35,587	192,587	84,000	19,087	103,087
2050	160,000	32,644	192,644	86,000	17,513	103,513
2051	163,000	29,644	192,644	87,000	15,900	102,900
2052	166,000	26,587	192,587	89,000	14,269	103,269
2053	169,000	23,475	192,475	91,000	12,599	103,599
2054	172,000	20,306	192,306	92,000	10,894	102,894
2055	175,000	17,081	192,081	94,000	9,169	103,169
2056	179,000	13,800	192,800	96,000	7,406	103,406
2057	182,000	10,444	192,444	98,000	5,606	103,606
2058	185,000	7,031	192,031	100,000	3,769	103,769
2059	190,000	3,563	193,563	101,000	1,894	102,894
<b>Total</b>	<b>\$ 5,290,000</b>	<b>\$ 2,215,725</b>	<b>\$ 7,505,725</b>	<b>\$ 2,840,000</b>	<b>\$ 1,189,256</b>	<b>\$ 4,029,256</b>



**GREEN VALLEY SPECIAL UTILITY DISTRICT**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (Continued)**  
For the Year Ended September 30, 2020

Due During Fiscal Year Ended September 30	Total		
	Principal Due	Interest Due	Total
2021	\$ 524,000	\$ 827,620	\$ 1,351,620
2022	1,279,000	739,528	2,018,528
2023	1,375,000	722,014	2,097,014
2024	1,395,000	703,216	2,098,216
2025	1,420,000	683,376	2,103,376
2026	1,441,000	662,462	2,103,462
2027	1,457,000	644,094	2,101,094
2028	1,483,000	624,874	2,107,874
2029	1,495,000	608,668	2,103,668
2030	1,515,000	591,681	2,106,681
2031	1,532,000	573,188	2,105,188
2032	1,548,000	553,377	2,101,377
2033	1,577,000	532,260	2,109,260
2034	1,593,000	509,564	2,102,564
2035	1,620,000	484,833	2,104,833
2036	1,642,000	459,172	2,101,172
2037	1,670,000	432,585	2,102,585
2038	1,688,000	403,836	2,091,836
2039	1,725,000	374,414	2,099,414
2040	1,758,000	343,750	2,101,750
2041	1,577,000	310,875	1,887,875
2042	1,595,000	282,873	1,877,873
2043	1,329,000	254,262	1,583,262
2044	1,323,000	232,826	1,555,826
2045	1,345,000	212,072	1,557,072
2046	1,363,000	190,763	1,553,763
2047	1,386,000	168,939	1,554,939
2048	1,410,000	146,622	1,556,622
2049	1,429,000	123,792	1,552,792
2050	408,000	100,509	508,509
2051	416,000	91,442	507,442
2052	426,000	82,189	508,189
2053	436,000	72,704	508,704
2054	444,000	62,990	506,990
2055	454,000	53,090	507,090
2056	466,000	42,958	508,958
2057	476,000	32,550	508,550
2058	486,000	21,910	507,910
2059	494,000	11,040	505,040
<b>Total</b>	<b>\$ 47,000,000</b>	<b>\$ 13,968,918</b>	<b>\$ 60,968,918</b>

# GREEN VALLEY SPECIAL UTILITY DISTRICT

## TSI-6 CHANGE IN LONG-TERM BONDED DEBT

For the Year Ended September 30, 2020

	Bond Issues			
	Series 2003	Series 2010	Series 2011	Series 2020 Refunding
Interest rates	3.75 to 5.50%	1.94 to 5.59%	1.22 to 5.12%	2.00 to 4.00%
	3/15 and 9/15	3/15 and 9/15	3/15 and 9/15	3/15 and 9/15
Maturity dates	2043	2040	2042	2042
Bonds outstanding at beginning of current year	\$ 458,000	\$ 2,505,000	\$ 5,560,000	\$ -
Bonds sold or refunded	-	(2,505,000)	(5,560,000)	8,400,000
Principal retirements	(11,000)	-	-	-
<b>Bonds Outstanding at End of Current Year</b>	<b>\$ 447,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,400,000</b>
Interest paid	\$ 19,465	\$ -	\$ -	\$ 38,021

**Lender's Name and Address**

Series 2003, Series 2020 USA, Series 2020A USDA, Series 2020B USDA:

US Department of Agriculture  
3251 N. Highway 123 Bypass  
Seguin, TX 78155-7415

Series 2020 TWDB and 2020 Refunding:

Texas Water Development Board  
PO Box 13231  
Austin, TX 78711-3231

<b>Bond Authority</b>	
Amount authorized by Board of Directors	\$ 9,544,000
Amount issued	9,544,000
Remaining	\$ -
Restricted cash and temporary investment for debt services as of year end	\$ 974,060
Average annual debt service payment (principal and interest for remaining term of all debt)	\$ 1,563,306

**Bond Issues**

<u>Series 2020 TWDB</u>	<u>Series 2020 USDA</u>	<u>Series 2020A USDA</u>	<u>Series 2020B USDA</u>	<u>Total</u>
0.00 to 1.40%	2.75%	1.88%	1.88%	
3/15 and 9/15	3/15 and 9/15	3/15 and 9/15	3/15 and 9/15	
2049	2059	2059	2059	
\$ -	\$ -	\$ -	\$ -	\$ 8,523,000
24,985,000	5,110,000	5,290,000	2,840,000	38,560,000
-	(72,000)	-	-	(83,000)
<u>\$ 24,985,000</u>	<u>\$ 5,038,000</u>	<u>\$ 5,290,000</u>	<u>\$ 2,840,000</u>	<u>\$ 47,000,000</u>
<u>-</u>	<u>\$ 22,537</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 19,465</u>

**GREEN VALLEY SPECIAL UTILITY DISTRICT**  
**TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**PROPRIETARY FUND**  
**Last Five Years**

	Amounts				
	2020	2019	2018	2017	2016
<b><u>Operating Revenues</u></b>					
Water service	\$ 12,052,945	\$ 9,424,382	\$ 9,140,036	\$ 8,832,006	\$ 7,476,682
Meter installations	621,750	620,237	526,837	478,466	696,231
Penalties, fees, and other charges	673,714	483,227	475,993	303,818	264,031
<b>Total Operating Revenues</b>	<b>13,348,409</b>	<b>10,527,846</b>	<b>10,142,866</b>	<b>9,614,290</b>	<b>8,436,944</b>
<b><u>Operating Expenses</u></b>					
Water purchases	6,518,354	5,368,902	4,982,979	3,767,987	3,721,855
Salaries and related costs	2,454,061	1,863,582	1,675,124	1,466,387	1,380,809
Edwards' Aquifer fees	147,698	153,998	128,848	132,401	143,209
Materials and supplies	377,042	460,153	566,313	531,063	603,494
Utilities	244,942	201,693	209,161	213,846	176,661
Repairs and maintenance	1,404,146	336,932	383,040	421,288	536,148
Office and operations	351,801	546,953	240,818	197,155	195,130
Professional fees	2,722,453	1,806,510	1,616,324	969,248	318,016
Depreciation	1,094,206	992,788	903,638	835,870	739,378
<b>Total Operating Expenses</b>	<b>15,314,703</b>	<b>11,731,511</b>	<b>10,706,245</b>	<b>8,535,245</b>	<b>7,814,700</b>
<b>Operating Income (Loss)</b>	<b>(1,966,294)</b>	<b>(1,203,665)</b>	<b>(563,379)</b>	<b>1,079,045</b>	<b>622,244</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>					
Interest revenue	153,961	181,324	135,633	67,600	37,041
Antenna service	98,058	85,098	72,420	72,863	72,747
Capital recovery revenue	4,468,451	2,725,982	2,250,461	1,653,600	2,514,500
Water acquisition	1,666,894	1,639,444	1,040,495	-	-
Interest expense	(383,500)	(415,082)	(421,073)	(426,451)	(429,628)
<b>Total Nonoperating Revenues</b>	<b>6,003,864</b>	<b>4,216,766</b>	<b>3,077,936</b>	<b>1,367,612</b>	<b>2,194,660</b>
<b>Net Income</b>	<b>\$ 4,037,570</b>	<b>\$ 3,013,101</b>	<b>\$ 2,514,557</b>	<b>\$ 2,446,657</b>	<b>\$ 2,816,904</b>

**Percentage of Total Fund Revenues**

<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
90.29 %	89.52 %	91.03 %	91.86 %	88.62 %
4.66	5.89	4.71	4.98	8.25
5.05	4.59	4.26	3.16	3.13
<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
48.83	51.00	44.56	39.19	44.11
18.38	17.70	14.98	15.25	16.37
1.11	1.46	1.15	1.38	1.70
2.82	4.37	5.06	5.52	7.15
1.83	1.92	1.87	2.22	2.09
10.52	3.20	3.43	4.38	6.35
2.64	5.20	2.15	2.05	2.31
20.40	17.16	14.45	10.08	3.77
8.20	9.43	8.08	8.69	8.76
<u>114.73</u>	<u>111.44</u>	<u>95.73</u>	<u>88.76</u>	<u>92.61</u>
<u>(14.73)</u>	<u>(11.44)</u>	<u>4.27</u>	<u>11.24</u>	<u>7.39</u>
1.15	1.72	1.21	0.70	0.44
0.73	0.81	0.65	0.76	0.86
33.48	25.89	20.12	17.20	29.80
12.49	15.57	0.10	-	-
<u>(2.87)</u>	<u>(3.94)</u>	<u>(3.77)</u>	<u>(4.44)</u>	<u>(5.09)</u>
<u>44.98</u>	<u>40.05</u>	<u>18.31</u>	<u>14.22</u>	<u>26.01</u>
<u>30.25 %</u>	<u>28.61 %</u>	<u>22.58 %</u>	<u>25.46 %</u>	<u>33.40 %</u>

# GREEN VALLEY SPECIAL UTILITY DISTRICT

## TSI-8 BOARD OF DIRECTORS, KEY PERSONNEL, AND CONSULTANTS

For the Year Ended September 30, 2020

District's Mailing Address: Green Valley Special Utility District  
P.O. Box 99  
Marion, TX 78124

District's Business Telephone Number: (830) 914-2330

<u>Name and Address</u>	<u>Term</u>	<u>Fees</u>	<u>Expenses</u>	<u>Title</u>
<b><u>Board Members</u></b>				
Jill Bennett 379 Deerwood Lane Marion, TX 78124	Elected 11/18 - 11/21	\$ 3,150	\$ 125	President Representative CRWA
David Strauss 127 Pinnacle Drive New Braunfels, TX 78130	Elected 11/19 - 11/22	\$ 1,950	\$ -	Vice President
Jackie Nolte 4907 FM 1044 New Braunfels, TX 78130	Elected 11/17 - 11/20	\$ 3,450	\$ -	Secretary/Treasurer Representative CRWA
James Harden Jr 3132 Bolton Rd Marion, TX 78124	Elected 11/19 - 11/22	\$ 1,800	\$ -	Director
James Poage 199 Startech Lane New Braunfels, TX 78130	Appointed 5/19 - 11/21	\$ 1,950	\$ -	Director
Christina Miller 319 Crystal Valley Drive Cibolo, TX 78108	Elected 11/17 - 11/20	\$ 1,950	\$ -	Director
Nicholas Sherman 653 Padova Cibolo, TX 78108	Elected 11/17-11/20	\$ 1,650	\$ -	Director
Dennis Dreyer 379 Deerwood Lane New Braunfels, TX 78130	Elected 11/16 - 11/19	\$ 600	\$ -	Former Director

Note: No director has any business or family relations (as defined by the Texas Water Code) with major landowners in the District, the District's developers, or any of the District's consultants.

Submission Date of the most recent District Registration Form: January, 2020

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

<u>Name</u>	<u>Date Hired</u>	<u>Fees and Expenses</u>	<u>Title</u>
<b><u>Key Administrative Personnel</u></b>			
David P. Allen 311 Oak Springs Drive Seguin, Texas 78155	10/06	N/A	General Manager
<b><u>Consultants</u></b>			
Belt Harris Pechacek, LLLP 3210 Bingle Rd, Suite 300 Houston, TX 77055	2010	\$ 35,845	Auditor
Trac-N-Trol P.O. Box 5056 Georgetown, TX 78627	2013	\$ 2,367	Engineers
Tri - Hydro 1011 W. County Line Rd, Suite C New Braunfels, TX 78130	2017	\$ 777,762	Engineers
Utility Engineering Group 256 Comal Avenue New Braunfels, TX 78130	2017	\$ 1,140,930	Engineers
Armstrong, Vaughn & Assoc. PC 941 W Byrd, Suite 101 Universal City, TX 78148	2020	\$ 2,573	Accountant
<b><u>Investment Officers</u></b>			
David P. Allen			
Jill Bennett			
Jackie Nolte			
James Poage			
Tracy Rappmund			
Pamela Manchack			

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## Required Auditor Disclosure Letter

January 27, 2021

To the Board of Directors of  
Green Valley Special Utility District:

We have audited the financial statements of the business-type activities of Green Valley Special Utility District (the "District") for the year ended September 30, 2020, and have issued our report thereon dated January 27, 2021. Professional standards require that we provide the Board of Directors (the "governing body") with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit.

### I. Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 14, 2019 our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with its oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve the governing body or management of its responsibilities.

### II. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the governing body in our engagement letter dated May 14, 2019.

### III. Significant Audit Findings

#### 1. *Qualitative Aspects of Accounting Practices*

- A. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. Significant transactions have been recognized in the financial statements in the proper period.

- B. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of capital assets as based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

- C. The financial statement disclosures are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of long-term debt in the financial statements is significant to financial statement users because it discloses the District's long-term financial obligations.

## *2. Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

## *3. Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes both material and immaterial misstatements detected as a result of our audit procedures.

## *4. Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

## *5. Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 27, 2021.

## *6. Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

IV. Other Matters

We applied certain limited procedures to the Required Supplementary Information (RSI), as identified on the table of contents that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Texas Supplementary Information, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

V. Restrictions on Use

This information is intended solely for the use of the governing body and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas

Client: **Green Valley Special Utility District**  
 Engagement: **4.1 - Green Valley SUD 09/30/20**  
 Period Ending: **9/30/2020**  
 Trial Balance: **2.2.01 - TB**  
 Workpaper: **2.5.08 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>		<b>D.03</b>		
To adjust accounts receivable and allowance at the year end.				
43010	Water Sales		148,663.20	
13000	Accounts Receivable			103,537.82
13001	Accounts Receivables - Damages			45,125.38
<b>Total</b>			<b>148,663.20</b>	<b>148,663.20</b>
<b>Adjusting Journal Entries JE # 2</b>		<b>J.01</b>		
To agree beginning fund balance with PY's ending fund balance.				
61040	Office-Supplies Filings Misc		744.00	
34000	Retained Earnings			744.00
<b>Total</b>			<b>744.00</b>	<b>744.00</b>
<b>Adjusting Journal Entries JE # 3</b>		<b>F.03</b>		
To accrue compensated absence at the year end.				
71018	Compensated Absences		18,329.26	
20000	Accrued Compensated Absences			18,329.26
<b>Total</b>			<b>18,329.26</b>	<b>18,329.26</b>
<b>Adjusting Journal Entries JE # 4</b>		<b>F.04</b>		
To accrue payroll expense at the year end.				
71010	Wages - Hourly		76,814.03	
71045	Payroll Taxes Expense		5,668.20	
22120	Payroll Taxes			5,668.20
22130	Payroll Payable			76,814.03
<b>Total</b>			<b>82,482.23</b>	<b>82,482.23</b>
<b>Adjusting Journal Entries JE # 5</b>		<b>G.01</b>		
To adjust inventory ending balance at the year end.				
14000	Inventory		315,738.76	
81030	Water - Operations Materials			315,738.76
<b>Total</b>			<b>315,738.76</b>	<b>315,738.76</b>
<b>Adjusting Journal Entries JE # 6</b>		<b>E.04</b>		
To accrue construction retainage payable as of year end.				
93026	Ongoing Project Construction		409,382.83	
23130	Retainage Payable			409,382.83
<b>Total</b>			<b>409,382.83</b>	<b>409,382.83</b>

Client: **Green Valley Special Utility District**  
 Engagement: **4.1 - Green Valley SUD 09/30/20**  
 Period Ending: **9/30/2020**  
 Trial Balance: **2.2.01 - TB**  
 Workpaper: **2.5.08 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 7</b>		<b>E.02</b>		
To accrue additional accounts payable at the year end.				
23500	Cibolo Franchise Fee		20,682.01	
61046	Professional Services		135,734.53	
93020	Water - Line Construction/Upgrades		543,894.37	
93022	Hallies Ranch Water Line		166,010.59	
94999	Cost of Bond Issuance		127,945.00	
21000	Accounts Payable			994,266.50
<b>Total</b>			<b>994,266.50</b>	<b>994,266.50</b>
<b>Adjusting Journal Entries JE # 8</b>		<b>E.01</b>		
To adjust accounts payable ending balance at year end.				
21000	Accounts Payable		112,295.28	
61046	Professional Services			112,295.28
<b>Total</b>			<b>112,295.28</b>	<b>112,295.28</b>
<b>Adjusting Journal Entries JE # 9</b>		<b>H.04a</b>		
To record capital assets additions of FY2020.				
11700	Construction in progress		5,901,174.64	
15010	Lines Pumps Equipment Plant		1,023,666.70	
15020	Office Building & Equipment		214,560.50	
61046	Professional Services			709,296.01
90300	Water - Aquisition Fee			10,465.00
92200	Sewer - Professional Serv - Capital Proj			724,828.44
93020	Water - Line Construction/Upgrades			4,879,715.02
94215	Sewer - Bolton Road Gravity Main CID 01			467,358.75
94240	Facilities Maintenance			198,663.00
95024	Bolton Road Meter Station			149,075.62
<b>Total</b>			<b>7,139,401.84</b>	<b>7,139,401.84</b>
<b>Adjusting Journal Entries JE # 10</b>		<b>H.04b</b>		
To record vehicles addition in FY2020.				
15030	Vehicles & Equipment		175,114.65	
82500	Water - Vehicle/Equipment Purchase			97,440.40
85500	Sewer - Vehicle/Equipment Purchase			77,674.25
<b>Total</b>			<b>175,114.65</b>	<b>175,114.65</b>
<b>Adjusting Journal Entries JE # 11</b>		<b>H.01</b>		
To record vehicle disposal in FY2020.				
15900	Accumulated Depreciation		90,200.92	
82600	Depreciation Expense		35,830.08	
15030	Vehicles & Equipment			126,031.00
<b>Total</b>			<b>126,031.00</b>	<b>126,031.00</b>

Client: **Green Valley Special Utility District**  
 Engagement: **4.1 - Green Valley SUD 09/30/20**  
 Period Ending: **9/30/2020**  
 Trial Balance: **2.2.01 - TB**  
 Workpaper: **2.5.08 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 12</b>		<b>H.01</b>		
To record depreciation expense occurred in FY2020.				
82600	Depreciation Expense		504,043.00	
15900	Accumulated Depreciation			504,043.00
<b>Total</b>			<b>504,043.00</b>	<b>504,043.00</b>
<b>Adjusting Journal Entries JE # 13</b>		<b>D.04a</b>		
To accrue unbilled water revenue at the end of FY2020.				
13010	Unbilled Water Revenues		1,035,495.00	
43010	Water Sales			1,035,495.00
<b>Total</b>			<b>1,035,495.00</b>	<b>1,035,495.00</b>
<b>Adjusting Journal Entries JE # 14</b>		<b>I.01</b>		
To correct bonds payable and interest expense.				
26000	USDA - Series 2003 - 584 000		11,000.00	
61033	USDA RD Loan - Interest		19,465.00	
94320	USDA - Series 2003 - 584 000			30,465.00
<b>Total</b>			<b>30,465.00</b>	<b>30,465.00</b>
<b>Adjusting Journal Entries JE # 15</b>		<b>H.02</b>		
To record land/easement acquisitions for FY2020.				
15015	Land & Easments		557,290.31	
95000	Easement Acquisition			369,066.97
95030	Land and Facility Acquisition			188,223.34
<b>Total</b>			<b>557,290.31</b>	<b>557,290.31</b>
<b>Adjusting Journal Entries JE # 16</b>		<b>I.01</b>		
To record \$5,110,000 USDA Series 2020 bonds payable at accrual basis.				
13500	Escrow Fund - USDA Series 2020 - \$5,110,000		1,989,000.00	
61033	USDA RD Loan - Interest		22,537.03	
61046	Professional Services		300,000.00	
21000	Accounts Payable			409.56
26010	USDA - Series 2020 - 5 110 000			2,311,127.47
<b>Total</b>			<b>2,311,537.03</b>	<b>2,311,537.03</b>
<b>Adjusting Journal Entries JE # 17</b>		<b>I.01</b>		
To properly record \$24,985,000 New Series 2020 Bonds at accrual basis.				
13501	Escrow fund - New Series 2020 - \$24,985,000		23,431,766.67	
61046	Professional Services		616,446.90	
94999	Cost of Bond Issuance		936,786.43	
26302	New Series 2020 - \$24,985,000			24,985,000.00
<b>Total</b>			<b>24,985,000.00</b>	<b>24,985,000.00</b>

Client: **Green Valley Special Utility District**  
 Engagement: **4.1 - Green Valley SUD 09/30/20**  
 Period Ending: **9/30/2020**  
 Trial Balance: **2.2.01 - TB**  
 Workpaper: **2.5.08 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 18</b>		<b>I.01</b>		
To reclassify \$45 overrefund as a result of incorrect payment made on Series 2011 after it had been refunded and to net premium with issuance costs				
26300	Series 2020 Refunding Bonds 8 400 000		45.00	
26301	Bond Premium		39,351.80	
21000	Accounts Payable			45.00
94999	Cost of Bond Issuance			39,351.80
<b>Total</b>			<b><u>39,396.80</u></b>	<b><u>39,396.80</u></b>
<b>Adjusting Journal Entries JE # 19</b>		<b>I.01</b>		
To accrue \$5,290,000 USDA Series 2020A bonds payable at FYE.				
13502	Escrow fund - USDA 2020A - \$5,290,000		4,906,000.00	
26010	USDA - Series 2020 - 5 110 000		384,000.00	
26015	USDA 2020A - \$5,290,000			5,290,000.00
<b>Total</b>			<b><u>5,290,000.00</u></b>	<b><u>5,290,000.00</u></b>
<b>Adjusting Journal Entries JE # 20</b>		<b>I.01</b>		
To accrue \$2,840,000 USDA Series 2020B bonds payable at FYE.				
13503	Escrow Fund - USDA 2020B - \$2,840,000		2,739,000.00	
26010	USDA - Series 2020 - 5 110 000		101,000.00	
26020	USDA 2020B - \$2,840,000			2,840,000.00
<b>Total</b>			<b><u>2,840,000.00</u></b>	<b><u>2,840,000.00</u></b>
<b>Adjusting Journal Entries JE # 21</b>		<b>I.01</b>		
To accrue bonds interest payable at FYE.				
61033	USDA RD Loan - Interest		99,864.18	
22050	Interest Payable			99,864.18
<b>Total</b>			<b><u>99,864.18</u></b>	<b><u>99,864.18</u></b>
<b>Adjusting Journal Entries JE # 22</b>		<b>H.01</b>		
To reclassify capital outlay				
15030	Vehicles & Equipment		87,293.75	
85035	Sewer - Plant & Facilities Maintenance		352,648.71	
82500	Water - Vehicle/Equipment Purchase			74,125.76
92200	Sewer - Professional Serv - Capital Proj			37,664.66
93026	Ongoing Project Construction			13,167.99
93026	Ongoing Project Construction			314,052.85
94240	Facilities Maintenance			931.20
<b>Total</b>			<b><u>439,942.46</u></b>	<b><u>439,942.46</u></b>
<b>Adjusting Journal Entries JE # 23</b>		<b>H.01</b>		
To reclassify accrued invoices and retainage payable to CIP				
11700	Construction in progress		1,119,287.89	
85500	Sewer - Vehicle/Equipment Purchase			43,121.90
93020	Water - Line Construction/Upgrades			827,993.41
93022	Hallies Ranch Water Line			166,010.59
93026	Ongoing Project Construction			82,161.99
<b>Total</b>			<b><u>1,119,287.89</u></b>	<b><u>1,119,287.89</u></b>
<b>Adjusting Journal Entries JE # 24</b>		<b>A.11</b>		

Client: **Green Valley Special Utility District**  
 Engagement: **4.1 - Green Valley SUD 09/30/20**  
 Period Ending: **9/30/2020**  
 Trial Balance: **2.2.01 - TB**  
 Workpaper: **2.5.08 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
To record interest earned on TWDB escrowed funds at 9/30/20				
13501	Escrow fund - New Series 2020 - \$24,985,000		2,723.25	
44015	Interest Income - TWDB			2,723.25
<b>Total</b>			<u><u>2,723.25</u></u>	<u><u>2,723.25</u></u>
<b>Adjusting Journal Entries JE # 25</b>				
		<b>1.02</b>		
To record deferred difference and current year amortization on refunding bonds				
16000	Deferred charges		194,208.25	
94306	TWDB Series 2020 Refund '10 & '11 - 8 4000 000		9,248.01	
16000	Deferred charges			9,248.01
94300	TWDB Series 2010			194,208.25
<b>Total</b>			<u><u>203,456.26</u></u>	<u><u>203,456.26</u></u>





**CITY OF MARION, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2020**



CITY OF MARION  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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CITY OF MARION  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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CITY OF MARION  
PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

VICTOR CONTRERAS

ALDERMAN

SHANE PAWALEK

ABIGAILE MABERRY

DAVID BAUCH

RICHARD WHITE

CHRISTOPHER MCCLAIN

CITY SECRETARY

MARIA HERNANDEZ



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the City Council  
City of Marion

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Marion, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the business-type activities and utility fund and unmodified audit opinion on governmental activities, the general fund, the debt service fund, and the capital projects fund.

***Summary of Opinions***

<b><i>Opinion Unit</i></b>	<b><i>Type of Opinion</i></b>
Governmental Activities	Unmodified
Business-Type Activities	Qualified
General Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Utility Fund	Qualified

***Basis for Qualified Opinion on the Business-Type Activities and the Utility Fund***

The billing software used by the City does not have the ability to reconstruct reports for either a period of or point in time. Thus, we were unable to receive basic accounting documents to perform tests on the receivable balance for utilities of \$123,854 and utility operating revenues of \$963,911. We were unable to perform other procedures to support an opinion on these balances.

***Qualified Opinion on Business-Type Activities and the Utility Fund***

In our opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph on the business-type activities and utility fund, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and utility fund of the City of Marion, as of September 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unqualified Opinion on the Governmental Activities and Major Governmental Funds***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each governmental major fund of the City of Marion, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

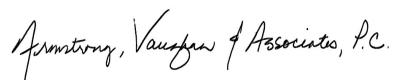
### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability, schedule of employer pension contributions and schedule of changes in total other postemployment benefit liability as referred to in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Marion's basic financial statements. The comparative fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Armstrong, Vaughan & Associates, P.C.

March 26, 2021



## MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of Marion’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended September 30, 2020. Please read it in conjunction with the City’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

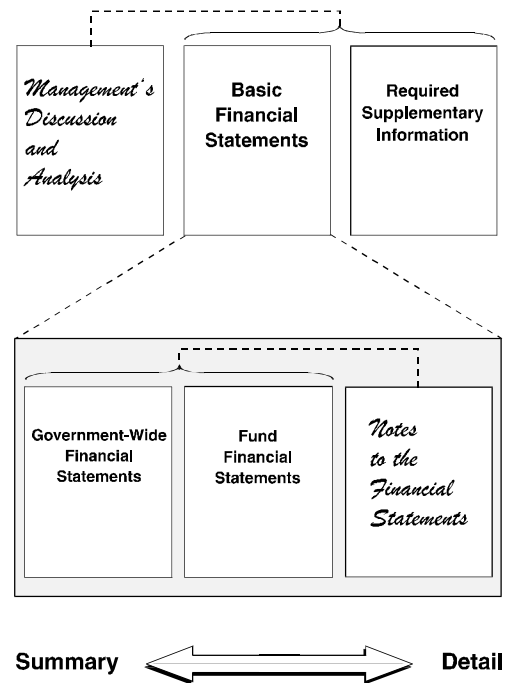
- The City’s total combined net position was \$2.6 million at September 30, 2020, an increase of \$263 thousand from the prior year.
- During the year, the City’s governmental expenses were \$156 thousand less than the \$922 thousand generated in general and program revenues for governmental activities. The total cost of the City’s programs increased \$86 thousand, a 12% increase from the prior year.
- The City’s business-type charges for services increased 1% from the prior year. Expenses of the business type activities decreased 12%.
- The City received \$87 thousand in grant awards, including \$29 thousand for Police Department profiling software and \$55 thousand in CARES funding for public safety.
- The City issued \$65 thousand in tax notes during the fiscal year to support asbestos remediation and updates to City Hall.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.

Figure A-1F, Required Components of the City’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

<b>Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements</b>			
<b>Fund Statements</b>			
<i>Type of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the city that are not proprietary or fiduciary	Activities the City operates similar to private businesses: utility services
<i>Required financial statements</i>	• Statement of net position	• Balance Sheet	• Statement of net position
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses & changes in net position • Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

### **Government-Wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position—the difference between the City's assets and liabilities—is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City’s tax base.
- The government-wide financial statements of the City include the *Governmental activities*. Most of the City’s basic services are included here, such as general government, fire, streets, library and parks. Property taxes, sales taxes and charges for services finance most of these activities.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City’s combined net position was \$2.6 million at September 30, 2020. (See Table A-1).

**Table A-1**  
City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<i>Assets:</i>						
Current Assets	\$ 591,790	\$ 415,123	\$ 1,172,960	\$ 1,159,558	\$ 1,764,750	\$ 1,574,681
Capital Assets (net)	469,236	433,296	570,005	607,494	1,039,241	1,040,790
Other Assets	117,467	72,079	87,330	53,488	204,797	125,567
<i>Total Assets</i>	<u>1,178,493</u>	<u>920,498</u>	<u>1,830,295</u>	<u>1,820,540</u>	<u>3,008,788</u>	<u>2,741,038</u>
<i>Deferred Outflows of Resources</i>	<u>54,772</u>	<u>65,350</u>	<u>42,818</u>	<u>50,703</u>	<u>97,590</u>	<u>116,053</u>
<i>Liabilities:</i>						
Current Liabilities	120,637	94,628	114,721	228,618	235,358	323,246
Long-term Liabilities	78,130	20,371	16,297	12,975	94,427	33,346
<i>Total Liabilities</i>	<u>198,767</u>	<u>114,999</u>	<u>131,018</u>	<u>241,593</u>	<u>329,785</u>	<u>356,592</u>
<i>Deferred Inflows of Resources:</i>	<u>87,145</u>	<u>79,408</u>	<u>71,680</u>	<u>65,911</u>	<u>158,825</u>	<u>145,319</u>
<i>Net Position:</i>						
Net Investment in Capital Assets	404,236	433,296	570,005	607,494	974,241	1,040,790
Restricted	33,219	37,735	402,683	378,121	435,902	415,856
Unrestricted	509,898	320,410	697,727	578,124	1,207,625	898,534
<i>Total Net Position</i>	<u>\$ 947,353</u>	<u>\$ 791,441</u>	<u>\$ 1,670,415</u>	<u>\$ 1,563,739</u>	<u>\$ 2,617,768</u>	<u>\$ 2,355,180</u>

The unrestricted net position represents resources available to fund the programs of the City next year.

## Fund Financial Statements

The fund financial statements provide more detailed information about the City’s most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

## Governmental Activities

Table A-2 summarizes the changes in the City’s net position for 2020 and 2019 fiscal years.

**Table A-2**  
Changes in City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<i>Program Revenues:</i>						
Charges for Services	\$ 256,438	\$ 217,956	\$ 988,211	\$ 984,544	\$ 1,244,649	\$ 1,202,500
Operating Grants and Contributions	87,555	-	-	-	87,555	-
Capital Contributions	-	14,000	-	-	-	14,000
<i>General Revenues:</i>						
Taxes	559,175	509,236	-	-	559,175	509,236
Interest Earnings	1,117	960	931	1,410	2,048	2,370
Miscellaneous	17,895	24,375	-	-	17,895	24,375
<b>TOTAL REVENUES</b>	<b>922,180</b>	<b>766,527</b>	<b>989,142</b>	<b>985,954</b>	<b>1,911,322</b>	<b>1,752,481</b>
<i>Program Expenses:</i>						
Administration	381,434	381,773	-	-	381,434	381,773
Police	315,529	173,408	-	-	-	-
Public Works	69,015	124,827	-	-	69,015	124,827
Interest	290	374	-	-	290	374
Utility	-	-	882,466	950,758	882,466	950,758
<b>TOTAL EXPENSES</b>	<b>766,268</b>	<b>680,382</b>	<b>882,466</b>	<b>950,758</b>	<b>1,648,734</b>	<b>1,631,140</b>
<b>Change in Net Position</b>	<b>\$ 155,912</b>	<b>\$ 86,145</b>	<b>\$ 106,676</b>	<b>\$ 35,196</b>	<b>\$ 262,588</b>	<b>\$ 121,341</b>

The cost of all *governmental* activities this year was \$766 thousand. Taxpayers paid for 39% of these activities through property taxes.

## Business-Type Activities

Revenues of the City's utility business-type activities increased 1% while expenses increased 12%.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2020, the City had invested \$5.3 million in a broad range of capital assets, including land, equipment, buildings, and infrastructure. The City made improvements to City Hall using Tax Note proceeds, and sold a truck during the fiscal year. (See Table A-3.)

**Table A-3**  
City's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 45,859	\$ 45,859	\$ 72,947	\$ 72,947	\$ 118,806	\$ 118,806
Water Rights	-	-	50,000	50,000	50,000	50,000
Buildings and Improvements	280,918	215,918	33,651	33,651	314,569	249,569
Equipment	419,207	401,571	165,726	161,126	584,933	562,697
Infrastructure	371,839	371,839	3,810,927	3,810,927	4,182,766	4,182,766
Construction in Progress	-	-	75,362	75,362	75,362	75,362
Totals at Historical Cost	1,117,823	1,035,187	4,208,613	4,204,013	5,326,436	5,239,200
Total Accumulated Depreciation	(648,587)	(601,891)	(3,638,608)	(3,596,518)	(4,287,195)	(4,198,409)
Net Capital Assets	\$ 469,236	\$ 433,296	\$ 570,005	\$ 607,495	\$ 1,039,241	\$ 1,040,791

More detailed information about the City's capital assets is presented in the notes to the financial statements.

### Long Term Debt

The City issued tax notes in the amount of \$65 thousand during the year ended September 30, 2020, as shown in Table A-4. More detailed information about the City's debt is presented in the notes to the financial statements.

**Table A-4**  
City's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Tax Notes	\$ 65,000	\$ -	\$ -	\$ -	\$ 65,000	\$ -
Total Long-Term Debt	\$ 65,000	\$ -	\$ -	\$ -	\$ 65,000	\$ -

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

Revenues from governmental fund types totaled \$919 thousand, an increase of \$148 thousand from the preceding year, with permit revenues and grant revenues increasing the most. Governmental expenditures increased \$164 thousand.

### **Budgetary Highlights**

The City's actual expenditures in the General Fund were \$158 thousand greater than final budgeted amounts. The large unfavorable expense variances were \$65 thousand for the City Hall updates which had to be accomplished on short notice, \$40 thousand from unanticipated costs associated with permitting, and \$15 thousand in legal expenses. Revenues were \$288 thousand higher than anticipated, due primarily to better-than-expected sales tax collections, permit fees, and grants. Proceeds associated with the tax notes associated with the City Hall updates were \$65 thousand. As a result, the General Fund balance increased \$249 thousand more than anticipated.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

For fiscal year 2021, the City's total ad valorem tax rate has not changed, but has been reallocated between maintenance & operations and interest & sinking to assist in the payoff of the new tax notes. However, overall tax collections are expected to increase due to rising property values and new properties being added to the tax roll. The City has a balanced governmental fund budget, with \$1.6 million of revenues and expenditures. The budget includes the purchase of a front-end loader and backhoe for the drainage & streets department and \$30 thousand for the refurbishing of parks.

Utility revenues are projected to be approximately the same as in fiscal year 2020. The wastewater treatment plant Headworks improvement project is on hold due to unanticipated expenses associated with finishing out the project. New customers will come on board to help bolster the utility fund's operations. New residential developments are expected over the next few years that will bring new utility customers as well.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall at (830) 914-2391.

## BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
  - Governmental Funds
  - Proprietary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF MARION  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 658,009	\$ 827,978	\$ 1,485,987
Receivables (net of allowances for uncollectibles):			
Ad Valorem Taxes, Net	11,712	-	11,712
Intergovernmental	53,604	-	53,604
Other	61,040	123,854	184,894
Prepays	-	28,553	28,553
Internal Balances	(192,575)	192,575	-
<i>Total Current Assets</i>	591,790	1,172,960	1,764,750
 <i>Other Assets:</i>			
Capital Assets (net)	469,236	570,005	1,039,241
Net Pension Asset	117,467	87,330	204,797
<i>Total Other Assets</i>	586,703	657,335	1,244,038
 <b>TOTAL ASSETS</b>	 1,178,493	 1,830,295	 3,008,788
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Related Outflows	51,052	40,273	91,325
Deferred OPEB Outflows	3,720	2,545	6,265
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>\$ 54,772</b>	<b>\$ 42,818</b>	<b>\$ 97,590</b>

See accompanying notes to basic financial statements.



CITY OF MARION  
STATEMENT OF NET POSITION (CONTINUED)  
SEPTEMBER 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 48,869	\$ 9,169	\$ 58,038
Accrued Wages and Compensated Absences	53,478	10,351	63,829
Customer Deposits	-	95,201	95,201
Accrued Interest Payable	290	-	290
Unearned Grant Revenue	6,000	-	6,000
Long-Term Debt Due in One Year	12,000	-	12,000
<i>Total Current Liabilities</i>	<u>120,637</u>	<u>114,721</u>	<u>235,358</u>
<i>Long-term Liabilities:</i>			
Long-Term Debt due in More Than One Year	53,000	-	53,000
Total Other Postemployment Benefit Liability	25,130	16,297	41,427
<i>Total Long-term Liabilities</i>	<u>78,130</u>	<u>16,297</u>	<u>94,427</u>
<b>TOTAL LIABILITIES</b>	<u>198,767</u>	<u>131,018</u>	<u>329,785</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Related Inflows	85,646	70,184	155,830
Deferred OPEB Inflows	1,499	1,496	2,995
<b>TOTAL DEFERRED INFLOWS</b>	<u>87,145</u>	<u>71,680</u>	<u>158,825</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	404,236	570,005	974,241
Restricted for:			
Municipal Court	5,961	-	5,961
Debt Service	8,207	-	8,207
Public Television	19,051	-	19,051
System Improvements	-	402,683	402,683
Unrestricted	509,898	697,727	1,613,303
<b>TOTAL NET POSITION</b>	<u>\$ 947,353</u>	<u>\$ 1,670,415</u>	<u>\$ 2,617,768</u>

See accompanying notes to basic financial statements.

CITY OF MARION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<b>Functions and Programs</b>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<i>Governmental Activities:</i>				
Administration	\$ 381,434	\$ 134,488	\$ -	\$ -
Police	315,529	121,950	87,555	-
Public Works	69,015	-	-	-
Interest	290	-	-	-
<i>Total Governmental Activities</i>	<u>766,268</u>	<u>256,438</u>	<u>87,555</u>	<u>-</u>
<i>Business-Type Activities:</i>				
Utility Service	<u>882,466</u>	<u>988,211</u>	<u>-</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 1,648,734</u>	<u>\$ 1,244,649</u>	<u>\$ 87,555</u>	<u>\$ -</u>
<b>General Revenues:</b>				
Taxes				
Ad Valorem Taxes				
Franchise Taxes				
Sales Taxes				
Interest and Investment Earnings				
Miscellaneous				
<b>Total General Revenues</b>				
Change in Net Position				
<b>Net Position at Beginning of Year</b>				
<b>Net Position at End of Year</b>				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net  
Position

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (246,946)		\$ (246,946)
(106,024)		(106,024)
(69,015)		(69,015)
(290)		(290)
(422,275)		(422,275)
	\$ 105,745	105,745
		(316,530)
301,263	-	301,263
37,047	-	37,047
220,865	-	220,865
1,117	931	2,048
17,895	-	17,895
578,187	931	579,118
155,912	106,676	262,588
791,441	1,563,739	2,355,180
\$ 947,353	\$ 1,670,415	\$ 2,617,768

CITY OF MARION  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Debt Service	<u>Major Fund</u> Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 615,516	\$ 7,814	\$ 34,679	\$ 658,009
Receivables (net):				
Property Taxes	11,319	393	-	11,712
Intergovernmental	53,604	-	-	53,604
Other Receivables	61,040	-	-	61,040
<b>TOTAL ASSETS</b>	<u>\$ 741,479</u>	<u>\$ 8,207</u>	<u>\$ 34,679</u>	<u>\$ 784,365</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ 48,869	\$ -	\$ -	\$ 48,869
Accrued Wages	53,478	-	-	53,478
Unearned Grant Revenue	6,000	-	-	6,000
Due to Other Funds	192,575	-	-	192,575
<i>Total Liabilities</i>	<u>300,922</u>	<u>-</u>	<u>-</u>	<u>300,922</u>
<i>Deferred Inflows of Resources:</i>				
Unavailable Property Tax Revenues	11,319	393	-	11,712
<i>Fund Balances:</i>				
Restricted for:				
Municipal Court	5,961	-	-	5,961
Debt Service	-	7,814	-	7,814
Public Television	19,051	-	-	19,051
Assigned for Capital Projects	-	-	34,679	34,679
Unassigned	404,226	-	-	404,226
<i>Total Fund Balances</i>	<u>429,238</u>	<u>7,814</u>	<u>34,679</u>	<u>471,731</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 741,479</u>	<u>\$ 8,207</u>	<u>\$ 34,679</u>	<u>\$ 784,365</u>

See accompanying notes to basic financial statements.

CITY OF MARION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$	471,731
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>			
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			469,236
Long-term liabilities, including bonds payable, and related accrued interest, are not due in the current period and, therefore, are not reported in the funds			
Tax Note Principal	(65,000)		
Accrued Interest Payable	<u>(290)</u>		(65,290)
Net Pension Assets (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in governmental funds.			
Net Pension Asset	117,467		
Pension Related Deferred Outflows	51,052		
Pension Related Deferred Inflows	<u>(85,646)</u>		82,873
Other Postemployment benefit liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in governmental funds.			
Total Other Postemployment Benefit Liability	(25,130)		
Related Deferred Outflows	3,720		
Related Deferred Inflows	<u>(1,499)</u>		(22,909)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized as revenue in the funds.			<u>11,712</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$	<u><u>947,353</u></u>

See accompanying notes to basic financial statements.

CITY OF MARION  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Debt Service	<u>Major Fund</u> Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 298,229	\$ 55	\$ -	\$ 298,284
Sales Taxes	220,865	-	-	220,865
Franchise Fees	37,047	-	-	37,047
Fines and Forfeitures	83,712	-	-	83,712
Licenses, Permits and Fees	134,488	-	-	134,488
School Resource Officer	38,203	-	-	38,203
Intergovernmental	87,555	-	-	87,555
Interest Income	989	-	129	1,118
Miscellaneous	17,978	-	-	17,978
<b>TOTAL REVENUES</b>	<u>919,066</u>	<u>55</u>	<u>129</u>	<u>919,250</u>
<b>EXPENDITURES</b>				
Current:				
Administration	352,622	-	-	352,622
Police	268,762	-	-	268,762
Public Works	103,810	-	-	103,810
Capital Outlay	99,087	-	-	99,087
<b>TOTAL EXPENDITURES</b>	<u>824,281</u>	<u>-</u>	<u>-</u>	<u>824,281</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>94,785</u>	<u>55</u>	<u>129</u>	<u>94,969</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Tax Note Proceeds	65,000	-	-	65,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>65,000</u>
Net Change in Fund Balance	159,785	55	129	159,969
<b>BEGINNING FUND BALANCE</b>	<u>269,453</u>	<u>7,759</u>	<u>34,550</u>	<u>311,762</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 429,238</u>	<u>\$ 7,814</u>	<u>\$ 34,679</u>	<u>\$ 471,731</u>

See accompanying notes to basic financial statements.

CITY OF MARION  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 159,969

Amounts reported for governmental activities in the Statement of Activities  
 are different because:

Governmental funds report capital outlays as expenditures. However, in the  
 statement of activities the cost of those assets is allocated over their estimated  
 useful lives and reported as depreciation expense.

Capital Outlay	99,087	
Depreciation Expense	<u>(63,146)</u>	35,941

The issuance of long-term debt (e.g. bonds and tax ntes) provide current  
 financial resources of governmental funds, while the repayment of the  
 principal of long-term debt consumes the current financial resources of  
 governmental funds. Neither transaction, however has any effect on net  
 position. Also, governmental funds report interest expense when it is due and  
 payable, while the statement of activities recognizes interest expense when  
 incurred.

Proceeds from Tax Notes	(65,000)	
Interest Payable	<u>(290)</u>	(65,290)

Governmental funds report required contributions to employee pensions and other  
 postemployment benefits as expenditures. However, in the Statement of Activities  
 the expense for the benefits is recorded based on the actuarially determined cost  
 of the plan. This is the amount that the contributions exceeded (fell short of) the  
 actuarially determined cost of the plan.

Pension	24,363	
Other Postemployment Benefit	<u>(2,051)</u>	22,312

Revenues in the Statement of Activities that do not provide current financial  
 resources are not reported as revenues in the funds.

2,980

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES

\$ 155,912

CITY OF MARION  
STATEMENT OF NET POSITION – PROPRIETARY UTILITY FUND  
SEPTEMBER 30, 2020

**ASSETS**

*Current Assets:*

Cash and Cash Equivalents	\$	827,978
Accounts Receivable		123,854
Prepaid Expenses		28,553
Due from Other Funds		192,575
<i>Total Current Assets</i>		1,172,960

*Other Assets:*

Capital Assets (net)		570,005
Net Pension Asset		87,330
<i>Total Other Assets</i>		657,335

**TOTAL ASSETS**

1,830,295

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Pension Related Outflows		40,273
Deferred Other Post Employment Benefit Outflows		2,545
<b>TOTAL DEFERRED OUTFLOWS</b>		42,818

**LIABILITIES**

*Current Liabilities:*

Accounts Payable		9,169
Accrued Expenses		10,351
Customer Deposits		95,201
<i>Total Current Liabilities</i>		114,721

*Noncurrent Liabilities:*

Total Other Postemployment Benefit Liability		16,297
<b>TOTAL LIABILITIES</b>		131,018

**DEFERRED INFLOWS OF RESOURCES**

Deferred Pension Related Inflows		70,184
Deferred Other Post Employment Benefit Inflows		1,496
<b>TOTAL DEFERRED INFLOWS</b>		71,680

**NET POSITION:**

Net Investment in Capital Assets		570,005
Restricted for System Improvements (Impact Fees)		402,683
Unrestricted		697,727
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b>1,670,415</b>

See accompanying notes to basic financial statements.



CITY OF MARION  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY UTILITY FUND  
FOR THE YEAR SEPTEMBER 30, 2020

<b>OPERATING REVENUES</b>	
Water Charges	\$ 532,986
Sewer Charges	275,782
Garbage Charges	128,016
Other Charges	<u>27,127</u>
<b>TOTAL OPERATING REVENUES</b>	<u><u>963,911</u></u>
 <b>OPERATING EXPENSES</b>	
Personnel	174,526
Water Purchases	324,033
Garbage Services	107,544
Other Utility Costs	234,273
Depreciation	<u>42,090</u>
<b>TOTAL OPERATING EXPENSES</b>	<u><u>882,466</u></u>
<b>OPERATING INCOME (LOSS)</b>	<u>81,445</u>
 <b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	931
Impact Fees	<u>24,300</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u><u>25,231</u></u>
<b>CHANGE IN NET POSITION</b>	106,676
<b>BEGINNING NET POSITION</b>	<u>1,563,739</u>
<b>ENDING NET POSITION</b>	<u><u>\$ 1,670,415</u></u>

See accompanying notes to basic financial statements.

CITY OF MARION  
STATEMENT OF CASH FLOWS - PROPRIETARY UTILITY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<b>Cash Flows From Operating Activities:</b>	
Cash Received From Customers	\$ 923,772
Cash Paid to Employees for Services	(191,390)
Cash Paid to Suppliers for Goods and Services	<u>(801,128)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(68,746)</u>
 <b>Cash Flows From Noncapital Financing Activities:</b>	
Transfers From (to) Primary Government	<u>(116,071)</u>
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(116,071)</u>
 <b>Cash Flows From Capital-Related Financing Activities:</b>	
Impact Fees Received	<u>24,300</u>
<b>Net Cash Provided (Used) by Capital-Related Financing Activities</b>	<u>24,300</u>
 <b>Cash Flows From Investing Activities:</b>	
Investment Interest Received	928
Purchase of Equipment	<u>(4,600)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(3,672)</u>
 <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	 (164,189)
 <b>Cash and Cash Equivalents at Beginning of Year</b>	 <u>992,167</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 827,978</u></u>

See accompanying notes to basic financial statements.

CITY OF MARION  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

**Reconciliation of Operating Income to Net Cash**

**Provided (Used) by Operating Activities:**

Operating Income (Loss)	\$	81,445
Adjustments to Reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation		42,090
(Increase) Decrease in Operating Assets:		
Accounts Receivable		(36,914)
Prepaid Expenses		(24,606)
Deferred Pension and OPEB Outflows		7,887
Net Pension Asset		(33,842)
Increase (Decrease) in Current Liabilities:		
Accounts Payable		(40,276)
Accrued Expenses		(70,396)
Customer Deposits		(3,225)
Total OPEB Liability		3,322
Deferred Pension and OPEB Inflows		5,769
<b>Total Adjustments to Reconcile Operating Activities</b>		<u>(150,191)</u>
<b>Net Cash Provided (Used) by</b>		
<b>Operating Activities</b>	<b>\$</b>	<b><u>(68,746)</u></b>

See accompanying notes to basic financial statements.

CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Marion, Texas (“City”) was incorporated in 1933 as an independent political subdivision of the State of Texas. The City operates under a General Law Charter and provides the following services: police, street maintenance, library, parks and utility (water, sewer and garbage) services. The Mayor and five alderman are elected by the citizens for two year terms.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. REPORTING ENTITY

*Component Units*

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations; thus, data from these units, if any existed, would be combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. As of September 30, 2020, the City had no component units.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities reflects the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund, Debt Service and Capital Projects Fund meet the criteria as *major governmental funds*.

CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types which have been accrued consist of revenue from taxes, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

**Governmental fund level financial statements** are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

**General Fund** is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include taxes, intergovernmental revenues, and oil and gas leases. Primary expenditures are for administration, public works and police protection.

**Debt Service Fund** is used to account for property taxes levied to pay voter approved debt issuances of the City.

**Capital Projects Fund** is used to account for money assigned for improvements or replacements of city assets and infrastructure.

The City has no other governmental funds.

CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

**Proprietary fund level financial statements** are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund is the Utility Fund (used to account for the provision of water, sewer and trash services to residents).

The **Proprietary Fund** is accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The City has all its monies in interest bearing checking accounts, savings accounts, government investment pools, and certificates of deposit. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair market value except for certificates of deposit which are carried at amortized cost.

CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

6. ACCOUNTS RECEIVABLE/REVENUE RECOGNITION

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2019 and past due after January 31, 2020. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years' levy are shown net of an allowance for uncollectibles.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

7. INVENTORY AND PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet. Inventory is valued at cost using the first-in/first-out method.

8. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

9. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more and a useful live in excess of two years. Infrastructure assets include City-owned streets, water system, and sewer system. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF MARION  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

9. CAPITAL ASSETS (CONT.)

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

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

<u>Asset</u>	<u>Estimated Life</u>
Buildings and Improvements	15-40 years
Streets and Infrastructure	20-30 years
Furniture, Fixtures, Vehicles	3-10 years

10. COMPENSATED ABSENCES

Full-time employees earn sick and vacation leave at varying rates depending on length of service. Unused sick leave is not paid on termination and is not accrued in these financial statements. Vacation leave is paid on voluntary termination and expires annually based on the employees anniversary date. Because of the short-term nature of the vacation leave and the expectation that it will be paid with current financial resources, it is accrued as incurred in the government-wide and fund statements.

In addition, salaried employees earn comp time for overtime. The comp time is also accrued and paid on termination with no caps on the amount that can be earned or accrued.

11. UNAVAILABLE/UNEARNED REVENUE

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as unavailable revenue (a deferred inflow of resources). Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

12. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period, while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.



CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

13. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt (including capital leases) and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

14. PENSIONS

The net pension liability, deferred inflows, and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

15. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

16. FUND BALANCES

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable - Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

16. FUND BALANCES (CONT.)

Committed - Represents amounts that can only be used for a specific purpose by a resolution of City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints through the same formal action.

Assigned - Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. The City Council is the only entity capable of creating assignments at this time.

Unassigned - Represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second and assigned third.

17. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

18. INTERFUND TRANSFERS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

19. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE B -- DEPOSITS AND INVESTMENTS**

Deposits

The City maintains deposits at one institution that provides a combination of pledged collateral and FDIC insurance to completely collateralize the City's deposits.

Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. The Act limits the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The City does not currently have any investments nor a policy controlling investments.

**NOTE C -- PROPERTY TAX CALENDAR**

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Guadalupe County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2019, upon which the fiscal 2020 levy was based, was \$55 million (i.e., market value less exemptions).

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2020, was \$0.4801 per \$100 of assessed value, which means that the City has a tax margin of \$2.0199 for each \$100 value and could increase its annual tax levy by approximately \$1.1 million, based upon the present assessed valuation before the limit is reached. The Property Tax Code generally limits growth of the maintenance and operations tax levy to 3.5% without voter approval.

CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE D -- OTHER RECEIVABLES**

Other receivables for the City as of September 30, 2020 are as follows:

	General Fund	Utility Fund
Sales and Mixed Beverage Tax	\$ 41,655	\$ -
Utility Charges	-	123,854
Franchise Tax	11,202	-
Other Amounts	8,183	-
Total Other Receivables	\$ 61,040	\$ 123,854

**NOTE E -- INTERFUND TRANSACTIONS**

Interfund balances as of September 30, 2020 and interfund transfers during 2020 were as follows:

Due From General Fund	Due To Utility Fund	Amount	Reason
		\$ 192,575	Expenses Paid on Behalf of General Fund

**NOTE F -- CAPITAL ASSETS**

Capital asset activity in the governmental funds for the year ended September 30, 2020, was as follows:

	Balance 10/1/2019	Additions	Disposals/ Transfers	Balance 9/30/2020
<i>Governmental Activities</i>				
Land	\$ 45,859	\$ -	\$ -	\$ 45,859
Buildings and Improvements	215,918	65,000	-	280,918
Vehicles and Equipment	401,571	34,086	(16,450)	419,207
Infrastructure	371,839	-	-	371,839
	1,035,187	99,086	(16,450)	1,117,823
Less Accumulated Depreciation				
Buildings and Improvements	(153,931)	(6,079)	-	(160,010)
Vehicles and Equipment	(279,129)	(39,174)	16,450	(301,853)
Infrastructure	(168,831)	(17,893)	-	(186,724)
	(601,891)	(63,146)	16,450	(648,587)
Governmental Activities, Net	\$ 433,296	\$ 35,940	\$ -	\$ 469,236

Land is not depreciated.

CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE F – CAPITAL ASSETS (CONT.)**

Depreciation expense was charged to the governmental functions as follows:

Administration		\$	14,990
Police			21,747
Public Works			<u>26,409</u>
Total Depreciation Expense - Governmental Activities			<u>\$ 63,146</u>

Capital asset activity in the business-type fund for the year ended September 30, 2020, was as follows:

	Balance 10/1/2019	Additions	Disposals/ Transfers	Balance 9/30/2020
<i>Business-Type Activities</i>				
Land	\$ 72,947	\$ -	\$ -	\$ 72,947
Water Rights	50,000	-	-	50,000
Construction in Progress	75,362	-	-	75,362
Buildings and Improvements	33,651	-	-	33,651
Vehicles and Equipment	161,126	4,600	-	165,726
Infrastructure	<u>3,810,927</u>	<u>-</u>	<u>-</u>	<u>3,810,927</u>
	<u>4,204,013</u>	<u>4,600</u>	<u>-</u>	<u>4,208,613</u>
Less Accumulated Depreciation				
Buildings and Improvements	(33,651)	-	-	(33,651)
Vehicles and Equipment	(157,459)	(2,185)	-	(159,644)
Infrastructure	<u>(3,405,408)</u>	<u>(39,905)</u>	<u>-</u>	<u>(3,445,313)</u>
	<u>(3,596,518)</u>	<u>(42,090)</u>	<u>-</u>	<u>(3,638,608)</u>
Business-Type Activities, Net	<u>\$ 607,495</u>	<u>\$ (37,490)</u>	<u>\$ -</u>	<u>\$ 570,005</u>

Land, water rights, and construction in progress are not depreciated.

**NOTE G -- COMPENSATED ABSENCES**

The City's liability for accrued leave is as follows:

Source	Balance 10/1/2019	Additions	Retirements	Balance 9/30/2020
General Fund	\$ 42,532	\$ 1,315	\$ (2,052)	\$ 41,795
Utility Fund	71,987		(67,530)	4,457
	<u>\$ 114,519</u>	<u>\$ 1,315</u>	<u>\$ (69,582)</u>	<u>\$ 46,252</u>

CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE H -- LONG-TERM DEBT**

Changes in the City's long-term debt were as follows:

Governmental Activities	Balance 10/1/2019	Additions	Reductions	Balance 9/30/2020	Due Within One Year
2020 Tax Notes	\$ -	\$ 65,000	\$ -	\$ 65,000	\$ 12,000
	<u>\$ -</u>	<u>\$ 65,000</u>	<u>\$ -</u>	<u>\$ 65,000</u>	<u>\$ 12,000</u>

During the fiscal year ended September 30, 2020, the City issued \$65,000 in tax notes to fund asbestos remediation and upgrades to City Hall. The notes mature serially through 2025 at an interest rate of 1.95%.

Future requirements to amortize this debt are as follows:

Year Ending September 30	Principal	Interest	Total
2021	\$ 12,000	\$ 1,364	\$ 13,364
2022	13,000	907	13,907
2023	13,000	653	13,653
2024	13,000	400	13,400
2025	14,000	137	14,137
	<u>\$ 65,000</u>	<u>\$ 3,461</u>	<u>\$ 68,461</u>

**NOTE I -- PENSION PLAN**

**Plan Description**

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the City are required to participate in TMRS retirement system.

CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE I -- PENSION PLAN (CONT.)**

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 7%, and the City matching percent is currently 2 to 1.

At the December 31 valuations and measurement dates, the following employees were covered by the benefit terms:

	2018	2019
Inactive Employees or Beneficiaries Currently Receiving Benefits	7	7
Inactive Employees Entitled to but Not Yet Receiving Benefits	12	13
Active employees	10	10
	29	30

**Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 5.58% and 3.85% in calendar years 2019 and 2020, respectively. The City’s contributions to TMRS for the year ended September 30, 2020 were \$27,872, which were \$6,328 greater than the required contributions.

CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE I -- PENSION PLAN (CONT.)**

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The Total Pension Liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall Payroll Growth	2.75% per year
Investment Rate of Return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:



CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE I -- PENSION PLAN (CONT.)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**Changes in the Net Pension Liability**

The below schedule presents the changes in the Net Pension Liability as of December 31, 2019:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2018	\$ 879,543	\$ 1,005,110	\$ (125,567)
Changes for the year:			
Service Cost	50,748	-	50,748
Interest	59,677	-	59,677
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	13,718	-	13,718
Changes of Assumptions	(597)	-	(597)
Contributions - Employer	-	24,569	(24,569)
Contributions - Employee	-	23,626	(23,626)
Net Investment Income	-	155,485	(155,485)
Benefit Payments, Including Refunds of Employee Contributions	(41,615)	(41,615)	-
Administrative Expense	-	(878)	878
Other Changes	-	(26)	26
Net Changes	<u>81,931</u>	<u>161,161</u>	<u>(79,230)</u>
Balance at December 31, 2019	<u>\$ 961,474</u>	<u>\$ 1,166,271</u>	<u>\$ (204,797)</u>

CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE I -- PENSION PLAN (CONT.)**

**Discount Rate Sensitivity Analysis**

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability (Asset)	\$ (86,955)	\$ (204,797)	\$ (300,636)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at [www.tmrs.com](http://www.tmrs.com).

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended September 30, 2020, the City recognized pension income of \$16,738. Also as of September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 8,748	\$ 58,363
Changes in Actuarial Assumptions	-	381
Differences Between Projected and Actual Investment Earnings	63,812	97,086
Contributions Subsequent to the Measurement Date	18,765	-
	\$ 91,325	\$ 155,830

Deferred outflows of resources in the amount of \$18,765 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,	
2020	\$ (47,732)
2021	(21,752)
2022	3,742
2023	(17,528)
	\$ (83,270)

CITY OF MARION  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE J -- OTHER POSTEMPLOYMENT BENEFIT**

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB. Membership in the plan at December 31, 2019, the valuation and measurement date, consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefits	5
Inactive Employees Entitled to but Not Yet Receiving Benefits	2
Active employees	10
	17
	17

The City contributes to the SDBF at a contractually required rate a determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers. The assumptions of the plan are as follows:

Inflation	2.50%	
Salary Increases	3.50% to 11.50% Including Inflation	
Discount Rate	2.75%	
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under GASB Statement No.68	
Mortality Rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.	
Mortality Rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tabs with a 4 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.	

CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE J -- OTHER POSTEMPLOYMENT BENEFIT (CONT.)**

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2019 was as follows:

	Total OPEB Liability
Balance at December 31, 2018	\$ 33,346
Changes for the year:	
Service Cost	1,701
Interest	1,261
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(622)
Changes of Assumptions	6,166
Benefit Payments, Including Refunds of Employee Contributions	(425)
Net Changes	8,081
Balance at December 31, 2019	\$ 41,427

No separate trust is maintained to fund this TOL. As such, no assets are accumulated that meet the criteria established in GASB Statement No. 75.

The following table represents the Total Other Post Employment Benefits liability for the SDBF for the City, calculated using the discount rate of 2.75% as well as what the City's liability would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate:

	Discount Rate 1.75%	Discount Rate 2.75%	Discount Rate 3.75%
Total OPEB Liability	\$ 49,629	\$ 41,427	\$ 35,262

For the year ended September 30, 2020, the City recognized OPEB expense of \$3,836. Also, as of September 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ -	\$ 1,693
Changes in Actuarial Assumptions	5,901	1,302
Contributions Subsequent to the Measurement Date	364	-
	\$ 6,265	\$ 2,995

CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE J -- OTHER POSTEMPLOYMENT BENEFIT (CONT.)**

Deferred outflows of resources in the amount of \$364 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Plan Year ended December 31,		
2020	\$	874
2021		874
2022		589
2023		569
	<u>\$</u>	<u>2,906</u>

**NOTE K -- RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts for losses up to coverage limits.

**NOTE L -- JOINT VENTURE – CANYON REGIONAL WATER AUTHORITY**

The City is a member entity of Canyon Regional Water Authority (CRWA) through a regional taxable water supply contract dated August 1, 1998 for an initial term of 40 years. CRWA was created to purchase, own, hold, lease, and otherwise acquire sources of potable water; build, operate and maintain facilities for the treatment and transportation of water; sell potable water to local governments, water supply corporations and other persons in Texas; and to protect, preserve and restore the purity and sanitary condition of water in the area. The participating entities, of which there are 12, are contractually obligated to fund a pro-rated portion of CRWA’s operations, debt service, and project costs in exchange for a portion of the potable water generated. The City has pledged its system revenues to fund its share of CRWA costs (approximately 1%). For the fiscal year ending September 30, 2020, CRWA’s expenses totaled \$15.2 million, and, as of September 30, 2020, CRWA had bonds outstanding of \$123 million. The City’s share of CRWA expenses for the year ending September 30, 2020 were \$324,033 and are recorded as operating expenses in the Proprietary Utility Fund. Annual, audited financial statements for CRWA may be obtained by writing to Canyon Regional Water Authority, 850 Lakeside Pass, New Braunfels, Texas 78130.

CITY OF MARION  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE M -- HIGHER EDUCATION BONDS**

In September 2006, the City created a nonprofit corporation under Section 53A of The Texas Education code. The corporation was established for the purpose of assisting in the financing of institutions of higher education as provided by state law. In accordance with the terms establishing the nonprofit corporation, the City is not liable for any expenses incurred in establishing or administering the Corporation and has no responsibility for servicing any debts. The Corporation is not consolidated into the financial statements of City of Marion because it does not meet the requirements of being treated as a component unit of the City under governmental accounting standards. The original issues and estimated amounts outstanding as of September 30, 2020 are as follows:

<u>Bond Issue</u>	Original Amount Issued	Principal Outstanding
2017 Series	\$ 10,000,000	\$ 9,990,000
2018 Series	10,000,000	9,985,000
2019 Series	3,000,000	2,985,000
	<u>\$ 23,000,000</u>	<u>\$ 22,960,000</u>

**NOTE N -- LITIGATION**

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

## REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes - Net Pension Liability and Related Ratios
- Schedule of Employer Contributions – Pension Plan
- Schedule of Changes – Total Other Postemployment Benefit Liability and Related Ratios

CITY OF MARION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 272,721	\$ 272,721	\$ 298,229	\$ 25,508
Sales Taxes	120,000	120,000	220,865	100,865
Franchise Fees	37,000	37,000	37,047	47
Fines and Forfeitures	102,800	102,800	83,712	(19,088)
Licenses, Permits and Fees	44,820	44,820	134,488	89,668
School Resource Officer	50,937	50,937	38,203	(12,734)
Intergovernmental	40,000	-	87,555	87,555
Interest Income	500	500	989	489
Miscellaneous	2,620	2,620	17,978	15,358
<b>TOTAL REVENUES</b>	<u>671,398</u>	<u>631,398</u>	<u>919,066</u>	<u>287,668</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
Administration	266,812	279,812	352,622	(72,810)
Police	314,301	268,010	268,762	(752)
Public Works	111,477	113,977	103,810	10,167
Capital Outlay	4,000	4,000	99,087	(95,087)
<b>TOTAL EXPENDITURES</b>	<u>696,590</u>	<u>665,799</u>	<u>824,281</u>	<u>(158,482)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(25,192)</u>	<u>(34,401)</u>	<u>94,785</u>	<u>446,150</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers	(45,000)	5,000	-	(5,000)
Tax Note Proceeds	-	-	65,000	65,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(45,000)</u>	<u>5,000</u>	<u>65,000</u>	<u>60,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(70,192)</u>	<u>(29,401)</u>	<u>159,785</u>	<u>249,186</u>
<b>BEGINNING FUND BALANCE</b>	<u>269,453</u>	<u>269,453</u>	<u>269,453</u>	<u>-</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 199,261</u>	<u>\$ 240,052</u>	<u>\$ 429,238</u>	<u>\$ 249,186</u>



CITY OF MARION  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
SEPTEMBER 30, 2020

**Budgetary Information** – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund and Debt Service Fund.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The City does not use encumbrances.

CITY OF MARION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES - NET PENSION LIABILITY AND RELATED RATIOS  
LAST SIX PLAN YEARS

Total Pension Liability			
	2014	2015	2016
Service Cost	\$ 42,830	\$ 48,338	\$ 55,541
Interest (on the Total Pension Liability)	46,003	51,736	57,388
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	31	1,362	2,639
Change of Assumptions	-	16,877	-
Benefit Payments, Including Refunds of Employee Contributions	(7,099)	(12,327)	(9,305)
Net Change in Total Pension Liability	81,765	105,986	106,263
Total Pension Liability - Beginning	639,319	721,084	827,070
Total Pension Liability - Ending	<u>\$ 721,084</u>	<u>\$ 827,070</u>	<u>\$ 933,333</u>
Plan Fiduciary Net Position			
	2014	2015	2016
Contributions - Employer	\$ 22,617	\$ 22,201	\$ 24,426
Contributions - Employee	22,220	22,113	24,233
Net Investment Income	42,224	1,206	57,478
Benefit Payments, Including Refunds of Employee Contributions	(7,099)	(12,327)	(9,305)
Administrative Expense	(441)	(735)	(649)
Other	(36)	(36)	(35)
Net Change in Plan Fiduciary Net Position	79,485	32,422	96,148
Plan Fiduciary Net Position - Beginning	737,916	817,401	849,823
Net Pension Liability - Ending	<u>\$ 817,401</u>	<u>\$ 849,823</u>	<u>\$ 945,971</u>
Net Pension Liability (Asset) - Ending	\$ (96,317)	\$ (22,753)	\$ (12,638)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	113.36%	102.75%	101.35%
Covered Payroll	\$ 444,392	\$ 442,250	\$ 484,653
Net Pension Liability as a Percentage of Covered Payroll	-21.67%	-5.14%	-2.61%

Information is being accumulated prospectively until ten years are presented.

	2017	2018	2019
\$	53,251	\$ 48,141	\$ 50,748
	63,545	66,073	59,677
	-	-	-
	(7,858)	(139,059)	13,718
	-	-	(597)
	(37,093)	(100,790)	(41,615)
	71,845	(125,635)	81,931
	933,333	1,005,178	879,543
\$	<u>1,005,178</u>	<u>\$ 879,543</u>	<u>\$ 961,474</u>

	2017	2018	2019
\$	27,637	\$ 25,829	\$ 24,569
	23,922	22,496	23,626
	131,232	(32,715)	155,485
	(37,093)	(100,790)	(41,615)
	(679)	(632)	(878)
	(34)	(34)	(26)
	144,985	(85,846)	161,161
	945,971	1,090,956	1,005,110
\$	<u>1,090,956</u>	<u>\$ 1,005,110</u>	<u>\$ 1,166,271</u>

\$ (85,778)    \$ (125,567)    \$ (204,797)

108.53%            114.28%            121.30%

\$ 478,445    \$ 449,916    \$ 472,515

-17.93%            -27.91%            -43.34%

CITY OF MARION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION PLAN  
LAST SEVEN FISCAL YEARS

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2020	\$ 21,544	\$ 27,872	\$ (6,328)	\$ 498,847	5.59%
2019	24,277	24,277	-	454,471	5.34%
2018	27,079	27,509	(430)	470,694	5.84%
2017	22,201	22,201	-	442,250	5.02%
2016	24,127	24,127	-	444,392	5.43%
2015	22,745	22,745	-	394,257	5.77%
2014	21,310	21,310	-	373,289	5.71%

Information is being accumulated prospectively until ten years are presented.

**Valuation Date:**

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (13) months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	11 Years
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

CITY OF MARION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES – TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST THREE CALENDAR YEARS

	Total OPEB Liability		
	2017	2018	2019
Service Cost	\$ 1,675	\$ 1,800	\$ 1,701
Interest (on the Total OPEB Liability)	1,147	1,171	1,261
Changes of Benefit Terms	-	-	
Difference between Expected and Actual Experience	-	(1,919)	(622)
Change of Assumptions	2,373	(2,078)	6,166
Benefit Payments, Including Refunds of Employee Contributions	(191)	(225)	(425)
Net Change in Total OPEB Liability	5,004	(1,251)	8,081
Total OPEB Liability - Beginning	29,593	34,597	33,346
Total OPEB Liability - Ending	<u>\$ 34,597</u>	<u>\$ 33,346</u>	<u>\$ 41,427</u>
 Covered Payroll	 \$ 478,445	 \$ 449,916	 \$ 472,515
 Total OPEB Liability as a Percentage of Covered Payroll	 7.23%	 7.41%	 8.77%

Notes to Schedule:

Changes in Benefit Terms: None

Changes in Assumptions: None

Trust: No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

Information is being accumulated prospectively until ten years are presented.



SUPPLEMENTARY INFORMATION

CITY OF MARION  
 SUPPLEMENTARY INFORMATION  
 COMPARATIVE BALANCE SHEETS – GENERAL FUND  
 SEPTEMBER 30, 2020 AND 2019

	2020	2019
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 615,516	\$ 379,914
Receivables (net):		
Property Taxes	11,319	8,501
Intergovernmental	53,604	-
Other Receivables	61,040	60,465
 <b>TOTAL ASSETS</b>	 <b>\$ 741,479</b>	 <b>\$ 448,880</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 48,869	\$ 38,078
Accrued Wages	53,478	50,550
Unearned Grant Revenue	6,000	6,000
Due to Other Funds	192,575	76,504
<i>Total Liabilities</i>	<b>300,922</b>	<b>171,132</b>
 <i>Deferred Inflows of Resources</i>		
Unavailable Property Tax Revenues	11,319	8,295
 <i>Fund Balances:</i>		
Restricted for:		
Municipal Court	5,961	12,461
Public Television	19,051	17,078
Unassigned	404,226	239,914
<i>Total Fund Balance</i>	<b>429,238</b>	<b>269,453</b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	 <b>\$ 741,479</b>	 <b>\$ 448,880</b>



CITY OF MARION  
 SUPPLEMENTARY INFORMATION  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE – GENERAL FUND  
 SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Ad Valorem Taxes	\$ 298,229	\$ 249,188
Sales Taxes	220,865	217,372
Franchise Fees	37,047	43,073
Fines and Forfeitures	83,712	106,354
Licenses, Permits and Fees	134,488	63,738
School Resource Officer	38,203	40,157
Intergovernmental	87,555	14,000
Interest Income	989	803
Miscellaneous	17,978	33,230
<b>TOTAL REVENUES</b>	<u>919,066</u>	<u>767,915</u>
<b>EXPENDITURES</b>		
Current:		
Administration	352,622	362,194
Police	268,762	148,110
Public Works	103,810	100,224
Capital Outlay	99,087	37,730
<b>TOTAL EXPENDITURES</b>	<u>824,281</u>	<u>648,258</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>94,785</b>	<b>119,657</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Tax Notes Proceeds	<u>65,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>159,785</b>	<b>119,657</b>
<b>Beginning Fund Balance</b>	<u>269,453</u>	<u>149,796</u>
<b>Ending Fund Balance</b>	<u>\$ 429,238</u>	<u>\$ 269,453</u>

CITY OF MARION  
SUPPLEMENTARY INFORMATION  
COMPARATIVE BALANCE SHEETS – PROPRIETARY UTILITY FUND  
SEPTEMBER 30, 2020 AND 2019

	2020	2019
<b>ASSETS</b>		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 827,978	\$ 992,167
Accounts Receivable (net)	123,854	86,940
Prepaid Expenses	28,553	3,947
Due from General Fund	192,575	76,504
<i>Total Current Assets</i>	1,172,960	1,159,558
 <i>Other Assets:</i>		
Capital Assets (net)	570,005	607,494
Pension Asset	87,330	53,488
<i>Total Other Assets</i>	657,335	660,982
<b>TOTAL ASSETS</b>	<b>1,830,295</b>	<b>1,820,540</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Pension Related Outflows	40,273	50,070
Deferred Other Post Employment Benefit Outflows	2,545	633
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>42,818</b>	<b>50,703</b>
 <b>LIABILITIES</b>		
<i>Current Liabilities:</i>		
Accounts Payable	9,169	49,445
Accrued Expenses	10,351	80,747
Customer Deposits	95,201	98,426
<i>Total Current Liabilities</i>	114,721	228,618
 <i>Noncurrent Liabilities:</i>		
Total Other Postemployment Benefit Liability	16,297	12,975
<b>TOTAL LIABILITIES</b>	<b>131,018</b>	<b>241,593</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Pension Related Inflows	70,184	64,306
Deferred Other Post Employment Benefit Inflows	1,496	1,605
<b>TOTAL DEFERRED INFLOWS</b>	<b>71,680</b>	<b>65,911</b>
 <b>NET POSITION</b>		
Net Investment in Capital Assets	570,005	607,494
Restricted for System Improvements (Impact Fees)	402,683	378,121
Unrestricted (Deficit)	697,727	578,124
<b>TOTAL NET POSITION</b>	<b>\$ 1,670,415</b>	<b>\$ 1,563,739</b>

CITY OF MARION  
 SUPPLEMENTARY INFORMATION  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN FUND NET POSITION – PROPRIETARY UTILITY FUND  
 SEPTEMBER 30, 2020 AND 2019

	<b>2020</b>	2019
<b>OPERATING REVENUES</b>		
Water Charges	\$ 532,986	\$ 439,770
Sewer Charges	275,782	288,915
Garbage Charges	128,016	122,088
Other Charges	27,127	69,871
<b>TOTAL OPERATING REVENUES</b>	<b>963,911</b>	920,644
<b>OPERATING EXPENSES</b>		
Personnel	174,526	327,102
Water Purchases	324,033	329,575
Garbage Services	107,544	97,575
Other Utility Costs	234,273	154,377
Depreciation	42,090	42,129
<b>TOTAL OPERATING EXPENSES</b>	<b>882,466</b>	950,758
<b>OPERATING INCOME (LOSS)</b>	<b>81,445</b>	(30,114)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	931	1,410
Impact Fees	24,300	63,900
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>25,231</b>	65,310
<b>CHANGE IN NET POSITION</b>	<b>106,676</b>	35,196
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>1,563,739</b>	1,528,543
<b>NET POSITION AT END OF YEAR</b>	<b>\$1,670,415</b>	\$ 1,563,739

CITY OF MARION  
 SUPPLEMENTARY INFORMATION  
 COMPARATIVE STATEMENT CASH FLOWS – PROPRIETARY UTILITY FUND  
 SEPTEMBER 30, 2020 AND 2019

	2020	2019
<b>Cash Flows From Operating Activities:</b>		
Cash Received From Customers	\$ 923,772	\$ 960,805
Cash Paid to Employees for Services	(191,390)	(299,223)
Cash Paid to Suppliers for Goods and Services	(801,128)	(551,570)
<b>Net Cash Provided (Used) by Operating Activities</b>	(68,746)	110,012
<b>Cash Flows From Noncapital Financing Activities:</b>		
Transfers From (to) Primary Government	(116,071)	(65,863)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	(116,071)	(65,863)
<b>Cash Flows From Capital-Related Financing Activities:</b>		
Impact Fees Received	24,300	63,900
<b>Net Cash Provided (Used) by Capital-Related Financing Activities</b>	24,300	63,900
<b>Cash Flows From Investing Activities:</b>		
Investment Interest Received	928	1,411
Purchase of Equipment	(4,600)	-
<b>Net Cash Provided (Used) by Investing Activities</b>	(3,672)	1,411
<b>Net Increase (Decrease) in Cash</b>	(164,189)	109,460
<b>Cash and Cash Equivalents at Beginning of Year</b>	992,167	882,707
<b>Cash and Cash Equivalents at End of Year</b>	\$ 827,978	\$ 992,167

CITY OF MARION  
 SUPPLEMENTARY INFORMATION  
 COMPARATIVE STATEMENT CASH FLOWS – PROPRIETARY UTILITY FUND (CONT.)  
 SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Reconciliation of Operating Income to Net Cash</b>		
<b>Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	\$ 81,445	\$ (30,114)
Adjustments to Reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Non-cash Items Included in Operating Income (Loss):		
Depreciation	42,090	42,129
(Increase) Decrease in Operating Assets:		
Accounts Receivable (net)	(36,914)	36,689
Prepaid Expenses	(24,606)	(795)
Supplies Inventory	-	7,000
Deferred Pension and OPEB Outflows	7,887	(32,362)
Net Pension Asset	(33,842)	(19,645)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(40,276)	23,752
Accrued Expenses	(70,396)	38,333
Customer Deposits	(3,225)	3,472
Total OPEB Liability	3,322	(700)
Deferred Pension and OPEB Inflows	5,769	42,253
<b>Total Adjustments to Reconcile Operating Activities</b>	<u>(150,191)</u>	<u>140,126</u>
 <b>Net Cash Provided (Used) by Operating Activities</b>	 <u>\$ (68,746)</u>	 <u>\$ 110,012</u>





# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Years Ended  
December 31, 2020 and 2019

A Component Unit of the City of San Antonio, Texas

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***COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
SAN ANTONIO WATER SYSTEM  
A COMPONENT UNIT OF THE  
CITY OF SAN ANTONIO, TEXAS  
For the Years Ended December 31, 2020 and 2019***

*Prepared by:  
Financial Services Department*

*Douglas P. Evanson  
Senior Vice President/Chief Financial Officer*

*Cecilia Velasquez  
Director of Financial Services/Controller*

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## *INTRODUCTION*

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SAN ANTONIO WATER SYSTEM  
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March 31, 2021

Ms. Jelynn LeBlanc Burley, Chairwoman  
Mr. David McGee, Vice Chairman  
Mr. Eduardo Parra, Secretary  
Ms. Amy Hardberger, Assistant Secretary  
Mr. Ed Belmares, Trustee  
Ms. Leticia Ozuna, Trustee  
Hon. Ron Nirenberg, Mayor

Trustees:

In accordance with the requirements of City Ordinance No. 75686, we are pleased to submit herewith the Comprehensive Annual Financial Report of the San Antonio Water System (SAWS) for the year ended December 31, 2020. We believe that the financial and statistical information presented in the report is accurate in all material respects and that all disclosures necessary to enable the reader to gain an understanding of SAWS' financial status have been included.

The information contained in this report is the responsibility of management. Management assumes this responsibility based upon a comprehensive framework of internal control that it has established for this purpose. This internal control structure has been designed to ensure that the assets of SAWS are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that the objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

City Ordinance No. 75686 also requires that the annual financial report be submitted for audit by an independent accountant. The report of our independent auditors, Baker Tilly US, LLP is included in the financial section of the 2020 Comprehensive Annual Financial Report. Their report expresses an unmodified or "clean" opinion as to the fairness of the presentation of our financial statements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The results of the audit of SAWS for the year ended December 31, 2020 provided no instances of material weaknesses in the internal control structure.

The Management's Discussion and Analysis (MD&A) beginning on page 4 provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter complements the MD&A and should be read in conjunction with it.

## PROFILE OF SAN ANTONIO WATER SYSTEM

On February 13, 1992, the City Council determined that it was in the best interest of the citizens of San Antonio (the City) and the customers served by the water and wastewater systems to consolidate all water systems, agencies and activities into one institution. This action was taken due to the myriad of issues confronting the City related to the development and protection of its water resources. Such consolidation provided the City a singular voice of representation when promoting or defending the City's goals and objectives related to water resource planning and development with local, regional, state and federal water authorities and officials.

Final City Council approval for such consolidation was given on April 30, 1992 with the approval of Ordinance No. 75686, which provided for the consolidation of all city owned utilities related to water, including the water, wastewater, and water reuse systems into the San Antonio Water System (SAWS).



The City, which is the county seat of Bexar County, is located in south central Texas, approximately 80 miles south of the state capital of Austin, 200 miles west of Houston and 150 miles northeast of Laredo on the Mexican border. The most recent population estimate from the U. S. Census Bureau is 1,547,253 for San Antonio and 2,003,554 for Bexar County. The U.S. Census Bureau currently ranks San Antonio as the second largest city in Texas and the seventh largest city in the United States. The climate in San Antonio is characterized by warm summers with mild winters. Based on data observed over a thirty year period, the average

high temperature in August is 96 degrees Fahrenheit, with the average low temperature in January of 41 degrees. Precipitation for the City averages approximately 32 inches annually.

SAWS includes all water resources, properties, facilities, and plants owned, operated and maintained by the City relating to supply, storage, treatment, transmission, and distribution of treated potable water; collection and treatment of wastewater; and distribution of recycled water. Additionally, SAWS owns and operates four thermal energy facilities providing chilled water services to governmental and private entities. In 2020, SAWS provided potable water service to over 522,000 customer connections, while providing wastewater services to more than 467,000 customer connections. Both water and wastewater connections represent approximately 93% of the customers in Bexar County. As of December 31, 2020, SAWS had 1,766 employees and provided maintenance for 13,090 miles of water and sewer mains.



The complete management and control of SAWS is vested in the San Antonio Water System Board of Trustees ("the Board"). The Board consists of the Mayor and six Trustees who are required to be residents of the City of San Antonio or reside within the area serviced by SAWS. With the exception of the Mayor, all other trustees are appointed by the City Council for four year staggered terms and are eligible for reappointment for one additional four-year term. Four trustees must be appointed from four different quadrants in the City and two trustees are appointed from the north and south sides of the City. In addition to appointing the SAWS trustees, City Council must approve all changes in SAWS rates and any debt issued by SAWS. The general operations of SAWS are under the supervision of the President/Chief Executive Officer, who is employed by the Board. The financial statements of SAWS are presented in the Comprehensive Annual Financial Report of the City of San Antonio as a major discretely presented component unit.



On January 28, 2012, by legislative direction and election by its customers, SAWS assumed the operational control and management of the Bexar Metropolitan Water District (BexarMet). SAWS operated the former BexarMet as a separate entity known as SAWS District Special Project (SAWS DSP) from January 2012 until January 2016. In February 2016, all outstanding debt of SAWS DSP was refunded with SAWS issued debt and the assets and liabilities of SAWS DSP were transferred to SAWS. On January 1, 2017, SAWS completed all legally required steps to fully integrate the operations and customers of the former BexarMet with SAWS. This final step of full integration included the application of consistent rates for both existing SAWS and former BexarMet customers.



## LOCAL ECONOMIC CONDITIONS

The San Antonio economy had experienced robust, sustained growth since the mid-1990's. This economic growth coupled with the net in-migration trends experienced in many areas of Texas had resulted in population growth that had exceeded national averages. However, the economy in the San Antonio Metropolitan Statistical Area (San Antonio MSA) has been adversely impacted by the COVID-19 pandemic. Overall, as of December 2020, total non-farm employment in the San Antonio MSA has declined 3.4% since December 2019 – from 1.1 million to 1.06 million jobs, respectively. In addition, the San Antonio MSA unemployment rate in December 2020 was 6.4% compared to 2.8% as of December 2019. Nevertheless, San Antonio boasts a favorable business environment that supports economic diversification and growth, which will facilitate the local economy's recovery. This is evident in the fact that the annual average rate of non-farm job growth from 2011-2019 in the San Antonio MSA (2.73%) exceeded that of the nation (1.60%).

According to the U.S. Census Bureau (2020), during 2019, Texas was home to three of the top five cities in the U.S. in terms of largest population gains, with San Antonio coming in second overall with an additional 17,237 residents. In order to accommodate this influx of new residents, San Antonio relies on a very diverse economy, which encompasses strategic positions in key employment sectors including government and military, biomedical sciences, medical services, tourism and hospitality. Additional information regarding demographic and economic conditions for San Antonio can be found in the Statistical Section of this report on page 124.

## LONG-RANGE FINANCIAL PLANNING – MAJOR INITIATIVES

In order to accomplish SAWS mission of providing sustainable, affordable water services to one of the fastest growing major cities in the country, long-range financial planning is critical. In support of SAWS long-range planning efforts, 25-year capital improvement master plans for both water and wastewater are maintained and incorporated into SAWS 20-year financial model. During the last several years and looking forward for at least the next five years, a significant portion of SAWS financial resources have been and will be dedicated to the following major initiatives:

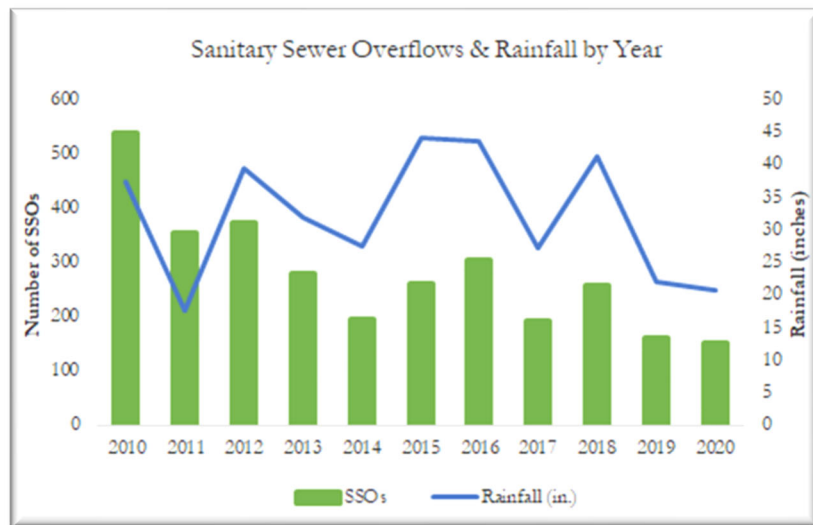
- **Meeting the Water Supply Needs of a Growing Community**

For most of its modern history, the City of San Antonio obtained nearly all of its water from the Edwards Aquifer. However, as a result of continued growth, environmental litigation and regulations limiting withdrawals from the Edwards Aquifer, SAWS has been aggressively promoting water conservation while also developing new sources of water supply since its formation in 1992. Over the last 20 years, SAWS has brought on-line a number of new water sources including one of the nation's largest recycled water systems, the development of alternative sources of groundwater and surface water supply, and the construction of a state-of-the-art groundwater desalination plant. While each of these projects were successful in providing for the short-term growth needs of the City, SAWS was still seeking a major alternative source of water supply, which would meet its needs for the next several decades. In November of 2014, SAWS entered into contracts for the Vista Ridge project, which is

scheduled to provide 50,000 acre-feet of water (20% of the current system demand) to San Antonio for 60 years. This was the first-of-its-kind water supply public-private partnership (P3) in Texas, which transferred risk of project development, financing, and water source availability to the private entity in return for the strong financial off-take position provided by SAWS. While all of the construction expenditures associated with the production wells and the 142-mile pipeline necessary to deliver the water to San Antonio were the responsibility of the private entity, SAWS was required to make system improvements to accept and fully integrate the Vista Ridge water. Once the project was brought on-line in April 2020, SAWS began paying for the water made available, which totaled 35,539-acre feet in 2020. For 2021, the first full year of Vista Ridge operations, a total of \$108.8 million is budgeted for 50,000 acre-feet (approximately \$2,176 per acre foot). Additional information regarding the Vista Ridge water supply project can be found in the Notes to Financial Statements of this report on pages 55-57.

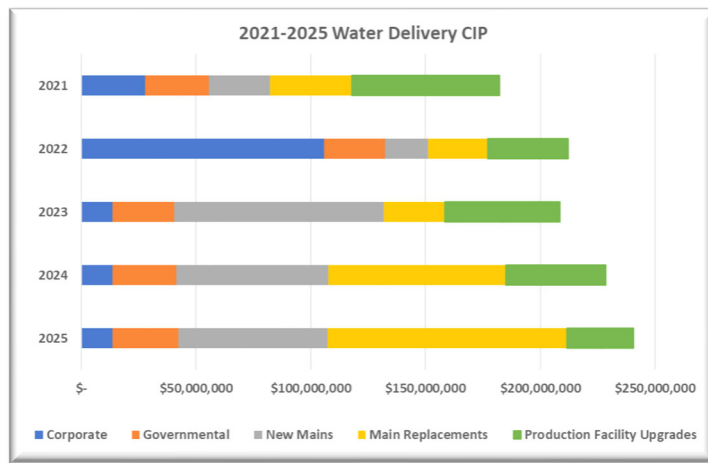
- Continuing to Meet the Obligations of SAWS EPA Consent Decree**

In June 2013, SAWS approved a settlement with the U.S. Environmental Protection Agency (EPA) that required additional work over a 10 to 12 year period to reduce sanitary sewer overflows (SSOs). The work required to comply with the consent decree includes system-wide inspection, cleaning and evaluation of sanitary sewer pipelines, and increased investment in the replacement and rehabilitation of aging sewer infrastructure. SAWS initially estimated the cost to perform the operating and maintenance requirements of the Consent Decree to be approximately \$250 million while the level of capital investment required was projected at approximately \$850 million. During the last several years, through flow monitoring during significant rainfall events, physical inspection and televising, SAWS has accumulated additional information relative to the performance of its collection system. Based upon this analysis, as well as inflationary cost increases, SAWS currently estimates that capital expenditures associated with the requirements of the Consent Decree could range from \$1.2 billion to \$1.3 billion. Through December 31, 2020, capital investment related to the Consent Decree totaled approximately \$765 million. SAWS has significantly reduced the number of SSOs as result of efforts made since 2012 to clean and replace sewer pipelines. The following chart shows the number of SSOs and annual rainfall since 2010. In 2020, a record low of 152 SSOs were recorded.



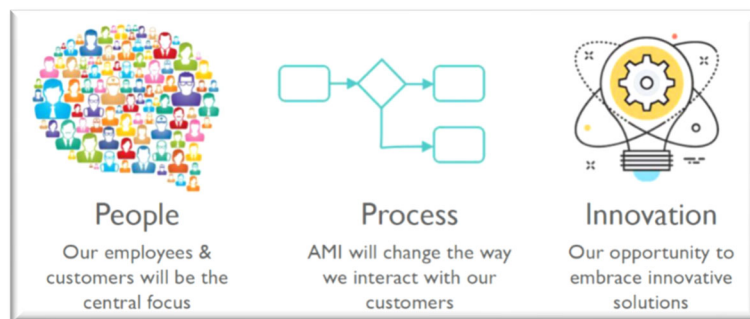
- Increasing Investment in Water Infrastructure**

The 2021 Capital Improvement Program (CIP) includes \$182.4 million in Water Delivery projects that will provide for the expansion, improvement and replacement of infrastructure required to produce and deliver water to our customers. This includes \$62.3 million for new and replacement mains, \$78.8 million for production facility upgrades and \$27.8 million for water main replacements related to other governmental agency projects. The level of investment in Water Delivery infrastructure in the 2021 CIP is 79% higher than SAWS average annual investment in Water Delivery infrastructure over the last five years. In addition, SAWS will continue to increase its investment in the Water Delivery CIP. The 2021-2025 CIP chart below shows the investment increasing up to \$240.6 million in 2025. This includes a ramp up of SAWS water main replacement program in 2024 and 2025, after the SSO Consent Decree work is completed.



- Improving Service and Meeting Customer Expectations through Advanced Metering**

During the last several years, SAWS has continued to evaluate the progress of advanced metering technology as it pertains to water utilities. Based on SAWS efforts to focus on core operations as a result of COVID-19, SAWS postponed until 2021 its plans to begin a pilot project to evaluate the benefits of fully implementing advanced metering infrastructure (AMI). Assuming the successful completion of the pilot project, SAWS currently anticipates beginning a full-scale implementation in 2022. The complete deployment is projected to require a capital investment of approximately \$184 million over a 5-year period. Successful AMI implementation is anticipated to have a significant impact on the SAWS meter-to-cash process. It is expected to greatly improve SAWS ability to provide relevant and timely information to SAWS customers about their water usage, in particular, potential leaks on the customer side of the meter. AMI should further benefit SAWS conservation efforts as it strives to meet the per capita reduction goals outlined in the 2017 Water Management Plan. The anticipated improvement in meter registration is also expected to have a positive impact on revenues while reducing non-revenue water.



## RELEVANT FINANCIAL METRICS AND TARGETS

SAWS has established and regularly tracks and reports on a number of key financial metrics, which are utilized to provide a basic framework for the financial management of SAWS and its planning and budgeting process. These metrics and the goals for these metrics have been formally communicated to the Board, who has acknowledged their importance and accepted the targeted levels as appropriate.

During the current year, two of these metrics are particularly relevant in light of the \$2.6 billion in projected capital spending over the 2021-2025 horizon. During 2020, SAWS' capital expenditures totaled \$372 million with 44.7% or \$166 million of those expenditures having been funded with cash sources. Historically, SAWS' goal had been to fund approximately one-third of annual capital expenditures with cash sources. SAWS is working toward increasing cash funding to approximately 50% of capital expenditures. Increasing the capital expenditure cash funding ratio to 50% provides for the financial well-being of SAWS while also providing intergenerational equity by ensuring that both today's customers as well as those in the future pay their fair share to maintain and improve SAWS water and sewer infrastructure. Given the approximately 50% higher than normal level of capital expenditures anticipated during the next five years, primarily to comply with the requirements of the Consent Decree, attainment of this metric over the next several years appears particularly challenging.

In order to enhance the level of cash funding for capital expenditures during the next five years, SAWS has intentionally built up its level of unrestricted cash reserves to a point that it is currently in excess of SAWS targeted metric levels. SAWS currently targets to maintain approximately 300 days of operating and maintenance expenses in its unrestricted cash reserves in order to provide sufficient liquidity during periods of unforeseen financial stress. As of the end of 2020, SAWS maintains 463 days cash on hand; however, much of this unrestricted cash is committed to the funding of previously awarded construction contracts or is anticipated to be utilized to cash fund future capital improvements. Over the course of the next several years, SAWS anticipates the level of its days cash on hand to return closer to its targeted level.

- **2021 Budget**

The COVID-19 pandemic has profoundly disrupted the economic activity and reduced employment across the world, the nation and in San Antonio. Significant hardships have been imposed upon SAWS customers as job layoffs and eliminations occurred throughout the San Antonio community. Consequently, there have been significant changes in water consumption patterns, specifically in commercial and industrial customer usage. Nevertheless, in order to mitigate further adverse economic impacts on the community, the goal of the 2021 Budget was to continue to provide for the delivery of affordable water and wastewater services in 2021, without the need for an increase in water or sewer rates. In addition, as a result of COVID-19, SAWS suspended service disconnections and late fees starting in March 2020 and this practice has continued into 2021.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SAWS for its Comprehensive Annual Financial Report for the year ended December 31, 2019. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. SAWS has received this recognition for its comprehensive annual financial report for twenty-seven consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to GFOA.

SAWS also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2020. This is the fifteenth consecutive year that SAWS has received this award. In order to receive this award, SAWS must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The timely preparation of the Comprehensive Annual Financial Report for the year ended December 31, 2020 could not have been accomplished without the cooperation and dedicated services of the Accounting Department. We also wish to express sincere appreciation to each member of the Board for the interest and support provided in conducting the financial affairs of SAWS in a sound and progressive manner.

Respectfully submitted,



Robert R. Puente  
President/  
Chief Executive Officer



Douglas P. Evanson  
Sr. Vice President/  
Chief Financial Officer



Cecilia Velasquez  
Director of Financial Services/  
Controller

**SAN ANTONIO WATER SYSTEM  
BOARD OF TRUSTEES**

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Jelynn LaBlanc Burley.  
Chairwoman



David McGee  
Vice Chairman



Eduardo Parra  
Secretary



Amy Hardberger  
Assistant Secretary



Ed Belmares  
Trustee

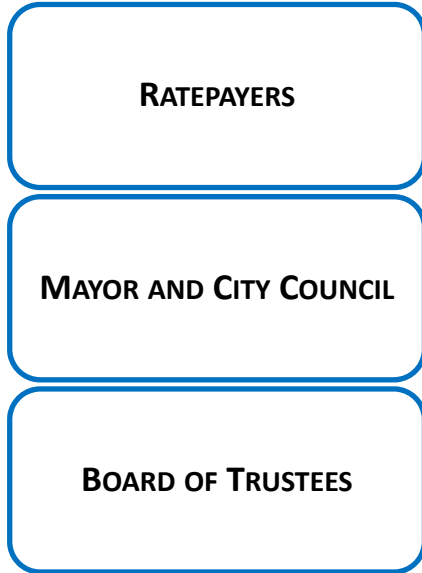


Leticia Ozuna  
Trustee

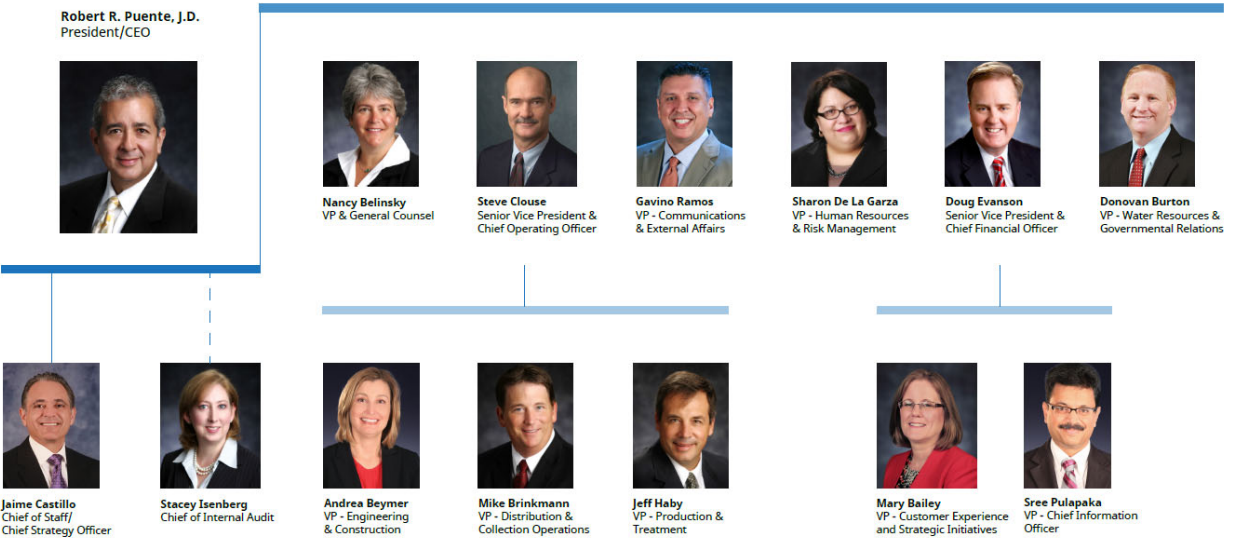


Mayor Ron Nirenberg, ex Officio

# SAN ANTONIO WATER SYSTEM ORGANIZATION CHART



## EXECUTIVE MANAGEMENT





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**San Antonio Water System  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO



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***FINANCIAL SECTION***

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
San Antonio Water System

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

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of San Antonio Water System (SAWS), a component unit of the City of San Antonio, Texas, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise SAWS' basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 SAWS' 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 SAWS' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of SAWS, as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended, in accordance 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 required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

### *Other Information*

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The introduction, statistical section and bonded debt schedules and analyses information as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we express no opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated March 31, 2021, on our consideration of SAWS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SAWS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SAWS' internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Austin, Texas  
March 31, 2021

## Management's Discussion and Analysis (Unaudited)

This Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and provides a narrative overview and analysis of financial activities and performance as detailed in the Comprehensive Annual Financial Report for fiscal years ending December 31, 2020 and 2019. Please read it in conjunction with SAWS' financial statements including the notes to the financial statements and required supplemental information, which follow this section.

### FINANCIAL HIGHLIGHTS

- SAWS' net position increased by \$332.7 million during 2020.
- Total assets and deferred outflows of resources increased \$1.4 billion from 2019 to 2020, including net capital asset growth of \$1.2 billion, primarily from the \$929.3 million in capital assets recorded in connection with the Vista Ridge Water Transmission and Purchase Agreement.
- SAWS redeemed with cash, \$23.6 million in revenue bonds, reducing future debt service by approximately \$26.4 million.
- SAWS refunded \$132.2 million in revenue bonds, reducing future debt service payments by more than \$47.5 million and resulting in an economic gain of \$32.2 million.
- Operating revenues increased \$61.7 million or 8.4% from 2019 to 2020 primarily due to the rate adjustments implemented during the year.
- Total debt coverage was 2.11x for 2020 compared to 2.14x for 2019.

### OVERVIEW OF THE FINANCIAL STATEMENTS

MD&A is intended to serve as an introduction to the basic financial statements, which are comprised of the following components:

- *Statements of Net Position* – present information on all of SAWS' assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the end of each calendar year, with the net amount reported as SAWS' net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SAWS is improving or deteriorating.
- *Statements of Revenues, Expenses and Changes in Net Position* – present information showing how SAWS' net position changed during the years presented on an accrual basis. This statement measures the success of SAWS' activities and can be used to determine whether SAWS has successfully recovered all its costs through its rates and other charges.
- *Statements of Cash Flows* – present information showing cash receipts and payments for operating, non-capital financing, capital and related financing, and investing activities for the years presented.
- *San Antonio Water System Fiduciary Funds Statements of Fiduciary Net Position* – present information on SAWS single-employer postretirement benefit plans' assets and liabilities, with the difference between the two reported as net position held in trust for pension and other postemployment benefits.
- *San Antonio Water System Fiduciary Funds Statements of Changes in Fiduciary Net Position* – present information showing how the fiduciary funds' net position changed during the years presented on an accrual basis.

- *Notes to financial statements* – provide additional information that is essential to a full understanding of the data provided in the financial statements, such as SAWS’ accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.
- *Required Supplemental Information* – provide information concerning SAWS’ defined benefit plans, including changes in the net pension and other postemployment benefit liabilities, annual contributions made to benefit plans, and annual investment returns.

Supplemental information is presented to provide supporting schedules, which are not a required part of the basic financial statements.

- *Supplemental Schedules* – provide information relative to the sources and uses of funds in accordance with SAWS’ founding ordinance and budgetary information and combining schedules for the fiduciary funds.

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

- *Statistical Section* – provide detailed information as a context for understanding the information in the financial statements, note disclosures and required supplementary information as it relates to SAWS’ overall financial health.
- *Bonded Debt Schedules and Analyses* – provide detailed schedules relative to SAWS’ various bond obligations.

## FINANCIAL ANALYSIS – FINANCIAL POSITION

<b>CONDENSED NET POSITION INFORMATION</b> <i>(amounts in thousands)</i>	<b>As of December 31,</b>			<b>2020-2019</b>		<b>2019-2018</b>	
	<b>2020</b>	<b>2019</b>	<b>2018*</b>	<b>Increase (Decrease)</b>	<b>% Change</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
Current assets	\$ 825,295	\$ 765,599	\$ 757,380	\$ 59,696	8%	\$ 8,219	1%
Capital assets, net	6,840,293	5,649,427	5,266,084	1,190,866	21%	383,343	7%
Other non-current assets	493,673	273,008	352,181	220,665	81%	(79,173)	(22%)
Total Assets	8,159,261	6,688,034	6,375,645	1,471,227	22%	312,389	5%
Deferred outflows of resources	109,296	140,132	117,301	(30,836)	(22%)	22,831	19%
Total Assets and Deferred Outflows of Resources	8,268,557	6,828,166	6,492,946	1,440,391	21%	335,220	5%
Current liabilities	250,870	242,620	226,216	8,250	3%	16,404	7%
Non-current liabilities	4,201,723	3,142,237	3,137,188	1,059,486	34%	5,049	0%
Total Liabilities	4,452,593	3,384,857	3,363,404	1,067,736	32%	21,453	1%
Deferred inflows of resources	52,743	12,794	23,847	39,949	312%	(11,053)	(46%)
Total Liabilities and Deferred Inflows of Resources	4,505,336	3,397,651	3,387,251	1,107,685	33%	10,400	0%
Net Position:							
Net investment in capital assets	2,966,647	2,758,354	2,355,450	208,293	8%	402,904	17%
Restricted	376,614	312,223	384,634	64,391	21%	(72,411)	(19%)
Unrestricted	419,960	359,938	365,611	60,022	17%	(5,673)	(2%)
Total Net Position	\$ 3,763,221	\$ 3,430,515	\$ 3,105,695	\$ 332,706	10%	\$ 324,820	10%

\* 2018 was restated in 2019 due to the implementation of GASB Statement No. 83. See Note L for more information.

## Net Position

SAWS' net position increased \$332.7 million from 2019 to 2020 and increased \$324.8 million from 2018 to 2019. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SAWS is improving or deteriorating. Other considerations, both financial and non-financial, should also be evaluated such as economic conditions, population growth, availability of water supplies and credit ratings. These considerations are addressed in MD&A or other sections of this financial report.

The largest portion of SAWS' net position reflects its net investment in capital assets. SAWS' net investment in capital assets represents the carrying value of capital assets and capital related deferred outflows of resources, less capital related borrowings. The primary reasons for an increase in the net investment in capital assets are capital assets acquired with non-debt resources, including assets contributed by developers, and repayments of debt. Depreciation expense serves to decrease the net investment in capital assets. SAWS' net investment in capital assets increased by \$208.3 million between 2019 and 2020 and \$402.9 million from 2018 to 2019. SAWS recorded \$929.3 million in capital assets and a contract liability in April 2020 associated with the commencement of the operational phase for the Vista Ridge Pipeline Project.

Funds that have been restricted for a specific purpose by legally enforceable legislation and bond covenants are classified as restricted net position. In accordance with City of San Antonio Ordinance 75686, SAWS must maintain an operating reserve equal to two months of the annual maintenance and operations budget. SAWS is also required to make monthly transfers to a Debt Service Fund sufficient to make the semi-annual debt service payments on outstanding bonds. Cash and investments restricted for construction purposes, net of any related liabilities, are also reflected in these totals.

Finally, SAWS must accumulate and maintain a debt service reserve equal to 100% of the maximum annual debt service requirements for senior lien debt obligations plus the average annual debt service on all junior lien debt obligations secured by the debt service reserve. SAWS may provide surety policies equal to all or part of the required debt service reserve.

Restricted net position increased \$64.4 million from 2019 to 2020 primarily due to increases in funds restricted for construction and operating reserve. Funds restricted for construction increased as capital recovery fees collected during the year of \$119.6 million more than offset capital recovery fees expended on capital projects of \$71.0 million during 2020. The operating reserve increased due to increased O&M costs associated with the Vista Ridge Pipeline Project, which came online in April of 2020. Restricted net position decreased \$72.4 million from 2018 to 2019 primarily due to the use of restricted funds in connection with a debt defeasance carried out in 2019 as well as a reduction in required debt service reserve fund requirements resulting from the defeasance and refunding of bonds during the period.

The remaining balance of SAWS' net position is unrestricted and may be used for any allowable purpose as outlined in Ordinance 75686. Unrestricted net position increased \$60.0 million from 2019 to 2020 as funds provided by operations exceeded transfers to the debt service fund and capital expenditures paid with renewal and replacement funds. Unrestricted net position decreased \$5.7 million from 2018 to 2019 primarily due to the usage of unrestricted funds to defease bonds, transfers to the Debt Service Fund and capital expenditures paid with renewal and replacement funds, which exceeded funds provided by operations. Additionally, during 2019 SAWS adopted GASB Statement No. 83, which resulted in the recording of a charge to unrestricted net position as of December 31, 2018 of \$2.7 million.



## FINANCIAL ANALYSIS – REVENUES, EXPENSES AND CHANGES IN NET POSITION

During 2020, SAWS recorded a change in net position of \$332.7 million, which consisted of income before capital contributions of \$124.0 million and capital contributions of \$208.7 million. In 2019, SAWS recorded a change in net position of \$324.8 million, which consisted of income before capital contributions of \$147.5 million and capital contributions of \$177.3 million.

CONDENSED REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION								
(amounts in thousands)	As of December 31,			2020-2019		2019-2018		
	2020	2019	2018*	Increase (Decrease)	% Change	Increase (Decrease)	% Change	
Operating revenues								
Water delivery system	\$ 223,076	\$ 229,203	\$ 218,399	\$ (6,127)	(3%)	\$ 10,804	5%	
Water supply system	295,682	218,842	202,674	76,840	35%	16,168	8%	
Wastewater system	266,265	274,519	259,124	(8,254)	(3%)	15,395	6%	
Chilled water	9,894	10,615	10,849	(721)	(7%)	(234)	(2%)	
Total operating revenues	794,917	733,179	691,046	61,738	8%	42,133	6%	
Non-operating revenues	17,974	32,583	22,488	(14,609)	(45%)	10,095	45%	
Total Revenues	812,891	765,762	713,534	47,129	6%	52,228	7%	
Operating expenses								
Salaries and fringe benefits	163,910	162,445	149,970	1,465	1%	12,475	8%	
Contractual services	184,517	173,187	171,032	11,330	7%	2,155	1%	
Materials and supplies	25,836	26,469	23,485	(633)	(2%)	2,984	13%	
Other charges	(2,402)	6,726	11,718	(9,128)	(136%)	(4,992)	(43%)	
Less costs capitalized to construction in progress	(29,921)	(30,743)	(31,613)	822	(3%)	870	(3%)	
Depreciation and amortization expense**	188,872	157,225	155,550	31,647	20%	1,675	1%	
Total operating expenses	530,812	495,309	480,142	35,503	7%	15,167	3%	
Non-operating expenses								
Interest expense on revenue bonds & commercial paper	90,874	96,420	88,542	(5,546)	(6%)	7,878	9%	
Interest expense on contract payable	32,947	-	-	32,947	-	-	-	
Debt issue costs	3,667	2,627	1,711	1,040	40%	916	54%	
Other finance charges	1,814	2,066	1,957	(252)	(12%)	109	6%	
(Gain)/Loss on defeased debt and bond retirement	(1,556)	664	-	(2,220)	(334%)	664	0%	
Gain on sale of capital assets	(777)	(886)	(924)	109	(12%)	38	(4%)	
Payments to City of San Antonio	31,043	21,917	18,287	9,126	42%	3,630	20%	
Payments to other entities	93	99	101	(6)	(6%)	(2)	(2%)	
Total non-operating expenses	158,105	122,907	109,674	35,198	29%	13,233	12%	
Total Expenses	688,917	618,216	589,816	70,701	11%	28,400	5%	
Increase in net position before capital contributions	123,974	147,546	123,718	(23,572)	(16%)	23,828	19%	
Capital Contributions	208,732	177,274	145,990	31,458	18%	31,284	21%	
Change in Net Position	332,706	324,820	269,708	7,886	2%	55,112	20%	
Net Position, beginning of year*	3,430,515	3,105,695	2,835,987	324,820	10%	269,708	10%	
Net Position, end of year	\$ 3,763,221	\$ 3,430,515	\$ 3,105,695	\$ 332,706	10%	\$ 324,820	10%	

\* Net position as of January 1, 2018 was reduced by \$18,291,000 related to the adoption of GASB Statement No. 75.

\*\* Depreciation and amortization expense were restated for 2018 due to the implementation of GASB Statement No. 83.

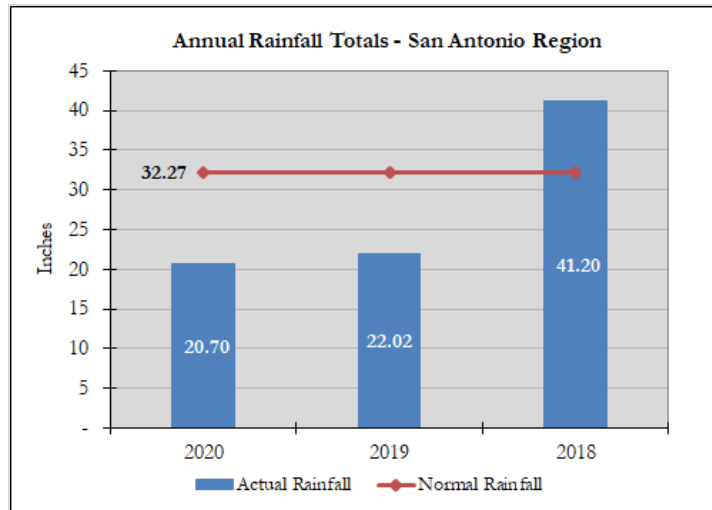
### Operating Revenues

SAWS' operating revenues are provided by its four core businesses: Water Delivery, Water Supply, Wastewater, and Chilled Water. Changes in operating revenues from year to year generally reflect weather conditions, customer growth and changes in rates for service. SAWS' operating revenues increased from \$733.2 million in 2019 to \$794.9 million in 2020. An average rate increase of 9.9% that took effect in January, an increase in billed water usage of 2.4%, and customer growth of 2.2% contributed to the increase in operating revenue in 2020.

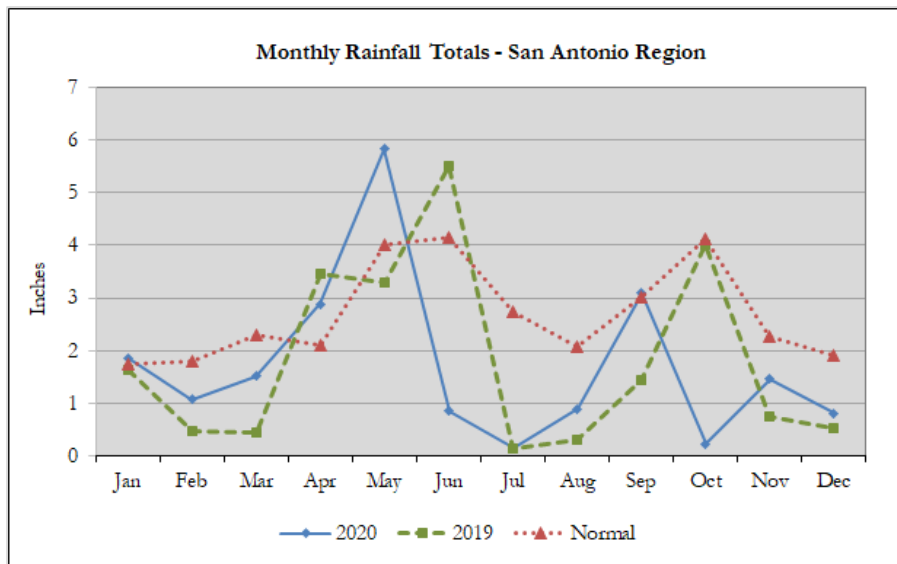
Partially offsetting the increases was a \$19.7 million increase in SAWS' allowance for doubtful accounts to reflect the increased delinquencies in accounts receivable as a result of the COVID-19 pandemic. At the end of 2020, delinquent balances totaled \$37.7 million. In comparison, at the end of 2019, delinquent balances totaled \$15.0 million.

SAWS' operating revenues increased from \$691.0 million in 2018 to \$733.2 million in 2019. An average rate increase of 4.7% that took effect in January, an increase in billed water usage of 3.1%, and customer growth of 1.8% contributed to the increase in operating revenue in 2019.

The Water Delivery core business is responsible for the actual distribution of water from its source to the customer's premises. Operating revenues for this business are derived through a combination of a monthly service charge that is dependent upon the size of the customer's water meter and a volume charge that relates to the customer's metered water usage. Water Delivery operating revenues decreased \$6.1 million or 2.7% to \$223.1 million for 2020 largely as a result of the suspension of service disconnections and late fees and the increased provision for doubtful accounts associated with the COVID-19 pandemic. Water Delivery operating revenues increased \$10.8 million or 5.0% to \$229.2 million for 2019 largely as a result of a 3.1% increase in billed usage and a 0.4% rate adjustment for this business unit, which went into effect in January.



Total rainfall was 20.70 inches for 2020, approximately 36% below normal rainfall of 32.27 inches and nearly 6% less than 2019 rainfall of 22.02 inches. The 22.02 inches of rainfall for 2019 was approximately 32% below normal and nearly 47% less than 2018 rainfall of 41.20 inches.



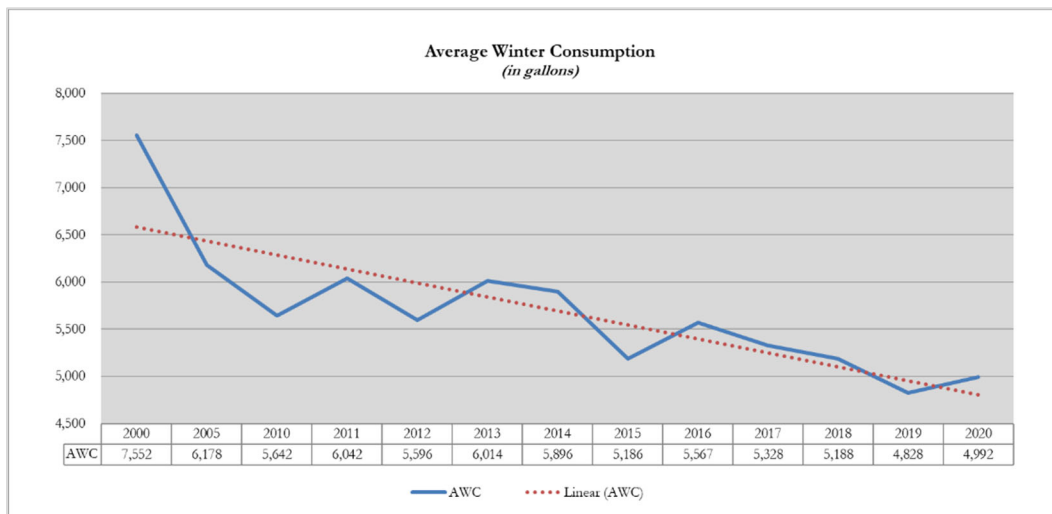
The Water Supply core business is responsible for all functions related to the development and provision of additional water resources. In order to support the costs associated with these initiatives, in 2000, SAWS implemented a separate funding mechanism, known as the Water Supply Fee, for water supply development and water quality protection. Certain other charges are also included in Water Supply operating revenues including the following:

- pass-through fees designed to recoup the annual fees paid to the Edwards Aquifer Authority (EAA) for permitted water rights
- meter fees and volumetric charges to customers utilizing recycled water for industrial or irrigation purposes
- allocated portions of water delivery revenues designed to fund residential and commercial conservation programs and debt service associated with water supply and recycle projects in progress prior to the implementation in 2000 of a separate Water Supply Fee

Water Supply operating revenues increased \$76.8 million or 35.1% from 2019 to \$295.7 million for 2020 as a result of a 54.2% water supply rate increase implemented in connection with bringing the Vista Ridge Pipeline Project online in 2020 and a 2.3% increase in billed water usage. Water Supply operating revenues increased \$16.2 million or 8.0% from 2018 to \$218.8 million for 2019 as a result of a 4.3% water supply rate increase combined with the increase in billed water usage.

The collection and treatment of wastewater is the primary function of the Wastewater core business. More than half of Wastewater operating revenues are generated by residential customers. The residential portion of Wastewater operating revenue is calculated based upon the average metered water usage of each residential wastewater customer during a three consecutive month billing period from November 15<sup>th</sup> through March 15<sup>th</sup>. This average, referred to as the average winter consumption (AWC), goes into effect with the April billing each year and continues for a period of twelve months.

The following chart depicts SAWS AWC since 2000. While periods of extremely dry weather lead to spikes in the AWC, water conservation efforts have resulted in an overall downward trend in the AWC. The lower than normal rainfall resulted in a 3.4% increase in AWC from 2019 to 2020. Heavier rainfall at the beginning of the 2018 and 2019 winter average measurement period resulted in a decrease in the AWC of 2.6% and 6.9%, respectively.



Despite the slight increase in the residential AWC, total gallons of wastewater treated declined by almost 6% due to the economic downturn associated with the COVID-19 pandemic. As a result of this reduction, the suspension of late fees and the increased provision for doubtful accounts attributable to the COVID-19 pandemic, wastewater operating revenues decreased \$8.3 million or 3% to \$266.3 million in 2020. Wastewater operating revenues increased \$15.4 million or 6% to \$274.5 million in 2019 primarily due to a rate increase of 8.0% and customer growth of 1.7% which mitigated the decrease in the AWC.

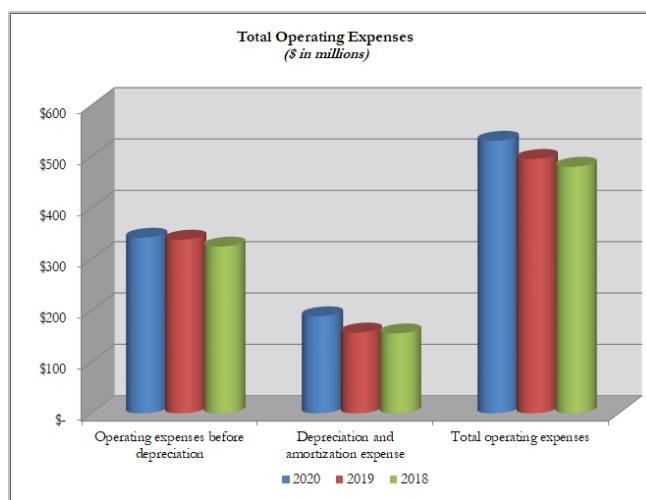
The Chilled Water core business is responsible for providing cooling services to customers, including various downtown hotels, City of San Antonio facilities, the Alamodome, Port Authority of San Antonio tenants and Hemisfair Plaza tenants. Operating revenues for this core business consist of a fixed base load demand charge for each customer and a pass-through charge to recover utility costs. Based on COVID-19's impact to the entertainment and tourism industry, the operating revenues for this core business decreased significantly to \$9.9 million for 2020 from \$10.6 million in 2019. Operating revenues for this core business decreased slightly to \$10.6 million for 2019 from \$10.8 million for 2018.

### Non-operating revenues

Non-operating revenues, which primarily represent interest income earned on investments and the federal interest subsidy on SAWS Build America Bonds (BABs), decreased \$14.6 million in 2020 from 2019 due to COVID-19's impact on interest rates. Non-operating revenues increased \$10.1 million in 2019 from 2018 due to an increase in investment income associated with both an increase in the average investment balance and an increase in the yield on investments. Favorable mark-to-market adjustments of \$1.8 million and \$3.8 million were recorded in 2020 and 2019, respectively.

### Operating Expenses

Total 2020 operating expenses of \$530.8 million increased \$35.5 million or 7.2% from 2019 primarily due to increased spending on the Vista Ridge purchased water in combination with an increase in depreciation expenses related to the Vista Ridge capital assets being recorded in April 2020.



Contractual services increased \$11.3 million or 6.5% in 2020 primarily reflecting increased spending on purchased water payments and utilities associated with the Vista Ridge Pipeline Project. Depreciation and amortization expense increased \$31.6 million or 20.1% in 2020 primarily as a result of the more than \$929.3 million of Vista Ridge related capital additions during the year. Salary and benefit related costs increased \$1.5 million or 1% from 2019 to 2020 largely as a result of merit adjustments as well as COVID-19 premium pay amounts paid to essential personnel who were required to continue working on-site during the pandemic.

Total 2019 operating expenses of \$495.3 million increased \$15.2 million or 3% from 2018 primarily due to increased spending on purchased water in combination with increases in actuarially determined benefit costs and salary increases. Salary and benefit related costs increased \$12.5 million or 8% from 2018 to 2019 largely as a result of increased pension and OPEB related expenses and merit adjustments given to employees. Contractual services increased \$2.2 million or 1.3% in 2019 as an increase in spending on purchased water payments and maintenance expense more than offset a decrease in spending on contractual professional services. Depreciation and amortization expense increased \$1.7 million or 1.1% as result of capital additions during the year.

### Non-operating Expenses

Non-operating expenses increased \$35.2 million or 28.6% in 2020 primarily due to the recording of interest expense for the Vista Ridge contract liability and increased payments to the City of San Antonio. The Vista Ridge contract liability was recorded in April 2020 and the cumulative interest expense recognized on this contract was \$32.9 million. Payment to the City of San Antonio increased \$9.1 million as a result of the full year impact of the increase in the percentage of gross revenues to be remitted to the City of San Antonio each year, discussed below.

Non-operating expenses increased \$13.2 million or 12.1% in 2019 primarily due to increases in interest expense, payments to the City of San Antonio, debt issue costs and a loss on defeased debt. The \$7.9 million increase in interest expense is primarily due to SAWS implementing GASB Statement No. 89 which requires that interest expense associated with the construction of capital assets be recognized as an expense of the period. SAWS capitalized \$6.6 million of interest charges in 2018. Payments to the City of San Antonio increased as a result of increased revenues during the year as well as an increase in the percentage of gross revenues to be remitted to the City of San Antonio, which increased from 2.7% to 4.0% in October 2019. The amount of the payment is determined by City Council and cannot exceed 5% of gross revenues.

### Capital Contributions

Capital contributions for 2020 totaled \$208.7 million which represents an increase of \$31.5 million from 2019. In 2019, capital contributions totaled \$177.3 million, an increase of \$31.3 million from 2018.

CAPITAL CONTRIBUTIONS (\$ in thousands)	As of December 31,			2020-2019		2019-2018	
	2020	2019	2018	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Plant Contributions	\$ 85,955	\$ 73,375	\$ 59,761	\$ 12,580	17%	\$ 13,614	23%
Capital Recovery Fees	119,571	94,641	79,794	24,930	26%	14,847	19%
Contributions in Aid of Construction	3,206	9,258	6,435	(6,052)	(65%)	2,823	44%
Total Capital Contributions	<u>\$ 208,732</u>	<u>\$ 177,274</u>	<u>\$ 145,990</u>	<u>\$ 31,458</u>	18%	<u>\$ 31,284</u>	21%

### CAPITAL ASSET ACTIVITY

During 2020, SAWS' total capital assets (net of accumulated depreciation) grew from \$5.6 billion to \$6.8 billion, while during 2019, net capital assets increased from \$5.3 billion to \$5.6 billion. The significant increase from 2019 to 2020 is primarily due to the addition of the Vista Ridge Pipeline Project assets in April 2020 when the project went on-line. The overall investment in capital assets includes infrastructure (including water and wastewater mains and other infrastructure), buildings and improvements, land, machinery and equipment, water rights, other intangible assets and construction in progress. Capital asset additions were \$1.38 billion in 2020 and \$542.6 million in 2019.

The following table shows capital assets by asset category for each year.

CAPITAL ASSETS (\$ in thousands)	As of December 31,			2020-2019		2019-2018	
	2020	2019	2018	Increase (Decrease)	% Change	Increase (Decrease)	% Change
	Infrastructure	\$ 6,410,496	\$ 5,280,838	\$ 5,015,604	\$ 1,129,658	21%	\$ 265,234
Buildings and improvements	1,008,665	863,182	832,202	145,483	17%	30,980	4%
Machinery and equipment	786,163	618,542	578,455	167,621	27%	40,087	7%
Water rights	248,881	248,881	248,881	-	0%	-	0%
Land	162,438	115,007	113,123	47,431	41%	1,884	2%
Intangibles	57,331	54,167	53,970	3,164	6%	197	0%
Construction in progress	521,627	673,633	506,810	(152,006)	(23%)	166,823	33%
Less Accumulated Depreciation	(2,355,308)	(2,204,823)	(2,082,961)	150,485	7%	121,862	6%
Total Capital Assets	<u>\$ 6,840,293</u>	<u>\$ 5,649,427</u>	<u>\$ 5,266,084</u>	<u>\$ 1,190,866</u>	21%	<u>\$ 383,343</u>	7%

Major capital asset spending for the year ended December 31, 2020 included the following projects:

- W-6 Upper Segment: Hwy 90 to SW Military – This project involves replacing aging and under capacity infrastructure that currently runs through Lackland Air Force Base. This project is part of the EPA Consent Decree. Spending during the year totaled \$28.1 million and this project was still in progress at year end, with a capital investment over the term of the project currently estimated at \$195.6 million.
- Central Water Integration Pipeline – This project includes the pipelines, tanks, pump stations and other related infrastructure necessary for receipt and conveyance of the Vista Ridge water throughout the SAWS water transmission and distribution system. Spending during the year totaled \$19.3 million. This project was completed in August 2020 at a total cost of \$220.6 million.
- E-20 Wurzbach: Jones Maltsberger to Nacogdoches – This project consists of constructing approximately five miles of 15-inch to 60-inch wastewater mains. This project is part of the EPA Consent Decree. Spending during the year totaled \$18.7 million and this project was still in progress at year end, with a capital investment over the term of the project currently estimated at \$32.1 million.

Construction in progress was \$521.6 million at December 31, 2020 and \$673.6 million at December 31, 2019. The decrease in construction in progress was primarily due to the completion of the infrastructure needed to accept the Vista Ridge Pipeline Project. Overall, SAWS is committed under various contracts for completion of construction or acquisition of capital assets totaling \$517.5 million as of December 31, 2020. For further information on capital assets, refer to Note E.

## LONG-TERM DEBT ACTIVITY

In 2020, SAWS issued \$467.3 million in junior lien bonds in four transactions. The proceeds of the bonds, including premiums, were used to refund \$132.2 million in revenue bonds and an additional \$93.0 million in commercial paper notes, provide funds for capital improvements and pay the cost of issuance. Additionally, SAWS issued \$33.5 million in commercial paper notes to provide funds for capital improvement projects while using cash on hand to redeem \$23.6 million in revenue bonds issued in 2009.

In 2019, SAWS issued \$279.8 million in junior lien bonds in three transactions. The proceeds of the bonds, including premiums, were used to refund \$109.5 million in revenue bonds, provide funds for capital improvements, and pay the cost of issuance. Additionally, SAWS issued \$70 million in commercial paper notes to provide funds for capital improvement projects. SAWS also contributed \$178.9 million to an irrevocable trust for the legal defeasance of \$167.9 million in revenue bonds, reducing future debt service by approximately \$213 million.

SAWS intends to reissue maturing commercial paper and ultimately refund such maturities with proceeds from the issuance of long-term revenue bonds. Consistent with this intent, SAWS classifies outstanding commercial paper notes as long-term debt.

In July 2020, the three major credit rating agencies, Standard & Poor's Rating Service, Moody's Investors Services, and Fitch Ratings, affirmed SAWS' credit ratings. SAWS' high quality credit ratings are based on its large and diverse service area, sound financial management, long-term planning of water supply and infrastructure needs, and competitive water and sewer rates. SAWS' commercial paper ratings were last updated in September 2019 based on a new revolving credit agreement with JPMorgan Chase Bank, N.A., and the existing revolving credit agreement with Wells Fargo Bank, N.A. was reaffirmed. For additional information on the commercial paper program, refer to Note H.

<b>BOND AND COMMERCIAL PAPER RATINGS</b>				
	Senior Lien Debt	Junior Lien Debt	Tax-Exempt Commercial Paper	
			Series A-1	Series B
			Fitch Ratings	AA+
Moody's Investors Service, Inc.	Aa1	Aa2	P-1	P-1
Standard & Poor's Ratings Service	AA+	AA	A-1+	A-1+

SAWS' bond ordinance requires the maintenance of a debt coverage ratio of at least 1.25x the current annual debt service on outstanding senior lien debt and at least 1.00x the current year annual debt service on outstanding junior lien debt. As of December 31, 2020, and 2019, SAWS was in material compliance with the terms and provisions of the ordinances and documents related to its outstanding bonds and commercial paper. In 2018, SAWS began excluding non-cash revenues and expenses from the pledged revenue calculation, including mark-to-market investment adjustments, pension & OPEB related expenses and the write-off of impaired construction in progress projects. With the commencement of the operational phase in April 2020, SAWS began recording the Vista Ridge infrastructure payment portion of the Capital and Raw Groundwater unit price payment as a financed purchase and the water lease portion of this amount as an operating expense. The infrastructure payment portion was also excluded from the pledged revenue calculation in 2020.

<b>FINANCIAL RATIOS</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Current Year Debt Coverage‡:			
Senior Lien Debt	9.68x	8.66x	6.57x
All Debt	2.11x	2.14x	1.98x
Maximum Annual Debt Coverage‡:			
Senior Lien Debt	9.68x	8.66x	4.58x
All Debt	1.91x	2.10x	1.92x
Net Position Ratio			
(net position/total liabilities + net position)	45.5%	50.2%	47.8%
Days Cash on Hand			
(unrestricted cash & investments/O&M expense before depreciation * 365)	463	509	556
‡ Debt service is net of federal interest subsidy.			

## ECONOMIC OUTLOOK FOR THE FUTURE

In order to facilitate the financial close of the Vista Ridge Pipeline Project, in late 2015, the Board of Trustees and the City Council pre-approved a series of four annual water supply fee rate adjustments beginning in 2017 and ending in 2020. Consistent with the terms of these pre-approved increases, there was an increase of 52.4% in the water supply fee rate effective January 1, 2020. This increase, combined with there being no changes in either the water delivery or wastewater rates for 2020, resulted in a 9.9% rate adjustment for the average residential customer (assuming 7,092 gallons of water usage and 5,668 gallons of sewer usage per month). As a result of the water supply fee rate change, a 19.2% rate adjustment was also implemented for recycled water service, which was consistent with SAWS policy to change recycled water rates based on the average impact of water delivery and water supply rate adjustments on the average residential customer for potable water service. This adjustment was implemented as of January 1, 2020.

The COVID-19 pandemic profoundly disrupted economic activity and reduced employment across the world, the nation and in San Antonio. Significant economic hardships have been imposed upon our customers as job layoffs and eliminations occurred throughout the community. In order to mitigate further adverse economic impact on the community, the goal of the 2021 Budget was to provide for the delivery of affordable water and wastewater services in 2021 without the need for an increase in water and wastewater rates.

In February 2021, SAWS was significantly impacted by Winter Storm Uri's freezing temperatures, snow and ice (2021 Event). Four of SAWS water suppliers suspended delivery of water into San Antonio. SAWS experienced power outages, which resulted in a seven day city-wide boil water notice due to low pressures in the distribution system. For more information on the 2021 Event, refer to Note M.

Despite some of the economic challenges resulting from the global pandemic, San Antonio continues to grow with SAWS experiencing 2.2% growth in the average number of customers served in 2020, which is the strongest rate of organic growth in more than a decade. Due to a number of factors, the San Antonio region is positioned to see continued growth during the foreseeable future. While customer growth can help offset increasing operating costs, continuing costs to address infrastructure issues, including SAWS' EPA Consent Decree, will likely require future rate adjustments, albeit at a lesser rate than has been experienced during the recent past.

## CONTACTING SAWS' FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is provided to our citizens, customers, investors and creditors as a general overview of SAWS' financial condition and results of operation with a general explanation of the factors affecting the finances of the organization. It is provided to demonstrate SAWS' accountability for the revenues it collects and the expenditures it makes for the services provided. If you have questions about this report or need additional financial information, contact either of the following:

Cecilia Velasquez  
Director of Financial Services/Controller  
Email: [Cecilia.Velasquez@saws.org](mailto:Cecilia.Velasquez@saws.org)

Douglas P. Evanson  
Senior Vice President/Chief Financial Officer  
Email: [Doug.Evanson@saws.org](mailto:Doug.Evanson@saws.org)

Mailing address:  
San Antonio Water System  
PO Box 2449  
San Antonio, TX 78298

Information about the San Antonio Water System can also be obtained through the Internet at [www.saws.org](http://www.saws.org).



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***BASIC FINANCIAL STATEMENTS***

**San Antonio Water System**  
**STATEMENTS OF NET POSITION**  
*(amounts in thousands)*

	December 31,	
	2020	2019
<b>CURRENT ASSETS</b>		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 438,504	\$ 107,746
Investments	71,845	366,112
Accounts receivable, net of allowances for uncollectible accounts	87,575	74,150
Other current assets	14,867	15,167
Total unrestricted current assets	612,791	563,175
Restricted Current Assets:		
Cash and cash equivalents	82,578	77,630
Investments	129,926	124,794
Total restricted current assets	212,504	202,424
<b>Total Current Assets</b>	825,295	765,599
<b>NONCURRENT ASSETS</b>		
Restricted Noncurrent Assets:		
Cash and cash equivalents	296,925	107,182
Investments	196,748	165,826
<b>Capital Assets:</b>		
Utility plant in service	8,262,285	6,816,359
Less allowance for depreciation	2,355,308	2,204,823
	5,906,977	4,611,536
Land, water rights and other intangible assets	411,689	364,258
Construction in progress	521,627	673,633
Total capital assets (net of accumulated depreciation)	6,840,293	5,649,427
<b>Total Noncurrent Assets</b>	7,333,966	5,922,435
<b>TOTAL ASSETS</b>	8,159,261	6,688,034
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on bond refunding	26,681	35,076
Deferred outflows - asset retirement obligations	32,299	32,354
Deferred outflows - pension	20,252	41,176
Deferred outflows - OPEB	15,050	19,270
Accumulated decrease in fair value of hedging derivative	15,014	12,256
<b>Total Deferred Outflows of Resources</b>	109,296	140,132
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 8,268,557	\$ 6,828,166

**San Antonio Water System**  
**STATEMENTS OF NET POSITION (continued)**  
*(amounts in thousands)*

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>CURRENT LIABILITIES</b>		
<b>Current Liabilities To Be Paid From Unrestricted Assets</b>		
Accounts payable	\$ 42,424	\$ 38,217
Customers' deposits	16,363	16,008
Contract and leases payable	15,352	-
Accrued vacation payable	5,247	5,890
Accrued payroll and benefits	1,473	5,642
Accrued claims payable	8,205	8,312
Sundry payables and accruals	1,561	1,415
Total unrestricted current liabilities	90,625	75,484
<b>Current Liabilities To Be Paid From Restricted Assets</b>		
Accrued interest payable	17,143	15,563
Payables under construction contracts	48,602	61,073
Commercial paper notes	4,240	4,055
Revenue bonds payable within one year	90,260	86,445
Total restricted current liabilities	160,245	167,136
<b>Total Current Liabilities</b>	250,870	242,620
<b>NONCURRENT LIABILITIES</b>		
Contract and leases payable	903,606	-
Accrued vacation payable	7,950	4,983
Net pension liability	37,899	81,992
Net OPEB liability	40,999	78,691
Asset retirement obligation	35,942	35,084
Derivative instrument	17,522	15,097
Commercial paper notes	214,020	277,760
Revenue bonds payable after one year, net of unamortized premiums and discounts	2,943,785	2,648,630
<b>Total Noncurrent Liabilities</b>	4,201,723	3,142,237
<b>TOTAL LIABILITIES</b>	4,452,593	3,384,857
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows - pension	23,810	1,886
Deferred inflows - OPEB	28,933	10,908
<b>Total Deferred Inflows of Resources</b>	52,743	12,794
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	4,505,336	3,397,651
<b>NET POSITION</b>		
Net investment in capital assets	2,966,647	2,758,354
Restricted for operating reserve	72,664	58,408
Restricted for debt service	74,095	67,380
Restricted for debt service reserve	17,938	23,122
Restricted for construction	211,917	163,313
Unrestricted	419,960	359,938
<b>TOTAL NET POSITION</b>	\$ 3,763,221	\$ 3,430,515

The accompanying notes to financial statements form an integral part of this statement.

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**San Antonio Water System**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
For the Years Ended December 31,  
*(amounts in thousands)*

	<b>2020</b>	<b>2019</b>
<b>OPERATING REVENUES</b>		
Water delivery system	\$ 223,076	\$ 229,203
Water supply system	295,682	218,842
Wastewater system	266,265	274,519
Chilled water system	9,894	10,615
Total operating revenues	794,917	733,179
<b>OPERATING EXPENSES</b>		
Salaries and fringe benefits	163,910	162,445
Contractual services	184,517	173,187
Material and supplies	25,836	26,469
Other charges	(2,402)	6,726
Less costs capitalized to construction in progress	(29,921)	(30,743)
Total operating expenses before depreciation	341,940	338,084
Depreciation and amortization expense	188,872	157,225
Total operating expenses	530,812	495,309
Operating income	264,105	237,870
<b>NONOPERATING REVENUES</b>		
Interest earned and miscellaneous	17,974	32,583
<b>NONOPERATING EXPENSES</b>		
Interest expense on revenue bonds and commercial paper	90,874	96,420
Interest expense on contract payable	32,947	-
Debt issuance and bond defeasance costs	3,667	2,627
Other finance charges	1,814	2,066
(Gain)/Loss on defeased debt and bond retirement	(1,556)	664
Gain on sale of capital assets	(777)	(886)
Payments to the City of San Antonio	31,043	21,917
Payments to other entities	93	99
Total nonoperating expenses	158,105	122,907
Increase in net position, before capital contributions	123,974	147,546
Capital contributions	208,732	177,274
<b>CHANGE IN NET POSITION</b>	332,706	324,820
<b>NET POSITION, BEGINNING OF YEAR</b>	3,430,515	3,105,695
<b>NET POSITION, END OF YEAR</b>	\$ 3,763,221	\$ 3,430,515

The accompanying notes to financial statements form an integral part of this statement.

**San Antonio Water System**  
**STATEMENTS OF CASH FLOWS**  
**For the years ended December 31,**  
*(amounts in thousands)*

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 775,135	\$ 722,533
Cash received from stormwater and other third party billings	64,691	62,608
Cash paid to vendors for operations	(216,617)	(208,112)
Cash paid to employees for services	(142,667)	(131,349)
Cash paid to third parties for stormwater and other third party billings	(63,215)	(63,782)
Net cash provided by operating activities	417,327	381,898
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Payments to the City of San Antonio	(24,756)	(15,743)
Payments to other entities	(95)	(99)
Net cash used for noncapital financing activities	(24,851)	(15,842)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets	1,702	1,282
Proceeds from capital recovery fees	119,571	94,641
Proceeds from contributions in aid of construction	3,206	9,258
Payments for the acquisition and construction of plant and equipment	(375,439)	(451,384)
Payment for principal on contract and leases payable	(10,770)	-
Payment of interest on contract and leases payable	(32,947)	-
Proceeds from commercial paper	270,175	70,000
Payments for retirement of commercial paper	(240,730)	(3,880)
Proceeds from revenue bonds	347,157	198,670
Payments for retirement/refunding of revenue bonds	(110,030)	(96,281)
Proceeds from/payment for cash defeasance of bonds	247	(178,933)
Payments of interest on commercial paper	(4,581)	(5,849)
Payments of interest on revenue bonds	(106,496)	(108,148)
Payments for bond related expenses	(3,667)	(2,627)
Payments for bank charges	(1,930)	(2,369)
Net cash used for capital and related financing activities	(144,532)	(475,620)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(239,581)	(330,364)
Maturity of investments	499,516	573,156
Interest income and other	17,570	29,340
Net cash used for investing activities	277,505	272,132
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	525,449	162,568
<b>CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR</b>	292,558	129,990
<b>CASH AND CASH EQUIVALENTS, AT END OF YEAR</b>	\$ 818,007	\$ 292,558

The accompanying notes to financial statements form an integral part of this statement.

**San Antonio Water System**  
**STATEMENTS OF CASH FLOWS (continued)**  
For the years ended December 31,  
*(amounts in thousands)*

	<b>2020</b>	<b>2019</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENTS OF CASH FLOWS TO STATEMENTS OF NET POSITION</b>		
Cash and Cash Equivalents		
Unrestricted	\$ 438,504	\$ 107,746
Restricted		
Current	82,578	77,630
Restricted - Noncurrent	296,925	107,182
	\$ 818,007	\$ 292,558
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 264,105	\$ 237,870
Adjustments to reconcile operating income to net cash provided by operating activities:		
Non-cash revenues from City of San Antonio	(6,285)	(6,174)
Provision for uncollectible accounts	23,696	5,849
Charge-off of prior year construction expenditures to operating expense	355	2,657
Charge-off of asset retirement obligation	(113)	-
Depreciation and amortization expense	188,872	157,225
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Increase in accounts receivable	(36,886)	(10,509)
(Increase)/Decrease in other current assets	(1,016)	(1,367)
(Increase)/Decrease in deferred outflows - Pension	20,924	(23,073)
(Increase)/Decrease in deferred outflows - OPEB	4,220	(3,962)
(Increase)/Decrease in accounts payable	3,549	(1,184)
Increase in customers' deposits	355	437
Increase in accrued vacation payable	2,324	1,060
Increase/(Decrease) in accrued payroll and benefits	(4,169)	676
Increase/(Decrease) in claims payables	(108)	115
Decrease in sundry payables and accruals	(660)	(252)
Increase/(Decrease) in net pension liability	(44,093)	33,584
Decrease in net OPEB liability	(37,692)	-
Increase/(Decrease) in deferred inflows - Pension	21,924	(11,054)
Increase in deferred inflows - OPEB	18,025	-
Total adjustments	153,222	144,028
Net cash provided by operating activities	\$ 417,327	\$ 381,898
<b>NONCASH CAPITAL, FINANCING AND INVESTING ACTIVITIES</b>		
Vista Ridge assets acquired by assuming directly related contract payable	\$ 929,326	\$ 73,375
Plant contributions received from developers	85,955	-
Accrued but unpaid liabilities related to capital acquisitions	48,602	61,073
Unrealized gain on investments	(1,759)	(3,815)
Bond proceeds deposited into an escrow account for purposes of refunding:		
Revenue Bonds	135,226	100,837
Commercial Paper	93,000	-
Automobile capital leases	402	-
Noncash payments to City of San Antonio	6,285	6,174
Total noncash capital and financing activities	\$ 1,297,037	\$ 237,643

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**San Antonio Water System Fiduciary Funds**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
*(amounts in thousands)*

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 1,627
Investments, at fair value		
Mutual funds - stock	218,613	185,036
Mutual funds - bonds	150,136	126,701
Other Investments	30,781	27,138
Total Investments	399,530	338,875
<b>TOTAL ASSETS</b>	399,530	340,502
<b>LIABILITIES</b>		
	-	-
<b>NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS</b>	\$ 399,530	\$ 340,502

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**For the years ended December 31,**  
*(amounts in thousands)*

	<b>2020</b>	<b>2019</b>
<b>ADDITIONS</b>		
Employer contributions	\$ 24,901	\$ 24,787
Participant contributions	3,476	3,700
Investment income/(loss)	48,119	54,387
Total additions	76,496	82,874
<b>DEDUCTIONS</b>		
Benefit payments	16,946	16,370
Administrative expenses	522	534
Total deductions	17,468	16,904
<b>NET INCREASE/(DECREASE) IN NET POSITION</b>	59,028	65,970
<b>NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS - BEGINNING</b>	340,502	274,532
<b>NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS - ENDING</b>	\$ 399,530	\$ 340,502

The accompanying notes to financial statements form an integral part of these statements.

## **NOTES TO FINANCIAL STATEMENTS**

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## ***NOTES TO FINANCIAL STATEMENTS***

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### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity:** On April 30, 1992, the San Antonio City Council approved Ordinance No. 75686, which provided for the consolidation of all city owned utilities related to water including the water, wastewater, and water reuse systems as the San Antonio Water System (SAWS). Management and control of SAWS is vested in the SAWS Board of Trustees (Board) consisting of the Mayor of San Antonio and six members who are appointed by the San Antonio City Council. In addition to appointing members of the Board, the City Council must approve all changes in SAWS rates and any debt issued by SAWS.

SAWS has been defined in City Ordinance No. 75686 (City Ordinance) as all properties, facilities, and plants currently owned, operated and maintained by the City of San Antonio, Texas (the City) and/or the Board, for the supply, treatment, transmission and distribution of treated potable water, chilled water and steam, for the collection and treatment of wastewater and for water reuse, together with all future extensions, improvements, purchases, repairs, replacements and additions thereto, and any other projects and programs of SAWS. SAWS discontinued steam plant operations in 2014.

The City currently manages a stormwater system. The City has not incorporated the stormwater system within SAWS; however, SAWS administers certain aspects of the stormwater program on behalf of the City, including billing and providing certain technical services, for a fee. SAWS has agreements with the City (for stormwater billings) and other entities to provide third party billings.

The fiduciary financial statements include three fiduciary funds related to SAWS employee benefit plans: the San Antonio Water System Retirement Plan (SAWSRP), the District Special Project Retirement Income Plan (DSPRP) and the San Antonio Water System Retiree Health Trust (SAWS OPEB Plan). All three plans are governed by the Board which may amend plan provisions, and which is responsible for the management of plan assets. SAWSRP and DSPRP are single-employer pension plans and are tax-qualified plans under Section 401 (a) of the Internal Revenue Code. SAWS OPEB Plan assets are held in a trust established under the provisions of the Internal Revenue Code of 1986 Section 115.

SAWS has no component units, however, the operations of SAWS as reported herewith are included as a discretely presented component unit of the City.

**Basis of Accounting:** The financial statements of SAWS are prepared using the accrual basis of accounting with the economic resources measurement focus as prescribed by the Governmental Accounting Standards Board (GASB). SAWS operates as a proprietary fund and applies all applicable GASB pronouncements and presents its financial statements in accordance with the GASB Codification of Governmental Accounting and Financial Reporting Standards. Under this approach, all assets, deferred outflows of resources, liabilities and deferred inflows of resources of SAWS are reported in the statement of net position, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

## ***NOTES TO FINANCIAL STATEMENTS***

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The fiduciary fund financial statements are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefit payments and plan expenses are recognized when due and payable in accordance with the terms of the plan.

During the year, SAWS implemented the following GASB Statements.

- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this Statement is to provide temporary relief to governments in light of the COVID-19 pandemic. The objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or scheduled to become effective after June 15, 2018 and later. This Statement, issued in May 2020, was effective immediately. SAWS delayed implementation of all GASB Statements covered by this Statement.

The following additional GASB pronouncements will be implemented in the future. Once implemented, application of these standards may restate portions of these financial statements.

- GASB Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. SAWS will implement this Statement in 2022.
- GASB Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. SAWS will implement this Statement in 2022.
- GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement includes changes to specific provisions involving GASB Statements No. 10, No. 31, No. 34, No. 48, No. 53, No. 62, No. 67, No. 68, No. 73, No. 74, No. 84, and No. 87. Paragraphs 4-5 covers the implementation date of GASB No. 87. SAWS will implement GASB No. 87 according to GASB No. 95 discussed below. Paragraph 6 addresses intra-entity transfers covered by GASB No. 48, No. 67, No. 68, No. 74, and No. 75. SAWS financials are not impacted by this change. Paragraph 7 relates to assets accumulated

## NOTES TO FINANCIAL STATEMENTS

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for OPEB not in a trust and is not applicable to SAWS. Paragraphs 8-9 covers changes related to pension or OPEB plans not held in a trust covered by GASB No. 73, No. 74 and No. 84. SAWS is not impacted by this change. Paragraph 10 covers changes to GASB No. 69 and No. 83 involving accounting for AROs in a government acquisition. SAWS is not impacted by this change. Paragraph 11 covers certain changes to GASB No. 10 involving accounting for insurance recoveries. SAWS is not impacted by this change. Paragraph 12 covers changes to GASB No. 62 and No.72 relating to non-recurring fair value measurement of assets or liabilities. SAWS is not impacted by these changes. Paragraph 13 requires a change in terminology for derivative instruments as defined in GASB No. 31, No. 53 and No. 62. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. SAWS will implement this Statement in 2022.

- GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial implications that result from the replacement of an interbank offered rate. Currently, GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. The requirements of this Statement, except for paragraphs 11b, 13 and 14, are effective for reporting periods beginning after June 15, 2020. SAWS does not have any derivative instruments that are covered by the requirements of this Statement. The requirement of paragraph 11b, which address governments using the London Interbank Offered Rate, is effective for reporting periods ending after December 31, 2021. The requirements of paragraph 13 and 14, which address lease modifications, are effective for periods beginning after June 15, 2021. SAWS will implement the requirements in paragraphs 11b, 13 and 14 in 2022 and the remaining requirements in 2021.
- GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. SAWS will implement this Statement in 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. SAWS will implement this Statement in 2023.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This Statement was issued in June 2020 and certain requirements of paragraph 4 and 5 as it applies to defined contribution pension, defined contribution OPEB, and other benefit plans became effective immediately, SAWS has no plans covered by the requirements of these paragraphs. The remaining requirements are effective for fiscal years beginning after June 15, 2021. SAWS will implement these remaining requirements in 2022.

## ***NOTES TO FINANCIAL STATEMENTS***

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**Recognition of Revenues:** Revenues are recognized as goods or services are provided. Customers' meters are read and bills are prepared monthly based on billing cycles. SAWS uses historical information to estimate and record earned revenue not yet billed.

**Revenue and Expense Classification:** Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of SAWS are charges to customers for water supply, water delivery, wastewater, and chilled water services. Operating expenses include costs of service, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Pensions:** For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the SAWSRP, TMRS and DSPRP plans and additions to/from the SAWSRP, TMRS and DSPRP fiduciary net position have been determined using the same basis as they are reported by SAWSRP, TMRS and DSPRP. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**Postemployment Benefits Other Than Pensions (OPEB):** For purposes of measuring the Net OPEB Liability, deferred outflows of resources and deferred inflows of resources related to SAWS OPEB, and SAWS OPEB expense, information about the fiduciary net position of the SAWS OPEB plan and additions to/from the SAWS OPEB fiduciary net position have been determined using the same basis as they are reported by the SAWS OPEB plan. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**Annual Budget:** Approximately sixty days prior to the beginning of each fiscal year, an annual budget is presented to the Board for consideration. This budget is prepared on an accrual basis and serves as a tool in controlling and administering the management and operation of the organization. The annual budget reflects an estimate of gross revenues and disposition of these revenues in accordance with the flow of funds required by Ordinance No. 75686 (See Note B). Once the annual budget has been approved by the Board, the budget is submitted to City Council for review and consultation.

**Restricted Resources:** When an expenditure is made for purposes for which both restricted and unrestricted resources are available, it is SAWS policy to choose the appropriate resource based on the availability of resources and funding goals established by management for those expenditures.

**Cash Equivalents:** SAWS considers investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

## ***NOTES TO FINANCIAL STATEMENTS***

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**Investments:** City Ordinance No. 75686, SAWS' Investment Policy and Texas state law allow SAWS to invest in direct obligations of the United States or its agencies and instrumentalities. Other allowable investments include direct obligations of the State of Texas or its agencies and instrumentalities; secured certificates of deposit issued by depository institutions that have their main office or a branch office in the State of Texas; defined bankers acceptances and commercial paper; collateralized direct repurchase agreements, reverse repurchase agreements; no-load money market mutual funds; investment pools; municipal bonds; and other types of secured or guaranteed investments. These investments are subject to market risk, interest rate risk, and credit risk which may affect the value at which these investments are recorded. Under the provisions of GASB Statement No. 31, money market investments, including US Treasury and agency obligations, with a remaining maturity at time of purchase of one year or less are reported at amortized cost. All other investments are reported at fair value.

**Accounts Receivable:** Accounts receivable are recorded at the invoiced amounts plus an estimate of unbilled revenue receivable. The allowance for uncollectible accounts is management's best estimate of the amount of probable credit losses based on account delinquencies and historical write-off experience. Account balances are written off against the allowance when it is probable the receivable will not be recovered. SAWS wrote off account balances totaling \$4.8 million in 2020 and \$7.8 million in 2019. A provision to increase the allowance for uncollectible accounts is recorded as an offset to operating revenue. Beginning in March 2020 as a result of COVID-19, management increased the provision to account for the suspension of service disconnections and late fees for non-payment. The provision recorded to offset revenues was \$23.7 million in 2020 and \$5.8 million in 2019. In addition, SAWS recorded customer adjustments totaling \$0.8 million in 2020 and \$0.7 million in 2019.

**Inventory:** Inventories are valued at lower of cost or market using the weighted average cost method. Inventories are reported in the Statements of Net Position in Other Current Assets. Inventories (net) totaled \$5.8 million at December 31, 2020 and \$5.7 million at December 31, 2019.

**Restricted Assets:** Assets restricted by City Ordinance, which incorporates the bond indentures, to pay current liabilities are reported as current assets in the Statement of Net Position, regardless of their relative liquidity. Assets restricted for the acquisition of capital assets or to pay noncurrent liabilities are reported as noncurrent assets in the Statement of Net Position.

**Capital Assets:** Assets in service are capitalized when the unit cost is greater than or equal to \$5,000. Utility plant additions are recorded at cost, which includes materials, labor and direct internal costs during construction. Included in capital assets are intangible assets, which consist of purchased water rights and land easements, costs associated with acquiring additional Certificates of Convenience and Necessity (CCN) related to new service areas and development costs for internally generated computer software. Assets acquired through capital leases are recorded as assets in Utility plant in service and the lease contracts recorded as liabilities in Contract and leases payable using the present value of lease payments and any other non-executory costs. Assets acquired through contributions,

**NOTES TO FINANCIAL STATEMENTS**

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such as those from developers, are recorded at estimated acquisition value at date of donation. Maintenance, repairs, and minor renewals are charged to operating expense; major plant replacements are capitalized.

Capital assets are depreciated on the straight-line method. This method is applied to all individual assets except distribution and collection mains and intangible assets. Groups of mains are depreciated on the straight-line method over an estimated average useful life of 50 years. Mains are included in the Distribution and transmission system asset category and the Collection system category. Intangible assets not considered to have indefinite useful lives are amortized over their estimated useful life. Capital assets are tested for impairment when a significant unexpected decline in its service utility occurs. The following table shows an estimated range of useful lives used in providing for depreciation of capital assets:

Structures and improvements	25 - 50	years
Pumping and purification equipment	10 - 50	years
Distribution and transmission system	17.5 - 50	years
Collection system	50	years
Treatment facilities	25	years
Equipment and machinery	5 - 20	years
Furniture and fixtures	3 - 10	years
Computer equipment	5	years
Software	3 - 10	years
Intangible assets (definite useful life)	20	years

**Capitalized Interest:** SAWS implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* effective January 1, 2019. In accordance with this Statement, SAWS no longer capitalizes interest expense during the construction period.

**Capital Contributions:** Capital Contributions consist of plant contributions from developers, capital recovery fees, and contributions in aid of construction and/or grant proceeds received from governmental agencies for facility expansion. Capital Contributions are recognized in the Statement of Revenues, Expenses, and Changes in Net Position, after non-operating revenues (expenses), when eligibility requirements are met.

Capital recovery fees are charged to customers to connect to the water or wastewater system. By Texas law, these fees are to be used for capital expenditures that expand infrastructure capacity or to reimburse SAWS for the cost associated with existing excess infrastructure capacity. In certain instances, infrastructure that facilitates expansion of SAWS' service capacity is contributed by developers. In these instances, SAWS records the donated infrastructure as plant contributions and may abate future capital recovery fees due from the developer equal to a portion of the acquisition value of the of the infrastructure contributed. SAWS abated future capital recovery fees of \$5.7 million



## ***NOTES TO FINANCIAL STATEMENTS***

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in 2020 and \$4.4 million in 2019. These abatements are conditional based on the type of development and in certain instances, time requirements and geographic restrictions.

**Deferred Outflows and Inflows of Resources:** In addition to assets, liabilities, and net position, the Statement of Net Position includes separate sections for deferred outflows and inflows of resources. A deferred outflow of resources represents a consumption of net position that applies to a future period(s) and therefore, will not be recognized as an outflow of resources until the applicable future period. A deferred inflow of resources is an acquisition of net position that is applicable to future reporting period(s) and therefore, will not be recognized as an inflow of resources until the applicable future period.

*Deferred charge on bond refunding* results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized to interest expense over the shorter of the life of the refunded or refunding debt using the interest method.

*Deferred outflows – unamortized asset retirement obligations (ARO)* result from unamortized asset retirement obligation costs. This amount is deferred and amortized to depreciation and amortization expense based on the ARO's remaining useful life.

*Deferred outflows – pension* and *Deferred inflows – pension* result from contributions made by SAWS to its defined benefit pension plans after the measurement date of Net Pension Liability as well as changes in the Net Pension Liability not yet reflected in pension expense. Changes in the Net Pension Liability not yet reflected in pension expense include differences between projected and actual earnings on pension plan investments, expected and actual experience with regard to economic or demographic factors and changes in assumptions about future economic or demographic factors. Differences between projected and actual earnings are recognized in pension expense over a closed five-year period. Other changes are recognized in pension expense using a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees participating in the plans.

*Deferred outflows – OPEB* and *Deferred inflows – OPEB* result from contributions made by SAWS to its OPEB plan after the measurement date of Net OPEB Liability as well as changes in the Net OPEB Liability not yet reflected in OPEB expense. Changes in the Net OPEB Liability not yet reflected in OPEB expense include differences between projected and actual earnings on OPEB plan investments, expected and actual experience with regard to economic or demographic factors and changes in assumptions about future economic or demographic factors. Differences between projected and actual earnings are recognized in OPEB expense over a closed five-year period. Other changes are recognized in OPEB expense using a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees participating in the plans.

## ***NOTES TO FINANCIAL STATEMENTS***

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SAWS is a party to an interest rate swap agreement which serves to hedge interest rates on a portion of SAWS' variable rate debt. The agreement qualifies as a derivative instrument and meets the requirements of an effective hedge in accordance with GASB Statements No. 53 and 64. As a result, hedge accounting is used to account for the changes in the fair value of the swap agreement. *Accumulated decrease in fair value of hedging derivative* represents the change in the fair value of the interest rate swap that has not been recognized in the Statement of Revenues, Expenses and Changes in Net Position due to the use of hedge accounting. For more information about this derivative instrument see Note G.

**Customer Deposits:** SAWS collects an advance deposit from new customers to secure payment of the customer's final bill. The deposit is refundable once the customer has demonstrated an acceptable payment history of no more than two late payments within the first twelve-month period. SAWS may collect an additional deposit for customers whose service has been turned off for non-payment and need to restore service.

**Compensated Absences:** It is SAWS' policy to accrue earned but unused employee vacation pay as well as the employer portion of Social Security taxes and required employer pension contributions related to the accrued vacation pay. The total vacation paid in the current year is used as the estimated amount to be due within one year. Sick leave is not accrued as a terminating employee is not paid for accumulated sick leave.

**Revenue Bonds & Commercial Paper:** SAWS issues revenue bonds to finance capital improvement projects, refund outstanding bonds to reduce future debt service payments, and pay the cost of issuance. All SAWS' revenue bonds are secured by a lien on and pledge of net revenues of the system. Additionally, certain SAWS' bonds are further secured by the maintenance of a reserve fund established for the benefit of the bondholders. SAWS maintains a commercial paper program that is used to provide funds for the interim financing of a portion of its capital improvements.

**Self-Insurance:** SAWS is self-insured for a portion of workers' compensation, employee's health, employer's liability, public officials' liability, property damage and certain elements of general liability. A liability has been recorded for the estimated amount of eventual loss, which will be incurred on claims arising prior to the end of the period including incurred but not reported claims.

**Derivative Instrument:** As noted above, SAWS is a party to an interest rate swap agreement that qualifies as a derivative instrument. Additionally, mutual fund investments held by SAWS fiduciary funds may use derivatives as part of their investment strategy. These mutual funds are comingled pools, rather than individual securities.

**Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **NOTES TO FINANCIAL STATEMENTS**

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

### **NOTE B - CITY ORDINANCE NO. 75686**

**Funds Flow:** City Ordinance requires that SAWS' gross revenues be applied in sequence to: (1) System Fund for payment of current maintenance and operating expenses including a reserve equal to two months of budgeted maintenance and operating expenses for the current fiscal year; (2) Debt Service Fund requirements of Senior Lien Obligations; (3) Reserve Fund requirements of Senior Lien Obligations; (4) Interest and Sinking Fund and Reserve Fund requirements of Junior Lien Obligations; (5) Interest and Sinking Fund and Reserve Fund requirements of Subordinate Lien Obligations; (6) Payment of amounts required on Inferior Lien Obligations, and (7) Transfers to the City's General Fund and to the Renewal and Replacement Fund.

**Payments to the City's General Fund:** The City Ordinance requires SAWS to make payments to the City each month after making all other payments required by the City Ordinance. The amount of the payment is determined by City Council from time to time and cannot exceed 5% of Gross Revenues. Gross Revenues consist of all revenue with respect to the operation and ownership of SAWS with the exception of capital contributions, payments received under the CPS Energy contract, the federal subsidy of interest on Build America Bonds and earnings on funds deposited in the Project Fund and Reserve Fund until the Reserve Fund contains the required reserve amount. In October 2019, SAWS payment to the City was increased from 2.7% to 4.0% of Gross Revenues. Payments to the City are reported as non-operating expense in the Statement of Revenues, Expenses and Changes in Net Position.

**Reuse Contract:** SAWS has a contract with CPS Energy, the city owned electricity and gas utility, for the provision of reuse water. According to the City Ordinance, the revenues derived from the contract have been restricted in use to only reuse activities and are excluded from gross revenue for purposes of calculating any payments to the City's General Fund.

**Pledged Revenues:** Net Revenues of SAWS have been pledged to the payment and security of its debt obligations. Net Revenues are defined by the City Ordinance as SAWS' Gross Revenues after deducting operating expenses before depreciation.

**No Free Service:** The City Ordinance also provides for no free services except for municipal fire-fighting purposes.

### **NOTE C – CASH AND INVESTMENTS**

#### **San Antonio Water System**

The following is a reconciliation of cash and investments reported in the Statements of Net Position to deposits and investments disclosed in this note for December 31, 2020 and 2019.

## NOTES TO FINANCIAL STATEMENTS

<i>(amounts in thousands)</i>	December 31,	
	2020	2019
Reported in Statements of Net Position:		
Cash and Cash Equivalents:		
Unrestricted	\$ 438,504	\$ 107,746
Restricted - current	82,578	77,630
Restricted - noncurrent	296,925	107,182
Total cash and cash equivalents	<u>818,007</u>	<u>292,558</u>
Investments:		
Unrestricted	71,845	366,112
Restricted - current	129,926	124,794
Restricted - noncurrent	196,748	165,826
Total investments	<u>398,519</u>	<u>656,732</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 1,216,526</u>	<u>\$ 949,290</u>
Reported amounts in note for:		
Deposits	\$ 10,638	\$ (1,540)
Investments	1,205,888	950,830
Total Deposits and Investments	<u>\$ 1,216,526</u>	<u>\$ 949,290</u>

**Deposits:** As of December 31, 2020, SAWS' funds are deposited in demand accounts at JP Morgan Chase, SAWS' general depository bank. As required by state law, all SAWS' deposits are fully collateralized and/or are covered by federal depository insurance. At December 31, 2020 and 2019, the collateral pledged was a letter of credit issued by the Federal Home Loan Bank of Cincinnati and Federal Home Loan Bank of Chicago respectively, under SAWS' name so SAWS incurred no custodial credit risk. At December 31, 2020, the bank balance of SAWS' demand accounts was \$7,511,000 and the reported amount was \$10,638,000, which included \$18,000 of cash on hand. At December 31, 2019, the bank balance of SAWS' demand accounts was \$1,762,000 and the reported amount was (\$1,540,000), which included \$27,000 of cash on hand.

**Investments:** As of December 31, 2020, and 2019, investments include securities issued by the United States government and its agencies and instrumentalities, municipal securities, money market funds and investment pools. As of December 31, 2020, securities purchased are held in custody by Bank of New York Mellon and registered as securities of SAWS. Money Market Funds are managed by Fidelity and Morgan Stanley and are invested in securities issued by the U.S. government or by U.S. Agencies. Funds in investment pools are invested in TexPool Prime, Texas Class, Texas Fixed Income Trust and Texas TERM. Investment pools may invest in commercial paper and certificates of deposit, as well as obligations of the U.S. government or its agencies and instrumentalities, and repurchase agreements as allowed under the Public Funds Investment Act (PFIA). All investments in money market funds and investment pools are reported at amortized cost. Amortized cost approximates fair value for these investments.

## NOTES TO FINANCIAL STATEMENTS

The following tables provide information related to SAWS investments at December 31, 2020 and 2019.

December 31, 2020					
<i>(dollars in thousands)</i>					
Investment Type	Reported Value	Fair Value	Allocation Based on Fair Value	Standard & Poors Rating	Weighted Average Maturity (in days)
U.S. Treasury Securities	\$ 76,984	\$ 76,984	6%	AA+	272
U.S. Agency Notes	162,854	162,854	14%	AA+	578
Municipal Bonds	148,681	148,680	12%	AAA/AA-	657
Money Market Mutual Funds held in Escrow:					
Fidelity Institutional MMF	52,314	52,314	4%	AAAm	1
Morgan Stanley	21,238	21,239	2%	AAAm	1
Texas Class Investment Pool	497,209	497,209	41%	AAAm	1
Texpool Prime Local Government Pool	223,157	223,157	19%	AAAm	1
Texas FIF Cash Pool	13,451	13,451	1%	AAAm	1
Texas Term Investment Pool	10,000	10,000	1%	AAAm	90
Total Investments	<u>\$ 1,205,888</u>	<u>\$ 1,205,888</u>	<u>100%</u>		<u>177</u>

December 31, 2019					
<i>(dollars in thousands)</i>					
Investment Type	Reported Value	Fair Value	Allocation Based on Fair Value	Standard & Poors Rating	Weighted Average Maturity (in days)
U.S. Treasury Securities	\$ 149,934	\$ 149,934	16%	AA+	404
U.S. Agency Notes	436,818	436,818	46%	AA+	445
Municipal Bonds	69,979	69,979	7%	AAA/AA-	792
Money Market Mutual Funds held in Escrow:					
Bank of New York Mellon	21,137	21,137	2%	AAAm	1
Fidelity Institutional MMF	29,687	29,687	3%	AAAm	1
Texas Class Investment Pool	125,644	125,644	13%	AAAm	1
Texpool Prime Local Government Pool	117,631	117,631	12%	AAAm	1
Total Investments	<u>\$ 950,830</u>	<u>\$ 950,830</u>	<u>100%</u>		<u>326</u>

**Interest Rate Risk:** Interest rate risk is the risk that a change in market interest rates of fixed income securities will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses due to rising interest rates, SAWS' investment policy limits its investments maturities to no more than five years. At December 31, 2020 the longest remaining maturity for any investment was approximately three and half years, and approximately 80% of the investment portfolio matures in less than one year. At December 31, 2019, the longest remaining maturity for any investment was slightly under five years and 65% of the investment portfolio matured in less than one year.

## NOTES TO FINANCIAL STATEMENTS

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**Credit Risk:** Credit risk is the risk that an issuer of financial securities will not fulfill its obligations to the holder of the obligation. In accordance with its investment policies, SAWS manages exposure to credit risk by limiting its investments in long-term obligations of other states and cities to those with a credit rating of “A” or better. Additionally, any short-term investments require a rating of at least “A-1” or “P-1”.

**Concentration of Credit Risk:** Concentration of credit risk for investments is the risk of loss attributable to the magnitude of an investment in a single issuer. SAWS’ investment policy does not limit the amount it may invest in U.S. Treasury securities, government-guaranteed securities, or government-sponsored entity securities. However, in order to manage its exposure to concentration of credit risk, the investment policy does limit the amount that can be invested in any one government-sponsored issuer to no more than 50% of the total investment portfolio, and no more than 30% of the total investment portfolio in any non-government issuer unless it is fully collateralized, excluding investment pools and money market funds.

**Custodial Credit Risk:** Custodial credit risk is the risk that, in the event of a financial institution failure, SAWS’ deposits or collateral securities may not be returned to it. For SAWS, this risk is completely mitigated by (1) insurance coverage provided by the custodian that protects against loss of cash or securities held in custody and (2) collateral in the form of letters of credit issued by the Federal Home Loan Bank of Cincinnati over the Federal Deposit Insurance Corporation limit. Texas public fund accounts are collateralized at 100%.

As of December 31, 2020, and 2019, the percentage of the investment portfolio for government-sponsored issuers was as follows:

	December 31,	
	2020	2019
Federal Home Loan Mortgage Corporation	4%	12%
Federal Farm Credit Bank	3%	14%
Federal National Mortgage Association	3%	5%
Federal Home Loan Bank	2%	14%

**Fair Value Measurement:** SAWS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The following tables summarize SAWS investments by the fair value hierarchy as of December 31, 2020 and 2019.

## NOTES TO FINANCIAL STATEMENTS

<i>(amounts in thousands)</i>	December 31, 2020	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasury Securities	\$ 76,984	\$ 76,984	\$ -	\$ -
U.S. Agency Notes	162,854	-	162,854	-
Municipal Bonds	148,681	-	148,681	-
Local Government Investment Pool	10,000	-	10,000	-
Total investments measured at fair value	<u>\$ 398,519</u>	<u>\$ 76,984</u>	<u>\$ 321,535</u>	<u>\$ -</u>

<i>(amounts in thousands)</i>	December 31, 2019	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasury Securities	\$ 149,934	\$ 149,934	\$ -	\$ -
U.S. Agency Notes	436,818	-	436,818	-
Municipal Bonds	69,979	-	69,979	-
Total investments measured at fair value	<u>\$ 656,731</u>	<u>\$ 149,934</u>	<u>\$ 506,797</u>	<u>\$ -</u>

Securities classified in Level 2 of the fair value hierarchy are valued using interest rate curves and credit spreads applied to the terms of the debt instruments (maturity and coupon interest) and consider the counterparty rating.

**Restricted Cash and Investments:** Cash and investments are restricted for a variety of purposes based on the requirements set forth in City Ordinance 75686, state law or SAWS policy. The following table summarizes both current and noncurrent restricted cash and investments by purpose at December 31, 2020 and 2019.

<i>(amounts in thousands)</i>	December 31,	
	2020	2019
Restricted for:		
Operations	\$ 72,664	\$ 58,408
Debt Service	91,239	82,943
Debt Service Reserve	40,773	56,277
Construction - accrued liabilities	48,602	61,073
Construction - capital recovery fees	211,917	163,313
Construction - bond proceeds	240,982	53,418
Total Restricted Cash & Investments	<u>\$ 706,177</u>	<u>\$ 475,432</u>

The requirements of City Ordinance 75686 stipulate that SAWS must accumulate and maintain a reserve equal to 100% of the maximum annual debt service requirements for senior lien debt obligations. Additional City ordinances require SAWS to maintain a debt service reserve equal to the average annual debt service on all junior lien debt obligations secured by a reserve fund. Not all SAWS junior lien debt obligations require the security of a debt service reserve. Increases in the required reserve amount may be deposited into a reserve account over a five-year period.

**NOTES TO FINANCIAL STATEMENTS**

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Ordinance 75686 allows for SAWS to provide surety policies equal to all or part of the required reserve. SAWS may use bond proceeds to make the required deposits related to new debt issued. Debt service reserve deposits are required to be maintained until a) the revenue bonds mature, b) the surety policy provider’s credit ratings improve to the minimum ratings required under SAWS bond ordinance, or c) new surety policies are provided that meet the requirements of the bond ordinance.

The following table summarizes the cash and investments restricted for Debt Service Reserve at December 31, 2020 and 2019 based on the allocation of the funds between junior lien and senior lien bond requirements.

<i>(amounts in thousands)</i>	December 31,	
	2020	2019
Restricted for Junior Lien Bonds	\$ 15,167	\$ 15,930
Restricted for Senior Lien Bonds	25,606	40,347
Total Cash & Investments - Debt Service Reserve	<u>\$ 40,773</u>	<u>\$ 56,277</u>

Funds restricted for construction include amounts needed to pay accrued construction liabilities, collected but unspent capital recovery fees and unspent bond proceeds. Funds restricted for accrued construction liabilities and unspent bond proceeds are completely offset by related liabilities. By state law, capital recovery fees are restricted for the construction of the infrastructure upon which the calculation of the fee is based.

**San Antonio Water System Fiduciary Funds**

The fiduciary financial statements include three fiduciary funds related to SAWS employee benefit plans: the San Antonio Water System Retirement Plan (SAWSRP), the District Special Project Retirement Income Plan (DSPRP) and the San Antonio Water System Retiree Health Trust (SAWS OPEB Trust).

In 2020, SAWS established an investment policy for the SAWSRP and DSPRP fiduciary funds. It is the policy of the SAWSRP and DSPRP to invest 20% to 55% of its assets in fixed income securities, 40% to 70% of its assets in equity securities and 0% to 15% of its assets in real asset. The SAWSRP and DSPRP utilize an investment manager to make recommendations as to the appropriate target portfolio weightings among major asset classes. Additionally, the investment manager has full discretionary authority to buy, hold, and sell investments subject to the guidelines as defined in the SAWSRSP AND DSPRP investment policies.

In 2012, SAWS established the SAWS OPEB Plan for the exclusive purpose of funding health and life benefits provided to eligible retirees and their dependents. It is the policy of SAWS OPEB Plan to invest 50% - 70% of its assets in equity securities, 25% - 50% in fixed income securities and 0% - 5% in cash. SAWS OPEB Plan utilizes an investment manager to make recommendations as to the appropriate target portfolio weightings among major asset classes. Additionally, the investment manager has full discretionary authority to buy, hold, and sell investments subject to the guidelines as defined in SAWS OPEB Plan’s investment policy.



## NOTES TO FINANCIAL STATEMENTS

The following tables summarize fiduciary fund investments by plan and in total at December 31, 2020 and 2019.

December 31, 2020 (dollars in thousands)					
Investment Type	SAWSRP	DSPRP	SAWS OPEB Plan	Total All Plans	Allocation Based on Fair Value
Collective, Pooled & Mutual Funds:					
Domestic Equity	\$ 102,113	\$ 3,502	\$ 47,670	\$ 153,285	38.4%
International Equity	48,492	1,484	15,352	65,328	16.4%
Domestic Debt	108,445	443	41,248	150,136	37.6%
Real Estate	16,571	-	-	16,571	4.1%
Balanced/Asset Allocation	11,936	-	-	11,936	3.0%
Money Market Mutual Funds	-	-	67	67	0.0%
Standard Insurance Company:					
Guaranteed Long-term Fund	-	2,207	-	2,207	0.6%
<b>Total Investments</b>	<b>\$ 287,557</b>	<b>\$ 7,636</b>	<b>\$ 104,337</b>	<b>\$ 399,530</b>	<b>100.0%</b>

December 31, 2019 (dollars in thousands)					
Investment Type	SAWSRP	DSPRP	SAWS OPEB Plan	Total All Plans	Allocation Based on Fair Value
Collective, Pooled & Mutual Funds:					
Domestic Equity	\$ 88,634	\$ 3,755	\$ 37,738	\$ 130,127	38.2%
International Equity	42,168	128	12,613	54,909	16.1%
Domestic Debt	95,038	364	31,299	126,701	37.2%
Real Estate	16,643	-	-	16,643	4.9%
Balanced/Asset Allocation	8,090	-	-	8,090	2.4%
Commodities	-	57	-	57	0.0%
Money Market Mutual Funds	-	-	1,627	1,627	0.5%
Standard Insurance Company:					
Guaranteed Long-term Fund	-	2,348	-	2,348	0.7%
<b>Total Investments</b>	<b>\$ 250,573</b>	<b>\$ 6,652</b>	<b>\$ 83,277</b>	<b>\$ 340,502</b>	<b>100.0%</b>

The Standard Insurance Company Guaranteed Long-term Fund is reported at contract value as of December 31, 2020 and 2019 money market mutual funds are reported at amortized cost, which approximates fair value. Money market funds are reported as Cash and Cash Equivalents in the Statements of Fiduciary Net Position.

**Fair Value:** SAWS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Pricing for Level 1 inputs are provided by a pricing service as of the measurement date using pricing from exchanges. Pricing for Level 2 inputs are provided by various sources such as issuer, investment managers or fund accountants.

## NOTES TO FINANCIAL STATEMENTS

The following tables summarize fiduciary fund investments by the fair value hierarchy as of December 31, 2020 and 2019.

<i>(dollars in thousands)</i> Investment Type	December 2020	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Collective and Pooled Funds				
Domestic Equity	\$ 153,285	\$ 102,113	\$ 51,172	\$ -
International Equity	65,328	48,492	16,836	-
Domestic Debt	150,136	108,445	41,691	-
Real Estate	16,571	16,571	-	-
Balanced/Asset Allocation	11,936	11,936	-	-
Total Investments	<u>\$ 397,256</u>	<u>\$ 287,557</u>	<u>\$ 109,699</u>	<u>\$ -</u>

<i>(dollars in thousands)</i> Investment Type	December 2019	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Collective and Pooled Funds				
Domestic Equity	\$ 130,127	\$ 88,634	\$ 41,493	\$ -
International Equity	54,909	47,476	7,433	-
Domestic Debt	126,701	105,647	21,054	-
Real Estate	16,643	16,643	-	-
Balanced/Asset Allocation	8,090	8,090	-	-
Commodities	57	-	57	-
Total Investments	<u>\$ 336,527</u>	<u>\$ 266,490</u>	<u>\$ 70,037</u>	<u>\$ -</u>

Fiduciary Fund investments are not subject to the Public Funds Investment Act. The investments are subject to the following risks:

**Credit Risk:** The individual investments held by the Collective, Pooled and Mutual funds at December 31, 2020 and December 31, 2019 were not rated. The Standard Insurance Company Guaranteed Long-term Fund had a rating of A- by Standard & Poor's at December 31, 2020 and 2019.

**Concentration of Credit Risk:** As of December 31, 2020, and 2019, more than 99% of fiduciary fund investments were in collective, pooled and mutual funds. The following funds exceeded 5% of fiduciary net position:

## NOTES TO FINANCIAL STATEMENTS

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	December 31, 2020
Principal Core Plus Bond Separate Account-Z	23.00%
Principal LargeCap S&P 500 Index Separate Account-Z	13.21%
Principal Diversified International Separate Account-Z	7.14%
Principal SmallCap S&P 600 Index Separate Account-Z	5.80%

	December 31, 2019
Principal Core Plus Bond Separate Account-Z	23.65%
Principal LargeCap S&P 500 Index Separate Account-Z	13.74%
Principal Diversified International Separate Account-Z	7.31%
Principal MidCap S&P 400 Index Separate Account-Z	7.21%
Principal SmallCap S&P 600 Index Separate Account-Z	5.08%
Principal International SmallCap Separate Account-Z	5.08%

**Interest Rate Risk:** The effective duration of the Domestic Debt funds was 5.6 years at December 31, 2020 and 5.4 years at December 31, 2019. The Standard Insurance Company Guaranteed Long-term Fund had an effective duration of 5.6 years at December 31, 2020 and 4.8 years at December 31, 2019.

### NOTE D – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at December 31, 2020 and 2019:

<i>(amounts in thousands)</i>	2020	2019
Current:		
Receivable from customers	\$ 72,251	\$ 43,260
Unbilled revenue	39,587	35,839
Receivable from insurance claims & governmental agencies	1,622	1,256
Less: Allowance for doubtful accounts	<u>(25,885)</u>	<u>(6,205)</u>
Total accounts receivable	<u>\$ 87,575</u>	<u>\$ 74,150</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE E – CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2020 is as follows:

<i>(amounts in thousands)</i>	December 31, 2019	Increases	Transfers	Decreases	December 31, 2020
Capital Assets, not being depreciated:					
Land	\$ 115,007	\$ 46,814	\$ 652	\$ 35	\$ 162,438
Water rights purchased	248,881	-	-	-	248,881
Other intangible assets	370	-	-	-	370
Construction in progress	673,633	438,393	(590,044)	355	521,627
Total capital assets, not being depreciated/amortized	1,037,891	485,207	(589,392)	390	933,316
Capital assets, being depreciated					
Structures and improvements	856,587	124,288	25,965	4,770	1,002,070
Pumping and purification equipment	254,787	21,694	2,783	46	279,218
Distribution and transmission system	2,685,097	638,687	298,417	12,115	3,610,086
Treatment facilities	2,595,741	-	220,012	15,343	2,800,410
Equipment and machinery	339,294	104,220	39,703	5,978	477,239
Furniture and fixtures	6,595	-	-	-	6,595
Computer equipment	24,461	5,245	-	-	29,706
Software	52,443	652	2,512	-	55,607
Other intangible assets	1,354	-	-	-	1,354
Total capital assets being depreciated/amortized	6,816,359	894,786	589,392	38,252	8,262,285
Less accumulated depreciation					
Structures and improvements	(253,586)	(27,254)	-	(4,173)	(276,667)
Pumping and purification equipment	(86,088)	(8,702)	-	(46)	(94,744)
Distribution and transmission system	(818,161)	(66,303)	-	(11,930)	(872,534)
Treatment facilities	(825,893)	(52,851)	-	(15,343)	(863,401)
Equipment and machinery	(158,820)	(26,126)	-	(5,870)	(179,076)
Furniture and fixtures	(6,223)	(71)	-	-	(6,294)
Computer equipment	(19,229)	(2,180)	-	-	(21,409)
Software	(36,172)	(4,292)	-	-	(40,464)
Other intangible assets	(651)	(68)	-	-	(719)
Total accumulated depreciation	(2,204,823)	(187,847)	-	(37,362)	(2,355,308)
Total capital assets, being depreciated/amortized	4,611,536	706,939	589,392	890	5,906,977
Capital assets, net	\$ 5,649,427	\$ 1,192,146	\$ -	\$ 1,280	\$ 6,840,293

## NOTES TO FINANCIAL STATEMENTS

A summary of capital asset activity for the year ended December 31, 2019 is as follows:

<i>(amounts in thousands)</i>	December 31, 2018	Increases	Transfers	Decreases	December 31, 2019
Capital Assets, not being depreciated:					
Land	\$ 113,123	\$ 204	\$ 1,914	\$ 234	\$ 115,007
Water rights purchased	248,881	-	-	-	248,881
Other intangible assets	370	-	-	-	370
Construction in progress	506,810	532,265	(362,785)	2,657	673,633
Total capital assets, not being depreciated/amortized	869,184	532,469	(360,871)	2,891	1,037,891
Capital assets, being depreciated					
Structures and improvements	825,607	493	30,487	-	856,587
Pumping and purification equipment	248,214	951	5,811	189	254,787
Distribution and transmission system	2,580,582	-	110,956	6,441	2,685,097
Treatment facilities	2,435,022	65	182,326	21,672	2,595,741
Equipment and machinery	306,784	6,565	31,291	5,346	339,294
Furniture and fixtures	6,595	-	-	-	6,595
Computer equipment	23,457	1,825	-	821	24,461
Software	52,246	197	-	-	52,443
Other intangible assets	1,354	-	-	-	1,354
Total capital assets being depreciated/amortized	6,479,861	10,096	360,871	34,469	6,816,359
Less accumulated depreciation					
Structures and improvements	(231,813)	(21,773)	-	-	(253,586)
Pumping and purification equipment	(78,064)	(8,213)	-	(189)	(86,088)
Distribution and transmission system	(772,617)	(51,985)	-	(6,441)	(818,161)
Treatment facilities	(799,108)	(48,456)	-	(21,671)	(825,893)
Equipment and machinery	(144,122)	(19,863)	-	(5,165)	(158,820)
Furniture and fixtures	(6,147)	(76)	-	-	(6,223)
Computer equipment	(18,128)	(1,877)	-	(776)	(19,229)
Software	(32,379)	(3,793)	-	-	(36,172)
Other intangible assets	(583)	(68)	-	-	(651)
Total accumulated depreciation	(2,082,961)	(156,104)	-	(34,242)	(2,204,823)
Total capital assets, being depreciated/amortized	4,396,900	(146,008)	360,871	227	4,611,536
Capital assets, net	\$ 5,266,084	\$ 386,461	\$ -	\$ 3,118	\$ 5,649,427

**Asset Impairment:** SAWS periodically reviews its capital assets for possible impairment. As part of SAWS' capital improvement program, SAWS incurs costs to design capital improvement projects. These costs are included in capital assets as Construction in Progress. Periodically the actual construction of these projects may not occur due to changes in plans. Once it has been determined that construction will not proceed, any capitalized costs are charged off to operating expenses. Design and project costs written off totaled \$0.4 million in 2020 and \$2.7 million in 2019.

## NOTES TO FINANCIAL STATEMENTS

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SAWS owns a water treatment plant in southwest Bexar County to treat water supplied from Medina Lake and the Medina River. During the height of the 2011 - 2014 drought, Medina Lake water levels were greatly diminished leading to poor water quality. As a result, the treatment plant was idled from April 2013 through August 2015. Due to heavy rainfall during the summer of 2015, lake levels increased to a peak of nearly 80% of capacity. SAWS restarted the treatment plant on September 1, 2015 and treated approximately 500 acre-feet of Medina River water. Water quality concerns persisted and SAWS elected to idle the treatment plant again in October 2015. Additional investments in the treatment process may be required in order to eliminate these water quality concerns in the future. Current available water supplies are expected to be sufficient to meet customers' demand in the foreseeable future without utilizing the Medina supplies. The book value of the treatment plant at December 31, 2020 was \$10.8 million. SAWS is continuing to depreciate the treatment plant and management does not currently believe the plant has been permanently impaired.

### NOTE F – OTHER LIABILITIES

**Accrued Vacation Payable:** SAWS records an accrual for vacation payable for all full time employees and pays unused vacation hours available at the end of employment with the final paycheck. Changes in the liability amount for 2020 and 2019 were as follows:

	<i>(amounts in thousands)</i>				
	Balance at Beginning of Year	Current-Year Accruals	Payments	Balance at End of Year	Estimated Due Within One Year
Year Ended December 31, 2020	\$ 10,873	\$ 6,928	\$ (4,604)	\$ 13,197	\$ 5,247
Year Ended December 31, 2019	9,813	6,950	(5,890)	10,873	5,890

### Risk Management

*Health Care Benefits:* SAWS provides health care benefits to eligible employees and retirees through a self-insured plan that includes medical, prescription drug and dental benefits. The payment of claims associated with these benefits is handled by third party administrators. Plan participants contribute a portion of the cost of providing these benefits through payroll deductions or monthly premiums, annual deductibles and other co-payments. SAWS was self-insured for the first \$350,000 of medical claims per person during 2019 and for the first \$500,000 of medical claims per person during 2020.

*Other Risks:* SAWS is exposed to various risks of financial loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SAWS is self-administered and self-insured for the first \$2,000,000 of each workers compensation and general liability claim and is fully self-insured for automobile liability. Claims that exceed the self-insured retention limit for workers' compensation and general liability are covered through SAWS' comprehensive commercial insurance program (CCIP). Additionally, under the CCIP, SAWS maintains deductible programs for public officials and employment practices liability, fiduciary liability,

## NOTES TO FINANCIAL STATEMENTS

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pollution legal liability, drone liability, cyber liability and crime with varying deductibles. Property coverage is on a replacement cost basis with a deductible of \$250,000 per occurrence. Settled claims during the last three years have not exceeded the insurance coverage in any year.

The claims liability for health care benefits and other risks, including incurred but not reported claims, is based on the estimated ultimate cost of settling the claims. Changes in the liability amount for the last three fiscal years were as follows:

	<i>(amounts in thousands)</i>				
	Balance at Beginning of Year	Current-Year Accruals	Payments	Balance at End of Year	Estimated Due Within One Year
Year Ended December 31, 2020	\$ 8,312	\$ 23,627	\$ (23,734)	\$ 8,205	\$ 8,205
Year Ended December 31, 2019	8,197	22,398	(22,283)	8,312	8,312
Year Ended December 31, 2018	7,187	26,738	(25,728)	8,197	8,197

### NOTE G – DERIVATIVE INSTRUMENT

In 2003, SAWS entered into an interest rate swap agreement in connection with its City of San Antonio, Texas, Water System Subordinate Lien Revenue and Refunding Bonds, Series 2003-A and 2003-B (the “Series 2003 Bonds”) issued in a variable interest rate mode. The Series 2003 Bonds were issued to provide funds for SAWS’ capital improvements program and to refund certain outstanding commercial paper notes.

**Objective of the Interest Rate Swap:** The swap was used to hedge interest rates on the Series 2003 Bonds to a synthetic fixed rate that produced a lower interest rate than a traditional long-term fixed rate bond issued at that time. In August 2008, SAWS used commercial paper notes to redeem \$110,615,000 of the \$111,615,000 outstanding principal of the Series 2003 Bonds due to unfavorable market conditions relating to the ratings downgrade of the 2003 Bond insurer, MBIA Insurance Corporation. In 2009, SAWS redeemed the remaining \$1 million of the Series 2003 Bonds through the issuance of additional commercial paper. The interest rate swap agreement was not terminated upon the redemption of the 2003 Bonds and instead serves as an off-market hedge for that portion of the commercial paper notes outstanding, which pertain to the redemption of the 2003 Bonds. SAWS currently intends to maintain a portion of its outstanding commercial paper in amounts matching the notional amounts of the swap. SAWS did not recognize any economic gain or loss as a result of this refunding since the debt service requirements of the commercial paper notes are expected to closely match the debt service requirements of the refunded debt. Commercial paper notes totaling \$73,060,000 at December 31, 2020 and \$77,115,000 at December 31, 2019 were hedged by the interest rate swap agreement.

## ***NOTES TO FINANCIAL STATEMENTS***

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**Terms:** The swap agreement contains scheduled reductions to the outstanding notional amounts that are expected to follow the original scheduled reductions of the Series 2003 Bonds. The Series 2003 Bonds were issued on March 27, 2003, with a principal amount of \$122,500,000. The swap agreement matures on May 1, 2033. At the time the swap was entered into, the counterparty was Bear Stearns Financial Products, Inc. (“Bear Stearns FPI”), with the index for the variable rate leg of the SWAP being the Securities Industry and Financial Markets Association (“SIFMA”) Municipal Swap Index.

In 2008, JPMorgan Chase & Co. announced its acquisition of The Bear Stearns Companies Inc., the parent of Bear Stearns FPI. JPMorgan Chase & Co. guaranteed the trading obligations of Bear Stearns and its subsidiaries. Effective June 16, 2009, the swap agreement was amended between SAWS, JPMorgan Chase & Co, and MBIA to provide for JPMorgan Chase Bank N.A. to become the swap counterparty and allow for the remainder of outstanding Series 2003 Bonds to be redeemed, while maintaining the swap agreement as an obligation to all parties. The amendment provides for the conditional release of MBIA’s swap insurance policy upon the occurrence of certain future events.

The combination of commercial paper notes and a floating-to-fixed swap creates a synthetic fixed-rate of 4.18%. The synthetic fixed-rate protects against the potential of rising interest rates.

**Fair Value:** The swap had an approximate fair value of negative \$17,522,000 at December 31, 2020 and negative \$15,097,000 at December 31, 2019. This value is based on Level 2 inputs in the fair value hierarchy using the zero-coupon valuation method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

The swap agreement meets the criteria of an effective hedge under GASB Statement No. 53 and therefore qualifies for hedge accounting treatment. Since the fair value is negative, the fair value is recorded as a non-current liability. Changes in the swap’s fair value are recorded as a deferred outflow of resources and included on the Statement of Net Position. At the time the 2003 Bonds were redeemed in 2008, the fair value of the swap was negative \$6.2 million. The deferred outflow at the time of redemption was included in the carrying value of the 2003 Bonds and resulted in a loss on redemption of \$6.2 million. This loss is included in the deferred charge on bond refunding on the Statement of Net Position and is being amortized over the remaining life of the 2003 Bonds. The unamortized deferred charge on bond refunding related to the swap was \$2,508,000 at December 31, 2020 and \$2,840,000 at December 31, 2019.

**Credit Risk:** SAWS was not exposed to credit risk on its outstanding swap at December 31, 2019 and 2020 because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, SAWS would be exposed to credit risk in the amount of the swap’s fair value. The swap counterparty, JPMorgan Chase Bank, N.A. was rated Aa2 by Moody’s Investors Services, A+ by Standard and Poor’s, and AA by Fitch Ratings as of December 31, 2020 and Aa2 by Moody’s Investors Services, A+ by Standard and Poor’s, and



## ***NOTES TO FINANCIAL STATEMENTS***

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AA by Fitch Ratings as of December 31, 2019. The amended swap agreement contains a credit support annex which will become effective upon the release of MBIA from the swap insurance policy. Collateralization would be required by either party should the fair value of the swap reach applicable thresholds as stated in the amended swap agreement.

**Basis Risk:** SAWS is exposed to basis risk to the extent that the interest payments on its hedged commercial paper notes do not match the variable-rate payments received on the associated swap. SAWS attempts to mitigate this risk by (a) matching the outstanding hedged commercial paper notes associated with the redemption of the variable-rate debt to the notional amount and amortization schedule of the swap and (b) selecting an index for the variable-rate leg of the swap that is reasonably expected to closely match the interest rate on the hedged commercial paper notes.

**Termination Risk:** SAWS may terminate the Swap at any time for any reason. JPMorgan Chase may terminate the swap if SAWS fails to perform under the terms of the agreement. SAWS' ongoing payment obligations under the swap are insured as provided for in the swap amendment and JPMorgan Chase cannot terminate as long as the insurer does not fail to perform. Also, if at the time of the termination the swap has a negative fair value, SAWS would be liable to the counterparty for a payment equal to the swap's fair value.

**Market-access Risk:** SAWS is subject to market-access risk as the variable-rate debt hedged by the swap consists of commercial paper notes. At December 31, 2020, \$73,060,000 of outstanding commercial paper with current maturities of approximately 34 days was hedged by the interest rate swap. At December 31, 2019, \$77,115,000 of outstanding commercial paper with current maturities of approximately 33 days was hedged by the interest rate swap. As previously noted, SAWS intends to reissue the commercial paper notes in amounts matching the notional amounts of the swap.

**Swap Payments and Associated Debt:** As of December 31, 2020, debt service requirements of the hedged commercial paper notes and net swap payments, assuming current interest rates remain the same, are as detailed below. As rates vary, variable-rate interest payments and net swap payments will vary. Principal payments assume that commercial paper notes will be repaid in accordance with the amortization schedule of the swap.

**NOTES TO FINANCIAL STATEMENTS**

<b>Pay-Fixed, Receive-Variable Interest Rate Swap</b> <b>Estimated Debt Service Requirements of Variable-Rate</b> <b>Debt Outstanding and Net Swap Payments</b> <i>(amounts in thousands)</i>				
Year	Principal	Interest Paid on Debt	Interest Rate Swap, Net	Total
2021	\$ 4,240	\$ 98	\$ 2,901	\$ 7,239
2022	4,435	92	2,720	7,247
2023	4,640	86	2,531	7,257
2024	4,850	79	2,334	7,263
2025	5,070	72	2,127	7,269
2026 - 2030	29,035	244	7,198	36,477
2031 - 2033	20,790	40	1,170	22,000
Total	<u>\$ 73,060</u>	<u>\$ 711</u>	<u>\$ 20,981</u>	<u>\$ 94,752</u>

**NOTE H – LONG TERM DEBT**

**REVENUE BONDS**

On February 19, 2020, SAWS issued \$276,815,000 City of San Antonio, Texas Water System Revenue and Refunding Bonds, Series 2020A (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) refund \$13,080,000 of the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2010A, (ii) refund \$119,125,000 of the City of San Antonio, Texas Water System Revenue Bonds, Series 2011A, (iii) refund \$93,000,000 of the City of San Antonio, Texas Water System Tax-Exempt Commercial Paper, (iv) provide funding for capital improvement projects, and (v) pay the cost of issuance. The refunding reduced total future debt service payments by approximately \$47.5 million and resulted in an economic gain of \$32.2 million. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On March 18, 2020, SAWS issued \$25,285,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2020B through the Texas Water Development Board. The bonds were sold under the Clean Water State Revolving Fund Program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board Program, and (ii) pay the cost of issuance. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On August 11, 2020, SAWS issued \$153,390,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 20202C (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) finance capital improvement projects, and (ii) pay the cost of issuance. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

## ***NOTES TO FINANCIAL STATEMENTS***

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On November 15, 2020, SAWS deposited \$23,585,000 from available cash on hand to the paying agent to redeem the remaining par amount of the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2009A. The redemption of these bonds will reduce future debt service by approximately \$26.4 million between 2021 and 2029.

On December 3, 2020, SAWS issued \$11,805,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2020D through the Texas Water Development Board. The bonds were sold under the Drinking Water State Revolving Fund Program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board Program, and (ii) pay the cost of issuance. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

Senior lien water system revenue bonds outstanding as of December 31, 2020 consist of the Series 2009B, Series 2010B, Series 2011, Series 2012, and Series 2012A, outstanding in the amount of \$321,950,000 and as of December 31, 2019 consist of the Series 2009B, Series 2010B, Series 2011, Series 2011A, Series 2012, and Series 2012A, outstanding in the amount of \$466,260,000. Senior lien revenue bonds are collateralized by a senior lien and pledge of the gross revenues of SAWS after deducting and paying the current expenses of operation and maintenance of SAWS and maintaining a two-month operating reserve for such expenses. Interest rates on senior lien bonds range from 3.25% to 5.92%, exclusive of any federal interest subsidy on the Series 2009B and 2010B Build America Bonds.

The junior lien water system revenue bonds are composed of two categories of debt: fixed rate debt and variable rate debt. The junior lien fixed rate debt is similar to the senior lien bonds, as they have fixed interest rates for the life of the bonds. The junior lien variable rate bonds have interest rates that are periodically reset throughout the life of the bonds. An additional component of the fixed rate junior lien debt is direct placement debt with the Texas Water Development Board (TWDB). Direct placement debt with TWDB is offered at subsidized interest rates for qualified water, wastewater and water supply projects. All the junior lien water system revenue bonds are collateralized by a junior lien and pledge of the gross revenues of SAWS after deducting the current expenses of operation and maintenance of SAWS, maintaining a two-month operating reserve for such expenses, and paying debt service on senior lien debt.

As of December 31, 2020, direct placement bonds with TWDB consist of Junior Lien Series 2011, Series 2011A, Series 2012, Series 2013A, Series 2013C, Series 2013D, Series 2014C, Series 2014D, Series 2015A, Series 2016D, Series 2016E, Series 2018B, Series 2019B, Series 2020B, and Series 2020D in an outstanding amount of \$357,145,000. Interest rates on the junior lien fixed rate bonds range from 0.000% to 3.900%.

As of December 31, 2020, the remaining junior lien fixed rate revenue bonds consist of Series 2012 (No Reserve Fund), Series 2013B (No Reserve Fund), Series 2013E (No Reserve Fund), Series 2014A (No Reserve Fund), Series 2015B (No Reserve Fund), Series 2016A (No Reserve Fund), Taxable Series 2016B, Series 2016C (No Reserve

## ***NOTES TO FINANCIAL STATEMENTS***

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Fund), Series 2017A (No Reserve Fund), Series 2018A (No Reserve Fund), Series 2019C (No Reserve Fund), Series 2020A (No Reserve Fund) and Series 2020C (No Reserve Fund) is outstanding in the amount of \$1,727,620,000. Interest rates on the junior lien fixed rate bonds range from 2.125% to 5.000%.

On June 25, 2019, SAWS deposited \$178.9 million from available cash on hand in an irrevocable trust for the legal defeasance of \$16,490,000 City of San Antonio, Texas Water System Revenue Bonds, Taxable Series 2009B (Direct Subsidy – Build America Bonds); \$23,510,000 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2011A; \$107,330,000 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2012; and \$20,620,000 City of San Antonio Water System Revenue and Refunding Bonds, Series 2012A. The defeasance of these bonds reduced future debt service by approximately \$213 million between 2020 and 2028.

On October 23, 2019, SAWS issued \$82,565,000 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2019C (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) refund the City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2007, (ii) refund the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2009, (iii) refund \$64,660,000 in outstanding City of San Antonio, Texas Water System Taxable Bonds, Series 2010B (Direct Subsidy – Build America Bonds), and (iv) pay the cost of issuance. The refunding reduced total future debt service payments by approximately \$28.4 million and resulted in an economic gain of \$14.2 million. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

As of December 31, 2019, direct placement bonds with TWDB consist of Series 2009A, Series 2010A, Series 2011, Series 2011A, Series 2012, Series 2013A, Series 2013C, Series 2013D, Series 2014C, Series 2014D, Series 2015A, Series 2016D, Series 2016E, Series 2018B, and Series 2019B in an outstanding amount of \$373,435,000. Interest rates on the junior lien fixed rate bonds range from 0.000% to 3.900%.

As of December 31, 2019, the remaining junior lien fixed rate revenue bonds consist of Series 2012 (No Reserve Fund), Series 2013B (No Reserve Fund), Series 2013E (No Reserve Fund), Series 2014A (No Reserve Fund), Series 2015B (No Reserve Fund), Series 2016A (No Reserve Fund), Taxable Series 2016B, Series 2016C (No Reserve Fund), Series 2017A (No Reserve Fund), Series 2018A (No Reserve Fund), and Series 2019C (No Reserve Fund) is outstanding in the amount of \$1,341,960,000. Interest rates on the junior lien fixed rate bonds range from 2.500% to 5.000%.

The junior lien variable rate bonds, comprised of the Series 2013F (No Reserve Fund) (the Series 2013F Bonds), the Series 2014B (No Reserve Fund) (the Series 2014B Bonds) and the Series 2019A (No Reserve Fund) (the Series 2019A Bonds), are outstanding in the amount of \$364,865,000 at December 31, 2020. The junior lien variable rate bonds, comprised of the Series 2013F Bonds, the Series 2014B Bonds and the Series 2019A Bonds, are outstanding in the amount of \$364,865,000 at December 31, 2019. The Series 2013F Bonds are tax-exempt variable rate notes

## ***NOTES TO FINANCIAL STATEMENTS***

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initially issued in a Securities Industry and Financial Markets Association (SIFMA) Index Mode, with the interest rate reset weekly, through the initial interest period which expired October 31, 2016. On November 1, 2016, SAWS remarketed \$98,795,000 in Series 2013F Bonds into a five-year fixed term mode that ends October 31, 2021, the new interest period. During the new interest period, the Series 2013F Bonds bear interest at 2.00% with a yield of 1.63%. The Series 2014B Bonds are tax-exempt variable rate notes initially issued in a SIFMA Index Mode, with the interest rate reset weekly, through the initial interest period expiring October 31, 2017. On November 1, 2017, SAWS remarketed \$99,590,000 in Series 2014B Bonds into a five-year fixed term mode that ends October 31, 2022, the new interest period. During the new interest period, the Series 2014B Bonds bear interest at 2.00% with a yield of 1.80%. The \$166,480,000 of Series 2019A Bonds are tax-exempt variable rate notes initially issued in the term mode through April 30, 2024, the initial interest period, at an interest rate of 2.625% with a yield of 2.45%.

Upon conclusion of the initial interest period, or any subsequent new interest period, SAWS is permitted to change the mode for all or any portion of the junior lien variable interest bonds (the Bonds) to a different mode or to a SIFMA Index Mode of a different duration. The Bonds are subject to a mandatory tender without right of retention at the conclusion of the initial interest period or any subsequent new interest period. During the initial interest period and any subsequent new interest period the Bonds are not subject to the benefit of a liquidity facility provided by a third party. Accordingly, a failure to remarket the Bonds at the end of the initial interest period or subsequent new interest period will result in the rescission of the notice of mandatory tender with respect to the Bonds and SAWS has no obligation to purchase the Bonds at such time. The occurrence of a failed remarketing will not result in an event of default under the ordinance. Until SAWS redeems or remarkets the Bonds that had a failed remarketing, the Bonds shall bear interest at the stepped rate of 8.0% for the Series 2013F Bonds, 7.0% for the Series 2014B Bonds, and 8.0% for the Series 2019A Bonds.

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time as payment of the calculated liability is due. A liability is recorded once payment appears to be probable. As of December 31, 2020, and December 31, 2019, SAWS has no arbitrage rebate liability associated with any outstanding bonds.

## NOTES TO FINANCIAL STATEMENTS

The following tables summarize revenue bond transactions for the years ended December 31, 2020 and 2019.

	Balance		Reductions/	Balance		Due Within
	January 1, 2020	Additions	Amortization	December 31, 2020	One Year	
Revenue Bonds	\$ 2,173,085	\$ 430,205	\$ 188,855	\$ 2,414,435	\$ 75,075	
Direct Placement Bonds	373,435	37,090	53,380	357,145	15,185	
Unamortized premium	189,329	106,146	32,220	263,255		
Unamortized discount	(774)	(58)	(42)	(790)		
Total Bonds Payable, Net	<u>\$ 2,735,075</u>	<u>\$ 573,383</u>	<u>\$ 274,413</u>	<u>\$ 3,034,045</u>	<u>\$ 90,260</u>	

(amounts in thousands)

	Balance		Reductions/	Balance		Due Within
	January 1, 2019	Additions	Amortization	December 31, 2019	One Year	
Revenue Bonds	\$ 2,226,285	\$ 249,045	\$ 302,245	\$ 2,173,085	\$ 69,730	
Direct Placement Bonds	404,930	30,765	62,260	373,435	16,715	
Unamortized premium	204,171	29,228	44,070	189,329		
Unamortized discount	(816)	-	(42)	(774)		
Total Bonds Payable, Net	<u>\$ 2,834,570</u>	<u>\$ 309,038</u>	<u>\$ 408,533</u>	<u>\$ 2,735,075</u>	<u>\$ 86,445</u>	

The following table shows the annual debt service requirements on SAWS' debt obligations for each of the next five years and then in five-year increments after that.

Annual Debt Service Requirements Revenue and Refunding Bonds (amounts in thousands)								
Year Ended December 31,	Fixed Rate Bonds				Variable Rate Bonds			
	Revenue Bonds				Direct Placement Bonds		Revenue Bonds	
	Principal	Interest	Interest Rate Subsidy <sup>‡</sup>	Net Interest	Principal	Interest	Principal	Interest*
2021	\$ 75,075	\$ 98,564	\$ 1,908	\$ 96,656	\$ 15,185	\$ 5,558	\$ -	\$ 8,338
2022	66,425	93,270	1,908	91,362	15,295	5,446	-	9,326
2023	63,705	90,017	1,908	88,109	15,435	5,307	-	10,322
2024	68,275	86,721	1,908	84,813	15,590	5,152	-	10,634
2025	73,320	83,328	1,875	81,453	15,765	4,974	-	10,946
2026 - 2030	389,060	360,398	8,246	352,152	82,155	21,519	23,490	53,887
2031 - 2035	467,375	259,614	6,165	253,449	73,275	14,699	94,485	44,281
2036 - 2040	505,955	137,104	2,144	134,960	59,570	8,636	109,115	29,038
2041 - 2045	200,810	56,285	-	56,285	51,690	2,581	98,810	12,131
2046 - 2050	139,570	14,127	-	14,127	13,185	205	38,965	2,382
	<u>\$2,049,570</u>	<u>\$1,279,428</u>	<u>\$ 26,062</u>	<u>\$1,253,366</u>	<u>\$ 357,145</u>	<u>\$ 74,077</u>	<u>\$ 364,865</u>	<u>\$ 191,285</u>

<sup>‡</sup> Federal interest rate subsidy on Build America Bonds is utilized to pay interest on those bonds but is reported as nonoperating revenue. The federal budget approved by the U.S. Congress for the fiscal year ending September 30, 2021, reduced the BAB subsidy paid during the fiscal year by 5.7%. The BAB subsidy to be received by SAWS is reduced by this amount for all future payments.

\*The variable rate bonds are currently in a fixed rate Term Mode through October 31, 2021, October 31, 2022, and April 30, 2024. Interest listed above is based on a 2.00% or 2.625% fixed rate through the new or initial interest period, and a budgeted rate of 3.00% thereafter.

## ***NOTES TO FINANCIAL STATEMENTS***

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### **COMMERCIAL PAPER PROGRAM**

SAWS maintains a commercial paper program that is used to provide funds for the interim financing of a portion of its capital improvements. The City Council of the City of San Antonio has authorized the commercial paper program in an amount of \$500 million. Notes payable under the program cannot exceed maturities of 270 days.

The City has covenanted in the Ordinance authorizing the commercial paper program (the “Note Ordinance”) the issuance of “City of San Antonio, Texas Water System Commercial Paper Notes, Series A” (the “Series A Notes”), the issuance of “City of San Antonio, Texas Water System Commercial Paper Notes, Series B” (the “Series B Notes”), and “City of San Antonio, Texas Water System Commercial Paper Notes, Series C” (the “Series C Notes”) and the maintenance at all times of credit facilities with banks or other financial institutions which would provide available borrowing capacity sufficient to pay the principal of the commercial paper program. The credit facility is maintained under the terms of a revolving credit agreement. The Ordinance also authorizes the ability to designate and issue subseries of notes. The Series A Notes are currently authorized as “City of San Antonio, Texas Water System Commercial Paper Notes, Subseries A-1” (the “Subseries A-1 Notes”) and “City of San Antonio, Texas Water System Commercial Paper Notes, Subseries A-2” (the “Subseries A-2 Notes”). The Subseries A-2 Notes are directly placed with JPMorgan Chase Bank, N.A. under a Note Purchase Agreement. The capacity under the Series C Notes is currently fully consumed by a direct placement note with Wells Fargo with a maturity date of January 8, 2021.

The borrowings under the commercial paper program are equally and ratably secured by and are payable from (i) the proceeds from the sale of bonds or additional borrowing under the commercial paper program and (ii) borrowing under and pursuant to the revolving credit agreement. The capacity of the combined revolving credit and note purchase agreements is \$500 million with the Revolving Credit Agreement with JPMorgan Chase Bank, N.A. in the amount of \$400 million, supporting the Series A Notes expiring October 4, 2023; and the Revolving Credit Agreement with Wells Fargo Bank, N.A. in the amount of \$100 million, supporting the Series C Notes expiring January 8, 2021.

The issuance of commercial paper is further supported by the following agreements and related participants:

- Dealer Agreements with Goldman, Sachs & Co., J.P. Morgan Securities LLC., and Ramirez & Co., Inc.
- Issuing and Paying Agency Agreement with The Bank of New York Mellon Trust Company, N.A.

Commercial paper notes of \$218,260,000 are outstanding as of December 31, 2020, with \$116,260,000 outstanding under the Subseries A-1 Notes, \$2,000,000 outstanding under Subseries A-2 Notes, and \$100,000,000 outstanding under Series C Notes. Interest rates on the Subseries A-1 Notes outstanding at December 31, 2020 range from 0.14% to 0.18% and original maturities range from 34 to 154 days. The interest rate on the Subseries A-2 Notes outstanding at December 31, 2020 is 1.422% with an original maturity of 34 days. The interest rate on the Series C Notes outstanding at December 31, 2020 is 0.90% with an original maturity of 268 days. All outstanding notes combined had an average rate of 0.50% and originally averaged 155 days to maturity. Commercial paper notes of

## NOTES TO FINANCIAL STATEMENTS

\$281,815,000 are outstanding as of December 31, 2019, with \$202,700,000 outstanding under the Subseries A-1 Notes, \$2,000,000 outstanding under Subseries A-2 Notes, and \$77,115,000 outstanding under Series B Notes. Interest rates on the Subseries A-1 Notes and the Series B Notes outstanding at December 31, 2019 range from 1.13% to 1.46% and original maturities range from 29 to 180 days. The interest rate on the Subseries A-2 Notes outstanding at December 31, 2019 is 2.636% with an original maturity of 31 days. All outstanding notes had an average rate of 1.427% and originally averaged 101 days to maturity. The direct placement revenue bonds and commercial paper notes of \$357,145,000 and \$102,000,000, respectively, contain events of default and/or termination provisions with possible finance-related consequences. SAWS management has evaluated the events of default and/or termination provisions with possible finance-related consequences and in the opinion of SAWS management, the likelihood is remote that these provisions will have a significant effect on SAWS' financial position or results of operations.

The following tables summarize the outstanding and available balance of the commercial paper program for the years ended December 31, 2020 and December 31, 2019.

Year Ended December 31, 2020 <i>(amounts in thousands)</i>			
Issue Description	Authorized Amount	Amount Outstanding	Unissued Portion
Subseries A-1 Notes	\$ 398,000	\$ 116,260	\$ 281,740
Subseries A-2 Notes (Direct Placement)	2,000	2,000	-
Series B Notes	-	-	-
Series C Notes (Direct Placement)	100,000	100,000	-
Total	\$ 500,000	\$ 218,260	\$ 281,740

Year Ended December 31, 2019 <i>(amounts in thousands)</i>			
Issue Description	Authorized Amount	Amount Outstanding	Unissued Portion
Subseries A-1 Notes	\$ 398,000	\$ 202,700	\$ 195,300
Subseries A-2 Notes (Direct Placement)	2,000	2,000	-
Series B Notes	100,000	77,115	22,885
Total	\$ 500,000	\$ 281,815	\$ 218,185

SAWS intends to reissue maturing commercial paper, in accordance with the refinancing terms of the revolving credit agreement, and ultimately refund such maturities with proceeds from the issuance of long-term revenue bonds. Consistent with this intent, and since SAWS has the available \$500 million revolving credit agreement described above, SAWS has classified nearly all outstanding commercial paper notes as long-term debt. In accordance with the



## NOTES TO FINANCIAL STATEMENTS

amortization schedule of the interest rate swap agreement discussed in Note G, SAWS intends to redeem \$4,240,000 of commercial paper in 2021. Therefore, this portion of the commercial paper is classified as a current liability.

The following tables summarize transactions of the commercial paper program for the years ended December 31, 2020 and 2019.

Year Ended December 31, 2020 (amounts in thousands)	Outstanding Notes at Beginning of Year	Notes Issued	Notes Retired	Outstanding Notes at End of Year	Payable Within One Year
Issue Description					
Subseries A-1 Notes	\$ 202,700	\$ 93,060	\$ 179,500	\$ 116,260	\$ 4,240
Subseries A-2 Notes (Direct Placement)	2,000	77,115	77,115	2,000	-
Series B Notes	77,115	-	77,115	-	-
Series C Notes (Direct Placement)	-	100,000	-	100,000	-
Total	<u>\$ 281,815</u>	<u>\$ 270,175</u>	<u>\$ 333,730</u>	<u>\$ 218,260</u>	<u>\$ 4,240</u>

Year Ended December 31, 2019 (amounts in thousands)	Outstanding Notes at Beginning of Year	Notes Issued	Notes Retired	Outstanding Notes at End of Year	Payable Within One Year
Issue Description					
Subseries A-1 Notes	\$ 132,700	\$ 70,000	\$ -	\$ 202,700	\$ -
Subseries A-2 Notes (Direct Placement)	2,000	-	-	2,000	-
Series B Notes	80,995	-	3,880	77,115	4,055
Total	<u>\$ 215,695</u>	<u>\$ 70,000</u>	<u>\$ 3,880</u>	<u>\$ 281,815</u>	<u>\$ 4,055</u>

### OTHER DEBT MATTERS

**Debt Covenants:** SAWS is required to comply with various provisions included in the ordinances which authorized the bond issuances. SAWS management believes it is in compliance with all significant provisions of the bond ordinances.

Under these bond ordinances, SAWS is required to establish and maintain rates and charges for services sufficient to produce Net Revenues sufficient to pay 1.25 times the annual debt service requirements on Senior Lien debt obligations (senior lien debt coverage ratio) and at least 1.00x the current year annual debt service on outstanding Junior Lien debt. SAWS senior lien debt coverage ratio was 9.68 at December 31, 2020 and 8.66 at December 31, 2019. The current annual combined debt coverage ratio was 2.11 at December 31, 2020 and 2.14 at December 31, 2019.

In prior years, SAWS either legally defeased revenue bonds by placing revenues or proceeds of new bond issues in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in SAWS' financial statements. At December 21, 2020, there were \$127.6 million of SAWS bonds outstanding that are considered legally defeased and \$2.2 million of the former Bexar Metropolitan Water Districts bonds outstanding considered legally defeased.

## NOTES TO FINANCIAL STATEMENTS

### NOTE I - CONTINGENCIES AND COMMITMENTS

#### Water Agreements

As of December 31, 2020, SAWS has entered into various water leases to obtain rights to pump water from the Edwards Aquifer. The term of these agreements varies, with some expiring as early as 2021 and others continuing until 2027. The annual cost per acre foot ranges from \$118 to \$140. Under these various leases, SAWS paid \$3.4 million in 2020 and \$3.8 million 2019.

The future commitments under these leases are as follows:

<i>(dollars in thousands)</i>						
	2021	2022	2023	2024	2025	Thereafter
Edwards Aquifer - lease payments	\$ 3,211	\$ 2,986	\$ 1,597	\$ 496	\$ 496	\$ 644
Edwards Aquifer - acre feet leased	23,261	21,928	12,091	3,912	3,912	5,056

SAWS also has commitments to purchase water supplies under various contracts. All water provided under these contracts is subject to availability.

Under a contract with Guadalupe-Blanco River Authority (GBRA), SAWS will receive 4,000-acre feet of water annually through the end of the contract in 2037. Additionally, SAWS must purchase water not sold by GBRA to other third parties. The additional amount of water available in 2021 is estimated to be 2,800-acre feet and is projected to decline over the remaining term of the contract as the demand increases for other GBRA customers. The cost of the water escalates over time with projected prices ranging from \$1,155 per acre foot in 2021 to approximately \$1,854 per acre foot by 2037. SAWS has an option to extend this contract until 2077 under new payment terms.

Under a contract with the Massah Development Corporation, SAWS has a minimum take or pay commitment to purchase 100 acre-feet per month or 1,200 acre-feet per year of raw water from the Lower Glen Rose/Cow Creek formations of the Trinity Aquifer in northern Bexar County at projected prices ranging from \$628 to \$707 per acre foot. This agreement expires in 2025 and SAWS has a unilateral option to extend the contract for 10 years.

In 2012, SAWS entered into an agreement with Water Exploration Company, Ltd., (WECO) to purchase groundwater produced by WECO from the Trinity Aquifer. In connection with this agreement, two prior water purchase agreements between DSP and WECO were terminated. In 2018, Texas Water Supply Company assumed the assets of WECO, including this agreement between SAWS and WECO. The 2012 agreement has a term of 15 years, with two optional 5-year extensions. SAWS is obligated to purchase up to 17,000 acre-feet per year in monthly increments not to exceed 1,417 acre-feet if the water is available to be produced. SAWS only pays for delivered water meeting all state and federal drinking water standards. Pumping under this contract may not reduce the Trinity

## ***NOTES TO FINANCIAL STATEMENTS***

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Aquifer below 600 feet Mean Sea Level at test wells on the tracts. The projected price to be paid per acre-foot of raw water ranges from \$1,029 in 2021 to \$1,159 by 2027.

In 2010, SAWS was granted a permit by the Gonzales County Underground Water Conservation District (“District”) to produce 11,688-acre feet of water from the Carrizo Aquifer in Gonzales County. SAWS has entered into 23 separate agreements with landowners to produce water under that permit. These agreements remain in force indefinitely as long as SAWS continues to make payments in accordance with the terms of the agreements. SAWS makes payments to the landowners based on actual water produced. SAWS expects to produce the maximum water available under its permit in 2021 and projects payments to landowners will be \$1,294,000. These payments escalate annually based on the average of the increase in the Consumer Price Index and Producers Price Index.

In 2011, SAWS entered into an agreement with the Schertz Seguin Local Government Corporation (SSLGC) to 1) treat water produced by SAWS under its permit with the District at SSLGC’s treatment plant in Gonzales County and transport that water through SSLGC’s existing transportation pipeline to a SAWS facility in Schertz, Texas and 2) purchase up to 5,000 acre feet of wholesale water annually from SSLGC. As part of this agreement, SSLGC agreed to expand its treatment facilities to handle the volume of water supplied by SAWS. SSLGC issued contract revenue bonds in 2012 to finance the expansion. SAWS is unconditionally obligated to make monthly payments to SSLGC beginning in December 2014 equal to 1/12<sup>th</sup> the annual debt service payment owed by SSLGC on the contract revenue bonds regardless of the amount of water actually provided by SAWS to SSLGC for treatment and transportation. In addition to the payment made to SSLGC for the expansion of the treatment plant, SAWS makes payments to SSLGC for treating and transporting the SAWS produced water.

The initial term of the agreement with SSLGC expires in 2050 and is automatically renewed for successive terms of 5 years unless SAWS chooses to cancel the contract upon the expiration of any term. The projected price paid to SSLGC to treat and transport water provided by SAWS is projected to be \$503 per acre foot in 2021 and ranging from \$510 to \$642 per acre foot from 2022 through 2050. This projected price includes the debt service associated with the expansion of SSLGC’s treatment plant. Payments for any wholesale water purchased from SSLGC are based on SSLGC’s operating water rates. The 2020 price also includes the cost of surplus water from SSLGC, which contractually continues to be made available in subsequent years.

Under a contract with Bexar-Medina-Atascosa Counties W.C.I.D. No. 1 (BMA), SAWS has a take or pay commitment to purchase 19,974 acre feet of untreated water annually from Medina Lake. If BMA is unable to deliver water to SAWS, BMA issues a credit for the undelivered water, which can be used to offset payments due to BMA during the next calendar year. The price of the water is based on the rate charged by Guadalupe-Blanco River Authority (GBRA) for raw water. GBRA’s rate for raw water at December 31, 2020 was \$151 per acre foot. The agreement has been amended several times with the current agreement ending in 2049.

**NOTES TO FINANCIAL STATEMENTS**

Under a contract with Canyon Regional Water Authority (CRWA), SAWS is required to make certain contractually required minimum payments each year to fund capital and operating expenses of CRWA. Additionally, SAWS makes payments based on the number of acre feet of water SAWS commits to take in a given year. SAWS currently has access to 6,800 acre feet annually from 2021 through 2042. For 2021, SAWS has committed to taking 5,300-acre feet with a projected cost of \$1,376 per acre foot.

Total payments under these water purchase agreements were \$31.4 million in 2020 and \$42.0 million in 2019. A summary of all estimated future payments under all of these agreements is provided in the following table. The estimated fixed water payments consist of the take or pay commitments under the agreements. The estimated variable water payments will be made only if water is made available to SAWS. The estimates assume price escalations but do not assume the extension of any water purchase agreement. As with any estimate, the actual amounts paid could differ materially.

<i>(dollars in thousands)</i>							
	2021	2022	2023	2024	2025	Thereafter	
Purchased water payments - fixed	\$ 22,096	\$ 22,442	\$ 22,822	\$ 23,059	\$ 23,541	\$ 490,658	
Acre feet purchased - fixed	41,507	41,507	41,507	41,507	42,407	918,813	
Purchased water payments - variable	\$ 14,818	\$ 15,013	\$ 15,215	\$ 15,429	\$ 14,777	\$ 59,276	
Acre feet purchased - variable	13,962	13,826	13,693	13,562	12,484	32,807	

In October 2014, the City Council adopted an ordinance, approving the execution of a Water Transmission and Purchase Agreement (the “Agreement”) between the City, acting by and through SAWS, and Vista Ridge LLC, pursuant to which Vista Ridge LLC (“Project Company”) has committed to make available to SAWS, and SAWS has agreed to pay for, up to 50,000 acre-feet of potable water (“Project Water”) per year for an initial period of 30 years plus a limited extension period (up to 20 years) under certain circumstances (hereinafter referred to as the “operational” phase). The execution of the Agreement represents a significant diversification of the City’s water sources, as SAWS projects that Project Water, if delivered at the maximum contractual amount, will account for approximately 20% of the System’s current annual usage.

Pursuant to the terms of the Agreement, SAWS will pay costs arising under the Agreement, as a maintenance and operating expense of the System from a flow of funds perspective (see Note B), only for Project Water made available at the Connection Point (which payment will also include the costs of operating and maintaining the Project as described below). SAWS will have no obligation to pay for any debt issued by Vista Ridge LLC, and any such debt will be non-recourse to SAWS.

On May 17, 2016, SAWS exercised its contractual right to fix the Capital and Raw Groundwater Unit Price under the Agreement based on the methodology provided for therein. This action served to lock in the price of the Project

## ***NOTES TO FINANCIAL STATEMENTS***

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Water component of SAWS annual payment requirement at \$1,606 per acre foot for the entire 30-year term (and any extension of that term) of the Agreement.

In addition to the Capital and Raw Groundwater Unit Price, SAWS will pay operations and maintenance costs deemed to be compensable by an independent budget panel as a direct pass through under the Agreement as well as electricity costs. Finally, SAWS is responsible for compensating the Project Company for any major repairs and replacement costs, which may arise and are deemed to be compensable by the budget panel.

The project achieved financial close in November 2016, the construction phase of the project is now complete, and delivery of Project Water commenced April 15, 2020. Vista Ridge LLC has constructed well fields to withdraw water from the Carrizo and Simsboro aquifers in Burleson County, Texas pursuant to currently held long-term leases with landowners and constructed a 142-mile pipeline from this well field to northern Bexar County. The pipeline has been connected to the SAWS distribution system at Agua Vista Station, the delivery point in northern Bexar County, which will treat Vista Ridge water for distribution into the SAWS system.

The start of water delivery initiated the 30-year operational phase, during which period SAWS is obligated to pay for Project Water (up to 50,000 acre-feet annually) made available by Vista Ridge LLC. A total of \$69.2 million was spent in 2020 to make contractually required payments for water made available via the Vista Ridge Pipeline, to provide for the operation and maintenance of the pipeline, to support the operation of the new Agua Vista Station and to provide for the utility expenses associated with the pipeline and the Agua Vista Station.

Between April and July 2020, to ensure safe and successful integration of a new water source into the SAWS distribution system, SAWS integrated roughly half of the water made available to it and built up credits for water that was made available but that had not yet been received. Under the terms of the Agreement, SAWS will receive the benefit of these credits in future years.

At the end of the operational phase, ownership of the Project will be transferred to SAWS at no cost. SAWS has also entered into a separate agreement with Blue Water Vista Ridge, LLC, the lessee of the Project Water, to continue to acquire up to 50,000 acre-feet annually of untreated groundwater, for an additional 30 year period upon the termination of the Agreement and transfer of the Project to SAWS. The cost of such water at the end of the Agreement will be tied to prevailing Edwards Aquifer leases.

Because all Project assets will transfer to SAWS at the end of the Agreement, SAWS recorded the capital assets and a contract capital lease liability equal to the acquisition value of the Project Company infrastructure of approximately \$929.3 million. During the year, SAWS recorded depreciation of \$18.0 million associated with these assets, while reducing the contract capital lease liability through the debt service portion of payments to be made under the contract to \$918.6 million as of December 31, 2020. The following table is a schedule of interest and principal payments for each of the next five years and then in five-year increments thereafter.

## NOTES TO FINANCIAL STATEMENTS

<i>(Amounts in thousands)</i>			
Year Ended	Interest	Principal	Balance
12/31/2021	\$ 45,798	\$ 15,662	\$ 902,927
12/31/2022	45,152	16,307	886,620
12/31/2023	44,536	16,923	869,697
12/31/2024	44,012	17,615	852,082
12/31/2025	43,223	18,236	833,846
12/31/2030	204,399	103,064	730,782
12/31/2035	180,628	126,836	603,946
12/31/2040	149,715	157,917	446,029
12/31/2045	107,116	200,348	245,681
12/31/2050	44,389	245,681	-

SAWS has the right to terminate the Agreement at any time by purchasing the Project for the aggregate amount of the outstanding Project Company debt, contract breakage costs and return of and return on equity contributions by Vista Ridge's principals. SAWS also has the obligation to purchase the Project assets in similar fashion in the event of a SAWS default under the Agreement. The termination payment as of December 31, 2020 was estimated to be approximately \$1.1 billion. SAWS also maintains the option to assume rather than pay off the outstanding Project Company debt. Under either scenario, SAWS purchasing of the Project would result in the recording of additional liabilities totaling approximately \$200.0 million.

### *Other Contingencies and Commitments*

During 2020, SAWS entered into capital lease agreements for fleet vehicles. The term of each vehicle lease is 5 years. Payments are based on the current market value of the vehicle less a residual value. A 4.5% interest rate was used to calculate the payment. A service charge of \$250 per vehicle is due at the end of each lease. In 2020, SAWS recorded a \$402,000 capital lease liability associated with these leases, which includes the present value of all future payments and the service charge due at the end of the lease. During the year, SAWS recorded depreciation of \$35,000 associated with these assets, while reducing the capital lease liability through the debt service portion of payments to be made under the agreement to \$369,000 as of December 31, 2020.

<i>(Amounts in thousands)</i>			
Year Ended	Interest	Principal	Balance
12/31/2021	\$ 15	\$ 73	\$ 296
12/31/2022	12	76	220
12/31/2023	8	80	140
12/31/2024	5	83	57
12/31/2025	1	57	-

SAWS is also committed under various contracts for completion of construction or acquisition of utility plant totaling approximately \$517.5 million as of December 31, 2020. Funding of this amount will come from excess revenues, contributions from developers, restricted assets, and available commercial paper capacity.

In March 2007, SAWS was orally notified by Region 6 of the United States Environmental Protection Agency (EPA) of alleged failures to comply with the Clean Water Act due to the occurrence of sanitary sewer overflows (SSOs). The EPA subsequently referred the matter to the United States Department of Justice (DOJ) for enforcement action.

## ***NOTES TO FINANCIAL STATEMENTS***

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SAWS engaged in settlement negotiations with the EPA and the DOJ to resolve the allegations. In June 2013, the Board approved a Consent Decree between SAWS and the United States of America and the State of Texas to resolve this enforcement action. During the 10 to 12-year term of the Consent Decree, SAWS estimated the cost to perform the operating and maintenance requirements of the Consent Decree to be approximately \$250 million. SAWS estimates that capital expenditures associated with the requirements of the Consent Decree could range from \$1.2 billion to \$1.3 billion. As with any estimate, the actual amounts incurred could differ materially.

Through December 31, 2020, capital expenditures related to the Consent Decree totaled approximately \$765 million, which includes certain work which was previously planned prior to entry into the Consent Decree. Since entry into the Consent Decree, SAWS has performed its obligations under the terms of the Consent Decree and management believes SAWS is in material compliance with such terms, conditions and requirements. Since 2010, SAWS has seen a significant reduction in annual SSOs, from 538 in 2010 to 152 in 2020.

SAWS operates the Mitchell Lake Site Wastewater Treatment Facility (Mitchell Lake) pursuant to a Texas Pollutant Discharge Elimination Permit (Permit) issued by the Texas Commission on Environmental Quality under a delegation of authority from the EPA. In October 2015, the EPA notified SAWS that SAWS violated the effluent discharge limitations provided in that Permit as a result of discharges occurring during significant rainfall events.

On August 18, 2016, SAWS received an Administrative Order from the EPA that alleged SAWS violated the Permit by failing to meet effluent limits, as required by the Permit. Mitchell Lake is not a standard brick and mortar wastewater treatment facility. Instead, Mitchell Lake is a unique and environmentally sensitive natural facility that has become a wildlife refuge and an active destination attraction within the City. The Mitchell Lake surface area covers approximately 600 acres and provides an essential habitat where migrating birds can rest and feed. Discharges from Mitchell Lake only occur after significant rainfall events. The intermittent nature of the discharges after rainfall makes traditional treatment options impractical.

Upon receiving the Administrative Order, SAWS began working with consulting experts and conducted preliminary feasibility evaluations of a potential solution that has two major components: (a) modifications to the existing dam with the construction of a new spillway and (b) constructing treatment wetlands of approximately 100 acres below Mitchell Lake.

By letter dated February 28, 2019, the EPA delivered a second Administrative Order to SAWS that includes a Schedule of Activities, which requires completion of the wetlands project by September 30, 2024. To inform the design and operation of a full-scale constructed wetlands, SAWS commenced a pilot wetlands study in 2019 of approximately 1.3 acres. Operations began in the summer of 2019 and after a one-year operation period, a final report was produced in December of 2020. This report adequately documented the efficacy of using constructed wetlands to comply with permitted water quality requirements. SAWS had previously purchased a 283-acre tract of land, a portion of which has been determined to be surplus to the needs of SAWS, and the balance of which is anticipated to be used to implement the downstream wetlands project. Negotiations are ongoing for the acquisition

## ***NOTES TO FINANCIAL STATEMENTS***

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of an additional 234-acre tract that will be necessary for the implementation of the downstream wetlands project. At this time, projected costs for the constructed wetlands project are estimated to be \$63.4 million. To date, no monetary penalties have been assessed, although the EPA reserves all rights to seek any appropriate remedies.

In 2020, SAWS partnered with the U.S. Army Corps of Engineers (USACE) on an Aquatic Ecosystem Restoration Feasibility Study for Mitchell Lake. The study identified potential future projects for restoring lost and/or degraded ecological functions in several areas adjacent to Mitchell Lake. SAWS cost-share portion of funding for the study was \$520,000.

In 2021, engineering design will commence for the dam modifications, new spillway and constructed wetlands. Construction is expected to commence in 2022. At the direction of EPA, SAWS has been exploring the conversion of Mitchell Lake from its current classification as a wastewater treatment facility to a new classification as a Best Management Practice in a Municipal Separate Storm Sewer System (MS4) permit held jointly by SAWS and the City of San Antonio. TCEQ has completed its administrative review and issued a letter with a draft permit and instructions to publish on February 26, 2021. Once published, the comment period will be open for 30 days. This classification conversion is expected to be complete in 2021.

### **NOTE J - PENSION AND RETIREMENT PLANS**

SAWS' pension program includes benefits provided by the Texas Municipal Retirement System (TMRS), the San Antonio Water System Retirement Plan (SAWSRP) and the District Special Project Retirement Income Plan (DSPRP).

#### **Texas Municipal Retirement System**

SAWS participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the TMRS Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at [www.tmrs.com](http://www.tmrs.com)

TMRS provides retirement benefits to eligible SAWS employees. At retirement, the benefit is calculated as if the sum of the employee's contribution, with interest, and the SAWS financed monetary credits with interest were used to purchase an annuity. Members choose to receive their benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.



## ***NOTES TO FINANCIAL STATEMENTS***

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The plan provisions that have been adopted by SAWS are within the options available in the governing state statutes of TMRS. Plan provisions for SAWS for the 2020 and 2019 plan years were as follows:

Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, any/20
Updated Service Credit	100% Repeating
Annuity increase (to retirees)	70% of CPI Repeating

Total number of SAWS participants in TMRS as of the last two actuarial valuation dates is summarized below:

	December 31,	
	2019	2018
Active employees	1,716	1,709
Retirees and beneficiaries currently receiving benefits	1,299	1,269
Inactive members	740	701
Total	<u>3,755</u>	<u>3,679</u>

Under the state law governing TMRS, SAWS' contribution rate is determined annually by the actuary using the Entry Age Normal (EAN) cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Eligible SAWS employees are required to contribute 3% of their annual gross earnings. The employer required contribution rates for SAWS were 3.64% and 3.60% in calendar years 2020 and 2019, respectively. SAWS' contributions to TMRS totaled \$4,440,000 and \$4,095,000 for the years ended December 31, 2020 and 2019, respectively. These contributions equaled the required contributions.

SAWS Net Pension Liability for the TMRS plan as of December 31, 2020 and 2019 was measured as of December 31, 2019 and 2018, respectively. The Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of the measurement date.

The December 31, 2019 valuation included the following actuarial assumptions:

Annual inflation	2.50%
Overall payroll growth	2019 - 2.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

## ***NOTES TO FINANCIAL STATEMENTS***

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Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013.

For the December 31, 2018 valuation, the following assumptions were used:

Annual inflation	2.50%
Overall payroll growth	2018 - 3.00%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the Gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the Gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, SAWS adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy.

## ***NOTES TO FINANCIAL STATEMENTS***

For Fiscal years 2019 and 2018, plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, TMRS' consulting actuary, Gabriel Roeder Smith Retirement Consulting, focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

Fiscal years 2020 and 2019 had the following target allocations and best estimates of real rates of return for each major asset class:

Asset Class	December 31, 2020		December 31, 2019	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	30.0%	5.30%	0.0%	0.00%
Non-Core Fixed Income	20.0%	4.14%	20.0%	3.39%
Core Fixed Income	10.0%	1.25%	10.0%	1.00%
Real Return	10.0%	3.85%	10.0%	3.78%
Real Estate	10.0%	4.00%	10.0%	4.44%
Absolute Return	10.0%	3.48%	10.0%	3.56%
Private Equity	10.0%	7.75%	5.0%	7.75%
Domestic Equity	0.0%	N/A	17.5%	4.30%
International Equity	0.0%	N/A	17.5%	6.10%
Total	<u>100.0%</u>		<u>100.0%</u>	

The discount rate of 6.75% was used to measure the Total Pension Liability in the December 31, 2019 and 2018 actuarial valuations. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the TMRS pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following table summarizes the changes in the TMRS Net Pension Liability for the year ended December 31, 2020 and 2019 based on the measurement date of December 31, 2019 and 2018, respectively.

## NOTES TO FINANCIAL STATEMENTS

	Changes in Net Pension Liability - TMRS					
	(\$ in thousands)					
	2020			2019		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)	
Balances at January 1,	\$ 219,174	\$ 185,268	\$ 33,906	\$ 208,391	\$ 192,768	\$ 15,623
Changes for the year:						
Service Cost	5,733	-	5,733	5,551	-	5,551
Interest	14,670	-	14,670	13,952	-	13,952
Differences between expected and actual experience	499	-	499	240	-	240
Changes in assumptions	211	-	211	-	-	-
Contributions - employer	-	4,095	(4,095)	-	4,059	(4,059)
Contributions - employee	-	3,412	(3,412)	-	3,291	(3,291)
Net investment income	-	28,632	(28,632)	-	(5,773)	5,773
Benefit payments	(9,392)	(9,392)	-	(8,960)	(8,960)	-
Administrative expense	-	(162)	162	-	(111)	111
Other charges	-	(5)	5	-	(6)	6
Net Changes	11,721	26,580	(14,859)	10,783	(7,500)	18,283
Balances at December 31, *	\$ 230,895	\$ 211,848	\$ 19,047	\$ 219,174	\$ 185,268	\$ 33,906

\*Based on measurement date of December 31, 2019 and December 31, 2018 respectively

The following table presents the Net Pension Liability for the TMRS plan as of December 31, 2020 and December 31, 2019 calculated using the discount rate of 6.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	TMRS Net Pension Liability/(Asset) (\$ in thousands)		
	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
December 31, 2020	\$ 49,003	\$ 19,047	\$ (5,856)
December 31, 2019	\$ 62,448	\$ 33,906	\$ 10,233

### San Antonio Water System Retirement Plan

The San Antonio Water System Retirement Plan (SAWSRP) is a single-employer pension plan, which serves as a supplement to SAWS' other retirement benefits. The plan has both a defined benefit and a defined contribution component. SAWS has delegated to Principal Financial Group the authority to manage plan assets and administer the payment of benefits under the plan.

The financial information for SAWSRP is reported in the SAWS Fiduciary Funds financial statements. SAWSRP does not issue stand-alone financial statements. A summary of the plan's financial statements for the years ended December 31, 2020 and 2019 is presented in the following tables.

## NOTES TO FINANCIAL STATEMENTS

San Antonio Water System Retirement Plan  
Net Position Restricted for Pension Benefits  
(amounts in thousands)

	December 31, 2020			December 31, 2019		
	Defined Benefit	Defined Contribution	Total	Defined Benefit	Defined Contribution	Total
Assets						
Investments	\$ 274,885	\$ 12,672	\$ 287,557	\$ 242,461	\$ 8,112	\$ 250,573
Total Assets	274,885	12,672	287,557	242,461	8,112	250,573
Liabilities	-	-	-	-	-	-
Net position restricted for pension benefits	<u>\$ 274,885</u>	<u>\$ 12,672</u>	<u>\$ 287,557</u>	<u>\$ 242,461</u>	<u>\$ 8,112</u>	<u>\$ 250,573</u>

San Antonio Water System Retirement Plan  
Changes in Net Position Restricted for Pension Benefits  
(amounts in thousands)  
For the years ended

	December 31, 2020			December 31, 2019		
	Defined Benefit	Defined Contribution	Total	Defined Benefit	Defined Contribution	Total
Additions						
Employer Contributions	\$ 9,131	\$ 1,729	\$ 10,860	\$ 9,131	\$ 1,445	\$ 10,576
Employee Contributions	2,095	1,381	3,476	2,529	1,171	3,700
Investment Income (Loss)	31,582	1,792	33,374	38,721	1,354	40,075
Total additions	42,808	4,902	47,710	50,381	3,970	54,351
Deductions						
Pension payments/distributions	10,090	307	10,397	9,358	371	9,729
Administrative Expenses	294	35	329	309	44	353
	<u>10,384</u>	<u>342</u>	<u>10,726</u>	<u>9,667</u>	<u>415</u>	<u>10,082</u>
Increase/(Decrease) in net position	32,424	4,560	36,984	40,714	3,555	44,269
Net position restricted for pension benefits - beginning	<u>242,461</u>	<u>8,112</u>	<u>250,573</u>	<u>201,747</u>	<u>4,557</u>	<u>206,304</u>
Net position restricted for pension benefits - ending	<u>\$ 274,885</u>	<u>\$ 12,672</u>	<u>\$ 287,557</u>	<u>\$ 242,461</u>	<u>\$ 8,112</u>	<u>\$ 250,573</u>

*Defined Benefit Component:* Eligible employees hired prior to June 1, 2014 participate in the defined benefit component of the plan. Eligible employees vest in this plan after the completion of five years of service.

Covered employees are eligible to retire upon attaining the normal retirement age of 65. An employee may elect early retirement, with reduced benefits, upon attainment of (i) 20 years of vesting service regardless of age or (ii) five years of vesting service and at least age 60. An employee is automatically 100% vested upon attainment of age 65 or upon becoming totally and permanently disabled.

## ***NOTES TO FINANCIAL STATEMENTS***

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The normal retirement benefit is based upon two factors, average compensation and years of vesting service. Average Compensation is defined as the monthly average of total compensation received for the three consecutive years ending December 31, out of the last ten compensation years prior to normal retirement date which gives the highest average. The normal retirement benefit under SAWSRP is equal to the following:

1. 1.20% of the Average Compensation, times years of credited service not in excess of 25 years, plus
2. 0.75% of the Average Compensation, times years of credited service in excess of 25 years but not in excess of 35 years, plus
3. 0.375% of the Average Compensation, times years of credited service in excess of 35 years.

Upon retirement, an employee must select from one of eight alternative payment plans. Each payment plan provides for monthly payments as long as the retired employee lives. The options available address how plan benefits are to be distributed to the designated beneficiary of the retired employee. The program also provides disability benefits.

Participants in the defined benefit component of the SAWSRP as of the last two actuarial valuation dates is summarized below:

	January 1,	
	2020	2019
Active employees	1,034	1,098
Retirees and beneficiaries currently receiving benefits	1,107	1,064
Inactive members	552	541
Total	<u>2,693</u>	<u>2,703</u>

The funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when they are due. Contribution requirements are established and may be amended by SAWS Board of Trustees. The actuarially determined contributions for 2020 and 2019 were determined using the employer normal cost method. The actuarially determined contribution is the estimated amount necessary to finance the cost of benefits earned by participating employees during the year, with an additional amount to finance any unfunded accrued liability. Prior to 2015, active members made no contributions to the plan and all obligations with respect to the defined benefit feature of the plan were paid solely by SAWS. On January 1, 2015, active members began sharing in the cost of providing benefits under the plan by contributing 3% of their compensation.

The Net Pension Liability for the defined benefit component of the SAWSRP as of December 31, 2020 and 2019 was measured as of January 1, 2020 and 2019, respectively. The Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date performed as of the measurement date.

## ***NOTES TO FINANCIAL STATEMENTS***

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The January 1, 2020 and 2019 valuations included the following actuarial assumptions:

	January 1, 2020	January 1, 2019
Annual Inflation	2.25%	2.25%
Rate of Return on Investments	6.25%	6.50%

Real wage growth is based on a service-related table based on SAWS' experience from 2011 to 2013 and SAWS' expectation of future experience.

Mortality rates for the January 1, 2020 and January 1, 2019 valuation were based on PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates that were recently issued by the Society of Actuaries (SOA). PubG-2010 is the baseline mortality rate table underlying the SOA Pub-2010 experience study published in January 2019. The mortality improvement scale is based on MP2018 published in October 2018.

For the 2020 valuation, the expected long-term return on plan assets assumption was developed as a weighted average rate based on target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) May 2020. The capital market assumptions were developed with a primary focus on forward-looking valuation models, interest rates, risk-premium, and long-term performance patterns of the applicable asset classes. Due to the long-term nature of pension obligations, the investment horizon for the CMA 2020 is 20 years. The significant changes in the CMA May 2020 compared to CMA 2018 included lower rates on treasury bonds, lower real GDP growth and lower returns on fixed asset classes.

For the 2019 valuation, the expected long-term return on plan assets assumption was developed as a weighted average rate based on target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2018. The capital market assumptions were developed with a primary focus on forward-looking valuation models, interest rates, risk-premium, and long-term performance patterns of the applicable asset classes. Due to the long-term nature of pension obligations, the investment horizon for the CMA 2018 is 20-30 years. The significant changes in the CMA 2018 compared to CMA 2016 included lower expected geometric returns for equity and alternative asset classes, higher expected geometric returns for fixed income asset classes and the addition of high quality corporate bond asset classes commonly used with liability driven investment pension strategies.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table. The Long-term Expected Real Rate of Return amounts do not include inflation. The allocations at December 31, 2020 and December 31, 2019 were:

## ***NOTES TO FINANCIAL STATEMENTS***

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Total Return	34.0%	2.9%
US Equity - Large Cap	19.0%	5.1%
International Equity	10.0%	3.9%
US Mid Cap Equity	10.0%	7.4%
International Small/Mid Equity	7.0%	6.4%
US Small Cap Equity	7.0%	5.8%
Real Estate	7.0%	6.8%
High Yield Bond	6.0%	4.7%
Total	<u>100.0%</u>	

The discount rate used to measure the Total Pension Liability at December 31, 2020 was 6.25% and 6.5% for December 31, 2019. The projection of cash flows used to determine the discount rate assumed that contributions will be made based on actuarial determined amounts. Based on that assumption, the SAWSRP defined benefit component's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following table summarizes the changes in the SAWSRP Net Pension Liability for the year ended December 31, 2020 and 2019 based on the measurement date of January 1, 2020 and January 1, 2019, respectively.

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## NOTES TO FINANCIAL STATEMENTS

	Changes in Net Pension Liability - SAWSRP					
	(\$ in thousands)					
	2020			2019		
	Increase (Decrease)			Increase (Decrease)		
Pension Liability	Fiduciary Net Position	Net Pension Liability	Pension Liability	Fiduciary Net Position	Net Pension Liability	
(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)	
Balances at January 1,	\$ 249,262	\$ 201,747	\$ 47,515	\$ 230,568	\$ 208,132	\$ 22,436
Changes for the year:						
Service Cost	5,464	-	5,464	5,629	-	5,629
Interest	16,282	-	16,282	15,101	-	15,101
Differences between expected and actual experience	1,700	-	1,700	1,926	-	1,926
Changes in assumptions	(1,534)	-	(1,534)	4,653	-	4,653
Contributions - employer	-	9,131	(9,131)	-	7,923	(7,923)
Contributions - employee	-	2,529	(2,529)	-	2,434	(2,434)
Net investment income	-	38,721	(38,721)	-	(7,767)	7,767
Benefit payments	(9,358)	(9,358)	-	(8,615)	(8,615)	-
Administrative expense	-	(309)	309	-	(360)	360
Net Changes	12,554	40,714	(28,160)	18,694	(6,385)	25,079
Balances at December 31,*	\$ 261,816	\$ 242,461	\$ 19,355	\$ 249,262	\$ 201,747	\$ 47,515

\*Based on measurement date of January 1, 2020 and January 1, 2019 respectively

The following table presents the Net Pension Liability associated with the defined benefit component of the SAWSRP calculated at December 31, 2020 using the discount rate of 6.25%, as well as what the Net Pension Liability/(Asset) would be if it were calculated using a discount rate of one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate. In addition, the table presents the Net Pension Liability calculated at December 31, 2019 using the discount rate of 6.50%, as well as what the Net Pension Liability would be if it were calculated using a discount rate of one percentage point lower (5.50%) or one percentage point higher (7.50%) than the rate used for 2019.

	SAWSRP Net Pension Liability/(Asset) (\$ in thousands)		
	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
December 31, 2020	\$ 54,130	\$ 19,355	\$ (9,405)
	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
	December 31, 2019	\$ 80,736	\$ 47,515

*Defined Contribution Component:* Eligible employees hired on or after June 1, 2014 participate in the defined contribution component of the SAWSRP. SAWS contributes 4% of participant's compensation into an individual retirement account. Participants are required to contribute 3% of their compensation into their individual retirement account. Contributions under the defined contribution feature of the plan are made to participants' individual retirement accounts on a bi-weekly basis based on the participants' compensation during the period. An eligible

## ***NOTES TO FINANCIAL STATEMENTS***

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employee totally vests in SAWS contributions to the individual retirement account after one year of service and immediately vests in the employee's contributions to the plan. The employee directs the investments in their individual retirement account. SAWS has no liability for losses under the defined contribution component of the SAWSRP but does have the usual fiduciary responsibilities of a plan sponsor.

During the year ended December 31, 2020, SAWS made contributions to participants' individual retirement accounts totaling \$1,729,000 net of forfeitures of \$15,000 and employees contributed \$1,381,000. During the year ended December 31, 2019, SAWS made contributions to participants' individual retirement accounts totaling \$1,445,000, net of forfeitures of \$10,000 and employees contributed \$1,171,000.

### ***District Special Project Retirement Income Plan***

District Special Project Retirement Income Plan (DSPRP) is a single-employer defined benefit pension plan that covers all eligible employees. The plan was originally established by Bexar Metropolitan Water District (BexarMet) to provide pension benefits to its employees. In 2008, the BexarMet Board elected to freeze pension benefits and entry into the plan effective September 30, 2008. In 2012, BexarMet was dissolved and all its assets and liabilities were transferred to the San Antonio Water System District Special Project (DSP). The plan was renamed District Special Project Retirement Income Plan. In 2016, DSP was merged into SAWS and DSPRP is now governed by SAWS, which is authorized to establish and amend all plan provisions. SAWS has delegated the authority to manage plan assets and administer the payment of benefits under the plan to Standard Insurance Company.

The financial information for DSPRP is reported in the SAWS Fiduciary Funds financial statements. DSPRP does not issue stand-alone financial statements. A summary of the plan's financial statements for the years ended December 31, 2020 and 2019 is presented in the following tables.

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## NOTES TO FINANCIAL STATEMENTS

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### District Special Project Retirement Income Plan Net Position Restricted for Pension Benefits (amounts in thousands)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Assets		
Investments	<u>\$ 7,636</u>	<u>\$ 6,652</u>
Total Assets	7,636	6,652
Liabilities	<u>-</u>	<u>-</u>
Net position restricted for pension benefits	<u>\$ 7,636</u>	<u>\$ 6,652</u>

### District Special Project Retirement Income Plan Changes in Net Position Restricted for Pension Benefits (amounts in thousands)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Additions		
Employer Contributions	<u>\$ 400</u>	<u>\$ 400</u>
Investment Income (Loss)	<u>998</u>	<u>1,049</u>
Total additions	1,398	1,449
Deductions		
Pension payments/distributions	408	330
Administrative Expenses	<u>6</u>	<u>6</u>
	<u>414</u>	<u>336</u>
Increase/(Decrease) in net position	984	1,113
Net position restricted for pension benefits - beginning	<u>6,652</u>	<u>5,539</u>
Net position restricted for pension benefits - ending	<u>\$ 7,636</u>	<u>\$ 6,652</u>

Prior to freezing entry into the plan, employees were eligible to enter on May 1st or November 1st following the completion of 12 months of employment and attaining age 21. Participating employees accrued benefits if they worked at least 1,000 hours per plan year. Eligible employees vested in this plan after the completion of five years of service. Employees are 100% vested in any benefits derived from employee contributions regardless of years of service. A terminating participant who has completed five years of service is entitled to receive a vested benefit starting on his/her normal retirement date.

The normal retirement benefit upon retirement is a percentage of average monthly earnings. Prior to March 1, 1996, the monthly benefit was 60% of average monthly earnings reduced proportionately for less than 15 years of service. Effective March 1, 1996, the monthly benefit was 40% of average monthly earnings reduced proportionately for less than 20 years of service. Prior to March 1, 1996, average monthly earnings were based on the monthly earnings

## ***NOTES TO FINANCIAL STATEMENTS***

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during the five consecutive and complete calendar years that produced the highest average. After March 1, 1996, average monthly earnings are determined by the ten consecutive and complete calendar years after December 31, 1990 which produce the highest average. Upon retirement, retirees may choose from 3 different types of annuities or receive a single lump sum distribution.

Participants in DSPRP as of the last two actuarial valuation dates is summarized below:

	January 1,	
	2020	2019
Active employees	92	96
Retirees and beneficiaries currently receiving benefits	12	11
Inactive members	38	36
Total	142	143

The plan's funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits as they come due. Contribution requirements are established and may be amended by the Board. The unit credit method was used to calculate the actuarial determined contribution for 2020 and 2019. Under this method, the actual or expected accrued benefit of each participant is allocated to the year in which it accrues. The normal cost is the present value of benefits expected to accrue in the current year.

The Net Pension Liability for DSPRP as of December 31, 2020 and 2019 was measured as of January 1, 2020 and 2019, respectively. The Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date performed as of the measurement date.

The January 1, 2020 and 2019 valuations included the following actuarial assumptions:

	January 1, 2020	January 1, 2019
Annual Inflation	2.25%	2.50%
Rate of Return on Investments	6.25%	6.50%

For 2020 and 2019, mortality rates are based on the SOA RP-2014 table projected on a fully generational basis using mortality improvement scale MP-2018. Due to the limited size of this plan and the frozen nature of benefits under the plan, an experience study has not been done.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-

## ***NOTES TO FINANCIAL STATEMENTS***

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term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the January 1, 2020 and January 1, 2019 valuations are summarized in the following table:

Asset Class	January 1, 2020		January 1, 2019	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	55.0%	6.00%	54.0%	6.00%
Fixed Income	41.0%	1.00%	41.0%	1.00%
International Equity	3.0%	6.00%	3.0%	6.00%
Cash	1.0%	0.00%	1.0%	0.00%

The discount rate used to measure the total pension liability at December 31, 2020 was 6.25% and 6.5% for December 31, 2019. The projection of cash flows used to determine the discount rate assumed that contributions will be made equal to the actuarially determined contributions. Based on those assumptions, the defined benefit component's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the defined benefit component's investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table summarizes the changes in the DSPRP Net Pension Liability for the year ended December 31, 2020 and 2019 based on the measurement date of January 1, 2020 and 2019, respectively.

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## NOTES TO FINANCIAL STATEMENTS

	Changes in Net Pension Liability - DSPRP					
	(\$ in thousands)					
	2020			2019		
	Increase (Decrease)			Increase (Decrease)		
Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	
(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)	
Balances at January 1,	\$ 6,110	\$ 5,539	\$ 571	\$ 6,566	\$ 5,706	\$ 860
Changes for the year:						
Service Cost	245	-	245	257	-	257
Interest	371	-	371	388	-	388
Differences between expected and actual experience	(466)	-	(466)	(622)	-	(622)
Changes in assumptions	219	-	219	6	-	6
Contributions - employer	-	400	(400)	-	400	(400)
Net investment income	-	1,049	(1,049)	-	(75)	75
Benefit payments	(330)	(330)	-	(485)	(485)	-
Administrative expense	-	(6)	6	-	(7)	7
Net Changes	39	1,113	(1,074)	(456)	(167)	(289)
Balances at December 31,*	\$ 6,149	\$ 6,652	\$ (503)	\$ 6,110	\$ 5,539	\$ 571

\*Based on measurement date of January 1, 2020 and January 1, 2019 respectively

The following table presents the DSPRP Net Pension Liability/(Asset) calculated at December 31, 2020 using the discount rate of 6.25%, as well as what the Net Pension Liability/(Asset) would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate. In addition, the table presents the DSPRP Net Pension Liability calculated at December 31, 2019 using the discount rate of 6.5%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the rate used for 2019.

	DSPRP Net Pension Liability/ (Asset) (\$ in thousands)		
	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
December 31, 2020	\$ (42)	\$ (503)	\$ (898)
	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
December 31, 2019	\$ 1,036	\$ 571	\$ 170

### Other Pension Disclosures

For the years ended December 31, 2020 and December 31, 2019, SAWS recognized pension expense under the TMRS, SAWSRP and DSPRP plans as follows:

## NOTES TO FINANCIAL STATEMENTS

Pension Expense  
(\$ in thousands)  
Year-ended December 31,

	2020	2019
TMRS	\$ 4,989	\$ 6,818
SAWSRP - defined benefit	7,628	10,597
SAWSRP - defined contribution	1,729	1,445
DSPRP	109	289
	\$ 14,455	\$ 19,149

Amounts payable to the pension plans by SAWS for contributions totaled \$268,000 at December 31, 2020.

There were no amounts payable to the pension plans by SAWS at December 31, 2019.

The following table summarizes the Deferred Outflows of Resources, Net Pension Liability and Deferred Inflows of Resources for each of the plans as reported in the Statement of Net Position for December 31, 2020 and 2019.

<i>(\$ in thousands)</i>	December 31, 2020			December 31, 2019		
	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources
Plan						
TMRS	\$ 5,151	\$ 19,047	\$ 6,482	\$ 14,374	\$ 33,906	\$ 295
SAWSRP	14,240	19,355	15,801	25,887	47,515	792
DSPRP	861	(503)	1,527	915	571	799
Total - All Plans	\$ 20,252	\$ 37,899	\$ 23,810	\$ 41,176	\$ 81,992	\$ 1,886

At December 31, 2020, Deferred Outflows of Resources and Deferred Inflows of Resources associated with SAWS pension plans related to the following sources:

	December 31, 2020							
	TMRS		SAWSRP		DSPRP		All Plans	
<i>(\$ in thousands)</i>	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 4,440	\$ -	\$ 9,131	\$ -	\$ 400	\$ -	\$ 13,971	\$ -
Differences between expected and actual experience	547	-	2,065	362	134	1,082	2,746	1,444
Effects of changes in assumption	164	-	3,044	995	327	-	3,535	995
Net Difference between projected and actual earnings on pension plan investments	-	6,482	-	14,444	-	445	-	21,371
	\$ 5,151	\$ 6,482	\$ 14,240	\$ 15,801	\$ 861	\$ 1,527	\$ 20,252	\$ 23,810

## NOTES TO FINANCIAL STATEMENTS

At December 31, 2019, Deferred Outflows of Resources and Deferred Inflows of Resources associated with SAWS pension plans related to the following sources:

	TMRS		SAWSRP		DSPRP		All Plans	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
December 31, 2019								
<i>(\$ in thousands)</i>								
Contributions made after the measurement date	\$ 4,100	\$ -	\$ 9,131	\$ -	\$ 400	\$ -	\$ 13,631	\$ -
Differences between expected and actual experience	228	295	1,759	706	163	799	2,150	1,800
Effects of changes in assumption	80	-	5,819	86	166	-	6,065	86
Net Difference between projected and actual earnings on pension plan investments	9,966	-	9,178	-	186	-	19,330	-
	<u>\$ 14,374</u>	<u>\$ 295</u>	<u>\$ 25,887</u>	<u>\$ 792</u>	<u>\$ 915</u>	<u>\$ 799</u>	<u>\$ 41,176</u>	<u>\$ 1,886</u>

Contributions made after the measurement date of \$13,971,000 will be recognized as a reduction of the Net Pension Liability for the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	<i>(\$ in thousands)</i>			
	SAWSRP	TMRS	DSPRP	Combined
2021	\$ (1,344)	\$ (1,668)	\$ (221)	\$ (3,233)
2022	(3,406)	(1,675)	(231)	(5,312)
2023	(834)	719	(146)	(261)
2024	(5,108)	(3,147)	(237)	(8,492)
2025	-	-	(113)	(113)
Thereafter	-	-	(118)	(118)

The following table summarizes the components of the Net Pension Liability at December 31, 2020 and 2019 for the pension plans included in SAWS Fiduciary Fund Statements in accordance with *GASB 67, Financial Reporting for Pension Plans – An Amendment of GASB Statement 25*.

<i>(\$ in thousands)</i>	December 31, 2020 (a)		December 31, 2019	
	SAWSRP	DSPRP	SAWSRP	DSPRP
Total pension liability	\$ 273,385	\$ 6,766	\$ 261,816	\$ 6,149
Plan fiduciary net position	274,885	7,636	242,461	6,652
Net pension liability (asset)	<u>\$ (1,500)</u>	<u>\$ (870)</u>	<u>\$ 19,355</u>	<u>\$ (503)</u>
Plan fiduciary net position as a percentage of the total pension liability	100.5%	112.9%	92.6%	108.2%

(a) Actuarial valuation performed at January 1, 2020 was rolled forward to December 31, 2020



## ***NOTES TO FINANCIAL STATEMENTS***

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### **Deferred Compensation Plans**

In November 2019, SAWS consolidated its prior deferred compensation plans into one plan with Empower Retirement, who acts as an independent administrator of the plan. The plan complies with Section 457(b) of the Internal Revenue Code (Deferred Compensation Plans with Respect to Service for State and Local Governments). Employee participation is voluntary, and SAWS makes no contributions to this plan. Empower Retirement issues a publicly available financial report that includes financial information relating to participating entities. The report may be obtained at: <https://www.empower-retirement.com/about/financial-strength>.

### **NOTE K – OTHER POST EMPLOYMENT BENEFITS (OPEB)**

In addition to providing pension benefits described in Note J, SAWS provides certain health care and life insurance benefits for eligible retirees, their spouses, and their dependents through San Antonio Water System Retiree Health Trust (SAWS OPEB Plan), a single-employer defined benefit plan administered by SAWS. The authority to establish and amend the SAWS OPEB Plan provisions is vested in the Board.

The financial information for SAWS OPEB Plan is reported in the fiduciary funds statements. SAWS OPEB Plan does not issue stand-alone financial statements. A summary of the plan's financial statements for the years ended December 31, 2020 and 2019 is presented in the following tables.

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**NOTES TO FINANCIAL STATEMENTS**

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San Antonio Water System Retiree Health Plan  
Net Position Restricted for Post Employment Benefits  
*(amounts in thousands)*

	December 31,	
	2020	2019
Assets		
Cash and cash equivalents	\$ 67	\$ 1,627
Investments	104,270	81,650
Total assets	<u>104,337</u>	<u>83,277</u>
Liabilities	-	-
Net position restricted for other post employment benefits	<u>\$ 104,337</u>	<u>\$ 83,277</u>

Changes in Net Position Restricted for Post Employment Benefits  
For the year ended December 31,  
*(amounts in thousands)*

	2020	2019
Additions		
Employer contributions	\$ 13,641	\$ 13,811
Investment income/(loss)	13,747	13,263
Total additions	27,388	27,074
Deductions		
Benefit payments	6,141	6,311
Administrative expenses	187	175
Total deductions	<u>6,328</u>	<u>6,486</u>
Increase in net position	21,060	20,588
Net position restricted for other post employment benefits - beginning	<u>83,277</u>	<u>62,689</u>
Net position restricted for other post employment benefits - ending	<u>\$ 104,337</u>	<u>\$ 83,277</u>

By state law, any employee that retires under a SAWS retirement plan is eligible, at the time of retirement, to obtain health insurance benefits similar to those offered to active SAWS employees. Retirees may also purchase coverage for their spouse and qualifying dependents at group rates partially subsidized by SAWS. Any plan participant eligible for Medicare is required to enroll in a Medicare Advantage Plan. No supplemental health benefits are provided to those participants enrolled in Medicare Advantage Plans. Employees hired after December 31, 2013 will not be eligible for any subsidized medical benefits upon retirement from SAWS.

## ***NOTES TO FINANCIAL STATEMENTS***

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Participants in the SAWS OPEB Plan as of January 1, 2020 and 2019 consisted of the following:

	January 1,	
	2020	2019
Active Employees	1,012	1,072
Retired Employees	820	850
Total	<u>1,832</u>	<u>1,922</u>

The contribution requirements of plan participants are established and may be amended by the Board. Contributions made by retirees for health insurance benefits vary based on retirement date, years of service and the health care options selected. Plan participants made contributions toward plan benefits totaling \$1,811,000 in 2020 and \$1,613,000 in 2019.

SAWS contributions to the plan are also established by the Board. Prior to 2012, SAWS only funded the shortfall between annual benefit payments and retiree contributions (“current benefit payments”). In March 2012, SAWS established a trust for the purpose of prefunding future benefit payments for eligible retirees and their dependents. In addition to making contributions to the trust, SAWS has continued to fund current benefit payments outside of the trust. SAWS intends to fund current benefit payments as well as make annual contributions to the trust in accordance with a plan that, at a minimum, fully funds the actuarially determined annual required contributions for these benefits thereby improving the funded status of the SAWS OPEB Plan over a period of time.

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

## ***NOTES TO FINANCIAL STATEMENTS***

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The following table summarizes the actuarial methods and assumptions used in the most recent actuarial valuations for the SAWS OPEB Plan.

### Actuarial Methods and Assumptions

Actuarial Valuation Date	January 1, 2020	January 1, 2019
Actuarial Value of Assets	Market Value	Market Value
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Remaining Amortization Method	14 Years - Closed	15 Years - Closed
Actuarial Assumptions		
Investment Rate of Return	6.25%	6.50%
Inflation Rate	2.50%	2.40%
Healthcare Cost Trend:		
Initial	4.70%	5.40%
Ultimate	4.04%	3.94%

Mortality rates for the January 1, 2020 valuation were based PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement rates that were issued by the SOA. PubG-2010 is the baseline mortality rate table underlying the SOA Pub-2010 experience study published in January 2019. The mortality improvement scale is based on MP2019 published in October 2019.

Mortality rates for the January 1, 2019 valuation were based PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement rates that were recently issued by the SOA. PubG-2010 is the baseline mortality rate table underlying the SOA Pub-2010 experience study published in January 2019. The mortality improvement scale is based on MP2018 published in October 2018.

The following table summarizes the changes in Net OPEB Liability at December 31, 2020 and December 31, 2019.

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## NOTES TO FINANCIAL STATEMENTS

### Changes in Net OPEB Liability - SAWS OPEB Plan (\$ in thousands)

	2020			2019		
	Increase (Decrease)			Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at January 1,	\$ 141,379	\$ 62,688	\$ 78,691	\$ 146,691	\$ 58,511	\$ 88,180
Changes for the year:						
Service Cost	1,913	-	1,913	2,220	-	2,220
Interest	9,112	-	9,112	9,429	-	9,429
Differences between expected and actual experience	(18,580)	-	(18,580)	(11,970)	-	(11,970)
Changes in assumptions	(3,237)	-	(3,237)	2,817	-	2,817
Contributions - employer	-	13,811	(13,811)	-	15,308	(15,308)
Net investment income	-	13,264	(13,264)	-	(3,164)	3,164
Benefit payments	(6,311)	(6,311)	-	(7,808)	(7,808)	-
Administrative expense	-	(175)	175	-	(159)	159
Net Changes	(17,103)	20,589	(37,692)	(5,312)	4,177	(9,489)
Balances at December 31,*	\$ 124,276	\$ 83,277	\$ 40,999	\$ 141,379	\$ 62,688	\$ 78,691

\*Based on measurement date of January 1, 2020 and January 1, 2019 respectively

The following table presents the change in the SAWS OPEB Plan Net OPEB Liability calculated at December 31, 2020 and 2019 assuming healthcare cost trends decrease or increase by one percentage point from the assumptions used in Total OPEB liability.

	(\$ in thousands)		
	1% Decrease	Current Assumptions	1% Increase
December 31, 2020	\$ 31,478	\$ 40,999	\$ 52,465
December 31, 2019	\$ 71,968	\$ 78,691	\$ 88,859

The target allocation and best estimates of arithmetic real rates of return for each major asset class for January 1, 2020 and January 1, 2019 are summarized in the following table. The Long-term Expected Real Rate of Return amounts do not include inflation.

Asset Class	January 1, 2020		January 1, 2019	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income - Core Bond	38.0%	1.36%	38.0%	0.72%
Domestic Equity - Large Cap	36.0%	6.32%	36.0%	6.45%
Foreign Equity - Developed International	12.3%	6.41%	12.3%	6.35%
Domestic Equity - Small Cap	9.0%	8.03%	9.0%	7.82%
Foreign Equity - Emerging Markets	2.7%	9.21%	2.7%	8.96%
Cash	2.0%	0.00%	2.0%	0.00%
Total	100.0%		100.0%	

## ***NOTES TO FINANCIAL STATEMENTS***

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The discount rate used to measure the Total OPEB Liability at December 31, 2020 was 6.25% and 6.5% for December 31, 2019. The projection of cash flows used to determine the discount rate assumed that contributions will be made equal to the actuarially determined contributions. Based on those assumptions, the defined benefit component's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the defined benefit component's investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

The following table presents the SAWS OPEB Plan Net OPEB Liability calculated at December 31, 2020 using the current discount rate of 6.25%, as well as what the Net OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate. In addition, the table presents the Net OPEB Liability calculated at December 31, 2019 using the discount rate of 6.5%, as well as what the Net OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the rate used for 2019.

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
December 31, 2020	\$ 56,084	\$ 40,999	\$ 28,506
	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
December 31, 2019	\$ 96,462	\$ 78,691	\$ 63,999

SAWS recognized (\$1,806,000) in OPEB expense for the fiscal year ended December 31, 2020 based on a measurement date of December 31, 2019 and \$5,228,000 in OPEB expense for the fiscal year ended December 31, 2019 based on a measurement date of December 31, 2018.

The following table summarized Deferred Outflows of Resources and Deferred Inflows of Resources associated with the SAWS OPEB Plan at December 31, 2020 and December 31, 2019 from the following sources.

## NOTES TO FINANCIAL STATEMENTS

<i>(\$ in thousands)</i>	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 13,641	\$ -	\$ 13,811	\$ -
Differences between expected and actual experience	-	21,791	-	10,725
Effects of changes in assumption	1,409	2,689	2,113	183
Net Difference between projected and actual earnings on OPEB plan investments	-	4,453	3,346	-
	<u>\$ 15,050</u>	<u>\$ 28,933</u>	<u>\$ 19,270</u>	<u>\$ 10,908</u>

Contributions made after the measurement date of \$13,641,000 will be recognized as a reduction of the Net OPEB Liability for the year ending December 31, 2021. Other amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended December 31,	<i>(\$ in thousands)</i>
2021	\$ (8,696)
2022	(7,961)
2023	(4,714)
2024	(6,153)
Thereafter	-

The components of the Net OPEB Liability for the SAWS OPEB Plan at December 31, 2020 and 2019 were as follows:

<i>(\$ in thousands)</i>	December 31,	
	2020(a)	2019
Total OPEB liability	\$ 125,610	\$ 124,276
Plan fiduciary net position	104,337	83,277
Net OPEB liability	<u>\$ 21,273</u>	<u>\$ 40,999</u>
Plan fiduciary net position as a percentage of the total OPEB liability	83.1%	67.0%

(a) Actuarial valuation performed at January 1, 2020 was rolled forward to December 31, 2020

## ***NOTES TO FINANCIAL STATEMENTS***

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### **NOTE L – ASSET RETIREMENT OBLIGATIONS (AROs)**

SAWS adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, effective January 1, 2019. SAWS accounts for Asset Retirement Obligations (AROs) by recognizing the total obligation as a liability based on the best estimate of the current value of expenditures expected to be incurred once the assets are retired. The statement requires the effects of inflation or deflation on the ARO liability be adjusted annually. In addition to the ARO liability, SAWS has recorded associated outflows of resources that are being amortized over the remaining useful life of the respective asset groups. The total liability for AROs was \$35,942,000 at December 31, 2020 and \$35,084,000 at December 31, 2019. The following asset groups have been included in the ARO liability reflected in the Statements of Net Position.

Wastewater Treatment Plants (WTPs) – SAWS operates four WTPs in its service area. These plants are the Steven M. Clouse WTP, Leon Creek WTP, Medio Creek WTP and Mitchell Lake WTP. SAWS operates the Mitchell Lake WTP but the plant no longer receives wastewater flows. Due to the environmentally sensitive nature and ongoing wetlands project at the plant, the remaining life and the cost to retire the assets at Mitchell Lake WTP are not reasonably estimable and are not included in the ARO liability. The average remaining useful life of the other WTPs is 48 years. TCEQ requires that a WTP be decommissioned once no longer in service. The cost for decommissioning the other three plants was \$33,933,000 at December 31, 2020 and \$33,000,000 at December 31, 2019. The cost was determined using data from various 2006 contracts relating to the decommissioning of the Salado Creek WTP. The cost included a 10% design allowance. The data from the contracts was inflated to 2020 and 2019 dollars, respectively.

Underground Storage Tanks (USTs) – SAWS maintains 13 USTs, with an average remaining useful life of 2 years, across its service area for servicing fleet vehicles. Texas State Law, 30 Texas Administrative Code Chapter 334, requires that USTs be removed from the ground when they are no longer in use. The cost to remove these USTs from the ground is estimated to be \$1,513,000 at December 31, 2020 and \$1,589,000 at December 31, 2019. The cost was determined using data from a 2016 SAWS contract for the removal of USTs from SAWS' Northwest Service Center. The contract data was inflated to 2020 and 2019 dollars, respectively. The cost includes a 10% design allowance. During 2020, one UST was taken out of service and removed.

Desalination Injection Wells – SAWS currently has two injection wells in use with the desalination process. In connection with desalination injection well permits obtained by SAWS from TCEQ, SAWS has an obligation to plug the injection wells once the wells are no longer in service. These wells became operational in 2016 and have a remaining useful life of 44 years based on SAWS experience with other wells throughout the system. The cost to plug these wells was estimated to be \$496,000 at December 31, 2020 and \$495,000 at December 31, 2019. Data from past contracts for well plugging from 2012 to 2018 was used to determine the costs to plug the various wells currently in service. The contract data was inflated to 2020 and 2019 dollars, respectively. The cost includes a 10% design allowance.



## NOTES TO FINANCIAL STATEMENTS

The following table summarizes the ARO activity for 2020 and 2019.

		<i>(amounts in thousands)</i>				
		AROs		AROs	AROs	
		Beginning	Increases to	AROs	at End	AROs
		of Year	AROs	Retired	of Year	Due Within
						One Year
Year Ended						
December 31, 2020		\$ 35,084	\$ 978	\$ 120	\$ 35,942	\$ -
Year Ended						
December 31, 2019		\$ 34,120	\$ 964	\$ -	\$ 35,084	\$ -

### NOTE M – Subsequent Events

On January 8, 2021, SAWS extended the \$100 million Revolving Credit Agreement (under its current commercial paper program) with Wells Fargo Bank, N.A., which supports the Series C Notes to January 5, 2024. There are currently outstanding \$100 million in Series C Notes privately placed with Wells Fargo Bank, N.A. that mature on October 5, 2021. Under the terms of the Series C Credit Agreement, Series C Notes can be exchanged for new Series C Notes in a non-cash transaction.

In 2020, a coalition of citizen groups formed a political action committee, known as SAWS Act PAC and announced a petition effort seeking to amend the City Charter to mandate certain action impacting SAWS (the “Petition”). Among other things, the Petition seeks to (a) create a new position—General Manager—which does not currently exist, and prescribe associated salary caps, replacement procedures, and term limits related thereto; (b) set term limits for Trustees of the Board requiring Trustees to abandon their positions under strict time limits despite a replacement having not been appointed; (c) reformulate how the Board manages its government relations function and impose detailed restrictions and guidelines on setting Board priorities; (d) alter the process by which the City Council can remove members of the Board; and (e) impose and implement a strict and targeted nondiscretionary auditing process.

Under State law, the City Charter may only be amended once every two years and was last amended on November 6, 2018. In order for SAWS Act PAC to trigger an election to amend the City Charter, a valid petition consisting of at least 20,000 signatures of registered City voters must be received by the City Clerk for review and certification of the requisite number of signatures. The City Council, upon receipt of a certified petition, is then required to hold a public hearing and has sixty days to submit the issue to the electorate by ordering an election on the next uniform election date (the earliest possible uniform election date upon which such an election may be held is May 1, 2021). Neither the City nor SAWS make any representation as to the potential outcome of the Petition, the results of any referendum concerning the effectiveness if valid, or the immediate, interim, and long-term effect if enacted.

***NOTES TO FINANCIAL STATEMENTS***

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On December 10, 2020, the City, acting by and through SAWS, filed an Original Petition for Expedited Declaratory and Injunctive Relief (the “Petition”) under Chapter 1205, Texas Government Code, as amended, in Travis County, Texas. In the Petition, the City, acting by and through SAWS, requested action to adjudicate and declare valid SAWS’ existing debt obligations (comprised of its outstanding bonds and the Notes). The requested relief includes confirmation that the covenants within the authorizing ordinances (as they relate to governance, management, and amendment) remain legal, valid, and effective. On January 25, 2021, SAWS filed a dismissal of its lawsuit since the SAWS Act PAC was not able to collect the required number of signatures in the prescribed timeframe. The intervenors in the lawsuit sought sanctions against SAWS in the form of requiring the City Council for the City of San Antonio to place the proposed Charter Amendments on the May 2021 ballot. The City Council has approved the measures to be included on the May 2021 ballot, which did not include the Charter Amendments proposed by the SAWS Act PAC. The lawsuit is pending awaiting dismissal by the judge.

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On April 23, 2020, the City Council approved the creation of the Emergency Housing Assistance Program (EHAP), which allocated \$25.5 million from a variety sources (including the City’s Risk Mitigation Fund, the City’s Affordable Housing Fund and HUD Community Development Block Grants) to provide rental or mortgage assistance to those impacted by COVID-19. This program also included assistance for past due water, electric and telecommunications bills. On June 4, 2020, the City Council approved a COVID-19 Resiliency and Recovery Plan, which allocated an additional \$28.0 million for the EHAP. Through December 31, 2020, SAWS customers received approximately \$740,000 in assistance for their past due SAWS bills. In February 2021, the City received an additional \$46.8 million federal grant in COVID-19 related funds for the EHAP that must be spent by September 30, 2021.

On December 28, 2020 President Trump signed the Consolidated Appropriations Act, 2021, which included a \$900 billion COVID-19 relief package. Two key provisions are the \$638 million Low-Income Water Utility Bill Assistance and the \$25 billion Rental Assistance Program. According to the legislation, the Department of Health and Human Services will send assistance to states and tribes, which will, in turn, distribute the funds to utilities. Utilities have the option of reducing customer arrears or reducing water rates for eligible customers. Funding will be awarded to states and tribes based on two criteria: the percentage of households with income less than 150% of the federal poverty level and the number of households paying more than 30% of income on housing. Depending on the funding distribution process, SAWS may receive assistance from this program in 2021.

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From February 14, 2021 through February 19, 2021, the continental United States experienced Winter Storm Uri (2021 Event) resultant from the southern migration of a polar vortex that meteorologists characterized as the most significant in terms of scope and duration since monitoring of these weather phenomenon began in the 1950s. San Antonio experienced three consecutive days of record low temperatures and record low daily high temperatures and windchills of -6 degrees Fahrenheit. Almost immediately upon the arrival of the 2021 Event in the San Antonio region on February 14, 2021, SAWS began experiencing operational challenges due to the sustained below freezing

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## ***NOTES TO FINANCIAL STATEMENTS***

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temperatures and accompanying snow and ice. On February 15, 2021, four of SAWS contracted water suppliers (Vista Ridge, Canyon Regional Water Supply, Guadalupe Blanco River Authority and Schertz Seguin Local Government Corporation) suspended the delivery of water into San Antonio. To meet demand, SAWS increased production from its wells in the Edwards Aquifer. Simultaneously, power outages resulting from the Electric Reliability Council of Texas (ERCOT) demand reduction requirements began to impact operations. By February 16, 2021, due to the unprecedented required power demand reductions, many of SAWS pumping stations were included in the rotating brownout cycles and SAWS' ability to maintain water pressure was significantly impacted. The elimination of power for long periods of time at multiple pumping stations resulted in a complete loss of water service for areas served by those stations. SAWS issued a city-wide boil water notice on February 17, 2021 due to low pressures within the distribution system. The freezing conditions continued until February 18, 2021, when SAWS began restoring pressure. By February 21, 2021, pressure was restored to the entire distribution system. On February 23, 2021, SAWS was able to lift the boil water notice for the entire distribution system.

Because of the extremely low temperatures for this area, many homes and businesses across San Antonio experienced broken and frozen pipes. On February 18, 2021, SAWS established a new one-day peak of 441 million gallons of water pumped to bring up pressure into the distribution system. Historically, SAWS pumps approximately 165 million gallons a day during February. The extremely high winter pumping was believed to result from additional demand created by a combination of faucets being opened to try to avoid plumbing line breaks and breaks in private plumbing infrastructure. SAWS assembled additional crews to identify and turn off valves at private residences and businesses where leaks were occurring. On February 19, 2021, SAWS established seven staffed bulk water distribution sites across San Antonio. Additionally, SAWS worked directly with the City to procure and distribute significant quantities of bottled water. Based on all services being restored and a reduced need for bulk distribution of potable water, both distribution programs ended on March 5, 2021.

The costs of SAWS various water sources are largely fixed (except for the electricity charges associated with pumping and distributing the water). As a result, the historic levels of demand associated with the 2021 Event and the distribution of water at the bulk water delivery points did not result in any significant expense increases for SAWS, except for its electrical costs. As of the date of this report, SAWS has received bills from each of its electric providers for the period covered by the 2021 Event and has experienced no material expense increases. SAWS cost to procure the bottled water distributed within the community is estimated to total approximately \$2.2 million.

The bulk of SAWS infrastructure resides underground and was adequately protected from the freezing conditions. However, significant portions of the above-ground infrastructure, such as pump stations, were damaged by the expansion of the freezing water. Early assessments have identified pumps, air release valves and pipelines that will need to be repaired. Initial estimates to repair this damage total approximately \$12 million and this amount has been included in SAWS \$14.8 million initial request to the Texas Department of Emergency Management for reimbursement. As these were preliminary and initial estimates, it is possible that the actual costs associated with repairing and replacing damaged infrastructure could exceed the initial request. Despite the uncertainty surrounding

## ***NOTES TO FINANCIAL STATEMENTS***

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the ultimate cost of making repairs as well as SAWS power costs associated with the 2021 Event, SAWS management believes SAWS has ample cash currently on hand and additional liquidity accessible through the issuance of commercial paper to cover such costs. SAWS does not anticipate any difficulties in paying its ongoing operating and capital costs.

On two separate dates during the 2021 Event, SAWS daily water production levels were the highest in its history with total daily production being more than double normal February levels and even exceeding historical summer peak levels. Knowing that a substantial portion of this water production was the result of leaks in private infrastructure, running faucets to keep pipes from breaking and line flushing once power had been restored, SAWS announced a bill relief program on February 18, 2021, in the form of bill adjustments for non-beneficial use designed to assist all customers. Under this program, SAWS implemented a temporary billing adjustment that compares a customer's water usage in the 2021 Event billing period to their prior month's usage and utilizes the lower of the two usage amounts to calculate the 2021 Event monthly billing. This temporary billing adjustment program was in effect for slightly more than one month and resulted in SAWS providing approximately \$12 million in billing adjustments. Despite the provision of these billing adjustments, SAWS management projects first quarter operating revenues will be approximately \$5 million unfavorable to budget.

SAWS will be conducting internal reviews to identify improvement opportunities. SAWS has contracted with Black and Veatch, a nationally recognized engineering firm to conduct an external review of SAWS preparedness in advance of the 2021 Event, SAWS response to changing conditions during the 2021 Event and to provide recommendations for future improvements to the system to be more sustainable for the next significant freeze event. Additionally, the Mayor of San Antonio has formulated a Select Committee on 2021 Winter Storm Preparedness and Response consisting of four City Council members and three community stakeholders. The objective of this committee is to determine what caused the electrical and water outages within the San Antonio community and what can be done to be better prepared in the future. The reviews should be completed by mid-2021 and the resultant report should provide recommended actions as well as the estimated cost to implement the recommendations.

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***REQUIRED SUPPLEMENTAL INFORMATION***

## REQUIRED SUPPLEMENTAL INFORMATION

### Texas Municipal Retirement System - San Antonio Water System Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited) (\$ in thousands)

	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>						
Service Cost	\$ 5,733	\$ 5,551	\$ 5,332	\$ 4,979	\$ 4,810	\$ 4,379
Interest	14,670	13,952	13,268	12,623	12,480	11,960
Differences between expected and actual experience	499	240	54	29	(1,311)	(1,717)
Changes of assumptions	211	-	-	-	433	-
Benefit payments	(9,392)	(8,960)	(8,332)	(8,186)	(7,337)	(7,461)
<b>Net change in pension liability</b>	<b>11,721</b>	<b>10,783</b>	<b>10,322</b>	<b>9,445</b>	<b>9,075</b>	<b>7,161</b>
<b>Total pension liability at beginning of year</b>	<b>219,174</b>	<b>208,391</b>	<b>198,069</b>	<b>188,624</b>	<b>179,549</b>	<b>172,388</b>
<b>Total pension liability at end of year (a)</b>	<b>\$ 230,895</b>	<b>\$ 219,174</b>	<b>\$ 208,391</b>	<b>\$ 198,069</b>	<b>\$ 188,624</b>	<b>\$ 179,549</b>
<b>Plan fiduciary net position</b>						
Contributions - Employer	\$ 4,095	\$ 4,059	\$ 3,852	\$ 3,609	\$ 3,953	\$ 3,721
Contributions - Employee	3,412	3,291	3,149	2,935	2,892	2,722
Net investment income	28,632	(5,773)	23,639	10,909	239	8,818
Benefit payments	(9,392)	(8,960)	(8,332)	(8,186)	(7,337)	(7,461)
Administrative expenses	(162)	(111)	(123)	(123)	(146)	(92)
Other	(5)	(6)	(6)	(7)	(7)	(8)
<b>Net change in plan fiduciary net position</b>	<b>26,580</b>	<b>(7,500)</b>	<b>22,179</b>	<b>9,137</b>	<b>(406)</b>	<b>7,700</b>
<b>Plan fiduciary net position at beginning of year</b>	<b>185,268</b>	<b>192,768</b>	<b>170,589</b>	<b>161,452</b>	<b>161,858</b>	<b>154,158</b>
<b>Plan fiduciary net position at end of year (b)</b>	<b>\$ 211,848</b>	<b>\$ 185,268</b>	<b>\$ 192,768</b>	<b>\$ 170,589</b>	<b>\$ 161,452</b>	<b>\$ 161,858</b>
<b>Net pension liability (a) - (b)</b>	<b>\$ 19,047</b>	<b>\$ 33,906</b>	<b>\$ 15,623</b>	<b>\$ 27,480</b>	<b>\$ 27,172</b>	<b>\$ 17,691</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>91.8%</b>	<b>84.5%</b>	<b>92.5%</b>	<b>86.1%</b>	<b>85.6%</b>	<b>90.1%</b>
<b>Covered payroll</b>	<b>\$ 113,750</b>	<b>\$ 109,703</b>	<b>\$ 104,960</b>	<b>\$ 97,818</b>	<b>\$ 96,389</b>	<b>\$ 90,721</b>
<b>Net pension liability as a percentage of total covered payroll</b>	<b>16.7%</b>	<b>30.9%</b>	<b>14.9%</b>	<b>28.1%</b>	<b>28.2%</b>	<b>19.5%</b>

**Notes to Schedule:**

*Changes of assumptions:* In 2015, the long term rate of return was reduced from 7% to 6.75%. In 2015, mortality rates were updated to reflect updated historical data.

*Other:* GASB 68 requires 10 years of data to be provided in the Schedule of Contributions. As SAWS adopted GASB 68 in 2014, only 6 years of data is available. A full 10 years of data will be presented by 2023.

## REQUIRED SUPPLEMENTAL INFORMATION

### Texas Municipal Retirement System - San Antonio Water System Schedule of Contributions (Unaudited) (*\$ in thousands*)

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 4,440	\$ 4,095	\$ 4,059	\$ 3,852	\$ 3,609	\$ 3,672	\$ 3,721
Contributions in relation to the actuarially determined contribution	4,440	4,095	4,059	3,852	3,609	3,953	3,721
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (281)	\$ -
Covered payroll	\$ 121,984	\$ 113,749	\$ 109,703	\$ 104,960	\$ 97,818	\$ 96,389	\$ 90,721
Contributions as a percentage of covered payroll	3.64%	3.60%	3.70%	3.67%	3.69%	4.10%	4.10%

#### Notes to Schedule:

*Valuation date:* Actuarially determined contributions are calculated as of December 31st and become effective 12 months later on January 1st.

#### *Methods and assumptions used to determine contributions:*

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	For 2020, the remaining amortization period is 26 years. In 2015, the remaining amortization period was adjusted to 30 years from 23 years in 2014.
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	In 2015, the inflation rate was changed to 2.5% from 3.0% in 2014.
Salary increases	The assumption was 3.5% to 11.5% for 2020, 3.5% to 10.5% for 2015 to 2019 and 3.5% to 12.0% in 2014. All percentages include inflation.
Investment rate of return	In 2015 the investment rate of return was lowered from 7.0% to 6.75%.
Retirement age	Experience-based table of rates that are specific to SAWS plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

*Other:* GASB 68 requires 10 years of data to be provided in the Schedule of Contributions. As SAWS adopted GASB 68 in 2014, only 6 years of data is available. A full 10 years of data will be presented by 2023.

**REQUIRED SUPPLEMENTAL INFORMATION**

**San Antonio Water System Retirement Plan - Defined Benefit Component**  
**Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)**  
(\$ in thousands)

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service Cost	\$ 5,187	\$ 5,464	\$ 5,629	\$ 5,859	\$ 5,724	\$ 5,004	\$ 5,204
Interest	16,403	16,282	15,101	14,354	13,680	12,596	11,709
Changes of benefit terms	-	-	-	-	-	4,339	-
Differences between expected and actual experience	69	1,700	1,926	(1,394)	712	555	(622)
Changes of assumptions	-	(1,534)	4,653	1,152	5,532	(405)	2,771
Benefit payments	(10,090)	(9,358)	(8,615)	(7,974)	(7,283)	(6,318)	(5,796)
<b>Net change in pension liability</b>	<b>11,569</b>	<b>12,554</b>	<b>18,694</b>	<b>11,997</b>	<b>18,365</b>	<b>15,771</b>	<b>13,266</b>
<b>Total pension liability at beginning of year</b>	<b>261,816</b>	<b>249,262</b>	<b>230,568</b>	<b>218,571</b>	<b>200,206</b>	<b>184,435</b>	<b>171,169</b>
<b>Total pension liability at end of year (a)</b>	<b>\$ 273,385</b>	<b>\$ 261,816</b>	<b>\$ 249,262</b>	<b>\$ 230,568</b>	<b>\$ 218,571</b>	<b>\$ 200,206</b>	<b>\$184,435</b>
<b>Plan fiduciary net position</b>							
Contributions - Employer	\$ 9,131	\$ 9,131	\$ 2,434	\$ 7,982	\$ 7,367	\$ 7,890	\$ 10,339
Contributions - Employee	2,095	2,528	7,923	2,484	2,533	2,357	-
Net investment income / (loss)	31,582	38,722	(7,767)	30,741	6,971	1,215	15,695
Benefit payments	(10,090)	(9,358)	(8,615)	(7,974)	(7,283)	(6,318)	(5,796)
Administrative expenses	(294)	(309)	(360)	(380)	(195)	(17)	-
<b>Net change in plan fiduciary net position</b>	<b>32,424</b>	<b>40,714</b>	<b>(6,385)</b>	<b>32,853</b>	<b>9,393</b>	<b>5,127</b>	<b>20,238</b>
<b>Plan fiduciary net position at beginning of year</b>	<b>242,461</b>	<b>201,747</b>	<b>208,132</b>	<b>175,279</b>	<b>165,886</b>	<b>160,759</b>	<b>140,521</b>
<b>Plan fiduciary net position at end of year (b)</b>	<b>\$ 274,885</b>	<b>\$ 242,461</b>	<b>\$ 201,747</b>	<b>\$ 208,132</b>	<b>\$ 175,279</b>	<b>\$ 165,886</b>	<b>\$160,759</b>
<b>Net pension liability (a) - (b)</b>	<b>\$ (1,500)</b>	<b>\$ 19,355</b>	<b>\$ 47,515</b>	<b>\$ 22,436</b>	<b>\$ 43,292</b>	<b>\$ 34,320</b>	<b>\$ 23,676</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	100.5%	92.6%	80.9%	90.3%	80.2%	82.9%	87.2%
<b>Covered payroll</b>	\$ 74,643	\$ 76,320	\$ 78,348	\$ 79,417	\$ 83,493	\$ 85,299	\$ 83,812
<b>Net pension liability as a percentage of total covered payroll</b>	-2.0%	25.4%	60.6%	28.3%	51.9%	40.2%	28.2%

**Notes to Schedule:**

*Current year calculation:*

Total pension liability at December 31, 2020 is based on a rollforward of the January 1, 2020 actuarial valuation.

*Benefit Changes:*

In 2015, the normal form of distribution changed and a mandatory employee contribution of 3% was instituted. Effective June 1, 2014, the defined benefit plan was frozen to new entrants.

*Changes of assumptions:*

In 2020, retirement age assumptions were changed to reflect more recent experience. In 2019, the mortality assumption was updated to the public retirement plans mortality tables published by the SOA. In 2018 and 2017, the mortality assumption was updated for the latest improvement scale. For 2020, the long term rate of return was adjusted to 6.25%. In 2016, the long term rate of return was reduced to 6.5%. In 2015, mortality rates were updated to reflect historical data. In 2014, the long term rate of return was reduced to 6.75%.

*Other:*

GASB 68 requires 10 years of data to be provided. As SAWS adopted GASB 68 in 2014, only 7 years of data is available. A full 10 years of data will be available by 2023.



## REQUIRED SUPPLEMENTAL INFORMATION

### San Antonio Water System Retirement Plan - Defined Benefit Component Schedule of Contributions (Unaudited) (\$ in thousands)

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 7,723	\$ 9,131	\$ 7,923	\$ 7,982	\$ 7,367	\$ 7,890	\$ 10,339
Contributions in relation to the actuarially determined contribution	9,132	9,131	7,923	7,982	7,367	7,890	10,339
Contribution deficiency/(excess)	\$ (1,409)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 74,643	\$ 76,320	\$ 78,348	\$ 79,417	\$ 83,493	\$ 85,299	\$ 83,812
Contributions as a percentage of covered payroll	12.2%	12.0%	10.1%	10.1%	8.8%	9.2%	12.3%

#### Notes to Schedule:

*Valuation date:* Actuarially determined contributions are determined as of January 1st of the year in which the contributions are made.

#### Methods and assumptions used to determine contributions:

Actuarial cost method	Entry Age Normal
Remaining amortization period	Unfunded Liability at December 31, 2013 of \$40,551,000 is being amortized over a 15 fixed year period. The annual impact of experience gains/losses, plan amendments and changes in plan assumptions are amortized over 10 years.
Asset valuation method	4 year smoothed market
Inflation	In 2019, rate was changed to 2.25%. In 2017, the rate was changed to 2%, previously it was 2.25%
Salary increases	In 2020, changed to a new table based on management philosophies and more recent experience of plan participants. Scale based on 2011-2013 SAWS experience.
Retirement age - active	In 2020, changed to a table of rates starting at age 45 and ending at age 70. In 2015, expected retirement ages were adjusted to reflect actual experience from 2011-2013. Previously, the retirement age was based on experience from 2011-2012.
Retirement age - inactive	In 2020, changed from 100% at age 62 to a table of rates starting at age 60 and ending at age 65.
Investment rate of return	In 2020, the rate was changed to 6.25%. In 2017, the rate was changed from 6.75% to 6.5%, net of pension expense, including inflation. In 2014, the rate was changed from 7.0% to 6.75%.
Mortality Table	In 2020, the improvement scale was changed to MP-2019. In 2019, the mortality assumption was updated to the public retirement plans mortality tables published by the SOA. In 2018 and 2017, the mortality assumption was updated for the latest improvement scale. In 2016, the mortality table was changed to use adjusted RP-2014 mortality with scale MP-2016 based on data published by the SOA in 2015. Previously, the IRS Prescribed Generational Mortality table was used.

*Other:* GASB 68 requires 10 years of data to be provided. As SAWS adopted GASB 68 in 2014, only 7 years of data is available. A full 10 years of data will be available by 2023.

### San Antonio Water System Retirement Plan - Defined Benefit Component Schedule of Investment Returns (Unaudited)

	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	12.98%	19.10%	-3.71%	17.37%	4.21%	0.76%	11.34%

## REQUIRED SUPPLEMENTAL INFORMATION

**District Special Project Retirement Income Plan**  
**Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)**  
*(\$ in thousands)*

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 241	\$ 245	\$ 257	\$ 108	\$ 71	\$ 124	\$ 123
Interest	410	371	388	424	418	446	424
Benefit payments	(408)	(330)	(485)	(776)	(324)	(261)	(230)
Changes in assumptions	-	219	6	15	224		
Difference between expected and actual experience	374	(466)	(622)	101	(381)	18	153
Net change in Total Pension Liability	617	39	(456)	(128)	8	327	470
Total Pension Liability - beginning	6,149	6,110	6,566	6,694	6,686	6,359	5,889
Total Pension Liability - ending (a)	<u>\$ 6,766</u>	<u>\$ 6,149</u>	<u>\$ 6,110</u>	<u>\$ 6,566</u>	<u>\$ 6,694</u>	<u>\$ 6,686</u>	<u>\$ 6,359</u>
Fiduciary Net Position							
Employer contributions	\$ 400	\$ 400	\$ 400	\$ 315	\$ 280	\$ 308	\$ 414
Net investment income / (loss)	998	1,049	(75)	764	306	18	394
Benefit payments	(408)	(330)	(485)	(776)	(324)	(261)	(230)
Administrative expenses	(6)	(6)	(7)	(7)	(8)	(6)	(11)
Net change in Fiduciary Net Position	984	1,113	(167)	296	254	59	567
Fiduciary Net Position - beginning	6,652	5,539	5,706	5,410	5,156	5,097	4,530
Fiduciary Net Position - ending (b)	<u>\$ 7,636</u>	<u>\$ 6,652</u>	<u>\$ 5,539</u>	<u>\$ 5,706</u>	<u>\$ 5,410</u>	<u>\$ 5,156</u>	<u>\$ 5,097</u>
Net Pension Liability (Asset) (a) - (b)	<u>\$ (870)</u>	<u>\$ (503)</u>	<u>\$ 571</u>	<u>\$ 860</u>	<u>\$ 1,284</u>	<u>\$ 1,530</u>	<u>\$ 1,262</u>
Fiduciary Net Position as a percentage of the Total Pension Liability	112.9%	108.2%	90.7%	86.9%	80.8%	77.1%	80.2%
Covered payroll (frozen plan)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net Pension Liability as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a

**Notes to schedule:**

The plan was frozen in 2008. Therefore, current & future wages have no impact on Net Pension Liability.

Total pension liability at December 31, 2020 is based on a rollforward of the January 1, 2020 actuarial valuation.

*Changes in assumptions:* In 2020, the interest rate was changed to 6.25%. In 2019, the mortality projection scale was updated to MP-2018. In 2018, the mortality projection scale was based on MP-2017. In 2017, the mortality table was changed from 1994 GAR projected to 2002 to the RP-2014 table using the MP-2016 improvement scale. In 2017, the interest rate of return was modified from 7% to 6.5%.

*Other:* GASB 68 requires 10 years of data to be provided in the Schedule of Contributions. As SAWS adopted GASB 68 in 2014, only 7 years of data is available. A full 10 years of data will be presented by 2023.

## REQUIRED SUPPLEMENTAL INFORMATION

### District Special Project Retirement Income Plan Schedule of Contributions (Unaudited)

(\$ in thousands)

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 290	\$ 388	\$ 247	\$ 315	\$ 279	\$ 274	\$ 307
Contributions in relation to the actuarially determined contribution	400	400	400	315	280	308	414
Contribution deficiency/(excess)	<u>\$ (110)</u>	<u>\$ (12)</u>	<u>\$ (153)</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (34)</u>	<u>\$ (107)</u>
Covered payroll (frozen plan)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a

#### Notes to Schedule:

*Valuation date:* Actuarially determined contributions are determined as of January 1 of the year in which the contributions are made.

*Methods and assumptions used to determine contributions:*

Actuarial cost method	Unit Credit
Amortization method	Rolling level amortization over a declining period
Remaining amortization period	7 years (2020), 8 years (2019), 9 years (2018), 10 years(2017), 11 years(2016), 12 years(2015), 13 years (2014)
Asset valuation method	Fair value with smoothing
Inflation	In 2020, the inflation rate was changed to 2.5%. In 2015, the inflation rate was changed to 2.75%. Previously, 2% was used.
Salary increase	Earned benefits frozen in 2008
Investment rate of return	In 2020, the rate was changed to 6.25% In 2017, the rate was changed to 6.5%. Previously, 7.0%, net of pension plan investment expense, including inflation was used.
Retirement age	Normal retirement age - the earlier of (a) age 65 or (b) the "rule of 90" where the participant's age and years of service added together equal 90 or greater.
Mortality	In 2019, the mortality projection scale was updated to MP-2018. In 2018, the mortality projection scale was based on MP-2017. In 2017, the table was changed to the RP-2014 table using mortality improvement scale MP-2016. Previously, 1994 GAR projected to 2002 was used.

*Other:* GASB 68 requires 10 years of data to be provided in the Schedule of Contributions. As SAWS adopted GASB 68 in 2014, only 7 years of data is available. A full 10 years of data will be presented by 2023.

### District Special Project Retirement Income Plan Schedule of Investment Returns (Unaudited)

	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	15.03%	18.83%	-1.32%	14.76%	5.98%	0.29%	8.55%

**REQUIRED SUPPLEMENTAL INFORMATION**

**San Antonio Water System Other Post Employment Benefit Plan  
Schedule of Changes in Net OPEB Liability and Related Ratios (Unaudited)**

(\$ in thousands)

	2020	2019	2018	2017
Total OPEB liability				
Service Cost	\$ 1,750	\$ 1,913	\$ 2,220	\$ 2,428
Interest	7,688	9,112	9,429	9,221
Differences between expected and actual experience	(1,963)	(18,580)	(11,970)	(3,358)
Changes of assumptions	-	(3,237)	2,817	(351)
Benefit payments	(6,141)	(6,311)	(7,808)	(6,209)
Net change in OPEB liability	1,334	(17,103)	(5,312)	1,731
Total OPEB liability at beginning of year	124,276	141,379	146,691	144,960
Total OPEB liability at end of year (a)	<u>\$ 125,610</u>	<u>\$ 124,276</u>	<u>\$ 141,379</u>	<u>\$ 146,691</u>
Plan fiduciary net position				
Contributions - Employer	\$ 13,641	\$ 13,811	\$ 15,308	\$ 13,709
Net investment income / (loss)	13,747	13,264	(3,164)	7,127
Benefit payments	(6,141)	(6,311)	(7,808)	(6,209)
Administrative expenses	(187)	(175)	(159)	(144)
Net change in plan fiduciary net position	21,060	20,589	4,177	14,483
Plan fiduciary net position at beginning of year	83,277	62,688	58,511	44,028
Plan fiduciary net position at end of year (b)	<u>\$ 104,337</u>	<u>\$ 83,277</u>	<u>\$ 62,688</u>	<u>\$ 58,511</u>
Net OPEB liability (a) - (b)	<u>\$ 21,273</u>	<u>\$ 40,999</u>	<u>\$ 78,691</u>	<u>\$ 88,180</u>
Plan fiduciary net position as a percentage of the total OPEB liability	83.1%	67.0%	44.3%	39.9%
Covered employee payroll	\$ 67,557	\$ 68,894	\$ 78,348	\$ 79,417
Net OPEB liability as a percentage of total covered payroll	31.5%	59.5%	100.4%	111.0%

**Notes to Schedule:**

(a) Total OPEB liability at December 31, 2020 is based on a rollforward of the January 1, 2020 actuarial valuation.

*Changes in assumptions:* In 2020, the investment rate of return was changed from 6.5% to 6.25%. In 2019, health care cost trends ultimate rate was changed to 3.94% in 2075. In 2018, health care cost trends ultimate rate was changed to 3.84% in 2075. In 2019, the mortality table was changed to the public retirement plans mortality tables published by the SOA. The mortality table was updated for 2018 & 2017.

*Other:* GASB 74 requires 10 years of data to be provided in the Schedule of Contributions. As SAWS adopted GASB 74 in 2017, only 4 years of data is available. A full 10 years of data will be presented by 2026.

**REQUIRED SUPPLEMENTAL INFORMATION**

**San Antonio Water System Other Post Employment Benefit Plan  
Schedule of Contributions (Unaudited)**

(\$ in thousands)

	2020	2019	2018	2017
Actuarially determined contribution	\$ 6,339	\$ 10,407	\$ 11,392	\$ 11,416
Contributions in relation to the actuarially determined contribution	13,641	13,811	15,308	13,709
Contribution deficiency/(excess)	\$ (7,302)	\$ (3,404)	\$ (3,916)	\$ (2,293)
Covered employee payroll	\$ 67,557	\$ 68,894	\$ 78,348	\$ 79,417
Contributions as a percentage of covered payroll	20.2%	20.0%	19.5%	17.3%

**Notes to Schedule:**

*Valuation date:* Actuarially determined contributions are determined as of January 1 of the year in which the contributions are made.

*Methods and assumptions used to determine contributions:*

Actuarial cost method	Entry Age Normal
Salary increases	Scale based on 2011-2013 SAWS experience
Mortality Assumptions:	In 2020, the improvement table was changed to MP-2019. In 2019, the mortality tables were changed to the public retirement plans mortality tables published by the SOA. Previously, the RP-2014 mortality tables for Healthy Employee/Annuitant updated annually were used.
Inflation	2.5% for 2020. 2.4% for 2019. 2.5% was used for 2017 and 2018.
Salary increases	3.75% to 9.00%, varies by age.

*Healthcare cost trend rates:*

Current Year	4.70%
Ultimate trend rate	2020 - 4.04%, 2019 - 3.94%, 2018 - 3.84%, 2017 - 4.14%
Ultimate year	2018, 2019 & 2020 - 2075, 2017 - 2074

Investment rate of return In 2020, the investment rate of return was changed to 6.25% from 6.50%

Remaining amortization period 14 years

GASB 74 requires 10 years of data to be provided in the Schedule of Contributions. Since SAWS implemented GASB 74 in 2017, only 4 years of data is available. A full 10 years of data will be presented by 2026.

**San Antonio Water System Other Post Employment Benefit Plan  
Schedule of Investment Returns (Unaudited)**

	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	15.88%	19.96%	-5.11%	14.69%

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***SUPPLEMENTAL SCHEDULES***

**SUPPLEMENTAL SCHEDULES**

**San Antonio Water System  
SCHEDULE OF REVENUES AND OTHER  
FINANCIAL SOURCES AND THEIR DISPOSITION  
(amounts in thousands)  
For the years ended December 31,**

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
<b>SOURCES OF FUNDS</b>			
<b>OPERATING REVENUES</b>			
Water delivery system	\$ 223,076	\$ 229,203	\$ (6,127)
Water supply system	295,682	218,842	76,840
Wastewater system	266,265	274,519	(8,254)
Chilled water system	9,894	10,615	(721)
<b>Total operating revenues</b>	<u>794,917</u>	<u>733,179</u>	<u>61,738</u>
<b>NONOPERATING REVENUES</b>			
Interest earned and miscellaneous	16,215	28,769	(12,554)
Other financing sources (draw on equity)	-	1,400	(1,400)
<b>Total nonoperating revenues</b>	<u>16,215</u>	<u>30,169</u>	<u>(13,954)</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Capital Recovery Fees	119,571	94,641	24,930
Contributions in Aid of Construction	3,205	9,258	(6,053)
<b>Total capital contributions</b>	<u>122,776</u>	<u>103,899</u>	<u>18,877</u>
<b>TOTAL SOURCES OF FUNDS</b>	<u>\$ 933,908</u>	<u>\$ 867,247</u>	<u>\$ 66,661</u>
<b>USES OF FUNDS</b>			
<b>OPERATION AND MAINTENANCE</b>			
Salaries and fringe benefits	\$ 170,743	\$ 163,647	\$ (7,096)
Contractual services	228,200	173,187	(55,013)
Materials and supplies	25,836	26,469	633
Other charges	7,103	7,374	271
Less: Costs capitalized to Construction in Progress	(29,921)	(30,743)	(822)
<b>Total operation and maintenance</b>	<u>401,961</u>	<u>339,934</u>	<u>(62,027)</u>
<b>OPERATING RESERVE REQUIREMENT</b>	14,256	1,766	(12,490)
<b>DEBT REQUIREMENTS</b>			
Interest costs	113,635	113,966	331
Retirement of bonds	93,362	91,057	(2,305)
Other debt expense	1,814	2,066	252
<b>Total debt requirements</b>	<u>208,811</u>	<u>207,089</u>	<u>(1,722)</u>
<b>TRANSFER TO THE CITY'S GENERAL FUND</b>	31,043	21,917	(9,126)
<b>AMOUNT AVAILABLE FOR TRANSFER TO THE RENEWAL AND REPLACEMENT FUND:</b>			
<b>RESTRICTED</b>	124,024	108,238	15,786
<b>UNRESTRICTED</b>	153,813	188,303	(34,490)
<b>Total amount available for Renewal and Replacement Funds</b>	<u>277,837</u>	<u>296,541</u>	<u>(18,704)</u>
<b>TOTAL USES OF FUNDS</b>	<u>\$ 933,908</u>	<u>\$ 867,247</u>	<u>\$ 66,661</u>

The accompanying notes to the supplemental schedules is an integral part of this schedule.



**SUPPLEMENTAL SCHEDULES**

**San Antonio Water System**  
**SCHEDULE OF REVENUES AND THEIR DISPOSITION**  
**COMPARED TO ANNUAL BUDGET**  
*(amounts in thousands)*  
**For the year ended December 31, 2020**

<b>SOURCES OF FUNDS</b>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Water delivery system	\$ 223,076	\$ 226,289	\$ (3,213)
Water supply system	295,682	295,991	(309)
Wastewater system	266,265	274,385	(8,120)
Chilled water system	9,894	10,415	(521)
<b>Total operating revenues</b>	<u>794,917</u>	<u>807,080</u>	<u>(12,163)</u>
<b>NONOPERATING REVENUES</b>			
Interest earned and miscellaneous	16,215	22,035	(5,820)
Other financing sources (draw on equity)	-	-	-
<b>Total nonoperating revenues</b>	<u>16,215</u>	<u>22,035</u>	<u>(5,820)</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Capital Recovery Fees	119,571	100,075	19,496
Contributions in Aid of Construction	3,205	-	3,205
<b>Total capital contributions</b>	<u>122,776</u>	<u>100,075</u>	<u>22,701</u>
<b>TOTAL SOURCES OF FUNDS</b>	<u>\$ 933,908</u>	<u>\$ 929,190</u>	<u>\$ 4,718</u>
<b>USES OF FUNDS</b>			
<b>OPERATION AND MAINTENANCE</b>			
Salaries and fringe benefits	\$ 170,743	\$ 167,672	\$ (3,071)
Contractual services	228,200	262,857	34,657
Materials and supplies	25,836	24,974	(862)
Other charges	7,103	11,979	4,876
Less: Costs capitalized to Construction in Progress	(29,921)	(31,500)	(1,579)
<b>Total operation and maintenance</b>	<u>401,961</u>	<u>435,982</u>	<u>34,021</u>
<b>OPERATING RESERVE REQUIREMENT</b>	14,256	5,009	(9,247)
<b>DEBT REQUIREMENTS</b>			
Interest costs	113,635	131,827	18,192
Retirement of bonds	93,362	101,567	8,205
Other debt expense	1,814	2,507	693
<b>Total debt requirements</b>	<u>208,811</u>	<u>235,901</u>	<u>27,090</u>
<b>TRANSFER TO THE CITY'S GENERAL FUND</b>	31,043	31,681	638
<b>AMOUNT AVAILABLE FOR TRANSFER TO</b>			
<b>THE RENEWAL AND REPLACEMENT FUND:</b>			
<b>RESTRICTED</b>	124,024	103,074	20,950
<b>UNRESTRICTED</b>	153,813	117,543	36,270
<b>Total amount available for Renewal and Replacement Funds</b>	<u>277,837</u>	<u>220,617</u>	<u>57,220</u>
<b>TOTAL USES OF FUNDS</b>	<u>\$ 933,908</u>	<u>\$ 929,190</u>	<u>\$ 4,718</u>

The accompanying notes to the supplemental schedules is an integral part of this schedule.

**SUPPLEMENTAL SCHEDULES**

**San Antonio Water System**  
**SCHEDULE OF OPERATION AND MAINTENANCE EXPENSE BY ACCOUNT (SYSTEM FUND)**  
**For the year ended December 31, 2020**

		<i>(amounts in thousands)</i>			
Account Code	Classification	Actual	Budget	Variance (Over)/Under	%
<b>SALARIES AND FRINGE BENEFITS</b>					
511100	Salaries	\$ 109,596	\$ 110,690	\$ 1,094	1.0%
511140	Overtime Pay	6,513	5,758	(755)	-13.1%
511150	On-Call Pay	817	678	(139)	-20.5%
511160	Employee Insurance	19,082	17,507	(1,575)	-9.0%
511162	Employee Retirement	23,102	23,258	156	0.7%
511164	Compensation for Unused Sick Leave	25	70	45	64.3%
511166	Personal Leave Buyback	1,194	950	(244)	-25.7%
511168	Vacation Pay	2,914	1,200	(1,714)	-142.8%
511170	Incentive Pay	-	61	61	100.0%
511175	Other postemployment benefits	7,500	7,500	-	0.0%
	Total Salaries and Fringe Benefits	170,743	167,672	(3,071)	-1.8%
<b>CONTRACTUAL SERVICES</b>					
511210	Operating Expense	1,451	1,531	80	5.2%
511211	Rental of Facilities	263	275	12	4.4%
511212	Alarm and Security	1,758	1,939	181	9.3%
511214	Uniform and Shoe Allowance	339	442	103	23.3%
511215	Box Lunch Program	415	-	(415)	0.0%
511216	Catering Services	60	123	63	51.2%
511218	Project Agua Assistance	390	400	10	2.5%
511219	Conservation Programs	3,073	3,625	552	15.2%
511220	Maintenance Expense	20,647	20,291	(356)	-1.8%
511221	Street Cut Permit	535	841	306	36.4%
511222	Street Pavement Repair Fees	797	1,801	1,004	55.8%
511224	Auto and Equip. Maintenance Parts	2,026	1,563	(463)	-29.6%
511225	Damage Repair	170	150	(20)	-13.3%
511230	Equipment Rental Charges	1,160	308	(852)	-276.6%
511240	Travel	25	224	199	88.8%
511245	Training	253	668	415	62.1%
511247	Conferences	20	108	88	81.5%
511250	Memberships and Subscriptions	405	500	95	19.0%
511260	Utilities	32,975	39,672	6,697	16.9%
511261	Water Options & Purchases	96,617	110,945	14,328	12.9%
511265	Groundwater District Payments	23,120	23,298	178	0.8%
511270	Mail and Parcel Post	2,033	2,288	255	11.2%
511280	Telemetry Charges	2	-	(2)	0.0%
511310	Educational Assistance - Tuition	77	77	-	0.0%
511312	Contractual Professional Services	25,888	37,245	11,357	30.5%
511313	Inspection and Assessment Fees	2,295	2,469	174	7.1%
511315	Temporary Employees	1,092	740	(352)	-47.6%
511316	Medical Services	107	-	(107)	0.0%
511317	Medical Services - Covid 19	201	-	(201)	0.0%
511320	Legal Services	1,389	2,274	885	38.9%
511370	Communications	1,382	1,674	292	17.4%
511381	Software and Hardware Maintenance	7,235	7,386	151	2.0%
	Total Contractual Services	228,200	262,857	34,657	13.2%

**SUPPLEMENTAL SCHEDULES**

**San Antonio Water System**  
**SCHEDULE OF OPERATION AND MAINTENANCE EXPENSE BY ACCOUNT (SYSTEM FUND)**  
**For the year ended December 31, 2020**

		<i>(amounts in thousands)</i>			
Account Code	Classification	Actual	Budget	Variance (Over)/Under	%
<b>MATERIALS AND SUPPLIES</b>					
511410	Small Tools	747	688	(59)	-8.6%
511417	Copy and Printing Expense	9	23	14	60.9%
511420	Operating Materials and Supplies	2,016	2,421	405	16.7%
511421	Heating Fuel	18	15	(3)	-20.0%
511422	Chemicals	9,343	8,931	(412)	-4.6%
511425	Education of School Children	6	30	24	80.0%
511426	Public Awareness - WQEE	-	1	1	100.0%
511427	Enforcement	-	5	5	100.0%
511430	Maintenance Materials and Supplies	9,736	8,889	(847)	-9.5%
511435	Safety Materials and Supplies-CO	156	-	(156)	0.0%
511440	Safety Materials and Supplies	1,356	869	(487)	-56.0%
511441	Inventory Variances	(87)	-	87	0.0%
511450	Tires and Tubes	662	550	(112)	-20.4%
511451	Motor Fuel and Lubricants	1,874	2,552	678	26.6%
	Total Materials and Supplies	<u>25,836</u>	<u>24,974</u>	<u>(862)</u>	<u>-3.5%</u>
<b>OTHER CHARGES</b>					
511510	Judgment and Claim Settlements	(325)	725	1,050	144.8%
511511	Auto & General Liability Claims-Contingent Liability	(577)	330	907	274.9%
511520	Bank Charges	91	125	34	27.2%
511525	Cash Short/(Over)	-	-	-	0.0%
511530	Employee Relations	119	209	90	43.1%
511540	Retiree Medical Coverage	6,004	8,241	2,237	27.1%
511570	General Liability & Fire Insurance	1,189	1,139	(50)	-4.4%
511580	Unemployment Compensation	73	80	7	8.8%
511590	Workers' Compensation - Medical Payments	529	1,130	601	53.2%
	Total Other Charges	<u>7,103</u>	<u>11,979</u>	<u>4,876</u>	<u>40.7%</u>
	Subtotal before Transfers	431,882	467,482	35,600	7.6%
511720	Interfund Transfers	(29,921)	(31,500)	(1,579)	5.0%
	Total Interfund Transfers	<u>(29,921)</u>	<u>(31,500)</u>	<u>(1,579)</u>	<u>5.0%</u>
	Total Operation and Maintenance	<u>\$ 401,961</u>	<u>\$ 435,982</u>	<u>\$ 34,021</u>	<u>7.8%</u>

The accompanying notes to the supplemental schedules is an integral part of this schedule.

**San Antonio Water System  
Notes to Supplemental Schedules  
For the years ended December 31, 2020 and 2019**

**Note 1 - Basis for Presentation**

The Schedule of Revenues and Other Financial Sources and Their Disposition, the Schedule of Revenues and Their Disposition Compared to Annual Budget and the Schedule of Operation and Maintenance Expense by Account (Supplemental Schedules) have all been prepared in accordance with City Ordinance No. 75686 (“City Ordinance”). City Ordinance requires that gross revenues of SAWS be applied in sequence to: (1) System Fund for payment of current maintenance and operating expenses including a two-month reserve amount based upon the budgeted amount of maintenance and operating expenses for the current Fiscal year; (2) Debt Service Fund requirements of Senior Lien Obligations; (3) Reserve Fund requirements of Senior Lien Obligations; (4) Interest and Sinking Fund and Reserve Fund requirements of Junior Lien Obligations; (5) Interest and Sinking Fund and Reserve Fund requirements of Subordinate Lien Obligations; (6) Payment of amounts required on Inferior Lien Obligations, and (7) Transfers to the City's General Fund and to the Renewal and Replacement Fund. Further, City Ordinance stipulates that the annual budget shall reflect an estimate of Gross Revenues and an estimate of the disposition of these revenues in accordance with the funds flow requirements of the City Ordinance.

**Note 2 – Reconciliation to Basic Financial Statements**

City Ordinance defines Operating and Maintenance expenses as consisting of:

- the cost of all salaries, labor, material, repairs, and extensions necessary to maintain operation of the system,
- payments to pension, retirement, health, and other employee benefit plans,
- payments under contracts for the purchase of water supply, treatment of sewage, or other materials, goods or services for the system,
- payments to auditors, attorneys, and other consultants incurred in complying with the obligations of the system,
- payments made on or respect of obtaining and maintaining any credit facility, and
- any legal liability of the system arising out of the operation, maintenance, or condition of the system, but excluding any allowance for depreciation, property retirement, depletion, obsolescence, and any other not requiring an outlay of cash and any interest on any debt.

With regard to the following items, the requirements of City Ordinance are not consistent with generally accepted accounting principles and result in differences between amounts reported in the Basic Financial Statements for operating and maintenance costs and the amounts reported in the Supplemental Schedules.

**SUPPLEMENTAL SCHEDULES**

**San Antonio Water System  
Notes to Supplemental Schedules  
For the years ended December 31, 2020 and 2019**

- For rate-making purposes and Sources & Uses reporting, the Vista Ridge Capital and Raw Groundwater unit price payment is recorded as an operating expense under water options. However, to comply with Generally Accepted Accounting Principles, the GAAP based financial statements reflect the Vista Ridge infrastructure payment portion of this amount as a financed purchase and the water lease portion of this amount as an operating expense.
  
- SAWS provides certain pension, health care and life insurance benefits for employees upon retirement. The amounts reported for these benefits in the Supplemental Schedules are based on actual payments made for these benefits, including any contributions to trusts established to pre-fund these benefits. Expenses reported in the Basic Financial Statements related to these benefits are determined in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and may be greater or less than actual payments made by SAWS for these benefits in a given year.
  
- Periodically SAWS reviews its capital assets for possible impairment. Impaired assets are written down to their estimated fair value. As these write-offs do not require the outlay of cash, they do not meet the definition of operating and maintenance costs of SAWS in accordance with the City Ordinance. As a result, this expense has been excluded from the Supplemental Schedules.

The operation and maintenance cost reported in the Supplemental Schedules reconciles to the Basic Financial Statements as follows:

	<i>(amounts in thousands)</i>	
	Year Ended December 31,	
	2020	2019
	<u>                    </u>	<u>                    </u>
Operating and maintenance costs per Supplemental Schedules	\$ 401,961	\$ 339,934
Vista Ridge infrastructure payment	(43,683)	-
Non-cash benefit expense reduction	(16,693)	(4,506)
Non-cash write-off of asset impairments	<u>355</u>	<u>2,656</u>
Operating expenses before depreciation per Statement of Revenues, Expenses and Changes in Net Position	<u>\$ 341,940</u>	<u>\$ 338,084</u>

**SUPPLEMENTAL SCHEDULES**

**San Antonio Water System  
COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
December 31, 2020  
(amounts in thousands)**

	<b>San Antonio Water System Retirement Plan</b>	<b>San Antonio Water System Retiree Health Trust</b>	<b>District Special Project Retirement Income Plan</b>	<b>Combined Total</b>
<b>ASSETS</b>				
Investments, at fair value				
Mutual funds - stock	\$ 150,605	\$ 63,022	\$ 4,986	\$ 218,613
Mutual funds - bonds	108,445	41,248	443	150,136
Other Investments	28,507	67	2,207	30,781
Total Investments	<u>287,557</u>	<u>104,337</u>	<u>7,636</u>	<u>399,530</u>
<b>TOTAL ASSETS</b>	287,557	104,337	7,636	399,530
<b>LIABILITIES</b>				
	-	-	-	-
<b>NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS</b>	<u>\$ 287,557</u>	<u>\$ 104,337</u>	<u>\$ 7,636</u>	<u>\$ 399,530</u>

**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
For the year ended December 31, 2020  
(amounts in thousands)**

	<b>San Antonio Water System Retirement Plan</b>	<b>San Antonio Water System Retiree Health Trust</b>	<b>District Special Project Retirement Income Plan</b>	<b>Combined Total</b>
<b>ADDITIONS</b>				
Employer contributions	\$ 10,860	\$ 13,641	\$ 400	\$ 24,901
Participant contributions	3,476	-	-	3,476
Investment income/(loss)	33,374	13,747	998	48,119
Total additions	47,710	27,388	1,398	76,496
<b>DEDUCTIONS</b>				
Benefit payments	10,397	6,141	408	16,946
Administrative expenses	329	187	6	522
Total deductions	10,726	6,328	414	17,468
<b>NET INCREASE/(DECREASE) IN NET POSITION</b>	36,984	21,060	984	59,028
<b>NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS - BEGINNING</b>	<u>250,573</u>	<u>83,277</u>	<u>6,652</u>	<u>340,502</u>
<b>NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS - ENDING</b>	<u>\$ 287,557</u>	<u>\$ 104,337</u>	<u>\$ 7,636</u>	<u>\$ 399,530</u>

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***STATISTICAL SECTION***

**San Antonio Water System  
Statistical Section  
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*This part of the SAWS comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about SAWS' overall financial health.*

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*Sources: Unless otherwise noted, information presented in these schedules was obtained from SAWS' comprehensive annual financial reports or internal information systems.*



**San Antonio Water System**  
**Schedule 1 - Net Position**  
 (accrual basis of accounting)  
 (amounts in thousands)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015 (a)	2014	2013	2012	2011
<b>Net Position</b>										
Net investment in capital assets	2,966,647	2,758,354	2,353,841	2,217,283	2,106,957	1,939,292	1,730,265	1,661,644	1,602,507	1,496,132
Restricted for operating reserve	72,664	58,408	56,642	54,143	52,279	45,801	43,385	40,656	38,389	35,227
Restricted for debt service	74,095	67,380	64,086	59,719	60,396	56,775	47,123	39,710	34,254	34,862
Restricted for debt service reserve	17,938	23,122	54,702	56,364	56,016	62,716	66,665	62,560	58,681	54,696
Restricted for construction	211,917	163,313	209,204	188,227	150,198	168,968	140,937	101,212	83,968	98,455
Unrestricted	419,960	359,938	367,220	278,542	187,503	126,352	137,207	118,285	116,179	120,363
Total Net Position	\$ 3,763,221	\$ 3,430,515	\$ 3,105,695	\$ 2,854,278	\$ 2,613,349	\$ 2,399,904	\$ 2,165,582	\$ 2,024,067	\$ 1,933,978	\$ 1,839,735

(a) Increase in amounts from 2014 to 2015 is partially due to the merger of SAWS and SAWS District Special Project effective January 1, 2015.

**San Antonio Water System**  
**Schedule 2 - Change in Net Position**  
*(accrual basis of accounting)*  
*(amounts in thousands)*

	Fiscal Year									
	2020 (a)	2019	2018	2017	2016	2015 (b)	2014	2013	2012	2011
Operating revenues:										
Water delivery system	\$ 223,076	\$ 229,203	\$ 218,399	\$ 202,264	\$ 190,913	\$ 168,338	\$ 127,708	\$ 119,767	\$ 121,078	\$ 125,188
Water supply system	295,682	218,842	202,674	202,143	185,037	163,759	150,079	134,367	136,704	130,755
Wastewater system	266,265	274,519	259,124	250,977	234,966	213,833	210,704	195,584	168,368	150,520
Chilled water & steam system	9,894	10,615	10,849	11,368	11,541	11,102	11,152	12,621	12,378	11,631
	794,917	733,179	691,046	666,752	622,457	557,032	499,643	462,339	438,528	418,094
Operating expenses before depreciation:										
Salaries and fringe benefits	163,910	162,445	149,970	148,058	142,315	133,681	115,049	125,210	125,295	127,816
Contractual services	184,517	173,187	171,032	168,350	170,845	163,768	127,685	107,194	100,165	66,900
Materials and supplies	25,836	26,469	23,485	23,159	21,959	23,490	20,930	23,355	23,966	24,868
Other charges	(2,402)	6,726	11,718	11,150	12,702	8,129	12,355	20,423	21,790	21,756
Less: Costs capitalized to Construction in Progress	(29,921)	(30,743)	(31,612)	(32,275)	(32,426)	(37,822)	(30,964)	(31,834)	(33,640)	(32,282)
Internal Service Fund - net (gain)/loss										
Operating expense before depreciation	341,940	338,084	324,593	318,442	315,395	291,246	245,055	244,348	237,576	209,058
Depreciation	188,872	157,225	155,549	152,072	142,856	141,259	123,111	111,375	103,034	98,374
Total operating expenses	530,812	495,309	480,142	470,514	458,251	432,505	368,166	355,723	340,610	307,432
Operating Income	264,105	237,870	210,904	196,238	164,206	124,527	131,477	106,616	97,918	110,662
Non-operating revenues:										
Interest and miscellaneous	17,974	32,583	22,488	10,407	8,146	6,079	5,792	5,410	6,149	5,955
Non-operating expenses:										
Interest expense on revenue bonds and commercial paper	90,874	96,420	88,542	86,615	86,566	89,971	78,049	75,606	73,987	77,022
Interest expense on contract payable	32,947	-	-	-	-	-	-	-	-	-
Debt issue costs/Amortization of debt issuance costs	3,667	2,627	1,711	1,385	4,716	3,831	2,914	4,112	3,835	2,346
Other finance charges	1,814	2,066	1,957	2,697	2,121	2,041	2,726	2,361	2,934	2,881
(Gain)/Loss on defeased debt and bond retirement	(1,556)	664	-	-	-	-	-	-	-	-
Gain on sale of capital assets	(777)	(886)	(924)	(951)	(3,087)	(4,674)	(23)	(1,075)	(430)	(773)
Payments to City of San Antonio	31,043	21,917	18,287	17,276	14,228	12,683	13,089	11,528	11,161	10,926
Payments to other entities	93	99	101	108	109	106	114	130	122	124
Total non-operating expense	158,105	122,907	109,674	107,130	104,653	103,958	96,869	92,662	91,609	92,526
Increases (decreases) in net position, before capital contributions	123,974	147,546	123,718	99,515	67,699	26,648	40,400	19,364	12,458	24,091
Capital contributions										
Plant Contributions	85,955	73,375	59,761	60,643	73,889	71,967	49,081	32,891	44,787	23,263
Capital Recovery Fees	119,571	94,641	79,794	72,846	67,991	64,056	51,973	37,289	36,761	35,872
Contributions in Aid of Construction/Grant Revenue	3,206	9,258	6,435	7,925	3,866	-	61	545	237	345
Total contributions	208,732	177,274	145,990	141,414	145,746	136,023	101,115	70,725	81,785	59,480
Change in net position	\$ 332,706	\$ 324,820	\$ 269,708	\$ 240,929	\$ 213,445	\$ 162,671	\$ 141,515	\$ 90,089	\$ 94,243	\$ 83,571

(a) Based on the commencement of the Vista Ridge Pipeline Project, a contract payable and the associated interest expense were added to the financial statements in April 2020.  
(b) Increase in amounts from 2014 to 2015 is partially due to the merger of SAWS and SAWS District Special Project effective January 1, 2015.

**San Antonio Water System**  
**Schedule 3 - Net Position in System**  
*(accrual basis of accounting)*  
*(amounts in thousands)*

	Fiscal Year									
	2020 (a)	2019	2018	2017	2016	2015 (b)	2014	2013	2012	2011
<b>Assets:</b>										
Capital Assets, net of accumulated depreciation	\$ 6,840,293	\$ 5,649,427	\$ 5,266,084	\$ 5,051,777	\$ 4,886,091	\$ 4,647,786	\$ 4,089,478	\$ 3,964,000	\$ 3,771,228	\$ 3,553,065
Cash and Investments	1,216,526	949,290	1,025,791	924,958	928,593	853,417	819,232	689,483	517,876	528,761
Other Assets	102,442	89,317	83,770	87,530	80,976	81,889	79,478	75,998	71,241	63,658
Total Assets	8,159,261	6,688,034	6,375,645	6,064,265	5,895,660	5,583,092	4,988,188	4,729,481	4,360,345	4,145,484
<b>Deferred Outflows of Resources</b>										
Deferred Charge on Bond Refunding	26,681	35,076	42,048	48,055	54,317	30,103	29,086	30,943	30,561	2,494
Deferred Outflows - Pension & OPEB	35,302	60,446	33,411	33,428	28,115	16,083	-	-	-	-
Deferred Outflows - Asset Retirement Obligations	32,299	32,354	32,511	-	-	-	-	-	-	-
Accumulated Decrease in Fair Value of Hedging Derivatives	15,014	12,256	9,332	11,857	12,965	16,394	15,520	8,372	19,746	18,380
Total Deferred Outflows of Resources	109,296	140,132	117,302	93,340	95,397	62,580	44,606	39,315	50,307	20,874
<b>Liabilities:</b>										
Revenue Bonds Payable (net)	3,034,045	2,735,075	2,834,570	2,735,739	2,840,282	2,730,363	2,507,419	2,348,834	2,083,545	1,898,839
Contract and Leases Payable	918,938	-	-	-	-	-	-	-	-	-
Commercial Paper and Flexible Rate Notes	218,260	281,815	215,695	278,060	241,610	224,005	138,550	186,655	170,745	214,930
Other Liabilities	281,330	367,967	313,140	287,200	293,023	284,617	221,243	209,240	222,384	212,854
Total Liabilities	4,452,593	3,384,857	3,363,405	3,300,999	3,374,915	3,238,985	2,867,212	2,744,729	2,476,674	2,326,623
<b>Deferred Inflows of Resources</b>										
Deferred inflows - pension & OPEB	52,743	12,794	23,847	2,328	2,793	6,783	-	-	-	-
<b>Net Position in System</b>	\$ 3,763,221	\$ 3,430,515	\$ 3,105,695	\$ 2,854,278	\$ 2,613,349	\$ 2,399,904	\$ 2,165,582	\$ 2,024,067	\$ 1,933,978	\$ 1,839,735
<b>Percentage Net Position in System</b>	45.5%	50.2%	47.8%	46.4%	43.6%	42.5%	43.0%	42.4%	43.8%	44.2%

(a) Based on the commencement of the Vista Ridge Pipeline Project, the associated capital assets and contract payable were added to the financial statements in April 2020  
(b) Increase in amounts from 2014 to 2015 is partially due to the merger of SAWS and SAWS District Special Project effective January 1, 2015.

San Antonio Water System  
Schedule 4 - Water Production, Water Usage and Wastewater Treated  
(gallons in millions)  
Unaudited

Fiscal Year	Gallons of Water Production (a)	Gallons of Water Usage	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated (b)	Total Direct Rate			
						Water		Sewer	
						Base Rate (c)	Usage Rate (d)	Base Rate (e)	Usage Rate (f)
2020	83,321	67,193	16,128	19.36%	49,891	\$ 13.03	\$ 30.38	\$ 14.59	\$ 17.11
2019	80,271	65,655	14,616	18.21%	50,142	13.02	23.92	14.59	17.11
2018	78,665	63,660	15,005	19.07%	50,775	12.97	23.34	13.51	15.84
2017	79,256	65,318	13,938	17.59%	50,945	11.82	22.09	13.04	15.29
2016	76,857	63,934	12,923	16.81%	49,282	10.90	21.18	12.35	14.48
2015 (g)	76,227	62,896	13,331	17.49%	48,563	7.75	19.73	12.75	14.04
2014	68,265	57,261	11,004	16.12%	50,689	7.49	18.98	11.99	13.20
2013	66,391	55,108	11,283	16.99%	50,076	7.31	17.81	11.54	12.71
2012	66,596	55,320	11,276	16.93%	49,055	7.31	17.95	9.92	10.91
2011	70,699	59,133	11,566	16.36%	49,918	7.10	15.72	8.73	9.60

- (a) Pumpage is total potable water production less Aquifer Storage and Recovery recharge. In 2020, includes water produced from the Vista Ridge Pipeline Project water, which commenced operations in April 2020.
- (b) Represents amounts billed to customers. Residential Class customers are billed based on water usage during a consecutive three month billing period from November through March. All other customer classes are billed for wastewater treatment based on actual water usage during each monthly billing period.
- (c) Rate shown is for 5/8" meters. See Schedule 8 for the rates of other meter sizes. Includes the State-Imposed TCEQ fee. See Schedule 13 for additional information.
- (d) Represents standard (non-seasonal) usage charge for monthly residential water usage of 7,092 gallons per month. Includes water supply and EAA fees.
- (e) Minimum service availability charge (includes charge for first 1,496 gallons). Includes the State-Imposed TCEQ fee.
- (f) Represents usage charge for a residential customer based on winter average water consumption of 5,668 gallons per month.
- (g) Amounts reflect the merger of SAWS and SAWS District Special Project effective January 1, 2015.

**San Antonio Water System**  
**Schedule 5 - Sales by Source**  
 (accrual basis of accounting)  
 (amounts in thousands)  
 Unaudited

	Fiscal Year									
	2020	2019	2018	2017 (a)	2016 (a)	2015 (a)	2014	2013	2012	2011
Water Sales:										
Residential Class	\$133,959	\$127,488	\$123,006	\$113,070	\$100,982	\$95,068	\$74,062	\$71,536	\$72,620	\$79,332
General Class	65,955	69,326	67,412	60,977	63,781	56,041	37,878	35,099	35,504	33,571
Wholesale Class	804	808	744	801	767	432	3,233	1,640	1,255	234
Irrigation Class	26,153	26,631	21,304	21,915	20,239	13,113	11,011	10,893	11,164	11,722
Total Water	226,871	224,253	212,466	196,763	185,769	164,654	126,184	119,168	120,543	124,859
Water Supply Fees										
Residential Class	147,131	92,932	86,003	85,809	73,518	60,067	48,270	43,121	44,163	51,696
General Class	76,189	53,620	50,086	47,129	42,748	44,746	39,355	32,393	32,537	31,586
Wholesale Class	1,407	887	790	874	865	588	7,196	3,227	2,294	202
Irrigation Class	28,356	19,475	15,122	16,571	15,437	14,491	12,551	12,057	12,058	13,029
Total Water Supply Fees	253,083	166,914	152,001	150,383	132,568	119,892	107,372	90,798	91,052	96,513
EAA Pass-through fees (b)										
Residential Class	13,429	12,996	12,526	13,108	14,110	10,915	9,654	9,905	10,841	4,767
General Class	8,177	9,013	8,687	8,865	9,640	7,380	6,874	6,991	7,352	2,930
Wholesale Class	120	124	119	123	157	114	1,271	659	509	18
Irrigation Class	1,441	1,288	1,241	1,434	1,605	1,136	1,061	1,134	1,242	540
Total Pass-through fees	23,167	23,421	22,573	23,530	25,512	19,545	18,860	18,689	19,944	8,255
Conservation Fees:										
Residential Class	3,047	2,747	2,644	2,727	2,189	2,246	1,956	2,394	2,912	3,586
General Class	4,628	4,570	4,871	5,071	5,078	3,941	3,760	4,396	4,713	4,218
Irrigation Class	4,859	4,827	4,119	3,274	3,375	3,063	2,738	2,270	2,401	2,580
Total Conservation	12,534	12,144	11,634	11,072	10,642	9,250	8,454	9,060	10,026	10,384
Wastewater Sales:										
Residential Class	158,460	153,273	146,684	142,530	134,860	124,992	125,051	116,775	98,674	88,702
General Class	96,816	101,247	92,427	88,551	80,696	71,267	68,371	62,300	54,175	48,271
Wholesale Class	11,829	11,706	10,659	9,936	8,729	8,064	7,848	7,599	6,761	6,105
Surcharge	5,626	6,370	6,259	6,259	6,292	5,401	5,450	5,438	5,134	4,815
Total Wastewater	272,731	272,596	256,015	247,276	230,577	209,724	206,720	192,112	164,744	147,893
TCEQ Pass-through fees (c)										
Water customers	1,882	1,743	1,683	1,420	1,460	1,412	1,169	1,086	1,064	1,178
Wastewater customers	495	481	465	435	448	429	433	347	411	464
	2,377	2,224	2,148	1,855	1,908	1,841	1,602	1,433	1,475	1,642
Recycled Water Sales	6,694	6,094	5,568	5,651	5,691	5,097	5,086	5,161	5,074	5,068
Stormwater Fees	5,037	5,223	5,221	5,209	4,967	4,797	4,420	5,058	4,558	4,158
Chilled Water & Steam (d)	9,894	10,615	10,849	11,368	11,541	11,184	11,251	12,719	12,485	11,715
Miscellaneous Fees and Charges	6,225	15,545	17,415	17,505	17,641	16,769	13,860	12,787	12,427	10,418
Provision for Uncollectable Accounts	(23,696)	(5,849)	(4,844)	(3,860)	(4,359)	(5,721)	(4,166)	(4,646)	(3,800)	(2,811)
Total Operating Revenue	\$794,917	\$733,179	\$691,046	\$666,752	\$622,457	\$557,032	\$499,643	\$462,339	\$438,528	\$418,094

- (a) Amounts reflect the merger of SAWS and SAWS District Special Project effective January 1, 2015.  
 (b) EAA pass-through fees are designed to recoup fees charged by the Edwards Aquifer Authority (EAA). The fee is charged based on water usage. Any previous over or under recovery of fees is considered in determining the fees to be charged each year.  
 (c) TCEQ pass-through fees are designed to recoup fees charged by the Texas Commission on Environmental Quality (TCEQ). Fee is a per customer charge.  
 (d) Steam service was discontinued in June 2014

**San Antonio Water System**  
**Schedule 6 - Sales in Gallons**  
(gallons billed, in millions)  
**Unaudited**

	2020	2019	2018	2017	2016 (a)	Fiscal Year 2015 (a)	2014	2013	2012	2011
Water Sales (b):										
Residential Class	38,947	36,084	35,325	36,566	35,360	35,769	29,310	29,206	30,070	34,153
General Class	23,719	25,011	24,498	24,408	24,159	23,212	20,870	20,614	20,393	20,986
Wholesale Class	347	352	337	344	393	354	3,861	1,943	1,412	128
Irrigation Class	4,179	4,208	3,500	4,000	4,022	3,561	3,220	3,345	3,445	3,866
Total Water	67,193	65,655	63,660	65,318	63,934	62,896	57,261	55,108	55,320	59,133
Wastewater Sales:										
Residential Class	26,062	25,263	26,318	26,809	26,462	26,048	27,896	27,617	26,572	27,371
General Class	21,213	22,393	21,873	21,654	20,503	20,281	20,502	20,100	20,066	20,134
Wholesale Class	2,616	2,486	2,584	2,482	2,317	2,234	2,291	2,359	2,417	2,413
Total Wastewater	49,891	50,142	50,775	50,945	49,282	48,563	50,689	50,076	49,055	49,918
Conservation - Residential Class (c, d, & e)	10,358	9,189	8,658	9,572	6,611	2,284	2,296	2,520	3,026	4,106
Recycled Water Sales	18,172	18,208	18,346	18,949	18,436	18,421	18,323	18,359	18,129	18,990

- (a) Amounts reflect the merger of SAWS and SAWS District Special Project effective January 1, 2015.  
(b) Water Supply and EAA fees are billed based on the gallons billed for water sales.  
(c) Gallons billed for conservation are included in the gallons billed for water sales.  
(d) As part of a rate restructuring, which took place on January 1, 2016, a portion of all monthly residential water sales in excess of 7,482 gallons is allocated to fund conservation related programs. Prior to 2016, this allocation was limited to monthly sales in excess of 17,205 gallons.  
(e) Effective January 1, 2017, District Special Project customers began paying for water service under the SAWS rate structure. As a result, a portion of the revenues from those customers was included in the revenues allocated to conservation. The increase in the gallons subject to the conservation allocation from 2016 and 2017 reflects the change.

**Schedule 7 - Number of Customer Connections**  
(average number billed)  
**Unaudited**

	2020	2019	2018	2017	2016 (a)	Fiscal Year 2015 (a)	2014	2013	2012	2011
Water (b):										
Residential Class	492,922	481,994	473,333	465,241	457,485	450,725	347,789	343,667	339,204	335,280
General Class	29,584	29,358	28,682	28,518	29,155	28,366	23,777	23,713	23,582	23,369
Wholesale Class	9	9	9	9	9	9	7	8	8	7
Total Water	522,515	511,361	502,024	493,768	486,649	479,100	371,573	367,388	362,794	358,656
Irrigation Class (c)	10,883	10,676	10,465	10,260	9,291	9,829	8,966	8,821	8,633	8,479
Wastewater:										
Residential Class	441,356	431,695	424,127	416,996	409,988	402,409	395,574	390,256	383,553	378,380
General Class	26,093	25,911	25,754	25,544	25,352	25,175	25,079	25,021	24,824	24,550
Wholesale Class	12	12	12	12	12	12	12	12	12	12
Total Wastewater	467,462	457,618	449,893	442,552	435,352	427,596	420,665	415,289	408,389	402,942
Conservation - Residential Class (d & e)	132,154	113,152	149,940	159,994	83,991	18,539	20,716	20,867	23,804	33,708
Recycled Water	127	123	116	112	107	109	102	97	92	80

- (a) Amounts reflect the merger of SAWS and SAWS District Special Project effective January 1, 2015.  
(b) Water Supply and EAA fees are billed to customers with water usage.  
(c) Represents the number of customers included in Residential, General and Wholesale Classes, which also have irrigation meters.  
(d) As part of a rate restructuring which took place on January 1, 2016, a portion of all monthly residential water sales in excess of 7,482 gallons is allocated to fund conservation related programs. Prior to 2016, this allocation was limited to monthly sales in excess of 17,205 gallons.  
(e) Effective January 1, 2017, District Special Project customers began paying for water service under the SAWS rate structure. As a result, a portion of the revenues from those customers was included in the revenues allocated to conservation. The increase in connections from the conservation allocation from 2016 to 2017 reflect the change.

San Antonio Water System  
 Schedule 8 - Residential Class Rates (Inside City Limits)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Water</b>										
Service Availability Charge by meter size:										
5/8"	\$ 12.82	\$ 12.82	\$ 12.77	\$ 11.64	\$ 10.72	\$ 7.57	\$ 7.31	\$ 7.14	\$ 7.14	\$ 6.91
3/4"	\$ 16.97	\$ 16.97	\$ 16.90	\$ 15.41	\$ 14.19	\$ 10.63	\$ 10.26	\$ 10.01	\$ 10.01	\$ 9.68
1"	\$ 25.22	\$ 25.22	\$ 25.12	\$ 22.90	\$ 21.09	\$ 16.72	\$ 16.14	\$ 15.75	\$ 15.75	\$ 15.23
1-1/2"	\$ 45.85	\$ 45.85	\$ 45.67	\$ 41.63	\$ 38.33	\$ 31.94	\$ 30.83	\$ 30.09	\$ 30.09	\$ 29.10
2"	\$ 70.58	\$ 70.58	\$ 70.30	\$ 64.08	\$ 59.01	\$ 50.18	\$ 48.44	\$ 47.28	\$ 47.28	\$ 45.73
3"	\$ 128.34	\$ 128.34	\$ 127.83	\$ 116.53	\$ 107.30	\$ 92.80	\$ 89.58	\$ 87.44	\$ 87.44	\$ 84.56
4"	\$ 210.83	\$ 210.83	\$ 209.99	\$ 191.42	\$ 176.26	\$ 153.67	\$ 148.33	\$ 144.78	\$ 144.78	\$ 140.02
6"	\$ 417.07	\$ 417.07	\$ 415.41	\$ 378.67	\$ 348.68	\$ 305.86	\$ 295.23	\$ 288.17	\$ 288.17	\$ 278.69
8"	\$ 664.55	\$ 664.55	\$ 661.90	\$ 603.37	\$ 555.59	\$ 488.47	\$ 471.50	\$ 460.22	\$ 460.22	\$ 445.09
10"	\$ 953.27	\$ 953.27	\$ 949.47	\$ 865.51	\$ 796.97	\$ 701.52	\$ 677.14	\$ 660.95	\$ 660.95	\$ 639.22
12"	\$ 1,778.20	\$ 1,778.20	\$ 1,771.12	\$ 1,614.51	\$ 1,486.66	\$ 1,310.24	\$ 1,264.71	\$ 1,234.47	\$ 1,234.47	\$ 1,193.88
Reduction applied if usage is less than 2,993 gallons	\$ (2.57)	\$ (2.57)	\$ (2.55)	\$ (2.32)	\$ (2.14)					
Usage (per 100 gallons)										
First 2,992 Gallons	\$ 0.0740	\$ 0.0740	\$ 0.0737	\$ 0.0672	\$ 0.0619					
Next 1,497 Gallons	\$ 0.1295	\$ 0.1295	\$ 0.1290	\$ 0.1176	\$ 0.1083					
Next 1,496 Gallons	\$ 0.1665	\$ 0.1665	\$ 0.1658	\$ 0.1511	\$ 0.1391					
Next 1,496 Gallons	\$ 0.2034	\$ 0.2034	\$ 0.2026	\$ 0.1847	\$ 0.1701					
Next 2,992 Gallons	\$ 0.2405	\$ 0.2405	\$ 0.2395	\$ 0.2183	\$ 0.2010					
Next 4,489 Gallons	\$ 0.2775	\$ 0.2775	\$ 0.2764	\$ 0.2520	\$ 0.2320					
Next 5,237 Gallons	\$ 0.3329	\$ 0.3329	\$ 0.3316	\$ 0.3023	\$ 0.2784					
Over 20,199 Gallons	\$ 0.4809	\$ 0.4809	\$ 0.4790	\$ 0.4366	\$ 0.4020					
Standard:										
First 5,985 gallons						\$ 0.1006	\$ 0.0971	\$ 0.0948	\$ 0.0948	\$ 0.0917
Next 6,732 gallons						\$ 0.1457	\$ 0.1406	\$ 0.1372	\$ 0.1372	\$ 0.1327
Next 4,488 gallons						\$ 0.2053	\$ 0.1982	\$ 0.1935	\$ 0.1935	\$ 0.1871
Over 17,205 gallons						\$ 0.3596	\$ 0.3471	\$ 0.3388	\$ 0.3388	\$ 0.3277
Seasonal (a):										
First 5,985 gallons						\$ 0.1006	\$ 0.0971	\$ 0.0948	\$ 0.0948	\$ 0.0917
Next 6,732 gallons						\$ 0.1584	\$ 0.1529	\$ 0.1492	\$ 0.1492	\$ 0.1443
Next 4,488 gallons						\$ 0.2355	\$ 0.2273	\$ 0.2219	\$ 0.2219	\$ 0.2146
Over 17,205 gallons						\$ 0.4880	\$ 0.4710	\$ 0.4597	\$ 0.4597	\$ 0.4446
<b>Sewer</b>										
Service Availability Charge by meter size (b):										
5/8"	\$ 14.53	\$ 14.53	\$ 13.45	\$ 12.98	\$ 12.29	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
3/4"	\$ 15.97	\$ 15.97	\$ 14.79	\$ 14.28	\$ 13.52	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
1"	\$ 18.14	\$ 18.14	\$ 16.80	\$ 16.22	\$ 15.36	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
1-1/2"	\$ 25.41	\$ 25.41	\$ 23.53	\$ 22.71	\$ 21.51	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
2"	\$ 36.31	\$ 36.31	\$ 33.62	\$ 32.45	\$ 30.73	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
3"	\$ 72.61	\$ 72.61	\$ 67.23	\$ 64.89	\$ 61.45	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
4"	\$ 108.91	\$ 108.91	\$ 100.84	\$ 97.34	\$ 92.18	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
6"	\$ 181.52	\$ 181.52	\$ 168.07	\$ 162.23	\$ 153.63	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
8"	\$ 290.41	\$ 290.41	\$ 268.90	\$ 259.56	\$ 245.80	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
10"	\$ 435.65	\$ 435.65	\$ 403.38	\$ 389.36	\$ 368.71	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
12"	\$ 580.86	\$ 580.86	\$ 537.83	\$ 519.14	\$ 491.61	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
Usage per 100 gallons (c):										
1,497 gallons - 2,992 gallons	\$ 0.3104	\$ 0.3104	\$ 0.2874	\$ 0.2774	\$ 0.2627					
Over 2,992 Gallons	\$ 0.4657	\$ 0.4657	\$ 0.4312	\$ 0.4162	\$ 0.3941					
All gallons in excess of 1,496						\$ 0.3365	\$ 0.3163	\$ 0.3047	\$ 0.2615	\$ 0.2302

- (a) Prior to 2016, Seasonal rates were applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times, the Standard rate was applied.
- (b) Includes the first 1,496 gallons.
- (c) Residential sewer charges are computed on the basis of average winter usage for 90 days during three consecutive billing periods beginning after November 15 and ending on or before March 15 of each year.

San Antonio Water System  
 Schedule 9 - Residential Class Rates (Outside City Limits)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Water</b>										
Service Availability Charge by meter size:										
5/8"	\$ 16.67	\$ 16.67	\$ 16.60	\$ 15.14	\$ 13.94	\$ 9.86	\$ 9.52	\$ 9.29	\$ 9.29	\$ 8.98
3/4"	\$ 22.06	\$ 22.06	\$ 21.97	\$ 20.03	\$ 18.44	\$ 13.82	\$ 13.34	\$ 13.02	\$ 13.02	\$ 12.59
1"	\$ 32.79	\$ 32.79	\$ 32.66	\$ 29.78	\$ 27.42	\$ 21.72	\$ 20.97	\$ 20.47	\$ 20.47	\$ 19.80
1-1/2"	\$ 59.61	\$ 59.61	\$ 59.37	\$ 54.12	\$ 49.83	\$ 41.52	\$ 40.08	\$ 39.12	\$ 39.12	\$ 37.83
2"	\$ 91.75	\$ 91.75	\$ 91.38	\$ 83.30	\$ 76.70	\$ 65.26	\$ 62.99	\$ 61.48	\$ 61.48	\$ 59.46
3"	\$ 166.84	\$ 166.84	\$ 166.18	\$ 151.49	\$ 139.49	\$ 120.66	\$ 116.47	\$ 113.68	\$ 113.68	\$ 109.94
4"	\$ 274.06	\$ 274.06	\$ 272.97	\$ 248.84	\$ 229.13	\$ 199.78	\$ 192.84	\$ 188.23	\$ 188.23	\$ 182.04
6"	\$ 542.18	\$ 542.18	\$ 540.02	\$ 492.27	\$ 453.29	\$ 397.62	\$ 383.80	\$ 374.62	\$ 374.62	\$ 362.30
8"	\$ 863.89	\$ 863.89	\$ 860.45	\$ 784.37	\$ 722.26	\$ 635.03	\$ 612.96	\$ 598.30	\$ 598.30	\$ 578.63
10"	\$ 1,239.24	\$ 1,239.24	\$ 1,234.30	\$ 1,125.16	\$ 1,036.06	\$ 911.98	\$ 880.29	\$ 859.24	\$ 859.24	\$ 830.99
12"	\$ 2,311.67	\$ 2,311.67	\$ 2,302.46	\$ 2,098.87	\$ 1,932.66	\$ 1,703.33	\$ 1,644.14	\$ 1,604.82	\$ 1,604.82	\$ 1,552.05
Reduction applied if usage is less than 2,993 gallons	\$ (3.34)	\$ (3.34)	\$ (3.32)	\$ (3.03)	\$ (2.79)					
Usage (per 100 gallons)										
First 2,992 Gallons	\$ 0.0962	\$ 0.0962	\$ 0.0958	\$ 0.0873	\$ 0.0804					
Next 1,497 Gallons	\$ 0.1683	\$ 0.1683	\$ 0.1676	\$ 0.1528	\$ 0.1407					
Next 1,496 Gallons	\$ 0.2165	\$ 0.2165	\$ 0.2156	\$ 0.1965	\$ 0.1809					
Next 1,496 Gallons	\$ 0.2645	\$ 0.2645	\$ 0.2634	\$ 0.2401	\$ 0.2211					
Next 2,992 Gallons	\$ 0.3125	\$ 0.3125	\$ 0.3113	\$ 0.2838	\$ 0.2613					
Next 4,489 Gallons	\$ 0.3607	\$ 0.3607	\$ 0.3593	\$ 0.3275	\$ 0.3016					
Next 5,237 Gallons	\$ 0.4328	\$ 0.4328	\$ 0.4311	\$ 0.3930	\$ 0.3619					
Over 20,199 Gallons	\$ 0.6253	\$ 0.6253	\$ 0.6228	\$ 0.5677	\$ 0.5227					
Standard:										
First 5,985 gallons					\$ 0.1310	\$ 0.1264	\$ 0.1234	\$ 0.1234	\$ 0.1234	\$ 0.1193
Next 6,732 gallons					\$ 0.1894	\$ 0.1828	\$ 0.1784	\$ 0.1784	\$ 0.1784	\$ 0.1725
Next 4,488 gallons					\$ 0.2671	\$ 0.2578	\$ 0.2516	\$ 0.2516	\$ 0.2516	\$ 0.2433
Over 17,205 gallons					\$ 0.4675	\$ 0.4513	\$ 0.4405	\$ 0.4405	\$ 0.4405	\$ 0.4260
Seasonal (a):										
First 5,985 gallons					\$ 0.1310	\$ 0.1264	\$ 0.1234	\$ 0.1234	\$ 0.1234	\$ 0.1193
Next 6,732 gallons					\$ 0.2060	\$ 0.1988	\$ 0.1940	\$ 0.1940	\$ 0.1940	\$ 0.1876
Next 4,488 gallons					\$ 0.3062	\$ 0.2956	\$ 0.2885	\$ 0.2885	\$ 0.2885	\$ 0.2790
Over 17,205 gallons					\$ 0.6341	\$ 0.6121	\$ 0.5975	\$ 0.5975	\$ 0.5975	\$ 0.5779
<b>Sewer</b>										
Service Availability Charge by meter size (b):										
5/8"	\$ 17.43	\$ 17.43	\$ 16.14	\$ 15.58	\$ 14.75	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
3/4"	\$ 19.18	\$ 19.18	\$ 17.76	\$ 17.14	\$ 16.23	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
1"	\$ 21.78	\$ 21.78	\$ 20.17	\$ 19.47	\$ 18.44	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
1-1/2"	\$ 30.50	\$ 30.50	\$ 28.24	\$ 27.26	\$ 25.81	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
2"	\$ 43.58	\$ 43.58	\$ 40.35	\$ 38.95	\$ 36.88	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
3"	\$ 87.12	\$ 87.12	\$ 80.67	\$ 77.87	\$ 73.74	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
4"	\$ 130.70	\$ 130.70	\$ 121.02	\$ 116.81	\$ 110.62	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
6"	\$ 217.83	\$ 217.83	\$ 201.69	\$ 194.68	\$ 184.36	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
8"	\$ 348.52	\$ 348.52	\$ 322.70	\$ 311.49	\$ 294.97	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
10"	\$ 522.77	\$ 522.77	\$ 484.05	\$ 467.23	\$ 442.45	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
12"	\$ 697.03	\$ 697.03	\$ 645.40	\$ 622.97	\$ 589.93	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
Usage per 100 gallons (c):										
1,497 gallons - 2,992 gallons	\$ 0.3726	\$ 0.3726	\$ 0.3450	\$ 0.3330	\$ 0.3153	\$ 0.4038	\$ 0.3795	\$ 0.3656	\$ 0.3138	\$ 0.2762
Over 2,992 Gallons	\$ 0.5588	\$ 0.5588	\$ 0.5174	\$ 0.4994	\$ 0.4729	\$ 0.4038	\$ 0.3795	\$ 0.3656	\$ 0.3138	\$ 0.2762

(a) Prior to 2016, Seasonal rates were applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times, the Standard rate was applied.  
 (b) Includes the first 1,496 gallons.  
 (c) Residential sewer charges are computed on the basis of average winter usage for 90 days during three consecutive billing periods beginning after November 15 and ending on or before March 15 of each year.



San Antonio Water System  
 Schedule 10 - General Class Rates (Inside City Limits)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Water</b>										
Service Availability Charge by meter size:										
5/8"	\$ 13.86	\$ 13.86	\$ 13.80	\$ 12.58	\$ 11.58	\$ 10.53	\$ 10.16	\$ 9.92	\$ 9.92	\$ 9.59
3/4"	\$ 19.79	\$ 19.79	\$ 19.71	\$ 17.97	\$ 16.55	\$ 15.05	\$ 14.53	\$ 14.18	\$ 14.18	\$ 13.71
1"	\$ 31.66	\$ 31.66	\$ 31.53	\$ 28.74	\$ 26.46	\$ 24.08	\$ 23.24	\$ 22.68	\$ 22.68	\$ 21.93
1-1/2"	\$ 61.29	\$ 61.29	\$ 61.05	\$ 55.65	\$ 51.24	\$ 46.65	\$ 45.03	\$ 43.95	\$ 43.95	\$ 42.50
2"	\$ 96.79	\$ 96.79	\$ 96.40	\$ 87.88	\$ 80.92	\$ 73.74	\$ 71.18	\$ 69.48	\$ 69.48	\$ 67.20
3"	\$ 179.74	\$ 179.74	\$ 179.02	\$ 163.19	\$ 150.27	\$ 136.96	\$ 132.20	\$ 129.04	\$ 129.04	\$ 124.80
4"	\$ 298.19	\$ 298.19	\$ 297.00	\$ 270.74	\$ 249.30	\$ 227.28	\$ 219.38	\$ 214.13	\$ 214.13	\$ 207.09
6"	\$ 594.32	\$ 594.32	\$ 591.95	\$ 539.61	\$ 496.88	\$ 453.06	\$ 437.32	\$ 426.86	\$ 426.86	\$ 412.82
8"	\$ 949.73	\$ 949.73	\$ 945.95	\$ 862.31	\$ 794.02	\$ 723.99	\$ 698.83	\$ 682.12	\$ 682.12	\$ 659.69
10"	\$ 1,364.34	\$ 1,364.34	\$ 1,358.90	\$ 1,238.74	\$ 1,140.64	\$ 1,040.08	\$ 1,003.94	\$ 979.93	\$ 979.93	\$ 947.71
12"	\$ 2,548.96	\$ 2,548.96	\$ 2,538.80	\$ 2,314.31	\$ 2,131.04	\$ 1,943.21	\$ 1,875.69	\$ 1,830.83	\$ 1,830.83	\$ 1,770.63
Usage (per 100 gallons)										
Base (a)	\$ 0.1810	\$ 0.1810	\$ 0.1803	\$ 0.1644	\$ 0.1514	\$ 0.1218	\$ 0.1176	\$ 0.1148	\$ 0.1148	\$ 0.1110
100-125% of base	\$ 0.2084	\$ 0.2084	\$ 0.2076	\$ 0.1892	\$ 0.1742	\$ 0.1457	\$ 0.1406	\$ 0.1372	\$ 0.1372	\$ 0.1327
125-175% of base	\$ 0.2717	\$ 0.2717	\$ 0.2706	\$ 0.2467	\$ 0.2272	\$ 0.2042	\$ 0.1971	\$ 0.1924	\$ 0.1924	\$ 0.1861
Over 175% of base	\$ 0.3171	\$ 0.3171	\$ 0.3158	\$ 0.2879	\$ 0.2651	\$ 0.2991	\$ 0.2887	\$ 0.2818	\$ 0.2818	\$ 0.2725
<b>Sewer</b>										
Service Availability Charge by meter size (b):										
By meter size:										
5/8"	\$ 14.53	\$ 14.53	\$ 13.45	\$ 12.98	\$ 12.29	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
3/4"	\$ 15.97	\$ 15.97	\$ 14.79	\$ 14.28	\$ 13.52	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
1"	\$ 18.14	\$ 18.14	\$ 16.80	\$ 16.22	\$ 15.36	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
1-1/2"	\$ 25.41	\$ 25.41	\$ 23.53	\$ 22.71	\$ 21.51	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
2"	\$ 36.31	\$ 36.31	\$ 33.62	\$ 32.45	\$ 30.73	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
3"	\$ 72.61	\$ 72.61	\$ 67.23	\$ 64.89	\$ 61.45	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
4"	\$ 108.91	\$ 108.91	\$ 100.84	\$ 97.34	\$ 92.18	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
6"	\$ 181.52	\$ 181.52	\$ 168.07	\$ 162.23	\$ 153.63	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
8"	\$ 290.41	\$ 290.41	\$ 268.90	\$ 259.56	\$ 245.80	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
10"	\$ 435.65	\$ 435.65	\$ 403.38	\$ 389.36	\$ 368.71	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
12"	\$ 580.86	\$ 580.86	\$ 537.83	\$ 519.14	\$ 491.61	\$ 12.69	\$ 11.93	\$ 11.49	\$ 9.86	\$ 8.68
Usage (per 100 gallons)										
All gallons in excess of 1,496	\$ 0.4159	\$ 0.4159	\$ 0.3851	\$ 0.3717	\$ 0.3520	\$ 0.3365	\$ 0.3163	\$ 0.3047	\$ 0.2615	\$ 0.2302

(a) Since 2010, base has been defined as 100% of the previous year's annual usage divided by 12.

(b) Includes the first 1,496 gallons.

San Antonio Water System  
 Schedule 11 - General Class Rates (Outside City Limits)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Water</b>										
Service Availability Charge by meter size:										
5/8"	\$ 16.94	\$ 16.94	\$ 16.87	\$ 15.38	\$ 14.16	\$ 13.69	\$ 13.21	\$ 12.89	\$ 12.89	\$ 12.47
3/4"	\$ 24.12	\$ 24.12	\$ 24.02	\$ 21.90	\$ 20.17	\$ 19.56	\$ 18.88	\$ 18.43	\$ 18.43	\$ 17.82
1"	\$ 38.45	\$ 38.45	\$ 38.30	\$ 34.91	\$ 32.15	\$ 31.29	\$ 30.20	\$ 29.48	\$ 29.48	\$ 28.51
1-1/2"	\$ 74.27	\$ 74.27	\$ 73.97	\$ 67.43	\$ 62.09	\$ 60.65	\$ 58.54	\$ 57.14	\$ 57.14	\$ 55.26
2"	\$ 117.20	\$ 117.20	\$ 116.73	\$ 106.41	\$ 97.98	\$ 95.87	\$ 92.54	\$ 90.33	\$ 90.33	\$ 87.36
3"	\$ 217.47	\$ 217.47	\$ 216.60	\$ 197.45	\$ 181.81	\$ 178.06	\$ 171.87	\$ 167.76	\$ 167.76	\$ 162.24
4"	\$ 360.65	\$ 360.65	\$ 359.21	\$ 327.45	\$ 301.52	\$ 295.46	\$ 285.19	\$ 278.37	\$ 278.37	\$ 269.22
6"	\$ 718.67	\$ 718.67	\$ 715.81	\$ 652.52	\$ 600.85	\$ 588.98	\$ 568.51	\$ 554.91	\$ 554.91	\$ 536.66
8"	\$ 1,148.31	\$ 1,148.31	\$ 1,143.74	\$ 1,042.61	\$ 960.05	\$ 941.20	\$ 908.49	\$ 886.76	\$ 886.76	\$ 857.60
10"	\$ 1,649.54	\$ 1,649.54	\$ 1,642.97	\$ 1,497.69	\$ 1,379.09	\$ 1,352.11	\$ 1,305.13	\$ 1,273.92	\$ 1,273.92	\$ 1,232.03
12"	\$ 3,081.65	\$ 3,081.65	\$ 3,069.37	\$ 2,797.97	\$ 2,576.40	\$ 2,526.17	\$ 2,438.39	\$ 2,380.08	\$ 2,380.08	\$ 2,301.82
Usage (per 100 gallons)										
Base (a)	\$ 0.2354	\$ 0.2354	\$ 0.2345	\$ 0.2138	\$ 0.1969	\$ 0.1584	\$ 0.1529	\$ 0.1492	\$ 0.1492	\$ 0.1443
100-125% of base	\$ 0.2710	\$ 0.2710	\$ 0.2699	\$ 0.2460	\$ 0.2265	\$ 0.1893	\$ 0.1827	\$ 0.1783	\$ 0.1783	\$ 0.1724
125-175% of base	\$ 0.3533	\$ 0.3533	\$ 0.3519	\$ 0.3208	\$ 0.2954	\$ 0.2654	\$ 0.2562	\$ 0.2501	\$ 0.2501	\$ 0.2419
Over 175% of base	\$ 0.4121	\$ 0.4121	\$ 0.4105	\$ 0.3742	\$ 0.3446	\$ 0.3887	\$ 0.3752	\$ 0.3662	\$ 0.3662	\$ 0.3542
<b>Sewer</b>										
Service Availability Charge by meter size (b):										
By meter size:										
5/8"	\$ 17.43	\$ 17.43	\$ 16.14	\$ 15.58	\$ 14.75	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
3/4"	\$ 19.18	\$ 19.18	\$ 17.76	\$ 17.14	\$ 16.23	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
1"	\$ 21.78	\$ 21.78	\$ 20.17	\$ 19.47	\$ 18.44	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
1-1/2"	\$ 30.50	\$ 30.50	\$ 28.24	\$ 27.26	\$ 25.81	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
2"	\$ 43.58	\$ 43.58	\$ 40.35	\$ 38.95	\$ 36.88	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
3"	\$ 87.12	\$ 87.12	\$ 80.67	\$ 77.87	\$ 73.74	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
4"	\$ 130.70	\$ 130.70	\$ 121.02	\$ 116.81	\$ 110.62	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
6"	\$ 217.83	\$ 217.83	\$ 201.69	\$ 194.68	\$ 184.36	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
8"	\$ 348.52	\$ 348.52	\$ 322.70	\$ 311.49	\$ 294.97	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
10"	\$ 522.77	\$ 522.77	\$ 484.05	\$ 467.23	\$ 442.45	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
12"	\$ 697.03	\$ 697.03	\$ 645.40	\$ 622.97	\$ 589.93	\$ 15.25	\$ 14.33	\$ 13.81	\$ 11.85	\$ 10.43
Usage (per 100 gallons)										
All gallons in excess of 1,496	\$ 0.4992	\$ 0.4992	\$ 0.4622	\$ 0.4461	\$ 0.4224	\$ 0.4038	\$ 0.3795	\$ 0.3656	\$ 0.3138	\$ 0.2762

(a) Since 2010, base has been defined as 100% of the previous year's annual usage divided by 12.

(b) Includes the first 1,496 gallons.

San Antonio Water System  
 Schedule 12 - Wholesale Class Rates

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Water</b>										
Service Availability Charge by meter size:										
6"	\$ 538.85	\$ 538.85	\$ 536.70	\$ 489.24	\$ 450.50	\$ 397.62	\$ 383.80	\$ 374.62	\$ 374.62	\$ 362.30
8"	\$ 860.58	\$ 860.58	\$ 857.15	\$ 781.36	\$ 719.48	\$ 635.03	\$ 612.96	\$ 598.30	\$ 598.30	\$ 578.63
10"	\$ 1,235.91	\$ 1,235.91	\$ 1,230.99	\$ 1,122.14	\$ 1,033.28	\$ 911.98	\$ 880.29	\$ 859.24	\$ 859.24	\$ 830.99
12"	\$ 2,308.35	\$ 2,308.35	\$ 2,299.15	\$ 2,095.85	\$ 1,929.88	\$ 1,703.33	\$ 1,644.14	\$ 1,604.82	\$ 1,604.82	\$ 1,552.05
Usage (per 100 gallons)										
Base (a)	\$ 0.2099	\$ 0.2099	\$ 0.2091	\$ 0.1906	\$ 0.1755					
Over Base	\$ 0.6299	\$ 0.6299	\$ 0.6274	\$ 0.5719	\$ 0.5266					
Usage (per 100 gallons)										
Base (a)					\$ 0.1098	\$ 0.1060	\$ 0.1035	\$ 0.1035	\$ 0.1035	\$ 0.1001
100-125% of base					\$ 0.1650	\$ 0.1593	\$ 0.1555	\$ 0.1555	\$ 0.1555	\$ 0.1504
125-175% of base					\$ 0.2383	\$ 0.2300	\$ 0.2245	\$ 0.2245	\$ 0.2245	\$ 0.2171
Over 175% of base					\$ 0.3369	\$ 0.3252	\$ 0.3174	\$ 0.3174	\$ 0.3174	\$ 0.3070
<b>Sewer</b>										
Service Availability Charge	\$ 340.07	\$ 340.07	\$ 314.88	\$ 303.94	\$ 287.82	\$ 149.02	\$ 140.06	\$ 134.93	\$ 115.82	\$ 101.95
Usage (per 100 gallons)	\$ 0.4438	\$ 0.4438	\$ 0.4109	\$ 0.3966	\$ 0.3756	\$ 0.3641	\$ 0.3422	\$ 0.3297	\$ 0.2830	\$ 0.2491

(a) Base is defined as 100% of the previous year's average annual usage divided by twelve or (effective June 18, 2015) as agreed to by the wholesale customer and approved by the SAWS Board of Trustees.

San Antonio Water System  
 Schedule 13 - Irrigation Class Rates

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Inside City Limits</b>										
Service Availability Charge by meter size:										
5/8"	\$ 13.86	\$ 13.86	\$ 13.80	\$ 12.58	\$ 11.58	\$ 10.53	\$ 10.16	\$ 9.92	\$ 9.92	\$ 9.59
3/4"	\$ 19.79	\$ 19.79	\$ 19.71	\$ 17.97	\$ 16.55	\$ 15.05	\$ 14.53	\$ 14.18	\$ 14.18	\$ 13.71
1"	\$ 31.66	\$ 31.66	\$ 31.53	\$ 28.74	\$ 26.46	\$ 24.08	\$ 23.24	\$ 22.68	\$ 22.68	\$ 21.93
1-1/2"	\$ 61.29	\$ 61.29	\$ 61.05	\$ 55.65	\$ 51.24	\$ 46.65	\$ 45.03	\$ 43.95	\$ 43.95	\$ 42.50
2"	\$ 96.79	\$ 96.79	\$ 96.40	\$ 87.88	\$ 80.92	\$ 73.74	\$ 71.18	\$ 69.48	\$ 69.48	\$ 67.20
3"	\$ 179.74	\$ 179.74	\$ 179.02	\$ 163.19	\$ 150.27	\$ 136.96	\$ 132.20	\$ 129.04	\$ 129.04	\$ 124.80
4"	\$ 298.19	\$ 298.19	\$ 297.00	\$ 270.74	\$ 249.30	\$ 227.28	\$ 219.38	\$ 214.13	\$ 214.13	\$ 207.09
6"	\$ 594.32	\$ 594.32	\$ 591.95	\$ 539.61	\$ 496.88	\$ 453.06	\$ 437.32	\$ 426.86	\$ 426.86	\$ 412.82
8"	\$ 949.73	\$ 949.73	\$ 945.95	\$ 862.31	\$ 794.02	\$ 723.99	\$ 698.83	\$ 682.12	\$ 682.12	\$ 659.69
10"	\$ 1,364.34	\$ 1,364.34	\$ 1,358.90	\$ 1,238.74	\$ 1,140.64	\$ 1,040.08	\$ 1,003.94	\$ 979.93	\$ 979.93	\$ 947.71
12"	\$ 2,548.96	\$ 2,548.96	\$ 2,538.80	\$ 2,314.31	\$ 2,131.04	\$ 1,943.21	\$ 1,875.69	\$ 1,830.83	\$ 1,830.83	\$ 1,770.63
Usage (per 100 gallons)										
First 8,229 gallons	\$ 0.3292	\$ 0.3292	\$ 0.3279	\$ 0.2989	\$ 0.2752					
Next 9,725 gallons	\$ 0.4607	\$ 0.4607	\$ 0.4589	\$ 0.4183	\$ 0.3852					
Next 144,362 gallons	\$ 0.5925	\$ 0.5925	\$ 0.5901	\$ 0.5379	\$ 0.4953					
Over 162,316 gallons	\$ 0.7570	\$ 0.7570	\$ 0.7540	\$ 0.6873	\$ 0.6329					
Standard:										
First 6,732 gallons					\$ 0.1713	\$ 0.1653	\$ 0.1613	\$ 0.1613	\$ 0.1613	\$ 0.1560
Next 10,473 gallons					\$ 0.2053	\$ 0.1982	\$ 0.1935	\$ 0.1935	\$ 0.1935	\$ 0.1871
Over 17,205 gallons					\$ 0.3596	\$ 0.3471	\$ 0.3388	\$ 0.3388	\$ 0.3388	\$ 0.3277
Seasonal (a):										
First 6,732 gallons					\$ 0.1713	\$ 0.1653	\$ 0.1613	\$ 0.1613	\$ 0.1613	\$ 0.1560
Next 10,473 gallons					\$ 0.2384	\$ 0.2301	\$ 0.2246	\$ 0.2246	\$ 0.2246	\$ 0.2172
Over 17,205 gallons					\$ 0.4936	\$ 0.4764	\$ 0.4650	\$ 0.4650	\$ 0.4650	\$ 0.4497
<b>Outside City Limits</b>										
Service Availability Charge by meter size:										
5/8"	\$ 16.94	\$ 16.94	\$ 16.87	\$ 15.38	\$ 14.16	\$ 13.69	\$ 13.21	\$ 12.89	\$ 12.89	\$ 12.47
3/4"	\$ 24.12	\$ 24.12	\$ 24.02	\$ 21.90	\$ 20.17	\$ 19.56	\$ 18.88	\$ 18.43	\$ 18.43	\$ 17.82
1"	\$ 38.45	\$ 38.45	\$ 38.30	\$ 34.91	\$ 32.15	\$ 31.29	\$ 30.20	\$ 29.48	\$ 29.48	\$ 28.51
1-1/2"	\$ 74.27	\$ 74.27	\$ 73.97	\$ 67.43	\$ 62.09	\$ 60.65	\$ 58.54	\$ 57.14	\$ 57.14	\$ 55.26
2"	\$ 117.20	\$ 117.20	\$ 116.73	\$ 106.41	\$ 97.98	\$ 95.87	\$ 92.54	\$ 90.33	\$ 90.33	\$ 87.36
3"	\$ 217.47	\$ 217.47	\$ 216.60	\$ 197.45	\$ 181.81	\$ 178.06	\$ 171.87	\$ 167.76	\$ 167.76	\$ 162.24
4"	\$ 360.65	\$ 360.65	\$ 359.21	\$ 327.45	\$ 301.52	\$ 295.46	\$ 285.19	\$ 278.37	\$ 278.37	\$ 269.22
6"	\$ 718.67	\$ 718.67	\$ 715.81	\$ 652.52	\$ 600.85	\$ 588.98	\$ 568.51	\$ 554.91	\$ 554.91	\$ 536.66
8"	\$ 1,148.31	\$ 1,148.31	\$ 1,143.74	\$ 1,042.61	\$ 960.05	\$ 941.20	\$ 908.49	\$ 886.76	\$ 886.76	\$ 857.60
10"	\$ 1,649.54	\$ 1,649.54	\$ 1,642.97	\$ 1,497.69	\$ 1,379.09	\$ 1,352.11	\$ 1,305.13	\$ 1,273.92	\$ 1,273.92	\$ 1,232.03
12"	\$ 3,081.65	\$ 3,081.65	\$ 3,069.37	\$ 2,797.97	\$ 2,576.40	\$ 2,526.17	\$ 2,438.39	\$ 2,380.08	\$ 2,380.08	\$ 2,301.82
Usage (per 100 gallons)										
First 8,229 gallons	\$ 0.4279	\$ 0.4279	\$ 0.4262	\$ 0.3885	\$ 0.3577					
Next 9,725 gallons	\$ 0.5991	\$ 0.5991	\$ 0.5967	\$ 0.5439	\$ 0.5008					
Next 144,362 gallons	\$ 0.7702	\$ 0.7702	\$ 0.7671	\$ 0.6993	\$ 0.6439					
Over 162,316 gallons	\$ 0.9841	\$ 0.9841	\$ 0.9802	\$ 0.8935	\$ 0.8227					
Standard:										
First 6,732 gallons					\$ 0.2225	\$ 0.2148	\$ 0.2097	\$ 0.2097	\$ 0.2097	\$ 0.2028
Next 10,473 gallons					\$ 0.2670	\$ 0.2577	\$ 0.2515	\$ 0.2515	\$ 0.2515	\$ 0.2432
Over 17,205 gallons					\$ 0.4675	\$ 0.4513	\$ 0.4405	\$ 0.4405	\$ 0.4405	\$ 0.4260
Seasonal (a):										
First 6,732 gallons					\$ 0.2225	\$ 0.2148	\$ 0.2097	\$ 0.2097	\$ 0.2097	\$ 0.2028
Next 10,473 gallons					\$ 0.3100	\$ 0.2992	\$ 0.2920	\$ 0.2920	\$ 0.2920	\$ 0.2824
Over 17,205 gallons					\$ 0.6416	\$ 0.6193	\$ 0.6045	\$ 0.6045	\$ 0.6045	\$ 0.5846

(a) Seasonal rates were applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times, the Standard rate was applied.

San Antonio Water System  
Schedule 14 - Other Fees

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Water Supply Fee (a):</b>										
Usage (per 100 gallons)										
Residential Class										
First 2,992 Gallons	\$ 0.1585	\$ 0.1040	\$ 0.0997	\$ 0.0954	\$ 0.0892					
Next 1,497 Gallons	\$ 0.2772	\$ 0.1819	\$ 0.1744	\$ 0.1669	\$ 0.1561					
Next 1,496 Gallons	\$ 0.3563	\$ 0.2338	\$ 0.2242	\$ 0.2145	\$ 0.2007					
Next 1,496 Gallons	\$ 0.4357	\$ 0.2859	\$ 0.2741	\$ 0.2623	\$ 0.2454					
Next 2,992 Gallons	\$ 0.5150	\$ 0.3379	\$ 0.3240	\$ 0.3100	\$ 0.2900					
Next 4,489 Gallons	\$ 0.5942	\$ 0.3899	\$ 0.3738	\$ 0.3577	\$ 0.3346					
Next 5,237 Gallons	\$ 0.7129	\$ 0.4678	\$ 0.4485	\$ 0.4292	\$ 0.4015					
Over 20,199 Gallons	\$ 1.0296	\$ 0.6756	\$ 0.6477	\$ 0.6198	\$ 0.5798					
First 5,985 gallons						\$ 0.1285	\$ 0.1223	\$ 0.1080	\$ 0.1054	\$ 0.1023
Next 6,732 gallons						\$ 0.1858	\$ 0.1768	\$ 0.1562	\$ 0.1524	\$ 0.1480
Next 4,488 gallons						\$ 0.2622	\$ 0.2495	\$ 0.2204	\$ 0.2150	\$ 0.2087
Over 17,205 gallons						\$ 0.4589	\$ 0.4366	\$ 0.3857	\$ 0.3763	\$ 0.3653
General Class										
Base (b)	\$ 0.2989	\$ 0.1961	\$ 0.1880	\$ 0.1799	\$ 0.1683	\$ 0.1976	\$ 0.1880	\$ 0.1661	\$ 0.1620	\$ 0.1573
100-125% of base	\$ 0.3438	\$ 0.2256	\$ 0.2163	\$ 0.2070	\$ 0.1936	\$ 0.1976	\$ 0.1880	\$ 0.1661	\$ 0.1620	\$ 0.1573
125-175% of base	\$ 0.4482	\$ 0.2941	\$ 0.2820	\$ 0.2699	\$ 0.2525	\$ 0.1976	\$ 0.1880	\$ 0.1661	\$ 0.1620	\$ 0.1573
Over 175% of base	\$ 0.5232	\$ 0.3433	\$ 0.3291	\$ 0.3149	\$ 0.2946	\$ 0.1976	\$ 0.1880	\$ 0.1661	\$ 0.1620	\$ 0.1573
Wholesale Class										
Base (c)	\$ 0.3892	\$ 0.2554	\$ 0.2449	\$ 0.2344	\$ 0.2193	\$ 0.1976	\$ 0.1880	\$ 0.1661	\$ 0.1620	\$ 0.1573
Over Base	\$ 1.1681	\$ 0.7665	\$ 0.7349	\$ 0.7033	\$ 0.6579	\$ 0.1976	\$ 0.1880	\$ 0.1661	\$ 0.1620	\$ 0.1573
Irrigation Class										
First 8,229 gallons	\$ 0.3911	\$ 0.2566	\$ 0.2460	\$ 0.2354	\$ 0.2202					
Next 9,725 gallons	\$ 0.5474	\$ 0.3592	\$ 0.3444	\$ 0.3296	\$ 0.3083					
Next 144,362 gallons	\$ 0.7039	\$ 0.4619	\$ 0.4429	\$ 0.4238	\$ 0.3964					
Over 162,316 gallons	\$ 0.8996	\$ 0.5903	\$ 0.5660	\$ 0.5416	\$ 0.5066					
First 6,732 gallons						\$ 0.1976	\$ 0.1880	\$ 0.1661	\$ 0.1620	\$ 0.1573
Next 10,473 gallons						\$ 0.2622	\$ 0.2495	\$ 0.2204	\$ 0.2150	\$ 0.2087
Over 17,205 gallons						\$ 0.4976	\$ 0.4735	\$ 0.4183	\$ 0.4081	\$ 0.3962
<b>EAA Fee (d)</b>	\$ 0.03452	\$ 0.03561	\$ 0.03533	\$ 0.03612	\$ 0.04259	\$ 0.03311	\$ 0.03295	\$ 0.03425	\$ 0.03901	\$ 0.01407
<b>State-Imposed TCEQ Fees (e)</b>										
Water Connection Fee	\$ 0.21	\$ 0.20	\$ 0.20	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.17	\$ 0.17	\$ 0.19
Wastewater Connection Fee	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.05

- (a) Applies to all billed potable water.
- (b) Base is defined as 100% of the previous year's average annual usage divided by twelve.
- (c) Base is defined as 100% of the previous year's average annual usage divided by twelve or (effective June 18, 2015) as agreed to by the wholesale customer and approved by the SAWS Board of Trustees.
- (d) Per 100 gallons. Applies to all billed potable water. Purpose of fee is to recover fees paid to Edwards Aquifer Authority (EAA) for permitted water rights. Annual rate takes into account any cumulative deficit or surplus in the recovery, number of EAA water rights, and projected potable water sales in gallons for the year.
- (e) Purpose is to recover fees paid to Texas Commission on Environmental Quality (TCEQ). Each fee is assessed monthly to all Residential, General, and Wholesale accounts as well as each apartment account based on the number of units. Annual rate takes into account any cumulative deficit or surplus in the recovery.

San Antonio Water System  
Schedule 15 - Recycled Water Rates

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Edwards Exchange Customers (a)</b>										
Service Availability Charge by meter size:										
5/8"	\$ 14.71	\$ 12.34	\$ 12.12	\$ 11.24	\$ 10.42	\$ 9.51	\$ 9.26	\$ 9.04	\$ 9.04	\$ 8.74
3/4"	\$ 19.13	\$ 16.05	\$ 15.77	\$ 14.63	\$ 13.56	\$ 12.37	\$ 12.05	\$ 11.76	\$ 11.76	\$ 11.37
1"	\$ 24.94	\$ 20.92	\$ 20.55	\$ 19.06	\$ 17.66	\$ 16.11	\$ 15.69	\$ 15.31	\$ 15.31	\$ 14.81
1-1/2"	\$ 39.62	\$ 33.24	\$ 32.65	\$ 30.29	\$ 28.07	\$ 25.61	\$ 24.95	\$ 24.35	\$ 24.35	\$ 23.55
2"	\$ 57.93	\$ 48.60	\$ 47.74	\$ 44.29	\$ 41.05	\$ 37.45	\$ 36.48	\$ 35.61	\$ 35.61	\$ 34.44
3"	\$ 154.09	\$ 129.27	\$ 126.98	\$ 117.79	\$ 109.17	\$ 99.61	\$ 97.03	\$ 94.71	\$ 94.71	\$ 91.60
4"	\$ 229.04	\$ 192.15	\$ 188.75	\$ 175.09	\$ 162.27	\$ 148.06	\$ 144.22	\$ 140.77	\$ 140.77	\$ 136.14
6"	\$ 436.90	\$ 366.53	\$ 360.05	\$ 334.00	\$ 309.55	\$ 282.44	\$ 275.12	\$ 268.54	\$ 268.54	\$ 259.71
8"	\$ 658.58	\$ 552.50	\$ 542.73	\$ 503.46	\$ 466.60	\$ 425.73	\$ 414.70	\$ 404.78	\$ 404.78	\$ 391.47
10"	\$ 903.06	\$ 757.60	\$ 744.20	\$ 690.35	\$ 639.81	\$ 583.77	\$ 568.64	\$ 555.04	\$ 555.04	\$ 536.79
12"	\$ 1,114.22	\$ 934.75	\$ 918.22	\$ 851.78	\$ 789.42	\$ 720.27	\$ 701.61	\$ 684.83	\$ 684.83	\$ 662.31
Usage (per 100 gallons)										
Standard:										
Transferred amount	\$ 0.0387	\$ 0.0325	\$ 0.0319	\$ 0.0296	\$ 0.0274	\$ 0.0250	\$ 0.0244	\$ 0.0238	\$ 0.0238	\$ 0.0230
In excess of transferred amount	\$ 0.1452	\$ 0.1218	\$ 0.1196	\$ 0.1109	\$ 0.1028	\$ 0.0938	\$ 0.0914	\$ 0.0892	\$ 0.0892	\$ 0.0863
Seasonal (b):										
Transferred amount	\$ 0.0387	\$ 0.0325	\$ 0.0319	\$ 0.0296	\$ 0.0274	\$ 0.0250	\$ 0.0244	\$ 0.0238	\$ 0.0238	\$ 0.0230
In excess of transferred amount	\$ 0.1542	\$ 0.1294	\$ 0.1271	\$ 0.1179	\$ 0.1093	\$ 0.0997	\$ 0.0971	\$ 0.0948	\$ 0.0948	\$ 0.0917
<b>Non-exchange Customers</b>										
Service Availability Charge by meter size:										
5/8"	\$ 14.71	\$ 12.34	\$ 12.12	\$ 11.24	\$ 10.42	\$ 9.51	\$ 9.26	\$ 9.04	\$ 9.04	\$ 8.74
3/4"	\$ 19.13	\$ 16.05	\$ 15.77	\$ 14.63	\$ 13.56	\$ 12.37	\$ 12.05	\$ 11.76	\$ 11.76	\$ 11.37
1"	\$ 24.94	\$ 20.92	\$ 20.55	\$ 19.06	\$ 17.66	\$ 16.11	\$ 15.69	\$ 15.31	\$ 15.31	\$ 14.81
1-1/2"	\$ 39.62	\$ 33.24	\$ 32.65	\$ 30.29	\$ 28.07	\$ 25.61	\$ 24.95	\$ 24.35	\$ 24.35	\$ 23.55
2"	\$ 57.93	\$ 48.60	\$ 47.74	\$ 44.29	\$ 41.05	\$ 37.45	\$ 36.48	\$ 35.61	\$ 35.61	\$ 34.44
3"	\$ 154.09	\$ 129.27	\$ 126.98	\$ 117.79	\$ 109.17	\$ 99.61	\$ 97.03	\$ 94.71	\$ 94.71	\$ 91.60
4"	\$ 229.04	\$ 192.15	\$ 188.75	\$ 175.09	\$ 162.27	\$ 148.06	\$ 144.22	\$ 140.77	\$ 140.77	\$ 136.14
6"	\$ 436.90	\$ 366.53	\$ 360.05	\$ 334.00	\$ 309.55	\$ 282.44	\$ 275.12	\$ 268.54	\$ 268.54	\$ 259.71
8"	\$ 658.58	\$ 552.50	\$ 542.73	\$ 503.46	\$ 466.60	\$ 425.73	\$ 414.70	\$ 404.78	\$ 404.78	\$ 391.47
10"	\$ 903.06	\$ 757.60	\$ 744.20	\$ 690.35	\$ 639.81	\$ 583.77	\$ 568.64	\$ 555.04	\$ 555.04	\$ 536.79
12"	\$ 1,114.22	\$ 934.75	\$ 918.22	\$ 851.78	\$ 789.42	\$ 720.27	\$ 701.61	\$ 684.83	\$ 684.83	\$ 662.31
Usage (per 100 gallons)										
Standard:										
First 748,000 gallons	\$ 0.1553	\$ 0.1303	\$ 0.1280	\$ 0.1187	\$ 0.1100	\$ 0.1004	\$ 0.0978	\$ 0.0955	\$ 0.0955	\$ 0.0924
Over 748,000 gallons	\$ 0.1588	\$ 0.1332	\$ 0.1308	\$ 0.1213	\$ 0.1124	\$ 0.1026	\$ 0.0999	\$ 0.0975	\$ 0.0975	\$ 0.0943
Seasonal (b):										
First 748,000 gallons	\$ 0.1670	\$ 0.1401	\$ 0.1376	\$ 0.1276	\$ 0.1183	\$ 0.1079	\$ 0.1051	\$ 0.1026	\$ 0.1026	\$ 0.0992
Over 748,000 gallons	\$ 0.1684	\$ 0.1413	\$ 0.1388	\$ 0.1288	\$ 0.1194	\$ 0.1089	\$ 0.1061	\$ 0.1036	\$ 0.1036	\$ 0.1002

(a) Customers that have transferred Edwards Aquifer water rights to SAWS in exchange for recycled water.

(b) Prior to 2012, Seasonal rates were applied to all billings beginning July 1 and ending on or about October 31 of each year. At all other times, the Standard rate was utilized. Beginning in 2012, rate is applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times, the Standard rate is utilized.

San Antonio Water System  
Schedule 16 - Impact Fees

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Water</b>										
Flow - All Areas	\$ 1,188.00	\$ 1,188.00	\$ 1,182.00	\$ 1,182.00	\$ 1,182.00	\$ 1,182.00	\$ 1,182.00	\$ 1,247.00	\$ 1,247.00	\$ 1,247.00
System Development:										
Low Elevation Service Area	\$ 855.00	\$ 855.00	\$ 619.00	\$ 619.00	\$ 619.00	\$ 619.00	\$ 619.00	\$ 579.00	\$ 579.00	\$ 579.00
Middle Elevation Service Area	\$ 1,014.00	\$ 1,014.00	\$ 799.00	\$ 799.00	\$ 799.00	\$ 799.00	\$ 799.00	\$ 774.00	\$ 774.00	\$ 774.00
High Elevation Service Area	\$ 1,203.00	\$ 1,203.00	\$ 883.00	\$ 883.00	\$ 883.00	\$ 883.00	\$ 883.00	\$ 966.00	\$ 966.00	\$ 966.00
<b>Wastewater</b>										
Treatment:										
Dos Rios/Leon Creek Service Area	\$ 651.00	\$ 651.00	\$ 786.00	\$ 786.00	\$ 786.00	\$ 786.00	\$ 786.00	\$ 552.00	\$ 552.00	\$ 552.00
Medio Creek	\$ 1,222.00	\$ 1,222.00	\$ 1,429.00	\$ 1,429.00	\$ 1,429.00	\$ 1,429.00	\$ 1,429.00	\$ 1,379.00	\$ 1,379.00	\$ 1,379.00
Upper and Lower Service Areas										
Far West-Medio Service Areas										
Collection:										
Medio Creek	\$ 861.00	\$ 861.00	\$ 838.00	\$ 838.00	\$ 838.00	\$ 838.00	\$ 838.00	\$ 582.00	\$ 582.00	\$ 582.00
Upper Medina	\$ 1,422.00	\$ 1,422.00	\$ 1,565.00	\$ 1,565.00	\$ 1,565.00	\$ 1,565.00	\$ 1,565.00	\$ 1,053.00	\$ 1,053.00	\$ 1,053.00
Lower Medina	\$ 520.00	\$ 520.00	\$ 475.00	\$ 475.00	\$ 475.00	\$ 475.00	\$ 475.00	\$ 594.00	\$ 594.00	\$ 594.00
Upper Collection	\$ 2,800.00	\$ 2,800.00	\$ 2,520.00	\$ 2,520.00	\$ 2,520.00	\$ 2,520.00	\$ 2,520.00	\$ 1,795.00	\$ 1,795.00	\$ 1,795.00
Middle Collection	\$ 2,013.00	\$ 2,013.00	\$ 1,469.00	\$ 1,469.00	\$ 1,469.00	\$ 1,469.00	\$ 1,469.00	\$ 1,142.00	\$ 1,142.00	\$ 1,142.00
Lower Collection	\$ 902.00	\$ 902.00	\$ 719.00	\$ 719.00	\$ 719.00	\$ 719.00	\$ 719.00	\$ 552.00	\$ 552.00	\$ 552.00
Lower Service Area										
Upper Service Area										
Far West-Medio Service Areas										
Far West-Potranco, Big Saus, & Lucas Service Area										
<b>Water Supply - All Areas (a)</b>	\$ 2,706.00	\$ 2,706.00	\$ 2,796.00	\$ 2,796.00	\$ 2,796.00	\$ 2,796.00	\$ 1,590.00	\$ 1,297.00	\$ 1,297.00	\$ 1,297.00

Impact fees are assessed per equivalent dwelling unit.

Meter Size	EQUIVALENT DWELLING UNITS									
	1	1	1	1	1	1	1	1	1	1
5/8"	1	1	1	1	1	1	1	1	1	1
3/4"	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
1"	2	2	2	2	2	2	2	2	2	2
1-1/2"	5	5	5	5	5	5	5	5	5	5
2"	14	14	14	14	14	14	14	14	14	14
3"	30	30	30	30	30	30	30	30	30	30
4"	50	50	50	50	50	50	50	50	50	50
6"	105	105	105	105	105	105	105	105	105	105
8"	135	135	135	135	135	135	135	135	135	135
10"	190	190	190	190	190	190	190	190	190	190
12"	360	360	360	360	360	360	360	360	360	360

(a) 2015 rate, effective June 1, 2015

San Antonio Water System  
Schedule 17 - Ten Largest Customers - Water  
Current Year and Nine Years Ago

Customer	Principal Business	Usage (a) (million gallons)	%	Total Revenue (b) (in thousands)	%
<b>As of December 31, 2020:</b>					
CITY OF SAN ANTONIO	Municipal Entity	518	0.8%	\$ 4,341	0.8%
HEB GROCERY	Grocery	584	0.9%	3,702	0.7%
SAN ANTONIO HOUSING AUTHORITY	Public Housing	461	0.7%	2,836	0.5%
METHODIST HEALTH CARE SYSTEM	Hospital System	305	0.5%	2,544	0.5%
BEXAR COUNTY	County Government	398	0.6%	2,378	0.5%
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	225	0.3%	1,892	0.4%
UNIVERSITY OF TEXAS AT SAN ANTONIO	University	216	0.3%	1,820	0.4%
EAST CENTRAL SPECIAL UTILITY DISTRICT	Retail Water Utility	248	0.4%	1,613	0.3%
NORTHEAST INDEPENDENT SCHOOL DISTRICT	School System	204	0.3%	1,522	0.3%
CPS ENERGY	Public Power Utility	250	0.4%	1,495	0.3%
Subtotal (10 largest)		3,410	5.1%	24,144	4.7%
Balance from Other Customers		63,783	94.9%	493,393	95.3%
Total		67,193	100.0%	\$ 517,537	100.0%

**Fiscal Year Ended December 31, 2011:**

HEB GROCERY	Grocery	551	0.9%	\$ 2,483	1.0%
SAN ANTONIO HOUSING AUTHORITY	Public Housing	503	0.9%	1,794	0.7%
BEXAR COUNTY	County Government	462	0.8%	1,615	0.7%
L & H PACKING COMPANY	Beef Processor	322	0.5%	1,277	0.5%
CITY OF SAN ANTONIO	Municipal Entity	339	0.6%	1,132	0.5%
MAXIM INTEGRATED PRODUCT, INC.	Electronics	282	0.5%	920	0.4%
OAK FARMS DAIRY	Dairy Producer	203	0.3%	819	0.3%
FRITO LAY, INC.	Food Manufacturer	172	0.3%	774	0.3%
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	242	0.4%	716	0.3%
TOYOTA	Automobile Manufacturer	116	0.2%	689	0.3%
Subtotal (10 largest)		3,192	5.40	12,219	5.07
Balance from Other Customers		55,941	94.60	228,970	94.93
Total		59,133	100.00	\$ 241,189	100.00

(a) Potable water only

(b) Includes Water Delivery, Water Supply, EAA fees, Conservation fees and TCEQ water fees.



San Antonio Water System  
Schedule 18 - Ten Largest Customers - Wastewater\*  
Current Year and Nine Years Ago

Customer	Principal Business	Usage (million gallons)	%	Total Revenue (in thousands)	%
<b>As of December 31, 2020:</b>					
HEB GROCERY	Grocery	502	1.1%	\$ 3,180	1.2%
SAN ANTONIO HOUSING AUTHORITY	Public Housing	452	1.0%	1,975	0.8%
BEXAR COUNTY	County Government	377	0.8%	1,684	0.6%
CITY OF SAN ANTONIO	Municipal Entity	227	0.5%	1,166	0.4%
METHODIST HEALTH CARE SYSTEM	Hospital System	219	0.5%	946	0.4%
TOYOTA	Automobile Manufacturer	208	0.4%	907	0.3%
TOWERJAZZ TEXAS, INC.	Electronics	209	0.4%	874	0.3%
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	125	0.3%	688	0.3%
UNIVERSITY OF TEXAS AT SAN ANTONIO	University	154	0.3%	654	0.3%
FRITO LAY, INC.	Food Manufacturer	87	0.2%	644	0.2%
Subtotal (10 largest)		2,559	5.4%	12,718	4.9%
Balance from Other Customers		44,716	94.6%	248,184	95.1%
Total		47,275	100.0%	\$ 260,902	100.0%

**Fiscal Year Ended December 31, 2011:**

HEB GROCERY	Grocery	411	0.87%	\$ 1,865	1.31%
SAN ANTONIO HOUSING AUTHORITY	Public Housing	500	1.05%	1,160	0.82%
BEXAR COUNTY	County Government	282	0.59%	723	0.51%
L & H PACKING COMPANY	Beef Processor	166	0.35%	676	0.48%
CITY OF SAN ANTONIO	Municipal Entity	202	0.43%	494	0.35%
MAXIM INTEGRATED PRODUCT, INC.	Electronics	214	0.45%	494	0.35%
OAK FARMS DAIRY	Dairy Producer	54	0.11%	474	0.33%
FRITO LAY, INC.	Food Manufacturer	66	0.14%	406	0.29%
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	167	0.35%	399	0.28%
TOYOTA	Automobile Manufacturer	158	0.33%	385	0.27%
Subtotal (10 largest)		2,220	4.67%	7,076	4.97%
Balance from Other Customers		45,285	95.33%	135,176	95.03%
Total		47,505	100.00%	\$ 142,252	100.00%

(\*)Excludes Wholesale Wastewater usage and revenues.

San Antonio Water System  
Schedule 19 - Ten Largest Customers - Wholesale Wastewater  
Current Year and Nine Years Ago

Customer	Principal Business	Total Revenue (in thousands)	%
<b>Fiscal Year Ended December 31, 2020:</b>			
LACKLAND AIR FORCE BASE	Military	\$ 3,651	30.9%
JOINT BASE SAN ANTONIO - FT. SAM HOUSTON	Military	2,320	19.6%
LEON VALLEY	Municipal Government	1,551	13.1%
ALAMO HEIGHTS	Municipal Government	1,238	10.5%
BEXAR COUNTY WATER CONTROL DISTRICT NO. 10	County Government	788	6.7%
KIRBY	Municipal Government	619	5.2%
BALCONES HEIGHTS	Municipal Government	575	4.9%
OLMOS PARK	Municipal Government	474	4.0%
LACKLAND ANNEX	Military	334	2.8%
AIR FORCE VILLAGE II	Municipal Government	122	1.0%
Subtotal (10 largest)		11,671	98.7%
Balance from Other Customers		158	1.3%
Total		<u>\$ 11,829</u>	<u>100.0%</u>
<b>Fiscal Year Ended December 31, 2011:</b>			
FT. SAM HOUSTON	Military	\$ 1,078	17.7%
LEON VALLEY	Municipal Government	999	16.4%
ALAMO HEIGHTS	Municipal Government	977	16.0%
LACKLAND AIR FORCE BASE	Military	899	14.7%
BEXAR COUNTY WATER CONTROL DISTRICT NO. 10	County Government	555	9.1%
BALCONES HEIGHTS	Municipal Government	378	6.2%
KIRBY	Municipal Government	345	5.7%
OLMOS PARK	Municipal Government	305	5.0%
LACKLAND ANNEX	Military	193	3.2%
AIR FORCE VILLAGE II	Municipal Government	178	2.9%
Subtotal (10 largest)		5,907	96.8%
Balance from Other Customers		198	3.2%
Total		<u>\$ 6,105</u>	<u>100.0%</u>

San Antonio Water System  
Schedule 20 - Ratios of Total Outstanding Debt by Type  
(\$ in thousands, except debt per customer)  
Unaudited

Year	Total Debt Outstanding by Type										Ratio of Total Debt to Gross Revenue	Customer Connections (d)	Debt Per Customer Connection		
	Revenue Bonds (a)					Commercial Paper Notes (a)								Total Debt Outstanding	Gross Revenues (c)
	Principal Outstanding	Unamortized Premium & (Discount)	Net Revenue Bonds Payable	Other Debt (b)	Commercial Paper Notes (a)	Other Debt (b)	Total Debt Outstanding	Gross Revenues (c)							
2020	\$ 2,771,580	\$ 262,465	\$ 3,034,045	\$ -	\$ 218,260	\$ -	\$ 3,252,305	\$ 804,258	4.04	1,002,870	\$ 3,243				
2019	2,546,520	188,555	2,735,075	-	281,815	-	3,016,890	765,762	3.94	977,536	3,086				
2018	2,631,215	203,355	2,834,570	-	215,695	-	3,050,265	713,534	4.27	958,693	3,182				
2017	2,537,520	198,219	2,735,739	-	278,060	-	3,013,799	677,159	4.45	941,566	3,201				
2016	2,630,350	209,932	2,840,282	-	241,610	-	3,081,892	630,603	4.89	926,165	3,328				
2015	2,600,096	130,267	2,730,363	88,700	135,305	-	2,954,368	563,111	5.25	912,430	3,238				
2014	2,398,555	108,864	2,507,419	-	138,550	-	2,645,969	505,435	5.24	798,177	3,315				
2013	2,240,915	107,919	2,348,834	-	186,655	-	2,535,489	467,749	5.42	784,209	3,233				
2012	1,987,810	95,735	2,083,545	-	170,745	-	2,254,290	444,677	4.85	777,374	2,777				
2011	1,894,230	4,609	1,898,839	-	214,930	-	2,113,769	424,049	4.97	765,400	2,756				

(a) Details regarding outstanding revenue bonds and commercial paper notes can be found in the notes to the financial statements.

(b) Includes notes payable and capital leases payable.

(c) Gross Revenues are defined as operating revenues plus nonoperating revenues less revenues from the City Public Service contract, interest on Project Funds and federal subsidy on Build America Bonds. Beginning in 2018, investment mark-to-market adjustments were also excluded.

(d) Customer connections represent the combined number of billed accounts for water and wastewater services at fiscal year-end. Increase in connections from 2014 to 2015 is primarily due to the merger of SAWS and SAWS District Special Project effective January 1, 2015.

San Antonio Water System  
Schedule 21 - Pledged Revenue Coverage  
(\$ in thousands)  
Unaudited

Year	Gross Revenues (a)	Operating Expenses (b)	Net Available Revenue	Revenue Bond Debt Service (c)		Maximum Annual Debt Service Requirements				
				Principal	Interest (d)	Total	Debt (e)	Coverage	Debt (e)	Coverage (f)
2020	\$ 804,258	\$ 401,961	402,297	\$ 86,445	\$ 104,566	\$ 191,011	\$ 210,885	1.91	\$ 41,548	9.68
2019 <sup>(*)</sup>	750,849	339,934	410,915	87,060	104,831	191,891	195,567	2.14	47,455	8.66
2018 <sup>(**)</sup>	703,202	330,235	372,967	84,875	103,922	188,797	194,518	1.98	81,428	4.58
2017	668,998	318,442	350,556	82,840	102,236	185,076	185,076	1.89	81,440	4.30
2016	622,947	315,395	307,552	78,570	98,158	176,728	185,149	1.66	84,009	3.66
2015	555,712	291,246	264,466	71,355	101,064	172,419	178,516	1.48	114,320	2.31
2014	498,334	245,055	253,279	57,850	91,704	149,554	160,510	1.58	117,126	2.16
2013	460,776	244,348	216,428	47,315	86,058	133,373	152,496	1.42	117,126	1.85
2012	437,253	237,576	199,677	44,780	80,320	125,100	138,420	1.44	122,816	1.63
2011	417,077	209,058	208,019	39,730	79,534	119,264	132,226	1.57	112,715	1.85

(\*) The 2019 Maximum Annual Debt Service Senior Lien Debt reflects the 2019 senior lien debt.

(\*\*) In 2018, the pledged revenue calculation began excluding non-cash revenues and expenses.

(a) Gross Revenues are defined as operating revenues plus nonoperating revenues less revenues from the City Public Service contract, interest on Project Funds and federal subsidy on Build America Bonds. Beginning in 2018, investment mark to market adjustments were also excluded.

(b) Operating Expenses reflect operating expenses before depreciation as shown on the Statement of Revenues, Expenses and Changes in Net Position adjusted by any non-cash expenses. (c) Represents current year debt service payments. Details regarding outstanding debt can be found in the notes to the financial statements. All bonded debt is secured by revenue and is included in these totals.

(d) Interest reported net of the U.S. federal interest subsidy on the Series 2009B & 2010B revenue bonds.

(e) Debt service requirements consist of principal and interest payments net of the U.S. federal interest subsidy on the Series 2009B & 2010B revenue bonds.

(f) SAWS bond ordinance requires the maintenance of a debt coverage ratio of at least 1.25x the maximum annual debt service on outstanding senior lien debt in order to issue additional bonds.

**San Antonio Water System**  
**Schedule 22 - Demographic and Economic Statistics**  
**Last Ten Calendar Years\***  
**Unaudited**

<b>Year</b>	<b>Population (a)</b>	<b>Median Age (a)</b>	<b>Personal Income (b) (\$ in thousands)</b>	<b>Per Capita Personal Income (b)</b>	<b>School Enrollment (b)</b>	<b>Building Permits - Dwelling Units (c)</b>	<b>Employment (d)</b>	<b>Unemployment Rate (d)</b>
2020(*)								
2019	1,547,253	34.4	\$ 41,506,529	\$ 26,826	411,357	16,748	1,063,000	6.4%
2018	1,536,137	33.6	37,827,377	24,625	411,539	15,919	1,100,200	2.8%
2017	1,517,866	33.5	36,308,882	23,921	401,867	11,497	1,070,400	3.1%
2016	1,469,824	33.1	34,905,380	23,748	403,558	12,516	1,052,200	3.2%
2015	1,436,697	33.2	32,790,329	22,823	401,771	12,241	1,035,100	3.6%
2014	1,409,019	33.0	31,581,326	22,414	407,047	7,824	1,005,400	3.5%
2013	1,383,194	33.2	30,752,552	22,233	397,500	10,334	976,100	3.7%
2012	1,359,730	32.7	29,038,394	21,356	396,718	6,129	939,000	4.9%
2011	1,326,539	32.8	28,421,098	21,425	392,897	8,005	912,200	5.7%
						7,127	883,100	6.4%

(\*) 2020 population, median age, personal income, per capita personal income and school enrollment data is not available. Building permits, employment and unemployment rate data is preliminary.

(a) Source: 2019 - U.S. Census Bureau; 2011 - 2018 - Finance Department, City of San Antonio, Texas

(b) Source: Finance Department, City of San Antonio, Texas

(c) Source: Real Estate Center, Texas A&M University, Building Permits (single & multi-family), San Antonio - New Braunfels Metropolitan Statistical Area

(d) Source: Bureau of Labor Statistics, San Antonio-New Braunfels Metropolitan Statistical Area, Total Non-Farm Employment and Unemployment rate

**San Antonio Water System**  
**Schedule 23 - Principal Employers**  
**Current Year and Nine Years Ago**  
 Unaudited

Employer	2020			2011		
	Employees (a)	Rank	Percentage of Total City Employment (b)	Employees (c)	Rank	Percentage of Total City Employment (d)
Joint Base San Antonio (JBSA) - Lackland, Fort Sam & Randolph <sup>c</sup>	73,707	1	6.93%	100,578	1, 2, 3	11.39%
HEB Grocery	22,000	2	2.07%	14,588	5	1.65%
USAA	19,400	3	1.83%	15,000	4	1.70%
Northside Independent School District	13,498	4	1.27%	12,244	6	1.39%
City of San Antonio	11,183	5	1.05%	12,211	7	1.38%
Methodist Health Care System	9,620	6	0.90%	7,747	8	0.88%
North East Independent School District	8,386	7	0.79%			
San Antonio Independent School District	7,338	8	0.69%			
Baptist Health Systems	6,383	9	0.60%	6,310	9	0.71%
Wells Fargo	5,152	10	0.48%			
University of Texas Health Science Center				6,153	10	0.70%
<b>Total</b>	<b>176,667</b>		<b>16.61%</b>	<b>174,831</b>		<b>19.80%</b>

**Source:** Economic Development Division, City of San Antonio, Texas, Book of Lists 2020, and Department of Defense personnel statistics.

(a) Employment data from City of San Antonio's 2020 Comprehensive Annual Financial Report.

(b) Percent based on an Employment Estimate of 1,063,000 Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area from the Bureau of Labor Statistics.

(c) In fiscal year 2012, Lackland, Fort Sam and Randolph military operations were consolidated into Joint Base San Antonio. In fiscal year 2011, the employee counts were 52,561, 32,000, and 16,017 respectively.

(d) Percent based on an Employment Estimate of 883,100 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area from the Bureau of Labor Statistics.

**San Antonio Water System**  
**Schedule 24 - Number of Employees by Functional Group**

Functional Group	Fiscal Year										
	2020	2019	2018	2017	2016	2015	2014	2013	2012 (a)	2011	
President/CEO	13	9	9	8	7	10	13	14	16	11	
Communications and External Affairs	52	51	57	51	24	28	26	24	32	32	
Customer Experience and Strategic Initiatives	310	238	230	231	229	233	235	229	222	215	
Distribution & Collection	459	482	517	561	540	485	446	455	482	416	
Engineering & Construction	174	180	177	177	166	191	221	202	225	201	
Financial Services	57	63	60	64	65	67	62	64	52	67	
Human Resources and Risk Management	50	50	42	42	45	42	35	44	27	50	
Information Systems	93	92	91	89	92	72	65	64	57	57	
Legal	35	36	36	37	37	39	39	42	44	16	
Operations	6	7	24	112	112	346	257	116	166	189	
Operations Support	105	-	-	-	-	-	-	-	-	-	
Production & Treatment	267	373	358	299	302	138	131	292	363	353	
Sewer System Improvements	28	33	35	33	33	31	31	28	-	-	
Water Resources & Governmental Relations	117	120	97	19	40	42	138	158	62	62	
	1,766	1,734	1,733	1,723	1,692	1,724	1,699	1,732	1,748	1,669	

(a) In 2012 SAWS assumed operational control of the former Bexar Metropolitan Water District (BexarMet). The employee figures shown above include the employees of the former BexarMet beginning in 2012. As the merger of the former BexarMet into SAWS was not completed until January 1, 2015, a number of these employees were allocated to the special purpose entity formulated to maintain this entity until completion of the merger. The number of employees allocated to this special purpose entity during the years 2012, 2013 and 2014 were 70, 207 and 204, respectively.

**San Antonio Water System  
Schedule 25 - Capital Assets  
(amounts in thousands)**

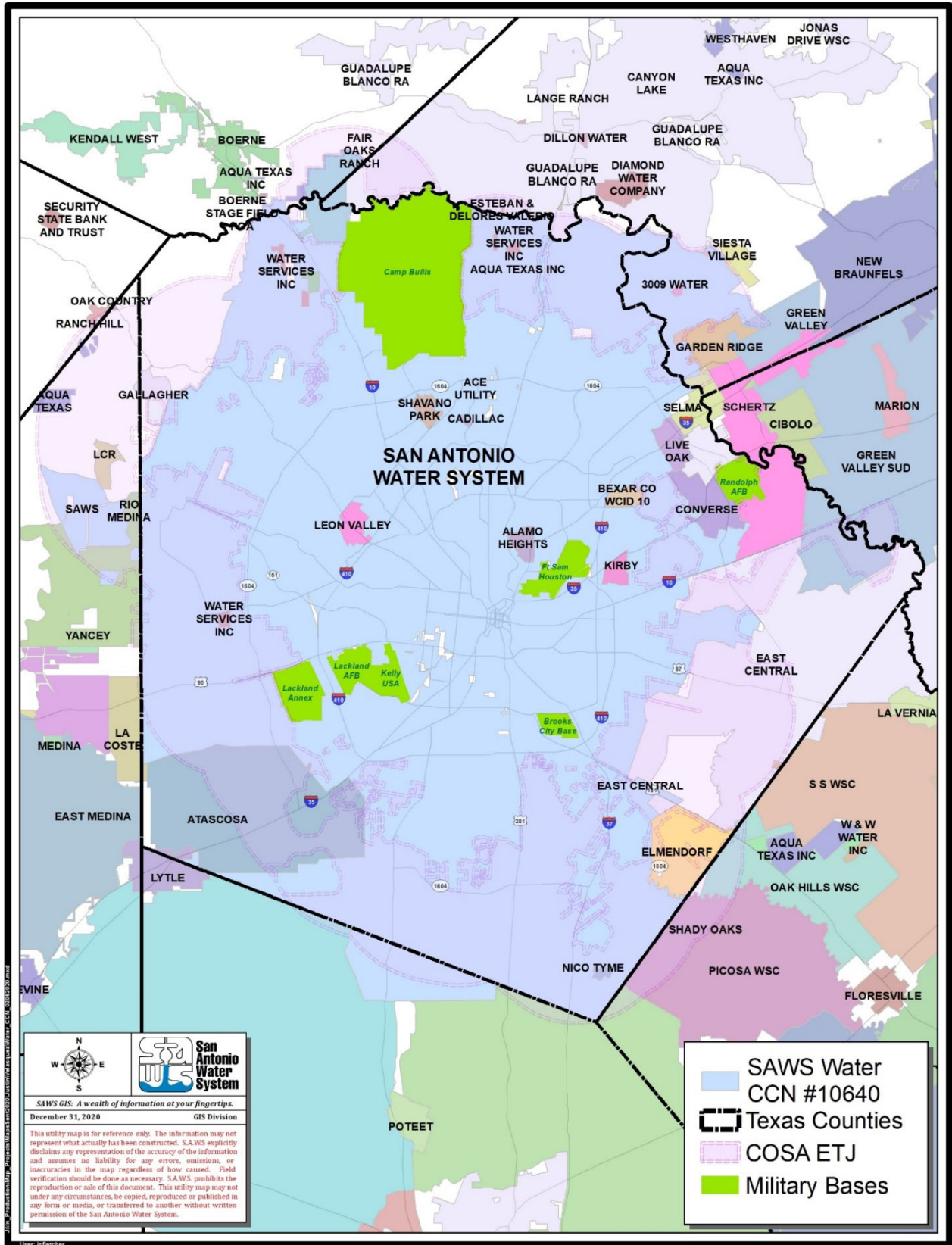
	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Water Delivery (a)	\$ 3,002,938	\$ 2,885,896	\$ 2,732,899	\$ 2,760,533	\$ 2,664,891	\$ 2,489,921	\$ 1,998,502	\$ 1,882,369	\$ 1,806,882	\$ 1,680,136
Water Supply:										
Water Resources (b)	2,194,284	1,051,909	1,052,048	1,047,530	1,036,861	740,434	708,825	628,445	585,055	556,979
Recycle	178,260	178,213	177,846	181,281	178,219	177,487	159,171	159,059	155,556	152,993
Conservation	471	556	563	561	559	558	511	465	436	444
Stormwater	247	247	310	314	321	354	302	277	211	179
Wastewater	3,229,184	2,997,086	2,813,016	2,796,525	2,702,938	2,551,584	2,390,077	2,202,056	1,968,415	1,858,386
Chilled Water and Steam	68,590	66,710	65,553	61,280	62,800	61,162	51,117	56,929	53,011	52,948
Construction in Progress	521,627	673,633	506,810	332,635	228,595	485,962	368,688	506,829	571,547	522,438
Total assets before accumulated depreciation	9,195,601	7,854,250	7,349,045	7,180,659	6,875,184	6,507,462	5,677,193	5,436,429	5,141,113	4,824,503
Accumulated Depreciation	2,355,308	2,204,823	2,082,961	2,128,882	1,989,093	1,859,676	1,587,715	1,472,429	1,369,885	1,271,438
Net Capital Assets	\$ 6,840,293	\$ 5,649,427	\$ 5,266,084	\$ 5,051,777	\$ 4,886,091	\$ 4,647,786	\$ 4,089,478	\$ 3,964,000	\$ 3,771,228	\$ 3,553,065

(a) Increase in Water Delivery capital assets from 2014 to 2015 is primarily due to the merger of SAWS and SAWS District Special Project effective January 1, 2015.

(b) Increase in Water Supply/Water Resource capital assets from 2019 to 2020 is primarily due to the addition of the assets from the Vista Ridge Pipeline Project, which commenced operations in April 2020.



# San Antonio Water System Map 1 – Map of Water Service Area



**San Antonio Water System  
Schedule 26 - Operating and Capital Indicators - Water  
Unaudited**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015 (g)	2014	2013	2012	2011
Rainfall (Inches)	20.70	22.02	41.20	27.33	43.92	44.22	27.63	32.00	39.40	17.58
Customers/Connections (a)	529,392	515,981	505,627	496,543	488,705	482,821	373,920	367,408	365,099	360,281
Water Pumpage (Million Gallons)										
Annual Water Pumped	85,547	84,702	85,092	90,454	88,016	83,138	69,834	69,020	70,338	74,627
ASR Recharge (b)	2,226	4,430	6,427	11,198	11,159	6,911	1,569	2,629	3,742	3,928
ASR Production (b)	3,970	1,281	1,453	387	697	1,903	6,374	4,793	1,446	4,309
Annual Pumped for Usage	83,321	80,271	78,665	79,256	76,857	76,227	68,265	66,391	66,596	70,699
Average Daily	234.0	232.1	233.1	245.6	240.5	227.8	191.3	189.1	192.2	204.5
Maximum Daily	315.0	328.6	301.1	302.8	359.9	335.0	261.0	270.2	264.0	265.6
Metered Usage (Million Gallons)	67,193	65,655	63,660	65,318	63,934	62,896	57,261	55,108	55,320	59,133
Available Water Supply (Million Gallons)										
Permitted Edwards Aquifer rights (c)	88,353	88,753	89,989	92,632	93,289	94,144	83,126	82,902	84,822	84,640
Non-Edwards supply (d)	35,664	23,543	25,905	26,655	23,331	23,005	12,931	11,476	7,431	6,098
Stored in ASR (e)	56,544	58,288	55,138	50,240	39,429	28,967	23,959	28,764	30,928	28,632
Total water available for production	180,562	170,584	171,032	169,527	156,049	146,116	121,086	122,484	123,080	119,393
Number of Wells in Service	180	181	182	191	191	182	147	149	143	139
Overhead Storage Capacity (Million Gallons) (f)	124.1	120.1	120.1	117.1	119.9	119.9	101.8	91.3	81.2	81.2
Total Storage Capacity (Million Gallons) (f)	308.4	287.6	287.6	277.2	269.2	261.7	220.6	197.4	183.7	184.1
Miles of Water Main in Place	7,391	7,260	7,144	7,060	6,961	6,831	5,259	5,072	5,022	4,988
Water Main Repairs	2,494	2,357	2,329	1,843	1,194	2,363	2,018	1,863	2,128	3,397
Fire Hydrants in Place	43,345	42,513	41,553	40,872	39,988	38,460	28,753	28,323	27,914	27,566

(a) Number of customers at end of fiscal year.

(b) Gallons pumped for ASR recharge and ASR production are included in annual water pumped.

(c) Based on permitted rights authorized by the Edwards Aquifer Authority (EAA) as of December 31<sup>st</sup>. Under current EAA rules, authorized amounts are subject to reductions of 20% to 44% during drought conditions.

(d) Includes water available under contracts to purchase or produce water from the Trinity Aquifer, Carrizo Aquifer and Canyon Lake, Medina Lake and Lake Dunlap as well as SAWS brackish desalination plant.. Starting in 2020, includes water available under the Vista Ridge Pipeline Project. There are no legally imposed reductions in these supplies during drought; however, production of water from certain of these sources is physically limited during periods of drought.

(e) Represents the cumulative net amount stored in ASR (Recharge - Net production).

(f) Includes a ground storage tank with a 10 million gallon capacity and two elevated storage tanks with a combined capacity of 4 million gallons associated with the Vista Ridge Pipeline Project, which commenced operations in April 2020.

(g) Increase in amounts from 2014 to 2015 reflect the merger of SAWS and SAWS District Special Project effective January 1, 2015.

**San Antonio Water System**  
**Schedule 27 - Monthly Residential Service Charges for Ten Major Texas Cities - Water**  
**Unaudited**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Arlington										
6000 Gallons	\$25.50	\$25.50	\$25.50	\$24.20	\$24.20	\$22.40	\$21.12	\$19.49	\$19.49	\$19.49
9000 Gallons	\$33.87	\$33.87	\$33.87	\$32.57	\$32.57	\$29.78	\$27.96	\$25.55	\$25.55	\$25.55
Austin										
6000 Gallons	\$37.02	\$37.02	\$37.02	\$38.35	\$38.35	\$37.37	\$37.21	\$29.74	\$26.16	\$26.16
9000 Gallons	\$68.34	\$68.34	\$68.34	\$70.30	\$70.30	\$66.88	\$62.60	\$51.74	\$35.40	\$35.40
Corpus Christi (a)										
6000 Gallons	\$45.18	\$44.05	\$44.05	\$42.37	\$42.37	\$34.76	\$34.76	\$32.25	\$30.55	\$28.97
9000 Gallons	\$70.65	\$68.93	\$68.93	\$66.29	\$66.29	\$55.78	\$55.78	\$51.79	\$48.76	\$45.67
Dallas										
6000 Gallons	\$21.00	\$20.77	\$20.77	\$21.69	\$21.35	\$20.86	\$19.87	\$19.39	\$18.58	\$17.62
9000 Gallons	\$33.15	\$32.77	\$32.77	\$34.71	\$34.10	\$33.25	\$31.60	\$30.70	\$29.23	\$27.67
El Paso (b)										
6000 Gallons	\$30.10	\$28.27	\$27.19	\$25.23	\$23.82	\$21.62	\$17.84	\$17.84	\$17.01	\$16.53
9000 Gallons	\$39.52	\$37.25	\$35.82	\$33.21	\$31.28	\$28.42	\$24.10	\$24.10	\$22.99	\$22.34
Ft. Worth										
6000 Gallons	\$31.44	\$30.82	\$30.82	\$29.39	\$28.60	\$26.62	\$24.82	\$23.32	\$23.32	\$22.33
9000 Gallons	\$43.75	\$42.73	\$42.73	\$41.14	\$40.77	\$38.49	\$36.05	\$34.55	\$34.55	\$33.08
Houston										
6000 Gallons	\$36.67	\$35.43	\$34.46	\$33.52	\$32.42	\$31.97	\$30.62	\$30.26	\$27.78	\$25.51
9000 Gallons	\$53.65	\$51.84	\$50.42	\$49.03	\$47.42	\$46.76	\$44.78	\$44.27	\$40.62	\$37.30
Lubbock										
6000 Gallons	\$41.09	\$41.09	\$41.09	\$44.56	\$44.56	\$45.18	\$43.86	\$45.00	\$45.00	\$40.02
9000 Gallons	\$62.00	\$62.00	\$62.00	\$58.84	\$58.84	\$63.72	\$56.79	\$57.00	\$57.00	\$48.03
Plano										
6000 Gallons	\$31.86	\$31.22	\$29.48	\$29.48	\$25.98	\$25.98	\$25.41	\$23.10	\$22.55	\$20.50
9000 Gallons	\$43.20	\$42.35	\$40.07	\$40.07	\$35.28	\$35.28	\$33.72	\$30.66	\$29.18	\$26.53
San Antonio (Standard) (b)										
6000 Gallons	\$36.06	\$31.20	\$30.72	\$28.65	\$27.09	\$23.50	\$22.65	\$21.54	\$21.67	\$19.59
9000 Gallons	\$58.03	\$48.29	\$47.40	\$44.37	\$41.96	\$34.43	\$33.16	\$31.37	\$31.53	\$28.44

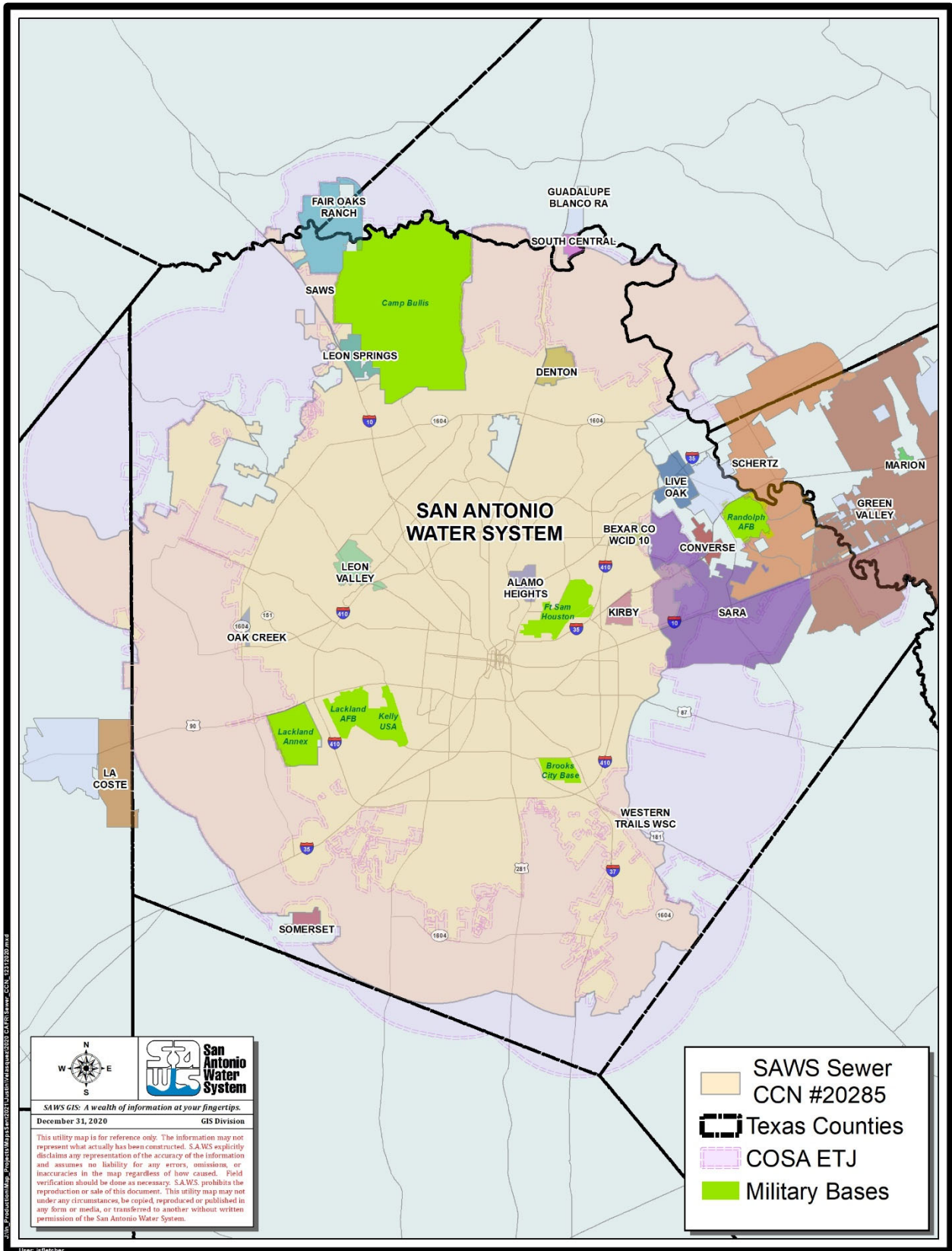
Source: Based on rates posted on each respective city's website.

Note: Most charges are for a 5/8" meter; Arlington, Lubbock, and Plano charges are for a 3/4" meter.

(a) Includes Raw Water Pass Through Charge of \$1.07 per 1,000 gallons.

(b) Assumes Standard rates for all periods in 2015 and prior and includes Water Supply Fee in all periods.

# San Antonio Water System Map 2 – Map of Wastewater Service Area



**San Antonio Water System**  
**Schedule 28 - Operating and Capital Indicators - Wastewater**  
**Unaudited**

	Fiscal Year										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	
Customers/Connections (a)	473,478	461,555	449,893	442,552	437,460	429,609	424,257	416,801	412,275	405,119	
Effluent Volumes For Major Facilities (million gallons per day)											
Clouse Water Recycle Center (b)											
Permit Flow	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	
Average Annual Flow	86.77	94.34	94.70	94.46	98.26	93.84	85.20	78.47	79.04	74.97	
Maximum Monthly Average Flow	92.01	105.39	114.90	106.44	117.01	112.44	91.19	86.78	87.01	76.63	
Leon Creek											
Permit Flow	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	
Average Annual Flow (two outfalls)	29.11	29.88	35.91	35.52	38.59	35.04	28.98	37.68	38.62	35.07	
Maximum Monthly Average Flow (two outfalls)	30.53	32.67	46.36	38.61	45.06	44.26	39.03	44.16	43.77	36.46	
Medio Creek											
Permit Flow	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	
Average Annual Flow	10.04	10.05	6.84	6.43	7.73	6.92	7.08	7.48	7.29	6.83	
Maximum Monthly Average Flow	10.72	10.92	8.75	7.08	9.73	8.24	7.49	8.22	8.14	6.97	
Total											
Permit Flow	187.00	187.00	187.00	187.00	187.00	187.00	187.00	187.00	187.00	187.00	
Average Annual Flow	125.92	134.27	137.45	136.41	144.58	135.79	121.26	123.62	124.95	116.87	
Maximum Monthly Average Flow	132.24	148.98	170.01	152.13	171.80	164.94	137.71	139.16	138.92	120.06	
Amount Treated Annually (millions of gallons) (c)	46,085	49,009	50,170	49,790	52,916	49,565	44,261	45,123	45,732	42,659	
Amount Treated Peak Day (millions of gallons)	198	187	235	245	311	286	196	221	199	160	
Miles of Sewer Main In Place	5,699	5,629	5,535	5,482	5,375	5,322	5,247	5,338	5,200	5,163	
Number of Manholes in Place	112,767	110,836	108,580	107,247	105,346	103,874	100,017	99,037	98,136	97,280	
Number of Lift Stations	146	146	154	151	155	153	156	155	159	159	

(a) Number of customers at end of calendar year.

(b) In the summer of 2019, the Dos Rios Recycling plant was renamed Steve M. Clouse Water Recycling Center.

(c) Represents the amount of wastewater treated annually and does not reflect the amount of wastewater billed. See Schedule 4 for the amount of wastewater billed.

**San Antonio Water System**  
**Schedule 29 - Monthly Residential Service Charges for Ten Major Texas Cities - Wastewater**  
**Unaudited**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Arlington										
6000 Gallons	\$43.72	\$41.44	\$38.02	\$34.98	\$31.56	\$31.10	\$30.26	\$28.03	\$28.03	\$27.37
9000 Gallons	\$59.11	\$55.69	\$50.56	\$47.52	\$42.69	\$42.20	\$41.24	\$38.02	\$38.02	\$37.03
Austin										
6000 Gallons	\$60.66	\$60.66	\$60.66	\$62.30	\$62.30	\$59.86	\$55.84	\$54.40	\$54.30	\$50.35
9000 Gallons	\$90.93	\$90.93	\$90.93	\$93.35	\$93.95	\$89.68	\$83.23	\$81.22	\$81.06	\$75.49
Corpus Christi										
6000 Gallons	\$59.36	\$45.60	\$45.60	\$60.79	\$60.79	\$52.23	\$52.23	\$46.96	\$43.21	\$43.21
9000 Gallons	\$79.43	\$60.15	\$60.15	\$80.86	\$80.86	\$69.48	\$69.48	\$62.71	\$57.69	\$57.69
Dallas										
6000 Gallons	\$37.29	\$36.94	\$36.94	\$37.06	\$36.56	\$35.78	\$34.15	\$33.80	\$33.00	\$31.70
9000 Gallons	\$53.52	\$53.02	\$53.02	\$53.20	\$52.49	\$51.38	\$49.00	\$48.50	\$47.40	\$45.50
El Paso										
6000 Gallons	\$25.86	\$24.63	\$22.82	\$21.14	\$19.73	\$17.79	\$16.48	\$16.48	\$15.68	\$15.22
9000 Gallons	\$34.52	\$32.89	\$30.48	\$28.23	\$26.35	\$23.77	\$22.01	\$22.01	\$20.93	\$20.31
Ft. Worth										
6000 Gallons	\$40.29	\$38.10	\$38.10	\$35.53	\$34.49	\$30.60	\$27.96	\$27.96	\$26.84	\$26.27
9000 Gallons	\$57.02	\$53.90	\$53.90	\$50.05	\$48.49	\$43.16	\$39.39	\$39.39	\$37.70	\$36.86
Houston										
6000 Gallons	\$45.10	\$42.57	\$42.39	\$41.23	\$39.87	\$39.31	\$37.65	\$37.20	\$34.15	\$31.38
9000 Gallons	\$71.83	\$68.40	\$67.53	\$65.68	\$63.51	\$62.62	\$59.97	\$59.25	\$54.40	\$49.98
Lubbock										
6000 Gallons	\$38.76	\$38.76	\$38.26	\$35.02	\$35.02	\$28.70	\$27.50	\$27.50	\$27.50	\$24.30
9000 Gallons	\$49.89	\$49.89	\$49.39	\$44.53	\$44.53	\$36.05	\$34.25	\$34.25	\$34.25	\$30.45
Plano										
6000 Gallons	\$43.67	\$43.67	\$41.57	\$41.57	\$39.23	\$37.40	\$34.40	\$33.54	\$33.54	\$33.54
9000 Gallons	\$61.07	\$61.07	\$58.13	\$58.13	\$54.86	\$52.31	\$47.51	\$46.32	\$46.32	\$46.32
San Antonio										
6000 Gallons	\$33.24	\$33.24	\$30.78	\$29.71	\$28.13	\$27.91	\$26.24	\$25.26	\$21.70	\$19.12
9000 Gallons	\$47.21	\$47.21	\$43.72	\$42.20	\$39.96	\$38.00	\$35.73	\$34.40	\$29.54	\$26.02

Source: Based on rates posted on each respective city's website.

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***BONDED DEBT SCHEDULES AND ANALYSES***

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances Outstanding December 31, 2020</b>
							<b>Outstanding January 1, 2020</b>	<b>Retired</b>	<b>Issued</b>	<b>Retired</b>	
Water System Revenue Bonds	\$ -	-	-	-	- %	15-May	2009	\$ -	\$ -	\$ -	\$ -
Taxable, Series 2009B	-	-	-	-	-	-	2010	-	-	-	-
(Direct Subsidy - Build America Bonds)	-	-	-	-	-	-	2011	-	-	-	-
Paying Agent: Wells Fargo	-	-	-	-	-	-	2012	-	-	-	-
Bonds Dated: 11-01-09	-	-	-	-	-	-	2013	-	-	-	-
	-	-	-	-	-	-	2014	-	-	-	-
	2,690	-	1	538	3.319	-	2015	-	-	-	-
	2,755	-	539	1089	3.825	-	2016	-	-	-	-
	2,825	-	1090	1654	4.293	-	2017	-	-	-	-
	2,910	-	1655	2236	4.443	-	2018	-	-	-	-
	2,995	-	2237	2835	4.543	-	2019	-	-	-	-
	3,085	-	2836	3452	4.743	-	2020	-	-	-	-
	3,185	-	3453	4089	4.953	-	2021	-	-	-	-
	3,290	-	4090	4747	5.143	-	2022	-	-	-	-
	3,405	-	4748	5428	5.233	-	2023	-	-	-	-
	3,525	-	5429	6133	5.373	-	2024	-	-	-	-
	3,650	(a)	6134	6863	5.502	-	2025	3,650	-	-	3,650
	4,995	(a)	6864	7862	5.502	-	2026	4,995	-	-	4,995
	3,965	(a)	7863	8655	5.502	-	2027	3,965	-	-	3,965
	3,300	(a)	8656	9315	5.502	-	2028	3,300	-	-	3,300
	4,230	(a)	9316	10161	5.502	-	2029	4,230	-	-	4,230
	4,385	(a)	10162	11038	5.602	-	2030	4,385	-	-	4,385
	4,550	(a)	11039	11948	5.602	-	2031	4,550	-	-	4,550
	4,715	(a)	11949	12891	5.602	-	2032	4,715	-	-	4,715
	4,890	(a)	12892	13869	5.602	-	2033	4,890	-	-	4,890
	5,075	(a)	13870	14884	5.602	-	2034	5,075	-	-	5,075
	5,260	(a)	14885	15936	5.602	-	2035	5,260	-	-	5,260
	5,455	(a)	15937	17027	5.602	-	2036	5,455	-	-	5,455
	5,660	(a)	17028	18159	5.602	-	2037	5,660	-	-	5,660
	5,870	(a)	18160	19333	5.602	-	2038	5,870	-	-	5,870
	6,085	(a)	19334	20550	5.602	-	2039	6,085	-	-	6,085
	<u>\$ 102,750</u>							<u>\$ 72,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,085</u>

(a) Term bonds stated to mature in years 2029 and 2039 are subject to redemption prior to stated maturity, at the option of the City, on any date, in whole or in part, at the Term Bond Make-Whole Redemption Price or, upon the occurrence of an Extraordinary Event, at the Extraordinary Redemption Price.



**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances Outstanding December 31, 2020
							Outstanding January 1, 2020	Retired	Issued	Retired	
Water System Revenue Bonds	\$ -	-			- %	15-May	\$ -	\$ -	\$ -	\$ -	\$ -
Taxable, Series 2010B	-	-			-	2011	-	-	-	-	-
(Direct Subsidy - Build America Bonds)	1,635		1	Serial	1.109	2012	-	-	-	-	-
Paying Agent: USBank	1,645		328	Serial	1.457	2013	-	-	-	-	-
Bonds Dated: 11-15-10	1,665		657	Serial	1.933	2014	-	-	-	-	-
	1,685		990	Serial	2.233	2015	-	-	-	-	-
	1,715		1,327	Serial	2.756	2016	-	-	-	-	-
	1,750		1,670	Serial	3.106	2017	-	-	-	-	-
	1,785		2,020	Serial	3.670	2018	-	-	-	-	-
	1,830		2,377	Serial	3.820	2019	-	-	-	-	-
	1,880		2,743	Serial	3.970	2020	1,880	-	-	1,880	-
	1,930		3,119	Serial	4.170	2021	-	-	-	-	-
	1,985		3,505	Serial	4.370	2022	-	-	-	-	-
	2,040		3,902	Serial	4.620	2023	-	-	-	-	-
	2,105		4,310	Serial	4.920	2024	-	-	-	-	-
	2,175		4,731	Serial	5.120	2025	-	-	-	-	-
	2,255		5,166	2032 Term	6.170	2026	-	-	-	-	-
	2,350		5,617	2032 Term	6.170	2027	-	-	-	-	-
	2,445		6,087	2032 Term	6.170	2028	-	-	-	-	-
	2,545		6,576	2032 Term	6.170	2029	-	-	-	-	-
	2,650		7,085	2032 Term	6.170	2030	-	-	-	-	-
	2,760		7,615	2032 Term	6.170	2031	-	-	-	-	-
	2,870		8,167	2032 Term	6.170	2032	-	-	-	-	-
	2,990		8,741	2034 Term	6.220	2033	-	-	-	-	-
	3,3560		9,339	2034 Term	6.220	2034	-	-	-	-	-
	4,495	(a)	16,051	2040 Term	5.920	2035	4,495	-	-	-	4,495
	4,670	(a)	16,950	2040 Term	5.920	2036	4,670	-	-	-	4,670
	4,855	(a)	17,884	2040 Term	5.920	2037	4,855	-	-	-	4,855
	5,045	(a)	18,855	2040 Term	5.920	2038	5,045	-	-	-	5,045
	5,240	(a)	19,864	2040 Term	5.920	2039	5,240	-	-	-	5,240
	5,445	(a)	20,912	2040 Term	5.920	2040	5,445	-	-	-	5,445
	\$ 110,000						\$ 31,630	\$ -	\$ -	\$ 1,880	\$ 29,750

(a) Term bonds having a stated maturity of May 15, 2040 are subject to redemption prior to stated maturity, at the option of the City, on any date, in whole or in part, at the Make-Whole Redemption Price or, upon the occurrence of an Extraordinary Event, at the Extraordinary Redemption Price.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances Outstanding December 31, 2020</b>
							<b>Outstanding January 1, 2020</b>	<b>Outstanding</b>	<b>Issued</b>	<b>Retired</b>	
Water System Revenue	\$ -				- %	15-May	\$ -	\$ -	\$ -	\$ -	\$ -
Refunding Bonds, Series 2011	1,670	NONE	1	Serial	3,000	2012	-	-	-	-	-
Paying Agent: USBank	1,960	NONE	335	Serial	3,000	2013	-	-	-	-	-
Bonds Dated: 04-27-11	2,060	NONE	727	Serial	4,000	2014	-	-	-	-	-
	2,205	NONE	1139	Serial	5,000	2015	-	-	-	-	-
	2,340	NONE	1580	Serial	4,000	2016	-	-	-	-	-
	2,675	NONE	2048	Serial	5,000	2017	-	-	-	-	-
	2,855	NONE	2583	Serial	5,000	2018	-	-	-	-	-
	1,350	NONE	3154	Serial	3,000	2019	-	-	-	-	-
	1,585	NONE	3424	Serial	5,000	2019	-	-	-	-	-
	3,295	NONE	3741	Serial	5,000	2020	-	-	-	3,295	-
	3,505	NONE	4400	Serial	5,000	2021	3,295	-	-	-	3,505
	3,720	(a)	5101	Serial	5,000	2022	3,720	-	-	-	3,720
	3,950	(a)	5845	Serial	5,000	2023	3,950	-	-	-	3,950
	4,195	(a)	6635	Serial	5,000	2024	4,195	-	-	-	4,195
	4,455	(a)	7474	Serial	5,000	2025	4,455	-	-	-	4,455
	4,735	(a)	8365	Serial	5,000	2026	4,735	-	-	-	4,735
	<u>46,555</u>		<u>9311</u>				<u>27,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,295</u>	<u>\$ 24,560</u>

(a) Bonds stated to mature on and after May 15, 2022 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2021, or any date thereafter, in whole or in part, at the par value plus accrued interest to the redemption date.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

**WATER SYSTEM  
REVENUE BONDS**

Water System Revenue  
Refunding Bonds, Series 2011A  
Paying Agent: USBank  
Bonds Dated: 10-06-11

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding December 31, 2020
							January 1, 2020	December 31, 2020	Issued	Retired	
	\$ -				- %	15-May	\$ -	\$ -	\$ -	\$ -	\$ -
	665	NONE	1	Serial	2.000	2011	-	-	-	-	-
	5,400	NONE	134	Serial	3.000	2013	-	-	-	-	-
	1,385	NONE	1213	Serial	3.000	2013	-	-	-	-	-
	1,420	NONE	1214	Serial	2.000	2014	-	-	-	-	-
	1,460	NONE	1491	Serial	3.000	2015	-	-	-	-	-
	2,060	NONE	1775	Serial	3.000	2016	-	-	-	-	-
	1,600	NONE	2067	Serial	5.000	2017	-	-	-	-	-
	550	NONE	2479	Serial	5.000	2018	-	-	-	-	-
	3,985	NONE	2799	Serial	3.000	2018	-	-	-	-	-
	1,695	NONE	2909	Serial	4.000	2019	-	-	-	-	-
	3,705	NONE	3706	Serial	5.000	2020	1,315	1,315	-	-	-
	5,575	NONE	4045	Serial	4.000	2020	2,615	2,615	-	-	-
	1,000		4786	Serial	5.000	2021	3,900	3,900	-	-	-
	6,730		5901	Serial	3.250	2021	665	665	-	-	-
	7,890		6101	Serial	5.000	2022	4,825	4,825	-	-	-
	8,490		7447	Serial	5.000	2023	5,465	5,465	-	-	-
	8,930		9025	Serial	5.000	2024	5,840	5,840	-	-	-
	9,370		10723	Serial	5.000	2025	6,140	6,140	-	-	-
	5,585		12509	Serial	5.000	2026	6,440	6,440	-	-	-
	7,000		14383	Serial	5.000	2027	4,205	4,205	-	-	-
	14,445		15500	Serial	4.500	2027	5,115	5,115	-	-	-
	8,990		16900	Serial	5.000	2028	10,380	10,380	-	-	-
	9,450		19789	Serial	5.000	2029	8,990	8,990	-	-	-
	9,935		21587	Serial	5.000	2030	9,450	9,450	-	-	-
	10,445		23477	Serial	5.000	2031	9,935	9,935	-	-	-
	2,465		25464	Serial	5.000	2032	10,445	10,445	-	-	-
	2,590		27553	2036 Term	5.000	2033	2,465	2,465	-	-	-
	2,725		28046	2036 Term	5.000	2034	2,590	2,590	-	-	-
	2,865		28564	2036 Term	5.000	2035	2,725	2,725	-	-	-
	3,010		29109	2036 Term	5.000	2036	2,865	2,865	-	-	-
	3,165		29682	2041 Term	5.000	2037	3,010	3,010	-	-	-
	3,330		30284	2041 Term	5.000	2038	3,165	3,165	-	-	-
	3,500		30917	2041 Term	5.000	2039	3,330	3,330	-	-	-
	3,680		31583	2041 Term	5.000	2040	3,500	3,500	-	-	-
	165,090		32283	2041 Term	5.000	2041	3,680	3,680	-	-	-
							\$ 123,055	\$ 123,055	\$ -	\$ -	\$ -

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding December 31, 2020
							January 1, 2020	December 31, 2020	Issued	Retired	
<b>WATER SYSTEM REVENUE BONDS</b>											
Water System Revenue	\$ -				- %	15-May	\$ -	\$ -	\$ -	\$ -	\$ -
Refunding Bonds, Series 2012	2,610	NONE	1	Serial	2.000	2013	-	-	-	-	-
Paying Agent: USBank	2,650	NONE	523	Serial	3.000	2014	-	-	-	-	-
Bonds Dated: 02-29-12	2,720	NONE	1053	Serial	4.000	2015	-	-	-	-	-
	2,795	NONE	1597	Serial	4.000	2016	-	-	-	-	-
	7,085	NONE	2156	Serial	5.000	2017	-	-	-	-	-
	7,360	NONE	3573	Serial	4.000	2018	-	-	-	-	-
	4,345	NONE	5045	Serial	4.000	2019	-	-	-	-	-
	12,910	NONE	5914	Serial	5.000	2020	12,910	-	12,910	-	-
	13,510	NONE	8496	Serial	5.000	2021	13,510	-	-	-	13,510
	16,050	NONE	11198	Serial	5.000	2022	5,875	-	-	-	5,875
	16,840	(a)	14408	Serial	5.000	2023	6,160	-	-	-	6,160
	17,675	(a)	17776	Serial	5.000	2024	6,465	-	-	-	6,465
	18,540	(a)	21311	Serial	5.000	2025	6,785	-	-	-	6,785
	19,450	(a)	25019	Serial	5.000	2026	7,115	-	-	-	7,115
	39,450	(a)	28909	Serial	5.000	2027	14,440	-	-	-	14,440
	41,265	(a)	36799	Serial	4.000	2028	15,100	-	-	-	15,100
	<u>225,255</u>						<u>88,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>75,450</u>

(a) Bonds stated to mature on and after May 15, 2023 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2022, or any date thereafter, in whole or in part, at the par value plus accrued interest to the redemption date.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances Outstanding December 31, 2020
							Outstanding January 1, 2020	Issued	Retired		
\$					- %	15-May	\$	\$	\$	\$	
Water System Revenue											
Refunding Bonds, Series 2012A	1,705	NONE	1	341	2.000	2013					
Paying Agent: USBank	2,655	NONE	342	872	3.000	2014					
Bonds Dated: 10-02-12	2,750	NONE	873	1422	4.000	2015					
	2,880	NONE	1423	1998	5.000	2016					
	3,025	NONE	1999	2603	5.000	2017					
	3,180	NONE	2604	3239	5.000	2018					
	3,345	NONE	3240	3908	5.000	2019					
	3,500	NONE	3909	4608	4.000	2020	3,170		3,170		
	3,660	NONE	4609	5340	5.000	2021	3,315				3,315
	3,850	NONE	5341	6110	5.000	2022	1,410				1,410
	4,045	(a)	6111	6919	5.000	2023	1,480				1,480
	4,255	(a)	6920	7770	5.000	2024	1,555				1,555
	4,470	(a)	7771	8664	5.000	2025	1,635				1,635
	4,700	(a)	8665	9604	5.000	2026	1,720				1,720
	4,940	(a)	9605	10592	5.000	2027	1,810				1,810
	5,195	(a)	10593	11631	5.000	2028	1,900				1,900
	5,460	(a)	11632	12723	5.000	2029	5,460				5,460
	5,740	(a)	12724	13871	5.000	2030	5,740				5,740
	6,035	(a)	13872	15078	5.000	2031	6,035				6,035
	6,310	(a)	15079	16340	4.000	2032	6,310				6,310
	6,570	(a)	16341	17654	4.000	2033	6,570				6,570
	6,840	(a)	17655	19022	4.000	2034	6,840				6,840
	7,155	(a)	19023	20453	5.000	2035	7,155				7,155
	7,520	(a)	20454	21957	5.000	2036	7,520				7,520
	4,140	(a)	21958	22785	5.000	2037	4,140				4,140
	3,765	(a)	22786	23538	5.000	2037	3,765				3,765
	8,310	(a)	23539	25200	5.000	2038	8,310				8,310
	8,740	(a)	25201	26948	5.000	2039	8,740				8,740
	9,185	(a)	26949	28785	5.000	2040	9,185				9,185
	9,585	(a)	28786	30702	3.500	2041	9,585				9,585
	9,925	(a)	30703	32687	3.500	2042	9,925				9,925
	<u>163,435</u>						<u>123,275</u>		<u>3,170</u>		<u>120,105</u>

(a) Bonds stated to mature on and after May 15, 2023 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2022, or any date thereafter, in whole or in part, at the par value plus accrued interest to the redemption date.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

**WATER SYSTEM  
REVENUE BONDS**

Water System Junior Lien  
Revenue and Refunding  
Bonds, Series 2009A  
Paying Agent: Wells Fargo  
Bonds Dated: 11-01-09

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances Outstanding December 31, 2020
							Outstanding January 1, 2020	Issued	Retired	Outstanding December 31, 2020	
\$	-	-	-	-	-	2009	\$	-	-	-	\$
	-	-	-	-	-	15-May		-	-	-	
	-	-	-	-	-	2010		-	-	-	
	-	-	-	-	-	2011		-	-	-	
	-	-	-	-	-	2012		-	-	-	
	-	-	-	-	-	2013		-	-	-	
	-	-	-	-	-	2014		-	-	-	
	-	-	-	-	-	2015		-	-	-	
	-	-	-	-	-	2016		-	-	-	
	2,240	NONE	1	Serial	0.644	2017		-	-	-	
	2,255	NONE	449	Serial	0.854	2018		-	-	-	
	2,275	NONE	900	Serial	1.064	2019		-	-	-	
	2,305	NONE	1355	Serial	1.372	2020		-	-	-	
	2,340		1816	Serial	1.642	2021		2,340	-	2,340	
	2,385		2284	Serial	1.947	2022		2,385	-	2,385	
	2,430		2761	Serial	2.131	2023		2,430	-	2,430	
	2,485		3247	Serial	2.280	2024		2,485	-	2,485	
	2,545		3744	Serial	2.351	2025		2,545	-	2,545	
	2,605		4253	Serial	2.532	2026		2,605	-	2,605	
	2,675		4774	Serial	2.463	2027		2,675	-	2,675	
	2,745		5309	Serial	2.706	2028		2,745	-	2,745	
	2,820		5858	Serial	2.661	2029		2,820	-	2,820	
	2,895		6422	Serial	2.815			2,895	-	2,895	
	<u>35,000</u>		<u>7000</u>	<u>Serial</u>				<u>25,925</u>	<u>\$</u>	<u>25,925</u>	<u>\$</u>

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances Outstanding December 31, 2020</b>
							<b>Outstanding January 1, 2020</b>	<b>Outstanding December 31, 2020</b>	<b>Issued</b>	<b>Retired</b>	
Water System Junior Lien Revenue and Refunding Bonds, Series 2010A	\$ -	NONE	1	102	-	2010	\$ -	\$ -	\$ -	\$ -	\$ -
	510	NONE	103	197	-	2011	-	-	-	-	-
	475	NONE	198	292	-	2012	-	-	-	-	-
	475	NONE	293	387	-	2013	-	-	-	-	-
	475	NONE	388	482	-	2014	-	-	-	-	-
	480	NONE	483	578	0.590	2015	-	-	-	-	-
	480	NONE	579	674	0.900	2016	-	-	-	-	-
	485	NONE	675	771	1.150	2017	-	-	-	-	-
	495	NONE	772	870	1.370	2018	-	-	-	-	-
	500	NONE	871	970	1.660	2019	-	-	-	-	-
	510		971	1072	1.890	2020	500	500	-	-	500
	520		1073	1176	2.020	2021	510	510	-	-	510
	530		1177	1282	2.210	2022	520	520	-	-	520
	540		1283	1390	2.210	2023	530	530	-	-	530
	555		1391	1501	2.300	2024	540	540	-	-	540
	565		1502	1614	2.300	2025	555	555	-	-	555
	580		1615	1730	2.430	2026	565	565	-	-	565
	595		1731	1849	2.540	2027	580	580	-	-	580
	615		1850	1972	2.630	2028	595	595	-	-	595
	630		1973	2098	2.670	2029	615	615	-	-	615
	650		2099	2228	2.750	2030	630	630	-	-	630
	665		2229	2361	2.860	2031	650	650	-	-	650
	685		2362	2498	2.900	2032	665	665	-	-	665
	705		2499	2639	2.970	2033	685	685	-	-	685
	730		2640	2785	3.060	2034	705	705	-	-	705
	750		2786	2935	3.110	2035	730	730	-	-	730
	775		2936	3090	3.110	2036	750	750	-	-	750
	800		3091	3250	3.110	2037	775	775	-	-	775
	825		3251	3415	3.110	2038	800	800	-	-	800
	855		3416	3586	3.110	2039	825	825	-	-	825
					3.310	2040	855	855	-	-	855
	<u>\$ 17,930</u>						<u>\$ 13,580</u>	<u>\$ 13,580</u>	<u>\$ -</u>	<u>\$ 13,580</u>	<u>\$ -</u>

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding December 31, 2020
							January 1, 2020	December 31, 2020	Issued	Retired	
<b>WATER SYSTEM</b>											
<b>REVENUE BONDS</b>											
Water System Junior Lien	\$ -				- %	15-May	2011	\$ -	\$ -	\$ -	\$ -
Revenue Bonds,	1,120	NONE	1	Serial	-		2012	-	-	-	-
Series 2011	1,175	NONE	225	Serial	-		2013	-	-	-	-
Paying Agent: US Bank N.A.	1,175	NONE	460	Serial	-		2014	-	-	-	-
Bonds Dated: 08-18-11	1,175	NONE	695	Serial	-		2015	-	-	-	-
	1,175	NONE	930	Serial	-		2016	-	-	-	-
	1,175	NONE	1165	Serial	-		2017	-	-	-	-
	1,175	NONE	1400	Serial	0.060		2018	-	-	-	-
	1,175	NONE	1635	Serial	0.360		2019	-	-	-	-
	1,180	NONE	1870	Serial	0.590		2020	1,180	-	1,180	-
	1,190	NONE	2106	Serial	0.790		2021	1,190	-	1,190	-
	1,200	(a)	2344	Serial	0.980		2022	1,200	-	1,200	-
	1,215	(a)	2584	Serial	1.150		2023	1,215	-	1,215	-
	1,230	(a)	2827	Serial	1.320		2024	1,230	-	1,230	-
	1,245	(a)	3073	Serial	1.490		2025	1,245	-	1,245	-
	1,265	(a)	3322	Serial	1.620		2026	1,265	-	1,265	-
	1,285	(a)	3575	Serial	1.720		2027	1,285	-	1,285	-
	1,310	(a)	3832	Serial	1.820		2028	1,310	-	1,310	-
	1,335	(a)	4094	Serial	1.920		2029	1,335	-	1,335	-
	1,360	(a)	4361	Serial	2.070		2030	1,360	-	1,360	-
	1,390	(a)	4633	Serial	2.070		2031	1,390	-	1,390	-
	<u>24,550</u>							<u>15,205</u>	<u>1,180</u>	<u>1,180</u>	<u>14,025</u>

(a) Bonds stated to mature on and after May 15, 2022 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2021, or any date thereafter, in whole or in part, at the par value plus accrued interest to the redemption date.



**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding December 31, 2020
							January 1, 2020	December 31, 2020	Issued	Retired	
	\$ -				- %	15-May	\$ -	\$ -	\$ -	\$ -	\$ -
Water System Junior Lien			67	Serial	-	2012	-	-	-	-	-
Revenue and Refunding Bonds, Series 2011A	335	NONE	1	Serial	-	2013	-	-	-	-	-
	455	NONE	68	Serial	-	2014	-	-	-	-	-
Paying Agent: US Bank N.A.	455	NONE	159	Serial	-	2014	-	-	-	-	-
Bonds Dated: 08-18-11	455	NONE	250	Serial	0.350	2015	-	-	-	-	-
	455	NONE	341	Serial	0.650	2016	-	-	-	-	-
	460	NONE	432	Serial	0.950	2017	-	-	-	-	-
	465	NONE	524	Serial	1.250	2018	-	-	-	-	-
	475	NONE	617	Serial	1.550	2019	-	-	-	-	-
	480	NONE	712	Serial	1.800	2020	480	-	-	480	-
	490	NONE	808	Serial	2.000	2021	490	-	-	490	-
	500	(a)	906	Serial	2.200	2022	500	-	-	500	-
	510	(a)	1006	Serial	2.400	2023	510	-	-	510	-
	525	(a)	1108	Serial	2.550	2024	525	-	-	525	-
	540	(a)	1213	Serial	2.700	2025	540	-	-	540	-
	555	(a)	1321	Serial	2.850	2026	555	-	-	555	-
	570	(a)	1432	Serial	2.950	2027	570	-	-	570	-
	590	(a)	1546	Serial	3.050	2028	590	-	-	590	-
	605	(a)	1664	Serial	3.150	2029	605	-	-	605	-
	625	(a)	1785	Serial	3.250	2030	625	-	-	625	-
	645	(a)	1910	Serial	3.300	2031	645	-	-	645	-
	670	(a)	2039	Serial	3.400	2032	670	-	-	670	-
	690	(a)	2173	Serial	3.500	2033	690	-	-	690	-
	715	(a)	2311	Serial	3.550	2034	715	-	-	715	-
	745	(a)	2454	Serial	3.650	2035	745	-	-	745	-
	770	(a)	2603	Serial	3.700	2036	770	-	-	770	-
	800	(a)	2757	Serial	3.700	2037	800	-	-	800	-
	830	(a)	2917	Serial	3.700	2038	830	-	-	830	-
	860	(a)	3083	Serial	3.700	2039	860	-	-	860	-
	895	(a)	3255	Serial	3.700	2040	895	-	-	895	-
	930	(a)	3434	Serial	3.900	2041	930	-	-	930	-
	<u>\$ 18,095</u>						<u>\$ 14,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 480</u>	<u>\$ 14,060</u>

(a) Bonds stated to mature on and after May 15, 2022 shall be subject to redemption prior to stated maturities, in inverse order of stated maturities, at the option of the City, on May 15, 2021, or any date thereafter, in whole or in part, at the par value plus accrued interest to the redemption date.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding December 31, 2020
							January 1, 2020	December 31, 2020	Issued	Retired	
<b>WATER SYSTEM</b>											
<b>REVENUE BONDS</b>											
Water System Junior Lien	\$ -				- %	15-May	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Refunding Bonds, Series 2012 (No Reserve Fund)	2,895	NONE	1	Serial	2.000	2012	-	-	-	-	-
	2,965	NONE	580	Serial	2.000	2013	-	-	-	-	-
	3,055	NONE	1173	Serial	4.000	2014	-	-	-	-	-
	3,210	NONE	1784	Serial	4.000	2015	-	-	-	-	-
	3,135	NONE	2426	Serial	4.000	2016	-	-	-	-	-
	3,290	NONE	3053	Serial	4.000	2017	-	-	-	-	-
	4,265	NONE	3132	Serial	4.000	2018	-	-	-	-	-
	3,545	NONE	4564	Serial	4.500	2019	-	-	-	-	-
	3,735	NONE	5273	Serial	4.500	2020	3,545	-	-	3,545	-
	1,795	NONE	6020	Serial	5.000	2021	3,735	-	-	3,735	-
						2022	1,795	-	-	1,795	-
	<u>31,890</u>						<u>9,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,545</u>	<u>\$ -</u>
											<u>3,735</u>
											<u>1,795</u>
											<u>5,530</u>

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

**WATER SYSTEM  
REVENUE BONDS**

Water System Junior Lien  
Revenue Bonds, Series 2012  
Paying Agent: US Bank N.A.  
Bonds Dated: 08-28-12

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances Outstanding December 31, 2020
							Outstanding January 1, 2020	Retired	Issued	Retired	
\$	-				- %	15-May	\$	\$	\$	\$	\$
	545	NONE	1	Serial	-	2012	-	-	-	-	-
	590	NONE	110	Serial	-	2013	-	-	-	-	-
	590	NONE	227	Serial	-	2014	-	-	-	-	-
	590	NONE	228	Serial	-	2015	-	-	-	-	-
	590	NONE	346	Serial	-	2016	-	-	-	-	-
	590	NONE	464	Serial	-	2017	-	-	-	-	-
	590	NONE	581	Serial	-	2018	-	-	-	-	-
	590	NONE	699	Serial	-	2019	-	-	-	-	-
	590	NONE	817	Serial	0.140	2019	-	-	-	-	-
	595	NONE	818	Serial	0.389	2020	595	-	-	595	-
	595	NONE	937	Serial	0.580	2021	595	-	-	-	595
	600	NONE	1056	Serial	0.710	2022	600	-	-	-	600
	605	(a)	1176	Serial	0.830	2023	605	-	-	-	605
	610	(a)	1297	Serial	0.920	2024	610	-	-	-	610
	615	(a)	1419	Serial	1.010	2025	615	-	-	-	615
	625	(a)	1542	Serial	1.090	2026	625	-	-	-	625
	630	(a)	1667	Serial	1.160	2027	630	-	-	-	630
	635	(a)	1793	Serial	1.230	2028	635	-	-	-	635
	645	(a)	1920	Serial	1.300	2029	645	-	-	-	645
	655	(a)	2049	Serial	1.370	2030	655	-	-	-	655
	665	(a)	2180	Serial	1.430	2031	665	-	-	-	665
	675	(a)	2313	Serial	1.490	2032	675	-	-	-	675
	685	(a)	2448	Serial	1.550	2033	685	-	-	-	685
	695	(a)	2585	Serial	1.620	2034	695	-	-	-	695
	705	(a)	2724	Serial	1.690	2035	705	-	-	-	705
	720	(a)	2865	Serial	1.750	2036	720	-	-	-	720
	730	(a)	3009	Serial	1.790	2037	730	-	-	-	730
	745	(a)	3155	Serial	1.810	2038	745	-	-	-	745
	760	(a)	3304	Serial	1.820	2039	760	-	-	-	760
	770	(a)	3456	Serial	1.830	2040	770	-	-	-	770
	785	(a)	3610	Serial	1.840	2041	785	-	-	-	785
	800	(a)	3767	Serial	1.850	2042	800	-	-	-	800
	<u>19,630</u>						<u>15,545</u>	<u>595</u>	<u>595</u>		<u>14,950</u>

(a) Bonds stated to mature on and after May 15, 2023 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2022, or any date thereafter, in whole or in part, at the

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances Outstanding December 31, 2020
							Outstanding January 1, 2020	Retired	Issued	Retired	
	\$ -				- %	15-May	\$ -	\$ -	\$ -	\$ -	\$ -
Water System Junior Lien											
Revenue Bonds, Series 2013.A	2,395	NONE	1	Serial	0.000	2014	-	-	-	-	-
Paying Agent: Bank of New York	2,390	NONE	480	Serial	0.000	2015	-	-	-	-	-
Bonds Dated: 05-07-13	2,390	NONE	958	Serial	0.000	2016	-	-	-	-	-
	2,390	NONE	1436	Serial	0.000	2017	-	-	-	-	-
	2,390	NONE	1914	Serial	0.000	2018	-	-	-	-	-
	2,395	NONE	2392	Serial	0.090	2019	-	-	-	-	-
	2,400	NONE	2871	Serial	0.300	2020	2,400	-	-	2,400	-
	2,410	NONE	3351	Serial	0.480	2021	2,410	-	-	-	2,410
	2,420	NONE	3833	Serial	0.670	2022	2,420	-	-	-	2,420
	2,440	NONE	4317	Serial	0.850	2023	2,440	-	-	-	2,440
	2,460	(a)	4805	Serial	0.940	2024	2,460	-	-	-	2,460
	2,485	(a)	5297	Serial	1.020	2025	2,485	-	-	-	2,485
	2,515	(a)	5794	Serial	1.090	2026	2,515	-	-	-	2,515
	2,540	(a)	6297	Serial	1.150	2027	2,540	-	-	-	2,540
	2,570	(a)	6805	Serial	1.220	2028	2,570	-	-	-	2,570
	2,605	(a)	7319	Serial	1.270	2029	2,605	-	-	-	2,605
	2,635	(a)	7840	Serial	1.330	2030	2,635	-	-	-	2,635
	2,675	(a)	8367	Serial	1.380	2031	2,675	-	-	-	2,675
	2,720	(a)	8902	Serial	2.050	2032	2,720	-	-	-	2,720
	2,775	(a)	9446	Serial	2.050	2033	2,775	-	-	-	2,775
	<u>50,000</u>						<u>35,650</u>	<u>2,400</u>	<u>2,400</u>	<u>33,250</u>	

(a) Bonds stated to mature on and after May 15, 2024 shall be subject to redemption prior to Stated Maturities, in inverse order of stated maturities, at the option of the City, on May 15, 2023, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances Outstanding December 31, 2020</b>
							<b>Outstanding January 1, 2020</b>	<b>Outstanding December 31, 2020</b>	<b>Issued</b>	<b>Retired</b>	
Water System Junior Lien	\$ -				- %	15-May	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Refunding Bonds, Series 2013B (No Reserve Fund)	1,875	NONE	1	375	Serial	2014	-	-	-	-	-
	3,715	NONE	376	1118	Serial	2015	-	-	-	-	-
	3,870	NONE	1119	1892	Serial	2016	-	-	-	-	-
	4,030	NONE	1893	2698	Serial	2017	-	-	-	-	-
	4,200	NONE	2699	3538	Serial	2018	-	-	-	-	-
	4,410	NONE	3539	4420	Serial	2019	-	-	-	-	-
	4,640	NONE	4421	5348	Serial	2020	4,640	-	-	4,640	-
	4,875	NONE	5349	6323	Serial	2021	4,875	-	-	4,875	4,875
	5,125	NONE	6324	7348	Serial	2022	5,125	-	-	5,125	5,125
	3,620	NONE	7349	8072	Serial	2023	3,620	-	-	3,620	3,620
	2,970	(a)	8073	8666	Serial	2024	2,970	-	-	2,970	2,970
	3,120	(a)	8667	9290	Serial	2025	3,120	-	-	3,120	3,120
	3,285	(a)	9291	9947	Serial	2026	3,285	-	-	3,285	3,285
	3,450	(a)	9948	10637	Serial	2027	3,450	-	-	3,450	3,450
	3,630	(a)	10638	11363	Serial	2028	3,630	-	-	3,630	3,630
	3,815	(a)	11364	12126	Serial	2029	3,815	-	-	3,815	3,815
	4,015	(a)	12127	12929	Serial	2030	4,015	-	-	4,015	4,015
	4,220	(a)	12930	13773	Serial	2031	4,220	-	-	4,220	4,220
	4,440	(a)	13774	14661	Serial	2032	4,440	-	-	4,440	4,440
	4,670	(a)	14662	15595	Serial	2033	4,670	-	-	4,670	4,670
	4,910	(a)	15596	16577	Serial	2034	4,910	-	-	4,910	4,910
	<u>82,885</u>						<u>60,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,640</u>	<u>\$ -</u>
											<u>56,145</u>

(a) Bonds stated to mature on and after May 15, 2024 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2023, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances Outstanding December 31, 2020</b>
							<b>Outstanding January 1, 2020</b>	<b>Outstanding December 31, 2020</b>	<b>Issued</b>	<b>Retired</b>	
Water System Junior Lien	\$ -	-	-	-	- %	15-May	2013	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2013C	1,230	NONE	1	Serial	0.000	2014	2014	-	-	-	-
Paying Agent: Bank of New York	1,210	NONE	247	Serial	0.000	2015	2015	-	-	-	-
Bonds Dated: 12-05-13	1,210	NONE	489	Serial	0.000	2016	2016	-	-	-	-
	1,210	NONE	731	Serial	0.000	2017	2017	-	-	-	-
	1,210	NONE	973	Serial	0.400	2018	2018	-	-	-	-
	1,210	NONE	1215	Serial	0.420	2019	2019	-	-	-	-
	1,220	NONE	1457	Serial	0.790	2020	2020	1,220	-	1,220	-
	1,230	NONE	1701	Serial	1.110	2021	2021	1,230	-	-	1,230
	1,245	NONE	1947	Serial	1.300	2022	2022	1,245	-	-	1,245
	1,260	NONE	2196	Serial	1.480	2023	2023	1,260	-	-	1,260
	1,280	(a)	2448	Serial	1.650	2024	2024	1,280	-	-	1,280
	1,305	(a)	2704	Serial	1.810	2025	2025	1,305	-	-	1,305
	1,330	(a)	2965	Serial	1.970	2026	2026	1,330	-	-	1,330
	1,355	(a)	3231	Serial	2.120	2027	2027	1,355	-	-	1,355
	1,385	(a)	3502	Serial	2.270	2028	2028	1,385	-	-	1,385
	1,420	(a)	3779	Serial	2.390	2029	2029	1,420	-	-	1,420
	1,455	(a)	4063	Serial	2.510	2030	2030	1,455	-	-	1,455
	1,495	(a)	4354	Serial	2.590	2031	2031	1,495	-	-	1,495
	1,535	(a)	4653	Serial	2.680	2032	2032	1,535	-	-	1,535
	1,575	(a)	4960	Serial	2.740	2033	2033	1,575	-	-	1,575
	<u>\$ 26,370</u>							<u>\$ 19,090</u>	<u>\$ -</u>	<u>\$ 1,220</u>	<u>\$ 17,870</u>

(a) Bonds stated to mature on and after May 15, 2024 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2023, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances Outstanding December 31, 2020
							Outstanding January 1, 2020	Outstanding December 31, 2020	Issued	Retired	
	\$ -				- %	15-May	2013	\$ -	\$ -	\$ -	\$ -
Water System Junior Lien				Serial	0.000		2014				
Revenue Bonds, Series 2013D	1,495	NONE	1	299	0.000		2015				
Paying Agent: Bank of New York	1,555	NONE	300	610	0.000		2016				
Bonds Dated: 10-31-13	1,555	NONE	611	921	0.000		2017				
	1,555	NONE	922	1232	0.000		2018				
	1,560	NONE	1233	1544	0.450		2019				
	1,565	NONE	1545	1857	0.770		2020				
	1,580	NONE	1858	2173	1.030		2021	1,580		1,580	
	1,600	NONE	2174	2493	1.340		2022	1,600			1,600
	1,625	NONE	2494	2818	1.580		2023	1,625			1,625
	1,650	NONE	2819	3148	1.770		2024	1,650			1,650
	1,680	(a)	3149	3484	1.960		2025	1,680			1,680
	1,715	(a)	3485	3827	2.150		2026	1,715			1,715
	1,755	(a)	3828	4178	2.340		2027	1,755			1,755
	1,800	(a)	4179	4538	2.470		2028	1,800			1,800
	1,845	(a)	4539	4907	2.590		2029	1,845			1,845
	1,895	(a)	4908	5286	2.710		2030	1,895			1,895
	1,950	(a)	5287	5676	2.820		2031	1,950			1,950
	2,005	(a)	5677	6077	2.900		2032	2,005			2,005
	2,065	(a)	6078	6490	2.980		2033	2,065			2,065
	2,130	(a)	6491	6916	3.050		2034	2,130			2,130
	2,195	(a)	6917	7355	3.110		2035	2,195			2,195
	2,265	(a)	7356	7808	3.170		2036	2,265			2,265
	2,340	(a)	7809	8276	3.220		2037	2,340			2,340
	2,415	(a)	8277	8759	3.260		2038	2,415			2,415
	2,495	(a)	8760	9258	3.300		2039	2,495			2,495
	2,580	(a)	9259	9774	3.330		2040	2,580			2,580
	2,665	(a)	9775	10307	3.350		2041	2,665			2,665
	2,760	(a)	10308	10859	3.370		2042	2,760			2,760
	2,855	(a)	10860	11430	3.380		2043	2,855			2,855
	2,950	(a)	11431	12020	3.390			2,950			2,950
	<u>60,100</u>							<u>50,815</u>		<u>1,580</u>	<u>49,235</u>

(a) Bonds stated to mature on and after May 15, 2024 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2023, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances Outstanding December 31, 2020
							Outstanding January 1, 2020	Issued	Retired	Outstanding December 31, 2020	
\$					2.000 %	15-May	\$	\$	\$	\$	
Water System Junior Lien	-					2013	-	-	-	-	-
Revenue and Refunding Bonds, Series 2013E (No Reserve Fund)	3,180	NONE	1	Serial	4.000	2014	-	-	-	-	-
Paying Agent: USBank	3,370	NONE	637	Serial	4.000	2015	-	-	-	-	-
Bonds Dated: 11-06-13	3,505	NONE	1311	Serial	5.000	2016	-	-	-	-	-
	3,670	NONE	2012	Serial	4.000	2017	-	-	-	-	-
	3,840	NONE	2746	Serial	5.000	2018	-	-	-	-	-
	4,015	NONE	3514	Serial	4.000	2019	-	-	-	-	-
	4,200	NONE	4317	Serial	5.000	2020	4,200	-	4,200	-	-
	4,395	NONE	5157	Serial	5.000	2021	4,395	-	-	-	4,395
	4,620	NONE	6036	Serial	5.000	2022	4,620	-	-	-	4,620
	4,855	NONE	6960	Serial	5.000	2023	4,855	-	-	-	4,855
	5,105	(a)	7931	Serial	5.000	2024	5,105	-	-	-	5,105
	5,365	(a)	8952	Serial	5.000	2025	5,365	-	-	-	5,365
	5,640	(a)	10025	Serial	5.000	2026	5,640	-	-	-	5,640
	5,930	(a)	11153	Serial	5.000	2027	5,930	-	-	-	5,930
	6,235	(a)	12339	Serial	5.000	2028	6,235	-	-	-	6,235
	6,555	(a)	13586	Serial	5.000	2029	6,555	-	-	-	6,555
	4,870	(a)	14897	Serial	4.000	2030	4,870	-	-	-	4,870
	<u>79,350</u>						<u>57,770</u>	<u>\$</u>	<u>\$</u>	<u>4,200</u>	<u>\$</u>
											<u>53,570</u>

(a) Bonds stated to mature on and after May 15, 2024 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2023, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.



**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

<b>WATER SYSTEM</b> <b>REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates<sup>(b)</sup></b>	<b>Maturity Dates</b>	<b>Balances Outstanding</b>		<b>Transactions</b>		<b>Balances Outstanding December 31, 2020</b>
							<b>January 1, 2020</b>	<b>December 31, 2020</b>	<b>Issued</b>	<b>Retired</b>	
Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2013F (No Reserve Fund)	\$ -	NONE	-	-	%	1-May 2013	\$ -	\$ -	-	-	\$ -
Paying Agent: USBank	-	NONE	-	-		2014	-	-	-	-	-
Bonds Dated: 11-06-13	-	NONE	-	-		2015	-	-	-	-	-
	-	NONE	-	-		2016	-	-	-	-	-
	-	NONE	-	-		2017	-	-	-	-	-
	-	NONE	-	-		2018	-	-	-	-	-
	-	NONE	-	-		2019	-	-	-	-	-
	-	NONE	-	-		2020	-	-	-	-	-
	-	NONE	-	-		2021	-	-	-	-	-
	-	NONE	-	-		2022	-	-	-	-	-
	-	NONE	-	-		2023	-	-	-	-	-
	-	NONE	-	-		2024	-	-	-	-	-
	-	NONE	-	-		2025	-	-	-	-	-
	-	NONE	-	-		2026	-	-	-	-	-
	-	NONE	-	-		2027	-	-	-	-	-
	-	NONE	-	-		2028	-	-	-	-	-
	-	NONE	-	-		2029	-	-	-	-	-
	1,025	(a)	1	205	Variable	2030	1,025	-	-	-	1,025
	6,075	(a)	206	1420	Variable	2031	6,075	-	-	-	6,075
	6,290	(a)	1421	2678	Variable	2032	6,290	-	-	-	6,290
	6,515	(a)	2679	3981	Variable	2033	6,515	-	-	-	6,515
	6,745	(a)	3982	5330	Variable	2034	6,745	-	-	-	6,745
	6,980	(a)	5331	6726	Variable	2035	6,980	-	-	-	6,980
	7,225	(a)	6727	8171	Variable	2036	7,225	-	-	-	7,225
	7,475	(a)	8172	9666	Variable	2037	7,475	-	-	-	7,475
	7,735	(a)	9667	11213	Variable	2038	7,735	-	-	-	7,735
	7,995	(a)	11214	12812	Variable	2039	7,995	-	-	-	7,995
	8,260	(a)	12813	14464	Variable	2040	8,260	-	-	-	8,260
	8,540	(a)	14465	16172	Variable	2041	8,540	-	-	-	8,540
	8,825	(a)	16173	17937	Variable	2042	8,825	-	-	-	8,825
	9,110	(a)	17938	19759	Variable	2043	9,110	-	-	-	9,110
	<u>\$ 98,795</u>						<u>\$ 98,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,795</u>

(a) On November 1, 2021, the Bonds are subject to mandatory tender without right of retention at a purchase price equal to 100% of the principal amount plus accrued interest, if any. The Bonds are subject to mandatory sinking fund redemption prior to their stated maturities on May 1 of the years and in the principal amounts indicated above.

(b) The Bonds are multi modal variable rate bonds, initially issued in a SIFMA Index Mode which expired on October 31, 2016. On November 1, 2016, the bonds were mandatorily tendered for purchase and remarketed into a fixed rate mode for a five-year interest rate period, ending October 31, 2021 at an interest rate of 2.00%. At the end of the remarketing period, the Bonds will be remarketed or refunded into another term period or will be converted into another mode.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding December 31, 2020
							January 1, 2020	December 31, 2020	Issued	Retired	
	\$ -				- %	15-May	\$ -	\$ -	\$ -	\$ -	\$ -
Water System Junior Lien	3,140	NONE	1	Serial	2.000	2014	-	-	-	-	-
Revenue and Refunding Bonds, Series 2014A (No Reserve Fund)	4,480	NONE	629	Serial	3.000	2015	-	-	-	-	-
Paying Agent: USBank	3,425	NONE	1525	Serial	4.000	2016	-	-	-	-	-
Bonds Dated: 04-30-14	3,655	NONE	2210	Serial	3.000	2017	-	-	-	-	-
	7,710	NONE	2941	Serial	5.000	2018	-	-	-	-	-
	7,960	NONE	4483	Serial	5.000	2019	-	-	-	-	-
	8,375	NONE	6075	Serial	5.000	2020	7,960	-	-	7,960	-
	8,800	NONE	7750	Serial	5.000	2021	8,375	-	-	-	8,375
	9,265	NONE	9510	Serial	5.000	2022	8,800	-	-	-	8,800
	9,735	(a)	11363	Serial	5.000	2023	9,265	-	-	-	9,265
	10,235	(a)	13310	Serial	5.000	2024	9,735	-	-	-	9,735
	10,770	(a)	15357	Serial	5.000	2025	10,235	-	-	-	10,235
	5,190	(a)	17511	Serial	5.000	2026	10,770	-	-	-	10,770
	5,455	(a)	18549	Serial	5.000	2027	5,190	-	-	-	5,190
	5,735	(a)	19640	Serial	5.000	2028	5,455	-	-	-	5,455
						2029	5,735	-	-	-	5,735
	<u>103,930</u>						<u>81,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>7,960</u>	<u>\$ -</u>
											<u>73,560</u>

(a) Bonds stated to mature on and after May 15, 2024 shall be subject to redemption prior to stated maturities at the option of the City, on November 15, 2023, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates <sup>(b)</sup>	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding December 31, 2020
							January 1, 2020	December 31, 2020	Issued	Retired	
Water System Variable Junior Lien Revenue and Refunding Bonds, Series 2014B (No Reserve Fund)	\$ -	NONE			- %	1-May 2014	\$ -	\$ -	\$ -	\$ -	\$ -
Paying Agent: USBank		NONE				2015					
Bonds Dated: 04-30-14		NONE				2016					
		NONE				2017					
		NONE				2018					
		NONE				2019					
		NONE				2020					
		NONE				2021					
		NONE				2022					
		NONE				2023					
		NONE				2024					
		NONE				2025					
		NONE				2026					
		NONE				2027					
		NONE				2028					
		NONE				2029					
	5,690	(a)	1	1138	Variable	2030		5,690			5,690
	5,810	(a)	1139	2300	Variable	2031		5,810			5,810
	5,935	(a)	2301	3487	Variable	2032		5,935			5,935
	6,065	(a)	3488	4700	Variable	2033		6,065			6,065
	6,200	(a)	4701	5940	Variable	2034		6,200			6,200
	6,335	(a)	5941	7207	Variable	2035		6,335			6,335
	6,470	(a)	7208	8501	Variable	2036		6,470			6,470
	6,610	(a)	8502	9823	Variable	2037		6,610			6,610
	6,755	(a)	9824	11174	Variable	2038		6,755			6,755
	6,900	(a)	11175	12554	Variable	2039		6,900			6,900
	7,050	(a)	12555	13964	Variable	2040		7,050			7,050
	7,205	(a)	13965	15405	Variable	2041		7,205			7,205
	7,360	(a)	15406	16877	Variable	2042		7,360			7,360
	7,520	(a)	16878	18381	Variable	2043		7,520			7,520
	7,685	(a)	18382	19918	Variable	2044		7,685			7,685
	<u>99,590</u>							<u>99,590</u>			<u>99,590</u>

(a) On November 1, 2022, the Bonds are subject to mandatory tender without right of retention at a purchase price equal to 100% of the principal amount plus accrued interest, if any. The Bonds are subject to mandatory sinking fund redemption prior to their stated maturities on May 1 of the years and in the principal amounts indicated above.

(b) The Bonds are multi modal variable rate bonds, initially issued in a SIFMA Index Mode which expired on October 31, 2017. On November 1, 2017, the bonds were mandatorily tendered for purchase and remarketed into a fixed rate mode for a five-year interest rate period, ending October 31, 2022 at an interest rate of 2.00%. At the end of the remarketing period, the Bonds will be remarketed or refunded into another term period or will be converted into another mode.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances Outstanding December 31, 2020
							Outstanding January 1, 2020	Outstanding December 31, 2020	Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2014	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2014C	1,070	NONE	1	214	Serial	0.000	2015	-	-	-	-
Paying Agent: Bank of New York	1,070	NONE	215	428	Serial	0.000	2016	-	-	-	-
Bonds Dated: 06-18-14	1,070	NONE	429	642	Serial	0.000	2017	-	-	-	-
	1,070	NONE	643	856	Serial	0.000	2018	-	-	-	-
	1,070	NONE	857	1070	Serial	0.150	2019	-	-	-	-
	1,075	NONE	1071	1285	Serial	0.450	2020	1,075	-	-	-
	1,080	NONE	1286	1501	Serial	0.740	2021	1,080	-	1,075	-
	1,090	NONE	1502	1719	Serial	0.970	2022	1,090	-	-	1,080
	1,100	NONE	1720	1939	Serial	1.150	2023	1,100	-	-	1,090
	1,115	NONE	1940	2162	Serial	1.290	2024	1,115	-	-	1,100
	1,130	(a)	2163	2388	Serial	1.420	2025	1,130	-	-	1,115
	1,145	(a)	2389	2617	Serial	1.550	2026	1,145	-	-	1,130
	1,165	(a)	2618	2850	Serial	1.650	2027	1,165	-	-	1,145
	1,185	(a)	2851	3087	Serial	1.740	2028	1,185	-	-	1,165
	1,205	(a)	3088	3328	Serial	1.830	2029	1,205	-	-	1,185
	1,230	(a)	3329	3574	Serial	1.910	2030	1,230	-	-	1,205
	1,250	(a)	3575	3824	Serial	1.990	2031	1,250	-	-	1,230
	1,280	(a)	3825	4080	Serial	2.070	2032	1,280	-	-	1,250
	1,305	(a)	4081	4341	Serial	2.140	2033	1,305	-	-	1,280
	1,335	(a)	4342	4608	Serial	2.200	2034	1,335	-	-	1,305
	1,365	(a)	4609	4881	Serial	2.260	2035	1,365	-	-	1,335
	1,395	(a)	4882	5160	Serial	2.310	2036	1,395	-	-	1,365
	1,430	(a)	5161	5446	Serial	2.350	2037	1,430	-	-	1,395
	1,465	(a)	5447	5739	Serial	2.380	2038	1,465	-	-	1,430
	1,500	(a)	5740	6039	Serial	2.410	2039	1,500	-	-	1,465
	1,535	(a)	6040	6346	Serial	2.430	2040	1,535	-	-	1,500
	1,575	(a)	6347	6661	Serial	2.450	2041	1,575	-	-	1,535
	1,610	(a)	6662	6983	Serial	2.450	2042	1,610	-	-	1,575
	1,650	(a)	6984	7313	Serial	2.460	2043	1,650	-	-	1,610
	1,695	(a)	7314	7652	Serial	2.460	2044	1,650	-	-	1,650
	\$ 38,260							\$ 32,910	\$ -	\$ 1,075	\$ 1,695
											\$ 31,835

(a) Bonds stated to mature on and after May 15, 2025 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2024, or any date thereafter, in whole or in part, the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding December 31, 2020
							January 1, 2020	December 31, 2020	Issued	Retired	
	\$ -				- %	15-May 2014	\$ -	\$ -	\$ -	\$ -	\$ -
Water System Junior Lien											
Revenue Bonds, Series 2014D	1,055	NONE	1	Serial	0.000	2015	-	-	-	-	1,060
Paying Agent: Bank of New York	1,050	NONE	212	Serial	0.000	2016	-	-	-	-	1,065
Bonds Dated: 06-19-14	1,050	NONE	422	Serial	0.000	2017	-	-	-	-	1,075
	1,050	NONE	632	Serial	0.000	2018	-	-	-	-	1,090
	1,055	NONE	842	Serial	0.020	2019	-	-	-	-	1,100
	1,055	NONE	1053	Serial	0.300	2020	-	-	-	1,055	1,115
	1,060	NONE	1264	Serial	0.590	2021	1,055	-	-	1,055	1,130
	1,065	NONE	1476	Serial	0.810	2022	1,060	-	-	-	1,145
	1,075	NONE	1689	Serial	1.000	2023	1,075	-	-	-	1,165
	1,090	NONE	1904	Serial	1.120	2024	1,090	-	-	-	1,185
	1,100	(a)	2122	Serial	1.240	2025	1,100	-	-	-	1,205
	1,115	(a)	2342	Serial	1.350	2026	1,115	-	-	-	1,225
	1,130	(a)	2565	Serial	1.440	2027	1,130	-	-	-	1,250
	1,145	(a)	2791	Serial	1.530	2028	1,145	-	-	-	1,275
	1,165	(a)	3020	Serial	1.620	2029	1,165	-	-	-	17,140
	1,185	(a)	3253	Serial	1.690	2030	1,185	-	-	-	\$ -
	1,205	(a)	3490	Serial	1.760	2031	1,205	-	-	-	1,055
	1,225	(a)	3731	Serial	1.830	2032	1,225	-	-	-	1,275
	1,250	(a)	3976	Serial	1.900	2033	1,250	-	-	-	1,085
	1,275	(a)	4226	Serial	1.960	2034	1,275	-	-	-	16,085
	<u>22,400</u>						<u>17,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>16,085</u>

(a) Bonds stated to mature on and after May 15, 2025 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2024, or any date thereafter, in whole or in part, the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances Outstanding December 31, 2020
							Outstanding January 1, 2020	Outstanding December 31, 2020	Issued	Retired	
<b>WATER SYSTEM REVENUE BONDS</b>											
Water System Junior Lien											
Revenue Bonds, Series 2015A	2,180	NONE	1	Serial	0.000	2016	-	-	-	-	-
Paying Agent: Bank of New York	2,180	NONE	437	Serial	0.000	2017	-	-	-	-	-
Bonds Dated: 01-21-15	2,180	NONE	873	Serial	0.000	2018	-	-	-	-	-
	2,180	NONE	1309	Serial	0.030	2019	-	-	-	-	-
	2,185	NONE	1745	Serial	0.320	2020	2,185	-	-	-	2,185
	2,195	NONE	2182	Serial	0.580	2021	2,195	-	-	-	2,195
	2,210	NONE	2621	Serial	0.770	2022	2,210	-	-	-	2,210
	2,230	NONE	3063	Serial	0.910	2023	2,230	-	-	-	2,230
	2,250	NONE	3509	Serial	1.020	2024	2,250	-	-	-	2,250
	2,275	(a)	3959	Serial	1.150	2025	2,275	-	-	-	2,275
	2,305	(a)	4414	Serial	1.250	2026	2,305	-	-	-	2,305
	2,330	(a)	4875	Serial	1.330	2027	2,330	-	-	-	2,330
	2,365	(a)	5341	Serial	1.390	2028	2,365	-	-	-	2,365
	2,400	(a)	5814	Serial	1.440	2029	2,400	-	-	-	2,400
	2,435	(a)	6294	Serial	1.490	2030	2,435	-	-	-	2,435
	2,470	(a)	6781	Serial	1.540	2031	2,470	-	-	-	2,470
	2,510	(a)	7275	Serial	1.590	2032	2,510	-	-	-	2,510
	2,550	(a)	7777	Serial	1.640	2033	2,550	-	-	-	2,550
	2,595	(a)	8287	Serial	1.690	2034	2,595	-	-	-	2,595
	2,640	(a)	8806	Serial	1.740	2035	2,640	-	-	-	2,640
	2,685	(a)	9334	Serial	1.780	2036	2,685	-	-	-	2,685
	2,735	(a)	9871	Serial	1.810	2037	2,735	-	-	-	2,735
	2,785	(a)	10418	Serial	1.840	2038	2,785	-	-	-	2,785
	2,835	(a)	10975	Serial	1.870	2039	2,835	-	-	-	2,835
	2,890	(a)	11542	Serial	1.900	2040	2,890	-	-	-	2,890
	2,945	(a)	12120	Serial	1.930	2041	2,945	-	-	-	2,945
	3,005	(a)	12709	Serial	1.950	2042	3,005	-	-	-	3,005
	3,065	(a)	13310	Serial	1.960	2043	3,065	-	-	-	3,065
	3,125	(a)	13923	Serial	1.970	2044	3,125	-	-	-	3,125
	3,185	(a)	14548	Serial	1.970	2045	3,185	-	-	-	3,185
	<u>75,920</u>						<u>67,200</u>			<u>2,185</u>	<u>65,015</u>

(a) Bonds stated to mature on and after May 15, 2025 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on November 15, 2024, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances Outstanding December 31, 2020
							Outstanding January 1, 2020	Outstanding December 31, 2020	Issued	Retired	
<b>WATER SYSTEM</b>											
<b>REVENUE BONDS</b>											
Water System Junior Lien	\$ 1,950	NONE	1	Serial	2.000 %	2015	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue and Refunding Bonds, Series 2015B (No Reserve Fund)	3,115	NONE	391	Serial	5.000	2016	-	-	-	-	-
Paying Agent: USBank	3,265	NONE	1014	Serial	5.000	2017	-	-	-	-	-
Bonds Dated: 02-18-15	3,435	NONE	1667	Serial	5.000	2018	-	-	-	-	-
	3,555	NONE	2354	Serial	2.000	2019	-	-	-	-	-
	3,690	NONE	3065	Serial	5.000	2020	3,690	-	-	3,690	-
	3,875	NONE	3803	Serial	5.000	2021	3,875	-	-	-	3,875
	4,075	NONE	4578	Serial	5.000	2022	4,075	-	-	-	4,075
	4,280	NONE	5393	Serial	5.000	2023	4,280	-	-	-	4,280
	3,535	NONE	6249	Serial	5.000	2024	3,535	-	-	-	3,535
	1,710	NONE	6956	Serial	2.500	2025	1,710	-	-	-	1,710
	1,775	(a)	7298	Serial	5.000	2026	1,775	-	-	-	1,775
	1,865	(a)	7653	Serial	5.000	2027	1,865	-	-	-	1,865
	1,960	(a)	8026	Serial	5.000	2028	1,960	-	-	-	1,960
	2,065	(a)	8418	Serial	5.000	2029	2,065	-	-	-	2,065
	2,170	(a)	8831	Serial	5.000	2030	2,170	-	-	-	2,170
	2,280	(a)	9265	Serial	5.000	2031	2,280	-	-	-	2,280
	2,395	(a)	9721	Serial	5.000	2032	2,395	-	-	-	2,395
	2,520	(a)	10200	Serial	5.000	2033	2,520	-	-	-	2,520
	2,650	(a)	10704	Serial	5.000	2034	2,650	-	-	-	2,650
	15,515	(a)	11234	Serial	4.000	2035	15,515	-	-	-	15,515
	18,260	(a)	14337	Serial	5.000	2036	18,260	-	-	-	18,260
	16,120	(a)	17989	Serial	4.000	2036	16,120	-	-	-	16,120
	19,225	(a)	21213	Serial	5.000	2037	19,225	-	-	-	19,225
	36,880	(a)	25058	Serial	4.000	2037	36,880	-	-	-	36,880
	38,585	(a)	32434	2039 Term	5.000	2038	38,585	-	-	-	38,585
	40,565	(a)	40151	2039 Term	5.000	2039	40,565	-	-	-	40,565
	42,425	(a)	48264	Serial	4.000	2040	42,425	-	-	-	42,425
	3,595	(a)	56749	2045 Term	4.000	2041	3,595	-	-	-	3,595
	3,740	(a)	57468	2045 Term	4.000	2042	3,740	-	-	-	3,740
	3,895	(a)	58216	2045 Term	4.000	2043	3,895	-	-	-	3,895
	4,050	(a)	58995	2045 Term	4.000	2044	4,050	-	-	-	4,050
	4,215	(a)	59805	2045 Term	4.000	2045	4,215	-	-	-	4,215
	\$ 303,235						\$ 287,915	\$ -	\$ 3,690	\$ -	\$ 284,225

(a) Bonds stated to mature on and after May 15, 2026 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2025, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

**WATER SYSTEM  
REVENUE BONDS**

Water System Junior Lien  
Revenue Refunding Bonds,  
Series 2016A (No Reserve Fund)  
Paying Agent: USBank  
Bonds Dated: 02-25-16

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding December 31, 2020
							January 1, 2020	December 31, 2020	Issued	Retired	
\$	-	-			- %	15-May	\$	\$	\$	\$	\$
	5,055	NONE	1	Serial	5.000	2017	-	-	-	-	-
	3,335	NONE	1012	Serial	5.000	2018	-	-	-	-	-
	10,710	NONE	1679	Serial	5.000	2019	-	-	-	-	-
	1,225	NONE	3821	Serial	4.000	2020	10,710	-	-	10,710	-
	10,030	NONE	4066	Serial	5.000	2021	1,225	-	-	-	1,225
	11,820	NONE	6072	Serial	5.000	2021	10,030	-	-	-	10,030
	9,520	NONE	8435	Serial	5.000	2022	11,820	-	-	-	11,820
	9,995	NONE	8436	Serial	5.000	2023	9,520	-	-	-	9,520
	10,500	NONE	10340	Serial	5.000	2024	9,995	-	-	-	9,995
	8,900	NONE	12339	Serial	5.000	2025	10,500	-	-	-	10,500
	5,970	(a)	14439	Serial	5.000	2026	8,900	-	-	-	8,900
	1,880	(a)	16219	Serial	5.000	2027	5,970	-	-	-	5,970
	9,930	(a)	17413	Serial	5.000	2028	1,880	-	-	-	1,880
	10,425	(a)	17789	Serial	5.000	2029	9,930	-	-	-	9,930
	16,205	(a)	19775	Serial	5.000	2030	10,425	-	-	-	10,425
	17,015	(a)	21860	Serial	5.000	2031	16,205	-	-	-	16,205
	5,805	(a)	25101	Serial	5.000	2032	17,015	-	-	-	17,015
	6,095	(a)	28504	Serial	5.000	2033	5,805	-	-	-	5,805
	2,940	(a)	29665	Serial	5.000	2034	6,095	-	-	-	6,095
	3,035	(a)	30884	Serial	3.000	2035	6,350	-	-	-	6,350
	3,160	(a)	32154	Serial	3.000	2036	2,940	-	-	-	2,940
	3,320	(a)	32742	Serial	3.000	2037	3,035	-	-	-	3,035
	3,45	(a)	33349	Serial	3.125	2038	3,160	-	-	-	3,160
		(a)	33981	Serial	5.000	2039	3,320	-	-	-	3,320
		(a)	34644	Serial	3.250	2040	345	-	-	-	345
			34645	Serial			345	-	-	-	345
							165,175	\$	\$	10,710	\$
							173,565				154,465

(a) Bonds stated to mature on and after May 15, 2027 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2026, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.



**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding December 31, 2020
							January 1, 2020	December 31, 2020	Issued	Retired	
<b>WATER SYSTEM</b>											
<b>REVENUE BONDS</b>											
Water System Junior Lien	\$ 7,155		1	Serial	0.550 %	15-May 2016	-	-	-	-	\$ -
Revenue Refunding Bonds, Taxable Series 2016B (No Reserve Fund)	7,895		1432	Serial	0.935	2017	-	-	-	-	-
Paying Agent: USBank	7,960		3011	Serial	1.054	2018	-	-	-	-	-
Bonds Dated: 02-25-16	6,995		4603	Serial	1.234	2019	-	-	-	-	-
	-				0.000	2020	-	-	-	-	-
	-				0.000	2021	-	-	-	-	-
	-				0.000	2022	-	-	-	-	-
	-				0.000	2023	-	-	-	-	-
	-				0.000	2024	-	-	-	-	-
	-				0.000	2025	-	-	-	-	-
	-				0.000	2026	-	-	-	-	-
	-				0.000	2027	-	-	-	-	-
	2,840	(a)	6002	Serial	3.026	2028	2,840	-	-	-	2,840
	4,885	(a)	6570	Serial	3.126	2029	4,885	-	-	-	4,885
	5,045	(a)	7547	Serial	3.206	2030	5,045	-	-	-	5,045
	<u>42,775</u>						<u>12,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>12,770</u>

(a) Bonds are subject to redemption at the option of the City on any date from the Date of Delivery through stated maturity at the Make-Whole Redemption Price.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

**WATER SYSTEM  
REVENUE BONDS**

Water System Junior Lien  
Revenue and Refunding Bonds,  
Series 2016C (No Reserve Fund)  
Paying Agent: USBank  
Bonds Dated: 11-01-16

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances Outstanding December 31, 2020
							Outstanding January 1, 2020	Outstanding December 31, 2020	Issued	Retired	
\$	-	-	-	-	- %	15-May	\$	\$	\$	\$	\$
						2016					
						2017					
						2018					
						2019					
	3,360	NONE	1	672	3.000	2020					
	3,505	NONE	673	1373	5.000	2021	3,505				
	3,685	NONE	1374	2110	5.000	2022	3,685				
	3,875	NONE	2111	2885	5.000	2023	3,875				
	4,075	NONE	2886	3700	5.000	2024	4,075				
	7,290	NONE	3701	5158	5.000	2025	7,290				
	7,670	NONE	5159	6692	5.000	2026	7,670				
	8,065	NONE	6693	8305	5.000	2027	8,065				
	8,470	(a)	8306	9999	5.000	2028	8,470				
	8,910	(a)	10000	11781	5.000	2029	8,910				
	9,365	(a)	11782	13654	5.000	2030	9,365				
	9,845	(a)	13655	15623	5.000	2031	9,845				
	10,345	(a)	15624	17692	5.000	2032	10,345				
	10,885	(a)	17693	19869	5.000	2033	10,885				
	28,635	(a)	19870	25596	5.000	2034	28,635				
	35,180	(a)	25597	32632	5.000	2035	35,180				
	18,595	(a)	32633	36351	5.000	2036	18,595				
	19,555	(a)	36352	40262	5.000	2037	19,555				
	20,450	(a)	40263	44352	4.000	2038	20,450				
	14,470	(a)	44353	47246	4.000	2039	14,470				
	15,140	(a)	47247	50274	5.000	2040	15,140				
	6,570	(a)	50275	51588	5.000	2041	6,570				
	6,905	(a)	51589	52969	5.000	2042	6,905				
	7,260	(a)	52970	54421	5.000	2043	7,260				
	7,635	(a)	54422	55948	5.000	2044	7,635				
	8,025	(a)	55949	57553	5.000	2045	8,025				
	8,435	(a)	57554	59240	5.000	2046	8,435				
	8,865	(a)	59241	61013	5.000	2046	8,865				
	<u>305,065</u>						<u>301,705</u>				<u>298,200</u>

(a) Bonds stated to mature on and after May 15, 2027 shall be subject to redemption prior to stated maturities at the option of the City, on November 15, 2026, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

**WATER SYSTEM  
REVENUE BONDS**

Water System Junior Lien  
Revenue Bonds, Series 2016D  
Paying Agent: USBank  
Bonds Dated: 12-15-16

Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding December 31, 2020
						January 1, 2020	December 31, 2020	Issued	Retired	
\$ -	-	1	Serial	0.000	2016	\$ -	\$ -	\$ -	\$ -	\$ -
165	NONE	33	Serial	0.000	2017	-	-	-	-	-
385	NONE	34	Serial	0.000	2018	-	-	-	-	-
385	NONE	111	Serial	0.000	2019	-	-	-	-	-
385	NONE	188	Serial	0.000	2020	385	-	-	385	-
385	NONE	265	Serial	0.000	2021	385	-	-	-	385
385	NONE	342	Serial	0.080	2022	385	-	-	-	385
390	NONE	419	Serial	0.240	2023	390	-	-	-	390
390	NONE	497	Serial	0.410	2024	390	-	-	-	390
390	NONE	575	Serial	0.550	2025	390	-	-	-	390
390	NONE	653	Serial	0.660	2026	390	-	-	-	390
395	(a)	731	Serial	0.770	2027	395	-	-	-	395
400	(a)	810	Serial	0.880	2028	400	-	-	-	400
400	(a)	890	Serial	0.980	2029	400	-	-	-	400
405	(a)	970	Serial	1.050	2030	405	-	-	-	405
410	(a)	1051	Serial	1.120	2031	410	-	-	-	410
415	(a)	1133	Serial	1.190	2032	415	-	-	-	415
420	(a)	1216	Serial	1.250	2033	420	-	-	-	420
425	(a)	1300	Serial	1.300	2034	425	-	-	-	425
430	(a)	1385	Serial	1.340	2035	430	-	-	-	430
435	(a)	1471	Serial	1.370	2036	435	-	-	-	435
440	(a)	1558	Serial	1.400	2037	440	-	-	-	440
450	(a)	1646	Serial	1.430	2038	450	-	-	-	450
455	(a)	1736	Serial	1.460	2039	455	-	-	-	455
460	(a)	1827	Serial	1.470	2040	460	-	-	-	460
465	(a)	1919	Serial	1.480	2041	465	-	-	-	465
475	(a)	2012	Serial	1.490	2042	475	-	-	-	475
480	(a)	2107	Serial	1.500	2043	480	-	-	-	480
490	(a)	2203	Serial	1.510	2044	490	-	-	-	490
495	(a)	2301	Serial	1.520	2045	495	-	-	-	495
505	(a)	2400	Serial	1.530	2046	505	-	-	-	505
\$ 12,500						\$ 11,565	\$ -	\$ -	\$ 385	\$ 11,180

(a) Bonds stated to mature on and after May 15, 2027 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on November 15, 2026, or any date thereafter, in whole or in part at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

**WATER SYSTEM  
REVENUE BONDS**

Water System Junior Lien  
Revenue Bonds, Series 2016E  
Paying Agent: USBank  
Bonds Dated: 12-15-16

Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding December 31, 2020
						January 1, 2020	December 31, 2020	Issued	Retired	
\$ -	-	-	-	- %	15-May	\$ -	\$ -	\$ -	\$ -	\$ -
185	NONE	1	Serial	0.000	2017	-	-	-	-	-
440	NONE	38	Serial	0.000	2018	-	-	-	-	-
440	NONE	126	Serial	0.000	2019	-	-	-	-	-
440	NONE	214	Serial	0.000	2020	440	-	-	440	440
440	NONE	302	Serial	0.040	2021	440	-	-	-	440
445	NONE	390	Serial	0.130	2022	445	-	-	-	445
445	NONE	479	Serial	0.290	2023	445	-	-	-	445
445	NONE	568	Serial	0.460	2024	445	-	-	-	445
445	NONE	657	Serial	0.600	2025	445	-	-	-	445
450	NONE	746	Serial	0.710	2026	450	-	-	-	450
450	(a)	836	Serial	0.820	2027	450	-	-	-	450
455	(a)	926	Serial	0.930	2028	455	-	-	-	455
460	(a)	1017	Serial	1.030	2029	460	-	-	-	460
465	(a)	1109	Serial	1.100	2030	465	-	-	-	465
470	(a)	1202	Serial	1.170	2031	470	-	-	-	470
475	(a)	1296	Serial	1.240	2032	475	-	-	-	475
480	(a)	1391	Serial	1.300	2033	480	-	-	-	480
490	(a)	1487	Serial	1.350	2034	490	-	-	-	490
495	(a)	1585	Serial	1.390	2035	495	-	-	-	495
500	(a)	1684	Serial	1.420	2036	500	-	-	-	500
510	(a)	1784	Serial	1.450	2037	510	-	-	-	510
515	(a)	1886	Serial	1.480	2038	515	-	-	-	515
525	(a)	1989	Serial	1.510	2039	525	-	-	-	525
530	(a)	2094	Serial	1.520	2040	530	-	-	-	530
540	(a)	2200	Serial	1.530	2041	540	-	-	-	540
550	(a)	2308	Serial	1.540	2042	550	-	-	-	550
555	(a)	2418	Serial	1.550	2043	555	-	-	-	555
565	(a)	2529	Serial	1.560	2044	565	-	-	-	565
575	(a)	2642	Serial	1.570	2045	575	-	-	-	575
580	(a)	2757	Serial	1.580	2046	580	-	-	-	580
\$ 14,360						\$ 13,295	\$ -	\$ -	\$ 440	\$ 12,855

(a) Bonds stated to mature on and after May 15, 2027 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on November 15, 2026, or any date thereafter, in whole or in part at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances Outstanding December 31, 2020
							Outstanding January 1, 2020	Retired	Issued	Retired	
Water System Junior Lien	\$ 8,170	NONE	1	Serial	3.000 %	15-May	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Refunding Bonds, Series 2017A (No Reserve Fund)	4,010	NONE	1635	Serial	3.000	2018	-	-	-	-	-
Paying Agent: USBank	2,660	NONE	2437	Serial	4.000	2019	-	-	-	-	-
Bonds Dated: 02-28-17	2,780	NONE	2969	Serial	5.000	2020	2,780	-	-	2,780	2,930
	2,930	NONE	3525	Serial	5.000	2021	2,930	-	-	-	2,930
	3,070	NONE	4111	Serial	5.000	2022	3,070	-	-	-	3,070
	3,235	NONE	4725	Serial	5.000	2023	3,235	-	-	-	3,235
	3,405	NONE	5371	Serial	5.000	2024	3,405	-	-	-	3,405
	3,575	NONE	6053	Serial	5.000	2025	3,575	-	-	-	3,575
	3,760	NONE	6768	Serial	5.000	2026	3,760	-	-	-	3,760
	250	NONE	7520	Serial	4.000	2027	250	-	-	-	250
	-					2028	-	-	-	-	-
	4,910	(a)	7570	Serial	5.000	2029	4,910	-	-	-	4,910
	5,160	(a)	8552	Serial	5.000	2030	5,160	-	-	-	5,160
	5,415	(a)	9584	Serial	5.000	2031	5,415	-	-	-	5,415
	5,690	(a)	10667	Serial	5.000	2032	5,690	-	-	-	5,690
	9,045	(a)	11805	Serial	5.000	2033	9,045	-	-	-	9,045
	11,945	(a)	13614	Serial	4.000	2034	11,945	-	-	-	11,945
	3,455	(a)	16003	Serial	5.000	2035	3,455	-	-	-	3,455
	3,630	(a)	16694	Serial	5.000	2036	3,630	-	-	-	3,630
	3,820	(a)	17420	Serial	5.000	2037	3,820	-	-	-	3,820
	<u>90,915</u>						<u>76,075</u>	<u>-</u>	<u>2,780</u>	<u>-</u>	<u>73,295</u>

(a) Bonds stated to mature on and after May 15, 2029 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2027, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding
							January 1, 2020	December 31, 2020	Issued	Retired	
	\$				%	15-May	\$	\$	\$	\$	\$
Water System Junior Lien	-				5.000	2018	0	-	-	-	-
Revenue and Refunding Bonds, Series 2018A (No Reserve Fund)	2,220	NONE	1	Serial	5.000	2019	2,330	-	-	-	2,330
Paying Agent: UMB Bank	2,330	NONE	445	Serial	5.000	2020	2,450	-	-	-	2,450
Bonds Dated: 05-23-18	2,450	NONE	911	Serial	5.000	2021	2,575	-	-	-	2,575
	2,575	NONE	1401	Serial	5.000	2022	2,710	-	-	-	2,710
	2,710	NONE	1916	Serial	5.000	2023	2,845	-	-	-	2,845
	2,845	NONE	2458	Serial	5.000	2024	2,990	-	-	-	2,990
	2,990	NONE	3027	Serial	5.000	2025	3,145	-	-	-	3,145
	3,145	NONE	3625	Serial	5.000	2026	3,310	-	-	-	3,310
	3,310	NONE	4254	Serial	5.000	2027	3,475	-	-	-	3,475
	3,475	NONE	4916	Serial	5.000	2028	6,475	-	-	-	6,475
	6,475	(a)	5611	Serial	5.000	2029	6,770	-	-	-	6,770
	6,770	(a)	6906	Serial	4.000	2030	7,085	-	-	-	7,085
	7,085	(a)	8260	Serial	5.000	2031	7,455	-	-	-	7,455
	7,455	(a)	9677	Serial	5.000	2032	7,830	-	-	-	7,830
	7,830	(a)	11168	Serial	5.000	2033	8,230	-	-	-	8,230
	8,230	(a)	12734	Serial	5.000	2034	8,655	-	-	-	8,655
	8,655	(a)	14380	Serial	5.000	2035	9,105	-	-	-	9,105
	9,105	(a)	16111	Serial	5.000	2036	9,575	-	-	-	9,575
	9,575	(a)	17932	Serial	5.000	2037	9,940	-	-	-	9,940
	9,940	(a)	19847	Serial	5.000	2038	7,875	-	-	-	7,875
	7,875	(a)	21835	Serial	5.000	2039	8,280	-	-	-	8,280
	8,280	(a)	23410	Serial	5.000	2040	8,705	-	-	-	8,705
	8,705	(a)	25066	2043 Term	5.000	2041	9,150	-	-	-	9,150
	9,150	(a)	26807	2043 Term	5.000	2042	9,620	-	-	-	9,620
	9,620	(a)	28637	2043 Term	5.000	2043	10,115	-	-	-	10,115
	10,115	(a)	30561	2048 Term	5.000	2044	10,630	-	-	-	10,630
	10,630	(a)	32584	2048 Term	5.000	2045	11,175	-	-	-	11,175
	11,175	(a)	34710	2048 Term	5.000	2046	11,750	-	-	-	11,750
	11,750	(a)	36945	2048 Term	5.000	2047	12,355	-	-	-	12,355
	12,355	(a)	39295	2048 Term	5.000	2048	206,605	-	-	2,330	204,275
	\$ 208,825						\$	\$	\$	\$	\$

(a) Bonds stated to mature on and after May 15, 2029 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2028, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances Outstanding December 31, 2020
							Outstanding January 1, 2020	Retired	Issued	Retired	
\$					%	15-May	\$	\$	\$	\$	\$
	290	NONE	1	Serial	0.430	2019	-	-	-	-	-
	295	NONE	59	Serial	0.570	2020	-	-	-	295	-
	295	NONE	118	Serial	0.670	2021	295	-	-	-	295
	295	NONE	177	Serial	0.760	2022	295	-	-	-	295
	300	NONE	236	Serial	0.840	2023	300	-	-	-	300
	300	NONE	296	Serial	0.960	2024	300	-	-	-	300
	305	NONE	356	Serial	1.040	2025	305	-	-	-	305
	310	NONE	417	Serial	1.120	2026	310	-	-	-	310
	310	NONE	479	Serial	1.200	2027	310	-	-	-	310
	315	NONE	541	Serial	1.260	2028	315	-	-	-	315
	320	(a)	604	Serial	1.330	2029	320	-	-	-	320
	325	(a)	668	Serial	1.390	2030	325	-	-	-	325
	330	(a)	733	Serial	1.440	2031	330	-	-	-	330
	335	(a)	799	Serial	1.490	2032	335	-	-	-	335
	340	(a)	866	Serial	1.540	2033	340	-	-	-	340
	345	(a)	934	Serial	1.590	2034	345	-	-	-	345
	350	(a)	1003	Serial	1.630	2035	350	-	-	-	350
	355	(a)	1073	Serial	1.660	2036	355	-	-	-	355
	360	(a)	1144	Serial	1.690	2037	360	-	-	-	360
	370	(a)	1216	Serial	1.710	2038	370	-	-	-	370
	375	(a)	1290	Serial	1.730	2039	375	-	-	-	375
	380	(a)	1365	Serial	1.750	2040	380	-	-	-	380
	385	(a)	1441	Serial	1.760	2041	385	-	-	-	385
	395	(a)	1518	Serial	1.770	2042	395	-	-	-	395
	400	(a)	1597	Serial	1.780	2043	400	-	-	-	400
	410	(a)	1677	Serial	1.790	2044	410	-	-	-	410
	415	(a)	1759	Serial	1.800	2045	415	-	-	-	415
	425	(a)	1842	Serial	1.810	2046	425	-	-	-	425
	430	(a)	1927	Serial	1.820	2047	430	-	-	-	430
	440	(a)	2013	Serial	1.830	2048	440	-	-	-	440
	<u>10,500</u>						<u>10,210</u>	<u>\$</u>	<u>\$</u>	<u>295</u>	<u>\$</u>

(a) Bonds stated to mature on and after May 15, 2029 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2028, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

<b>WATER SYSTEM</b> <b>REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates<sup>(b)</sup></b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances</b>
							<b>January 1, 2020</b>	<b>December 31, 2020</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2020</b>
Water System Variable Junior Lien Revenue Bonds, Series 2019A (No Reserve Fund)	\$ -	-	-	-	-	2019	\$ -	\$ -	\$ -	\$ -	\$ -
Paying Agent: UMB Bank	-	-	-	-	-	1-May	-	-	-	-	-
Bonds Dated: 01-29-19	-	-	-	-	-	2020	-	-	-	-	-
	-	-	-	-	-	2021	-	-	-	-	-
	-	-	-	-	-	2022	-	-	-	-	-
	-	-	-	-	-	2023	-	-	-	-	-
	-	-	-	-	-	2024	-	-	-	-	-
	-	-	-	-	-	2025	-	-	-	-	-
	-	-	-	-	-	2026	-	-	-	-	-
	-	-	-	-	-	2027	-	-	-	-	-
	5,425	(a)	1	1085	Variable	2028	5,425	-	-	-	5,425
	5,590	(a)	1086	2203	Variable	2029	5,590	-	-	-	5,590
	5,760	(a)	2204	3355	Variable	2030	5,760	-	-	-	5,760
	5,935	(a)	3356	4542	Variable	2031	5,935	-	-	-	5,935
	6,115	(a)	4543	5765	Variable	2032	6,115	-	-	-	6,115
	6,300	(a)	5766	7025	Variable	2033	6,300	-	-	-	6,300
	6,495	(a)	7026	8324	Variable	2034	6,495	-	-	-	6,495
	6,690	(a)	8325	9662	Variable	2035	6,690	-	-	-	6,690
	6,895	(a)	9663	11041	Variable	2036	6,895	-	-	-	6,895
	7,105	(a)	11042	12462	Variable	2037	7,105	-	-	-	7,105
	7,320	(a)	12463	13926	Variable	2038	7,320	-	-	-	7,320
	7,545	(a)	13927	15435	Variable	2039	7,545	-	-	-	7,545
	7,775	(a)	15436	16990	Variable	2040	7,775	-	-	-	7,775
	8,010	(a)	16991	18592	Variable	2041	8,010	-	-	-	8,010
	8,255	(a)	18593	20243	Variable	2042	8,255	-	-	-	8,255
	8,505	(a)	20244	21944	Variable	2043	8,505	-	-	-	8,505
	8,765	(a)	21945	23697	Variable	2044	8,765	-	-	-	8,765
	9,030	(a)	23698	25503	Variable	2045	9,030	-	-	-	9,030
	9,305	(a)	25504	27364	Variable	2046	9,305	-	-	-	9,305
	9,590	(a)	27365	29282	Variable	2047	9,590	-	-	-	9,590
	9,885	(a)	29283	31259	Variable	2048	9,885	-	-	-	9,885
	10,185	(a)	31260	33296	Variable	2049	10,185	-	-	-	10,185
	\$ 166,480						\$ 166,480	\$ -	\$ -	\$ -	\$ 166,480

(a) On May 1, 2024, the Bonds are subject to mandatory tender without right of retention at a purchase price equal to 100% of the principal amount plus accrued interest, if any. The Bonds are subject to mandatory sinking fund redemption prior to their stated maturities on May 1 of the years and in the principal amounts indicated above.

(b) The Bonds are multi modal variable rate bonds, initially issued in a term mode which expires on April 30, 2024 at an interest rate of 2.625%. At the end of the initial term, the Bonds will be remarketed or refunded into another term period or will be converted into another mode.



**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2020	Outstanding December 31, 2020	Issued	Retired	
	\$ -				- %	15-May	\$ -	\$ -	\$ -	\$ -	\$ -
Water System Junior Lien	985	NONE	1	Serial	0.000	2020	985	985	-	-	-
Revenue Bonds, Series 2019B	1,000	NONE	198	Serial	0.000	2021	1,000	-	-	-	1,000
Paying Agent: UMB Bank	1,000	NONE	398	Serial	0.000	2022	1,000	-	-	-	1,000
Bonds Dated: 06-25-19	1,000	NONE	597	Serial	0.000	2023	1,000	-	-	-	1,000
	1,000	NONE	797	Serial	0.000	2024	1,000	-	-	-	1,000
	1,000	NONE	798	Serial	0.000	2025	1,000	-	-	-	1,000
	1,000	NONE	997	Serial	0.000	2026	1,000	-	-	-	1,000
	1,000	NONE	1197	Serial	0.000	2027	1,000	-	-	-	1,000
	1,000	NONE	1397	Serial	0.000	2028	1,000	-	-	-	1,000
	1,000	NONE	1597	Serial	0.000	2029	1,000	-	-	-	1,000
	1,000	NONE	1797	Serial	0.000	2030	1,000	-	-	-	1,000
	1,000	NONE	1997	Serial	0.000	2031	1,000	-	-	-	1,000
	1,000	(a)	1998	Serial	0.000	2032	1,000	-	-	-	1,000
	1,000	(a)	2197	Serial	0.090	2033	1,000	-	-	-	1,000
	1,000	(a)	2397	Serial	0.160	2034	1,005	-	-	-	1,005
	1,005	(a)	2597	Serial	0.220	2035	1,010	-	-	-	1,010
	1,010	(a)	2798	Serial	0.280	2036	1,010	-	-	-	1,010
	1,010	(a)	2999	Serial	0.380	2037	1,015	-	-	-	1,015
	1,015	(a)	3001	Serial	0.420	2038	1,020	-	-	-	1,020
	1,015	(a)	3202	Serial	0.460	2039	1,025	-	-	-	1,025
	1,020	(a)	3406	Serial	0.500	2040	1,030	-	-	-	1,030
	1,025	(a)	3610	Serial	0.540	2041	1,035	-	-	-	1,035
	1,030	(a)	3815	Serial	0.610	2042	1,040	-	-	-	1,040
	1,035	(a)	4021	Serial	0.640	2043	1,050	-	-	-	1,050
	1,040	(a)	4228	Serial	0.670	2044	1,055	-	-	-	1,055
	1,050	(a)	4436	Serial	0.680	2045	1,060	-	-	-	1,060
	1,055	(a)	4646	Serial	0.690	2046	1,070	-	-	-	1,070
	1,060	(a)	4857	Serial	0.700	2047	1,075	-	-	-	1,075
	1,070	(a)	5069	Serial	0.710	2048	1,085	-	-	-	1,085
	1,075	(a)	5283	Serial	0.720	2049	1,095	-	-	-	1,095
	1,085	(a)	5498	Serial	0.730		1,100	-	-	-	1,100
	1,095	(a)	5715	Serial			30,765	\$ -	\$ -	\$ -	29,780
	1,100	(a)	5934	Serial							
	\$ 30,765						\$ 30,765	\$ -	\$ -	\$ -	\$ 29,780

(a) Bonds stated to mature on and after May 15, 2030 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on November 15, 2029, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Transactions		Balances	
							Issued	Retired	Outstanding January 1, 2020	Outstanding December 31, 2020
	\$ -				- %	15-May	\$ -	\$ -	\$ -	\$ -
Revenue Refunding Bonds, Series 2019C (No Reserve Fund)	1,185	NONE	1	Serial	5.000	2020	-	1,185	1,185	-
	2,210	NONE	12544	Serial	5.000	2021	-	-	2,210	2,210
	2,320	NONE	12986	Serial	5.000	2022	-	-	2,320	2,320
	2,440	NONE	13450	Serial	5.000	2023	-	-	2,440	2,440
	2,560	NONE	13938	Serial	5.000	2024	-	-	2,560	2,560
	2,700	NONE	14450	Serial	5.000	2025	-	-	2,700	2,700
	2,835	NONE	14990	Serial	5.000	2026	-	-	2,835	2,835
	2,980	NONE	15557	Serial	5.000	2027	-	-	2,980	2,980
	2,640	NONE	16153	Serial	5.000	2028	-	-	2,640	2,640
	2,770	NONE	16681	Serial	5.000	2029	-	-	2,770	2,770
	2,910	(a)	17235	Serial	5.000	2030	-	-	2,910	2,910
	3,060	(a)	17817	Serial	5.000	2031	-	-	3,060	3,060
	3,220	(a)	18429	Serial	5.000	2032	-	-	3,220	3,220
	1,335	(a)	19073	Serial	5.000	2033	-	-	1,335	1,335
	2,050	(a)	19340	Serial	4.000	2033	-	-	2,050	2,050
	26,600	(a)	19750	Serial	5.000	2034	-	-	26,600	26,600
	7,500	(a)	25070	Serial	4.000	2034	-	-	7,500	7,500
	2,030	(a)	26570	Serial	5.000	2035	-	-	2,030	2,030
	2,135	(a)	26976	Serial	5.000	2036	-	-	2,135	2,135
	2,245	(a)	27403	Serial	5.000	2037	-	-	2,245	2,245
	2,360	(a)	27852	Serial	5.000	2038	-	-	2,360	2,360
	2,480	(a)	28324	Serial	5.000	2039	-	-	2,480	2,480
	<u>82,565</u>		<u>28819</u>				<u>\$ -</u>	<u>\$ 1,185</u>	<u>\$ 82,565</u>	<u>\$ 81,380</u>

(a) Bonds stated to mature on and after May 15, 2030 shall be subject to redemption prior to stated maturities at the option of the City, on November 15, 2029, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding
							January 1, 2020	December 31, 2020	Issued	Retired	
	\$ -				%	15-May	2020	\$ -	\$ -	\$ -	\$ -
	6,960	NONE	1	Serial	5.000	2021	2021	-	6,960	-	6,960
	7,345	NONE	1393	Serial	5.000	2022	2022	-	7,345	-	7,345
	8,115	NONE	2862	Serial	5.000	2023	2023	-	8,115	-	8,115
	8,620	NONE	4485	Serial	5.000	2024	2024	-	8,620	-	8,620
	8,930	NONE	6209	Serial	5.000	2025	2025	-	8,930	-	8,930
	9,230	NONE	7995	Serial	5.000	2026	2026	-	9,230	-	9,230
	12,265	NONE	9841	Serial	5.000	2027	2027	-	12,265	-	12,265
	13,495	NONE	12293	Serial	5.000	2028	2028	-	13,495	-	13,495
	12,265	NONE	14992	Serial	5.000	2029	2029	-	12,265	-	12,265
	12,890	NONE	14993	Serial	5.000	2030	2030	-	12,890	-	12,890
	13,550	NONE	17446	Serial	5.000	2031	2031	-	13,550	-	13,550
	14,250	(a)	20024	Serial	5.000	2032	2032	-	14,250	-	14,250
	6,460	(a)	22734	Serial	5.000	2033	2033	-	6,460	-	6,460
	6,790	(a)	25584	Serial	5.000	2033	2033	-	6,790	-	6,790
	7,145	(a)	26876	Serial	5.000	2034	2034	-	7,145	-	7,145
	7,510	(a)	28234	Serial	5.000	2035	2035	-	7,510	-	7,510
	7,890	(a)	29663	Serial	5.000	2036	2036	-	7,890	-	7,890
	8,260	(a)	31165	Serial	5.000	2037	2037	-	8,260	-	8,260
	8,640	(a)	32743	Serial	4.000	2038	2038	-	8,640	-	8,640
	9,040	(a)	34395	Serial	5.000	2039	2039	-	9,040	-	9,040
	6,890	(a)	36123	Serial	4.000	2040	2040	-	6,890	-	6,890
	7,240	(a)	37931	Serial	5.000	2041	2041	-	7,240	-	7,240
	7,615	(a)	39309	Serial	5.000	2042	2042	-	7,615	-	7,615
	8,005	(a)	40757	2045 Term	5.000	2043	2043	-	8,005	-	8,005
	8,415	(a)	42280	2045 Term	5.000	2044	2044	-	8,415	-	8,415
	8,845	(a)	43881	2045 Term	5.000	2045	2045	-	8,845	-	8,845
	9,300	(a)	45564	2050 Term	5.000	2046	2046	-	9,300	-	9,300
	9,775	(a)	47333	2050 Term	5.000	2047	2047	-	9,775	-	9,775
	10,275	(a)	49193	2050 Term	5.000	2048	2048	-	10,275	-	10,275
	10,805	(a)	51148	2050 Term	5.000	2049	2049	-	10,805	-	10,805
			53203	2050 Term	5.000	2050	2050	-	10,805	-	10,805
			55363	2050 Term	5.000	2050	2050	-	10,805	-	10,805
								\$ -	\$ 276,815	\$ -	\$ 276,815

(a) Bonds stated to mature on and after May 15, 2031 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2030, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

**WATER SYSTEM  
REVENUE BONDS**

Water System Junior Lien  
Revenue Bonds, Series 2020B  
Paying Agent: UMB Bank  
Bonds Dated: 03-18-20

Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding
						January 1, 2020	December 31, 2020	Issued	Retired	
\$				%	15-May	2020	\$	\$		\$
820	NONE	1	Serial	0.000		2021	-	820	-	820
820	NONE	165	Serial	0.000		2022	-	820	-	820
820	NONE	329	Serial	0.000		2023	-	820	-	820
820	NONE	493	Serial	0.000		2024	-	820	-	820
820	NONE	657	Serial	0.000		2025	-	820	-	820
820	NONE	821	Serial	0.000		2026	-	820	-	820
820	NONE	985	Serial	0.000		2027	-	820	-	820
820	NONE	1149	Serial	0.000		2028	-	820	-	820
820	NONE	1313	Serial	0.000		2029	-	820	-	820
820	NONE	1477	Serial	0.030		2030	-	820	-	820
820	(a)	1641	Serial	0.090		2031	-	820	-	820
820	(a)	1805	Serial	0.180		2032	-	820	-	820
825	(a)	1969	Serial	0.250		2033	-	825	-	825
825	(a)	2134	Serial	0.300		2034	-	825	-	825
830	(a)	2299	Serial	0.350		2035	-	830	-	830
830	(a)	2465	Serial	0.390		2036	-	830	-	830
835	(a)	2631	Serial	0.420		2037	-	835	-	835
840	(a)	2798	Serial	0.460		2038	-	840	-	840
845	(a)	2966	Serial	0.510		2039	-	845	-	845
845	(a)	3135	Serial	0.540		2040	-	845	-	845
850	(a)	3304	Serial	0.570		2041	-	850	-	850
855	(a)	3474	Serial	0.600		2042	-	855	-	855
860	(a)	3645	Serial	0.630		2043	-	860	-	860
870	(a)	3817	Serial	0.650		2044	-	870	-	870
875	(a)	3991	Serial	0.670		2045	-	875	-	875
880	(a)	4166	Serial	0.690		2046	-	880	-	880
885	(a)	4342	Serial	0.700		2047	-	885	-	885
890	(a)	4519	Serial	0.710		2048	-	890	-	890
900	(a)	4697	Serial	0.720		2049	-	900	-	900
905	(a)	4877	Serial	0.730		2050	-	905	-	905
\$							\$	\$	\$	\$
								25,285		25,285

(a) Bonds stated to mature on and after May 15, 2031 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on May 15, 2030, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

**WATER SYSTEM  
REVENUE BONDS**

Water System Junior Lien  
Revenue Refunding Bonds,  
Series 2020C (No Reserve Fund)  
Paying Agent: UMB Bank  
Bonds Dated: 08-11-20

Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding December 31, 2020
						January 1, 2020	December 31, 2020	Issued	Retired	
\$ -	-	-	-	- %	15-May 2020	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	2021	-	-	-	-	-
-	-	-	-	-	2022	-	-	-	-	-
-	-	-	-	-	2023	-	-	-	-	-
-	-	-	-	-	2024	-	-	-	-	-
-	-	-	-	-	2025	-	-	-	-	-
3,555	NONE	1	711 Serial	5.000	2026	-	-	3,555	-	3,555
3,735	NONE	712	1458 Serial	5.000	2027	-	-	3,735	-	3,735
3,930	NONE	1459	2244 Serial	5.000	2028	-	-	3,930	-	3,930
4,130	NONE	2245	3070 Serial	5.000	2029	-	-	4,130	-	4,130
4,340	NONE	3071	3938 Serial	5.000	2030	-	-	4,340	-	4,340
4,565	(a)	3939	4851 Serial	5.000	2031	-	-	4,565	-	4,565
4,800	(a)	4852	5811 Serial	5.000	2032	-	-	4,800	-	4,800
5,045	(a)	5812	6820 Serial	5.000	2033	-	-	5,045	-	5,045
-	-	-	-	-	2034	-	-	-	-	-
5,305	(a)	6821	7881 Serial	5.000	2035	-	-	5,305	-	5,305
5,575	(a)	7882	8996 Serial	5.000	2036	-	-	5,575	-	5,575
5,830	(a)	8997	10162 Serial	4.000	2037	-	-	5,830	-	5,830
6,070	(a)	10163	11376 Serial	4.000	2038	-	-	6,070	-	6,070
6,350	(a)	11377	12646 Serial	5.000	2039	-	-	6,350	-	6,350
6,575	(a)	12647	13961 Serial	2.125	2040	-	-	6,575	-	6,575
6,815	(a)	13962	15324 Serial	5.000	2041	-	-	6,815	-	6,815
7,095	(a)	15325	16743 Serial	3.000	2042	-	-	7,095	-	7,095
1,350	(a)	16744	17013 2046 Term	4.000	2043	-	-	1,350	-	1,350
6,030	(a)	17014	18219 2046 Term	5.000	2043	-	-	6,030	-	6,030
1,380	(a)	18220	18495 2046 Term	4.000	2044	-	-	1,380	-	1,380
6,365	(a)	18496	19768 2046 Term	5.000	2044	-	-	6,365	-	6,365
1,380	(a)	19769	20044 2046 Term	4.000	2045	-	-	1,380	-	1,380
6,745	(a)	20045	21393 2046 Term	5.000	2045	-	-	6,745	-	6,745
1,420	(a)	21394	21677 2046 Term	4.000	2046	-	-	1,420	-	1,420
7,110	(a)	21678	23099 2046 Term	5.000	2046	-	-	7,110	-	7,110
8,915	(a)	23100	24882 2050 Term	4.000	2047	-	-	8,915	-	8,915
9,275	(a)	24883	26737 2050 Term	4.000	2048	-	-	9,275	-	9,275
9,655	(a)	26738	28668 2050 Term	4.000	2049	-	-	9,655	-	9,655
10,050	(a)	28669	30678 2050 Term	4.000	2050	-	-	10,050	-	10,050
\$ 153,390						\$ -	\$ -	\$ 153,390	\$ -	\$ 153,390

(a) Bonds stated to mature on and after May 15, 2031 shall be subject to redemption prior to stated maturities at the option of the City, on May 15, 2030, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2020**  
*(amounts in thousands)*

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances Outstanding December 31, 2020
							Outstanding January 1, 2020	Retired	Issued	Retired	
\$					%	15-May 2020	\$	\$	\$	\$	\$
	395	NONE	1	Serial	0.000	2021	-	-	395	-	395
	395	NONE	80	Serial	0.000	2022	-	-	395	-	395
	395	NONE	159	Serial	0.000	2023	-	-	395	-	395
	395	NONE	238	Serial	0.000	2024	-	-	395	-	395
	395	NONE	317	Serial	0.000	2025	-	-	395	-	395
	395	NONE	396	Serial	0.000	2026	-	-	395	-	395
	390	NONE	475	Serial	0.000	2027	-	-	390	-	390
	390	NONE	553	Serial	0.000	2028	-	-	390	-	390
	390	NONE	631	Serial	0.000	2029	-	-	390	-	390
	390	NONE	709	Serial	0.000	2030	-	-	390	-	390
	390	(a)	787	Serial	0.000	2031	-	-	390	-	390
	390	(a)	865	Serial	0.000	2032	-	-	390	-	390
	390	(a)	943	Serial	0.000	2033	-	-	390	-	390
	390	(a)	1021	Serial	0.000	2034	-	-	390	-	390
	390	(a)	1099	Serial	0.000	2035	-	-	390	-	390
	390	(a)	1177	Serial	0.000	2036	-	-	390	-	390
	390	(a)	1255	Serial	0.000	2037	-	-	390	-	390
	390	(a)	1333	Serial	0.000	2038	-	-	390	-	390
	395	(a)	1411	Serial	0.010	2039	-	-	395	-	395
	395	(a)	1490	Serial	0.050	2040	-	-	395	-	395
	395	(a)	1569	Serial	0.090	2041	-	-	395	-	395
	395	(a)	1648	Serial	0.130	2042	-	-	395	-	395
	395	(a)	1727	Serial	0.160	2043	-	-	395	-	395
	395	(a)	1806	Serial	0.190	2044	-	-	395	-	395
	395	(a)	1885	Serial	0.220	2045	-	-	395	-	395
	395	(a)	1964	Serial	0.230	2046	-	-	395	-	395
	395	(a)	2043	Serial	0.240	2047	-	-	395	-	395
	400	(a)	2122	Serial	0.250	2048	-	-	400	-	400
	400	(a)	2202	Serial	0.260	2049	-	-	400	-	400
	400	(a)	2282	Serial	0.270	2050	-	-	400	-	400
	<u>11,805</u>						<u>\$</u>	<u>\$</u>	<u>11,805</u>	<u>\$</u>	<u>11,805</u>

(a) Bonds stated to mature on and after May 15, 2031 shall be subject to redemption prior to stated maturities, in inverse order of stated maturity, at the option of the City, on November 15, 2030, or any date thereafter, in whole or in part, at the redemption price of par plus accrued interest to the date of redemption.

**San Antonio Water System**  
**WATER SYSTEM REVENUE BONDS**  
**TOTAL DEBT SERVICE TO MATURITY**

*(amounts in thousands)*

Page 1 of 3

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy*</u>	<u>Net Interest</u>	<u>Total Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
01-May-2021	\$	\$	4,169	\$	4,169	\$	\$
15-May-2021	90,260	53,901	954	52,947	143,207		
01-Nov-2021		4,169		4,169	4,169		
15-Nov-2021		50,221	954	49,267	49,267	200,812	2,681,320
01-May-2022		4,663		4,663	4,663		
15-May-2022	81,720	50,221	954	49,267	130,987		
01-Nov-2022		4,663		4,663	4,663		
15-Nov-2022		48,495	954	47,541	47,541	187,854	2,599,600
01-May-2023		5,161		5,161	5,161		
15-May-2023	79,140	48,495	954	47,541	126,681		
01-Nov-2023		5,161		5,161	5,161		
15-Nov-2023		46,829	954	45,875	45,875	182,878	2,520,460
01-May-2024		5,161		5,161	5,161		
15-May-2024	83,865	46,829	954	45,875	129,740		
01-Nov-2024		5,473		5,473	5,473		
15-Nov-2024		45,044	954	44,090	44,090	184,464	2,436,595
01-May-2025		5,473		5,473	5,473		
15-May-2025	89,085	45,044	954	44,090	133,175		
01-Nov-2025		5,473		5,473	5,473		
15-Nov-2025		43,258	921	42,337	42,337	186,458	2,347,510
01-May-2026		5,473		5,473	5,473		
15-May-2026	95,500	43,258	921	42,337	137,837		
01-Nov-2026		5,473		5,473	5,473		
15-Nov-2026		41,152	876	40,276	40,276	189,059	2,252,010
01-May-2027		5,473		5,473	5,473		
15-May-2027	89,800	41,152	876	40,276	130,076		
01-Nov-2027		5,473		5,473	5,473		
15-Nov-2027		39,189	840	38,349	38,349	179,371	2,162,210
01-May-2028	5,425	5,473		5,473	10,898		
15-May-2028	91,160	39,189	840	38,349	129,509		
01-Nov-2028		5,392		5,392	5,392		
15-Nov-2028		37,295	810	36,485	36,485	182,284	2,065,625
01-May-2029	5,590	5,392		5,392	10,982		
15-May-2029	99,255	37,295	810	36,485	135,740		
01-Nov-2029		5,308		5,308	5,308		
15-Nov-2029		35,133	771	34,362	34,362	186,392	1,960,780
01-May-2030	12,475	5,308		5,308	17,783		
15-May-2030	95,500	35,133	771	34,362	129,862		
01-Nov-2030		5,122		5,122	5,122		
15-Nov-2030		33,121	731	32,390	32,390	185,157	1,852,805
01-May-2031	17,820	5,122		5,122	22,942		
15-May-2031	94,530	33,121	731	32,390	126,920		
01-Nov-2031		4,853		4,853	4,853		
15-Nov-2031		31,029	689	30,340	30,340	185,055	1,740,455
01-May-2032	18,340	4,853		4,853	23,193		
15-May-2032	97,290	31,029	689	30,340	127,630		
01-Nov-2032		4,578		4,578	4,578		
15-Nov-2032		28,867	645	28,222	28,222	183,623	1,624,825

**San Antonio Water System**  
**WATER SYSTEM REVENUE BONDS**  
**TOTAL DEBT SERVICE TO MATURITY**  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy*</u>	<u>Net Interest</u>	<u>Total Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
01-May-2033	18,880	4,578		4,578	23,458		
15-May-2033	101,275	28,867	645	28,222	129,497		
01-Nov-2033		4,294		4,294	4,294		
15-Nov-2033		26,618	600	26,018	26,018	183,267	1,504,670
01-May-2034	19,440	4,294		4,294	23,734		
15-May-2034	134,110	26,618	600	26,018	160,128		
01-Nov-2034		4,003		4,003	4,003		
15-Nov-2034		23,574	553	23,021	23,021	210,886	1,351,120
01-May-2035	20,005	4,003		4,003	24,008		
15-May-2035	113,445	23,574	553	23,021	136,466		
01-Nov-2035		3,703		3,703	3,703		
15-Nov-2035		21,016	460	20,556	20,556	184,733	1,217,670
01-May-2036	20,590	3,703		3,703	24,293		
15-May-2036	114,875	21,016	460	20,556	135,431		
01-Nov-2036		3,394		3,394	3,394		
15-Nov-2036		18,389	364	18,025	18,025	181,143	1,082,205
01-May-2037	21,190	3,394		3,394	24,584		
15-May-2037	119,810	18,389	364	18,025	137,835		
01-Nov-2037		3,077		3,077	3,077		
15-Nov-2037		15,875	265	15,610	15,610	181,106	941,205
01-May-2038	21,810	3,077		3,077	24,887		
15-May-2038	113,980	15,875	265	15,610	129,590		
01-Nov-2038		2,750		2,750	2,750		
15-Nov-2038		13,307	160	13,147	13,147	170,374	805,415
01-May-2039	22,440	2,750		2,750	25,190		
15-May-2039	116,595	13,307	160	13,147	129,742		
01-Nov-2039		2,413		2,413	2,413		
15-Nov-2039		10,526	53	10,473	10,473	167,818	666,380
01-May-2040	23,085	2,413		2,413	25,498		
15-May-2040	100,265	10,526	53	10,473	110,738		
01-Nov-2040		2,067		2,067	2,067		
15-Nov-2040		8,530		8,530	8,530	146,833	543,030
01-May-2041	23,755	2,067		2,067	25,822		
15-May-2041	55,165	8,530		8,530	63,695		
01-Nov-2041		1,710		1,710	1,710		
15-Nov-2041		7,420		7,420	7,420	98,647	464,110
01-May-2042	24,440	1,710		1,710	26,150		
15-May-2042	56,400	7,420		7,420	63,820		
01-Nov-2042		1,344		1,344	1,344		
15-Nov-2042		6,352		6,352	6,352	97,666	383,270
01-May-2043	25,135	1,344		1,344	26,479		
15-May-2043	47,555	6,352		6,352	53,907		
01-Nov-2043		966		966	966		
15-Nov-2043		5,357		5,357	5,357	86,709	310,580
01-May-2044	16,450	966		966	17,416		
15-May-2044	46,550	5,357		5,357	51,907		
01-Nov-2044		720		720	720		
15-Nov-2044		4,365		4,365	4,365	74,408	247,580
01-May-2045	9,030	720		720	9,750		
15-May-2045	46,830	4,365		4,365	51,195		
01-Nov-2045		584		584	584		
15-Nov-2045		3,348		3,348	3,348	64,877	191,720



**San Antonio Water System**  
**WATER SYSTEM REVENUE BONDS**  
**TOTAL DEBT SERVICE TO MATURITY**  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy*</u>	<u>Net Interest</u>	<u>Total Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
01-May-2046	9,305	584		584	9,889		
15-May-2046	41,275	3,348		3,348	44,623		
01-Nov-2046		445		445	445		
15-Nov-2046		2,400		2,400	2,400	57,357	141,140
01-May-2047	9,590	445		445	10,035		
15-May-2047	32,760	2,400		2,400	35,160		
01-Nov-2047		301		301	301		
15-Nov-2047		1,684		1,684	1,684	47,180	98,790
01-May-2048	9,885	301		301	10,186		
15-May-2048	34,230	1,684		1,684	35,914		
01-Nov-2048		153		153	153		
15-Nov-2048		933		933	933	47,186	54,675
01-May-2049	10,185	153		153	10,338		
15-May-2049	22,330	933		933	23,263		
01-Nov-2049		-		-	-		
15-Nov-2049		475		475	475	34,076	22,160
01-May-2050	-	-		-	-		
15-May-2050	22,160	475		475	22,635		
						22,635	-
	<u>\$ 2,771,580</u>	<u>\$ 1,544,790</u>	<u>\$ 26,062</u>	<u>\$ 1,518,728</u>	<u>\$ 4,290,308</u>	<u>\$ 4,290,308</u>	

\* Interest rate subsidy reduced by sequestration rate of 5.7% as of federal fiscal year 2021.

**San Antonio Water System**  
**WATER SYSTEM SENIOR LIEN REVENUE BONDS**  
**TOTAL DEBT SERVICE TO MATURITY**  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy*</u>	<u>Net Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
15-May-2021	\$ 20,330	\$ 8,073	\$ 954	\$ 7,119	\$ 27,449	\$	\$ 301,620
15-Nov-2021		7,564	954	6,610	6,610	34,059	
15-May-2022	11,005	7,564	954	6,610	17,615		290,615
15-Nov-2022		7,289	954	6,335	6,335	23,950	
15-May-2023	11,590	7,289	954	6,335	17,925		279,025
15-Nov-2023		7,000	954	6,046	6,046	23,971	
15-May-2024	12,215	7,000	954	6,046	18,261		266,810
15-Nov-2024		6,695	954	5,741	5,741	24,002	
15-May-2025	16,525	6,695	954	5,741	22,266		250,285
15-Nov-2025		6,272	921	5,351	5,351	27,617	
15-May-2026	18,565	6,272	921	5,351	23,916		231,720
15-Nov-2026		5,795	876	4,919	4,919	28,835	
15-May-2027	20,215	5,795	876	4,919	25,134		211,505
15-Nov-2027		5,280	840	4,440	4,440	29,574	
15-May-2028	20,300	5,280	840	4,440	24,740		191,205
15-Nov-2028		4,839	810	4,029	4,029	28,769	
15-May-2029	9,690	4,839	810	4,029	13,719		181,515
15-Nov-2029		4,587	771	3,816	3,816	17,535	
15-May-2030	10,125	4,587	771	3,816	13,941		171,390
15-Nov-2030		4,320	731	3,589	3,589	17,530	
15-May-2031	10,585	4,320	731	3,589	14,174		160,805
15-Nov-2031		4,042	689	3,353	3,353	17,527	
15-May-2032	11,025	4,042	689	3,353	14,378		149,780
15-Nov-2032		3,784	645	3,139	3,139	17,517	
15-May-2033	11,460	3,784	645	3,139	14,599		138,320
15-Nov-2033		3,516	600	2,916	2,916	17,515	
15-May-2034	11,915	3,516	600	2,916	14,831		126,405
15-Nov-2034		3,237	553	2,684	2,684	17,515	
15-May-2035	16,910	3,237	553	2,684	19,594		109,495
15-Nov-2035		2,777	460	2,317	2,317	21,911	
15-May-2036	17,645	2,777	460	2,317	19,962		91,850
15-Nov-2036		2,297	364	1,933	1,933	21,895	
15-May-2037	18,420	2,297	364	1,933	20,353		73,430
15-Nov-2037		1,798	265	1,533	1,533	21,886	
15-May-2038	19,225	1,798	265	1,533	20,758		54,205
15-Nov-2038		1,276	160	1,116	1,116	21,874	
15-May-2039	20,065	1,276	160	1,116	21,181		34,140
15-Nov-2039		732	53	679	679	21,860	
15-May-2040	14,630	732	53	679	15,309		19,510
15-Nov-2040		341	-	341	341	15,650	
15-May-2041	9,585	341	-	341	9,926		9,925
15-Nov-2041		174	-	174	174	10,100	
15-May-2042	9,925	174	-	174	10,099		-
						10,099	
	<u>\$ 321,950</u>	<u>\$ 175,303</u>	<u>\$ 26,062</u>	<u>\$ 149,241</u>	<u>\$ 471,191</u>	<u>\$ 471,191</u>	

\* Interest rate subsidy reduced by sequestration rate of 5.7% as of federal fiscal year 2021.

**San Antonio Water System**  
**WATER SYSTEM REVENUE TAXABLE BONDS**  
**SERIES 2009B**  
**(DIRECT SUBSIDY - BUILD AMERICA BONDS)**

*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy*</u>	<u>Total Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ -	\$ 2,009	\$ 663	\$ 1,346	\$ 1,346	\$
15-Nov-2021		2,009	663	1,346	1,346	2,692
15-May-2022	-	2,009	663	1,346	1,346	
15-Nov-2022		2,009	663	1,346	1,346	2,692
15-May-2023	-	2,009	663	1,346	1,346	
15-Nov-2023		2,009	663	1,346	1,346	2,692
15-May-2024	-	2,009	663	1,346	1,346	
15-Nov-2024		2,009	663	1,346	1,346	2,692
15-May-2025	3,650	2,009	663	1,346	4,996	
15-Nov-2025		1,909	630	1,279	1,279	6,275
15-May-2026	4,995	1,909	630	1,279	6,274	
15-Nov-2026		1,771	585	1,186	1,186	7,460
15-May-2027	3,965	1,771	585	1,186	5,151	
15-Nov-2027		1,662	549	1,113	1,113	6,264
15-May-2028	3,300	1,662	549	1,113	4,413	
15-Nov-2028		1,571	519	1,052	1,052	5,465
15-May-2029	4,230	1,571	519	1,052	5,282	
15-Nov-2029		1,455	480	975	975	6,257
15-May-2030	4,385	1,455	480	975	5,360	
15-Nov-2030		1,332	440	892	892	6,252
15-May-2031	4,550	1,332	440	892	5,442	
15-Nov-2031		1,205	398	807	807	6,249
15-May-2032	4,715	1,205	398	807	5,522	
15-Nov-2032		1,073	354	719	719	6,241
15-May-2033	4,890	1,073	354	719	5,609	
15-Nov-2033		936	309	627	627	6,236
15-May-2034	5,075	936	309	627	5,702	
15-Nov-2034		794	262	532	532	6,234
15-May-2035	5,260	794	262	532	5,792	
15-Nov-2035		646	213	433	433	6,225
15-May-2036	5,455	646	213	433	5,888	
15-Nov-2036		493	163	330	330	6,218
15-May-2037	5,660	493	163	330	5,990	
15-Nov-2037		335	111	224	224	6,214
15-May-2038	5,870	335	111	224	6,094	
15-Nov-2038		170	56	114	114	6,208
15-May-2039	6,085	170	56	114	6,199	
						6,199
	<u>\$ 72,085</u>	<u>\$ 48,785</u>	<u>\$ 16,105</u>	<u>\$ 32,680</u>	<u>\$ 104,765</u>	<u>\$ 104,765</u>

\* Interest rate subsidy reduced by sequestration rate of 5.7% as of federal fiscal year 2021.

**San Antonio Water System**  
**WATER SYSTEM REVENUE TAXABLE BONDS**  
**SERIES 2010B**  
**(DIRECT SUBSIDY - BUILD AMERICA BONDS)**

*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy*</u>	<u>Total Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ -	\$ 881	\$ 291	\$ 590	\$ 590	\$ -
15-Nov-2021		881	291	590	590	1,180
15-May-2022	-	881	291	590	590	
15-Nov-2022		881	291	590	590	1,180
15-May-2023	-	881	291	590	590	
15-Nov-2023		881	291	590	590	1,180
15-May-2024	-	881	291	590	590	
15-Nov-2024		881	291	590	590	1,180
15-May-2025	-	881	291	590	590	
15-Nov-2025		881	291	590	590	1,180
15-May-2026	-	881	291	590	590	
15-Nov-2026		881	291	590	590	1,180
15-May-2027	-	881	291	590	590	
15-Nov-2027		881	291	590	590	1,180
15-May-2028	-	881	291	590	590	
15-Nov-2028		881	291	590	590	1,180
15-May-2029	-	881	291	590	590	
15-Nov-2029		881	291	590	590	1,180
15-May-2030	-	881	291	590	590	
15-Nov-2030		881	291	590	590	1,180
15-May-2031	-	881	291	590	590	
15-Nov-2031		881	291	590	590	1,180
15-May-2032	-	881	291	590	590	
15-Nov-2032		881	291	590	590	1,180
15-May-2033	-	881	291	590	590	
15-Nov-2033		881	291	590	590	1,180
15-May-2034	-	881	291	590	590	
15-Nov-2034		881	291	590	590	1,180
15-May-2035	4,495	881	291	590	5,085	
15-Nov-2035		748	247	501	501	5,586
15-May-2036	4,670	748	247	501	5,171	
15-Nov-2036		609	201	408	408	5,579
15-May-2037	4,855	609	201	408	5,263	
15-Nov-2037		466	154	312	312	5,575
15-May-2038	5,045	466	154	312	5,357	
15-Nov-2038		316	104	212	212	5,569
15-May-2039	5,240	316	104	212	5,452	
15-Nov-2039		161	53	108	108	5,560
15-May-2040	5,445	161	53	108	5,553	
						5,553
	\$ 29,750	\$ 30,149	\$ 9,957	\$ 20,192	\$ 49,942	\$ 49,942

\* Interest rate subsidy reduced by sequestration rate of 5.7% as of federal fiscal year 2020.

**San Antonio Water System**  
**WATER SYSTEM REVENUE REFUNDING BONDS**  
**SERIES 2011**

*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ 3,505	\$	614	\$	4,119	\$	
15-Nov-2021			526		526		4,645
15-May-2022	3,720		526		4,246		
15-Nov-2022			433		433		4,679
15-May-2023	3,950		433		4,383		
15-Nov-2023			335		335		4,718
15-May-2024	4,195		335		4,530		
15-Nov-2024			230		230		4,760
15-May-2025	4,455		230		4,685		
15-Nov-2025			118		118		4,803
15-May-2026	4,735		118		4,853		
							4,853
	<u>\$ 24,560</u>	\$	<u>3,898</u>	\$	<u>28,458</u>	\$	<u>28,458</u>

**San Antonio Water System**  
**WATER SYSTEM REVENUE REFUNDING BONDS**

**SERIES 2012**

*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ 13,510	\$	1,811	\$	15,321	\$	
15-Nov-2021			1,473		1,473		16,794
15-May-2022	5,875		1,473		7,348		
15-Nov-2022			1,326		1,326		8,674
15-May-2023	6,160		1,326		7,486		
15-Nov-2023			1,172		1,172		8,658
15-May-2024	6,465		1,172		7,637		
15-Nov-2024			1,011		1,011		8,648
15-May-2025	6,785		1,011		7,796		
15-Nov-2025			841		841		8,637
15-May-2026	7,115		841		7,956		
15-Nov-2026			663		663		8,619
15-May-2027	14,440		663		15,103		
15-Nov-2027			302		302		15,405
15-May-2028	15,100		302		15,402		
							15,402
	<u>\$ 75,450</u>	\$	<u>15,387</u>	\$	<u>90,837</u>	\$	<u>90,837</u>

**San Antonio Water System**  
**WATER SYSTEM REVENUE AND REFUNDING BONDS**  
**SERIES 2012A**

*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ 3,315	\$ 2,758	\$ 6,073	\$ 8,748
15-Nov-2021		2,675	2,675	8,748
15-May-2022	1,410	2,675	4,085	
15-Nov-2022		2,640	2,640	6,725
15-May-2023	1,480	2,640	4,120	
15-Nov-2023		2,603	2,603	6,723
15-May-2024	1,555	2,603	4,158	
15-Nov-2024		2,564	2,564	6,722
15-May-2025	1,635	2,564	4,199	
15-Nov-2025		2,523	2,523	6,722
15-May-2026	1,720	2,523	4,243	
15-Nov-2026		2,480	2,480	6,723
15-May-2027	1,810	2,480	4,290	
15-Nov-2027		2,435	2,435	6,725
15-May-2028	1,900	2,435	4,335	
15-Nov-2028		2,387	2,387	6,722
15-May-2029	5,460	2,387	7,847	
15-Nov-2029		2,251	2,251	10,098
15-May-2030	5,740	2,251	7,991	
15-Nov-2030		2,107	2,107	10,098
15-May-2031	6,035	2,107	8,142	
15-Nov-2031		1,956	1,956	10,098
15-May-2032	6,310	1,956	8,266	
15-Nov-2032		1,830	1,830	10,096
15-May-2033	6,570	1,830	8,400	
15-Nov-2033		1,699	1,699	10,099
15-May-2034	6,840	1,699	8,539	
15-Nov-2034		1,562	1,562	10,101
15-May-2035	7,155	1,562	8,717	
15-Nov-2035		1,383	1,383	10,100
15-May-2036	7,520	1,383	8,903	
15-Nov-2036		1,195	1,195	10,098
15-May-2037	7,905	1,195	9,100	
15-Nov-2037		997	997	10,097
15-May-2038	8,310	997	9,307	
15-Nov-2038		790	790	10,097
15-May-2039	8,740	790	9,530	
15-Nov-2039		571	571	10,101
15-May-2040	9,185	571	9,756	
15-Nov-2040		341	341	10,097
15-May-2041	9,585	341	9,926	
15-Nov-2041		174	174	10,100
15-May-2042	9,925	174	10,099	
				10,099
	\$ 120,105	\$ 77,084	\$ 197,189	\$ 197,189

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**TOTAL DEBT SERVICE TO MATURITY**

*(amounts in thousands)*

Page 1 of 3

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
01-May-2021	\$ -	\$ 4,169	\$ 4,169	\$	\$
15-May-2021	69,930	45,828	115,758		
01-Nov-2021		4,169	4,169		
15-Nov-2021		42,657	42,657	166,753	2,379,700
01-May-2022	-	4,663	4,663		
15-May-2022	70,715	42,657	113,372		
01-Nov-2022		4,663	4,663		
15-Nov-2022		41,206	41,206	163,904	2,308,985
01-May-2023	-	5,161	5,161		
15-May-2023	67,550	41,206	108,756		
01-Nov-2023		5,161	5,161		
15-Nov-2023		39,829	39,829	158,907	2,241,435
01-May-2024	-	5,161	5,161		
15-May-2024	71,650	39,829	111,479		
01-Nov-2024		5,473	5,473		
15-Nov-2024		38,349	38,349	160,462	2,169,785
01-May-2025	-	5,473	5,473		
15-May-2025	72,560	38,349	110,909		
01-Nov-2025		5,473	5,473		
15-Nov-2025		36,986	36,986	158,841	2,097,225
01-May-2026	-	5,473	5,473		
15-May-2026	76,935	36,986	113,921		
01-Nov-2026		5,473	5,473		
15-Nov-2026		35,357	35,357	160,224	2,020,290
01-May-2027	-	5,473	5,473		
15-May-2027	69,585	35,357	104,942		
01-Nov-2027		5,473	5,473		
15-Nov-2027		33,909	33,909	149,797	1,950,705
01-May-2028	5,425	5,473	10,898		
15-May-2028	70,860	33,909	104,769		
01-Nov-2028		5,392	5,392		
15-Nov-2028		32,456	32,456	153,515	1,874,420
01-May-2029	5,590	5,392	10,982		
15-May-2029	89,565	32,456	122,021		
01-Nov-2029		5,308	5,308		
15-Nov-2029		30,546	30,546	168,857	1,779,265
01-May-2030	12,475	5,308	17,783		
15-May-2030	85,375	30,546	115,921		
01-Nov-2030		5,122	5,122		
15-Nov-2030		28,801	28,801	167,627	1,681,415



**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**TOTAL DEBT SERVICE TO MATURITY**

*(amounts in thousands)*

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	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
01-May-2031	17,820	5,122	22,942		
15-May-2031	83,945	28,801	112,746		
01-Nov-2031		4,853	4,853		
15-Nov-2031		26,987	26,987	167,528	1,579,650
01-May-2032	18,340	4,853	23,193		
15-May-2032	86,265	26,987	113,252		
01-Nov-2032		4,578	4,578		
15-Nov-2032		25,083	25,083	166,106	1,475,045
01-May-2033	18,880	4,578	23,458		
15-May-2033	89,815	25,083	114,898		
01-Nov-2033		4,294	4,294		
15-Nov-2033		23,102	23,102	165,752	1,366,350
01-May-2034	19,440	4,294	23,734		
15-May-2034	122,195	23,102	145,297		
01-Nov-2034		4,003	4,003		
15-Nov-2034		20,337	20,337	193,371	1,224,715
01-May-2035	20,005	4,003	24,008		
15-May-2035	96,535	20,337	116,872		
01-Nov-2035		3,703	3,703		
15-Nov-2035		18,239	18,239	162,822	1,108,175
01-May-2036	20,590	3,703	24,293		
15-May-2036	97,230	18,239	115,469		
01-Nov-2036		3,394	3,394		
15-Nov-2036		16,092	16,092	159,248	990,355
01-May-2037	21,190	3,394	24,584		
15-May-2037	101,390	16,092	117,482		
01-Nov-2037		3,077	3,077		
15-Nov-2037		14,077	14,077	159,220	867,775
01-May-2038	21,810	3,077	24,887		
15-May-2038	94,755	14,077	108,832		
01-Nov-2038		2,750	2,750		
15-Nov-2038		12,031	12,031	148,500	751,210
01-May-2039	22,440	2,750	25,190		
15-May-2039	96,530	12,031	108,561		
01-Nov-2039		2,413	2,413		
15-Nov-2039		9,794	9,794	145,958	632,240
01-May-2040	23,085	2,413	25,498		
15-May-2040	85,635	9,794	95,429		
01-Nov-2040		2,067	2,067		
15-Nov-2040		8,189	8,189	131,183	523,520

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**TOTAL DEBT SERVICE TO MATURITY**

*(amounts in thousands)*

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	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
01-May-2041	23,755	2,067	25,822		
15-May-2041	45,580	8,189	53,769		
01-Nov-2041		1,710	1,710		
15-Nov-2041		7,246	7,246	88,547	454,185
01-May-2042	24,440	1,710	26,150		
15-May-2042	46,475	7,246	53,721		
01-Nov-2042		1,344	1,344		
15-Nov-2042		6,352	6,352	87,567	383,270
01-May-2043	25,135	1,344	26,479		
15-May-2043	47,555	6,352	53,907		
01-Nov-2043		966	966		
15-Nov-2043		5,357	5,357	86,709	310,580
01-May-2044	16,450	966	17,416		
15-May-2044	46,550	5,357	51,907		
01-Nov-2044		720	720		
15-Nov-2044		4,365	4,365	74,408	247,580
01-May-2045	9,030	720	9,750		
15-May-2045	46,830	4,365	51,195		
01-Nov-2045		584	584		
15-Nov-2045		3,348	3,348	64,877	191,720
01-May-2046	9,305	584	9,889		
15-May-2046	41,275	3,348	44,623		
01-Nov-2046		445	445		
15-Nov-2046		2,400	2,400	57,357	141,140
01-May-2047	9,590	445	10,035		
15-May-2047	32,760	2,400	35,160		
01-Nov-2047		301	301		
15-Nov-2047		1,684	1,684	47,180	98,790
01-May-2048	9,885	301	10,186		
15-May-2048	34,230	1,684	35,914		
01-Nov-2048		153	153		
15-Nov-2048		933	933	47,186	54,675
01-May-2049	10,185	153	10,338		
15-May-2049	22,330	933	23,263		
01-Nov-2049		-	-		
15-Nov-2049		475	475	34,076	22,160
01-May-2050	-	-	-		
15-May-2050	22,160	475	22,635		
			22,635		-
	\$ 2,449,630	\$ 1,369,487	\$ 3,819,117	\$ 3,819,117	

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2011**

*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ 1,190	\$	109	\$	1,299	\$	
15-Nov-2021			105		105		1,404
15-May-2022	1,200		105		1,305		
15-Nov-2022			99		99		1,404
15-May-2023	1,215		99		1,314		
15-Nov-2023			92		92		1,406
15-May-2024	1,230		92		1,322		
15-Nov-2024			84		84		1,406
15-May-2025	1,245		84		1,329		
15-Nov-2025			74		74		1,403
15-May-2026	1,265		74		1,339		
15-Nov-2026			64		64		1,403
15-May-2027	1,285		64		1,349		
15-Nov-2027			53		53		1,402
15-May-2028	1,310		53		1,363		
15-Nov-2028			41		41		1,404
15-May-2029	1,335		41		1,376		
15-Nov-2029			28		28		1,404
15-May-2030	1,360		28		1,388		
15-Nov-2030			14		14		1,402
15-May-2031	1,390		14		1,404		
							1,404
	\$ 14,025	\$	1,417	\$	15,442	\$	15,442

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS**

**SERIES 2011A**

*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ 490	\$ 231	\$ 721	
15-Nov-2021		226	226	947
15-May-2022	500	226	726	
15-Nov-2022		221	221	947
15-May-2023	510	221	731	
15-Nov-2023		214	214	945
15-May-2024	525	214	739	
15-Nov-2024		208	208	947
15-May-2025	540	208	748	
15-Nov-2025		200	200	948
15-May-2026	555	200	755	
15-Nov-2026		192	192	947
15-May-2027	570	192	762	
15-Nov-2027		184	184	946
15-May-2028	590	184	774	
15-Nov-2028		175	175	949
15-May-2029	605	175	780	
15-Nov-2029		166	166	946
15-May-2030	625	166	791	
15-Nov-2030		155	155	946
15-May-2031	645	155	800	
15-Nov-2031		145	145	945
15-May-2032	670	145	815	
15-Nov-2032		133	133	948
15-May-2033	690	133	823	
15-Nov-2033		121	121	944
15-May-2034	715	121	836	
15-Nov-2034		109	109	945
15-May-2035	745	109	854	
15-Nov-2035		95	95	949
15-May-2036	770	95	865	
15-Nov-2036		81	81	946
15-May-2037	800	81	881	
15-Nov-2037		66	66	947
15-May-2038	830	66	896	
15-Nov-2038		51	51	947
15-May-2039	860	51	911	
15-Nov-2039		35	35	946
15-May-2040	895	35	930	
15-Nov-2040		18	18	948
15-May-2041	930	18	948	
				948
	\$ 14,060	\$ 5,821	\$ 19,881	\$ 19,881

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS**  
**SERIES 2012 (No Reserve Fund)**

*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ 3,735	\$	129	\$	3,864	\$	
15-Nov-2021			45		45		3,909
15-May-2022	1,795		45		1,840		
					-		1,840
	<u>\$ 5,530</u>	<u>\$</u>	<u>219</u>	<u>\$</u>	<u>5,749</u>	<u>\$</u>	<u>5,749</u>

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2012**

*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ 595	\$	107	\$	702	\$	
15-Nov-2021			105		105		807
15-May-2022	600		105		705		
15-Nov-2022			103		103		808
15-May-2023	605		103		708		
15-Nov-2023			100		100		808
15-May-2024	610		100		710		
15-Nov-2024			98		98		808
15-May-2025	615		98		713		
15-Nov-2025			94		94		807
15-May-2026	625		94		719		
15-Nov-2026			91		91		810
15-May-2027	630		91		721		
15-Nov-2027			87		87		808
15-May-2028	635		87		722		
15-Nov-2028			84		84		806
15-May-2029	645		84		729		
15-Nov-2029			79		79		808
15-May-2030	655		79		734		
15-Nov-2030			75		75		809
15-May-2031	665		75		740		
15-Nov-2031			70		70		810
15-May-2032	675		70		745		
15-Nov-2032			65		65		810
15-May-2033	685		65		750		
15-Nov-2033			60		60		810
15-May-2034	695		60		755		
15-Nov-2034			54		54		809
15-May-2035	705		54		759		
15-Nov-2035			48		48		807
15-May-2036	720		48		768		
15-Nov-2036			42		42		810
15-May-2037	730		42		772		
15-Nov-2037			35		35		807
15-May-2038	745		35		780		
15-Nov-2038			29		29		809
15-May-2039	760		29		789		
15-Nov-2039			22		22		811
15-May-2040	770		22		792		
15-Nov-2040			15		15		807
15-May-2041	785		15		800		
15-Nov-2041			7		7		807
15-May-2042	800		7		807		
							807
	\$ 14,950	\$	2,833	\$	17,783	\$	17,783

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2013A**  
*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ 2,410	\$	201	\$	2,611	\$	
15-Nov-2021			196		196		2,807
15-May-2022	2,420		196		2,616		
15-Nov-2022			187		187		2,803
15-May-2023	2,440		187		2,627		
15-Nov-2023			177		177		2,804
15-May-2024	2,460		177		2,637		
15-Nov-2024			166		166		2,803
15-May-2025	2,485		166		2,651		
15-Nov-2025			153		153		2,804
15-May-2026	2,515		153		2,668		
15-Nov-2026			139		139		2,807
15-May-2027	2,540		139		2,679		
15-Nov-2027			125		125		2,804
15-May-2028	2,570		125		2,695		
15-Nov-2028			109		109		2,804
15-May-2029	2,605		109		2,714		
15-Nov-2029			92		92		2,806
15-May-2030	2,635		92		2,727		
15-Nov-2030			75		75		2,802
15-May-2031	2,675		75		2,750		
15-Nov-2031			56		56		2,806
15-May-2032	2,720		56		2,776		
15-Nov-2032			28		28		2,804
15-May-2033	2,775		28		2,803		
					-		2,803
	\$ 33,250	\$	3,207	\$	36,457	\$	36,457

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS**  
**SERIES 2013B (No Reserve Fund)**

*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ 4,875	\$	1,404	\$	6,279	\$	
15-Nov-2021			1,282		1,282		7,561
15-May-2022	5,125		1,282		6,407		
15-Nov-2022			1,154		1,154		7,561
15-May-2023	3,620		1,154		4,774		
15-Nov-2023			1,063		1,063		5,837
15-May-2024	2,970		1,063		4,033		
15-Nov-2024			989		989		5,022
15-May-2025	3,120		989		4,109		
15-Nov-2025			911		911		5,020
15-May-2026	3,285		911		4,196		
15-Nov-2026			829		829		5,025
15-May-2027	3,450		829		4,279		
15-Nov-2027			743		743		5,022
15-May-2028	3,630		743		4,373		
15-Nov-2028			652		652		5,025
15-May-2029	3,815		652		4,467		
15-Nov-2029			556		556		5,023
15-May-2030	4,015		556		4,571		
15-Nov-2030			456		456		5,027
15-May-2031	4,220		456		4,676		
15-Nov-2031			351		351		5,027
15-May-2032	4,440		351		4,791		
15-Nov-2032			240		240		5,031
15-May-2033	4,670		240		4,910		
15-Nov-2033			123		123		5,033
15-May-2034	4,910		123		5,033		5,033
	<u>\$ 56,145</u>	<u>\$</u>	<u>20,102</u>	<u>\$</u>	<u>76,247</u>	<u>\$</u>	<u>76,247</u>



**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2013C**  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ 1,230	\$ 187	\$ 1,417	
15-Nov-2021		180	180	1,597
15-May-2022	1,245	180	1,425	
15-Nov-2022		172	172	1,597
15-May-2023	1,260	172	1,432	
15-Nov-2023		162	162	1,594
15-May-2024	1,280	162	1,442	
15-Nov-2024		152	152	1,594
15-May-2025	1,305	152	1,457	
15-Nov-2025		140	140	1,597
15-May-2026	1,330	140	1,470	
15-Nov-2026		127	127	1,597
15-May-2027	1,355	127	1,482	
15-Nov-2027		112	112	1,594
15-May-2028	1,385	112	1,497	
15-Nov-2028		97	97	1,594
15-May-2029	1,420	97	1,517	
15-Nov-2029		80	80	1,597
15-May-2030	1,455	80	1,535	
15-Nov-2030		62	62	1,597
15-May-2031	1,495	62	1,557	
15-Nov-2031		42	42	1,599
15-May-2032	1,535	42	1,577	
15-Nov-2032		22	22	1,599
15-May-2033	1,575	22	1,597	
				1,597
	<u>\$ 17,870</u>	<u>\$ 2,883</u>	<u>\$ 20,753</u>	<u>\$ 20,753</u>

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2013D**

*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$	1,600	\$	706	\$	2,306	\$
15-Nov-2021				695		695	3,001
15-May-2022		1,625		695		2,320	
15-Nov-2022				682		682	3,002
15-May-2023		1,650		682		2,332	
15-Nov-2023				668		668	3,000
15-May-2024		1,680		668		2,348	
15-Nov-2024				651		651	2,999
15-May-2025		1,715		651		2,366	
15-Nov-2025				633		633	2,999
15-May-2026		1,755		633		2,388	
15-Nov-2026				612		612	3,000
15-May-2027		1,800		612		2,412	
15-Nov-2027				590		590	3,002
15-May-2028		1,845		590		2,435	
15-Nov-2028				566		566	3,001
15-May-2029		1,895		566		2,461	
15-Nov-2029				540		540	3,001
15-May-2030		1,950		540		2,490	
15-Nov-2030				513		513	3,003
15-May-2031		2,005		513		2,518	
15-Nov-2031				484		484	3,002
15-May-2032		2,065		484		2,549	
15-Nov-2032				453		453	3,002
15-May-2033		2,130		453		2,583	
15-Nov-2033				421		421	3,004
15-May-2034		2,195		421		2,616	
15-Nov-2034				386		386	3,002
15-May-2035		2,265		386		2,651	
15-Nov-2035				351		351	3,002
15-May-2036		2,340		351		2,691	
15-Nov-2036				313		313	3,004
15-May-2037		2,415		313		2,728	
15-Nov-2037				274		274	3,002
15-May-2038		2,495		274		2,769	
15-Nov-2038				232		232	3,001
15-May-2039		2,580		232		2,812	
15-Nov-2039				189		189	3,001
15-May-2040		2,665		189		2,854	
15-Nov-2040				145		145	2,999
15-May-2041		2,760		145		2,905	
15-Nov-2041				98		98	3,003
15-May-2042		2,855		98		2,953	
15-Nov-2042				50		50	3,003
15-May-2043		2,950		50		3,000	
							3,000
	\$	49,235	\$	19,798	\$	69,033	\$
							69,033

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS**  
**SERIES 2013E (No Reserve Fund)**  
*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ 4,395	\$	1,315	\$	5,710	\$	
15-Nov-2021			1,205		1,205		6,915
15-May-2022	4,620		1,205		5,825		
15-Nov-2022			1,090		1,090		6,915
15-May-2023	4,855		1,090		5,945		
15-Nov-2023			968		968		6,913
15-May-2024	5,105		968		6,073		
15-Nov-2024			841		841		6,914
15-May-2025	5,365		841		6,206		
15-Nov-2025			706		706		6,912
15-May-2026	5,640		706		6,346		
15-Nov-2026			565		565		6,911
15-May-2027	5,930		565		6,495		
15-Nov-2027			417		417		6,912
15-May-2028	6,235		417		6,652		
15-Nov-2028			261		261		6,913
15-May-2029	6,555		261		6,816		
15-Nov-2029			97		97		6,913
15-May-2030	4,870		97		4,967		
							4,967
	\$ 53,570	\$	13,615	\$	67,185	\$	67,185

**San Antonio Water System**  
**WATER SYSTEM VARIABLE RATE JUNIOR LIEN**  
**REVENUE AND REFUNDING BONDS , SERIES 2013F (No Reserve Fund)\***  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
01-May-2021	\$ -	\$ 988	\$ 988	\$ -
01-Nov-2021		988	988	1,976
01-May-2022	-	1,482	1,482	
01-Nov-2022		1,482	1,482	2,964
01-May-2023	-	1,482	1,482	
01-Nov-2023		1,482	1,482	2,964
01-May-2024	-	1,482	1,482	
01-Nov-2024		1,482	1,482	2,964
01-May-2025	-	1,482	1,482	
01-Nov-2025		1,482	1,482	2,964
01-May-2026	-	1,482	1,482	
01-Nov-2026		1,482	1,482	2,964
01-May-2027	-	1,482	1,482	
01-Nov-2027		1,482	1,482	2,964
01-May-2028	-	1,482	1,482	
01-Nov-2028		1,482	1,482	2,964
01-May-2029	-	1,482	1,482	
01-Nov-2029		1,482	1,482	2,964
01-May-2030	1,025	1,482	2,507	
01-Nov-2030		1,467	1,467	3,974
01-May-2031	6,075	1,467	7,542	
01-Nov-2031		1,375	1,375	8,917
01-May-2032	6,290	1,375	7,665	
01-Nov-2032		1,281	1,281	8,946
01-May-2033	6,515	1,281	7,796	
01-Nov-2033		1,183	1,183	8,979
01-May-2034	6,745	1,183	7,928	
01-Nov-2034		1,082	1,082	9,010
01-May-2035	6,980	1,082	8,062	
01-Nov-2035		977	977	9,039
01-May-2036	7,225	977	8,202	
01-Nov-2036		869	869	9,071
01-May-2037	7,475	869	8,344	
01-Nov-2037		757	757	9,101
01-May-2038	7,735	757	8,492	
01-Nov-2038		641	641	9,133
01-May-2039	7,995	641	8,636	
01-Nov-2039		521	521	9,157
01-May-2040	8,260	521	8,781	
01-Nov-2040		397	397	9,178
01-May-2041	8,540	397	8,937	
01-Nov-2041		269	269	9,206
01-May-2042	8,825	269	9,094	
01-Nov-2042		137	137	9,231
01-May-2043	9,110	137	9,247	
				9,247
	\$ 98,795	\$ 49,082	\$ 147,877	\$ 147,877

\* The Water System Variable Rate Junior Lien Revenue Refunding Bonds, Series 2013F (No Reserve Fund) are multi-model variable rate bonds, initially issued in a SIFMA Index Mode, which expired October 31, 2016. On November 1, 2016, the bonds were remarketed into a fixed rate Term Mode for a five-year period ending October 31, 2021 at 2.00%. At the end of the remarketing period, the Bonds will be remarketed or refunded into another term period or will be converted into another mode. Interest listed above is based on 2.00% through October 31, 2021 and budgeted interest rates thereafter of 3.00%. See Note I for additional information.

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS**  
**SERIES 2014A (No Reserve Fund)**

*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ 8,375	\$	1,839	\$	10,214	\$	
15-Nov-2021			1,630		1,630		11,844
15-May-2022	8,800		1,630		10,430		
15-Nov-2022			1,410		1,410		11,840
15-May-2023	9,265		1,410		10,675		
15-Nov-2023			1,178		1,178		11,853
15-May-2024	9,735		1,178		10,913		
15-Nov-2024			935		935		11,848
15-May-2025	10,235		935		11,170		
15-Nov-2025			679		679		11,849
15-May-2026	10,770		679		11,449		
15-Nov-2026			410		410		11,859
15-May-2027	5,190		410		5,600		
15-Nov-2027			280		280		5,880
15-May-2028	5,455		280		5,735		
15-Nov-2028			143		143		5,878
15-May-2029	5,735		143		5,878		
							5,878
	\$ 73,560	\$	15,169	\$	88,729	\$	88,729

**San Antonio Water System**  
**WATER SYSTEM VARIABLE RATE JUNIOR LIEN**  
**REVENUE AND REFUNDING BONDS , SERIES 2014B (No Reserve Fund)\***  
*(amounts in thousands)*

Page 1 of 2

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
01-May-2021	\$ -	\$ 996	\$ 996	
01-Nov-2021		996	996	1,992
01-May-2022	-	996	996	
01-Nov-2022		996	996	1,992
01-May-2023	-	1,494	1,494	
01-Nov-2023		1,494	1,494	2,988
01-May-2024	-	1,494	1,494	
01-Nov-2024		1,494	1,494	2,988
01-May-2025	-	1,494	1,494	
01-Nov-2025		1,494	1,494	2,988
01-May-2026	-	1,494	1,494	
01-Nov-2026		1,494	1,494	2,988
01-May-2027	-	1,494	1,494	
01-Nov-2027		1,494	1,494	2,988
01-May-2028	-	1,494	1,494	
01-Nov-2028		1,494	1,494	2,988
01-May-2029	-	1,494	1,494	
01-Nov-2029		1,494	1,494	2,988
01-May-2030	5,690	1,494	7,184	
01-Nov-2030		1,409	1,409	8,593
01-May-2031	5,810	1,409	7,219	
01-Nov-2031		1,321	1,321	8,540
01-May-2032	5,935	1,321	7,256	
01-Nov-2032		1,232	1,232	8,488
01-May-2033	6,065	1,232	7,297	
01-Nov-2033		1,141	1,141	8,438
01-May-2034	6,200	1,141	7,341	
01-Nov-2034		1,048	1,048	8,389
01-May-2035	6,335	1,048	7,383	
01-Nov-2035		953	953	8,336
01-May-2036	6,470	953	7,423	
01-Nov-2036		856	856	8,279
01-May-2037	6,610	856	7,466	
01-Nov-2037		757	757	8,223
01-May-2038	6,755	757	7,512	
01-Nov-2038		656	656	8,168
01-May-2039	6,900	656	7,556	
01-Nov-2039		552	552	8,108
01-May-2040	7,050	552	7,602	
01-Nov-2040		447	447	8,049
01-May-2041	7,205	447	7,652	
01-Nov-2041		338	338	7,990

**San Antonio Water System**  
**WATER SYSTEM VARIABLE RATE JUNIOR LIEN**  
**REVENUE AND REFUNDING BONDS , SERIES 2014B (No Reserve Fund)\***  
*(amounts in thousands)*

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	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
01-May-2042	7,360	338	7,698	
01-Nov-2042		228	228	7,926
01-May-2043	7,520	228	7,748	
01-Nov-2043		115	115	7,863
01-May-2044	7,685	115	7,800	
				7,800
	\$ 99,590	\$ 48,500	\$ 148,090	\$ 148,090

\* The Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2014B (No Reserve Fund) are multi-model variable rate bonds, initially issued in a SIFMA Index Mode, which expired October 31, 2017. On November 1, 2017, the bonds were remarketed into a fixed rate Term Mode for a five-year period ending October 31, 2022 at 2.00%. At the end of the remarketing period, the Bonds will be remarketed or refunded into another term period or will be converted into another mode. Interest listed above is based on 2.00% through October 31, 2022 and budgeted interest rates thereafter of 3.00%. See Note I for additional information.

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2014C**

*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ 1,080	\$	319	\$	1,399	\$	
15-Nov-2021			315		315		1,714
15-May-2022	1,090		315		1,405		
15-Nov-2022			310		310		1,715
15-May-2023	1,100		310		1,410		
15-Nov-2023			304		304		1,714
15-May-2024	1,115		304		1,419		
15-Nov-2024			297		297		1,716
15-May-2025	1,130		297		1,427		
15-Nov-2025			289		289		1,716
15-May-2026	1,145		289		1,434		
15-Nov-2026			280		280		1,714
15-May-2027	1,165		280		1,445		
15-Nov-2027			270		270		1,715
15-May-2028	1,185		270		1,455		
15-Nov-2028			260		260		1,715
15-May-2029	1,205		260		1,465		
15-Nov-2029			249		249		1,714
15-May-2030	1,230		249		1,479		
15-Nov-2030			237		237		1,716
15-May-2031	1,250		237		1,487		
15-Nov-2031			225		225		1,712
15-May-2032	1,280		225		1,505		
15-Nov-2032			211		211		1,716
15-May-2033	1,305		211		1,516		
15-Nov-2033			197		197		1,713
15-May-2034	1,335		197		1,532		
15-Nov-2034			183		183		1,715
15-May-2035	1,365		183		1,548		
15-Nov-2035			167		167		1,715
15-May-2036	1,395		167		1,562		
15-Nov-2036			151		151		1,713
15-May-2037	1,430		151		1,581		
15-Nov-2037			134		134		1,715
15-May-2038	1,465		134		1,599		
15-Nov-2038			117		117		1,716
15-May-2039	1,500		117		1,617		
15-Nov-2039			99		99		1,716
15-May-2040	1,535		99		1,634		
15-Nov-2040			80		80		1,714
15-May-2041	1,575		80		1,655		
15-Nov-2041			61		61		1,716
15-May-2042	1,610		61		1,671		
15-Nov-2042			41		41		1,712
15-May-2043	1,650		41		1,691		
15-Nov-2043			21		21		1,712
15-May-2044	1,695		21		1,716		
					-		1,716
	\$ 31,835	\$	9,315	\$	41,150	\$	41,150



**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2014D**

*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ 1,060	\$	116	\$	1,176	\$	
15-Nov-2021			113		113		1,289
15-May-2022	1,065		113		1,178		
15-Nov-2022			108		108		1,286
15-May-2023	1,075		108		1,183		
15-Nov-2023			103		103		1,286
15-May-2024	1,090		103		1,193		
15-Nov-2024			97		97		1,290
15-May-2025	1,100		97		1,197		
15-Nov-2025			90		90		1,287
15-May-2026	1,115		90		1,205		
15-Nov-2026			83		83		1,288
15-May-2027	1,130		83		1,213		
15-Nov-2027			74		74		1,287
15-May-2028	1,145		74		1,219		
15-Nov-2028			66		66		1,285
15-May-2029	1,165		66		1,231		
15-Nov-2029			56		56		1,287
15-May-2030	1,185		56		1,241		
15-Nov-2030			46		46		1,287
15-May-2031	1,205		46		1,251		
15-Nov-2031			36		36		1,287
15-May-2032	1,225		36		1,261		
15-Nov-2032			24		24		1,285
15-May-2033	1,250		24		1,274		
15-Nov-2033			12		12		1,286
15-May-2034	1,275		12		1,287		
					-		1,287
	\$ 16,085	\$	1,932	\$	18,017	\$	18,017

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2015A**  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ 2,195	\$ 514	\$ 2,709	
15-Nov-2021		508	508	3,217
15-May-2022	2,210	508	2,718	
15-Nov-2022		499	499	3,217
15-May-2023	2,230	499	2,729	
15-Nov-2023		489	489	3,218
15-May-2024	2,250	489	2,739	
15-Nov-2024		478	478	3,217
15-May-2025	2,275	478	2,753	
15-Nov-2025		465	465	3,218
15-May-2026	2,305	465	2,770	
15-Nov-2026		450	450	3,220
15-May-2027	2,330	450	2,780	
15-Nov-2027		435	435	3,215
15-May-2028	2,365	435	2,800	
15-Nov-2028		418	418	3,218
15-May-2029	2,400	418	2,818	
15-Nov-2029		401	401	3,219
15-May-2030	2,435	401	2,836	
15-Nov-2030		383	383	3,219
15-May-2031	2,470	383	2,853	
15-Nov-2031		364	364	3,217
15-May-2032	2,510	364	2,874	
15-Nov-2032		344	344	3,218
15-May-2033	2,550	344	2,894	
15-Nov-2033		323	323	3,217
15-May-2034	2,595	323	2,918	
15-Nov-2034		301	301	3,219
15-May-2035	2,640	301	2,941	
15-Nov-2035		278	278	3,219
15-May-2036	2,685	278	2,963	
15-Nov-2036		254	254	3,217
15-May-2037	2,735	254	2,989	
15-Nov-2037		229	229	3,218
15-May-2038	2,785	229	3,014	
15-Nov-2038		204	204	3,218
15-May-2039	2,835	204	3,039	
15-Nov-2039		177	177	3,216
15-May-2040	2,890	177	3,067	
15-Nov-2040		150	150	3,217
15-May-2041	2,945	150	3,095	
15-Nov-2041		121	121	3,216
15-May-2042	3,005	121	3,126	
15-Nov-2042		92	92	3,218
15-May-2043	3,065	92	3,157	
15-Nov-2043		62	62	3,219
15-May-2044	3,125	62	3,187	
15-Nov-2044		31	31	3,218
15-May-2045	3,185	31	3,216	
			-	3,216
	\$ 65,015	\$ 15,426	\$ 80,441	\$ 80,441

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS**  
**SERIES 2015B (No Reserve Fund)**  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ 3,875	\$ 6,432	\$ 10,307	\$
15-Nov-2021		6,335	6,335	16,642
15-May-2022	4,075	6,335	10,410	
15-Nov-2022		6,233	6,233	16,643
15-May-2023	4,280	6,233	10,513	
15-Nov-2023		6,126	6,126	16,639
15-May-2024	3,535	6,126	9,661	
15-Nov-2024		6,038	6,038	15,699
15-May-2025	1,710	6,038	7,748	
15-Nov-2025		6,017	6,017	13,765
15-May-2026	1,775	6,017	7,792	
15-Nov-2026		5,972	5,972	13,764
15-May-2027	1,865	5,972	7,837	
15-Nov-2027		5,926	5,926	13,763
15-May-2028	1,960	5,926	7,886	
15-Nov-2028		5,877	5,877	13,763
15-May-2029	2,065	5,877	7,942	
15-Nov-2029		5,825	5,825	13,767
15-May-2030	2,170	5,825	7,995	
15-Nov-2030		5,771	5,771	13,766
15-May-2031	2,280	5,771	8,051	
15-Nov-2031		5,714	5,714	13,765
15-May-2032	2,395	5,714	8,109	
15-Nov-2032		5,654	5,654	13,763
15-May-2033	2,520	5,654	8,174	
15-Nov-2033		5,591	5,591	13,765
15-May-2034	2,650	5,591	8,241	
15-Nov-2034		5,525	5,525	13,766
15-May-2035	33,775	5,525	39,300	
15-Nov-2035		4,758	4,758	44,058
15-May-2036	35,345	4,758	40,103	
15-Nov-2036		3,955	3,955	44,058
15-May-2037	36,880	3,955	40,835	
15-Nov-2037		3,217	3,217	44,052
15-May-2038	38,585	3,217	41,802	
15-Nov-2038		2,253	2,253	44,055
15-May-2039	40,565	2,253	42,818	
15-Nov-2039		1,238	1,238	44,056
15-May-2040	42,425	1,238	43,663	
15-Nov-2040		390	390	44,053
15-May-2041	3,595	390	3,985	
15-Nov-2041		318	318	4,303
15-May-2042	3,740	318	4,058	
15-Nov-2042		243	243	4,301
15-May-2043	3,895	243	4,138	
15-Nov-2043		165	165	4,303
15-May-2044	4,050	165	4,215	
15-Nov-2044		84	84	4,299
15-May-2045	4,215	84	4,299	
			-	4,299
	<u>\$ 284,225</u>	<u>\$ 204,882</u>	<u>\$ 489,107</u>	<u>\$ 489,107</u>

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS**  
**SERIES 2016A (No Reserve Fund)**  
*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ 11,255	\$	3,731	\$	14,986	\$	
15-Nov-2021			3,456		3,456		18,442
15-May-2022	11,820		3,456		15,276		
15-Nov-2022			3,160		3,160		18,436
15-May-2023	9,520		3,160		12,680		
15-Nov-2023			2,922		2,922		15,602
15-May-2024	9,995		2,922		12,917		
15-Nov-2024			2,673		2,673		15,590
15-May-2025	10,500		2,673		13,173		
15-Nov-2025			2,410		2,410		15,583
15-May-2026	8,900		2,410		11,310		
15-Nov-2026			2,188		2,188		13,498
15-May-2027	5,970		2,188		8,158		
15-Nov-2027			2,038		2,038		10,196
15-May-2028	1,880		2,038		3,918		
15-Nov-2028			1,991		1,991		5,909
15-May-2029	9,930		1,991		11,921		
15-Nov-2029			1,743		1,743		13,664
15-May-2030	10,425		1,743		12,168		
15-Nov-2030			1,482		1,482		13,650
15-May-2031	16,205		1,482		17,687		
15-Nov-2031			1,077		1,077		18,764
15-May-2032	17,015		1,077		18,092		
15-Nov-2032			652		652		18,744
15-May-2033	5,805		652		6,457		
15-Nov-2033			507		507		6,964
15-May-2034	6,095		507		6,602		
15-Nov-2034			354		354		6,956
15-May-2035	6,350		354		6,704		
15-Nov-2035			259		259		6,963
15-May-2036	2,940		259		3,199		
15-Nov-2036			215		215		3,414
15-May-2037	3,035		215		3,250		
15-Nov-2037			168		168		3,418
15-May-2038	3,160		168		3,328		
15-Nov-2038			89		89		3,417
15-May-2039	3,320		89		3,409		
15-Nov-2039			6		6		3,415
15-May-2040	345		6		351		
					-		351
	\$ 154,465	\$	58,511	\$	212,976	\$	212,976

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS**  
**TAXABLE SERIES 2016B (No Reserve Fund)**

*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ -		\$ 200		\$ 200		\$ -
15-Nov-2021			200		200		400
15-May-2022	-		200		200		
15-Nov-2022			200		200		400
15-May-2023	-		200		200		
15-Nov-2023			200		200		400
15-May-2024	-		200		200		
15-Nov-2024			200		200		400
15-May-2025	-		200		200		
15-Nov-2025			200		200		400
15-May-2026	-		200		200		
15-Nov-2026			200		200		400
15-May-2027	-		200		200		
15-Nov-2027			200		200		400
15-May-2028	2,840		200		3,040		
15-Nov-2028			157		157		3,197
15-May-2029	4,885		157		5,042		
15-Nov-2029			81		81		5,123
15-May-2030	5,045		81		5,126		
					-		5,126
	<u>\$ 12,770</u>		<u>\$ 3,476</u>		<u>\$ 16,246</u>		<u>\$ 16,246</u>

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS**  
**SERIES 2016C (No Reserve Fund)**  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ 3,685	\$ 7,280	\$ 10,965	\$
15-Nov-2021		7,188	7,188	18,153
15-May-2022	3,875	7,188	11,063	
15-Nov-2022		7,091	7,091	18,154
15-May-2023	4,075	7,091	11,166	
15-Nov-2023		6,990	6,990	18,156
15-May-2024	7,290	6,990	14,280	
15-Nov-2024		6,807	6,807	21,087
15-May-2025	7,670	6,807	14,477	
15-Nov-2025		6,616	6,616	21,093
15-May-2026	8,065	6,616	14,681	
15-Nov-2026		6,414	6,414	21,095
15-May-2027	8,470	6,414	14,884	
15-Nov-2027		6,202	6,202	21,086
15-May-2028	8,910	6,202	15,112	
15-Nov-2028		5,979	5,979	21,091
15-May-2029	9,365	5,979	15,344	
15-Nov-2029		5,745	5,745	21,089
15-May-2030	9,845	5,745	15,590	
15-Nov-2030		5,499	5,499	21,089
15-May-2031	10,345	5,499	15,844	
15-Nov-2031		5,241	5,241	21,085
15-May-2032	10,885	5,241	16,126	
15-Nov-2032		4,968	4,968	21,094
15-May-2033	28,635	4,968	33,603	
15-Nov-2033		4,253	4,253	37,856
15-May-2034	35,180	4,253	39,433	
15-Nov-2034		3,373	3,373	42,806
15-May-2035	18,595	3,373	21,968	
15-Nov-2035		2,908	2,908	24,876
15-May-2036	19,555	2,908	22,463	
15-Nov-2036		2,419	2,419	24,882
15-May-2037	20,450	2,419	22,869	
15-Nov-2037		2,010	2,010	24,879
15-May-2038	14,470	2,010	16,480	
15-Nov-2038		1,721	1,721	18,201
15-May-2039	15,140	1,721	16,861	
15-Nov-2039		1,342	1,342	18,203
15-May-2040	6,570	1,342	7,912	
15-Nov-2040		1,178	1,178	9,090
15-May-2041	6,905	1,178	8,083	
15-Nov-2041		1,006	1,006	9,089
15-May-2042	7,260	1,006	8,266	
15-Nov-2042		824	824	9,090
15-May-2043	7,635	824	8,459	
15-Nov-2043		633	633	9,092
15-May-2044	8,025	633	8,658	
15-Nov-2044		433	433	9,091
15-May-2045	8,435	433	8,868	
15-Nov-2045		222	222	9,090
15-May-2046	8,865	222	9,087	
			-	9,087
	\$ 298,200	\$ 201,404	\$ 499,604	\$ 499,604

San Antonio Water System  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2016D**  
*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ 385	\$	62	\$	447	\$	
15-Nov-2021			62		62		509
15-May-2022	385		62		447		
15-Nov-2022			62		62		509
15-May-2023	390		62		452		
15-Nov-2023			61		61		513
15-May-2024	390		61		451		
15-Nov-2024			61		61		512
15-May-2025	390		61		451		
15-Nov-2025			60		60		511
15-May-2026	390		60		450		
15-Nov-2026			58		58		508
15-May-2027	395		58		453		
15-Nov-2027			57		57		510
15-May-2028	400		57		457		
15-Nov-2028			55		55		512
15-May-2029	400		55		455		
15-Nov-2029			53		53		508
15-May-2030	405		53		458		
15-Nov-2030			51		51		509
15-May-2031	410		51		461		
15-Nov-2031			49		49		510
15-May-2032	415		49		464		
15-Nov-2032			46		46		510
15-May-2033	420		46		466		
15-Nov-2033			44		44		510
15-May-2034	425		44		469		
15-Nov-2034			41		41		510
15-May-2035	430		41		471		
15-Nov-2035			38		38		509
15-May-2036	435		38		473		
15-Nov-2036			35		35		508
15-May-2037	440		35		475		
15-Nov-2037			32		32		507
15-May-2038	450		32		482		
15-Nov-2038			29		29		511
15-May-2039	455		29		484		
15-Nov-2039			25		25		509
15-May-2040	460		25		485		
15-Nov-2040			22		22		507
15-May-2041	465		22		487		
15-Nov-2041			18		18		505
15-May-2042	475		18		493		
15-Nov-2042			15		15		508
15-May-2043	480		15		495		
15-Nov-2043			11		11		506
15-May-2044	490		11		501		
15-Nov-2044			8		8		509
15-May-2045	495		8		503		
15-Nov-2045			4		4		507
15-May-2046	505		4		509		
					-		509
	\$ 11,180	\$	2,056	\$	13,236	\$	13,236

San Antonio Water System  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2016E**  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ 440	\$ 75	\$ 515	\$
15-Nov-2021		75	75	590
15-May-2022	445	75	520	
15-Nov-2022		74	74	594
15-May-2023	445	74	519	
15-Nov-2023		74	74	593
15-May-2024	445	74	519	
15-Nov-2024		73	73	592
15-May-2025	445	73	518	
15-Nov-2025		71	71	589
15-May-2026	450	71	521	
15-Nov-2026		70	70	591
15-May-2027	450	70	520	
15-Nov-2027		68	68	588
15-May-2028	455	68	523	
15-Nov-2028		66	66	589
15-May-2029	460	66	526	
15-Nov-2029		63	63	589
15-May-2030	465	63	528	
15-Nov-2030		61	61	589
15-May-2031	470	61	531	
15-Nov-2031		58	58	589
15-May-2032	475	58	533	
15-Nov-2032		55	55	588
15-May-2033	480	55	535	
15-Nov-2033		52	52	587
15-May-2034	490	52	542	
15-Nov-2034		49	49	591
15-May-2035	495	49	544	
15-Nov-2035		45	45	589
15-May-2036	500	45	545	
15-Nov-2036		42	42	587
15-May-2037	510	42	552	
15-Nov-2037		38	38	590
15-May-2038	515	38	553	
15-Nov-2038		34	34	587
15-May-2039	525	34	559	
15-Nov-2039		30	30	589
15-May-2040	530	30	560	
15-Nov-2040		26	26	586
15-May-2041	540	26	566	
15-Nov-2041		22	22	588
15-May-2042	550	22	572	
15-Nov-2042		18	18	590
15-May-2043	555	18	573	
15-Nov-2043		14	14	587
15-May-2044	565	14	579	
15-Nov-2044		9	9	588
15-May-2045	575	9	584	
15-Nov-2045		5	5	589
15-May-2046	580	5	585	
			-	585
	\$ 12,855	\$ 2,459	\$ 15,314	\$ 15,314



**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS**  
**SERIES 2017A (No Reserve Fund)**  
*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ 2,930	\$	1,771	\$	4,701	\$	
15-Nov-2021			1,698		1,698		6,399
15-May-2022	3,070		1,698		4,768		
15-Nov-2022			1,621		1,621		6,389
15-May-2023	3,235		1,621		4,856		
15-Nov-2023			1,541		1,541		6,397
15-May-2024	3,405		1,541		4,946		
15-Nov-2024			1,455		1,455		6,401
15-May-2025	3,575		1,455		5,030		
15-Nov-2025			1,366		1,366		6,396
15-May-2026	3,760		1,366		5,126		
15-Nov-2026			1,272		1,272		6,398
15-May-2027	250		1,272		1,522		
15-Nov-2027			1,267		1,267		2,789
15-May-2028	-		1,267		1,267		
15-Nov-2028			1,267		1,267		2,534
15-May-2029	4,910		1,267		6,177		
15-Nov-2029			1,144		1,144		7,321
15-May-2030	5,160		1,144		6,304		
15-Nov-2030			1,015		1,015		7,319
15-May-2031	5,415		1,015		6,430		
15-Nov-2031			880		880		7,310
15-May-2032	5,690		880		6,570		
15-Nov-2032			738		738		7,308
15-May-2033	9,045		738		9,783		
15-Nov-2033			512		512		10,295
15-May-2034	11,945		512		12,457		
15-Nov-2034			273		273		12,730
15-May-2035	3,455		273		3,728		
15-Nov-2035			186		186		3,914
15-May-2036	3,630		186		3,816		
15-Nov-2036			96		96		3,912
15-May-2037	3,820		96		3,916		
							3,916
	\$ 73,295	\$	34,433	\$	107,728	\$	107,728

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS**  
**SERIES 2018A (No Reserve Fund)**  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ 2,450	\$ 5,073	\$ 7,523	\$
15-Nov-2021		5,012	5,012	12,535
15-May-2022	2,575	5,012	7,587	
15-Nov-2022		4,947	4,947	12,534
15-May-2023	2,710	4,947	7,657	
15-Nov-2023		4,880	4,880	12,537
15-May-2024	2,845	4,880	7,725	
15-Nov-2024		4,809	4,809	12,534
15-May-2025	2,990	4,809	7,799	
15-Nov-2025		4,734	4,734	12,533
15-May-2026	3,145	4,734	7,879	
15-Nov-2026		4,655	4,655	12,534
15-May-2027	3,310	4,655	7,965	
15-Nov-2027		4,572	4,572	12,537
15-May-2028	3,475	4,572	8,047	
15-Nov-2028		4,486	4,486	12,533
15-May-2029	6,475	4,486	10,961	
15-Nov-2029		4,324	4,324	15,285
15-May-2030	6,770	4,324	11,094	
15-Nov-2030		4,188	4,188	15,282
15-May-2031	7,085	4,188	11,273	
15-Nov-2031		4,011	4,011	15,284
15-May-2032	7,455	4,011	11,466	
15-Nov-2032		3,825	3,825	15,291
15-May-2033	7,830	3,825	11,655	
15-Nov-2033		3,629	3,629	15,284
15-May-2034	8,230	3,629	11,859	
15-Nov-2034		3,423	3,423	15,282
15-May-2035	8,655	3,423	12,078	
15-Nov-2035		3,207	3,207	15,285
15-May-2036	9,105	3,207	12,312	
15-Nov-2036		2,979	2,979	15,291
15-May-2037	9,575	2,979	12,554	
15-Nov-2037		2,740	2,740	15,294
15-May-2038	9,940	2,740	12,680	
15-Nov-2038		2,491	2,491	15,171
15-May-2039	7,875	2,491	10,366	
15-Nov-2039		2,295	2,295	12,661
15-May-2040	8,280	2,295	10,575	
15-Nov-2040		2,088	2,088	12,663
15-May-2041	8,705	2,088	10,793	
15-Nov-2041		1,870	1,870	12,663
15-May-2042	9,150	1,870	11,020	
15-Nov-2042		1,641	1,641	12,661
15-May-2043	9,620	1,641	11,261	
15-Nov-2043		1,401	1,401	12,662
15-May-2044	10,115	1,401	11,516	
15-Nov-2044		1,148	1,148	12,664
15-May-2045	10,630	1,148	11,778	
15-Nov-2045		882	882	12,660
15-May-2046	11,175	882	12,057	
15-Nov-2046		603	603	12,660
15-May-2047	11,750	603	12,353	
15-Nov-2047		309	309	12,662
15-May-2048	12,355	309	12,664	
				12,664
	<b>\$ 204,275</b>	<b>\$ 175,371</b>	<b>\$ 379,646</b>	<b>\$ 379,646</b>

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2018B**  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ 295	\$ 75	\$ 370	
15-Nov-2021		74	74	444
15-May-2022	295	74	369	
15-Nov-2022		73	73	442
15-May-2023	300	73	373	
15-Nov-2023		71	71	444
15-May-2024	300	71	371	
15-Nov-2024		70	70	441
15-May-2025	305	70	375	
15-Nov-2025		68	68	443
15-May-2026	310	68	378	
15-Nov-2026		67	67	445
15-May-2027	310	67	377	
15-Nov-2027		65	65	442
15-May-2028	315	65	380	
15-Nov-2028		63	63	443
15-May-2029	320	63	383	
15-Nov-2029		61	61	444
15-May-2030	325	61	386	
15-Nov-2030		58	58	444
15-May-2031	330	58	388	
15-Nov-2031		56	56	444
15-May-2032	335	56	391	
15-Nov-2032		54	54	445
15-May-2033	340	54	394	
15-Nov-2033		51	51	445
15-May-2034	345	51	396	
15-Nov-2034		48	48	444
15-May-2035	350	48	398	
15-Nov-2035		45	45	443
15-May-2036	355	45	400	
15-Nov-2036		42	42	442
15-May-2037	360	42	402	
15-Nov-2037		39	39	441
15-May-2038	370	39	409	
15-Nov-2038		36	36	445
15-May-2039	375	36	411	
15-Nov-2039		33	33	444
15-May-2040	380	33	413	
15-Nov-2040		30	30	443
15-May-2041	385	30	415	
15-Nov-2041		26	26	441
15-May-2042	395	26	421	
15-Nov-2042		23	23	444
15-May-2043	400	23	423	
15-Nov-2043		19	19	442
15-May-2044	410	19	429	
15-Nov-2044		16	16	445
15-May-2045	415	16	431	
15-Nov-2045		12	12	443
15-May-2046	425	12	437	
15-Nov-2046		8	8	445
15-May-2047	430	8	438	
15-Nov-2047		4	4	442
15-May-2048	440	4	444	
				444
	<u>\$ 9,915</u>	<u>\$ 2,499</u>	<u>\$ 12,414</u>	<u>\$ 12,414</u>

**San Antonio Water System**  
**WATER SYSTEM VARIABLE RATE JUNIOR LIEN**  
**REVENUE BONDS , SERIES 2019A (No Reserve Fund)\***  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
01-May-2021	\$ -	\$ 2,185	\$ 2,185	\$ -
01-Nov-2021		2,185	2,185	4,370
01-May-2022	-	2,185	2,185	
01-Nov-2022		2,185	2,185	4,370
01-May-2023	-	2,185	2,185	
01-Nov-2023		2,185	2,185	4,370
01-May-2024	-	2,185	2,185	
01-Nov-2024		2,497	2,497	4,682
01-May-2025	-	2,497	2,497	
01-Nov-2025		2,497	2,497	4,994
01-May-2026	-	2,497	2,497	
01-Nov-2026		2,497	2,497	4,994
01-May-2027	-	2,497	2,497	
01-Nov-2027		2,497	2,497	4,994
01-May-2028	5,425	2,497	7,922	
01-Nov-2028		2,416	2,416	10,338
01-May-2029	5,590	2,416	8,006	
01-Nov-2029		2,332	2,332	10,338
01-May-2030	5,760	2,332	8,092	
01-Nov-2030		2,246	2,246	10,338
01-May-2031	5,935	2,246	8,181	
01-Nov-2031		2,157	2,157	10,338
01-May-2032	6,115	2,157	8,272	
01-Nov-2032		2,065	2,065	10,337
01-May-2033	6,300	2,065	8,365	
01-Nov-2033		1,970	1,970	10,335
01-May-2034	6,495	1,970	8,465	
01-Nov-2034		1,873	1,873	10,338
01-May-2035	6,690	1,873	8,563	
01-Nov-2035		1,773	1,773	10,336
01-May-2036	6,895	1,773	8,668	
01-Nov-2036		1,669	1,669	10,337
01-May-2037	7,105	1,669	8,774	
01-Nov-2037		1,563	1,563	10,337
01-May-2038	7,320	1,563	8,883	
01-Nov-2038		1,453	1,453	10,336
01-May-2039	7,545	1,453	8,998	
01-Nov-2039		1,340	1,340	10,338
01-May-2040	7,775	1,340	9,115	
01-Nov-2040		1,223	1,223	10,338
01-May-2041	8,010	1,223	9,233	
01-Nov-2041		1,103	1,103	10,336
01-May-2042	8,255	1,103	9,358	
01-Nov-2042		979	979	10,337
01-May-2043	8,505	979	9,484	
01-Nov-2043		851	851	10,335
01-May-2044	8,765	851	9,616	
01-Nov-2044		720	720	10,336
01-May-2045	9,030	720	9,750	
01-Nov-2045		584	584	10,334
01-May-2046	9,305	584	9,889	
01-Nov-2046		445	445	10,334
01-May-2047	9,590	445	10,035	
01-Nov-2047		301	301	10,336
01-May-2048	9,885	301	10,186	
01-Nov-2048		153	153	10,339
01-May-2049	10,185	153	10,338	
				10,338
	\$ 166,480	\$ 93,703	\$ 260,183	\$ 260,183

\* The Water System Variable Rate Junior Lien Revenue Bonds, Series 2019A (No Reserve Fund) are multi-model variable rate bonds, initially issued in a fixed rate Term Mode ending April 30, 2024 at 2.625%. At the end of the remarketing period, the Bonds will be remarketed or refunded into another term period or will be converted into another mode. Interest listed above is based on 2.625% through April 30, 2024 and budgeted interest rates thereafter of 3.00%. See Note I for additional information.

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2019B**  
*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2021	\$ 1,000	\$	53	\$	1,053	\$	
15-Nov-2021			53		53		1,106
15-May-2022	1,000		53		1,053		
15-Nov-2022			53		53		1,106
15-May-2023	1,000		53		1,053		
15-Nov-2023			53		53		1,106
15-May-2024	1,000		53		1,053		
15-Nov-2024			53		53		1,106
15-May-2025	1,000		53		1,053		
15-Nov-2025			53		53		1,106
15-May-2026	1,000		53		1,053		
15-Nov-2026			53		53		1,106
15-May-2027	1,000		53		1,053		
15-Nov-2027			53		53		1,106
15-May-2028	1,000		53		1,053		
15-Nov-2028			53		53		1,106
15-May-2029	1,000		53		1,053		
15-Nov-2029			53		53		1,106
15-May-2030	1,000		53		1,053		
15-Nov-2030			53		53		1,106
15-May-2031	1,000		53		1,053		
15-Nov-2031			52		52		1,105
15-May-2032	1,000		52		1,052		
15-Nov-2032			51		51		1,103
15-May-2033	1,005		51		1,056		
15-Nov-2033			49		49		1,105
15-May-2034	1,010		49		1,059		
15-Nov-2034			48		48		1,107
15-May-2035	1,010		48		1,058		
15-Nov-2035			46		46		1,104
15-May-2036	1,015		46		1,061		
15-Nov-2036			44		44		1,105
15-May-2037	1,020		44		1,064		
15-Nov-2037			41		41		1,105
15-May-2038	1,025		41		1,066		
15-Nov-2038			39		39		1,105
15-May-2039	1,030		39		1,069		
15-Nov-2039			36		36		1,105
15-May-2040	1,035		36		1,071		
15-Nov-2040			33		33		1,104
15-May-2041	1,040		33		1,073		
15-Nov-2041			30		30		1,103
15-May-2042	1,050		30		1,080		
15-Nov-2042			26		26		1,106
15-May-2043	1,055		26		1,081		
15-Nov-2043			23		23		1,104
15-May-2044	1,060		23		1,083		
15-Nov-2044			19		19		1,102
15-May-2045	1,070		19		1,089		
15-Nov-2045			16		16		1,105
15-May-2046	1,075		16		1,091		
15-Nov-2046			12		12		1,103
15-May-2047	1,085		12		1,097		
15-Nov-2047			8		8		1,105
15-May-2048	1,095		8		1,103		
15-Nov-2048			4		4		1,107
15-May-2049	1,100		4		1,104		
							1,104
	<u>\$ 29,780</u>	<u>\$</u>	<u>2,267</u>	<u>\$</u>	<u>32,047</u>	<u>\$</u>	<u>32,047</u>

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS**  
**SERIES 2019C (No Reserve Fund)**  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ 2,210	\$ 1,987	\$ 4,197	
15-Nov-2021		1,932	1,932	6,129
15-May-2022	2,320	1,932	4,252	
15-Nov-2022		1,874	1,874	6,126
15-May-2023	2,440	1,874	4,314	
15-Nov-2023		1,813	1,813	6,127
15-May-2024	2,560	1,813	4,373	
15-Nov-2024		1,749	1,749	6,122
15-May-2025	2,700	1,749	4,449	
15-Nov-2025		1,681	1,681	6,130
15-May-2026	2,835	1,681	4,516	
15-Nov-2026		1,610	1,610	6,126
15-May-2027	2,980	1,610	4,590	
15-Nov-2027		1,536	1,536	6,126
15-May-2028	2,640	1,536	4,176	
15-Nov-2028		1,470	1,470	5,646
15-May-2029	2,770	1,470	4,240	
15-Nov-2029		1,400	1,400	5,640
15-May-2030	2,910	1,400	4,310	
15-Nov-2030		1,328	1,328	5,638
15-May-2031	3,060	1,328	4,388	
15-Nov-2031		1,251	1,251	5,639
15-May-2032	3,220	1,251	4,471	
15-Nov-2032		1,171	1,171	5,642
15-May-2033	3,385	1,171	4,556	
15-Nov-2033		1,096	1,096	5,652
15-May-2034	34,100	1,096	35,196	
15-Nov-2034		281	281	35,477
15-May-2035	2,030	281	2,311	
15-Nov-2035		231	231	2,542
15-May-2036	2,135	231	2,366	
15-Nov-2036		177	177	2,543
15-May-2037	2,245	177	2,422	
15-Nov-2037		121	121	2,543
15-May-2038	2,360	121	2,481	
15-Nov-2038		62	62	2,543
15-May-2039	2,480	62	2,542	
			-	2,542
	\$ 81,380	\$ 43,553	\$ 124,933	\$ 124,933

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS**  
**SERIES 2020A (No Reserve Fund)**  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ 6,960	\$ 6,700	\$ 13,660	\$ 20,186
15-Nov-2021		6,526	6,526	13,871
15-May-2022	7,345	6,526	13,871	20,213
15-Nov-2022		6,342	6,342	14,457
15-May-2023	8,115	6,342	14,457	20,596
15-Nov-2023		6,139	6,139	14,759
15-May-2024	8,620	6,139	14,759	20,683
15-Nov-2024		5,924	5,924	14,854
15-May-2025	8,930	5,924	14,854	20,689
15-Nov-2025		5,835	5,835	15,065
15-May-2026	9,230	5,835	15,065	20,669
15-Nov-2026		5,604	5,604	17,869
15-May-2027	12,265	5,604	17,869	23,166
15-Nov-2027		5,297	5,297	18,792
15-May-2028	13,495	5,297	18,792	23,752
15-Nov-2028		4,960	4,960	17,225
15-May-2029	12,265	4,960	17,225	21,878
15-Nov-2029		4,653	4,653	17,543
15-May-2030	12,890	4,653	17,543	21,874
15-Nov-2030		4,331	4,331	17,881
15-May-2031	13,550	4,331	17,881	21,873
15-Nov-2031		3,992	3,992	18,242
15-May-2032	14,250	3,992	18,242	21,878
15-Nov-2032		3,636	3,636	10,096
15-May-2033	6,460	3,636	10,096	13,571
15-Nov-2033		3,475	3,475	10,265
15-May-2034	6,790	3,475	10,265	13,570
15-Nov-2034		3,305	3,305	10,450
15-May-2035	7,145	3,305	10,450	13,576
15-Nov-2035		3,126	3,126	10,636
15-May-2036	7,510	3,126	10,636	13,574
15-Nov-2036		2,938	2,938	10,828
15-May-2037	7,890	2,938	10,828	13,569
15-Nov-2037		2,741	2,741	11,001
15-May-2038	8,260	2,741	11,001	13,577
15-Nov-2038		2,576	2,576	11,216
15-May-2039	8,640	2,576	11,216	13,576
15-Nov-2039		2,360	2,360	11,400
15-May-2040	9,040	2,360	11,400	13,579
15-Nov-2040		2,179	2,179	9,069
15-May-2041	6,890	2,179	9,069	11,076
15-Nov-2041		2,007	2,007	9,247
15-May-2042	7,240	2,007	9,247	11,073
15-Nov-2042		1,826	1,826	9,441
15-May-2043	7,615	1,826	9,441	11,077
15-Nov-2043		1,636	1,636	9,641
15-May-2044	8,005	1,636	9,641	11,076
15-Nov-2044		1,435	1,435	1,225
15-May-2045	8,415	1,435	9,850	11,075
15-Nov-2045		1,225	1,225	1,004
15-May-2046	8,845	1,225	10,070	11,074
15-Nov-2046		1,004	1,004	10,304
15-May-2047	9,300	1,004	10,304	11,075
15-Nov-2047		771	771	10,546
15-May-2048	9,775	771	10,546	11,073
15-Nov-2048		527	527	10,802
15-May-2049	10,275	527	10,802	11,072
15-Nov-2049		270	270	11,075
15-May-2050	10,805	270	11,075	11,075
	<u>\$ 276,815</u>	<u>\$ 199,980</u>	<u>\$ 476,795</u>	<u>\$ 476,795</u>

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2020B**

(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ 820	\$ 44	\$ 864	
15-Nov-2021		44	44	908
15-May-2022	820	44	864	
15-Nov-2022		44	44	908
15-May-2023	820	44	864	
15-Nov-2023		44	44	908
15-May-2024	820	44	864	
15-Nov-2024		44	44	908
15-May-2025	820	44	864	
15-Nov-2025		44	44	908
15-May-2026	820	44	864	
15-Nov-2026		44	44	908
15-May-2027	820	44	864	
15-Nov-2027		44	44	908
15-May-2028	820	44	864	
15-Nov-2028		44	44	908
15-May-2029	820	44	864	
15-Nov-2029		44	44	908
15-May-2030	820	44	864	
15-Nov-2030		44	44	908
15-May-2031	820	44	864	
15-Nov-2031		43	43	907
15-May-2032	820	43	863	
15-Nov-2032		43	43	906
15-May-2033	825	43	868	
15-Nov-2033		42	42	910
15-May-2034	825	42	867	
15-Nov-2034		40	40	907
15-May-2035	830	40	870	
15-Nov-2035		39	39	909
15-May-2036	830	39	869	
15-Nov-2036		37	37	906
15-May-2037	835	37	872	
15-Nov-2037		36	36	908
15-May-2038	840	36	876	
15-Nov-2038		34	34	910
15-May-2039	845	34	879	
15-Nov-2039		32	32	911
15-May-2040	845	32	877	
15-Nov-2040		29	29	906
15-May-2041	850	29	879	
15-Nov-2041		27	27	906
15-May-2042	855	27	882	
15-Nov-2042		24	24	906
15-May-2043	860	24	884	
15-Nov-2043		22	22	906
15-May-2044	870	22	892	
15-Nov-2044		19	19	911
15-May-2045	875	19	894	
15-Nov-2045		16	16	910
15-May-2046	880	16	896	
15-Nov-2046		13	13	909
15-May-2047	885	13	898	
15-Nov-2047		10	10	908
15-May-2048	890	10	900	
15-Nov-2048		7	7	907
15-May-2049	900	7	907	
15-Nov-2049		3	3	910
15-May-2050	905	3	908	
				908
	<u>\$ 25,285</u>	<u>\$ 1,956</u>	<u>\$ 27,241</u>	<u>\$ 27,241</u>



**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2020C (No Reserve Fund)**  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ -	\$ 5,164	\$ 5,164	\$ -
15-Nov-2021		3,393	3,393	8,557
15-May-2022	-	3,393	3,393	
15-Nov-2022		3,393	3,393	6,786
15-May-2023	-	3,393	3,393	
15-Nov-2023		3,393	3,393	6,786
15-May-2024	-	3,393	3,393	
15-Nov-2024		3,393	3,393	6,786
15-May-2025	-	3,393	3,393	
15-Nov-2025		3,393	3,393	6,786
15-May-2026	3,555	3,393	6,948	
15-Nov-2026		3,304	3,304	10,252
15-May-2027	3,735	3,304	7,039	
15-Nov-2027		3,210	3,210	10,249
15-May-2028	3,930	3,210	7,140	
15-Nov-2028		3,112	3,112	10,252
15-May-2029	4,130	3,112	7,242	
15-Nov-2029		3,009	3,009	10,251
15-May-2030	4,340	3,009	7,349	
15-Nov-2030		2,900	2,900	10,249
15-May-2031	4,565	2,900	7,465	
15-Nov-2031		2,786	2,786	10,251
15-May-2032	4,800	2,786	7,586	
15-Nov-2032		2,666	2,666	10,252
15-May-2033	5,045	2,666	7,711	
15-Nov-2033		2,540	2,540	10,251
15-May-2034	-	2,540	2,540	
15-Nov-2034		2,540	2,540	5,080
15-May-2035	5,305	2,540	7,845	
15-Nov-2035		2,408	2,408	10,253
15-May-2036	5,575	2,408	7,983	
15-Nov-2036		2,268	2,268	10,251
15-May-2037	5,830	2,268	8,098	
15-Nov-2037		2,152	2,152	10,250
15-May-2038	6,070	2,152	8,222	
15-Nov-2038		2,030	2,030	10,252
15-May-2039	6,350	2,030	8,380	
15-Nov-2039		1,871	1,871	10,251
15-May-2040	6,575	1,871	8,446	
15-Nov-2040		1,802	1,802	10,248
15-May-2041	6,815	1,802	8,617	
15-Nov-2041		1,631	1,631	10,248
15-May-2042	7,095	1,631	8,726	
15-Nov-2042		1,525	1,525	10,251
15-May-2043	7,380	1,525	8,905	
15-Nov-2043		1,347	1,347	10,252
15-May-2044	7,745	1,347	9,092	
15-Nov-2044		1,160	1,160	10,252
15-May-2045	8,125	1,160	9,285	
15-Nov-2045		964	964	10,249
15-May-2046	8,530	964	9,494	
15-Nov-2046		758	758	10,252
15-May-2047	8,915	758	9,673	
15-Nov-2047		580	580	10,253
15-May-2048	9,275	580	9,855	
15-Nov-2048		394	394	10,249
15-May-2049	9,655	394	10,049	
15-Nov-2049		201	201	10,250
15-May-2050	10,050	201	10,251	
				10,251
	<u>\$ 153,390</u>	<u>\$ 133,410</u>	<u>\$ 286,800</u>	<u>\$ 286,800</u>

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2020D**

(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2021	\$ 395	\$ 4	\$ 399	
15-Nov-2021		4	4	403
15-May-2022	395	4	399	
15-Nov-2022		4	4	403
15-May-2023	395	4	399	
15-Nov-2023		4	4	403
15-May-2024	395	4	399	
15-Nov-2024		4	4	403
15-May-2025	395	4	399	
15-Nov-2025		4	4	403
15-May-2026	395	4	399	
15-Nov-2026		4	4	403
15-May-2027	390	4	394	
15-Nov-2027		4	4	398
15-May-2028	390	4	394	
15-Nov-2028		4	4	398
15-May-2029	390	4	394	
15-Nov-2029		4	4	398
15-May-2030	390	4	394	
15-Nov-2030		4	4	398
15-May-2031	390	4	394	
15-Nov-2031		4	4	398
15-May-2032	390	4	394	
15-Nov-2032		4	4	398
15-May-2033	390	4	394	
15-Nov-2033		4	4	398
15-May-2034	390	4	394	
15-Nov-2034		4	4	398
15-May-2035	390	4	394	
15-Nov-2035		4	4	398
15-May-2036	390	4	394	
15-Nov-2036		4	4	398
15-May-2037	390	4	394	
15-Nov-2037		4	4	398
15-May-2038	390	4	394	
15-Nov-2038		4	4	398
15-May-2039	395	4	399	
15-Nov-2039		4	4	403
15-May-2040	395	4	399	
15-Nov-2040		4	4	403
15-May-2041	395	4	399	
15-Nov-2041		4	4	403
15-May-2042	395	4	399	
15-Nov-2042		4	4	403
15-May-2043	395	4	399	
15-Nov-2043		3	3	402
15-May-2044	395	3	398	
15-Nov-2044		3	3	401
15-May-2045	395	3	398	
15-Nov-2045		2	2	400
15-May-2046	395	2	397	
15-Nov-2046		2	2	399
15-May-2047	395	2	397	
15-Nov-2047		2	2	399
15-May-2048	400	2	402	
15-Nov-2048		1	1	403
15-May-2049	400	1	401	
15-Nov-2049		1	1	402
15-May-2050	400	1	401	
				401
	<u>\$ 11,805</u>	<u>\$ 208</u>	<u>\$ 12,013</u>	<u>\$ 12,013</u>

**San Antonio Water System**  
**REVENUE BOND DEBT COVERAGE RATIO**  
**For the Year Ended December 31, 2020**  
*(\$ in thousands)*

Operating Revenues	\$	794,917
Less Revenues from City Public Service Contract		3,709
		791,208
 Nonoperating Revenues		 17,974
Less: Federal Subsidy - Build America Bonds		1,918
Interest on Project Funds		1,247
Mark to Market Adjustment		1,759
		13,050
 Gross Revenues		 804,258
 Maintenance & Operation Expense before Depreciation per GAAP		 341,940
Vista Ridge Infrastructure Payment		43,683
Non-cash Benefit Expense		16,693
Non-cash Write-off of Asset Impairments		(355)
Maintenance & Operation Expense before Depreciation and Other Non-Cash Charges		401,961
 Pledged Revenues	 \$	 402,297
 Current Annual Bond Debt Service Requirement for all Outstanding Bonds <sup>1</sup>	 \$	 191,011
Current Annual Combined Debt Coverage Ratio		2.11
 Maximum Annual Bond Debt Service Requirement for all Outstanding Bonds <sup>1</sup>	 \$	 210,885
Maximum Annual Combined Debt Coverage Ratio		1.91

<sup>1</sup>Annual debt service requirements consist of principal and interest payments net of the U.S. federal interest subsidy on the Series 2009B & 2010B revenue bonds.



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**SPRINGS HILL WATER SUPPLY CORPORATION  
(A Nonprofit Corporation)**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

SPRINGS HILL WATER SUPPLY CORPORATION  
ANNUAL FINANCIAL REPORT  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Springs Hill Water Supply Corporation  
P.O. Box 29  
Seguin, Texas 78156

We have audited the accompanying financial statements of Springs Hill Water Supply Corporation (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Springs Hill Water Supply Corporation as of December 31, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Armstrong, Vaughan & Associates, P.C.*

Armstrong, Vaughan & Associates, P.C.

March 8, 2021



SPRINGS HILL WATER SUPPLY CORPORATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019

	2020	2019
<b>ASSETS</b>		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 8,706,678	\$ 6,314,088
Certificates of Deposit	618,512	605,251
Accounts Receivable - Members (net)	113,397	66,865
Unbilled Revenue	720,568	572,065
Prepaid Expenses	37,010	35,647
Inventory	199,917	204,898
<i>Total Current Assets</i>	10,396,082	7,798,814
<i>Other Assets:</i>		
Restricted Cash - Debt Service and Debt Reserves	316,604	314,567
CoBank and CRWA Memberships	11,000	11,000
<i>Total Other Assets</i>	327,604	325,567
<i>Property and Equipment (net)</i>	22,634,795	21,188,393
<b>TOTAL ASSETS</b>	<b>\$ 33,358,481</b>	<b>\$ 29,312,774</b>
<b>LIABILITIES AND NET ASSETS</b>		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 556,301	\$ 391,627
Accrued Salaries and Compensated Absences	46,925	63,351
Accrued Interest	39,359	42,896
Customer Deposits	97,801	90,001
Unearned Reservation Fees	2,012,000	1,369,000
Notes Payable within One Year	386,224	560,261
<i>Total Current Liabilities</i>	3,138,610	2,517,136
<i>Long-term Debt:</i>		
Notes Payable in More than One Year	5,052,067	5,435,868
<i>Total Long-term Debt</i>	5,052,067	5,435,868
<i>Total Liabilities</i>	8,190,677	7,953,004
<i>Net Assets:</i>		
<i>Without Donor Restrictions:</i>		
Net Investment in Property and Equipment	17,196,504	15,192,264
Available for Operations	7,971,300	6,167,506
<i>Total Without Donor Restrictions</i>	25,167,804	21,359,770
<i>Total Net Assets</i>	25,167,804	21,359,770
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 33,358,481</b>	<b>\$ 29,312,774</b>

SPRINGS HILL WATER SUPPLY CORPORATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<b>2020</b>	2019
	<b>Without Donor Restrictions</b>	Without Donor Restrictions
<b>Operating Revenues:</b>		
Water Sales	\$ 8,834,952	\$ 7,312,628
Other Charges	528,005	360,824
<b>Total Operating Revenues</b>	<b>9,362,957</b>	7,673,452
<b>Operating Expenses:</b>		
Water Purchases	2,881,326	2,755,496
Depreciation	1,349,439	1,299,960
Personnel Costs	1,348,495	1,215,965
Supplies and Maintenance	1,131,059	1,124,593
Administrative and Other Expenses	473,729	436,204
Professional Fees	341,603	178,362
Utilities	123,115	102,345
<b>Total Operating Expenses</b>	<b>7,648,766</b>	7,112,925
<b>Operating Income (Loss)</b>	<b>1,714,191</b>	560,527
<b>Non-Operating Revenues (Expenses):</b>		
Membership Fees	207,656	121,143
Contributions in Aid of Construction	2,062,397	918,229
Miscellaneous Income	43,299	39,308
Investment Income	23,184	43,523
Interest Expense	(243,034)	(264,428)
Gain (Loss) on Disposal of Capital Assets	341	(11,997)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>2,093,843</b>	845,778
<b>Increase in Net Assets</b>	<b>3,808,034</b>	1,406,305
Net Assets at Beginning of Year	<b>21,359,770</b>	19,953,465
Net Assets at End of Year	<b>\$ 25,167,804</b>	\$ 21,359,770

SPRINGS HILL WATER SUPPLY CORPORATION  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		
	Program	Management and General	Total
<b>Operating Expenses:</b>			
Water Purchases	\$ 2,881,326	\$ -	\$ 2,881,326
Depreciation	1,314,692	34,747	1,349,439
Personnel Costs	1,040,300	308,195	1,348,495
Supplies and Maintenance	1,102,187	28,872	1,131,059
Administrative and Other Expenses	73,645	400,084	473,729
Professional Fees	115,176	226,427	341,603
Utilities	112,554	10,561	123,115
<b>Non-Operating Expenses:</b>			
Interest Expense	243,034	-	243,034
<b>Total Expenses</b>	<b>\$ 6,882,914</b>	<b>\$ 1,008,886</b>	<b>\$ 7,891,800</b>

	2019		
	Program	Management and General	Total
<b>Operating Expenses:</b>			
Water Purchases	\$ 2,755,496	\$ -	\$ 2,755,496
Depreciation	1,267,961	31,999	1,299,960
Personnel Costs	924,660	291,305	1,215,965
Supplies and Maintenance	1,088,410	36,183	1,124,593
Administrative and Other Expenses	36,132	400,072	436,204
Professional Fees	39,276	139,086	178,362
Utilities	91,510	10,835	102,345
<b>Non-Operating Expenses:</b>			
Interest Expense	264,428	-	264,428
<b>Total Expenses</b>	<b>\$ 6,467,873</b>	<b>\$ 909,480</b>	<b>\$ 7,377,353</b>

SPRINGS HILL WATER SUPPLY CORPORATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers	\$ 9,818,722	\$ 8,510,153
Cash Payments to Suppliers for Goods and Services	(4,782,540)	(4,774,806)
Cash Payments to Employees for Services	(1,364,921)	(1,196,942)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>3,671,261</u>	<u>2,538,405</u>
<b>Cash Flows from Investing Activities</b>		
Investment Income	23,184	43,523
Purchase/Reinvestment in Certificates of Deposit	(13,261)	(5,251)
Proceeds from the Sale of Capital Assets	5,500	501
Miscellaneous Receipts	43,299	39,308
Purchases of Property and Equipment	(2,801,000)	(921,602)
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(2,742,278)</u>	<u>(843,521)</u>
<b>Cash Flows from Financing Activities</b>		
Principal Payments on Notes Payable	(559,049)	(542,767)
Interest Paid	(245,360)	(266,593)
Membership Fees	207,656	121,143
Contributions in Aid of Construction	2,062,397	918,229
<b>Net Cash Provided (Used) by Financing Activities</b>	<u>1,465,644</u>	<u>230,012</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 2,394,627	 1,924,896
 Beginning Cash and Cash Equivalents	 <u>6,628,655</u>	 <u>4,703,759</u>
Ending Cash and Cash Equivalents	<u>\$ 9,023,282</u>	<u>\$ 6,628,655</u>
 <b>Reconciliation to Statement of Financial Position</b>		
Cash and Cash Equivalents	\$ 8,706,678	\$ 6,314,088
Cash Restricted for Debt Reserves	316,604	314,567
Total	<u>\$ 9,023,282</u>	<u>\$ 6,628,655</u>

SPRINGS HILL WATER SUPPLY CORPORATION  
STATEMENTS OF CASH FLOWS (CONT.)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<b>Reconciliation of Operating Income to Net Cash Provided (Used)</b>		
<b>by Operating Activities</b>		
Operating Income (Loss)	\$ 1,714,191	\$ 560,527
Adjustments to Reconcile Income from Operations to Net Cash		
Provided by Operating Activities:		
Depreciation	1,349,439	1,299,960
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable - Members	(195,035)	(11,461)
(Increase) Decrease in Prepaid Expenses	(1,363)	(3,068)
(Increase) Decrease in Inventory	4,981	(10,836)
Increase (Decrease) in Accounts Payable	164,674	(163,902)
Increase (Decrease) in Accrued Salaries and Compensated Absences	(16,426)	19,023
Increase (Decrease) in Deposits	7,800	4,162
Increase (Decrease) in Unearned Reservation Fees	643,000	844,000
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 3,671,261</b>	<b>\$ 2,538,405</b>

SPRINGS HILL WATER SUPPLY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. NATURE OF ACTIVITIES

Springs Hill Water Supply Corporation is a non-profit corporation organized to deliver and sell water through its distribution system. The Corporation was organized as a nonprofit corporation in May 1967 and is located in Guadalupe County, Texas. The accounting policies of the Corporation conform to generally accepted accounting principles. The following is a summary of the more significant policies.

2. FINANCIAL STATEMENT PRESENTATION

The financial statements of Springs Hill Water Supply Corporation are presented in accordance with the provisions of Financial Accounting Standards Board (FASB) ASC 958-605-15 and 958-205-05. Under these provisions, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Corporation and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – net assets that are not subject to donor-imposed stipulations.

*Net Assets With Donor Restrictions* – net assets subject to donor-imposed stipulations that may or will be met either by the actions of the Corporation and/or the passage of time.

Donor-restricted contributions are reported as increases in net assets with restrictions depending on the nature of the transaction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. If the restriction is met in the same period, the revenue is reported in the changes in net assets without donor restrictions.

3. CASH AND CASH EQUIVALENTS

The Corporation considers checking accounts, savings accounts, money market accounts, and certificates of deposit with a maturity date within three months from the date of purchase to be cash and cash equivalents.

4. INVESTMENTS

Investments consist of certificates of deposit that are reported at amortized cost.

5. ACCOUNTS RECEIVABLE/REVENUE RECOGNITION

The Corporation considers the customer relationship to be contractual in nature and secured by a membership fee, making it collectible. The performance obligation is the delivery of water, which is achieved on a daily basis. Thus, water sales revenue, as reported on the Statement of Activities, is considered contract revenue recognized as water is delivered. Customers are billed monthly for water delivered to their meter over the previous month based upon published rates established in the Corporation's tariff. A contract asset (Unbilled Revenue) is recorded at year end for water delivered since the last reading but not yet billed to customers. The balance of the contract asset as of December 31, 2020 and 2019 and 2018 was \$720,568, \$572,065, and \$517,922, respectively.

SPRINGS HILL WATER SUPPLY CORPORATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

5. ACCOUNTS RECEIVABLE/REVENUE RECOGNITION (Continued)

In addition, the Corporation charges contributions in aid of construction upon adding a new meter to the system. These fees are a recovery of prior capital assets to develop the capacity to deliver the water to these new customers. The fees also cover costs of final connection to water mains. Revenue from these transactions is recorded upon connection of the new meter to the system (the performance obligation). The difference between collection and performance is a matter of days.

Accounts receivable – members is made up of amounts owed for water consumption and related fees. Management has recorded an allowance for doubtful accounts in the amount of \$20,000 as of December 31, 2020 and 2019.

6. INVENTORY

Inventory is recorded at the lower of cost or market value using the first in, first out (FIFO) method.

7. PREPAID EXPENSES

Expenses recorded in advance of the service or product being received are deferred and carried on the statement of financial position as prepaid expenses.

8. PROPERTY, PLANT AND EQUIPMENT

Capital assets, which include land, buildings and improvements, equipment, and water plant and distribution systems, are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Interest has not been capitalized during the construction periods on water plant and distribution systems. Purchases with a useful life in excess of one year and a cost of at least \$1,000 are capitalized and depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	5 to 40 years
Vehicles and Equipment	5 to 20 years
Water Plants and Distribution Systems	5 to 30 years

9. COMPENSATED ABSENCES

Employees of the Corporation are entitled to paid time off (PTO) depending on the length of service. Time is accrued each pay period and employees may carry over 80 hours each calendar year. All of the paid time off is payable upon termination. The balance of the unpaid PTO is accrued at the end of each year.

SPRINGS HILL WATER SUPPLY CORPORATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

10. CUSTOMER DEPOSITS

Owners have the option of requiring a renter pay a \$150 refundable deposit for water service. Upon change in tenants, the deposit may be returned to the renter or applied toward the final bill. As of December 31, 2020 and 2019, the balances of deposits on hand were \$97,801 and \$90,001.

11. CONTRACT LIABILITIES

The Corporation recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Corporation receives payments in advance of the satisfaction of performance obligations related to connecting new meters. The balances of contract liabilities as of the beginning and end of the year for 2020 are \$1,369,000 and \$2,012,000. The balances of contract liabilities as of the beginning and end of the year for 2019 are \$525,000 and \$1,369,000.

12. INCOME TAXES

The Corporation is a not-for-profit organization exempt from federal income taxes pursuant to Section 501(c)12 of the Internal Revenue Code, except to the extent it has unrelated business income. As such, no provision for income taxes has been made in the financial statements. The Corporation generally is no longer subject to income tax examination by Federal authorities for years prior to December 31, 2017.

13. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

14. FUNCTIONAL EXPENSES

The Corporation operates one program to deliver water to its members. Costs associated with producing and delivering the water are shown as functional expenses. Costs directly related to the office are allocated to management and general. Personnel costs for office employees are allocated to management and general at twenty-five to seventy-five percent based on their role and an estimate of time spent.

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 8, 2021, which is the date the financial statements were available to be issued.



SPRINGS HILL WATER SUPPLY CORPORATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

**NOTE B -- ACCOUNTS RECEIVABLE**

Balance at year end is made up of the following:

	2020	2019
Customer Balances	\$ 78,795	\$ 50,412
Other Billings	54,602	36,453
Allowance for Uncollectibles	(20,000)	(20,000)
	<u>\$ 113,397</u>	<u>\$ 66,865</u>

**NOTE C -- PROPERTY, PLANT AND EQUIPMENT**

Changes to the Corporation's property, plant, and equipment for the year ended December 31, 2020 was as follows:

	Balances at 1/1/2020	Additions	Transfer/ Disposals	Balances at 12/31/2020
Land and Land Rights	\$ 231,626	\$ -	\$ -	\$ 231,626
Construction in Progress	224,306	2,687,247	(1,412,285)	1,499,268
Buildings and Improvements	739,005	-	-	739,005
Vehicles and Equipment	860,793	101,745	(27,515)	935,023
Water Plant and Distribution	33,663,977	12,008	1,412,285	35,088,270
	<u>35,719,707</u>	<u>2,801,000</u>	<u>(27,515)</u>	<u>38,493,192</u>
<i>Less Accumulated Depreciation</i>				
Building and Improvements	(267,730)	(29,823)	-	(297,553)
Vehicles and Equipment	(570,835)	(95,107)	22,356	(643,586)
Water Plant and Distribution	(13,692,749)	(1,224,509)	-	(14,917,258)
	<u>(14,531,314)</u>	<u>(1,349,439)</u>	<u>22,356</u>	<u>(15,858,397)</u>
Capital Assets, Net	<u>\$ 21,188,393</u>	<u>\$ 1,451,561</u>	<u>\$ (5,159)</u>	<u>\$ 22,634,795</u>

Land and Construction in Progress are not depreciated.

**NOTE D -- LONG TERM DEBT**

The Corporation has the following outstanding debts:

Series Name	Original Issue		Interest Rate	Maturity Date	Payment Frequency	Payment Amount
	Amount	Date				
<i>Texas Water Development Board</i>						
American Recovery and Reinvestment Act Loan	\$ 3,130,000	2/24/2010	0.00%	12/31/2030	Annual	\$ 156,000
Drinking Water State Revolving Fund Loan	\$ 1,100,000	5/2/2013	0.63%-4.64%	11/1/2032	Annual	\$ 83,276
<i>CoBank</i>						
Note Payable RI1421T01	\$ 3,950,692	10/31/2015	6.27%	10/31/2033	Quarterly	Varies

SPRINGS HILL WATER SUPPLY CORPORATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

**NOTE D -- LONG-TERM DEBT (CONT.)**

The Texas Water Development Board (TWDB) loans require the Corporation to deposit 1/60<sup>th</sup> of the average annual debt service requirements into a separate bank account monthly until 1 full year is in the account. The Corporation has complied with this requirement and shows this as restricted cash on the statement of financial position.

The CoBank monthly payment is based on a principal amortization from an initial interest rate. The interest has since become fixed at a higher rate. As such, the interest component each month fluctuates with the original scheduled principal payments. The CoBank notes require a debt service coverage ratio of 1.25 to 1.00 and a debt to capitalization ratio of 0.65 to 1.00. The Corporation has complied with these requirements.

The Corporation's long-term debt activity as of and for the year ending December 31, 2020 is as follows:

Bonds Payable, Series	Balance Outstanding 1/1/2020	Additions	Retirements	Balance Outstanding 12/31/2020	Due Within One Year
ARRA Loan	\$ 1,726,000	\$ -	\$ (156,000)	\$ 1,570,000	\$ 156,000
State Revolving Loan	795,000	-	(50,000)	745,000	50,000
CoBank RI1421T01	182,294	-	(182,294)	-	-
CoBank RI1421T02	3,308,568	-	(170,755)	3,137,813	179,013
Unamortized Issuance Costs	(15,733)	-	1,211	(14,522)	1,211
Totals	\$ 5,996,129	\$ -	\$ (557,838)	\$ 5,438,291	\$ 386,224

The annual requirements to amortize all debt outstanding as of December 31, 2020, including interest payments, are as follows:

Year End December 31,	Principal Payments	Interest Payments	Total
2021	\$ 385,013	\$ 222,622	\$ 607,635
2022	398,668	209,693	608,361
2023	407,742	195,910	603,652
2024	417,255	181,413	598,668
2025	432,228	166,201	598,429
2026-2030	2,363,453	572,398	2,935,851
2031-2033	1,048,454	103,959	1,152,413
Total	\$ 5,452,813	\$ 1,652,196	\$ 7,105,009

SPRINGS HILL WATER SUPPLY CORPORATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

**NOTE E -- LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The Corporation has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Corporation has the following financial assets available within one year of the balance sheet date to meet cash needs for general expenditures as of December 31, 2020 and 2019, respectively, as shown in the table below:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 9,023,282	\$ 6,628,655
Certificates of Deposit	618,512	605,251
Accounts Receivable - Members	833,965	638,930
Accounts Payable and Accrued Expenses	(603,226)	(454,978)
Unearned Reservation Fees	<u>(2,012,000)</u>	<u>(1,369,000)</u>
Total Financial Assets	\$ 7,860,533	\$ 6,048,858
Less: Restricted Cash - Debt Service and Debt Reserves	<u>(316,604)</u>	<u>(314,567)</u>
Total Financial Assets available to meet cash needs		
For General Expenditures	<u>\$ 7,543,929</u>	<u>\$ 5,734,291</u>

**NOTE F -- RETIREMENT PLAN**

The Corporation sponsors a 401(k) retirement plan administered by the Principal Life Insurance Company. Employees are eligible to join the plan after completing one year of service with at least 1,000 hours. The Corporation contributes up to and including 7% of eligible employee's wages. Employee contributions are voluntary and are required in order to receive the employer contributions. Employees vest after three years of service with the Corporation. Annual contributions were \$38,342 and \$35,907 for the years ending December 31, 2020 and 2019, respectively.

SPRINGS HILL WATER SUPPLY CORPORATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

**NOTE G -- WATER PURCHASE CONTRACTS**

The Corporation has contracted to purchase water from Guadalupe Blanco River Authority (GBRA), Schertz Seguin Local Government Corporation (SSLGC), Canyon Regional Water Authority (CRWA), and an individual to sell to members. CRWA is a joint venture and more information can be found later in the notes to the financial statements. The schedule below summarizes the estimated annual commitment on the Corporation's water contracts and leases, calculated at rates currently in effect.

Year End December 31,	GBRA	SSLGC	Water Lease	Total
Contract Expiration	12/31/2050	8/23/2023	2/1/2025	
Acre Feet	2,850	722	192	3,764
2021	\$ 483,200	\$ 580,640	\$ 27,297	\$ 1,091,137
2022	483,200	580,640	27,297	1,091,137
2023	483,200	387,093	27,297	897,590
2024	483,200	-	27,297	510,497
2025	483,200	-	2,275	485,475
2026 - 2030	2,416,000	-	-	2,416,000
2031 - 2035	2,416,000	-	-	2,416,000
2036 - 2040	2,416,000	-	-	2,416,000
2041 - 2045	2,416,000	-	-	2,416,000
2046 - 2050	2,416,000	-	-	2,416,000
	<u>\$ 14,496,000</u>	<u>\$ 1,548,373</u>	<u>\$ 111,463</u>	<u>\$ 16,155,836</u>

**NOTE H -- JOINT VENTURE – CANYON REGIONAL WATER AUTHORITY**

The Corporation is a member entity of Canyon Regional Water Authority (CRWA) through a regional taxable water supply contract dated August 1, 1998. CRWA was created to purchase, own, hold, lease, and otherwise acquire sources of potable water; build, operate and maintain facilities for the treatment and transportation of water; sell potable water to local governments, water supply corporations and other persons in Texas; and to protect, preserve and restore the purity and sanitary condition of water in the area. The participating entities, of which there are 14, are contractually obligated to fund a pro-rated portion of CRWA's operations, debt service, and project costs. The Corporation has pledged its system revenues to fund its share of CRWA costs (approximately 9%).

For the fiscal year ending September 30, 2020, CRWA's expenses totaled \$18.5 million, and, as of September 30, 2020, CRWA had bonds outstanding of \$123 million. The Corporation has recorded the initial \$10,000 membership fee as an asset and records the funding payments as water purchase costs each year. Annual water purchase costs for 2020 is \$1,660,798. Annual, audited financial statements for CRWA may be obtained by writing to Canyon Regional Water Authority, 850 Lakeside Pass, New Braunfels, Texas 78130.

SPRINGS HILL WATER SUPPLY CORPORATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

**NOTE I -- LITIGATION**

In November 2020, a lawsuit was filed against the Corporation by a former employee. As of the date of this report, an outcome is not determinable.

Subsequent to year end, a lawsuit was filed by the Corporation pursuing monetary reimbursement for damage they believe they have suffered. Further, an individual has threatened litigation in regards to operations of the Corporation on their property, as of the date of this report an outcome is not determinable.

Management and legal counsel are not aware of any other pending or threatened litigation that may have a material effect on the Corporation's financial position.

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APPENDIX E  
FORM OF OPINION OF BOND COUNSEL

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**DRAFT**

IN REGARD to the authorization and issuance of the “Canyon Regional Water Authority Tax-Exempt Contract Revenue Refunding Bonds (Wells Ranch I Project), Series 2021” (the “Bonds”), dated May 1, 2021, in the aggregate original principal amount of \$\_\_\_\_\_, we have reviewed the legality and validity of the issuance thereof by the Board of Trustees of the Canyon Regional Water Authority (the “Authority”). The Bonds are issuable in fully registered form only, in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity). The Bonds have Stated Maturities of August 1 in each of the years 20\_\_ through 20\_\_, unless redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Bonds. Interest on the Bonds accrues from the dates, at the rates, in the manner, and is payable on the dates, all as provided in the bond resolution (the “Resolution”) authorizing the issuance of the Bonds. Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the Resolution.

WE HAVE SERVED AS BOND COUNSEL for the Authority solely to pass upon the legality and validity of the issuance of the Bonds under the laws of the State of Texas, the defeasance and discharge of the Authority’s obligations being refunded by certain proceeds of the Bonds, and with respect to the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes and for no other purpose. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Authority or the Authority’s, the Participating Members’ (as defined in the Contract utility systems. We have not assumed any responsibility with respect to the financial condition or capabilities of the Authority or the disclosure thereof in connection with the sale of the Bonds. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Bonds. Our role in connection with the Authority’s Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

WE HAVE EXAMINED the applicable and pertinent laws of the State of Texas and the United States of America. In rendering the opinions herein we rely upon (1) original or certified copies of the proceedings of the Authority in connection with the issuance of the Bonds, including the Resolution, the Water Supply Contract dated as of May 1, 2007 as amended on June 8, 2009,

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**Legal Opinion of Norton Rose Fulbright US LLP, Austin and San Antonio, Texas, in connection with the authorization and issuance of “CANYON REGIONAL WATER AUTHORITY TAX-EXEMPT CONTRACT REVENUE REFUNDING BONDS (WELLS RANCH I PROJECT), SERIES 2021”**

October 24, 2011, and June 14, 2016 respectively (the “Contract”) and documents approved by each of the Participating Members and Participating Parties (as defined in the Contract, as amended), the Escrow Deposit Letter (the “Escrow Agreement”) between the Authority and UMB Bank, N.A., Austin, Texas (the “Escrow Agent”), and the certification (the “Sufficiency Certificate”) by SAMCO Capital Markets, Inc., as the Financial Advisor to the Authority, concerning the sufficiency of the cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement; (2) customary certifications and opinions of officials of the Authority; (3) certificates executed by officers of the Authority relating to the expected use and investment of proceeds of the Bonds and certain other funds of the Authority, and to certain other facts solely within the knowledge and control of the Authority and the Participating Members; and (4) such other documentation, including an examination of the Bond executed and delivered initially by the Authority, and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and information contained in such certificates. We express no opinion concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Escrow Agreement has been duly authorized, executed, and delivered by the Authority and, assuming due authorization, execution, and delivery thereof by the Escrow Agent, is a valid and binding obligation, enforceable in accordance with its terms (except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity), and that the outstanding obligations refunded, discharged, paid, and retired with certain proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in trust with the Escrow Agent, pursuant to the Escrow Agreement and the resolutions authorizing their issuance, and in accordance with the provisions of Chapter 1207, as amended, Texas Government Code. In rendering this opinion, we have relied upon the Sufficiency Certificate concerning the sufficiency of the cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

BASED ON OUR EXAMINATION, IT IS FURTHER OUR OPINION that the Bonds have been duly authorized by the Authority and issued in conformity with the Constitution and laws of the State of Texas now in force, and the Bonds issued in compliance with the provisions of the Resolution are valid, legally binding and enforceable special obligations of the Authority, payable solely from and equally and ratably secured by a lien on and pledge of the Special Payments (being the Annual Payments as defined in the Contract) to be received by the Authority from the Participating Members and Participating Parties pursuant to the Contract, together with certain other funds on deposit in the accounts established in the Resolution, and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization,

**Legal Opinion of Norton Rose Fulbright US LLP, Austin and San Antonio, Texas, in connection with the authorization and issuance of “CANYON REGIONAL WATER AUTHORITY TAX-EXEMPT CONTRACT REVENUE REFUNDING BONDS (WELLS RANCH I PROJECT), SERIES 2021”**

moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. In the Resolution, the Authority retains the right to issue Additional Bonds and Additional Obligations, without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise. The Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Authority, except with respect to the Annual Payments. The holder of the Bonds shall never have the right to demand payment of the Bonds out of any funds raised or to be raised by taxation.

BASED ON OUR EXAMINATION, IT IS FURTHER OUR OPINION that, assuming continuing compliance after the date hereof by the Authority, the Participating Members, and the Participating Parties with the provisions of the Resolution and the Contract and in reliance upon the Sufficiency Certificate as to the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement and upon the representations and certifications of the Authority made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, under existing statutes, regulations, published rulings, and court decisions (1) interest on the Bonds will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”) of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code and (2) interest on the Bonds will not be included in computing the alternative minimum taxable income of the owners thereof.

WE EXPRESS NO OTHER OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

**Legal Opinion of Norton Rose Fulbright US LLP, Austin and San Antonio, Texas, in connection with the authorization and issuance of “CANYON REGIONAL WATER AUTHORITY TAX-EXEMPT CONTRACT REVENUE REFUNDING BONDS (WELLS RANCH I PROJECT), SERIES 2021”**

Norton Rose Fulbright US LLP

APPENDIX F  
SELECTED PROVISIONS OF THE RESOLUTION

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## SELECTED PROVISIONS OF THE RESOLUTION

The following constitutes a summary of certain selected provisions of the Resolution. This summary should be qualified by reference to other provisions of the Resolution referred to elsewhere in this Official Statement, and all references and summaries pertaining to the Resolution in this Official Statement are, separately and in whole, qualified by reference to the exact terms of the Resolution, a copy of which may be obtained from the Authority.

SECTION 9: Definitions. For all purposes of this Resolution (as defined below), except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined in this Section have the meanings assigned to them in this Section, and certain terms used in Sections 36 and 50 of this Resolution have the meanings assigned to them in such Sections, and all such terms include the plural as well as the singular; (ii) all references in this Resolution to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of this Resolution as originally adopted; and (iii) the words "herein", "hereof", and "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Section or other subdivision.

A. The term *Additional Bonds* shall mean the obligations issued in accordance with the terms and conditions prescribed in Section 17 hereof.

B. The term *Additional Obligations* shall mean, collectively, any Prior Lien Obligations, Junior Lien Obligations, or Inferior Lien Obligations hereafter issued by the Authority.

C. The term *Authority* shall mean Canyon Regional Water Authority and any other public agency succeeding to the powers, rights, privileges and functions of the Authority and, when appropriate, the Board of Trustees of the Authority.

D. The term *Authorized Officials* shall mean the President, Board of Trustees, the Vice President, Board of Trustees, the Secretary, Board of Trustees, and/or the General Manager of the Authority.

E. The term *Average Annual Debt Service Requirements* shall mean that average amount which, at the time of computation, will be required to pay the Debt Service Requirement on all outstanding Bonds Similarly Secured when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Debt Service Requirement by the number of Fiscal Years then remaining before Stated Maturity of such Bonds Similarly Secured. For purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year. Capitalized interest payments provided from bond proceeds shall be excluded in making the aforementioned computation.

F. The term *Bond Fund* shall mean the special Fund or account created and established by the provisions of Section 13 of this Resolution.

G. The term *Bonds* shall mean the \$\_\_\_\_\_ "CANYON REGIONAL WATER AUTHORITY TAX-EXEMPT CONTRACT REVENUE REFUNDING BONDS"

(WELLS RANCH I PROJECT), SERIES 2021”, dated May 1, 2021, authorized by this Resolution.

H. The term *Bonds Similarly Secured* shall mean the currently outstanding Previously Issued Bonds, the Bonds and any Additional Bonds hereafter issued by the Authority or bonds issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured by a first and prior lien on and pledge of the Special Payments.

I. The term *Closing Date* shall mean the date of physical delivery of the Initial Bond for the payment in full by the Purchasers.

J. The *Contract* shall mean the Water Supply Contract, dated as of May 1, 2007, together with amendments and supplements thereto (which by the term of such instrument is designated as a supplement or amendment to such Contract), a conformed copy of such Contract, as amended, being attached hereto as Exhibit E for the purposes of identification.

K. The term *Debt Service Requirements* shall mean as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the Authority as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest calculated by assuming (i) that the interest rate for every 12-month period on such bonds is equal to the rate of interest reported in the most recently published edition of *The Bond Buyer* (or its successor) at the time of calculation as the “Revenue Bond Index” or, if such Revenue Bond Index is no longer being maintained by *The Bond Buyer* (or its successor) at the time of calculation, such interest rate shall be assumed to be 80% of the rate of interest then being paid on United States Treasury obligations of like maturity and (ii) that the principal of such bonds is amortized such that annual debt service is substantially level over the remaining stated life of such bonds, and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

L. The term *Depository* shall mean an official depository bank of the Authority.

M. The term *Fiscal Year* shall mean the twelve month accounting period used by the Authority in connection with the operation of the System, currently ending on September 30th of each year, which may be any twelve consecutive month period established by the Authority, but in no event may the Fiscal Year be changed more than one time in any three calendar year period.

N. The term *Government Securities* shall mean (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the



proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, or (iv) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Bonds.

O. The term *Gross Revenues* shall mean all income and increment, including, but not limited to, connection fees which may be derived from the ownership and/or operation of the System as it is purchased, constructed or otherwise acquired, but shall not mean the income and increment derived from a contract or contracts with persons, corporations, municipal corporations, political subdivisions, or other entities which under the terms of the authorizing resolution(s) or order(s) that may be pledged for the requirements of the Authority’s Special Project Bonds issued particularly to finance certain facilities (even though the facilities to be financed with the Special Project Bonds are physically connected to the System) needed in performing any such contract or contracts; provided, however, that the Board of Trustees of the Authority may utilize any revenues, including those generated by the Contract, in excess of the Debt Service Requirements on the Bonds Similarly Secured for any lawful purpose in accordance with this Resolution and the Contract.

P. The term *Holder or Holders* shall mean the registered owner, whose name appears in the Security Register, for any Bond.

Q. The term *Inferior Lien Obligations* shall mean (i) any bonds, notes, warrants, or other obligations hereafter issued by the Authority payable wholly or in part from a pledge of and lien on Net Revenues of the System, all as further provided in Section 19 of this Resolution, which is subordinate and inferior to the lien on and pledge thereof securing the payment of any Prior Lien Obligations or Junior Lien Obligations hereafter issued by the Authority, and (ii) obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured by a subordinate and inferior lien on and pledge of the Net Revenues as determined by the Board of Trustees of the Authority in accordance with any applicable law.

R. The term *Interest Payment Date* shall mean the date semiannual interest is payable on the Bonds, being February 1 and August 1 of each year, commencing February 1, 2022, while any of the Bonds remain Outstanding.

S. The term *Junior Lien Obligations* shall mean (i) any bonds, notes, warrants, or any similar obligations hereafter issued by the Authority that are payable wholly or in part from and equally and ratably secured by a junior and inferior lien on and pledge of the Net Revenues of the System, all as further provided in Section 19 of this Resolution and (ii) obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured by a junior and inferior lien on and pledge of the Net Revenues as determined by the Board of Trustees in accordance with any applicable law.

T. The term *Maintenance and Operation Expenses* shall mean the expenses necessary to provide for the administration, efficient operation and adequate maintenance of the Authority's System, including the cost of purchasing water, paying necessary wages, salaries, and benefits, the acquisition of property and materials necessary to maintain the System in good condition and to operate it efficiently, together with such other costs and expenses as may now or hereafter be defined by law as proper maintenance and operation expenses of the System, including Operation and Maintenance Expenses (as defined in the Contract).

U. The term *Net Revenues* shall mean Gross Revenues of the System, with respect to any period, after deducting the System's Maintenance and Operation Expenses during such period.

V. The term *Outstanding* shall mean when used in this Resolution with respect to Bonds means, as of the date of determination, all Bonds issued and delivered under this Resolution, except:

(1) those Bonds canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds for which payment has been duly provided by the Authority in accordance with the provisions of Section 38 of this Resolution by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Resolution or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and

(3) those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 32 of this Resolution.

W. The term *Participating Members* shall have the meaning ascribed in the Contract and will include their lawful assigns under applicable law.

X. The term *Previously Issued Bonds* shall mean (i) Canyon Regional Water Authority Tax-Exempt Contract Revenue Bonds (Wells Ranch Project), Series 2009, dated June 1, 2009, in the principal amount of \$3,695,000, (ii) Canyon Regional Water Authority Tax-Exempt Contract Revenue Bonds (Wells Ranch Project), Series 2011, dated December 1, 2011, in the principal amount of \$15,575,000, and (iii) Canyon Regional Water Authority Tax-Exempt Contract Revenue Refunding Bonds (Wells Ranch Project I), Series 2016, dated August 1, 2016, in the principal amount of \$31,550,000.

Y. The term *Prior Lien Obligations* shall mean (i) any bonds, notes, warrants, or other evidences of indebtedness which the Authority reserves the right to issue or enter into, as the case may be, in the future under the terms and conditions provided in Section 18 of this Resolution and which are equally and ratably secured solely by a first and prior lien on and pledge of the Net Revenues of the System and (ii) obligations hereafter issued to refund any of

the foregoing if issued in a manner so as to be payable from and secured by a first and prior lien on and pledge of the Net Revenues as determined by the Board in accordance with applicable law.

Z. The term *Purchasers* shall mean the initial purchaser or purchasers of the Bonds named in Section 33 of this Resolution.

AA. The term *Resolution* shall mean this resolution adopted by the Board on May 10, 2021.

BB. The term *Special Payments* shall mean the payments that the Authority expects to receive from the Participating Members pursuant to the terms of the Contract and identified therein as Annual Payments.

CC. The term *Special Project Bonds* shall mean obligations which the Authority expressly reserves the right to issue in Section 20 of this Resolution.

DD. The term *Stated Maturity* shall mean the annual principal payments of the Bonds payable on August 1 of each year, as set forth in Section 2 of this Resolution.

EE. The term *System* shall mean the works, improvements, facilities, plants, equipments, appliances, property, easements, leaseholds, licenses, privileges, right of use or enjoyment, contract rights or other interests in property comprising the utility system of the Authority now owned or to be hereafter purchased, constructed or otherwise acquired whether by deed, contract or otherwise, together with any additions or extensions thereto or improvements and replacements thereof, or the utility system of any other entity to which the Authority has contractual rights of use, including the Project (as defined in the Contract), except the facilities which the Authority may purchase or acquire with the proceeds of the sale of Special Project Bonds, so long as such Special Project Bonds are outstanding, notwithstanding that such facilities may be physically connected with the System.

SECTION 10: Pledge of Special Payments. (a) The Authority hereby covenants and agrees that the Special Payments are hereby irrevocably pledged to the payment and security of the Bonds Similarly Secured including the establishment and maintenance of the special funds or accounts created and established for the payment and security thereof, all as hereinafter provided; and it is hereby resolved that the Bonds Similarly Secured, and the interest thereon, shall constitute a lien on and pledge of the Special Payments and be valid and binding without any physical delivery thereof or further act by the Authority, and the lien created hereby on the Special Payments for the payment and security of the Bonds Similarly Secured shall be prior in right and claim as to any other indebtedness, liability, or obligation of the Authority or the System payable pursuant to the terms of the Contract. The Authority shall deposit the Special Payments, as collected and received, into a separate fund and account known as the "Special Payment Account" to be utilized pursuant to the Contract and Section 13 hereof; provided, however, that the Board of Trustees of the Authority may utilize any revenues, including those generated by the Contract, in excess of the Debt Service Requirements on the Bonds Similarly Secured for any lawful purpose in accordance with this Resolution and the Contract.

(b) Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds Similarly Secured and the lien on and pledge of Special Payments granted by the Authority under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds Similarly Secured are outstanding and unpaid such that the pledge of the Special Payments granted by the Authority is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds Similarly Secured the perfection of the security interest in this pledge, the Board agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

SECTION 11: Rates and Charges. For the benefit of the Holders of the Bonds Similarly Secured and in addition to all provisions and covenants in the laws of the State of Texas and in this Resolution, the Authority hereby expressly stipulates and agrees, while any of the Bonds Similarly Secured are Outstanding, to establish and maintain rates and charges for facilities and services afforded by the System, including the Special Payments, that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce Gross Revenues in each Fiscal Year sufficient:

A. To pay all Maintenance and Operation Expenses, or any expenses required by statute to be a first claim on and charge against the Gross Revenues of the System;

B. To produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest on any Prior Lien Obligations hereafter issued by the Authority and the amounts required to be deposited in any reserve, contingency, or redemption fund or account created for the payment and security of any Prior Lien Obligations, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a prior and first lien on and pledge of the Net Revenues of the System;

C. To produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest on any Junior Lien Obligations hereafter issued by the Authority and the amounts required to be deposited in any reserve, contingency, or redemption fund or account created for the payment and security of any Junior Lien Obligations, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a junior and inferior lien on and pledge of the Net Revenues of the System;

D. To produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest on any Inferior Lien Obligations hereafter issued by the Authority and the amounts required to be deposited in any reserve, contingency, or redemption fund or account created for the payment and security of any Inferior Lien Obligations, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a subordinate and inferior lien on and pledge of the Net Revenues of the System; and

E. To produce Net Revenues, together with any other lawfully available funds, including Special Payments (being the Annual Payments pursuant to the Contract), to pay the

principal of and interest on the Bonds Similarly Secured as the same become due and payable and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of the Bonds Similarly Secured.

SECTION 12: System Fund. The Authority hereby covenants and agrees that the Gross Revenues of the System shall be deposited, as collected and received, into a separate fund or account to be created, established, and maintained with the Depository known as the “Canyon Regional Water Authority Utility Revenue Fund” (the “System Fund”) and that the Gross Revenues of the System shall be kept separate and apart from all other funds of the Authority. All Gross Revenues deposited into the System Fund shall be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

FIRST: to the payment of all necessary and reasonable Maintenance and Operation Expenses as defined herein or required by statute, to be a first charge on and claim against the Gross Revenues of the System.

SECOND: to the payment of the amounts required to be deposited into the bond, reserve, contingency, or redemption funds created and established for the payment of any Prior Lien Obligations hereafter issued by the Authority as the same become due and payable.

THIRD: to the payment of the amounts required to be deposited into the bond, reserve, contingency, or redemption funds created and established for the payment of any Junior Lien Obligations hereafter issued by the Authority as the same become due and payable.

FOURTH: to the payment of the amounts required to be deposited into the bond, reserve, contingency, or redemption funds created and established for the payment of any Inferior Lien Obligations hereafter issued by the Authority as the same become due and payable.

FIFTH: to the payment of the amounts that must be deposited in any special funds or accounts created and established for the payment and security of the Bonds Similarly Secured.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other Authority purpose now or hereafter permitted by law.

SECTION 13: Bond Fund – Surplus Bond Proceeds. For purposes of providing funds to pay the principal of and interest on the Bonds Similarly Secured as the same become due and payable, the Authority agrees to maintain, at the Depository, a separate and special fund or account to be created and known as the “Canyon Regional Water Authority Tax-Exempt Contract Revenue Refunding Bonds (Wells Ranch I Project), Series 2021 Interest and Sinking Fund” (the “Bond Fund”). The Authority covenants that there shall be deposited into the Bond Fund prior to each principal and interest payment date from the available Special Payments deposited into the Special Payment Account pursuant to Section 10 of this Resolution an amount equal to one hundred per cent (100%) of the amount required to fully pay the interest on and the

principal of the Bonds Similarly Secured then falling due and payable, such deposits to pay maturing principal and accrued interest on the Bonds Similarly Secured to be made in substantially equal monthly installments on or before the tenth day of each month, beginning on or before the tenth day of the month next following the delivery of the Bonds to the Purchasers. If the Special Payments in any month are insufficient to make the required payments into the Bond Fund, then the amount of any deficiency in such payment shall be added to the amount otherwise required to be paid into the Bond Fund in the next month.

The required monthly deposits to the Bond Fund for the payment of principal of and interest on the Bonds Similarly Secured shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the Bond Fund is equal to the amount required to fully pay and discharge all outstanding Bonds Similarly Secured (principal and interest) or, (ii) the Bonds Similarly Secured are no longer Outstanding.

Accrued interest and premium, if any, received from the Purchasers of the Bonds shall be deposited into the Bond Fund. In addition, any surplus proceeds from the sale of the Bonds, including investment income therefrom, not expended for authorized purposes shall be deposited into the Bond Fund, and such amounts so deposited shall reduce the sum otherwise required to be deposited in the Bond Fund from Special Payments.

#### SECTION 14: Deficiencies - Excess Net Revenues.

A. If on any occasion there shall not be sufficient Special Payments to make the required deposits into the Bond Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Special Payments, or from any other sources available for such purpose, and such payments shall be in addition to the amounts required to be paid into these Funds or accounts during such month or months.

B. Subject to making the required deposits to the Bond Fund when and as required by this Resolution, the resolutions authorizing the currently outstanding Previously Issued Bonds, or any resolutions authorizing the issuance of Additional Bonds or Additional Obligations, the excess Net Revenues of the System may be used by the Authority for any lawful purpose including, but not limited to, the redemption of any Bonds Similarly Secured.

SECTION 15: Payment of Bonds. While any of the Bonds Similarly Secured are outstanding, any Authorized Official shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Bond Fund, amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Bonds Similarly Secured as such installment accrues or matures; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the business day next preceding the date a debt service payment is due on the Bonds Similarly Secured.

SECTION 16: Investments. Funds held in any Fund or account created, established, or maintained pursuant to this Resolution shall, at the option of the Authority, be invested as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, or any other law (collateralized pursuant to the Public Funds Collateral

Act, as amended, Chapter 2257, Texas Government Code), and secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, including time deposits, certificates of deposit, guaranteed investment contracts, or similar contractual agreements, investments held in book-entry form, in securities including, but not limited to, direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, or Federal Housing Association; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from any Fund or account will be available at the proper time or times. Such investments (except State and Local Government Series investments held in book entry form, which shall at all times be valued at cost) shall be valued in terms of current market value within 45 days of the close of each Fiscal Year. All interest and income derived from deposits and investments in the Bond Fund immediately shall be credited to, and any losses debited to, the Bond Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

SECTION 17: Issuance of Additional Bonds. In addition to the right to issue bonds of prior and inferior lien as authorized by the laws of this State of Texas, the Authority reserves the right hereafter to issue Additional Bonds. The Additional Bonds, when issued, shall be payable from and secured by a lien on and pledge of the Special Payments in the same manner and to the same extent as the Bonds and the Bonds Similarly Secured, shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more installments provided, however, that no Additional Bonds, shall be issued unless and until the following conditions have been met:

A. Except for a refunding to cure a default, the Authority is not then in default as to any covenant, condition or obligation prescribed in the resolutions authorizing the issuance of the Bonds Similarly Secured or the Contract (including any amendment or supplement thereto).

B. A consulting engineer certifies to the Authority the need for an estimated amount of additional financing required for completion, expansion, enlargement or improvement of the System; provided, however this certification shall not be necessary for the issuance of any refunding bonds.

C. The Participating Members (as defined in the Contract), shall have approved the resolution(s) authorizing the issuance of the Additional Bonds as to form and content and acknowledged that the payment of principal of and interest on such Additional Bonds is payable, in whole or in part, from the Special Payments to be made to the Authority under and pursuant to the Contract.

D. The Additional Bonds are made to mature on February 1 or August 1 or both in each of the years in which they are scheduled to mature.

E. The resolution authorizing the issuance of the Additional Bonds provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Bonds as the same become due.

The Bonds Similarly Secured may be refunded (pursuant to any law then available) upon such terms and conditions as the Board of Trustees of the Authority may deem to be in the best interest of the Authority; provided, however, such refunding bonds do not have to comply with paragraph B hereof.

SECTION 18: Issuance of Prior Lien Obligations. Subject to the limitations set forth in the Contract, the Authority also reserves the right to issue Prior Lien Obligations that are payable from and secured by a first and prior lien and pledge of the Net Revenues of the System. The Authority covenants and agrees, however, it will not issue any Prior Lien Obligations unless:

A. Except for a refunding to cure a default, the Authority is not then in default as to any covenant, condition or obligation prescribed by the resolutions authorizing the issuance of the Bonds Similarly Secured.

B. Each of the funds created solely for the payment of principal of and interest on the Bonds Similarly Secured contains the amounts of money then required to be on deposit therein.

In addition, the Prior Lien Obligations may be refunded pursuant to any law then available upon such terms and conditions as the Board may deem to be in the best interest of the Authority and its inhabitants.

SECTION 19: Obligations of Inferior Lien and Pledge. Subject to the limitations set forth in the Contract, the Authority hereby reserves the right to issue, at any time, obligations including, but not limited to, Junior Lien Obligations and Inferior Lien Obligations payable from and secured, in whole or in part, by a lien on and pledge of the Net Revenues of the System, subordinate and inferior in rank and dignity to the lien on and pledge of such Net Revenues securing the payment of any Prior Lien Obligations hereafter issued by the Authority as may be authorized by the laws of the State of Texas.

SECTION 20: Special Project Bonds. Subject to the limitations set forth in the Contract, the Authority further reserves the right to issue bonds in one or more installments for the purchase, construction, improvement, extension, replacement, enlargement or repair of utility facilities necessary under a contract or contracts with persons, corporations, municipal corporations, political subdivisions, or other entities, such bonds to be payable from and secured by the proceeds of such contract or contracts. The Authority further reserves the right to refund such bonds and secure the payment of the debt service requirements on the refunding bonds in the same manner or as otherwise permitted by the laws of the State of Texas.

SECTION 21: Maintenance of System - Insurance. The Authority covenants, agrees, and affirms its covenants that while the Bonds Similarly Secured remain outstanding it will maintain and operate the System with all possible efficiency and maintain casualty and other insurance on the properties of the System and its operations of a kind and in such amounts customarily carried by municipal corporations in the State of Texas engaged in a similar type of business (which may include an adequate program of self-insurance); and that it will faithfully and punctually perform



all duties with reference to the System required by the laws of the State of Texas. All money received from losses under such insurance policies, other than public liability policies, shall be retained for the benefit of the Holders of the Bonds Similarly Secured until and unless the proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by replacing the property destroyed or repairing the property damaged, and adequate provision for making good such loss or damage must be made within ninety (90) days after the date of loss. The payment of premiums for all insurance policies required under the provisions hereof shall be considered Maintenance and Operation Expenses. Nothing in this Resolution shall be construed as requiring the Authority to expend any funds which are derived from sources other than the operation of the System but nothing herein shall be construed as preventing the Authority from doing so.

SECTION 22: Records and Accounts - Annual Audit. The Authority covenants, agrees, and affirms its covenants that so long as any of the Bonds Similarly Secured remain outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the System in which complete and correct entries shall be made of all transactions relating thereto as provided by applicable law. The Holders of the Bonds or any duly authorized agent or agents of such Holders shall have the right to inspect the System and all properties comprising the same. The Authority further agrees that following (and in no event later than 150 days after) the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Expenses incurred in making the annual audit of the operations of the System are to be regarded as Maintenance and Operation Expenses.

SECTION 23: Sale or Encumbrance of System. While any Bonds Similarly Secured remain Outstanding, the Authority will not sell, dispose of or, except as permitted in Sections 17, 18, 19 and 20, further encumber the Net Revenues of the System or any substantial part thereof; provided, however, that this provision shall not prevent the Authority from disposing of any of the Project or the System which is being replaced or is deemed by the Authority to be obsolete, worn out, surplus or no longer needed for the proper operation of the System. Any agreement pursuant to which the Authority contracts with a person, corporation, municipal corporation or political subdivision to operate the System or to lease and/or operate all or part of the System shall not be considered as an encumbrance of the System.

SECTION 24: Competition. To the extent it legally may, the Authority will not grant any franchise or permit for the acquisition, construction or operation of any competing facilities which might be used as a substitute for the System and will prohibit the operation of any such competing facilities.

SECTION 25: Special Covenants. The Authority further covenants and agrees that:

A. Encumbrance and Sale.

(1) The Special Payments and the Net Revenues have not in any manner been pledged to the payment of any debt or obligation of the Authority except with respect to the Bonds Similarly Secured; and while any of the Bonds Similarly Secured are

Outstanding, the Authority will not, except as provided in this Resolution, additionally encumber the Special Payments or the Net Revenues.

(2) While the Bonds Similarly Secured are Outstanding, and except as specifically permitted in Section 17, 18, 19 and 20, of this Resolution, the Authority shall not mortgage, pledge, encumber, sell, lease, or otherwise dispose of or impair its title to the Net Revenues of the System or any significant or substantial part thereof.

B. Title. The Authority lawfully owns or will own and is or will be lawfully possessed of the lands or easements upon which its System is and will be located, and has or will purchase good and indefeasible estate in such lands in fee simple, or has or will lawfully obtain any necessary easements to operate the System, and it warrants that it has or will obtain and will defend, the title to all the aforesaid lands and easements for the benefit of the owners of the Bonds Similarly Secured against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Special Payments to the payment of the Bonds Similarly Secured, in the manner prescribed herein, and that it has lawfully exercised such rights.

C. Liens. The Authority will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or its System, and it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge upon its System, provided, however, that no such tax, assessment, or charge, and that no such claims which might be or other lien or charge, shall be required to be paid while the validity of the same shall be contested in good faith by the Authority.

D. Performance. The Authority will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the resolutions authorizing the issuance of Bonds Similarly Secured, and in each and every Bond Similarly Secured and pay from the Special Payments the principal of and interest on every Bond Similarly Secured on the dates and in the places and manner prescribed in such resolutions and Bonds Similarly Secured; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited from the Special Payments the amounts required to be deposited into the Bond Fund; and the Holder of the Bonds Similarly Secured may require the Authority, its officials, agents, and employees to carry out, respect, or enforce the covenants and obligations of this Resolution or any resolution authorizing the issuance of Bonds Similarly Secured including, but without limitation, the use and filing of mandamus proceedings, in any court or competent jurisdiction, against the Authority, its officials, agents, and employees.

E. Legal Authority. The Authority is duly authorized under the laws of the State of Texas to issue the Bonds Similarly Secured; that all action on its part for the authorization and issuance of the Bonds Similarly Secured has been duly and effectively taken, and the Bonds Similarly Secured in the hands of the Holders thereof are and will be valid and enforceable special obligations of the Authority in accordance with their terms.

F. Budget. The Authority will prepare, adopt, and place into effect an annual budget (the "Annual Budget") for operation and maintenance of the System for each Fiscal Year,

including in each Annual Budget such items as are customarily and reasonably contained in a utility system budget under generally accepted accounting procedures.

G. Permits. The Authority will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to the System and which have been obtained from any governmental agency; and the Authority has or will obtain and keep in full force and effect all franchises, permits, authorizations, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of the System.

SECTION 26: Limited Obligations of the Authority. The Bonds Similarly Secured are limited, special obligations of the Authority payable from and equally and ratably secured, together with the currently outstanding Previously Issued Bonds, solely by a lien on and pledge of the Special Payments, and the Holders thereof shall never have the right to demand payment of the principal or interest on the Bonds Similarly Secured from any funds raised or to be raised through taxation by the Authority.

SECTION 27: Security of Funds. All money on deposit in the Funds or accounts for which this Resolution makes provision (except any portion thereof as may be at any time properly invested as provided herein) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds (including as required by and in accordance with the Texas Public Funds Collateral Act, codified at Chapter 2257, as amended, Texas Government Code), and money on deposit in such Funds or accounts shall be used only for the purposes permitted by this Resolution.

SECTION 28: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the Authority covenants and agrees particularly that in the event the Authority (a) defaults in the payments to be made to the Bond Fund, or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Resolution, the Holders of any of the Bonds Similarly Secured shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the Authority and other officers of the Authority to observe and perform any covenant, condition, or obligation prescribed in this Resolution.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

SECTION 29: Notices to Holders Waiver. Wherever this Resolution provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first-class postage prepaid, to the address of each Holder as it appears in the Security Register.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Holders. Where this Resolution provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 30: Bonds Are Negotiable Instruments. Each of the Bonds Similarly Secured authorized herein shall be deemed and construed to be a “security” and as such a negotiable instrument with the meaning of the Chapter 8 of the Texas Uniform Commercial Code.

SECTION 31: Cancellation. All Bonds Similarly Secured surrendered for payment, transfer, redemption, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the Authority, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The Authority may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds Similarly Secured previously certified or registered and delivered which the Authority may have acquired in any manner whatsoever, and all Bonds Similarly Secured so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Bonds Similarly Secured held by the Paying Agent/Registrar shall be destroyed as directed by the Authority.

SECTION 32: Mutilated, Destroyed, Lost, and Stolen Bonds. If (1) any mutilated Bond is surrendered to the Paying Agent/Registrar, or the Authority and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the Authority and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the Authority or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, the Authority shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same Stated Maturity and interest rate and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the Authority in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond or payment in lieu thereof, under this Section, the Authority may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge or fee imposed in relation thereto and any other expenses (including attorney’s fees and the fees and expenses of the Paying Agent/Registrar) connected therewith.

Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the Authority, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and

shall be entitled to all the benefits of this Resolution equally and ratably with all other Outstanding Bonds.

SECTION 33: The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Bonds.

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APPENDIX G  
ACTUAL CONTRACT

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**AMENDMENT NO. 3 TO THE 2007 WATER SUPPLY CONTRACT (WELLS RANCH PROJECT) BETWEEN THE CANYON REGIONAL WATER AUTHORITY, CITY OF SAN ANTONIO, TEXAS, ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM (AS SUCCESSOR IN INTEREST TO THE BEXAR METROPOLITAN WATER DISTRICT), CITY OF CIBOLO, TEXAS, CITY OF MARION, TEXAS, EAST CENTRAL SPECIAL UTILITY DISTRICT, GREEN VALLEY SPECIAL UTILITY DISTRICT, CRYSTAL CLEAR SPECIAL UTILITY DISTRICT, AND SPRINGS HILL WATER SUPPLY CORPORATION**

This third amendment (the "Amendment No. 3") to the Water Supply Contract originally dated May 1, 2007 (the "Contract"), as previously amended on June 8, 2009 by Amendment No. 1 ("Amendment No. 1") and as previously amended by an Amendment No. 2 dated October 24, 2011 (the "Amendment No. 2"), is made by and among the CANYON REGIONAL WATER AUTHORITY, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas (the "Authority"), and the CITY OF SAN ANTONIO, TEXAS, ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM ("SAWS") (AS SUCCESSOR IN INTEREST TO THE BEXAR METROPOLITAN WATER DISTRICT), CITY OF CIBOLO, TEXAS, CITY OF MARION, TEXAS, EAST CENTRAL SPECIAL UTILITY DISTRICT, GREEN VALLEY SPECIAL UTILITY DISTRICT, CRYSTAL CLEAR SPECIAL UTILITY DISTRICT, AND SPRINGS HILL WATER SUPPLY CORPORATION (collectively, the "Original Participating Members", which, together with any Additional Participating Members as hereinafter defined, are collectively or individually referred to herein as "Participating Members"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned in the Contract.

WITNESSETH:

WHEREAS, each of the Participating Members under the Contract has agreed to pay, on a take-or-pay basis, its share of costs of the Project, the Project Costs, and the Bonds in the time and manner as set forth in the Contract and in each of the previous Bond Resolutions; and

WHEREAS, the Crystal Clear Special Utility District, formerly Crystal Clear Water Supply Corporation, has been converted to a special utility district pursuant to a special act of the Texas Legislature and as such is a political subdivision of the State of Texas; and

WHEREAS, pursuant to authority granted by the 82<sup>nd</sup> Regular Texas Legislature through its enrollment of Senate Bill 341 (*SB 341*), the City Council (the *City Council*) of the City of San Antonio, Texas (the *City*) adopted Ordinance No. 2011-10-20-0845 (the *DSP Ordinance*) for the purpose of creating and prescribing the terms of operation of the District Special Project (as further defined and described herein, the *District Special Project* or the *DSP*) to accommodate and accomplish the assumption by the City, acting by and through the San Antonio Water System (*SAWS*), of the Bexar Metropolitan Water District (the *District*) upon its dissolution; and

WHEREAS, District voters approved the dissolution of the District and its assumption by SAWS at an election held within the District on November 8, 2011; and

WHEREAS, by operation of law, the City assumed the responsibility of operating and maintaining the District on January 28, 2012 (as further defined and described herein, the *SAWS Transfer*); and

WHEREAS, as required by and in accordance with the provisions of SB 341, the Texas Commission on Environmental Quality, on March 1, 2012, executed an Order (TCEQ Docket No. 2012-0421-MLM) that transferred and assigned to the City, acting by and through SAWS, all (i) rights and duties of the District, including existing contracts, duties, assets, and obligations of the District, (ii) files records, and accounts of the District, including those that pertain to the control, finances, management, and operation of the District, and (iii) permits, approvals, and certificates necessary to provide water services (collectively, the *Transferred Interests*); and

WHEREAS, the DSP is a “special project”, as such term is defined in the City ordinances authorizing the issuance of those City obligations supported by a lien on and pledge of certain revenues of the City’s combined water, wastewater, and chilled water systems (the *City System*); and

WHEREAS, the DSP is operated as a component unit and a department of SAWS and no revenues of the City System shall be used in support of the combined waterworks system comprising the DSP (as further defined and described herein, the *DSP System*) until such time as the DSP System and the City System are integrated in accordance with the terms SB 341 and the DSP Ordinance (as further described and defined herein, *System Integration*); and

WHEREAS, the Transferred Interests, including the DSP System and outstanding District obligations supported by a lien on and pledge of certain revenues of the DSP System (as further described and defined herein, the *DSP Debt Obligations*), are held by the City within the DSP; and

WHEREAS, in the DSP Ordinance, the City assumed the operational covenants relating to the DSP System made by the District in connection from time to time with its issuance of the DSP Debt Obligations for the benefit of the holders of such DSP Debt Obligations, and which covenants include limitations on the City’s ability to issue additional indebtedness secured by a lien on and pledge of the DSP System revenues;

WHEREAS, the assumption of the District by the City, acting by and through SAWS, and its creation and utilization of the DSP to hold the Transferred Interests until System Integration, as well as the conduct and results of the Election and other matters relating to the foregoing, were validated by order of the 410<sup>th</sup> Judicial District Court of Travis County, Texas (Cause No. D-1-GV-12-000115), entered on March 5, 2012, in a declaratory judgment proceeding initiated by the City under the provisions of Chapter 1205, as amended, Texas Government Code, which order became unappealable on April 4, 2012; and

WHEREAS, on February 25, 2016, the City issued obligations designated as (i) City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2016A (No Reserve Fund) and (ii) City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Taxable Series 2016B (No Reserve Fund) to redeem and defease all outstanding DSP Debt Obligations;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the Authority and each of the Participating Members agree and contract as follows:

Section 1: Each of the Participating Members hereby agrees to Amendment No. 3 to reflect SAWS as the successor entity to Bexar Metropolitan Water District and the conversion of Crystal Clear Water Supply Corporation to Crystal Clear Special Utility District and to confirm, approve, and ratify their Annual Payment obligations and other contractual obligations as set forth in the Contract and as specified in Exhibit A thereto and hereto;

Section 2: Exhibit A of the Contract is amended to read as Exhibit A attached hereto.

Section 3: This Amendment No. 3 shall be construed and governed in accordance with the laws of the State of Texas. Except as provided by this Amendment No. 3, the Contract, including Amendment No. 1 and Amendment No. 2, is hereby ratified, reconfirmed, and readopted by the Authority and each Participating Member.

Section 4: This Amendment No. 3 may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

Section 5: This Amendment No. 3 supersedes and takes the place of any and all previous agreements (except the Contract, Amendment No. 1, and Amendment No. 2) entered into among the parties hereto with respect to the subject matter hereof. All other provisions of the Contract, not specifically amended herein are hereby confirmed and ratified.

Section 6: The persons signing this Amendment No. 3 are duly authorized to execute it on behalf of such party, and each party warrants that it is authorized to execute and deliver this Amendment No. 3 and to perform its duties hereunder.

Section 7: Goods and Services; Waiver of Sovereign Immunity; Limitation on Damages. The Participating Members under the Contract agree that the mutual commitment stated in the Contract to provide water, emergency water service, water treatment services, and funding for utility system improvements constitute an agreement by each party for providing goods and services to the other parties, and that the Contract, as amended, is subject to Chapter 271, Subchapter I, of the Texas Local Government Code. In addition, each Participating Party (recognizing that SAWS was not a Participating Member to the original Contract, but is a party to Amendment No. 3 to the Contract) agrees that the services provided by this Contract are governmental acts and not proprietary acts.

Section 8. This Amendment No. 3 has been entered into as of June 14, 2016.

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CANYON REGIONAL WATER AUTHORITY



(Seal)

  
Chairman

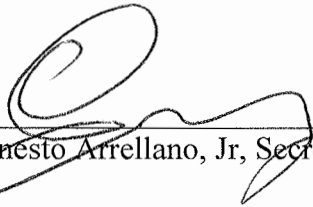
  
Secretary

CITY OF SAN ANTONIO, TEXAS, ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM (AS SUCCESSOR IN INTEREST TO THE BEXAR METROPOLITAN WATER DISTRICT)



\_\_\_\_\_  
Berto Guerra, Jr., Chairman

(Seal)



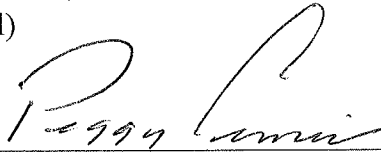
\_\_\_\_\_  
Ernesto Arrellano, Jr, Secretary

CITY OF CIBOLO, TEXAS



\_\_\_\_\_  
Mayor

(Seal)



\_\_\_\_\_  
City Secretary

CITY OF MARION, TEXAS

  
\_\_\_\_\_  
Mayor

(Seal)

  
\_\_\_\_\_  
City Secretary

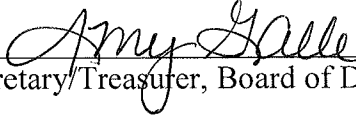
CRYSTAL CLEAR SPECIAL UTILITY DISTRICT



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President, Board of Directors

(Seal)



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Secretary/Treasurer, Board of Directors



EAST CENTRAL SPECIAL UTILITY DISTRICT

*Melvin E. Stray*  
\_\_\_\_\_  
President, Board of Directors

(Seal)

*David P. ...*  
\_\_\_\_\_  
Secretary, Board of Directors



(Seal)

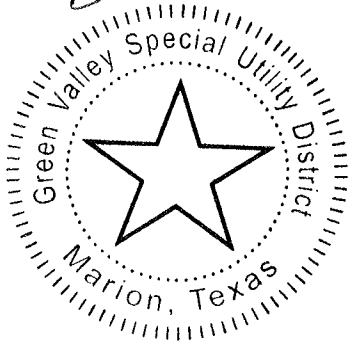
GREEN VALLEY SPECIAL UTILITY DISTRICT

*Dennis Dreyer*

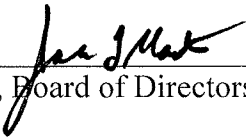
President, Board of Directors

*Jarvis R. Wille*

Secretary/Treasurer, Board of Directors



SPRINGS HILL WATER SUPPLY CORPORATION

  
\_\_\_\_\_  
President, Board of Directors

(Seal)

  
\_\_\_\_\_  
Secretary, Board of Directors

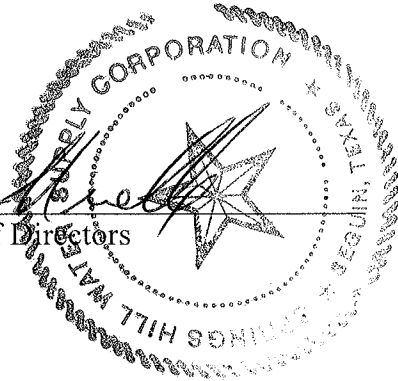


EXHIBIT A

Allocation and Maximum Rate of Flow

	<b>Plant Capacity In A/F</b>	<b>Percent of Ownership (%)</b>	<b>GPM Daily</b>	<b>Instantaneous Peak (GPM)</b>
San Antonio Water System	2800	53.85	1,735.89	2,256.65
City of Cibolo	700	13.46	433.97	564.16
East Central Special Utility District	500	9.62	309.98	402.97
Green Valley Special Utility District	700	13.46	433.97	564.16
City of Marion	100	1.92	62.00	80.59
Springs Hill Water Supply Corporation	100	1.92	62.00	80.59
Crystal Clear Special Utility District	300	5.77	185.99	241.78
<b>TOTALS</b>	<b>5,200</b>	<b>100%</b>	<b>3,223.80</b>	<b>4,190.90</b>

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**AMENDMENT NO. 2 TO THE WATER SUPPLY CONTRACT (WELLS RANCH PROJECT) BETWEEN THE CANYON REGIONAL WATER AUTHORITY, BEXAR METROPOLITAN WATER DISTRICT, CITY OF CIBOLO, TEXAS, CITY OF MARION, TEXAS, EAST CENTRAL SPECIAL UTILITY DISTRICT, GREEN VALLEY SPECIAL UTILITY DISTRICT, CRYSTAL CLEAR WATER SUPPLY CORPORATION, AND SPRINGS HILL WATER SUPPLY CORPORATION**

This second amendment to the Water Supply Contract originally dated May 1, 2007 (the "Contract"), as previously amended on June 8, 2009 by Amendment No. 1 ("Amendment No. 1") (the "Amendment No. 2") is made by and among the CANYON REGIONAL WATER AUTHORITY, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas (the "Authority"), and THE BEXAR METROPOLITAN WATER DISTRICT, CITY OF CIBOLO, TEXAS, CITY OF MARION, TEXAS, EAST CENTRAL SPECIAL UTILITY DISTRICT, GREEN VALLEY SPECIAL UTILITY DISTRICT, CRYSTAL CLEAR WATER SUPPLY CORPORATION, AND SPRINGS HILL WATER SUPPLY CORPORATION (collectively, the "Original Participating Members", which, together with any Additional Participating Members as hereinafter defined, are collectively or individually referred to herein as "Participating Members"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned in the Contract.

**WITNESSETH:**

WHEREAS, each of the Participating Members under the Contract has agreed to pay, on a take-or-pay basis, its share of costs of the Project, the Project Costs, and the Bonds in the time and manner as set forth in the Contract and the Bond Resolution;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the Authority and each of the Participating Members agree and contract as follows:

Section 1: Each of the Participating Members hereby agrees to the issuance of additional Bonds in an amount not to exceed \$15,575,000 to further complete the Project and to their Annual Payment obligations and other contractual obligations as set forth in the Contract and as specified in Exhibit A thereto;

Section 2. This Amendment No. 2 shall be construed and governed in accordance with the laws of the State of Texas. Except as provided by this Amendment No. 2, the Contract, including Amendment No. 1, is hereby ratified, reconfirmed, and readopted by the Authority and each Participating Member.

Section 3: This Amendment No. 2 may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

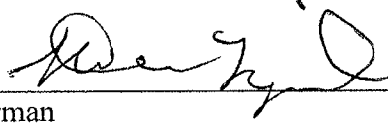
Section 4: This Amendment No. 2 supersedes and takes the place of any and all previous agreements (except the Contract and Amendment No. 1) entered into among the parties hereto with respect to the subject matter hereof. All other provisions of the Contract, not specifically amended herein are hereby confirmed and ratified.

Section 5: The persons signing this Amendment No. 2 are duly authorized to execute it on behalf of such party, and each party warrants that it is authorized to execute and deliver this Amendment No. 2 and to perform its duties hereunder.

Section 6: This Amendment No. 2 has been entered into as of October 24, 2011.

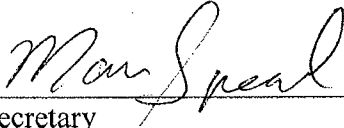
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CANYON REGIONAL WATER AUTHORITY



Chairman

(Seal)



Secretary

BEXAR METROPOLITAN WATER DISTRICT

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary, Board of Directors

CITY OF CIBOLO, TEXAS

\_\_\_\_\_  
Mayor

(Seal)

\_\_\_\_\_  
City Secretary

CRYSTAL CLEAR WATER SUPPLY CORPORATION

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary/Treasurer, Board of Directors



CANYON REGIONAL WATER AUTHORITY

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Chairman

(Seal)

---

Secretary

BEXAR METROPOLITAN WATER DISTRICT

  
\_\_\_\_\_  
President, Board of Directors

(Seal)

  
\_\_\_\_\_  
Secretary, Board of Directors

CITY OF CIBOLO, TEXAS

---

Mayor

(Seal)

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City Secretary

CRYSTAL CLEAR WATER SUPPLY CORPORATION

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President, Board of Directors

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Secretary/Treasurer, Board of Directors

CANYON REGIONAL WATER AUTHORITY

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Chairman

(Seal)

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Secretary

BEXAR METROPOLITAN WATER DISTRICT

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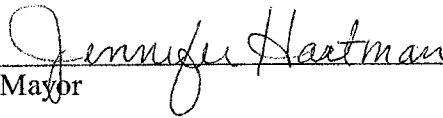
President, Board of Directors

(Seal)

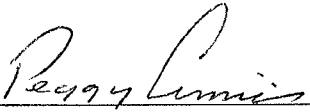
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Secretary, Board of Directors

CITY OF CIBOLO, TEXAS

  
\_\_\_\_\_  
Mayor

(Seal)

  
\_\_\_\_\_  
City Secretary

CRYSTAL CLEAR WATER SUPPLY CORPORATION

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President, Board of Directors

(Seal)

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Secretary/Treasurer, Board of Directors

CANYON REGIONAL WATER AUTHORITY

\_\_\_\_\_  
Chairman

(Seal)

\_\_\_\_\_  
Secretary

BEXAR METROPOLITAN WATER DISTRICT

\_\_\_\_\_  
President, Board of Directors

(Seal)

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Secretary, Board of Directors

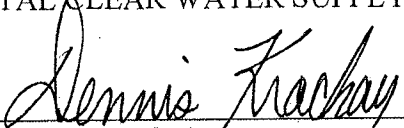
CITY OF CIBOLO, TEXAS

\_\_\_\_\_  
Mayor

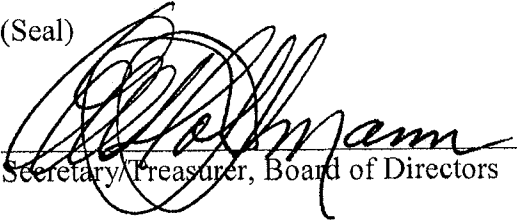
(Seal)

\_\_\_\_\_  
City Secretary

CRYSTAL CLEAR WATER SUPPLY CORPORATION

  
\_\_\_\_\_  
President, Board of Directors

(Seal)

  
\_\_\_\_\_  
Secretary/Treasurer, Board of Directors

EAST CENTRAL SPECIAL UTILITY DISTRICT

*Melvin E. Struy*  
\_\_\_\_\_  
President, Board of Directors

(Seal)

*James W. Adams*  
\_\_\_\_\_  
Secretary, Board of Directors

GREEN VALLEY SPECIAL UTILITY DISTRICT

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary, Board of Directors

CITY OF MARION, TEXAS

\_\_\_\_\_  
Mayor

(Seal)

\_\_\_\_\_  
City Secretary

SPRINGS HILL WATER SUPPLY CORPORATION

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary, Board of Directors


EAST CENTRAL SPECIAL UTILITY DISTRICT

\_\_\_\_\_  
President, Board of Directors

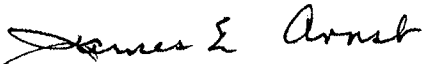
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\_\_\_\_\_  
Secretary, Board of Directors

GREEN VALLEY SPECIAL UTILITY DISTRICT

  
\_\_\_\_\_  
President, Board of Directors

(Seal)

  
\_\_\_\_\_  
Secretary/Treasurer, Board of Directors

CITY OF MARION, TEXAS

\_\_\_\_\_  
Mayor

(Seal)

\_\_\_\_\_  
City Secretary

SPRINGS HILL WATER SUPPLY CORPORATION

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary, Board of Directors

EAST CENTRAL SPECIAL UTILITY DISTRICT

\_\_\_\_\_  
President, Board of Directors

(Seal)

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Secretary, Board of Directors

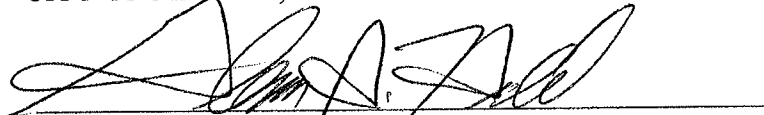
GREEN VALLEY SPECIAL UTILITY DISTRICT

\_\_\_\_\_  
President, Board of Directors

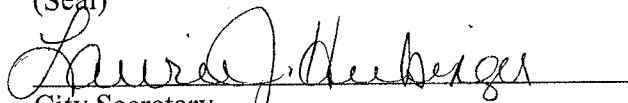
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\_\_\_\_\_  
Secretary, Board of Directors

CITY OF MARION, TEXAS

  
\_\_\_\_\_  
Mayor

(Seal)

  
\_\_\_\_\_  
City Secretary

SPRINGS HILL WATER SUPPLY CORPORATION

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary, Board of Directors

EAST CENTRAL SPECIAL UTILITY DISTRICT

\_\_\_\_\_  
President, Board of Directors

(Seal)

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Secretary, Board of Directors

GREEN VALLEY SPECIAL UTILITY DISTRICT

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President, Board of Directors

(Seal)

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Secretary/Treasurer, Board of Directors

CITY OF MARION, TEXAS

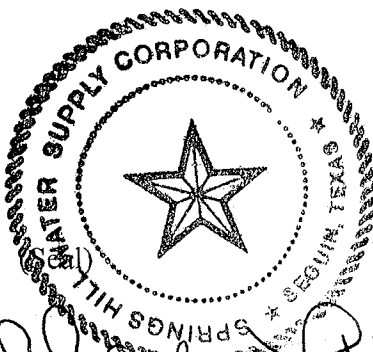
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Mayor

(Seal)

\_\_\_\_\_  
City Secretary

SPRINGS HILL WATER SUPPLY CORPORATION

*Joe J. Hunt*  
\_\_\_\_\_  
President, Board of Directors



*[Signature]*  
\_\_\_\_\_  
Secretary, Board of Directors

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**AMENDMENT NO. 1 TO THE WATER SUPPLY CONTRACT (WELLS RANCH PROJECT) BETWEEN THE CANYON REGIONAL WATER AUTHORITY, BEXAR METROPOLITAN WATER DISTRICT, CITY OF CIBOLO, TEXAS, CITY OF MARION, TEXAS, EAST CENTRAL SPECIAL UTILITY DISTRICT, GREEN VALLEY SPECIAL UTILITY DISTRICT, CRYSTAL CLEAR WATER SUPPLY CORPORATION, AND SPRINGS HILL WATER SUPPLY CORPORATION**

This first amendment to the Water Supply Contract (the "Contract") originally dated May 1, 2007 (the "Amendment No. 1") is made by and among the CANYON REGIONAL WATER AUTHORITY, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas (the "Authority"), and THE BEXAR METROPOLITAN WATER DISTRICT, CITY OF CIBOLO, TEXAS, CITY OF MARION, TEXAS, EAST CENTRAL SPECIAL UTILITY DISTRICT, GREEN VALLEY SPECIAL UTILITY DISTRICT, CRYSTAL CLEAR WATER SUPPLY CORPORATION, AND SPRINGS HILL WATER SUPPLY CORPORATION (collectively, the "Original Participating Members", which, together with any Additional Participating Members as hereinafter defined, are collectively or individually referred to herein as "Participating Members"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned in the Contract.

**WITNESSETH:**

WHEREAS, each of the Participating Members under the Contract has agreed to pay, on a take-or-pay basis, its share of costs of the Project, the Project Costs, and the Bonds in the time and manner as set forth in the Contract and the Bond Resolution;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the Authority and each of the Participating Members agree and contract as follows:

Section 1: Each of the Participating Members hereby agrees to the issuance of additional Bonds in an amount not to exceed \$3,700,000 to complete the Project and to their Annual Payment obligations and other contractual obligations as set forth in the Contract and as specified in Exhibit A thereto;

Section 2. This Amendment No. 1 shall be construed and governed in accordance with the laws of the State of Texas. Except as provided by this Amendment No. 1, the Contract is hereby ratified, reconfirmed, and readopted by the Authority and each Participating Member.

Section 3: This Amendment No. 1 may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

Section 4: This Amendment No. 1 supersedes and takes the place of any and all previous agreements (except the Contract) entered into among the parties hereto with respect to the subject matter hereof. All other provisions of the Contract, not specifically amended herein are hereby confirmed and ratified.

Section 5: The persons signing this Amendment No. 1 are duly authorized to execute it on behalf of such party, and each party warrants that it is authorized to execute and deliver this Amendment No. 1 and to perform its duties hereunder.

Section 6: This Amendment No. 1 has been entered into as of June 8, 2009.

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CANYON REGIONAL WATER AUTHORITY

*Melvin E. Stray*  
Chairman

(Seal)

*Mark Speed*  
Secretary

BEXAR METROPOLITAN WATER DISTRICT

\_\_\_\_\_  
President

(Seal)

\_\_\_\_\_  
Secretary

CITY OF CIBOLO, TEXAS

\_\_\_\_\_  
Mayor

(Seal)

\_\_\_\_\_  
City Secretary

CYRSTAL CLEAR WATER SUPPLY CORPORATION

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary/Treasurer

CANYON REGIONAL WATER AUTHORITY

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary

BEXAR METROPOLITAN WATER DISTRICT

*Madeline A. Lopez*  
\_\_\_\_\_  
President

(Seal)

*Blanche Otterson*  
\_\_\_\_\_  
Secretary

CITY OF CIBOLO, TEXAS

\_\_\_\_\_  
Mayor

(Seal)

\_\_\_\_\_  
City Secretary

CYRSTAL CLEAR WATER SUPPLY CORPORATION

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary/Treasurer

CANYON REGIONAL WATER AUTHORITY

\_\_\_\_\_  
Chairman

(Seal)

\_\_\_\_\_  
Secretary

BEXAR METROPOLITAN WATER DISTRICT

\_\_\_\_\_  
President

(Seal)

\_\_\_\_\_  
Secretary

CITY OF CIBOLO, TEXAS

*Jennifer Hartman*  
\_\_\_\_\_  
Mayor

(Seal)

*Peggy Comas*  
\_\_\_\_\_  
City Secretary

CYRSTAL CLEAR WATER SUPPLY CORPORATION

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary/Treasurer

CANYON REGIONAL WATER AUTHORITY

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary

BEXAR METROPOLITAN WATER DISTRICT

\_\_\_\_\_  
President

(Seal)

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Secretary

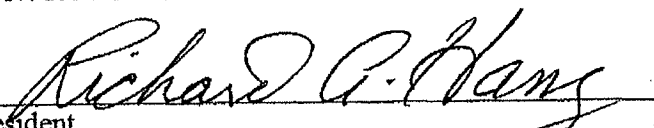
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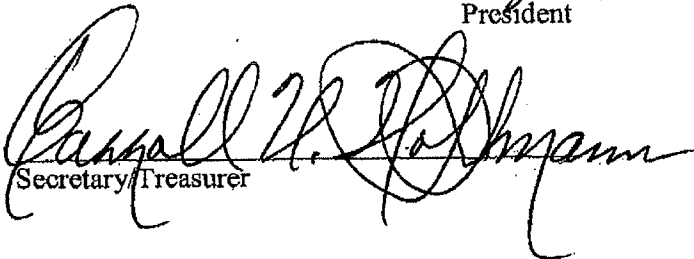
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Mayor

(Seal)

\_\_\_\_\_  
City Secretary

CYRSTAL CLEAR WATER SUPPLY CORPORATION

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Secretary/Treasurer

EAST CENTRAL SPECIAL UTILITY DISTRICT

Melvin E. Stray  
President

(Seal)

Donald C. Jones  
Secretary

GREEN VALLEY SPECIAL UTILITY DISTRICT

\_\_\_\_\_  
President

(Seal)

\_\_\_\_\_  
Secretary

CITY OF MARION, TEXAS

\_\_\_\_\_  
Mayor

(Seal)

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City Secretary

SPRINGS HILL WATER SUPPLY CORPORATION

\_\_\_\_\_  
President

(Seal)

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Secretary

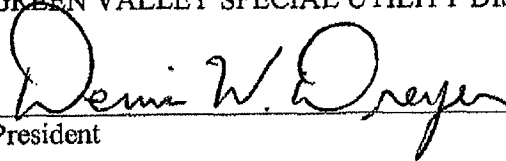
EAST CENTRAL SPECIAL UTILITY DISTRICT

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President

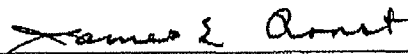
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\_\_\_\_\_  
Secretary

GREEN VALLEY SPECIAL UTILITY DISTRICT

  
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President

(Seal)

  
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Secretary

CITY OF MARION, TEXAS

\_\_\_\_\_  
Mayor

(Seal)

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City Secretary

SPRINGS HILL WATER SUPPLY CORPORATION

\_\_\_\_\_  
President

(Seal)

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Secretary



EAST CENTRAL SPECIAL UTILITY DISTRICT

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President

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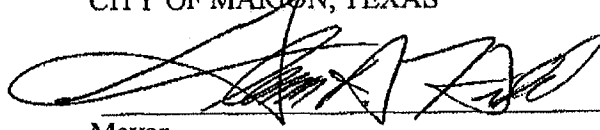
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President

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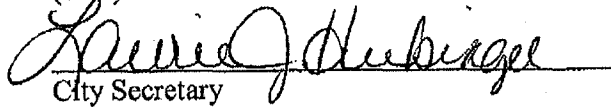
\_\_\_\_\_  
Secretary

CITY OF MARION, TEXAS



\_\_\_\_\_  
Mayor

(Seal)



\_\_\_\_\_  
City Secretary

SPRINGS HILL WATER SUPPLY CORPORATION

\_\_\_\_\_  
President

(Seal)

\_\_\_\_\_  
Secretary

EAST CENTRAL SPECIAL UTILITY DISTRICT

\_\_\_\_\_  
President

(Seal)

\_\_\_\_\_  
Secretary

GREEN VALLEY SPECIAL UTILITY DISTRICT

\_\_\_\_\_  
President

(Seal)

\_\_\_\_\_  
Secretary

CITY OF MARION, TEXAS

\_\_\_\_\_  
Mayor

(Seal)

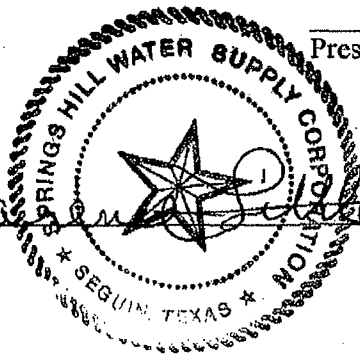
\_\_\_\_\_  
City Secretary

SPRINGS HILL WATER SUPPLY CORPORATION

*John J. Mack*  
\_\_\_\_\_  
President

(Seal)

*[Signature]*  
\_\_\_\_\_  
Secretary



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WATER SUPPLY CONTRACT

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May 1, 2007

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between

CANYON REGIONAL WATER AUTHORITY

and

BEXAR METROPOLITAN WATER DISTRICT,

CITY OF CIBOLO, TEXAS,

CITY OF MARION, TEXAS

EAST CENTRAL SPECIAL UTILITY DISTRICT

GREEN VALLEY SPECIAL UTILITY DISTRICT,

CRYSTAL CLEAR WATER SUPPLY CORPORATION,

SPRINGS HILL WATER SUPPLY CORPORATION

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WELLS RANCH PROJECT

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WATER SUPPLY CONTRACT

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May 1, 2007

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between

CANYON REGIONAL WATER AUTHORITY

and

BEXAR METROPOLITAN WATER DISTRICT,

CITY OF CIBOLO, TEXAS,

CITY OF MARION, TEXAS

EAST CENTRAL SPECIAL UTILITY DISTRICT

GREEN VALLEY SPECIAL UTILITY DISTRICT,

CRYSTAL CLEAR WATER SUPPLY CORPORATION,

SPRINGS HILL WATER SUPPLY CORPORATION

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WELLS RANCH PROJECT

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## WATER SUPPLY CONTRACT

THIS WATER SUPPLY CONTRACT (this "Contract") dated as of the 1st day of May, 2007 (the "Contract Date") is between the CANYON REGIONAL WATER AUTHORITY, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas (the "Authority"), and the EAST CENTRAL SPECIAL UTILITY DISTRICT and the GREEN VALLEY SPECIAL UTILITY DISTRICT, each a special utility district created under Chapter 65, as amended, Texas Water Code, the BEXAR METROPOLITAN WATER DISTRICT, a reclamation and conservation district created under a special act of the Texas legislature and pursuant to Article XVI, Section 59 of the Texas Constitution, the CITIES OF CIBOLO and MARION, TEXAS, each a Type A general law municipality, and CRYSTAL CLEAR WATER SUPPLY CORPORATION and SPRINGS HILL WATER SUPPLY CORPORATION, each a Texas water supply corporation organized originally pursuant to Texas Revised Civil Statutes Annotated Article 1434a, as amended and now codified as Chapter 67, as amended, Texas Water Code (certain of the "Original Participating Members", which, together with any Additional Participating Members as hereinafter defined, are collectively or individually referred to herein as "Participating Members").

### P R E A M B L E   A N D   W I T N E S S E T H :

WHEREAS, the Authority was created to purchase, own, hold, lease, and otherwise acquire sources of a potable water supply to supplement water from the Edwards Aquifer; to build, operate, and maintain facilities for the treatment and transportation of water; to sell potable water to local governments, water supply corporations, and other persons in the State of Texas; and to protect, preserve, and restore the purity and sanitary condition to water in the Authority; and

WHEREAS, the Authority's boundaries currently include all of the territory located in the service area of its members as provided in their respective certificates of convenience and necessity issued by the Texas Commission on Environmental Quality (the "Commission"); and

WHEREAS, each of the Authority's members currently provides potable water utility service to its customers; and

WHEREAS, in the pursuit of its purposes, the Authority has entered into contracts and has and anticipates entering into additional contracts to acquire rights to purchase raw water for treatment and resale to the Participating Members; and

WHEREAS, the Authority plans to build, operate, and maintain a water treatment facility known as Wells Ranch water treatment facility and certain related transmission lines, including the use of certain Participating Members existing transmission lines and related facilities (the "Project") for the purpose of receiving, treating, and transmitting certain of the water purchased pursuant to certain contracts now in force or to be entered into in the future; and

WHEREAS, the Participating Members hold and may acquire additional rights to raw water from other sources for treatment pursuant to the provisions of this Contract and thereafter to supply, redeliver, or sell this treated water in accordance with the provisions of this Contract; and

WHEREAS, the Authority intends to build, operate, and maintain (i) a new water treatment facility and (ii) certain related transmission lines and storage facilities including the use of certain Participating Members existing transmission lines and related facilities, for the purpose of receiving,



treating, storing, and transmitting certain water purchased pursuant to certain contracts now in force or to be entered into in the future; and

WHEREAS, to finance the costs of the acquisition, construction, and equipping of the Project, the Authority intends to issue one or more series of its contract revenue bonds or other debt obligations (the "Bonds") to the Texas Water Development Board or other entity (including a public or negotiated sale), to be secured by and payable from revenues received by the Authority pursuant to this Contract; and

WHEREAS, for and in consideration of the Authority acquiring the right to purchase raw water for treatment and resale as provided herein, the Participating Members are willing and have agreed to contract with the Authority as hereinafter provided to acquire treated water from the Project and to pay the costs of the Project by assisting in the amortization of the principal of and interest on the Bonds and paying the Authority's Operation and Maintenance Expenses (hereinafter defined); and

WHEREAS, the Authority and the Participating Members are authorized to enter into this Contract pursuant to the Authority's enabling statute, Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended (the "Act"), and Chapter 791, Texas Government Code, as amended (the "Interlocal Cooperation Act"), and other applicable laws; and

WHEREAS, the Authority agrees that the Participating Members shall continue to own their respective Certificates of Convenience and Necessity issued by the Commission, shall continue to own and operate their respective water pumping, storage, and distribution facilities, and any respective water treatment facilities currently owned by each of the Participating Members; and

WHEREAS, the Authority's Board of Trustees has directed that a portion of the raw water under this Contract be made available (following treatment by the Authority) on a firm basis to parties who contract with the Authority pursuant to this Contract; and

WHEREAS, each of the Participating Members under this Contract proposes to pay its share of costs of the Project and the Bonds based upon a rate methodology to be developed by the Authority or in proportion to the respective amounts of treated water each has agreed to purchase under this Contract; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the Authority and each of the Participating Members agree and contract as follows:

## ARTICLE I Definitions

### Section 1.01 Definitions.

The following terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

- (1) "Act" means Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended.

(2) "Additional Participating Member(s)" means any entity or entities hereafter agreeing pursuant to Section 6.01 of this Contract to be bound by the terms of this Contract, as it may be amended from time to time.

(3) "Adjusted Annual Payment" means the Annual Payment as adjusted by the Board during or after an Annual Payment Period, as provided by this Contract.

(4) "Annual Payment" means the amount of money to be paid to the Authority by each Participating Member during each Annual Payment Period as its share of the Annual Requirement.

(5) "Annual Payment Period" means the Authority's fiscal year, which currently begins on October 1 of each calendar year and ends on September 30 of the next following calendar year, but which may be any twelve consecutive month period fixed by the Authority.

(6) "Annual Requirement" means, during an Annual Payment Period, the total amount required to pay all Operation and Maintenance Expenses of the Authority and the Project and all costs and payments due and payable for the amortization of the Bonds.

(7) "Authority" means the Canyon Regional Water Authority, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas created in accordance with the Act. Except as otherwise noted herein, actions required or permitted to be taken by the Authority under this Contract may be taken by the General Manager on behalf of the Authority.

(8) "Board" means the governing body of the Authority.

(9) "Boardmembers" means a member or members of the Board.

(10) "Bond Resolution" means any resolution or other financing documents of the Authority which authorizes any Bonds.

(11) "Bonds" means all bonds, notes, or other debt obligations payable from and secured, in whole or in part, from the payments to the Authority under this Contract, and the interest thereon, hereafter issued by the Authority to finance the costs to acquire, construct, and equip the Project, and/or all bonds, notes, or other obligations issued subsequently to finance costs to improve and extend the Project, and any bonds or other obligations issued to refund any other bonds, notes, or other obligations to refund any other refunding bonds or other obligations.

(12) "Code" means the Internal Revenue Code of 1986, and any amendments thereto, as in force and effect on the date of delivery of any series of Bonds.

(13) "Commission" means the Texas Commission on Environmental Quality or any successor entity thereto.

(14) "Contract" means this Water Supply Contract, as initially executed and as it may be amended from time to time.

(15) "Credit Agreement" means any credit agreement, as defined in and authorized by the provisions of Chapter 1371, as amended, Texas Government Code which the Authority enters into relating to its obligations with respect to the Bonds.

(16) "Force Majeure" means such term only as it is defined in Section 5.04 of this Contract.

(17) "General Manager" means the general manager of the Authority's operations, including any party or entity that the Authority enters into a management contract to provide these services.

(18) "Land Interests" means the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Project.

(19) "MSRB" means the Municipal Securities Rulemaking Board and any successor to its duties.

(20) "NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

(21) "Operation and Maintenance Expenses" means, during an Annual Payment Period, all direct costs and expenses incurred by the Authority for its operation and maintenance, including but not limited to, the operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) amounts payable under any contract with any federal, state, or local agency for the construction, operation, and/or water storage rights or other interests in water from any source of raw water, any contribution or payment in lieu of taxes or any fee or charge by any government authority relating to the Authority's sale of treated water hereunder, the costs of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the Project, Overhead Expenses, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project. The term "Operation and Maintenance Expenses" does not include depreciation charges or such portion of the above-described costs to the extent such costs are paid pursuant to an agreement other than this Contract.

(22) "Original Participating Members" means Crystal Clear Water Supply Corporation, East Central Special Utility District, Springs Hill Water Supply Corporation, Green Valley Special Utility District, Bexar Metropolitan Water District, and the Cities of Cibolo and Marion, Texas.

(23) "Overhead Expenses" means the Authority's reasonable and necessary costs and expenses incurred and directly related to the issuance and servicing of the Bonds, the acquisition of Land Interests required for the Project, if any, the design, permitting, financing, acquisition, construction, and ownership of the Project and any other activities required of or involving the Authority in connection with or attributable to the Project or the Bonds, including, but not limited to:

(a) per diem and reimbursable expenses incurred by the Board for special meetings of the Board related to the Project,

(b) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Authority, other than Authority staff personnel, together with their reimbursable expenses paid or required to be paid by the Authority;

(c) salaries of the Authority's staff attributable to the Project or the Bonds based on time expended, as documented or reasonably estimated by the General Manager of the Authority, times an overhead factor of two (2), which factor shall be subject to adjustment by the Authority from time to time in response to actual or reasonably projected overhead expenses of the Authority;

(d) the costs of preparing applications for and obtaining all approvals and authorizations required for the Project or the Bonds from the regulatory authorities having jurisdiction;

(e) the cost of property casualty and public liability insurance; including any insurance deductible charged to or required to be paid by the Authority;

(f) all costs incurred in litigation involving or relating to the Project; and

(g) any and all other costs and expenses, including out-of-pocket expenses, incurred by the Authority attributable to the Project or the Bonds, whether enumerated above or not and whether or not included in the definition or as a part of Project Costs.

(24) "Participating Member(s)" means certain of the Original Participating Members and all Additional Participating Members from time to time subject to this Contract.

(25) "Permitted Liens" means:

(a) Minor irregularities, charges, liens, encumbrances, defects, easements, licenses, rights-of-way, servitudes, restrictions, mineral rights, and clouds on title which, in the opinion of counsel to the Authority, do not materially impair the use of the Project for the purposes for which it is designed.

(b) Easements for roads (as used in this Contract, the term "roads" shall include, without limitation, streets, curbs, gutters, drains, ditches, sewers, conduits, canals, mains, aqueducts, aerators, connections, ramps, docks, viaducts, alleys, driveways, parking areas, walkways, and trackage), utilities (which for purposes of this Contract shall include, without limitation, water, sewer, electricity, gas, telephone, pipeline, railroad, and other collection, transportation, light, heat, power, and communication systems) and similar easements and other easements, rights-of-way, rights of flowage, flooding, diversion or outfall, licenses, restrictions, and obligations relating to the operation of the Project which, in the opinion of counsel to the Authority, do not materially impair the use of the Project for the purposes for which it is designed.

(c) Rights of the United States or any state or political subdivision thereof, or other public or governmental authority or agency or any other entity vested with the power of eminent domain to take or control property or to terminate any right, power, franchise, grant, license, or permit previously in force.

(26) "Point(s) of Delivery" means the point or points designated in Exhibit B to this Contract or by subsequent agreement where water will be delivered by the Authority to Participating Members from the Project.

(27) "Project" means the "Project" as defined in the preamble of this Contract.

(28) "Project Costs" means and includes, without limitation, the following costs incurred for the Project by or on behalf of the Authority:

(a) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies;

(b) the cost of acquisition, construction, repair, replacement, or improvement of any structure, item of equipment, or other item, used for, or in connection with, the Project;

(c) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to accomplishing the Project;

(d) the cost of engineering, legal, architectural or other related services;

(e) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the Project;

(f) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the Project in operation;

- (g) finance charges and interest before, during, and after construction;
- (h) costs incurred in connection with financing the Project, including, without limitation:
  - a. financing, legal, accounting, financial advisory, rating agency, and auditing fees, expenses and disbursements;
  - b. the costs of a Credit Agreement;
  - c. the cost of printing, engraving, and reproduction services; and
  - d. the cost of a trustee's or paying agent's initial or acceptance fee and subsequent fees.
- (i) all costs, fees and expenses of litigation of all kinds;
- (j) the cost of property casualty and public liability insurance;
- (k) the Authority's Overhead Expenses; and
- (l) other costs generally recognized as a part of project construction costs.

(29) "Rule" means SEC Rule 15c2-12, as amended from time to time.

(30) "SEC" means the United States Securities and Exchange Commission and any successor to its duties.

(31) "SID" means any entity designated by the State or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

(32) "Sale and Offering Documents" means any official notice of sale, official bid form, preliminary official statement, official statement, application to the Texas Water Development Board, or other offering document for the Bonds.

(33) "State" means the State of Texas.

(34) "System" means all properties, facilities and plants (including the Project) currently owned, operated, and maintained by the Authority for the supply, treatment, and transmission of treated potable water, together with all future extensions, improvements, replacements and additions thereto, whether situated within or without the limits of the Authority; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not mean to include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the Authority with the proceeds from the issuance of Special Facilities Bonds, which are hereby defined as being special revenue obligations of the Authority which are not payable from revenues of the System but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Bonds including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

#### Section 1.02 Construction.

Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular

number shall be construed to include correlative words of the plural number and vice versa. This Contract and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity of this Contract.

ARTICLE II  
Representations and Warranties

Section 2.01 Representations and Warranties of Authority.

The Authority hereby represents and warrants that it has full power and authority to sell or otherwise convey treated water to the Participating Members in accordance with the terms of this Contract and the execution and delivery of this Contract by the Authority and the performance by the Authority of the provisions hereof do not and will not conflict with or constitute on the part of the Authority a breach or a default of any provision of any other contract or agreement of the Authority.

Section 2.02 Representations and Warranties of Participating Members.

Each of the Participating Members hereby represents and warrants that it has full power and authority to purchase treated water from the Authority in accordance with the terms of this Contract; and the execution and delivery of this Contract by each Participating Member and the performance of the provisions hereof by each Participating Member do not and will not conflict with or constitute on the part of such Participating Member a breach or a default of any provision of any other contract or agreement of such Participating Member.

ARTICLE III  
Construction of Project and Issuance of Bonds

Section 3.01 Construction of Project.

The Authority agrees that the acquisition, construction, and improvement of the Project by the Authority will be accomplished in accordance with generally accepted engineering practices and, subject to the issuance of the Bonds pursuant to Section 3.02 to provide a source of funds, with all practical dispatch.

Section 3.02 Issuance of Bonds.

A. The Authority may issue its Bonds, payable from and secured by a pledge of the Annual Payments from this Contract to finance the costs of acquiring, constructing, extending, enlarging, repairing, renovating, equipping, and otherwise improving the Project.

B. Each Bond Resolution of the Authority shall specify the exact principal amount of the Bonds to be issued thereunder, which Bonds shall mature within the maximum allowable period or such shorter period as determined by the Authority and shall bear interest not exceeding the maximum allowable rates, all as permitted by law, and each Bond Resolution shall contain such other terms and provisions pertaining to the security and payment of Bonds and the operation and maintenance of the Project as may be necessary for the marketing and sale of the Bonds. The Authority may from time to time issue its Bonds in such amounts as are within its judgment and discretion sufficient to achieve full implementation of the Project.

C. Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by the Authority's Board of Directors, a draft of the proposed Bond Resolution, and the Sale and Offering Documents shall be presented to the Participating Member for review and approval. The Participating Members shall adopt a resolution approving the issuance of Bonds and delegate to an authorized representative the approval of the final terms and provisions of the Bonds, including the principal amount, as reflected in the final Bond Resolution.

D. Upon the Participating Member approval of (i) each form of Bond Resolution hereafter adopted by the Authority, (ii) any amendments to any Bond Resolution, and (iii) the Sale and Offering Documents and the delivery to the Authority of a certification signed by the authorized representative of the Participating Member to the effect that the Bond Resolution and the Sale and Offering Documents comply with this Contract, then upon the adoption and approval of the Bond Resolution in such final form by the Authority's Board of Directors, the execution of an approval certificate by the authorized representatives of each of the Participating Members approving the final terms and provisions of the Bonds and the Bond Resolution, and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be considered approved by the Authority and deemed to be in compliance with this Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Contract for all purposes. Any owner of Bonds is entitled to rely fully and unconditionally on any such approval.

E. All covenants and provisions in the Bond Resolution affecting, or purporting to bind, the Participating Member, shall, upon the delivery of the Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the Participating Member so long as said Bonds and interest thereon are outstanding and unpaid, and may be enforced as provided in this Contract and the Bond Resolution. Particularly, the obligation of the Participating Member to make, promptly when due, all Annual Payments specified in this Contract and all payments described in Section 5.03 hereof shall be absolute and unconditional, and said obligation may be enforced as provided in this Contract. In addition, subject to the approval of the Participating Member, the Authority may enter into Credit Agreements, to the extent permitted by law, for the purpose of achieving the lowest financing costs for the Project.

Section 3.03 Liens. Neither the Participating Members nor the Authority will create or permit or suffer to exist any lien, encumbrance, or charge upon the Project or any interest therein at any time, except Permitted Liens.

Section 3.04 Tax-Exempt Bonds. The parties hereto understand and agree that the Authority will use its best efforts to provide for, but will not be liable for a failure to produce, the lowest overall debt service cost for the Bonds to be issued for the Project. In connection therewith, the parties intend that the Authority will issue Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes. The parties hereto acknowledge their understanding that the federal income tax laws impose certain restrictions on the use and investment of proceeds of such tax-exempt bonds and on the use of the property financed therewith and the output produced therefrom. Accordingly, the parties agree and covenant that if the Bonds are offered to investors with the understanding that the interest will be exempt from federal income taxation, then the parties, their assigns and agents, will take such action to assure, and refrain from such action which will adversely affect the treatment of such Bonds as obligations described in section 103 of the Code. Should either party fail to comply with such covenant, the effect of which being that the Bonds no longer qualify as obligations described in the Code, such defaulting party shall be liable for all costs resulting from the loss of the tax-exempt status of the Bonds. The parties hereby agree and covenant to comply with all of

the representations and covenants relating to such exemption which are set out in any Bond Resolution. The parties further agree and covenant that in the event the Bonds issued are to be tax-exempt, they will modify such agreements, make such filings, restrict the yield on investments, and take such other action necessary to fulfill the applicable provisions of the Code. For these purposes, the parties may rely on the respective opinion of any firm of nationally-recognized bond attorneys selected by them. In the event that a conflict arises in the opinions of the respective firms of each of the parties, the parties will identify a different firm, that is mutually acceptable to both parties, in order to resolve the conflict of opinion.

**Section 3.05 Payment to Rebate Fund.** In the event that tax-exempt Bonds are issued as provided in Section 3.04, the Authority hereby covenants and agrees to make the determinations and to pay any deficiency into a rebate fund, at the times and as described in the Bond Resolution to comply with the provisions of section 148(O)(2) of the Code. In any event, if the amount of cash held in the rebate fund shall be insufficient to permit the trustee or paying agent to make payment to the United States of America of any amount due on any date under section 148(f)(2) of the Code, the Authority forthwith shall pay the amount of such insufficiency on such date to the trustee or paying agent in immediately available funds for such purpose.

**Section 3.06 Sale and Offering Documents.** At the request of the Authority, the Participating Members shall provide to the Authority current and historical information concerning their respective utility systems, general fund information, the financial conditions results, and prospects of the Participating Members, and such other information concerning the Participating Members as the Authority shall deem advisable for inclusion in the Sale and Offering Documents for the Bonds of each series and shall certify to the Authority and the underwriters of any offering of Bonds to be made by means of such Sale and Offering Documents when and if the Participating Members deem such Sale and Offering Documents to be complete and final for purposes of the Rule. The Participating Members represent and warrant that all statements concerning the Participating Members (including, without limitation, their financial condition, results, and prospects, their utility system, and any demographic and economic information concerning the area served by their utility system) that are contained in any Sale and Offering Document shall be true in all material respects and shall not omit to state any material fact necessary to make the statements made in such Sale and Offering Document, in the light of the circumstances in which they are made, not misleading.

**Section 3.07 Authority's Rights Assigned to Trustee.** The Participating Members are advised and recognize that as security for the payment of the Bonds, the Authority may assign to a trustee, pursuant to one or more trust indentures to be authorized by the Bond Resolution, the Authority's rights under this Contract, including the right to receive the Annual Payments hereunder and the amounts described in Section 5.03 hereof. The Participating Members herewith assent to such assignment and will make the Annual Payments and the payments described in Section 5.03 hereof directly to the trustee without defense or set-off by reason of any dispute between the Participating Members and the Authority or the trustee. All rights against the Participating Members arising under this Contract or the Bond Resolution and assigned to the trustee may be enforced by the trustee, or the owners of the Bonds, to the extent provided in the Bond Resolution, and the trustee, or the owners of the Bonds, shall be entitled to bring any suit, action, or proceeding against the Participating Members, to the extent provided in the Bond Resolution, for the enforcement of this Contract, and it shall not be necessary in any such suit, action, or proceeding to make the Authority a party thereto.



ARTICLE IV  
Sale and Purchase of Treated Water; Operating Requirements

Section 4.01 Water Conveyance; Option to Purchase.

A. The Participating Members hereby agree to pay for the right to receive from the Authority and the Authority hereby agrees to sell to the Participating Members all of the treated water produced by the Authority through the Project subject to the terms and provisions of this Contract or other contracts which generate System revenues; provided, however, the Authority shall have the right to purchase, and the Participating Members hereby each agree to relinquish their right to purchase, treated water produced by the Project upon reduction, on a proportionate basis, of the Participating Members' share of their Annual Payments under this Contract as provided in Section 5.04 hereof. It is expressly recognized that the treated water delivered to each Participating Member as disclosed in Exhibit A shall be owned by such Participating Member and may be sold or otherwise conveyed by such Participating Member in accordance with applicable law; provided, however, before any Participating Member enters into a contract or other agreement to transfer, sell, or convey any treated water received from the Authority pursuant to the terms of this Contract, such Participating Member shall afford the Authority the right of first refusal for a period of 90 days to obtain such treated water for redistribution to other Participating Members.

B. Each of the Participating Members shall be entitled to receive from the Authority the quantities of treated water identified in Exhibit A attached hereto and in accordance with this Contract. To the extent the Authority has acquired additional water from some other source, or to the extent the Participating Members do not request all of their allotted treated water as set forth on Exhibit A, or to the extent the Authority acquires a percentage share of the treated water produced by the Project pursuant to Paragraph A of this Section, the Authority may sell or otherwise use such water to supply treated water to other Participating Members, to retail customers, if any, of the Authority, or on a spot basis.

Section 4.02 Points of Delivery.

Each Participating Member agrees to take treated water at the Point(s) of Delivery for such Participating Member set forth in Exhibit B hereto. Modification of such Points of Delivery may be mutually agreed to in writing between each Participating Member, respectively, and the Authority. The Authority will maintain ownership of the connection (being any device, including welded pipe connections, water installations, valves, meter vaults, or similar devices) between the Authority's System and the utility system of the Participating Members.

Section 4.03 Resale.

Participating Members hereby agree not to sell treated water purchased from Authority under this Contract to any person or entity outside such Participating Member's boundaries or prescribed service area (as the boundaries or prescribed service area may be adjusted by the Participating Member in its sole discretion and as approved by any regulatory authority with jurisdiction from time to time) unless the Participating Member has received prior written approval from the Authority. Approval to make retail sales of treated water to individual customers outside such boundaries or prescribed service area may be granted by the General Manager of the Authority. Approval to make wholesale sales of treated water pursuant to this Contract outside the Participating Member's boundaries or prescribed service area shall require the specific prior approval of the Board. Notwithstanding any provision in this Section to the contrary, each Participating Member shall have the right and authority to continue to sell

treated water on a retail or wholesale basis to all existing customers situated outside its corporate boundaries or prescribed service area and without the approval or consent of the Authority or General Manager. Additionally, the Participating Members shall have the right and authority to sell treated water received from other sources other than the Authority on a wholesale basis or otherwise without any limitation imposed by this Contract or approval by the Authority or General Manager.

#### Section 4.04 Other Contracts.

A. If the Authority exercises its right to water under this Contract pursuant to Section 4.01, the Authority reserves the right to supply treated water from the Project to others on wholesale or retail basis. Each such contract with other entities shall be limited to the Authority's share of treated water covered by this Contract and shall not contain any provision which would adversely affect the Participating Members' percentage share of treated water covered by this Contract, except as permitted by Section 4.01.

B. The parties hereto recognize and acknowledge that the Authority shall have the right and authority to contract or make other arrangements with respect to its percentage share of water from the Project without limitation or approval of any Participating Member.

#### Section 4.05 Quality.

A. The water to be delivered by the Authority and received by each Participating Member shall be treated water from the Project of a quality sufficient to meet the requirements for potable water established by the Commission and the United States Environmental Protection Agency.

The Authority shall not be responsible for maintaining any particular amount of chlorine residuals at any point in any Participating Member's utility system.

B. The Authority shall periodically and at a minimum, no less than as may be required by any regulatory authority having jurisdiction, collect samples of treated water delivered to Participating Members and other customers and cause same to be analyzed consistent with guidelines established by the Commission using the then-current edition of Standard Methods for Examination of Water and Wastewater as published by the American Water Works Association ("AWWA") and others.

C. The Authority shall cooperate with any Participating Member in responding to any regulatory or legal inquiry related to the quality of water delivered under this Contract.

#### Section 4.06 Metering Equipment.

The Authority will furnish, install, operate, and maintain at its expense the necessary equipment and devices (including a meter house or pit) of standard type required for measuring the quantity of water delivered under this Contract from the Project to each Participating Member's Point or Points of Delivery. Such meters and other equipment so installed shall be the property of the Authority. The Authority shall inspect, calibrate, and adjust its meters at least annually as necessary to maintain accurate measurements of the quantity of water being delivered. Each Participating Member shall have access to the metering equipment at all reasonable times for inspection and examination, but the reading, calibration, and adjustment thereof shall be done only by employees or agents of the Authority. If requested, a Participating Member may witness such reading, calibration, and adjustment of meters. Any measuring device which fails to function or which functions incorrectly shall promptly be adjusted, repaired or replaced by a like device having the required accuracy. A meter registering not more than

five percent (5%) above or below the test results shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for one-half (1/2) the period elapsed since the next preceding meter test but in no event to exceed six (6) months in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless the Authority and the Participating Member shall agree upon a different amount. All readings of meters will be entered upon proper books of record maintained by the Authority. Any Participating Member may have access to said record books during normal business hours.

**Section 4.07 Pressure, Backflow, Maximum Rate of Flow.**

A. The Authority shall deliver treated water to the Point(s) of Delivery for each Participating Member (subject to the provisions of Section 4.08) at a pressure of not less than 35 psi or at such other pressure agreed upon by the Authority and the Participating Member. If a Participating Member requires a greater or lesser pressure, such Participating Member shall bear all of the costs of providing such greater or lesser pressure. Pressure failure due to supply line breaks, power failures, flood, fire, earthquakes, other catastrophes, or use of water to fight fires, or any other cause beyond the reasonable control of the Authority shall relieve the Authority from compliance with this provision for such reasonable period of time as may be necessary to restore pressure.

B. The Authority shall install and maintain at its sole expense at each Point of Delivery a backflow preventor of AWWA-approved quality. Each Participating Member shall have the right to inspect the backflow preventor at each of its Points of Delivery at such reasonable times at such Participating Member in its discretion may determine are required.

C. The maximum rate of flow per day that may be provided to each Participating Member by the Authority is established in Exhibit A hereto and incorporated by reference for all purposes to this Contract.

**Section 4.08 Cross-Utilization of Lines.**

A. Each Participating Member acknowledges that it may be necessary for certain of its transmission lines to be utilized in order for the Authority to transmit treated water to another Participating Member and such Participating Member hereby agrees to permit the Authority to so utilize its transmission lines in accordance with Section 7.09. In such case, the Participating Members involved agree to inform the Authority of any special requirements with respect to pressure or other matters relating to the transmitting Participating Member's lines.

B. The Authority will furnish, install, operate, and maintain at its expense meters at the point of exit from a Participating Member's lines to maintain accurate measurements of the quantity of water being delivered by the Authority to a Participating Member through the lines of another Participating Member. Such meters shall be subject to inspection and examination by both Participating Members in accordance with the provisions of Section 4.06.

C. In the event that repairs are required to be made to any lines of a Participating Member which are utilized for the transmission of treated water to another Participating Member, the receiving Participating Member shall participate in the cost of such repairs as may be agreed from time to time.

ARTICLE V  
Fiscal Provisions

Section 5.01 Annual Requirement.

Subject to the terms and provisions of this Contract, the Authority will provide and pay for the cost of the Project through the issuance of the Bonds. It is acknowledged and agreed that payments by the Participating Members to the Authority under this Contract will be the sole or primary source of funds available to the Authority to provide the Annual Requirement. Each Participating Member shall be obligated to pay the full amount of its Annual Requirement notwithstanding that it may elect not to receive the full amount of treated water available to it under this Contract. In compliance with the Authority's duty to fix and from time to time to revise the rates and charges for services rendered under this Contract, the Annual Requirement may change from time to time. Each such Annual Requirement shall be allocated among the Participating Members and the Authority based upon a rate methodology to be developed by the Authority or according to their respective percentage shares of treated water covered by this Contract, and the Annual Requirement for each Annual Payment Period shall be identified in each annual budget and shall at all times be not less than an amount sufficient to pay or provide for the payment of the following:

- A. all Operation and Maintenance Expenses; and
- B. an amount to fund a special reserve for the Operation and Maintenance Expenses or for additional capital improvements to the Project; the total amount to be accumulated for such operating and additional capital improvements reserve shall not exceed 25% of the annual Operation and Maintenance Expenses (estimated to be approximately three (3) months' expenses); and
- C. when the Authority and the Participating Members agree to issue Bonds to finance the costs of the Project, a capital component, including principal, interest, premium, reserve funds, and other funds established or required by any Bond Resolution and to pay the principal of and interest on the Bonds.

Section 5.02 Annual Budget.

Each annual budget for the acquisition and/or operation and maintenance of the Project shall always provide for amounts sufficient to pay the Annual Requirement. Each Participating Member will be furnished a copy of such annual budget, and each Participating Member hereby acknowledges its ability to pay its share of the Annual Requirement from available funds budgeted therefor. On or before July 15 of each year thereafter commencing July 15, 2007, the Authority shall furnish to each Participating Member a preliminary estimate of the Annual Payment required from each Participating Member for the next following Annual Payment Period.

Not less than 60 days before the commencement of each Annual Payment Period beginning in Fiscal Year 2007-2008, the Authority shall cause to be prepared a preliminary budget for the Project for the next ensuing Annual Payment Period. A copy of such preliminary budget shall be filed with each Participating Member before action by the Board. Any Participating Member may submit comments about the preliminary budget directly to the Board. The Board may adopt the preliminary budget or make such amendments thereof as to it may seem proper; provided, however, no change or amendment to the preliminary budget will be made by the Board after such preliminary budget has been submitted to the Participating Members which change or amendment would in effect increase the Annual

Requirement without resubmitting such amended preliminary budget to the Participating Members. The Board shall thereupon approve the annual budget. With respect to budgetary matters, the Participating Members shall have the right only to comment on the preliminary budget; their approval of the preliminary or final annual budget shall not be required. The annual budget thus approved by the Board shall be the annual budget for the next ensuing Annual Payment Period. The annual budget, including the first annual budget, may be amended by the Authority at any time to transfer funds from one account or fund to another account or fund, provided such transfer will not increase the total budget and the transfer of funds is attributable to the costs of the Project or to the Project's maintenance and operation. Subject to notification to the Participating Members, the amount for any account or fund, or the amount for any purpose, in the annual budget may be increased through formal action by the Board even though such action might cause the total amount of the annual budget for the Project to be exceeded; provided, however, such action shall be taken only in the event of an emergency or special circumstances which shall be clearly stated in the notice to the Participating Members and in the resolution at the time such action is taken by the Board.

Notwithstanding anything herein to the contrary, no failure of the Authority to estimate, and no mistake by the Authority in any estimate of, the amount of or schedule for Annual Payments due from the Participating Members in any fiscal year shall relieve the Participating Members from (or defer) their absolute and unconditional obligation to make all Annual Payments in full when due.

#### Section 5.03 Payments by Participating Members.

A. Subject to Sections 4.06 and 4.07B, each Participating Member agrees to pay a connection fee for each Point of Delivery equal to the total cost of material, labor, and equipment required to implement such connection.

B. For the treated water available to the Participating Members under this Contract (whether or not the Participating Members elect to receive such water), each of the Participating Members agrees to pay, at the time and in the manner hereinafter provided, its share of the Annual Requirement. Each of the Participating Members shall pay its part of the Annual Requirement for each Annual Payment Period directly to the Authority (or its assigns), in monthly installments in accordance with the schedule of payments furnished by the Authority, as hereinafter provided.

C. Each Participating Member shall pay a proportionate share of the Annual Requirement according to a rate methodology to be developed by the Authority or based upon the relative amount of water available to each Participating Member and set forth on Exhibit A, as amended from time to time. The Authority shall charge each Participating Member its share of pumping costs according to the volume of water actually delivered.

D. Each Participating Member's allocated share of the Annual Requirement for each Annual Payment Period shall be made in accordance with a written schedule of payments for the appropriate Annual Payment Period which will be supplied to each of the Participating Members by the Authority.

E. Notwithstanding the foregoing, the Annual Requirement, and each Participating Member's share thereof, shall be redetermined, after consultation with each of the Participating Members, at any time during any Annual Payment Period, to the extent deemed necessary or advisable by the Authority, if:

- (1) the Authority exercises its option to acquire treated water pursuant to Section 4.01;

(2) unusual, extraordinary, or unexpected Operation and Maintenance Expenses are required which are not provided for in the Authority's annual budget or reserves for the Project;

(3) Operation and Maintenance Expenses of the Project are substantially less than estimated;

(4) a Participating Member's interest under this Contract is terminated as provided herein or Additional Participating Members become subject to this Contract;

(5) the Authority issues Bonds for the Project; or

(6) the Authority receives either significantly more or significantly less revenues or other amounts than those anticipated.

F. Each Participating Member hereby agrees that it will make payments to the Authority required by this Contract at the Authority's offices within 15 days of the date a bill for service is deposited in the United States mail. If any Participating Member at any time disputes the amount to be paid by it to the Authority, such complaining party shall nevertheless promptly make such payment or payments; but if it is subsequently determined by agreement or by appropriate administrative, board, agency, or court decision that such disputed payments should have been less, or more, the Authority shall promptly revise and reallocate the charges in such manner that the Participating Member will recover its overpayment or the Authority will recover the amount due it. All amounts due and owing to the Authority by each Participating Member or due and owing to any Participating Member by the Authority shall, if not paid when due, bear interest at the maximum lawful nonusurious rate of interest per annum from the date when due until paid.

G. The Authority shall, to the extent permitted by law, suspend the delivery of services or water from the Project to any Participating Member which remains delinquent in any payments due under the preceding paragraph for a period of thirty (30) days, and shall not resume delivery of services or water while such Participating Member is so delinquent. The Authority also retains the right to charge a reconnection fee or other appropriate charges prior to commencing utility service to the delinquent Participating Member. It is further provided and agreed that if any Participating Member should remain delinquent in any payments due hereunder for a period of one hundred twenty days, and if such delinquency continues during any period thereafter, such Participating Member's minimum amount specified in Exhibit A, shall be deemed to have been zero gallons during all periods of such delinquency, for the purpose of calculating and redetermining the percentage of each Annual Payment to be paid by the non-delinquent Participating Members and the Authority, and the Authority shall redetermine such percentage on that basis in such event so that the non-delinquent Participating Members and the Authority collectively shall be required to pay all of the Annual Requirement. However, the Authority shall pursue all legal remedies against any such delinquent Participating Member to enforce and protect the rights of the Authority, the other Participating Members, and the holders of the Bonds, if Bonds have been issued or incurred. The delinquent Participating Member shall not be relieved of the liability to the Authority for the payment of all amounts which would have been due hereunder had no default occurred or the percentage had not been redetermined as provided in this Section. It is understood that the foregoing provisions are for the benefit of the Authority and holders of the Authority's Bonds, if Bonds have been issued or incurred, so as to insure that all of the Annual Requirement will be paid by the non-delinquent Participating Members and the Authority during each Annual Payment Period regardless of the delinquency of a particular Participating Member. If any amount due and owing the Authority by any Participating Member is placed with an attorney for collection, such Participating Member shall pay to the Authority all attorneys' fees, in addition to all other payments provided for herein, including interest.

H. If, during any Annual Payment Period, any Participating Member's Annual Payment is redetermined in any manner as provided or required in this Section, the Authority will promptly furnish such Participating Member with an updated schedule of monthly payments reflecting such redetermination.

#### Section 5.04 Unconditional Payments.

A. Notwithstanding any provision of this Contract to the contrary, while this Contract remains in effect each of the Participating Members agrees to pay its share of the total cost of the Project and the Bonds. If the Authority elects to exercise its option to acquire a percentage share of the treated water covered by this Contract as provided in Section 4.01, the Annual Payment of each Participating Member shall be reduced to the proportion that each Participating Member's amount of water identified in Exhibit A bears to the total amount of water available from the Project. Initially, the Participating Members agree to pay 100% of the Annual Requirement, but, if the Authority exercises its option to acquire treated water from the Project pursuant to Section 4.01, the Participating Members and the Authority shall share the cost of the Project and the Bonds in proportion to quantities of treated water each is entitled to take from the Project pursuant to this Contract.

B. Recognizing that the Participating Members urgently require the facilities and services of the Project, and that such facilities and services are essential and necessary for actual use and for standby purposes, and further recognizing the fact that the Authority will use payments received from the Participating Members to pay and secure the Bonds, it is hereby agreed that each of the Participating Members shall be unconditionally obligated to pay, without offset or counterclaim, its share of the Annual Requirement, as provided and determined in this Contract, regardless of whether or not the Authority actually acquires, constructs, or completes the Project or is actually delivering water from the Project to any Participating Member hereunder, or whether or not any Participating Member actually receives or uses water from the Project whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this or any other contract or agreement between any of the parties hereto. This covenant by the Participating Members shall be for the benefit of and enforceable by the holders of the Bonds as well as the Authority.

C. If by reason of Force Majeure a Participating Member or the Authority shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of each Participating Member to make the payments required under Section 5.03 of this Contract, then if such party shall give notice and full particulars of such Force Majeure in writing to the other Participating Members and/or the Authority, as appropriate, within a reasonable time after occurrence of the event or cause relied on, the obligation of the Participating Member or the Authority giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and such Participating Member or the Authority shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or on account of any other causes not reasonable within the control of the party claiming such inability.

Section 5.05 Continuing Right to Treated Water.

For and in consideration of agreeing to the unconditional payments to be made under this Contract, each Participating Member is entitled to a firm right to treated water from the Project in the amounts indicated in Exhibit A, as such amount may be modified from time to time by the terms of this Contract. That right shall continue for the term of this Contract and any renewals thereof.

ARTICLE VI  
Additional Participating Members

Section 6.01 Additional Participating Members.

If water is available, the Authority and the Original Participating Members agree that additional entities may become subject to the provisions of this Contract as Additional Participating Members by providing the following to the Authority and the then Participating Members:

- A. an executed signature page to this Contract in form satisfactory to the Authority;
- B. to the extent any representation contained in this Contract relating to Participating Members does not correctly describe such entity, a revision of such representations satisfactory in form and content to the Authority in the Authority's sole discretion to be included on Exhibit C to this Contract;
- C. a revised Exhibit A to this Contract satisfactory to the Authority and all then Participating Members;
- D. a revised Exhibit B to this Contract setting forth the Point(s) of Delivery for such entity which shall be satisfactory to the Authority;
- E. a completed Exhibit C to this Contract to the extent applicable to such entity and in form satisfactory to the Authority; and
- F. such other certifications and information as may be reasonably requested by the Authority and the then Participating Members.

ARTICLE VII  
Special Conditions

Section 7.01 Operation and Maintenance of the Project.

The Authority will continuously operate and maintain the Project in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense. The Authority recognizes its right and duty to operate the Project in the most prudent and economical manner for the benefit of all Participating Members.

Section 7.02 Project Schedule.

It is the intent of the parties that the Project be placed in operation as soon as practicable, and the Authority agrees to proceed diligently with the evaluation of feasibility, the securing of regulatory



permits, and the design and construction of the Project to meet such schedule, subject to the other terms and conditions in this Contract.

**Section 7.03 Permits, Financing, and Applicable Laws.**

Any obligations on the part of the Authority to acquire, construct, and complete the Project and related facilities and to provide treated water from the Project to the Participating Members shall be (i) conditioned upon the Authority's ability to obtain all necessary permits, material, labor, and equipment; (ii) subject to the Authority's final determination of feasibility of transportation of the treated water from the Project; (iii) conditioned upon the ability of the Authority to finance the cost of the Project through the sale of the Bonds; and (iv) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State of Texas, the Commission, and any regulatory body having jurisdiction.

**Section 7.04 Title to Water; Indemnification.**

Title to all water supplied to each Participating Member shall be in the Authority up to the Point of Delivery for such Participating Member, at which point title shall pass to the receiving Participating Member. Title to treated water transmitted through the lines of a Participating Member pursuant to Section 4.08 for the use of another Participating Member shall remain in the Authority until it reaches the Point(s) of Delivery of the receiving Participating Member. The Authority and each of the Participating Members shall, to the extent permitted by law, save and hold each other harmless from all claims, demands, and causes of action which may be asserted by anyone on account of the transportation and delivery of said water while title remains in such party.

**Section 7.05 Payments Solely From Revenues.**

The Authority shall never have the right to demand payment by any Participating Member of any obligations assumed by it or imposed on it under and by virtue of this Contract from funds raised or to be raised by taxes, and the obligations under this Contract shall never be construed to be a debt of such kind as to require any of the Participating Members to levy and collect a tax to discharge such obligation. Nonetheless, any Participating Member may make payments from its utility system revenues, or from any other lawful source, including ad valorem taxes, if lawfully available to such Participating Member.

**Section 7.06 Operating Expenses.**

Each of the Participating Members represents and covenants that, to the extent payments under this Contract are made with utility system revenues, such payments shall constitute reasonable and necessary "operating expenses" of its utility system, as defined in Chapter 1502, as amended, Texas Government Code, and that all such payments will be made from the revenues of its utility system or any other lawful source. Each Participating Member represents and has determined that the treated water supply to be obtained from the Project is absolutely necessary and essential to the present and future operation of its utility system and that the Project represents a long-term source of supply of treated water to meet current and projected water needs of the Participating Member's utility system and facilities, and, accordingly, all payments required by this Contract to be made by each Participating Member shall constitute reasonable and necessary operating expenses of its utility system as described above, with the effect that such payments from revenues of such systems shall be deducted from gross revenues of the system in the same manner as other system operating and maintenance expenses for purposes of determining net revenues available to pay bonds or other similar obligations heretofore or

hereafter issued by such Participating Member, which obligations are payable from and secured by a pledge of the revenues of the system or facilities after deduction of maintenance and operating expenses.

Section 7.07 Rates for Water.

Each of the Participating Members agrees throughout the term of this Contract to continuously operate and maintain its utility system and to fix and collect such rates and charges for utility services to be supplied by its system as aforesaid as will produce revenues in an amount equal to at least (i) all of the expenses of operation and maintenance expenses of such system, including specifically, its Annual Payment under this Contract, and (ii) all other amounts as required by law and the provisions of the ordinance or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding, including the amounts required to pay all principal of and interest on such bonds and other obligations.

Section 7.08 Use of Funds and System.

The Authority covenants and agrees that neither the proceeds from the sale of the Bonds, nor the money paid pursuant to this Contract, nor any earnings from the investment of any of the foregoing, will be used for any purposes, except those directly relating to the Project and the Bonds as provided in this Contract.

Section 7.09 Rights-of-Way.

A. Each Participating Member hereby grants to the Authority without additional cost to the Authority, the use of the streets, easements, rights-of-way, and pipelines under its control for the construction, emergency repairs, operation, and maintenance of the Project and the provision and transmission of treated water hereunder; provided, however, such grant of the use of streets, easements, rights-of-way, and pipelines to the Authority is subject to and conditioned on the Authority (i) complying with all applicable policies, practices, and regulations of the Participating Members governing and regulating such use of the streets, easements, rights-of-way, and pipelines and (ii) paying all costs, if any, of restoring such streets, easements, rights-of-way, and pipelines to substantially the same state of condition that existed prior to the Authority's use.

B. To the extent they have such ownership authority, each Participating Member agrees that, with prior written approval, the Authority may use streets, alleys, and public rights-of-way within the Participating Member's boundaries for pipeline purposes.

Section 7.10 Insurance.

The Authority agrees to carry and arrange for fire, casualty, public liability, and/or other insurance, including self-insurance, on the Project for purposes and in amounts which, as determined by the Authority, ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the Authority shall not be required to provide liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the Authority's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment, to minimize the interruption of the services of such facilities. Premiums for such insurance that relate directly to the Project or, under generally accepted cost accounting practices, is allocable to the Project, shall constitute an Operation and Maintenance Expense.

Section 7.11 Additional Special Provisions.

The parties hereto acknowledge and agree to the Special Provisions, if any, which are set forth in Exhibit C hereto. The Special Provisions for this Contract reflect circumstances or issues for specific Participating Members which may be different from those of other Participating Members and therefore constitute a modification of or requirement in addition to the standard provisions otherwise contained in this Contract. To the extent of any conflict between any Special Provision and any other provision of this Contract, the Special Provision shall control.

ARTICLE VIII  
Continuing Disclosure

Section 8.01 Annual Reports.

Following the issuance of Bonds of any series, the offer or sale of which is not exempt from the Rule and, until any Participating Member is no longer obligated, contingently or otherwise, to make Annual Payments in respect of the Bonds of such series, any Participating Member undertakes to and shall provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year, (1) financial information and operating data of the general type included in the Sale and Offering Documents for the Bonds of such series, as specified in any Participating Member's approval of such Sale and Offering Documents pursuant to Section 3.02 hereof and (2) audited general purpose financial statements of any Participating Member, if then available. Any financial statements so to be provided shall be (1) prepared in accordance with generally accepted accounting principles for governmental agencies or such other accounting principles as any Participating Member may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if any Participating Member commissions an audit of such statements and the audit is completed within the period during which it must be provided. If the audit of such financial statements is not complete within such period, then any Participating Member shall provide unaudited financial statements within the required period, and shall provide audited financial statements for the applicable Fiscal Year to each NRMSIR and any SID, when and if the audit report on such statements become available.

If any Participating Member changes its fiscal year, it will notify the trustee or paying agent, each NRMSIR, and any SID in writing of the change (and of the date of the new fiscal year end) prior to the next date by which any Participating Member otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be incorporated by specific reference to any document or specific part thereby (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC. Copies of such information and operating data shall be furnished to the Authority at the same time the information and data are furnished to any NRMSIR or SID.

Section 8.02 Material Event Notices.

A. The following are the events with respect to the Bonds which the Authority must agree to disclose in a timely manner pursuant to the Rule, if "material" under applicable federal securities laws and regulations promulgated thereunder.

- (1) Principal and interest payment delinquencies;

- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to rights of holders of the Bonds;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds; and
- (11) Rating changes.

B. The Participating Member shall, promptly after obtaining actual knowledge of the occurrence of any of the events enumerated in (a) above, notify the Authority of such event and provide all information in the format required to satisfy the requirements of the Rule. Further, the Participating Member shall provide, in a timely manner, notice of any failure by the Participating member to provide audited financial statements, financial information, and operating data in accordance with Section 8.01 hereof to each NRMSIR and each SID.

#### Section 8.03 Limitations, Disclaimers, and Amendments.

The Participating Member shall be obligated to observe and perform the covenants specified in this Article in respect of the Bonds of any series for so long as, but only for so long as, the Participating Member remains an "obligated person" with respect to the Bonds of such series within the meaning of the Rule, except that the Participating Member in any event will give notice of any deposit made in accordance with the Bond Resolution that causes Bonds of such series no longer to be Outstanding.

The provisions of this Article are for the sole benefit of (and may be enforced by) the owners and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Participating Members undertake to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Participating Members' financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Participating Members make no representations or warranties concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE PARTICIPATING MEMBERS BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE PARTICIPATING MEMBERS WHETHER NEGLIGENT OR WITHOUT FAULT ON THEIR PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the Participating Members in observing or performing their obligations under this Article shall comprise a breach of or default under this Contract for purposes of any other provision of this Contract.

Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Authority or the Participating Members under federal and state securities laws.

The provisions of this Article may be amended by the Authority and the Participating Members from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority or the Participating Members, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds of the applicable series in the primary offering of the Bonds of such series in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and (2) either (a) the owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Contract that authorizes such an amendment) of the outstanding Bonds of each such series affected consent to such amendment or (b) an entity that is unaffiliated with the Authority or the Participating Members (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the owners and beneficial owners of the Bonds of such series and is permitted by the terms of the Article. If the Authority and the Participating Members so amend the provisions of this Article in connection with the financial or operating data which the Participating Members are required to disclose under Section 8.01 hereof, the Participating Members shall provide a notice of such amendment to be filed in accordance with Section 8.02(b) hereof, together with an explanation, in narrative form, of the reason for the amendment and the impact of any change in the type of financial information or operating data to be so provided. The Authority and the Participating Members may also amend or repeal the provisions of this Article if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

#### Section 8.04 Allocation of Water During Drought.

During drought conditions or in any other condition when water cannot be supplied to meet the demands of all customers, the water to be distributed shall be divided among all customers of stored water pro rata, according to the amount each may be entitled to, subject to reasonable conservation and drought management plans and requirements based on particular purposes of use of the water, so that preference is given to no one and everyone suffers alike.

#### Section 8.05 Conservation.

The Authority and Participating Member each agree to provide to the maximum extent practicable for the conservation of water, and each agrees that it will operate and maintain its facilities in a manner that will prevent waste of water. Participating Members further agree to implement water conservation and drought management plans applicable to the use of treated water from the Project that are consistent in purpose, provisions and application with those implemented by other Participating Members to the extent practicable considering any differences in the legal authority of Participating Members and other Participating Members to institute those plans.

Section 8.06 Term of Contract.

This Contract shall be effective on and from the Contract Date, and shall continue in force and effect for forty (40) years; provided, however, the term of this Contract and the expiration date may be extended for succeeding five (5) year periods at the option of one or more of the Participating Members for as long as an agreement providing an adequate source of raw water remains in effect. It is understood and agreed by the Authority and each Participating Member that the right to receive treated water hereunder shall continue throughout any renewals or extension of this Contract. The Authority's obligation to provide treated water services hereunder shall commence from the date the Project becomes operational and functional as certified by the consulting engineers for the Project or on such other date that one or more of the Participating Members receives treated water by virtue of or in exchange for treated water from the Project. This Contract constitutes the sole agreement between the parties hereto with respect to the Project.

Section 8.07 Approval and Consent.

Unless otherwise provided herein, any approval or consent required by the provisions of this Contract by a Participating Member or the Authority shall be evidenced by a written resolution adopted by the governing body of the party giving such approval or consent (or by the General Manager on behalf of the Authority when permitted). Upon receipt of such written resolution duly certified by the appropriate party, the Authority or the Participating Member can conclusively act on the matter requiring such approval.

Section 8.08 Modification and Amendment.

A. No change, amendment, or modification of this Contract shall be made or be effective which will affect adversely the prompt payment when due of all money required to be paid by any Participating Member under this Contract or any similar contract, and no such change, amendment, or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.

B. This Contract may be amended upon the written consent of the Authority and all then Participating Members; provided, however, no amendment to this Contract shall impair the rights of any holder of any of the Authority's Bonds.

Section 8.09 Addresses and Notice.

Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties hereto shall, until changed as hereinafter provided, be as follows:

- A. If to the Authority, to:  
Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130
- B. If to Green Valley Special Utility District, to:  
Green Valley Special Utility District  
Post Office Box 99  
Marion, Texas 78124
- C. If to Bexar Metropolitan Water District, to:  
Bexar Metropolitan Water District  
2047 West Malone  
San Antonio, Texas 78225
- D. If to the City of Cibolo, Texas to:  
City of Cibolo, Texas  
109 South Main Street  
Post Office Box 88  
Cibolo, Texas 78108
- E. If to the City of Marion, Texas to:  
City of Marion, Texas  
Post Office Box 158  
Marion, Texas 78124-0158
- F. If to the Crystal Clear Water Supply Corporation to:  
Crystal Clear Water Supply Corporation  
2370 FM 1979  
San Marcos, Texas 78666
- G. If to the Springs Hill Water Supply Corporation to:  
Springs Hill Water Supply Corporation  
Post Office Box 29  
Seguin, Texas 78156-0029

H. If to the East Central Special Utility District to:

East Central Special Utility District  
5520 F.M. 1628  
Adkins, Texas 78101

The parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other parties hereto.

**Section 8.10 State or Federal Laws, Rules, Orders, or Regulations.**

This Contract is subject to all applicable federal and state laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum having jurisdiction.

**Section 8.11 Remedies Upon Default.**

It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any party hereto and shall be cumulative. Recognizing, however, that the Authority's undertaking to provide and maintain the Project is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone, the Authority agrees, in the event of any default on its part, that each Participating Member shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available. Recognizing that failure in the performance of any Participating Member's obligations hereunder could not be adequately compensated in money damages alone, each Participating Member agrees in the event of any default on its part that the Authority shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to the Authority. Notwithstanding anything to the contrary contained in this Contract, any right or remedy or any default hereunder, except the right of the Authority to receive the Annual Payment which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2) years plus one (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any party hereto or of performance by any other party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character, or description, under any circumstance.

**Section 8.12 Severability.**

The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws of the State or the United States of America, or in contravention of any such laws, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any other situation or circumstance, and it is



intended that this Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.

Section 8.13 Venue.

All amounts due under this Contract, including, but not limited to, payments due under this Contract or damages for the breach of this Contract, shall be paid and be due in Guadalupe County, Texas, which is the County in which the principal administrative offices of the Authority are located. It is specifically agreed among the parties to this Contract that Guadalupe County, Texas, is the place of performance of this Contract; and in the event that any legal proceeding is brought to enforce this Contract or any provision hereof, the same shall be brought in Guadalupe County, Texas.

Section 8.14 Assignment.

Neither the Authority nor any Participating Member may assign any interest it may have under this Contract without the prior written consent of the other parties hereto; provided, however, the foregoing restriction shall not prevent the Authority from taking any action in connection with the issuance of the Bonds to secure the payment of the Bonds with amounts to be received by the Authority under this Contract.

Section 8.15 Entire Agreement.

This Contract constitutes the entire agreement among the parties with respect to the sale of treated water by the Authority to the Participating Members.

Section 8.16 Applicable Law.

This Contract shall be governed by and construed in accordance with the laws of the State, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such laws without reference to the laws of any other state or jurisdiction, except for applicable federal laws, rules, and regulations.

Section 8.17 No Sale, Lease, or Other Transfer of Participating Members' Utility System.

Pursuant to the terms of this Contract, a Participating Member, to the extent permitted by law, shall not sale, lease, or otherwise transfer any interest in such Participating Member's utility system without the written consent of the Authority.

Section 8.18 Counterparts.

This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*[The remainder of this page intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed as of the day and year first above written.

CANYON REGIONAL WATER  
AUTHORITY

By: Melvin E. Stray  
Chairman, Board of Trustees

ATTEST:

Mark Speed  
Secretary, Board of Trustees

(AUTHORITY SEAL)

EAST CENTRAL SPECIAL UTILITY

DISTRICT

By: Melvin E. Struy  
President, Board of Directors

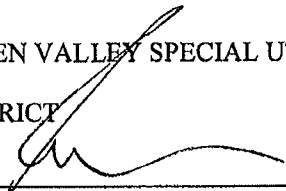
ATTEST:

Donald C. [Signature]  
Secretary, Board of Directors

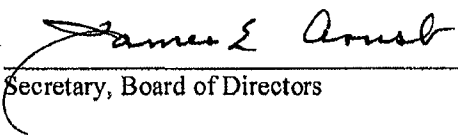
(SEAL)

GREEN VALLEY SPECIAL UTILITY

DISTRICT

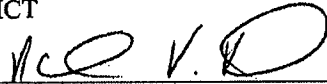
By:   
\_\_\_\_\_  
President, Board of Directors

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Directors

(SEAL)

BEXAR METROPOLITAN WATER  
DISTRICT

By:   
President, Board of Directors

ATTEST:

  
Secretary, Board of Directors

(SEAL)

CITY OF CIBOLO, TEXAS

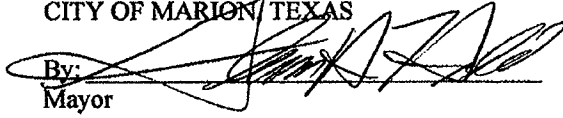
By: Jennifer Hartman  
Mayor

ATTEST:

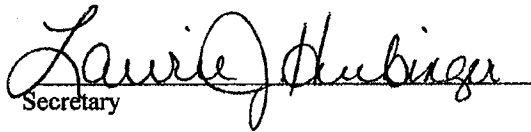
Peggy Linn  
Secretary

(CITY SEAL)

CITY OF MARION TEXAS

By:   
Mayor

ATTEST:

  
Secretary

(CITY SEAL)

CRYSTAL CLEAR WATER SUPPLY  
CORPORATION

By: Richard Hanz  
President, Board of Directors

ATTEST:

Kenneth Cougill  
Secretary-Treasurer, Board of Directors

(SEAL)



SPRINGS HILL WATER SUPPLY  
CORPORATION

By: William D. O'Fallon  
President, Board of Directors

ATTEST:

Clarence Bell  
Secretary, Board of Directors

(SEAL)

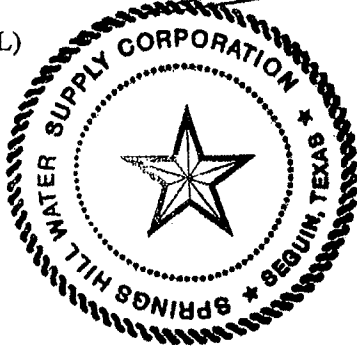


Exhibit A

Allocations and Maximum Rate of Flow

Entity	Plant Capacity in A/F	Percent of Ownership (%)	GPM Daily	Instantaneous Peak (GPM)
Bexar Metropolitan Water District	2800	53.85	1,735.89	2,256.65
City of Cibola	700	13.46	433.97	564.16
East Central Special Utility District	500	9.62	309.98	402.97
Green Valley Special Utility District	700	13.46	433.97	564.16
City of Marion	100	1.92	62.00	80.59
Springs Hill Water Supply Corporation	100	1.92	62.00	80.59
Crystal Clear Water Supply Corporation	300	5.77	185.99	241.78
<b>Totals</b>	<b>5,200.00</b>	<b>100%</b>	<b>3,223.80</b>	<b>4,190.90</b>

Exhibit B

Points of Delivery

Bexar Metropolitan Water District  
East Central Special Utility District  
City of Cibolo  
City of Marion  
Green Valley Special Utility District

Springs Hill Water Supply Corporation  
Crystal Clear Water Supply Corporation

1604 Booster Station Meter  
IH-10/East Central Meter Station  
Cibolo Meter Station  
Marion Meter Station  
1518 Elevated Tank  
Haeckerville Road Meter Station  
Wagner Booster Station  
Hardy Road Meter Station  
Green Valley/Cunlap Meter Station  
Springs Hill Meter Dunlap Water Treatment Plant  
Wells Ranch Treatment Plant  
Crystal Clear Meter/Windmill/FM 758

Exhibit C

Special Provisions

None



Financial Advisory Services  
Provided By:

