



UPPER TRINITY REGIONAL WATER DISTRICT
LEWISVILLE, TEXAS

LAKE RALPH HALL



Water for the People

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2020

Upper Trinity Regional Water District

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UPPER TRINITY REGIONAL WATER DISTRICT

**SERVING THE TEXAS COUNTIES OF DENTON, COLLIN, AND
DALLAS**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 2020

PREPARED BY THE BUSINESS DEPARTMENT

OF THE

UPPER TRINITY REGIONAL WATER DISTRICT

**UPPER TRINITY REGIONAL WATER DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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March 26, 2021

To the Board of Directors
Upper Trinity Regional Water District

Your Staff is proud to present this Annual Comprehensive Financial Report (annual report) for the fiscal year ended September 30, 2020 – reflecting steady progress in achieving the goals of the Upper Trinity Regional Water District (“Upper Trinity” or “District”). Board Members can be proud of their role in setting priorities and providing guidance toward the desired results for this regional enterprise. This annual report is a good source of useful information about the finances and operations of the District; and, it summarizes the condition of the enterprise and the progress of regional service. As a regional utility system, we provide water and wastewater services on a wholesale basis to cities and utilities in the rapidly growing area on the north side of the Dallas/Fort Worth Metroplex.

The annual report was prepared by the Business Department of the District; and, responsibility for the accuracy of the data, for completeness and fairness of presentation, and for all disclosures rests with District management. For the best understanding, one should consider the information presented here in conjunction with the separate section titled *Management’s Discussion and Analysis* in the Financial Section of this report.

The information herein is accurate in all material respects; and, is reported in a manner that presents fairly the financial position of, and the operating results for, the District. Disclosures are included as necessary to enable members of the Board of Directors and other interested parties to understand more clearly the District’s activities and financial results. The financial statements in the annual report were audited as required by the Texas Water Code, by the firm of Deloitte & Touche LLP.

General Information

Structure of the Enterprise

The District, headquartered in Lewisville, Texas, was created in 1989 by the Texas Legislature as a conservation and reclamation district under Article XVI, Section 59 of the Texas Constitution. The District is authorized to plan, develop, manage and provide wholesale utility services on a regional basis. For Member entities and for other Customers, the District is expected to meet present and future water supply and water reclamation needs; and, if requested by Member entities, to address future needs for solid waste management. The District was created as a governmental enterprise, without taxing power; therefore, costs of services and programs are financed through user fees and charges, and through the issuance of tax-exempt debt.

The District is organized and managed to function as an efficient enterprise in a competitive market environment. The District has specific authority to:

- develop raw water resources or to contract therefor;
- construct, own and operate water systems, including treatment, pumping and transmission facilities;
- construct, own, and operate water reclamation (wastewater treatment) systems, including interceptor trunk mains, treatment, disposal, and reuse facilities;
- provide other services authorized by the Board, not in conflict with the District's enabling statute;
- make contracts to provide for these services on a wholesale basis for municipalities, retail utilities, and others;
- recover the cost for District services through fees and charges.

The District is composed of 24 public entities (Members) – including 19 towns and cities, plus Denton County, one utility authority, and three special districts. Each Member entity appoints one Director to the Board of Directors of the District. As an exception, Denton County appoints two Directors – one to represent Denton County “at-large” and one to represent the Denton County Commissioners Court. The Board of Directors appoints an Executive Director who manages the District, its employees, and the services and programs offered. In addition to serving its Members, the District enters into “Customer” contracts for water and wastewater services with non-member cities, non-profit water supply corporations and special districts under similar terms as member entities.

This annual report covers the various wholesale services provided by the District: raw water supply, treated water service, water reclamation (wastewater treatment) service, non-potable and reclaimed water, and collection of household hazardous waste. In addition, the District has a component unit (Upper Trinity Conservation Trust) for the purpose of promoting watershed protection.

Funding of District Projects

The District provides funds for construction of water and water reclamation facilities, primarily with tax-exempt municipal revenue bonds; and, to a limited extent, with commercial paper. For certain projects, the District has taken advantage of the State Participation program and other programs from the Texas Water Development Board. Under the Board/State Participation programs, the State of Texas encourages the development of efficient regional utility systems, by taking an equity interest in qualified projects to enable construction of adequate capacity for future needs.

For each project or service, participating entities (both Members and Customers) enter into District contracts that require certain minimum payments to cover fixed costs. The provisions of these contracts assure a stable and dependable source of revenue to cover each entity's proportionate share of the applicable cost, including administration and planning, operating and maintenance, capital and financing costs, and other relevant costs of the project and of the service being rendered. In addition, contracts with certain Fresh Water Supply Districts (FWSDs) stipulate that the contracting entity will provide initial funding for cost of specified infrastructure for water reclamation projects in the northeast portion of the District's service area. Under these agreements, the District owns and operates the system and may extend service to other Members and Customers. A portion of said initial funds so provided is subject to reimbursement when the District is ready to provide permanent financing (after growth and development assure a dependable revenue stream, fully adequate to support debt service on the permanent financing).

Mission, Vision, and Goals

The following mission statement adopted by the Board of Directors guides the various programs of the District:

The District's mission is to plan, develop and manage water and solid waste services in the interest of its Members, using consensus-based strategies that are environmentally and economically sound.

The District's vision is to:

Focus on Member and customer needs as the primary purpose of the District, and endeavor to be the provider of choice for the service area.

Work Program Guidelines adopted annually by the Board of Directors help focus the energies, activities and resources of the District for maximum effectiveness and results. These Guidelines provide positive direction to management in the following areas: *Leadership, Organization, Function, Finance, Partnerships, Environment and Education.*

Development History

Upon creation of the District in 1989, the Board of Directors embarked on an ambitious mission to plan, develop and implement regional water supply and regional water reclamation programs for approximately 30 towns and cities. Water supply was the most immediate challenge; but, water reclamation also was given priority attention. Prior to completion of the first regional water treatment facility in 1997, the District purchased treated water on an interim basis from other entities to resell to Members and Customers.

A Regional Water Treatment Plant with a capacity of 20 million gallons per day (mgd) was constructed in the City of Lewisville with convenient access to Lewisville Lake, the raw water source. The treatment plant became operational in 1997 to serve Members and utilities that contracted for wholesale treated water service. The District expanded its original 20 mgd treatment plant in phases to 70 mgd total treatment capacity by 2001. In 2009, the Board of Directors named the plant the Thomas E. Taylor Regional Water Treatment Plant for its long-time Executive Director. The Plant is located on an ample site that will enable staged expansion to at least 300 mgd of treatment capacity as needed to provide for future growth within the District's service area.

The initial Regional Treated Water System served eleven towns, cities and utilities. Growth has continued throughout the District's service area and many communities (both Members and Customers) have requested service. To provide for the needs of Member entities and other wholesale customers, the District has extended a network of major transmission pipelines across its service area, now providing treated water service to more than twenty five communities in the Denton County area. The District has adequate capability and capacity to provide for the needs of its Members and Customers who have contracted for service. Each community now has access to an adequate supply of water, including the peak needs that occur during periods of drought.

In accordance with long-range plans, in 2003 the District proceeded with design of the District's second regional water treatment plant, located in northeast Denton County. In Fiscal Year 2008 (FY), the Tom Harpool Regional Water Treatment Plant began operation. This new plant uses membrane technology as part of the treatment process to provide enhanced treatment and for protection of water quality. The plant site is sufficient to support 240 mgd of water treatment facilities as further growth in the service area may require. The Board of Directors chose to name this new regional facility after a local pioneer in long-range water supply planning, Mr. Tom Harpool, a past President of the Board.

The District is continuing with its strategic planning activities to achieve an adequate long-range supply of water resources for future needs. At five-year intervals, the Texas Water Development Board prepares an updated Texas Water Plan, a master plan for the State of Texas based on a consolidation of 16 regional plans prepared locally. In 2013, a survey was conducted by the local Regional Planning Group (Region C) of the District's Members and Customers to assist in preparation of the latest Plan. In May 2016, the Texas Water Development Board approved the updated final Plan and submitted it to the Texas Legislature. The approved Plan became the 2017 Texas Water Plan. The Texas Water Plan incorporates and reflects the District's own initiatives and outlines a range of recommended strategies to assure an adequate water supply for the District over the next 50 years. The current 2017 Plan provides for water supply needs through 2060. Efforts are already underway for the next five-year update.

In 2003, the District submitted an application for a water rights permit for the proposed Lake Ralph Hall to the Texas Commission on Environmental Quality (TCEQ). In 2006, the District filed a Section 404 permit application with the U.S. Army Corps of Engineers to enable the District to construct the proposed lake.

This new lake will be located in Fannin County in the North Sulphur River Basin and will provide the District and its growing customer base with a firm yield of approximately 30 mgd (million gallons per day) of new water supply. In March 2011 after a thorough technical review, the Executive Director for the TCEQ issued a draft water rights permit, after which the next step was to consider any opposition thereto. In April 2012, the State Office of Administrative Hearings began the legal process for a Contested Case Hearing regarding the proposed permit. Three entities were admitted as opposition parties to the hearing; and the Contested Case Hearing was held in Austin in January 2013. For the first time in nearly thirty years, TCEQ officially awarded a permit for a new water supply lake in Texas, voting to issue the requested permit for Lake Ralph Hall to the District in September 2013. The water rights permit was issued as of December 11th, 2013, making the District's long-term water supply more secure.

Also, in 2007 the District filed two applications with the Water Resources Board of the State of Oklahoma (WRB), seeking the right to divert water from the Kiamichi and Boggy Creek basins, both basins being adjacent the Oklahoma/Texas boundary. In 2009, a third application was submitted to the WRB, seeking rights to use water from Lake Texoma on the Oklahoma/Texas boundary. Those applications remain on file with the WRB pending legal and policy challenges. With a more current outlook, the District is engaged with other regional water systems in evaluation of alternative water resource projects in northeast Texas.

It is important to note that the District currently has water supply resources which are adequate for about 10 to 12 years into the future. The long-range planning activities summarized above reflect the District's efforts to develop adequate sources as needed for the next 50 years.

Initial development of the District's regional water reclamation (wastewater treatment) program began in 1996 when Lake Cities Municipal Utility Authority (LCMUA), a Member entity, transferred its existing wastewater treatment plant (with 1.0 mgd capacity) to the District. By 1998, the District had organized the Lakeview Regional Water Reclamation System and had enlarged the treatment plant to 3.5 mgd to serve LCMUA plus two other Members. In 2003, the Lakeview plant was expanded to 5.0 mgd, and wholesale service was extended to three additional participants, for a total of six member entities: LCMUA, Corinth, Highland Village, Double Oak, Bartonville, and Denton County Fresh Water Supply District #7 (Lantana). During FY 2013, construction was completed to expand treatment capacity to 5.5 mgd.

In 2003, new water reclamation facilities became operational in northeast Denton County, with two new plants. The Riverbend Water Reclamation Plant and the Peninsula Water Reclamation Plant began serving seven additional Members and Customers on a wholesale basis: Oak Point, Lincoln Park, Mustang Special Utility District (Mustang SUD), and four Fresh Water Supply Districts (FWSD). In 2008, the Peninsula Plant was expanded from 375,000 gallons per day to 940,000 gallons per day; and in 2013 construction was completed for an expansion of the Riverbend Plant from 1.5 mgd to 2 mgd. The Riverbend Plant was subsequently expanded from 2 mgd to 4 mgd in 2019. Also, construction of the Doe Branch Water Reclamation Plant for 2 mgd was completed in fall of 2016 in northeast Denton County and serves the cities of Prosper and Celina, Mustang SUD and FWSD No. 10. Currently, the District is in the planning phase to expand the Doe Branch Plant to 4 mgd.

As a strategic element of an ambitious watershed protection program, the District created the Upper Trinity Conservation Trust (UTCT) in FY 2010 and began financial operations in FY 2011. The UTCT will receive donations and acquire land and conservation easements for the purpose of protecting water quality in watersheds above the District's water supply sources. The District established the UTCT as a non-profit conservancy and appointed a nine-member Board of Trustees to lead the new entity on its important mission. The UTCT acquired full tax exemption from the Internal Revenue Service (IRS) in FY 2012.

Services Provided

The chart on the following page summarizes the various services provided by the District to Members and Customers.

UPPER TRINITY REGIONAL WATER DISTRICT

As of September 30, 2020

Entity Served	Treated Water	Water Reclamation	Household Haz. Waste	Other Services
Argyle WSC				
Argyle*				
Aubrey				
Bartonville*				
Blackrock WSC				
Celina				
Copper Canyon*				
Corinth				
Cross Roads*				
Cross Timbers WSC				
Denton	**			
Denton County				
Denton County FWSD #1A				
Denton County FWSD #7				
Denton County FWSD #8A				
Denton County FWSD #10				
Denton County FWSD #11				
Double Oak*				
Flower Mound				
Hickory Creek*				
Highland Village				
Irving	**			
Justin				
Krugerville*				
Krum				
Lake Cities MUA				
Lake Dallas*				
Lewisville	**			
Mustang SUD				
Northlake				
Oak Point*				
Pilot Point				
Ponder				
Prosper				
Town of Providence Village				
Sanger				
Shady Shores*				

*Indirect Customer: Receives retail water and /or water reclamation service from a wholesale customer of Upper Trinity.

**Participating jointly with Upper Trinity in a water project

Operational Information

Internal Accounting Controls

Management is responsible for establishing and maintaining internal controls designed to assure that assets of the District are protected from loss, theft or misuse. Further, management must ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles. The District has developed a *Fraud Risk Assessment and Procedures Manual*, a very helpful tool in evaluating and maintaining internal controls. Such internal controls provide reasonable, but not absolute, assurance that internal control objectives are met. The concept of reasonable assurance recognizes that:

- the cost of any given control should not exceed the benefits likely to be derived; and,
- the evaluation of costs and benefits relies on informed estimates and judgments by management.

All internal control evaluations occur within this framework of “reasonable assurance”. We believe the District’s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of accounting transactions.

Budgetary Controls

To augment accounting controls, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal and fiscal provisions of annual operating and capital budgets approved by the Board of Directors. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the “fund” level. As confirmed by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Risk Management

The District participates in the Texas Municipal League Intergovernmental Risk Pool to manage risks associated with District property, and for liabilities related to District operations. On the District’s books, liabilities are recognized when incurred, rather than when claims are actually reported.

Other Information

Submission for Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual report for the most recent fiscal year, through September 30, 2019. This was the District’s twentieth consecutive Certificate of Achievement award from GFOA. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized annual report, which conforms to program standards. Each annual report must satisfy both generally accepted accounting principles and applicable legal requirements.

Each Certificate of Achievement applies to an annual report that presents the financial position and results of operations for one particular year. We believe this year’s annual report will

conform to Certificate of Achievement Program requirements; and, we will submit it to GFOA for consideration.

In addition, GFOA awarded the Distinguished Budget Presentation Award to the District for the FY 2020 budget year. This was the District's eleventh year to submit and to receive this award. The Distinguished Budget Presentation Award encourages and assists state and local governments in preparation of budget documents of the highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting, and the GFOA's best practices on budgeting. Awards are given by the GFOA to recognize individual governments that succeed in achieving that goal.

The Distinguished Budget Presentation Award is given on annual basis. We believe that the budget submitted for the FY 2021 budget year continues to satisfy the requirements to receive the Award. Therefore, the FY 2021 budget was submitted in November 2020 for consideration.

Acknowledgements

Preparation of this annual report could not have been accomplished without the efficient and dedicated support of the entire staff of the Business Department, augmented by expert assistance from the Administration, Operations and Engineering Departments. We wish to express our appreciation to all District personnel who assisted and contributed to the preparation of this report.

Especially, we want to express appreciation to the Board of Directors for their continued vision in governance of the District, and for their guidance and support to management in planning and conducting the operations of the District in an efficient manner. With dedicated Members working together, the District continues to excel, fulfilling the regional mission for adequate long-range water supply and for excellent wastewater services – for the people and communities in our service area.

Respectfully submitted,

Larry N. Patterson, P.E.
Executive Director

William A. Greenleaf
Chief Financial Officer

UPPER TRINITY REGIONAL WATER DISTRICT

BOARD OF DIRECTORS As of September 30, 2020

<u>Name</u>	<u>Term</u>	<u>Appointing Entity</u>
Richard A. Lubke, President	A	City of Highland Village
Brian Roberson, Vice President	A	City of Aubrey
Bob Hart, Treasurer	B	City of Corinth
Clay Riggs, Secretary	A	Town of Flower Mound
Troy Norton	B	Town of Argyle
Del Knowler	B	Town of Bartonville
James Burnham	B	City of Celina
Mark Pape	B	Town of Copper Canyon
Frank Pugsley	B	City of Denton
Johnny D. Harris	A	Denton County
Gary Calmes	B	Denton County At-Large
Kristina Clark	A	Denton County FWSD No. 1-A
Kevin Mercer	A	Denton County FWSD No. 7
Dick Cook	B	Town of Double Oak
(Vacant)	B	City of Irving
Greg Scott	B	City of Justin
Devon Kennedy	B	City of Krum
Mike Fairfield	A	Lake Cities Municipal Utility Authority
Eric Ferris	B	City of Lewisville
Chris Boyd	A	Mustang Special Utility District
Lyle Dresher	B	Town of Northlake
Allen McCracken	A	City of Pilot Point
Mike Anderson	A	Town of Ponder
Frank Jaromin	A	Town of Prosper
Tracy LaPiene	A	City of Sanger

A -- Term expires May 31, 2023 and each four years thereafter

B -- Term expires May 31, 2021 and each four years thereafter

UPPER TRINITY REGIONAL WATER DISTRICT

MANAGEMENT OFFICERS

<u>Name</u>	<u>Position and Length of Time in this Position</u>	<u>Length of Employment with Upper Trinity</u>
Larry N. Patterson, P.E.	Executive Director 2 ½ Years	18 Years
William A. Greenleaf	Chief Financial Officer 14 Years	22 Years
Thomas W. Snyder, P.E.	Director / Engineering & Construction 4 Years	27 Years
D. Jody Zabolio, P.E.	Director / Operations 4 Years	15 Years

INDEPENDENT AUDITORS

Deloitte & Touché LLP
Dallas, Texas

GENERAL COUNSEL and CO-BOND COUNSEL

Boyle and Lowry LLP
Irving, Texas

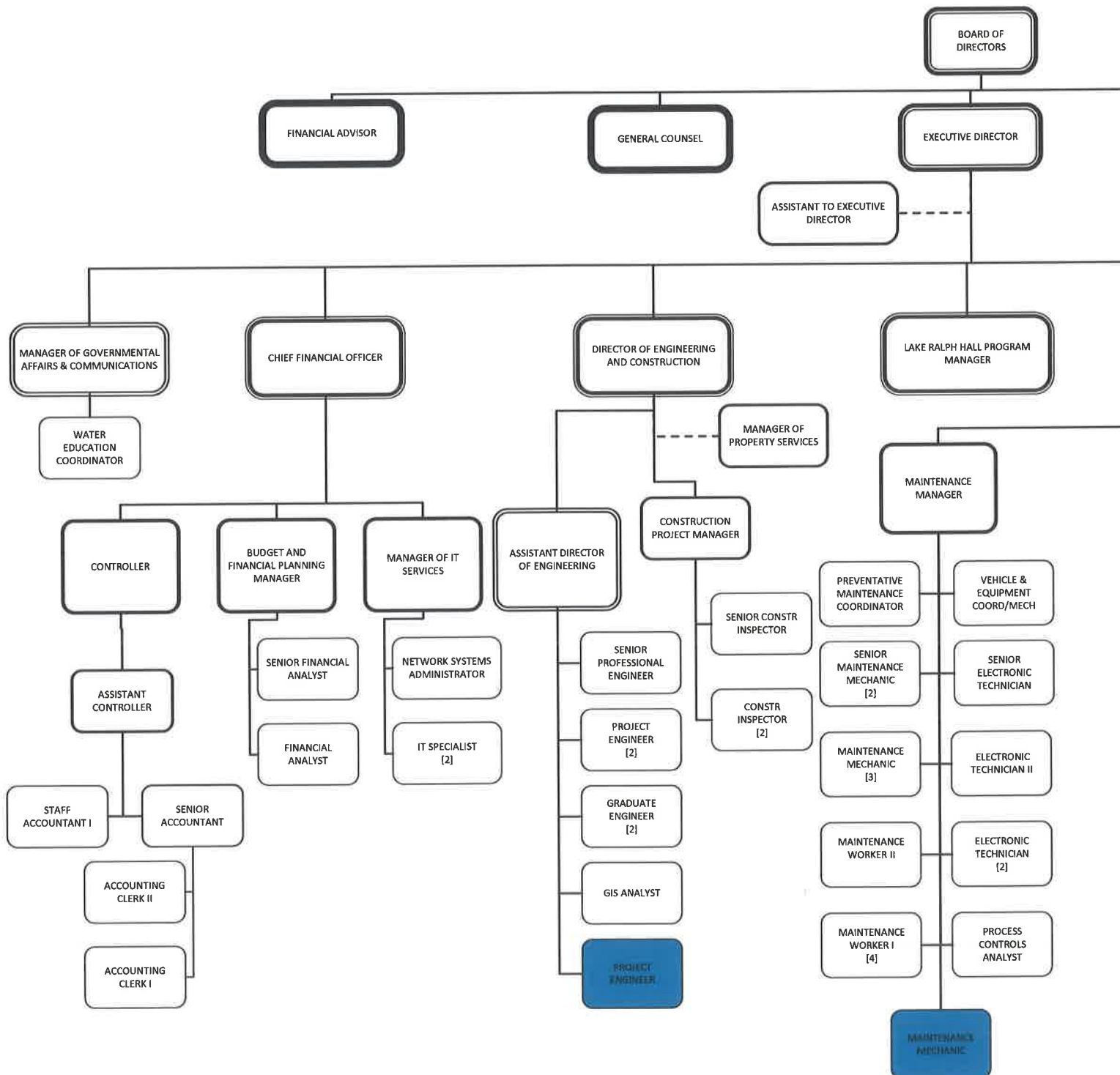
CO-BOND COUNSEL

Bracewell LLP
Dallas, Texas

FINANCIAL ADVISOR

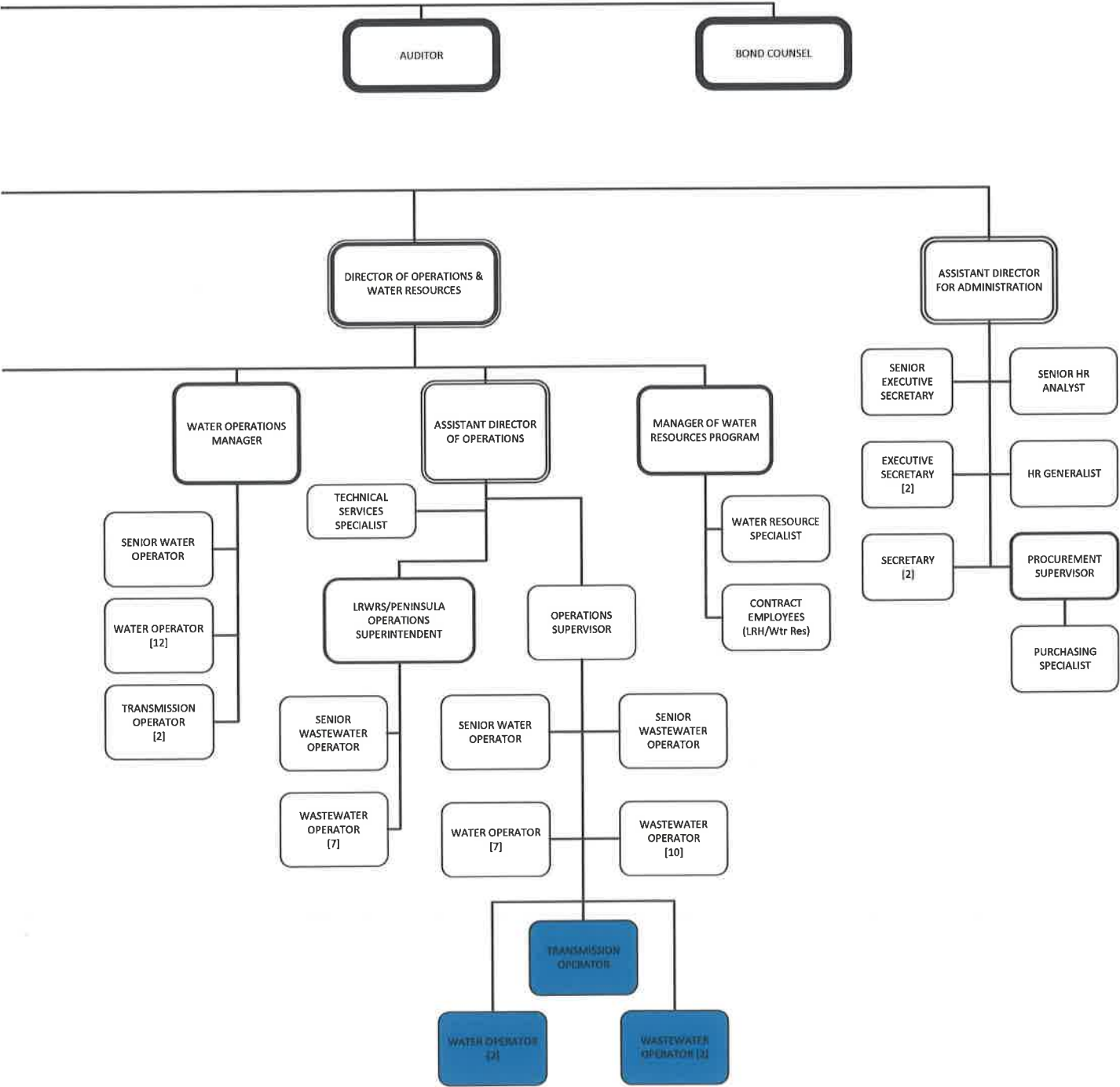
Hilltop Securities Inc.
Dallas, Texas

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Total Employees 117
New Employees

ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Upper Trinity Regional Water District
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO



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INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors
Upper Trinity Regional Water District
Lewisville, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Upper Trinity Regional Water 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit 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 *management's discussion and analysis* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Upper Trinity Regional Water District's basic financial statements. The Supplemental System and Project Schedules, the Introductory Section, the Statistical Section, and the Supplemental Schedules Required by the Texas Commission on Environmental Quality are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental System and Project Schedules 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 Supplemental System and Project Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section, the Statistical Section, and the Supplemental Schedules Required by the Texas Commission on Environmental Quality 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.

Deloitte & Touche LLP

March 24, 2021

UPPER TRINITY REGIONAL WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FISCAL YEAR ENDED SEPTEMBER 30, 2020 (UNAUDITED)

Your interest in the financial results of the Upper Trinity Regional Water District (the District) is appreciated. We hope this financial report will be interesting and informative about the District's mission to provide for wholesale water and wastewater needs in our growing service area on the north side of the Dallas/Fort Worth Metroplex. Management is pleased to provide this overview and analysis of the District's financial activities for the fiscal year ended September 30, 2020.

PROGRAM HIGHLIGHTS

- An improving financial condition despite the pandemic occurring for more than half the fiscal year. A key indicator is "Net Position", which is the remainder after deducting total liabilities from total assets and deferred outflows. Net Position as of the end of FY 2020 was over \$186 million, an increase of approximately 10% for the year. The increase was largely due to:
 - Vigilance of the Board and Staff in controlling costs.
 - Taking advantage of available low-cost capital financing.
 - A steady commitment to funding reserve accounts.
- Favorable interest rates remained through FY 2020. Use of Commercial Paper for capital improvements in the Regional Treated Water System saved substantial money. Interest rates on Commercial Paper ranged from a low of 0.22% to a high of 1.50%.
- Total net capital asset additions were nearly \$51 million, of which over \$46 million was for the Regional Treated Water System.

You may find comparative financial information to be worthwhile; and, considerable information is provided in other sections of this Management's Discussion and Analysis.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report is composed of financial statements, plus the appropriate notes for the Enterprise Fund. For a complete analysis, one also needs to examine the supplementary information to the basic financial statements, containing the financial information for the individual systems and projects. In this context, the following discussion and analysis serves as an introduction to the District's basic financial statements.

Financial Statements—The financial statements are designed to provide a reader with an overview of the District's finances, in a manner similar to a typical private enterprise.

The *Statements of Net Position* presents information on all District assets, deferred outflows, and liabilities, with the difference between assets, deferred outflows, and liabilities being reported as *net position*. Over time, increases or decreases in net position can serve as an indicator of the long-term trend of the District's financial condition.

The *Statements of Revenues, Expenses and Changes In Net Position* shows activity and changes during the fiscal year. 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 flow. Thus, revenues and expenses are reported for some items that will not affect cash flow until future fiscal periods (e.g., earned but unused vacation leave and accounts receivable for services).

The *Statement of Cash Flows* presents information showing the District's cash activities, cash receipts and cash disbursements. The statement of cash flows is presented in three broad categories: (1) cash flows from operating activities, (2) cash flows from capital and related financing activities, and (3) cash flows from investing activities. The statement of cash flows is a useful tool in understanding the District's cash position.

Notes to the Financial Statements—The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

ENTERPRISE FUND FINANCIAL ANALYSIS

The trend of changes in net position over time serves as an indicator of the District's financial condition. Year-end assets and deferred outflows exceeded liabilities by over \$186 million—an approximate increase of 10% in net position compared with fiscal year 2019. As noted on page 1, the increase was due to controlling costs, use of low-cost capital financing and a commitment to fund the District's reserves.

The District and most of its member entities practice cash-basis budgeting. Further, the District does not consider depreciation expense when setting rates for utility services rendered to members and customers. Considering this, a relevant view of the District's financial strategy would be the original cost of the District's assets, less indebtedness, without any reduction for accumulated depreciation expense. Accordingly, the District only recovers the original cost of the acquired assets, plus related financing costs in its rates and charges.

Another major element of the District's financial strategy has been the use of funds provided by the Texas Water Development Board (TWDB) under the State Water Implementation Fund for Texas (SWIFT) *Board Participation Program*. Board Participation funds were received for the purpose of acquiring land and for other aspects of the Lake Ralph Hall Project, a key component of the Regional Treated Water System. Board Participation funds allow for added flexibility -- with repayment to occur more closely to the time when Lake Ralph Hall is completed and in use. As a result, there is minimal cost to the current customer when Board Participation funds are used.

Similar to the structure of the *Board Participation Program* is the *State Participation Program* of the TWDB. Under this Program, the State of Texas invests capital funds in specific projects for equity participation to enable growing regional systems like the District to oversize facilities in an efficient manner - that is, to construct extra capacity for anticipated future growth. This Program enables the District to prepare for the future, with little cost to current customers. In the future, when pipeline or plant capacity is needed to meet the needs of a growing customer base, the District is required to repurchase from the State such constructed capacity as needed, at original cost. Such original oversize cost could be a fraction of what the cost would be to construct stand-alone capacity in the future to meet such growth requirements. Therefore, for sound financial reasons, the District has made extensive use of State Participation funds to help construct extra capacity to prepare for expected future growth needs.

In addition, the flexibility of both the Board Participation and State Participation Programs affords the District time to refund the debt in more favorable interest rate environments financially beneficial to achieve the greatest savings. As a result, the District has taken advantage of historically low rates to refund nearly all of the debt issued under the State Participation Program since FY 1993. Board Participation and the remaining State Participation are discussed further in the **Debt Administration** section of the MD&A.

To help coordinate the timing of debt repayment with beneficial use, the District uses certain funding sources that offer deferred payment of principal. Such sources include the previously discussed Board Participation and State Participation financing. Other sources including Commercial Paper financing, Participant Advance Funding and other SWIFT programs such as the *Deferred Interest Program* all serve as integral components of the District's financial strategy. This strategy enables the District to plan effectively for future growth needs by not placing an undue financial burden on current customers. However, as a side effect of this practice, there could be a temporary decline in *Net Investment in Capital Assets* for an interim period. Such a decline can occur when the depreciation of capital assets is taken at a faster rate than the corresponding and related reduction in debt. When principal payments on debt are made, *Net Investment in Capital Assets* would then begin to increase.

To clarify, the amount noted as *Net Investment in Capital Assets* represents long-term capital assets minus the related debt, the District uses to provide services to its members and customer entities. These assets are not cash and cannot be immediately converted to cash; therefore, they cannot be used to satisfy current outstanding liabilities.

The District's net position also reflects the fact that \$13,376,408 is *Restricted for Debt Service*, and \$11,165,088 is *Restricted Contributions for Capital Improvements*, limiting how these funds may be used. The remaining *Unrestricted Net Position* may be used to meet ongoing obligations of the District.

Upper Trinity Regional Water District's Condensed Schedule of Net Position
September 30, 2020
(With Comparative Totals As Of September 30, 2019)

	FY 2020	FY 2019
ASSETS:		
Current and other assets	\$ 165,296,039	\$ 158,152,143
Capital assets	<u>439,087,559</u>	<u>388,319,852</u>
Total assets	<u>604,383,598</u>	<u>546,471,995</u>
DEFERRED OUTFLOW OF RESOURCES:		
Loss on debt refunding	<u>694,872</u>	<u>1,137,380</u>
Total deferred outflows of resources	<u>694,872</u>	<u>1,137,380</u>
LIABILITIES:		
Current and other liabilities	34,081,656	31,546,358
Long-term liabilities outstanding	<u>384,460,863</u>	<u>346,889,694</u>
Total liabilities	<u>418,542,519</u>	<u>378,436,052</u>
NET POSITION:		
Net investment in capital assets	92,601,836	86,778,735
Restricted:		
For debt service	13,376,408	15,035,662
Contributions for capital improvements	11,165,088	15,868,792
Unrestricted	<u>69,392,620</u>	<u>51,490,134</u>
Total net position	<u>\$ 186,535,952</u>	<u>\$ 169,173,323</u>

**Expenses and Changes in Net Position
For the Year Ended September 30, 2020
(With Comparative Totals for Year Ended September 30, 2019)**

	FY 2020	FY 2019
OPERATING REVENUES		
Charges for Services	\$ 65,613,968	\$ 60,790,938
Miscellaneous Income	290,632	268,711
Total Operating Revenue	<u>65,904,600</u>	<u>61,059,649</u>
OPERATING EXPENSES:		
Operation and maintenance	20,860,603	19,050,096
Depreciation and amortization	13,886,366	11,675,283
Administrative expenses	4,147,734	4,267,194
Total operating expenses	<u>38,894,703</u>	<u>34,992,573</u>
OPERATING INCOME	<u>27,009,897</u>	<u>26,067,076</u>
NON-OPERATING REVENUES/(EXPENSES)		
Investment income/(loss)	(15,980)	26,441
Interest income	1,715,527	3,437,564
Interest and fiscal charges	(12,278,879)	(10,302,125)
Other non-operating revenue		142,278
Other non-operating expense		(142,278)
Gain/(loss) on disposal of capital assets	1,880	(466,018)
Total non-operating revenues/(expenses)	<u>(10,577,452)</u>	<u>(7,304,138)</u>
INCOME BEFORE CONTRIBUTIONS	16,432,445	18,762,938
CONTRIBUTIONS	<u>930,184</u>	<u>15,377,375</u>
CHANGE IN NET POSITION	17,362,629	34,140,313
TOTAL NET POSITION—beginning of year	<u>169,173,323</u>	<u>135,033,010</u>
TOTAL NET POSITION—end of year	<u>\$ 186,535,952</u>	<u>\$ 169,173,323</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

The District's total capital assets as of September 30, 2020, were \$439,087,559 (net of accumulated depreciation). This investment in capital assets includes land and buildings, treatment plants, pump stations, pipelines, water rights, an emergency water supply reservoir, and other equipment and fixtures. Additional information regarding the District's capital assets is reflected in Note 5 to the basic financial statements.

For FY 2020, the most significant additions to capital assets were for the Regional Treated Water System -- which increased by approximately \$46 million. The investments in capital assets in the

Regional Treated Water System were for on-going planning, regulatory permitting and land purchases for the Lake Ralph Hall Water Supply Project and various other capital improvement projects.

Upper Trinity Regional Water District's Capital Assets
(Net of accumulated depreciation)
As of September 30, 2020
(With Comparative Totals As Of September 30, 2019)

	FY 2020	FY 2019
Land	\$ 14,000,020	\$ 13,978,972
Furniture and Equipment	3,188,814	3,039,954
Plant/Pipeline Facilities	263,540,952	269,517,077
Water Rights	6,502,621	6,594,207
Reservoirs	1,120,624	1,151,752
Construction in progress:		
Land - General purpose	3,173,634	2,784,676
Reservoir land	41,607,888	33,080,279
Other construction costs	<u>105,953,006</u>	<u>58,172,935</u>
 Total	 <u>\$ 439,087,559</u>	 <u>\$ 388,319,852</u>

Debt Administration

As mentioned earlier, over a period of years, the District received significant funding from the Texas Water Development Board (TWDB) *State Participation Program* for equity participation in construction of extra capacity in water and wastewater regional systems to meet future growth needs, reaching a peak of approximately \$55.5 million. Taking advantage of low-interest opportunities, the District has purchased most of the State's equity ownership at original cost, reducing the outstanding State Participation to \$2.1 million.

Early in FY 2016 and FY 2020 the District received \$15.565 million and \$30 million, respectively, from a TWDB program that is essentially the same in structure and nature as the State Participation Program – the *Board Participation Program*. Board Participation funding is part of the State Water Infrastructure Fund for Texas (SWIFT) Program of the TWDB that is specifically designed to assist for future water needs. Board Participation funding is being used for land purchases and other associated costs of the Lake Ralph Hall Project in the Regional Treated Water System. The State's equity ownership under the Board Participation program, plus non-current accrued interest remaining to be reimbursed when timely, was approximately \$49.21 million at fiscal year-end.

During FY 2016, the District also acquired \$29,115,000 as part of the SWIFT *Deferred Interest Program*. Under Deferred Interest, the District pays no principal or interest until construction is completed for Lake Ralph Hall or FY 2024, whichever is earlier. Also during that period, interest is not accrued. This funding source is being used for various planning costs associated with Lake Ralph Hall. The District classifies Deferred Interest funding as "Revenue Bonds" for financial reporting purposes.

During FY 2008, the District also received project funding for its Lake Ralph Hall Project from the TWDB *Water Infrastructure Fund - 10 (WIF-10) Program*. This state-wide program was established by the Texas Legislature to provide funding for the planning and permitting phases of water projects included in the State Water Plan. Under this innovative program, both interest and principal payments are waived for the first ten years after receipt of funds. Of special note, the interest is not “deferred”; rather, it is simply set at 0% for ten years. The District is using this favorable source of planning monies for the Lake Ralph Hall Water Supply Project. Like Deferred Interest, the WIF-10 funds are classified as “Revenue Bonds” for financial reporting purposes.

Further, the total of outstanding debt (including both State Participation and Board Participation) and other long-term liabilities is approximately \$390.91 million. Of this total, 75.2% is for the Regional Treated Water System; 19.2% is for the Northeast Regional Water Reclamation System (Riverbend and Doe Branch Plants); and, the remaining 5.6% is for the Lakeview Water Reclamation System and the Peninsula Water Reclamation Plant.

**Upper Trinity Regional Water District's Outstanding Debt
As of September 30, 2020
(With Comparative Totals As Of September 30, 2019)**

	FY 2020	FY 2019
Revenue Bonds	\$ 292,645,000	\$ 272,625,000
State/Board Participation Debt	47,665,000	17,665,000
Commercial Paper	32,000,000	45,000,000
Water Supply Obligations	4,779,618	4,883,080
Notes Payable	10,063,822	10,123,222
State/Board Participation Accrued Interest	<u>3,754,009</u>	<u>2,465,280</u>
Total	<u>\$ 390,907,449</u>	<u>\$ 352,761,582</u>

As of September 30, 2020, the District's revenue bonds were rated as follows:

	Moody's Investors	Standard & Poor's
Regional Treated Water System	A2	A+
Lakeview Regional Water Reclamation System	A2	A+
Northeast Regional Water Reclamation System	n/a	A+
Peninsula Water Reclamation Plant	n/a	AA-

Additional information on the District's long-term debt can be found in Notes 6 and 7 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In FY 2020, the Board of Directors continued to take a proactive approach to monitor costs and to adjust rates accordingly. The Board adjusted rates as necessary to maintain and improve the District's financial condition. Of special note, FY 2020 represented the sixteenth consecutive year that the District has achieved an increase in total Net Position, with an increase of approximately 10% for this fiscal year.

During FY 2020, the pandemic slowed many aspects of the national economy. However, the economy in the District's service area continued moderate improvement – positively impacting growth and development in the District's services area. Accordingly, the District will continue to make adjustments in its Capital Improvement Program, Operations and Planning to pace expenditures according to economic conditions and customer needs. It is important that the District maintain a close watch on all aspects of its financial plan – capital planning, revenue projections, and cash management.

With continued growth in the District's service area, capital planning continued at a steady pace. Accordingly, the District proceeded with key capital projects: (1) acquisition of land and permitting for the important future water supply source in Lake Ralph Hall; (2) projects to improve efficiency and service in the Regional Treated Water System; and (3) planning for the expansion of services in the Northeast Regional Water Reclamation System.

As a strategic element of the District's watershed protection program, the District established the Upper Trinity Conservation Trust (UTCT) as a component unit during FY 2010. The District established the UTCT as a charitable entity and appointed a Board of Trustees. During FY 2012, the UTCT experienced its first full fiscal year of operations and received IRS approval for full tax exemption. In future years, the UTCT is expected to receive donations and acquire land and conservation easements for the purpose of protecting water quality in watersheds above the District's water supply sources.

In September 2020, the Board of Directors approved new rates and charges for Fiscal Year 2021:

- Lakeview Regional Water Reclamation System. There was no increase for various fees and charges.
- Northeast Regional Reclamation System. There was no increase for various fees and charges.
- Peninsula Water Reclamation Plant. There was no increase for various fees and charges.
- Regional Treated Water System. Combined, the blended rate increase for the fixed "Demand" components and the variable "Volume" components averaged 2.00%.

The District has maintained its full readiness and capacity to serve, and is prepared for economic growth, with the accompanying financial requirements. In the meantime, management continues to be vigilant in its oversight of District budgets, investments, finances, rates, and expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances, with a glimpse at enterprise planning and operating strategies. We believe that the results confirm the District's responsible stewardship and accountability for all funds and resources entrusted to the District. The District is proud of its commendable track record in development of regional systems, in extension of water and wastewater service throughout the service area, staying ahead of growth demands—and, in preparation for the future.

Management of the District believes that the District's motto on the cornerstone of its headquarters building is very apt:

Providing for the present and future needs of this region.

With vision and courage we plan.

With cooperation and commitment we serve.

Questions concerning any of the information provided in this report, and requests for additional financial information may be addressed to the Chief Financial Officer, P.O. Box 305, Lewisville, Texas 75067.

BASIC FINANCIAL STATEMENTS

UPPER TRINITY REGIONAL WATER DISTRICT

STATEMENTS OF NET POSITION

September 30, 2020

	UTRWD	Component Unit
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 64,767,185	\$ 82,894
Accounts receivable from customers	13,772,422	
Other current assets	96,578	
Restricted assets:		
Cash and cash equivalents	1,783,922	
Total current assets	80,420,107	82,894
Non-current assets:		
Accounts Receivable - Northlake	309,977	
Contractual agreements receivable	1,483,092	
Restricted assets:		
Cash and cash equivalents	61,001,117	
Cash held in escrow	22,081,746	
Non-depreciable capital assets	164,734,548	
Depreciable capital assets - net	274,353,011	
Total non-current assets	523,963,491	-
TOTAL ASSETS	604,383,598	82,894
DEFERRED OUTFLOW OF RESOURCES:		
Loss on debt refunding	694,872	
TOTAL DEFERRED OUTFLOW OF RESOURCES	694,872	-
LIABILITIES:		
Current liabilities:		
Accounts payable	4,242,538	3,905
Unearned revenue	265,499	
Accrued liabilities	1,449	
Accrued wages and benefits	1,046,000	
Other current liabilities	19,756	
Payable from restricted assets:		
Accrued interest payable	1,705,943	
Accounts payable-construction	7,627,680	
Construction retainage payable	2,011,650	
Current portion of long-term bonds	16,750,000	
Current portion of water supply obligation	106,827	
Current portion of long-term accrued interest	113,314	
Unpaid self-insurance claims	191,000	
Total current liabilities	34,081,656	3,905
Non-current liabilities:		
Long-term bonds	285,539,956	
Long-term board /state participation debt	47,665,000	
Commercial paper payable	32,000,000	
Long-term water supply obligation	4,672,791	
Long-term accrued compensated absences	878,599	
Notes payable	10,063,822	
Long-term accrued interest	3,640,695	
Total non-current liabilities	384,460,863	-
TOTAL LIABILITIES	418,542,519	3,905
NET POSITION		
Net investment in capital assets	92,601,836	
Restricted:		
For debt service	13,376,408	
Contributions for capital improvements	11,165,088	
Unrestricted	69,392,620	78,989
Total net position	\$ 186,535,952	\$ 78,989

See notes to financial statements.

UPPER TRINITY REGIONAL WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2020

	UTRWD	Component Unit
OPERATING REVENUES:		
Charges for services	\$ 65,613,968	\$ 4,375
Miscellaneous income	290,632	
Total operating revenues	65,904,600	4,375
OPERATING EXPENSES:		
Operation and maintenance:		
Salaries and benefits	4,852,915	11,896
Water and wastewater treatment	7,960,051	
Lab chemicals and supplies	1,971,217	
Maintenance materials service	1,835,206	
Utilities	3,053,816	
Equipment and tools	36,422	
Sludge removal	884,595	
Disposal service	3,575	
Miscellaneous	262,806	
Depreciation and amortization	13,886,366	
Overhead expenses	2,983,690	
Administrative/other	1,164,044	2,489
Total operating expenses	38,894,703	14,385
OPERATING INCOME (LOSS)	27,009,897	(10,010)
Non-operating revenues (expenses):		
Operating contribution from UTRWD		25,000
Investment loss	(15,980)	
Interest income	1,715,527	138
Interest and fiscal charges	(12,278,879)	
Gain on disposal of capital assets	1,880	
Net non-operating revenues (expense)	(10,577,452)	25,138
INCOME BEFORE CONTRIBUTIONS	16,432,445	15,128
CONTRIBUTIONS FOR CAPITAL IMPROVEMENTS	930,184	
CHANGE IN NET POSITION	17,362,629	15,128
TOTAL NET POSITION - beginning of year	169,173,323	63,861
TOTAL NET POSITION - end of year	\$ 186,535,952	\$ 78,989

See notes to financial statements

UPPER TRINITY REGIONAL WATER DISTRICT

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 62,090,189
Cash paid to vendors	(18,392,318)
Cash paid to employees	(7,252,197)

Net cash provided by operating activities

36,445,674

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital asset additions	(62,681,600)
Contributions received	930,184
Bond proceeds	55,463,394
Board participation debt proceeds	30,000,000
Bond principal payments	(15,575,000)
Bond payments for refunded bonds	(17,595,000)
Water supply obligation	(103,462)
Commercial paper proceeds	208,000,000
Commercial paper payments	(221,000,000)
Notes payable payments	(59,400)
Payment of interest and related fees	(12,091,837)
Payment of long-term accrued interest	(113,315)

Net cash used in capital and related financing activities

(34,826,036)

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income	1,719,855
Purchase of investments	(10,049,700)
Maturity of investments	17,800,000
Net cash provided by investing activities	9,470,155

Increase in cash and cash equivalents

11,089,793

Cash and cash equivalents, beginning of year

138,544,177

Cash and cash equivalents, end of year

\$ 149,633,970

(Continued)

UPPER TRINITY REGIONAL WATER DISTRICT

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Operating income	\$ 27,009,897
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation and amortization	13,886,366
Change in accounts receivable	(3,814,415)
Change in accounts payable	(384,870)
Change in unearned revenue	(93,306)
Change in accrued liabilities	1,449
Change in accrued wages and benefits	(149,147)
Change in other current assets	(10,300)
Total adjustments	9,435,777

NET CASH PROVIDED BY OPERATING ACTIVITIES

\$ 36,445,674

NON-CASH ITEM:

Change in fair value of investments	\$ 55,572
Amortization of bond refunding loss	(362,359)
Amortization of bond premium	1,617,705
Accounts payable relating to construction	1,803,979

See notes to financial statements.

(Concluded)

UPPER TRINITY REGIONAL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Upper Trinity Regional Water District (District) is a political subdivision of the State of Texas and a body politic and corporate, created as a conservation and reclamation district under Article XVI; Section 59 of the Constitution and chapter 1053, Acts of the 71st Legislature of Texas, Regular Session, 1989. Under the Constitution and the statutes the District has broad powers for water conservation and use of storm and flood waters and unappropriated flow waters. The District has specific authority to construct, own, and operate water supply, treatment and distribution facilities and wastewater gathering, treatment, and disposal facilities, to charge for such services; and to make contracts for such purposes with municipalities and other entities.

A board of directors appointed by member entities governs the District. Each member entity appoints one representative, who is not an elected official of the entity, to serve as a director for a term of four years. In order to fund the water and wastewater services to member entities, members pay a proportionate share of the administrative, planning, operating and maintenance, and financing costs of projects based upon their usage of services from each project in which they participate. Non-member entities (customers) pay fees at a slight premium compared to member entities.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governments. The following is a summary of the more significant policies:

District's Systems and Projects

- A. **Reporting Entity** – The District's basic financial statements include all organizations and activities determined to be part of the District's reporting entity. The following are descriptions of the systems and projects, which are sub funds of the District and the Upper Trinity Conservation Trust (UTCT) which is the component unit of the District.

The District's Regional Treated Water System (RTWS) was placed in service in June of 1994 and currently provides treated water service to 19 customers in Denton County. The total subscribed capacity for RTWS' customers is 79.02 million gallons per day (mgd). Flower Mound is the RTWS's largest customer with a subscribed capacity of 30 mgd.

The District initiated wholesale wastewater treatment service to customers of the Lakeview Regional Water Reclamation System (LRWRS) in 1996. It was completed in two phases and currently serves Bartonville, Corinth, Denton County Fresh Water Supply District (DCFWS) #7 (Lantana), Double Oak, Highland Village, and Lake Cities MUA. The total combined subscribed capacities for these customers are currently 5.329 mgd, with Highland Village having the highest subscribed capacity at 1.65 mgd.

In March of 1995 the District entered into a contract for non-potable water service with DCFWS #1A. This system, which consists of a pump station and non-potable pipeline, was placed in operation in 1998. The system provides both treated effluent and raw water service to DCFWS #1A.

The Northeast Regional Water Reclamation System (NERWS) is composed of the Riverbend and Doe Branch Plants. Riverbend currently provides wastewater treatment service to Mustang Special Utility District (MSUD), Providence Village, and DCFWS's #8A, #10, and #11. The Doe Branch

Plant provides wastewater treatment services to Celina, Prosper, MSUD and DCFWSD #10. The combined contracted capacities for the two plants are 5.45 mgd.

The Peninsula plant is also located in Northeast Denton County and became operational in 2003. The Peninsula plant serves Mustang SUD. Peninsula has a contracted capacity of .94 mgd.

The other sub funds include the Household Hazardous Waste Program. The District's Growth Project is used to account for the acquisition of land for projects. Administration and Project Development are used to report administrative fee revenue and expenses and to account for various expenses before the construction of projects begins.

Discrete component unit

The UTCT is a component unit of the District that was established in June 2010. The purpose of the UTCT is to receive, acquire, invest and maintain financial, real property and other assets for the purpose of protecting designated watersheds and water quality. The District appoints the board members that are separate from the District's Board of Directors and provides significant funds for the UTCT's operations. Therefore, the UTCT is accounted for as a discretely presented component unit, which is reported as a business type activity, as it charges fees for services to users. The UTCT does not issue separate financial statements.

- B. **Fund Accounting** — The accounts of the District are organized into one Enterprise Fund, a proprietary fund. The operations of the fund are accounted for using a set of self-balancing accounts that comprise the fund's assets, liabilities, net position, revenues and expenses. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, excluding depreciation and amortization) of providing services to the contracting users on a continuing basis be financed or recovered primarily through user charges; and for which the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, management control, accountability or other purposes.
- C. **Basis of Accounting** — The proprietary fund is accounted for on a cost of services or "economic resources" measurement focus, using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

The statement of net position presents information on all of the District's assets, deferred outflows, and liabilities, with the difference between the two reported as net position.

The statement of revenues, expenses and changes in net position presents information showing how the District's net position changed during the most recent fiscal 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. 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., earned but unused vacation leave).

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 services. Operating expenses include the cost of providing the services, administrative expenses, depreciation of capital assets and general overhead. General overhead expenses such as the District's management and support staff's salary, benefits, supplies, rent and utilities are allocated to all operating systems and construction projects based on percentage of the total expenses for the year. All other expenses and revenues not meeting the definition outlined above are reported as non-operating revenues and expenses.

Rates charged for services to member and customer entities are established during the budget process and approved by the Board of Directors for each fiscal year. The Board provides final approval for the next fiscal year rates during the September meeting preceding the end of the fiscal year.

- D. **Cash, Cash Equivalents, and Investments** — Cash equivalents are defined as cash, public funds investment pools, and investments purchased within three months of maturity. Investments are recorded at fair value, defined as the amount at which two willing parties would complete an exchange.

The District reports cash and cash equivalents related to the acquisition or construction of capital assets or for debt service as a restricted non-current asset.

- E. **Restricted Cash and Cash Equivalents** — Certain cash and cash equivalents related to the acquisition or construction of capital assets and certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and agreements. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed. This is exemplified in the resources first being used for debt service payments and construction costs. Escrow funds are held in UTRWD's name but are restricted for construction. The following table lists the categories and amounts of cash and cash equivalents that are restricted.

<u>Restricted Cash and Cash Equivalents</u>	<u>Amount</u>
<u>Current Restricted Cash and Cash Equivalents</u>	
Self Insurance Reserve	\$ 1,783,922
Total Current Restricted Cash and Cash Equivalents	<u>1,783,922</u>
<u>Non-current Restricted Cash and Cash Equivalents</u>	
Interest and Sinking Reserve	1,812,818
Debt Service Reserve	17,023,542
Construction Funds	30,102,256
Board Participation cash	562,362
Board Participation cash held in escrow	18,423,979
State Water Infrastructure Fund for Texas (SWIFT) - cash	11,500,139
State Water Infrastructure Fund for Texas (SWIFT) - escrow	3,657,767
Total Non-current Restricted Cash and Cash Equivalents	<u>83,082,863</u>
Total Restricted Cash and Cash Equivalents	<u>\$ 84,866,785</u>

- F. **Capital Assets** — Capital assets are recorded at historical cost. In the case of gifts or contributions, such assets are recorded at their acquisition value at the time received. Depreciation on property, plant and equipment in the financial statements are recorded for each major class of depreciable property utilizing the straight-line method over the following estimated useful lives:

Furniture and equipment	3–15 years
Plant/pipeline facilities	10–50 years
Reservoirs	50 years
Water Rights	100 years

The District's capitalization threshold for assets is \$5,000. A full year of depreciation on plant/pipeline facilities is taken in the fiscal year following the year the asset is put in service.

- G. **Compensated Absences** — The District's employees earn vacation and sick leave that may be used or accumulated up to certain limits. Unused vacation is paid upon retirement, termination or death. Unused sick leave is reduced to a percentage of the accumulated balance when paid upon retirement, certain terminations or death.

A liability is recorded for vacation and sick leave earned by employees attributable to past service. The maximum amount of vacation that can be accrued is equal to 2 years of annual eligibility for each employee. The maximum amount of sick leave that can be accrued is 1,200 hours for each employee. Employees are eligible to take accrued sick leave and vacation after 30 days and 6 months, respectively, from initial employment with the District.

The District calculates the current portion of the compensated absences liability based on a 3-year rolling average of amount used by employees. In addition, a liability is recorded for certain salary-related payments associated with the payment of accrued vacation and sick leave. Current portion of \$715,016 is included in accrued wages and benefits.

As of September 30, 2020, liabilities relating to accrued vacation and sick leave have been recorded as shown:

	Sick Leave	Vacation
Beginning of fiscal year	\$ 901,123	\$ 666,864
Decrease	(302,535)	(367,196)
Increase	269,932	425,426
End of fiscal year	<u>\$ 868,520</u>	<u>\$ 725,094</u>

The District does not provide post-employment benefits that meet the definition of *OPEB Accounting Standards, GASB 74 and 75*.

- H. **Net Position** – Net position on the Statements of Net Position includes the following:

Net investment in capital assets – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt net of premiums, discounts and debt issue costs, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets. It does not include long-term accrued interest on State Participation debt.

For the calculation of this portion of net position for individual projects as sub-funds, all debt related to capital assets is considered. For the entity-wide financial statements, loans between sub-funds are not included for the calculation of net investment in capital assets, because the debt is not owed to an outside party and does not represent a debt of the District as a whole.

Restricted for Debt Service – the component of net position that reports the difference between assets to be used for debt service and associated liabilities.

Restricted Contributions for Capital Improvements – the component of net position that reports the amounts restricted for capital improvements.

Unrestricted – the difference between the assets, deferred outflows, and liabilities that is not reported in Net Investment in Capital Assets and Restricted Net Position.

2. CASH AND INVESTMENTS

The Board designates a financial institution to serve as the depository for the funds of the District in accordance with its enabling statute. To the extent that funds held by the depository bank are not insured by the Federal Deposit Insurance Corporation (FDIC), they are secured in the manner provided by law of the State of Texas. At September 30, 2020, the District's cash and cash equivalents included deposits with carrying amount of \$2,997,687 for the District and \$82,894 for the UTCT. The bank balance as of September 30, 2020 was \$3,946,043 for the District and \$82,794 for the UTCT. Both bank balances at September 30, 2020, were entirely covered by federal depository insurance or by collateral held by District's independent third-party agent (BNY Mellon) in the District's name.

The District also holds a FDIC insured and fully collateralized deposit with Farmer's Bank and Trust. The collateral is a Direct Letter of Credit issued by Farmer's Bank and Trust on behalf of the District. At September 30, 2020, the amount deposited with Farmer's Bank and Trust was \$1,025,113.

It should be noted that the District also has cash held in escrow accounts with BNY Mellon and Bank of Oklahoma Financial (BOK) with monies borrowed from the Texas Water Development Board (TWDB). All escrow accounts require approval from the TWDB prior to funds being released to the District. At September 30, 2020, the District had \$22,081,746 held in these escrow accounts.

Statutory Risks – Investments – To ensure that the District is in compliance with all applicable laws, the District adheres to a Board approved Investment Policy in accordance with Chapter 2256, Texas Government Code (Texas Public Funds Investment Act).

Interest Rate Risk — In accordance with the District's Board approved investment policy and with Chapter 2256, Texas Government Code (Texas Public Funds Investment Act), investments are made to ensure the primary objective of preservation of capital and the safety of principal in the overall portfolio. Interest rate earnings and reasonable returns are the secondary objectives. As a result, each investment transaction seeks to ensure first that capital losses are avoided, whether they be from security defaults or erosion of market value. Therefore, the District does not expose itself to significant interest rate risk.

Credit Risk — In accordance with the District's Board approved investment policy and with Chapter 2256, Texas Government Code (Texas Public Funds Investment Act), the District's investments in public funds investment pools include investments with TexPool. As of September 30, 2020, TexPool was rated as an AAA by Standard & Poor's. TexPool is a public funds investment pool created by the Treasurer of the State of Texas, acting and through the Texas Treasury Safekeeping Trust Company, is empowered to invest funds and act as a custodian of investments purchased with local investment funds in full compliance with the Public Funds Investment Act. As of September 30, 2020, the District's investment in TexPool was \$123,528,826.

Custodial Credit Risk – Investments — For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments held by third parties are held in the District's name.

Public Funds Investment Act – The District adheres to the requirement of the Act in the areas of investment practices, management reports an establishment of appropriate policies.

The District recognizes the net unrealized gain/loss on investments as investment income/loss.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market based measurement, not an entity specific measurement.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. These three levels are as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities in active markets that a government can access at the measurement date. An active market for the asset or liability is a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Accordingly, a quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. If an asset or liability has a specified term to maturity, then to qualify for Level 2 designation, an input must be observable for substantially the full term to maturity of the asset or liability.

Level 2 inputs include the following: (a) Quoted prices for similar assets or liabilities in active markets; (b) Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers (for example, some brokered markets), or in which little information is released publicly (for example, a principal-to-principal market); (c) Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, prepayment speeds, loss severities, credit risks, and default rates); (d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market--corroborated inputs).

Level 3- Inputs that are unobservable for an asset or liability.

TexPool

The \$123,528,826 of District's investments in Texpool is in a public funds investment pool which measures its investments at amortized cost in accordance with GASB Statement 79. The District has accordingly measured its investments in Texpool at amortized cost and as such, they are not subject to the fair value hierarchy categorization.

3. CONTRACTUAL AGREEMENTS RECEIVABLE

Contractual Agreements made with other entities refers to financing provided by the District for facilities for the benefit of Mustang SUD and Argyle Water Supply Corporation (WSC). The amount of \$1,945,985 represents the principal and interest to be paid by these entities, of which \$462,893 is recorded in accounts receivable from customers is to be repaid in the next fiscal year.

4. UNEARNED REVENUE

The unearned revenue amount is comprised of the total interest that will be earned in future periods from Contractual Agreements. The unearned revenue will be recognized as revenue in future periods when service is performed.

5. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2020:

	Beginning Balance	Additions	Retirements/ Adjustments	Reclassifications	Ending Balance
Capital assets not being depreciated:					
Land	\$ 13,978,972			\$ 21,048	\$ 14,000,020
Construction in progress:					
Land - General purpose	2,784,676	470,426	(81,468)		3,173,634
Reservoir land	33,080,279	8,527,609			41,607,888
Other construction costs	58,172,935	58,479,769	(5,836,576)	(4,863,122)	105,953,006
	<u>108,016,862</u>	<u>67,477,804</u>	<u>(5,918,044)</u>	<u>(4,842,074)</u>	<u>164,734,548</u>
Total capital assets not being depreciated					
Capital assets that are being depreciated:					
Plant/pipeline facilities	416,718,906	2,498,095		4,842,074	424,059,075
Water rights	9,324,753				9,324,753
Reservoirs	1,556,416				1,556,416
Furniture and equipment	6,213,391	597,563	(13,445)		6,797,509
	<u>433,813,466</u>	<u>3,095,658</u>	<u>(13,445)</u>	<u>4,842,074</u>	<u>441,737,753</u>
Less accumulated depreciation for:					
Plant/pipeline facilities	147,201,829	13,316,294			160,518,123
Water rights	2,730,546	91,586			2,822,132
Reservoirs	404,664	31,128			435,792
Furniture and equipment	3,173,437	447,358	(12,100)		3,608,695
	<u>153,510,476</u>	<u>13,886,366</u>	<u>(12,100)</u>		<u>167,384,742</u>
Total depreciable capital assets — net	<u>280,302,990</u>	<u>(10,790,708)</u>	<u>(1,345)</u>	<u>4,842,074</u>	<u>274,353,011</u>
Capital assets — net	<u>\$ 388,319,852</u>	<u>\$ 56,687,096</u>	<u>\$ (5,919,389)</u>	<u>\$ -</u>	<u>\$ 439,087,559</u>

6. NOTES PAYABLE, LONG-TERM DEBT, AND OTHER LIABILITIES

Long-term debt of the District at September 30, 2020 includes bonded indebtedness consisting of revenue bonds payable, State and Board Participation debt, notes payable, related non-current accrued interest payable, and other financing proceeds not to be repaid within one year. Revenues from customers participating in these projects will be used to pay debt service on the long-term debt.

The District entered into a master agreement with the Texas Water Development Board (TWDB) on February 20, 2002 related to the Northeast Water Reclamation System and received \$2,325,000 of State Participation funding. The funding was for improvements to pump stations and transmission and distribution pipelines.

On October 1, 2015, the District entered into another master agreement related to the Regional Treated Water System and received \$15,565,000 of Board Participation funding as part of the SWIFT Program of the TWDB. On October 3, 2019 the District amended and restated the master agreement for the Regional Treated Water System in order to receive an additional \$30,000,000 of Board Participation. The funding is for land purchases and associated costs related to the Lake Ralph Hall Project.

Under the master agreements regarding State Participation and Board Participation funding, the District is allowed to defer payment of a portion of interest costs until future periods. However, the full amount of the interest is currently being expensed on an annual basis. The amount of unpaid interest is being recorded as

a non-current liability under long-term accrued interest. The District has a remaining balance of \$3,754,010 in long-term accrued interest as of September 30, 2020.

In addition to the Board Participation funding for Lake Ralph Hall, the District received \$29,115,000 of Deferred Interest funding for Lake Ralph Hall as part of the SWIFT Program. Under this program, the District pays no principal or interest until FY 2024. During that period, interest is also not accrued. The District classifies Deferred Interest funding as senior lien revenue bonds for financial reporting purposes.

Previous funding specifically for Lake Ralph Hall also includes Water Infrastructure Funding (WIF-10) from the TWDB. In FY 2008, the District received \$10,400,000 to be used for the planning phase of the District's Lake Ralph Hall Project. Under the WIF-10, the District neither pays nor accrues interest for the first 10 years after issuance of the debt and also pays no principal during that same time period. The District classifies the WIF-10 funding as senior lien revenue bonds for financial reporting purposes.

Because the interest rate market remained favorable in FY 2020, the District refunded revenue bonds in principal amounts of \$4,175,000 in the Lakeview Regional Water Reclamation System and \$13,420,000 in the Regional Treated Water System. With the refunding, the District recognized a refunding gain of approximately \$108,924. In addition, the District realized a total debt service savings of approximately \$1.9 million and a total present value cash savings of approximately \$1.83 million.

When the District issues revenue refunding bonds, the proceeds are placed in an irrevocable trust to pay all future debt service on certain refunded debt. The refunded bonds are considered defeased and neither the trust accounts nor the liability for the defeased bonds are included in the District's combined financial statements. As of September 30, 2020, none of the defeased bonds are still outstanding.

During fiscal year 2020, the District continued to make use of its Commercial Paper program for the Regional Treated Water System. The Commercial Paper program was established during fiscal year 2005 through partnerships with Banc of America Securities, LLC and Wachovia Bank, N.A. (now replaced by US Bank). The Commercial Paper program enables the District to drawdown the funds when necessary to pay for Capital Improvement Expenditures and to rollover the principal portions of the liability until the District sees fit to retire the principal balance.

In accordance with the terms of the Commercial Paper agreement ("Agreement"), the District has recorded the amount outstanding as of year-end as a long-term liability in the Statement of Net Position since the Agreement includes a long-term irrevocable financing option in the form of a Letter of Credit (LOC) in the amount of \$75,000,000. The LOC has an expiration date of December 30, 2022. The LOC carries an annual interest rate not to exceed 10% and can be used as a liquidity facility to ensure direct payment of principal and interest of the maturities of the commercial paper program as they become due. For fiscal year 2020, the annual interest rate for Commercial Paper issued ranged from 0.15% to 1.50%.

During the year ended September 30, 2020, the District used the LOC to pay principal and interest amounts on the Agreement as maturities have become due. Principal amounts drawn on the LOC have been repaid by the proceeds of new draws on the Commercial Paper program. The District repaid the interest amounts drawn from revenues of the RTWS. As of year-end there was no balance owed by the District on the LOC.

If market condition provide favorable interest rates for long-term debt, the District may refund a part or all of the Commercial Paper outstanding at any point in the future. In FY 2020, such conditions allowed the District to refund \$20,000,000 of Commercial Paper with revenue refunding bonds. The outstanding principal balance of the Commercial Paper program as of September 30, 2020 was \$32,000,000.

Also included as a significant portion of the District's long-term debt is the obligation due to the Army Corps of Engineers for Chapman Lake Water Rights through the City of Commerce. The District had a remaining balance of \$4,779,618. See note 7 for further explanation of this obligation.

The District had a remaining balance of \$10,063,822 of Notes Payable as of September 30, 2020. The District received these funds from certain fresh water supply districts for the construction of wastewater systems. These notes have no interest costs or payment schedule associated with them. The District may

repay the Notes Payable at such time as the respective service areas have developed sufficiently that the District deems it appropriate to arrange other long-term financing or repay amounts available from non-restricted assets. The notes payable are reduced by 90% of the permit fees received by the District from the Denton County Fresh Water Supply Districts.

Total activity for notes payable, long-term debt and other liabilities for the year ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 272,625,000	\$ 54,455,000	\$ (34,435,000)	\$ 292,645,000	\$ 16,750,000
Board/State participation	17,665,000	30,000,000		47,665,000	
Premium	8,989,267	2,273,394	(1,617,705)	9,644,956	
	<u>299,279,267</u>	<u>86,728,394</u>	<u>(36,052,705)</u>	<u>349,954,956</u>	<u>16,750,000</u>
Revenue bonds and board / state participation debt					
Commercial paper	45,000,000	208,000,000	(221,000,000)	32,000,000	
Water supply obligation	4,883,080		(103,462)	4,779,618	106,827
Notes payable	10,123,222		(59,400)	10,063,822	
Non-current accrued interest	2,465,280	1,402,043	(113,314)	3,754,009	113,314
	<u>62,471,582</u>	<u>209,402,043</u>	<u>(221,276,176)</u>	<u>50,597,449</u>	<u>220,141</u>
Other long-term liabilities					
Total notes payable, long-term debt and other liabilities	<u>\$ 361,750,849</u>	<u>\$ 296,130,437</u>	<u>\$ (257,328,881)</u>	<u>\$ 400,552,405</u>	<u>\$ 16,970,141</u>

Series	Amount	Maturity	Rates
Regional treated water system:			
Revenue bonds:			
Series 2008 (WIF-10)	\$ 7,520,000	2027	2.01-2.83%
Series 2012 (refunding)	8,185,000	2029	2.00-3.75%
Series 2012A (refunding)	27,595,000	2037	2.00-5.00%
Series 2013 (refunding)	12,170,000	2030	3.11%
Series 2015 (refunding)	30,815,000	2044	2.00-5.00%
Series 2015A (SWIFT)	29,115,000	2045	2.14-4.11%
Series 2016 (refunding)	19,430,000	2032	2.00-5.00%
Series 2017 (refunding)	16,850,000	2047	2.00-4.00%
Series 2018 (SWIFT)	7,070,000	2043	1.4-3.01%
Series 2019 (SWIFT)	17,935,000	2044	0.96-2.46%
Series 2019A (refunding)	19,150,000	2049	2.50-4.00%
Series 2020 (refunding)	12,185,000	2026	4.00-5.00%
 Lakeview water reclamation system:			
Revenue bonds:			
Series 2012 (refunding)	2,335,000	2028	2.00-4.00%
Series 2012A (refunding)	9,790,000	2028	2.00-5.00%
Series 2014 (refunding)	2,060,000	2030	2.00-3.50%
Series 2015	2,885,000	2035	2.00-4.00%
Series 2020 (refunding)	3,920,000	2030	2.00-3.00%
Northeast water reclamation system:			
Revenue bonds:			
Series 2016 (D-Fund)	11,560,000	2045	1.57-3.63%
Series 2017 (D-Fund)	23,990,000	2045	1.88-4.28%
Series 2019 (refunding)	27,205,000	2048	3.00-5.00%
Peninsula water reclamation system:			
Revenue bonds:			
Series 2016	880,000	2035	2.00-3.00%
Total revenue bonds	<u>\$ 292,645,000</u>		
 Regional treated water system:			
Board participation:			
Series 2015	\$ 15,565,000	2050	3.98-4.11%
Series 2019	\$ 30,000,000	2054	1.27-3.46%
Northeast water reclamation system:			
State participation:			
Series 2003	2,100,000	2036	5.58-5.78%
Total state participation	<u>\$ 47,665,000</u>		
 Regional treated water system:			
Water rights:			
Initial water	\$ 1,031,750	2040	3.25%
Future water	3,747,868	2050	3.25%
Total water rights	<u>\$ 4,779,618</u>		

The District plans to repay both the principal and interest on the Revenue Bonds, State Participation Obligation and Water Rights based on the following schedule:

Years Ending September 30	Revenue Bonds		Board /State Participation		Water Supply Obligation		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 16,750,000	\$ 9,614,677	\$ -	\$ 307,833	\$ 106,827	\$ 155,481	\$ 26,934,818
2022	15,870,000	9,042,799	100,000	370,404	110,302	152,006	25,645,511
2023	16,880,000	8,456,062	110,000	661,325	113,890	148,418	26,369,695
2024	18,315,000	8,471,366	115,000	748,989	117,595	144,713	27,912,663
2025	19,170,000	8,187,228	120,000	937,636	121,421	140,888	28,677,173
2026-2030	73,445,000	31,484,136	715,000	7,073,222	668,983	642,557	114,028,898
2031-2035	46,740,000	20,743,508	940,000	8,363,490	785,107	526,434	78,098,539
2036-2040	40,865,000	12,591,248	5,720,000	7,877,396	921,387	390,154	68,365,185
2041-2045	37,190,000	5,392,751	13,745,000	6,164,314	793,352	243,894	63,529,311
2046-2050	7,420,000	556,800	16,520,000	3,497,640	853,123	115,550	28,963,113
2051-2055			9,580,000	844,586	187,631	6,104	10,618,321
Total	<u>\$ 292,645,000</u>	<u>\$ 114,540,575</u>	<u>\$ 47,665,000</u>	<u>\$ 36,846,835</u>	<u>\$ 4,779,618</u>	<u>\$ 2,666,199</u>	<u>\$ 499,143,227</u>

Debt of the District's water, wastewater and non-potable systems includes revenue refunding and revenue bonds, State/Board Participation funding, Water Supply Obligation and payments related to Commercial Paper. This debt is secured by and payable from net revenues of each of the District's systems. Some of the District's debt contains provisions that allow the District to prepay or call the debt.

Specifically, net revenues of the District's various systems have been pledged for repayment of the District's outstanding debt. All debt was originally issued to provide for construction of the various systems. The pledge continues for the life of the debt. For the Regional Treated Water System, net pledged revenues for the year ended September 30, 2020 were \$32,066,958 and actual annual debt service was \$21,251,210. For the Lakeview Regional Water Reclamation System, net pledged revenues were \$4,968,330 and actual annual debt service was \$3,222,113. For the Northeast Regional Water Reclamation System, net pledged revenues were \$5,035,315 and actual annual debt service was \$3,124,475. For the Peninsula Water Reclamation Plant, net pledged revenues were \$431,868 and actual annual debt service was \$68,794.

The District uses a method that approximates the effective interest rate to amortize premiums and discounts on bond issuance.

There is no amortization schedule for the Commercial Paper or Notes Payable because these liabilities have undetermined payment schedules.

7. CHAPMAN RESERVOIR WATER RIGHTS/WATER SUPPLY OBLIGATIONS

In 1990 the District entered into a 50-year contract with the City of Commerce, Texas to obtain raw water rights in Chapman Reservoir. On January 31, 2006, the Corps of Engineers (COE) notified the Sulphur River Municipal Water District (SRMWD) of its final accounting for construction. The final construction cost allocated to water supply was \$14,930,738. The District's share of SRMWD's obligation is 41.81%, or \$6,242,542. As of September 30, 2020, the District had paid \$1,462,924 for principal, leaving a remaining liability of \$4,779,618. Inclusive of capitalized costs during the construction period of the reservoir, the net book value, net of amortization, of the District's water rights was \$6,502,621 at September 30, 2020.

During FY 2019, the contract was extended for an additional 50 years. Therefore, the District changed the amortization of its water rights over the new life of the contract, on a straight-line basis for 100 years.

8. EMPLOYEES' RETIREMENT PLANS

Defined Contribution Plan — A retirement plan is provided for all regular employees of the District and is administered by the ICMA Retirement Corporation. It is a single-employer defined contribution retirement plan created in accordance with Internal Revenue Code Section 401(a), which provides

retirement benefits for all regular employees. The retirement plan is established by the District's Board, which may periodically amend the plan and its respective contributions. The District's employer contribution to the 401(a) plan is 10% of the employees' gross compensation.

Employees hired before October 1, 2000, become fully vested after five years of employment or upon attaining age 60, whichever occurs first, and are eligible to receive benefits upon retirement. Full vesting for employees hired after September 30, 2000, occurs at seven years of employment or upon reaching age 62, whichever occurs first.

During fiscal year 2020, the District contributed the required employer contribution of 10% of the employees' gross compensation. The District also contributed the required employees' contribution of 6.2% of the employees' gross compensation pursuant to the IRC Section 414(h)(2) Pick-Up Election under the Plan. Under the Pick-Up Election, any plan established by a governmental unit can have its employees tax defer the required employee contribution since the employer "picks-up" the required contribution from the employee and makes the payment to the Plan on behalf of the employee. The employer and employee contributions were \$988,136 and \$523,054 respectively, based on a covered payroll of \$8,436,345. Total payroll for the District was \$8,649,885.

The District makes contributions to the 401(a) plan by matching, dollar-for-dollar, employees' contributions to the deferred compensation plan, discussed below, up to 2% of each employee's gross income. The District contributed \$144,502 to the 401(a) plan as a result of employee contributions into the deferred compensation plan.

The market value of the balance in the District's forfeiture account at September 30, 2020 was \$35,385.

Deferred Compensation Plan — The District also offers its regular employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits participants to defer a portion of their salary until future years. Any withdrawal requires a penalty, except upon termination, retirement, death or an unforeseeable emergency. The District does not make any contribution to the deferred compensation plan.

All amounts of compensation deferred under the plan are placed into a trust for the benefit of participants. The plan is administered by ICMA Retirement Corporation. These deferred amounts; all property and rights with those amounts, and all income attributable to those amounts are solely the property and rights of the employees. As such, these assets are not included in the financial statements of the District as of September 30, 2020.

9. CONTRIBUTIONS

The District recorded a total of \$930,184 in capital contributions in fiscal year 2020. The contributions received by the District were for the Riverbend and Doe Branch Plants of the Northeast Regional Water Reclamation System and the Regional Treated Water System.

The UTCT recorded a total of \$25,000 in contributions. The contributions were received from the District. The contributions were made to assist the financial position of the UTCT.

10. SEGMENT INFORMATION

The three condensed schedules on the next two pages represent a breakdown of the financial information of the three major segments of the District. The Water segment is composed of the Regional Treated Water System; the Water Reclamation segment is composed of the Lakeview System, the Northeast Water Reclamation System and the Peninsula Water Reclamation Plant; the Non-Potable Segment is composed of the Non-Potable Water System.

September 30, 2020

**Condensed Schedule of Net
Position by Segment**

	Water	Water Reclamation			Non-Potable
		Lakeview	Riverbend/Doe Branch	Peninsula	
Assets:					
Current assets	\$ 58,767,199	\$ 10,976,045	\$ 5,656,808	\$ 1,502,102	\$ 735,688
Non-current assets	1,793,069				
Restricted assets	50,825,690	4,434,676	28,319,425	857,686	407,501
Capital assets	<u>305,709,172</u>	<u>31,846,670</u>	<u>92,501,060</u>	<u>7,222,171</u>	<u>1,336,232</u>
Total assets	<u>417,095,130</u>	<u>47,257,391</u>	<u>126,477,293</u>	<u>9,581,959</u>	<u>2,479,421</u>
Deferred outflow:					
Deferred loss on refunding of debt	561,545	107,495	25,832		
Total Deferred outflow	<u>561,545</u>	<u>107,495</u>	<u>25,832</u>		
Liabilities:					
Current liabilities	4,112,677	394,895	1,040,825	337,889	24,719
Liabilities payable from restricted assets	23,328,392	2,451,230	2,670,120	54,017	320
Non-current liabilities	<u>287,421,831</u>	<u>19,399,711</u>	<u>76,491,144</u>	<u>845,776</u>	<u>1,140</u>
Total Liabilities	<u>314,862,900</u>	<u>22,245,836</u>	<u>80,202,089</u>	<u>1,237,682</u>	<u>26,179</u>
Net position:					
Net investment in capital assets	43,533,642	13,483,499	26,705,853	7,070,356	1,336,232
Restricted:					
For debt service	7,491,276	2,192,423	3,617,378	75,331	
Contributions for capital improvements			11,165,088		
Unrestricted	<u>51,768,857</u>	<u>9,443,127</u>	<u>4,812,717</u>	<u>1,198,590</u>	<u>1,117,010</u>
Total net position	<u>\$ 102,793,775</u>	<u>\$ 25,119,049</u>	<u>\$ 46,301,036</u>	<u>\$ 8,344,277</u>	<u>\$ 2,453,242</u>

**Condensed Schedule of Revenues, Expenses, and
Changes in Net Position by Segment**

Year Ended September 30, 2020

	Water	Water Reclamation			Non-Potable
		Lakeview	Riverbend/Doe Branch	Peninsula	
Total Revenue	\$ 48,893,937	\$ 7,285,775	\$ 8,254,777	\$ 1,117,027	\$ 152,268
Depreciation	(6,765,944)	(1,692,028)	(5,012,160)	(317,094)	(61,546)
Other operating expenses	(17,929,133)	(2,469,533)	(3,636,892)	(708,354)	(79,846)
Operating income (loss)	24,198,860	3,124,214	(394,275)	91,579	10,876
Non-operating revenues (expenses):					
Investment income (loss)	(8,195)	(4,097)	(3,688)		
Interest income	1,102,155	152,085	417,430	23,198	7,246
Interest expense net of capitalized interest	(8,906,550)	(849,209)	(2,499,582)	(23,538)	
Gain/Loss on Disposal of capital assets	1,506		209	209	
Net non-operating revenues (expenses)	(7,811,084)	(701,221)	(2,085,631)	(131)	7,246
Net income (loss) before contributions and transfers	16,387,776	2,422,993	(2,479,906)	91,448	18,122
Contributions for capital improvements	464,484		465,700		
Transfers from (to) other systems	821,208	(334,747)	(381,092)	(134,811)	(20,314)
Change in net position	17,673,468	2,088,246	(2,395,298)	(43,363)	(2,192)
Beginning net position	85,120,307	23,030,804	48,696,334	8,387,640	2,455,434
Total net position - End of year	\$ 102,793,775	\$ 25,119,050	\$ 46,301,036	\$ 8,344,277	\$ 2,453,242

**Condensed Schedule of Cash Flows
by Segment**

Year Ended September 30, 2020

	Water	Water Reclamation			Non-Potable
		Lakeview	Riverbend/Doe Branch	Peninsula	
Net cash provided (used) by:					
Operating activities	\$ 28,696,052	\$ 4,617,093	\$ 4,253,669	\$ 634,139	\$ 94,881
Capital and related financing activities	(16,373,791)	(3,378,675)	(15,731,357)	(1,098,265)	(23,590)
Investing activities	5,089,780	2,133,738	2,202,780	23,198	7,246
Net increase (decrease)	17,412,041	3,372,156	(9,274,908)	(440,928)	78,537
Cash and cash equivalents — beginning of year	79,721,287	11,033,667	42,217,076	2,700,904	1,053,751
Cash and cash equivalents — end of year	\$ 97,133,328	\$ 14,405,823	\$ 32,942,168	\$ 2,259,976	\$ 1,132,288

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; workers' compensation; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are managed through the purchase of commercial insurance policies. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The District has a partially self-funded health care insurance program. This is subject to stop-loss of \$35,000 per year per covered person. The District had estimated partially self-funded health insurance liabilities as follows:

	Year ended 9/30/20	Year ended 9/30/19	Year ended 9/30/18
Unpaid claims, beginning of fiscal year	\$ 477,000	\$ 314,000	\$ 218,001
Incurred claims (including IBNRs)	1,081,724	1,495,287	1,252,059
Claim payments	(1,367,724)	(1,332,287)	(1,156,060)
Unpaid claims, end of fiscal year	\$ 191,000	\$ 477,000	\$ 314,000

No significant reductions in insurance coverage have occurred. No settlements have exceeded coverage in the past three years.

12. COMMITMENTS AND CONTINGENCIES

The District frequently enters into contractual commitments for construction of water and wastewater facilities, pipelines and other related construction costs. Commitments for construction projects not completed at September 30, 2020, had a total contracted amount of \$68,127,942 of which \$44,791,805 has been spent. Funds to pay these obligations are provided by debt proceeds, internally generated capital (Non-Bond Reserve Funds) and from entities that participate in projects.

The District from time to time is the condemnor in eminent domain cases and is subject to other suits in the normal course of business, for which the ultimate cost is unknown. The exposure to the District in condemnation matters depends on testimony as to the value of the right taken. Management does not expect the potential exposure in these cases to be material, and has not recorded an accrual at September 30, 2020.

13. SUBSEQUENT EVENTS

The District issued \$15,840,000 in Revenue Bonds for the Regional Treated Water System during the month of November 2020. The interest rates for the Bonds were between 0.11% and 2.20%. The final repayment will occur during FY 2045.

The District issued additional Revenue Bonds for the Regional Treated Water System during the month of November 2020 with a par value of \$15,000,000. The interest rates for the Bonds were between 0.94% and 3.09%. The final maturity of the Bonds will occur during FY 2050.

Also in November 2020, the District received \$120,000,000 of Board Participation Funds from the Texas Water Development Board for the Regional Treated Water System. These funds have interest rates between 2.41% and 3.09%. The final repayment of these funds will occur in 2055.

14. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued the following statements that are not yet effective:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement is effective for the District beginning in fiscal year ending September 30, 2021.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement is effective for the District in fiscal year ending September 30, 2022.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement is effective for the District in fiscal year ending September 30, 2023.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement is effective for the District in fiscal year ending September 30, 2022.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement is effective for the District in fiscal year ending September 30, 2023.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement is effective for the District in fiscal year ending September 30, 2023.

In June 2020, the GASB issued 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 is effective for the District in fiscal year ending September 30, 2022.

Management has not yet determined the impact of the above statements on the basic financial statements.

Governmental Accounting Standards Board Statements Implemented in Current Fiscal Year:

During FY 2020, the District implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The District early implemented the Statement to expedite comparability of future financial statements.

During the fiscal year, certain provisions in GASB Statement No. 92, *Omnibus 2020*, became effective for the District. This included (1) the postponement of the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases, for interim financial reports*, (2) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, and (3) terminology used to refer to derivative instruments. Also, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, was implemented with the primary objective to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The effective dates of certain provisions contained in the following Statements are postponed by one year:

- (1) GASB Statement 84, *Fiduciary Activities*
- (2) GASB Statement 90, *Majority Equity Interests*
- (3) GASB Statement 91, *Conduit Debt Obligations*
- (4) GASB Statement 92, *Omnibus 2020*
- (5) GASB Statement 93, *Replacement of Interbank Offered Rates*

The effective date of the following Statement was postponed by 18 months:

- (1) GASB Statement 87, *Leases*

SUPPLEMENTAL SYSTEM AND PROJECT SCHEDULES

UPPER TRINITY REGIONAL WATER DISTRICT

COMBINING SCHEDULE OF NET POSITION - SYSTEMS AND PROJECTS September 30, 2020

	Water Regional Treated Water System	Lakeview Water Reclamation System	Water Reclamation Riverbend and Doe Branch Water Reclamation Plants	Peninsula Water Reclamation Plant
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 46,307,638	\$ 9,971,147	\$ 4,622,743	\$ 1,402,290
Accounts receivable	11,624,813	1,000,262	1,028,580	98,966
Interest receivable				
Intersystem notes receivable	814,091			
Prepaid expenses	20,657	4,636	5,485	846
Restricted assets:				
Self-Insured Reserve Fund:				
Cash and cash equivalents	1,210,933	172,007	326,586	49,599
Total current assets	<u>59,978,132</u>	<u>11,148,052</u>	<u>5,983,394</u>	<u>1,551,701</u>
NON-CURRENT ASSETS:				
Accounts Receivable - Northlake	309,977			
Contractual Agreements Receivable	1,483,092			
Restricted assets:				
Board Participation:				
Cash and cash equivalents	562,362			
Cash held in escrow	18,423,979			
SWIFT:				
Cash and cash equivalents	11,324,206			
Cash held in escrow	3,657,767			
2018 Cash and cash equivalents	175,933			
2018 Cash held in escrow				
Construction Fund:				
Cash and cash equivalents	3,254,580	1,952,432	23,761,684	729,049
TWDB Dfund cash held in escrow				
Investments				
Debt Reserve Fund:				
Cash and cash equivalents	11,120,275	2,173,442	3,654,594	75,231
Investments				
I & S Reserve Fund:				
Cash and cash equivalents	1,095,655	136,795	576,561	3,807
Total Non-current assets	<u>51,407,826</u>	<u>4,262,669</u>	<u>27,992,839</u>	<u>808,087</u>
CAPITAL ASSETS:				
Land	10,258,682	1,254,432	2,220,866	213,113
Buildings	1,304,849	77,670	62,136	15,534
Furniture and equipment	3,234,754	2,001,249	766,354	193,094
Plant/pipeline facilities	261,024,697	51,385,922	97,374,126	9,996,099
Leased assets				
Water rights	9,324,753			
Reservoirs	1,556,416			
Less accumulated depreciation	(118,864,030)	(23,552,682)	(19,145,989)	(4,083,767)
Construction in progress:				
Land	3,173,095		496	43
Reservoir land	41,607,888			
Other construction costs	93,088,068	680,079	11,223,071	888,055
Total capital assets	<u>305,709,172</u>	<u>31,846,670</u>	<u>92,501,060</u>	<u>7,222,171</u>
Total Non-current assets	<u>357,116,998</u>	<u>36,109,339</u>	<u>120,493,899</u>	<u>8,030,258</u>
TOTAL ASSETS	\$ 417,095,130	\$ 47,257,391	\$ 126,477,293	\$ 9,581,959
DEFERRED OUTFLOWS OF RESOURCES:				
Loss on debt refunding	561,545	107,495	25,832	
TOTAL DEFERRED OUTFLOW OF RESOURCES	\$ 561,545	\$ 107,495	\$ 25,832	\$

Non-Potable	Solid Waste	Administration and Project Development			Total	Component Unit
		Growth Project	Administration and Capital Projects	Intersystem Elimination		
Non-Potable Water System	Household Hazardous Waste Program					
\$ 724,787	\$ 144,351	\$ 57,970	\$ 1,536,259	\$	\$ 64,767,185	\$ 82,894
10,809	488		8,504		13,772,422	
			36,956	(851,047)		
92	1		64,861		96,578	
2,990			21,807		1,783,922	
738,678	144,840	57,970	1,668,387	(851,047)	80,420,107	82,894
					309,977	
					1,483,092	
					562,362	
					18,423,979	
					11,324,206	
					3,657,767	
					175,933	
404,511					30,102,256	
					17,023,542	
					1,812,818	
404,511					84,875,932	
27,966			24,961		14,000,020	
7,767			139,037		1,606,993	
13,786			588,272		6,797,509	
2,671,238					422,452,082	
					9,324,753	
					1,556,416	
(1,385,876)			(352,398)		(167,384,742)	
					3,173,634	
					41,607,888	
1,351			72,382		105,953,006	
1,336,232			472,254		439,087,559	
1,740,743			472,254		523,963,491	
\$ 2,479,421	\$ 144,840	\$ 57,970	\$ 2,140,641	\$ (851,047)	\$ 604,383,598	\$ 82,894
					694,872	
\$	\$	\$	\$	\$	\$ 694,872	

(Continued)

UPPER TRINITY REGIONAL WATER DISTRICT

COMBINING SCHEDULE OF NET POSITION - SYSTEMS AND PROJECTS

September 30, 2020

	Water Regional Treated Water System	Lakeview Water Reclamation System	Water Reclamation Riverbend and Doe Branch Water Reclamation Plants	Peninsula Water Reclamation Plant
LIABILITIES AND NET POSITION				
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 3,373,843	\$ 202,249	\$ 273,791	\$ 277,934
Unearned revenue	265,399	100		
Accrued liabilities (arbitrage)			1,449	
Accrued wages & benefits	473,435	110,096	119,817	16,311
Other current liabilities				19,756
Intersystem notes payable		82,450	645,768	23,888
Liabilities payable from restricted assets:				
Accrued interest payable	1,083,959	117,814	500,463	3,707
Accounts payable-construction	6,754,085		873,595	
Construction retainage payable	1,623,869		387,781	
Current portion of long-term bonds	13,630,000	2,315,000	760,000	45,000
Current portion of water supply obligation	106,827			
Current portion of long-term accrued interest			113,314	
Unpaid self-insurance claims	129,652	18,416	34,967	5,310
Total current liabilities	27,441,069	2,846,125	3,710,945	391,906
Non-current liabilities, net of current portion				
Long-term bonds	201,145,172	19,326,483	64,232,437	835,864
Long-term board /state participation	45,565,000		2,100,000	
Commercial paper payable	32,000,000			
Long-term water supply obligation	4,672,791			
Long-term accrued compensated absences	398,173	73,228	94,885	9,912
Notes payable			10,063,822	
Long-term accrued interest	3,640,695			
Total non-current liabilities	287,421,831	19,399,711	76,491,144	845,776
TOTAL LIABILITIES	314,862,900	22,245,836	80,202,089	1,237,682
NET POSITION				
Net investment in capital assets	43,533,642	13,483,499	26,705,853	7,070,356
Restricted:				
For debt service	7,491,276	2,192,423	3,617,378	75,331
Contributions for capital improvements			11,165,088	
Unrestricted	51,768,857	9,443,128	4,812,717	1,198,590
Total net position	\$ 102,793,775	\$ 25,119,050	\$ 46,301,036	\$ 8,344,277

Non-Potable	Solid Waste	Administration and Project Development				Component Unit
Non-Potable Water System	Household Hazardous Waste Program	Growth Project	Administration and Capital Projects	Intersystem Elimination	Total	
\$ 14,815	\$ 393		\$ 99,513		\$ 4,242,538	\$ 3,905
					265,499	
					1,449	
1,659	20		324,662		1,046,000	
					19,756	
8,245			90,695	(851,046)		
					1,705,943	
					7,627,680	
					2,011,650	
					16,750,000	
					106,827	
					113,314	
320			2,335		191,000	
25,039	413		517,205	(851,046)	34,081,656	3,905
					285,539,956	
					47,665,000	
					32,000,000	
					4,672,791	
1,140			301,261		878,599	
					10,063,822	
					3,640,695	
1,140			301,261		384,460,863	
26,179	413		818,466	(851,046)	418,542,519	3,905
1,336,232			472,254		92,601,836	
					13,376,408	
					11,165,088	
1,117,010	144,427	57,970	849,921		69,392,620	78,989
\$ 2,453,242	\$ 144,427	\$ 57,970	\$ 1,322,175	\$	\$ 186,535,952	\$ 78,989

(Concluded)

UPPER TRINITY REGIONAL WATER DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - SYSTEMS AND PROJECTS YEAR ENDED SEPTEMBER 30, 2020

	Water Regional Treated Water System	Lakeview Water Reclamation System	Water Reclamation Riverbend and Doe Branch Water Reclamation Plants	Peninsula Water Reclamation Plant
OPERATING REVENUES:				
Charges for services	\$ 48,663,860	\$ 7,254,975	\$ 8,229,688	\$ 1,112,921
Miscellaneous income	230,077	30,800	25,089	4,106
Total operating revenues	48,893,937	7,285,775	8,254,777	1,117,027
OPERATING EXPENSES:				
Operation and maintenance:				
Salaries and benefits	2,775,547	713,999	1,078,118	145,998
Water and wastewater treatment	7,161,618	321,251	419,794	29,552
Lab chemicals and supplies	1,715,846	83,746	117,339	54,286
Maintenance	1,345,350	213,028	237,049	37,123
Utilities	1,990,921	293,103	680,336	77,250
Equipment and tools	28,270	5,009	3,093	50
Sludge removal		350,312	360,933	173,350
Disposal service				
Miscellaneous	176,459	39,909	37,540	4,041
Depreciation	6,765,944	1,692,028	5,012,160	317,094
Overhead expenses	1,912,596	405,879	473,708	159,201
Administrative/other	822,526	43,297	228,982	27,503
Total expenses	24,695,077	4,161,561	8,649,052	1,025,448
OPERATING INCOME (LOSS)	24,198,860	3,124,214	(394,275)	91,579
NON-OPERATING REVENUES (EXPENSES)				
Equity fee income				
Operating contribution from UTRWD				
Investment income/(loss)	(8,195)	(4,097)	(3,688)	
Interest income	1,102,155	152,085	417,430	23,198
Interest expense, net of capitalized interest	(8,906,550)	(849,209)	(2,499,582)	(23,538)
Other non-operating Revenue				
Other non-operating Expense				
Gain/(Loss) Disposal of Capital Assets	1,506		209	209
Net non-operating income (expense)	(7,811,084)	(701,221)	(2,085,631)	(131)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	16,387,776	2,422,993	(2,479,906)	91,448
Contributions for capital improvements	464,484		465,700	
Transfers (to)/from other systems and projects	821,208	(334,747)	(381,092)	(134,811)
CHANGE IN NET POSITION	17,673,468	2,088,246	(2,395,298)	(43,363)
TOTAL NET POSITION - beginning of year	85,120,307	23,030,804	48,696,334	8,387,640
TOTAL NET POSITION - end of year	\$ 102,793,775	\$ 25,119,050	\$ 46,301,036	\$ 8,344,277

Non-Potable Non-Potable Water System	Solid Waste Household Hazardous Waste Program	Administration and Project Development		Total	Component Unit
		Growth Project	Administration and Project Development		
\$ 151,708 560	\$ 732	\$ 17,585	\$ 182,499	\$ 65,613,968 290,632	\$ 4,375
152,268	732	17,585	182,499	65,904,600	4,375
11,332 27,836	592		127,329	4,852,915 7,960,051 1,971,217	11,896
1,519 12,206			1,137	1,835,206 3,053,816 36,422 884,595 3,575 262,806	
4,857 61,546 22,096	3,575 5,000		37,594 5,210 41,736	13,886,366 2,983,690 1,164,044	2,489
141,392	9,167		213,006	38,894,703	14,385
10,876	(8,435)	17,585	(30,507)	27,009,897	(10,010)
				(15,980)	25,000
7,246	1,302	637	11,474	1,715,527 (12,278,879)	138
			(44)	1,880	
7,246	1,302	637	11,430	(10,577,452)	25,138
18,122	(7,133)	18,222	(19,077)	16,432,445	15,128
(20,314)		(17,585)	67,341	930,184	
(2,192)	(7,133)	637	48,264	17,362,629	15,128
2,455,434	151,560	57,333	1,273,911	169,173,323	63,861
\$ 2,453,242	\$ 144,427	\$ 57,970	\$ 1,322,175	\$ 186,535,952	\$ 78,989

UPPER TRINITY REGIONAL WATER DISTRICT

COMBINING SCHEDULE OF CASH FLOWS - SYSTEMS AND PROJECTS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Water Regional Treated Water System	Lakeview Water Reclamation System	Water Reclamation Northeast Water Reclamation Riverbend/Doe Branch Plants	Peninsula Water Reclamation Plant
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 45,521,505	\$ 7,129,545	\$ 7,972,670	\$ 1,099,854
Cash paid to vendors	(14,058,992)	(1,362,393)	(2,673,120)	(199,622)
Cash paid to employees	(4,244,628)	(1,088,062)	(1,433,690)	(266,093)
Net cash provided by (used in) operating activities	27,217,885	4,679,090	3,865,860	634,139
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Property additions	(50,032,637)	22,347	(11,676,041)	(886,681)
Contributions received	464,484	-	465,700	-
Bond proceeds	51,190,594	4,272,800	-	-
Bond escrow proceeds	-	-	-	-
Board participation escrow proceeds	-	-	-	-
Board participation debt proceeds	30,000,000	-	-	-
Debt issued cost	-	-	-	-
Refunding Loss - Deferred Outflow GASB 65	-	-	-	-
Bond principal payments	(12,850,000)	(2,215,000)	(465,000)	(45,000)
Bond principal payments for refunded bonds	(13,420,000)	(4,175,000)	-	-
State participation principal payments	-	-	-	-
Lease payments	-	-	-	-
Water supply obligation	(103,462)	-	-	-
Commercial paper proceeds	208,000,000	-	-	-
Commercial paper payments	(221,000,000)	-	-	-
Interfund Notes Receivable	435,399	-	-	-
Interfund Notes Payable	-	(3,959)	(454,680)	(7,979)
Notes payable proceeds	-	-	(59,400)	-
Notes payable payments	-	-	(2,659,720)	(23,794)
Payment of interest and related fees	(8,401,210)	(1,007,113)	(113,315)	-
Payment of long-term accrued interest	-	-	-	-
Transfer to UTCT	-	-	-	-
Equity Fees and Other	-	-	-	-
Interfund transfers	821,208	(334,747)	(381,092)	(134,811)
Net cash provided by (used in) capital and related financing activities	(14,895,624)	(3,440,672)	(15,343,548)	(1,098,265)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	1,114,630	143,678	417,690	23,198
Purchase of Investments	(5,024,850)	(2,009,940)	(3,014,910)	-
Maturity of Investments	9,000,000	4,000,000	4,800,000	-
Net cash provided by investing activities	5,089,780	2,133,738	2,202,780	23,198
Increase (decrease) in cash and cash equivalents	17,412,041	3,372,156	(9,274,908)	(440,928)
Cash and cash equivalents, beginning of year	79,721,287	11,033,667	42,217,076	2,700,904
Cash and cash equivalents, end of year	\$ 97,133,328	\$ 14,405,823	\$ 32,942,168	\$ 2,259,976

Non-Potable Water System	Solid Waste Household Hazardous Waste Program	Administration and Project Development			Totals	Component Unit
		Growth Fund Project	Administration and Capital Projects	Intersystem Elimination		
\$ 172,043	\$ 366	\$ 17,585	\$ 176,621	\$	\$ 62,090,189	\$ 4,375
(65,687)	(8,324)		(24,180)		(18,392,318)	(2,334)
(11,475)	(592)		(207,657)		(7,252,197)	(11,896)
94,881	(8,550)	17,585	(55,216)		36,445,674	(9,855)
(2,880)			(105,708)		(62,681,600)	
					930,184	
					55,463,394	
					30,000,000	
					(15,575,000)	
					(17,595,000)	
					(103,462)	
					208,000,000	
					(221,000,000)	
			35,970		471,369	
(396)			(4,355)		(471,369)	
					(59,400)	
					(12,091,837)	
					(113,315)	
						25,000
(20,314)		(17,585)	67,341			
(23,590)	-	(17,585)	(6,752)		(34,826,036)	25,000
7,246	1,302	637	11,474		1,719,855	138
					(10,049,700)	
					17,800,000	
7,246	1,302	637	11,474	-	9,470,155	138
78,537	(7,248)	637	(50,494)		11,089,793	15,283
1,053,751	151,599	57,333	1,608,560		138,544,177	67,611
\$ 1,132,288	\$ 144,351	\$ 57,970	\$ 1,558,066	\$ -	\$ 149,633,970	\$ 82,894

(Continued)

UPPER TRINITY REGIONAL WATER DISTRICT

COMBINING SCHEDULE OF CASH FLOWS - SYSTEMS AND PROJECTS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Water Regional Treated Water System	Lakeview Water Reclamation System	Water Reclamation Northeast Water Reclamation Riverbend/Doe Branch Plants	Peninsula Water Reclamation Plant
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ 24,198,860	\$ 3,124,214	\$ (394,275)	\$ 91,579
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation and amortization	6,765,944	1,692,028	5,012,160	317,094
Change in accounts receivable	(3,372,435)	(156,230)	(282,108)	(17,173)
Change in accounts payable	(270,750)	82,785	(477,754)	240,684
Change in deferred revenue	(93,306)	-	-	-
Change in accrued liabilities	-	-	1,449	-
Change in accrued wages	(10,918)	(64,621)	5,583	1,280
Change in other current assets	488	911	804	678
Total adjustments	3,019,023	1,554,873	4,260,134	542,563
Net cash provided by (used in) operating activities	\$ 27,217,883	\$ 4,679,087	\$ 3,865,859	\$ 634,142
Non-cash Item:				
Change in fair value of investments	\$ 28,498	\$ 14,250	\$ 12,824	\$ -
Amortization of bond refunding loss	(345,128)	(15,711)	(1,520)	-
Amortization of bond premium	1,310,246	148,021	159,332	106
Accounts payable relating to construction	1,478,167	(61,997)	387,809	-

Non-Potable Water System	Solid Waste Household Hazardous Waste Program	Administration and Project Development		Intersystem Elimination	Totals	Component Unit
		Growth Fund Project	Administration and Capital Projects			
\$ 10,876	\$ (8,435)	\$ 17,585	\$ (30,507)		\$ 27,009,897	\$ (10,010)
61,546			37,594		13,886,366	
19,775	(366)		(5,878)		(3,814,415)	
2,892	243		37,030		(384,870)	154
					(93,306)	
					1,449	
(143)	-		(80,328)		(149,147)	
(63)	8		(13,126)		(10,300)	
84,007	(115)	-	(24,708)	-	9,435,777	154
\$ 94,883	\$ (8,550)	\$ 17,585	\$ (55,215)	\$ -	\$ 36,445,674	\$ (9,856)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,572	\$ -
					(362,359)	
					1,617,705	
					1,803,979	

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STATISTICAL SECTION

(Unaudited)

Financial Trends – These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.

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Schedule 1 – Net Position	44
Schedule 2 – Changes in Net Position	45

Revenue Capacity – These schedules contain trend information to help the reader understand the District’s revenue sources.

Schedule 3 – Revenue by Service	46
Schedule 4 – Revenue Rates	47
Schedule 5 – Revenue Payers	48-49

Debt Capacity – These schedules contain trend information to help the reader understand the District’s outstanding debt, the capacity to repay that debt, and the ability to issue additional debt in the future.

Schedule 6 – Debt Service to Total Expense	50
Schedule 7 – Outstanding Debt	50
Schedule 8 – Revenue Bond Coverage	51-54

Demographic Information – This schedule offers demographic information to help the reader understand the environment within which the District’s financial activities take place.

Schedule 9 – Principal Employers in County Served.....	55
Schedule 10 – Member / Customer Population.....	56

Operating Information – These schedules assist the reader in evaluating the size, efficiency, and effectiveness of the District.

Schedule 11 – District Employees by Function.....	57
Schedule 12 – Operating Indicators by System	58
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Schedule 14 – Subscribed Capacity by Participants	60

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 1 - NET POSITION

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net investment in capital assets	\$ 92,601,836	\$ 86,778,735	\$ 74,161,525	\$ 58,301,439	\$ 48,182,131	\$ 34,354,599	\$ 19,179,156	\$ 18,553,606	\$ 9,705,365	\$ 6,362,662
Restricted:										
For debt service	13,376,408	15,035,662	14,858,110	18,878,672	17,593,749	14,123,967	14,843,645	14,237,237	14,547,560	6,330,065
Contributions for capital improvements	11,165,088	15,868,792	2,490,216	9,484,921	15,792,791	8,280,146	14,074,925			
Unrestricted	69,392,620	51,490,134	43,523,159	34,212,453	21,573,367	17,276,369	12,333,635	10,315,948	11,659,576	17,443,778
Total Net Position	\$ 186,535,952	\$ 169,173,323	\$ 135,033,010	\$ 120,877,485	\$ 103,142,038	\$ 74,035,081	\$ 60,431,361	\$ 43,106,791	\$ 35,912,501	\$ 30,136,505
% change from prior year	10%	25%	12%	17%	39%	23%	40%	20%	19%	30%

Source: UTRWD Comprehensive Annual Financial Report

**SCHEDULE 2 - CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Source: UTRWD Comprehensive Annual Financial Report

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 3 - OPERATING REVENUE BY SERVICE PROVIDED LAST TEN FISCAL YEARS

Fiscal Year	Water Services	Water Reclamation	Non-Potable	Solid Waste	Administration and Project Development	Other Revenue	Total
2011	\$ 32,165,111	\$ 7,340,130	\$ 355,511	\$ 127,438	\$ 122,572	\$ 49,924	\$ 40,160,686
2012	\$ 32,424,268	\$ 7,823,019	\$ 337,011	\$ 61,564	\$ 128,701	\$ 70,385	\$ 40,844,948
2013	\$ 33,296,713	\$ 8,025,167	\$ 333,595	\$ 5,218	\$ 128,603	\$ 118,061	\$ 41,907,357
2014	\$ 34,421,728	\$ 8,708,511	\$ 336,304	\$ 15,864	\$ 143,986	\$ 125,263	\$ 43,751,656
2015	\$ 36,447,257	\$ 10,048,624	\$ 336,683	\$ 13,842	\$ 154,075	\$ 276,904	\$ 47,277,385
2016	\$ 39,413,117	\$ 11,610,202	\$ 244,142	\$ 24,310	\$ 153,387	\$ 173,514	\$ 51,618,672
2017	\$ 41,166,095	\$ 12,212,147	\$ 181,330	\$ 19,530	\$ 170,635	\$ 268,747	\$ 54,018,484
2018	\$ 44,507,689	\$ 13,085,793	\$ 177,068	\$ 19,770	\$ 184,264	\$ 267,512	\$ 58,242,096
2019	\$ 45,385,586	\$ 15,058,840	\$ 143,051	\$ 16,044	\$ 187,417	\$ 268,711	\$ 61,059,649
2020	\$ 48,663,860	\$ 16,597,584	\$ 151,708	\$ 732	\$ 200,084	\$ 290,632	\$ 65,904,600

Source: UTRWD Comprehensive Annual Financial Report

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 4 - REVENUE RATES BY SYSTEM LAST TEN FISCAL YEARS

WATER										WATER RECLAMATION										NON-POTABLE		SOLID WASTE													
Regional Treated Water System										Lakeview Water Reclamation System					Northeast Water Reclamation System					Non-Potable Water System		Household Hazardous Waste Program													
Member			Rate			Demand			Member			Rate			Joint Capital / Fixed O&M (2)			Member			Rate			Member		Rate									
Per 1,000 Gallons			Volume			Per 1,000			Per 1,000			Volume			Per 1,000			Per 1,000			Treated Effluent			Raw Water			Per		Household						
Winter/Summer			Gallons			per Year (1)			Gallons (3)			Gallons			Gallons			Gallons			Per 1,000			Per 1,000			Per Year			Demand		Per Year			
2011	\$0.86/\$0.86			\$342,365						\$0.12			\$482,900			\$1.75			\$246,645			\$1.75			\$290,000			\$0.54			\$315,000			\$88	
2012	\$0.86/\$0.86			\$355,935						\$0.12			\$500,000			\$1.75			\$275,600			\$1.75			\$290,000			\$0.54			\$307,000			\$88	
2013	\$0.86/\$0.86			\$370,055						\$0.12			\$515,250			\$1.75			\$290,900			\$1.75			\$296,500			\$0.54			\$307,000			\$88	
2014	\$0.95/\$0.95			\$373,265						\$0.12			\$515,250			\$1.75			\$315,050			\$1.75			\$310,600			\$0.62			\$307,000			\$88	
2015	\$0.94/\$0.94			\$388,110									\$625,300			\$1.80			\$327,500			\$1.80			\$330,000			\$0.65			\$307,000			\$88	
2016	\$1.09/\$1.09			\$398,110									\$174,250			\$1.50			\$390,000			\$1.50			\$430,000			\$0.91			\$225,000			\$88	
2017	\$1.11/\$1.11			\$411,500									\$392,200			\$1.25			\$490,000			\$1.25			\$597,500			\$1.00			\$150,000			\$88	
2018	\$1.11/\$1.11			\$428,200									\$392,200			\$1.25			\$521,350			\$1.25			\$597,500			\$1.10			\$125,000			\$91	
2019	\$1.09/\$1.09			\$439,650									\$403,500			\$1.25			\$533,250			\$1.25			\$612,000			\$0.95			\$125,000			\$91	
2020	\$1.12/\$1.12			\$448,745									\$403,500			\$1.25			\$563,500			\$1.25			\$655,100			\$0.95			\$125,000			\$91	

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 5 - PRINCIPAL REVENUE PAYERS CURRENT YEAR AND NINE YEARS PRIOR

REGIONAL TREATED WATER SYSTEM

Payer	2020			2011		
	Water Revenue Received	Percentage of Total Water Revenue		Water Revenue Received	Percentage of Total Water Revenue	
Town of Flower Mound	\$ 17,410,044	35.61%		\$ 12,793,018	39.72%	
City of Corinth	4,542,141	9.29%		3,610,670	11.21%	
Mustang Special Utility District	3,681,463	7.53%		1,829,171	5.68%	
City of Celina	3,321,182	6.79%		1,786,348	5.55%	
DCFWS#7 (1)	2,426,710	4.96%		1,553,492	4.82%	
Lake Cities Municipal Authority	2,326,456	4.76%		1,516,044	4.71%	
Highland Village	2,185,459	4.47%		1,252,853	3.89%	
DCFWS#11 (1)	2,023,427	4.14%		1,171,789	3.64%	
DCFWS#1A (1)	2,006,575	4.10%		1,111,812	3.45%	
Northlake	1,836,027	3.76%		1,096,366	3.40%	
Total attributable to ten largest payers:	\$ 41,759,484	85.41%		\$ 27,721,563	86.06%	
Total Water Revenue	\$ 48,893,938	100.00%		\$ 32,211,653	100.00%	

LAKEVIEW REGIONAL WATER RECLAMATION SYSTEM

Payer	2020			2011		
	Lakeview Revenue Received	Percentage of Total Lakeview Revenue		Lakeview Revenue Received	Percentage of Total Lakeview Revenue	
Highland Village	\$ 2,187,094	30.02%		\$ 1,927,388	34.43%	
City of Corinth	2,060,855	28.29%		1,589,658	28.39%	
DCFWS#7 (1)	1,505,548	20.66%		1,132,353	20.23%	
Lake Cities Municipal Authority	1,434,224	19.69%		888,435	15.87%	
Town of Bartonville	39,252	0.54%		29,431	0.53%	
Town of Double Oak	19,886	0.27%		23,318	0.42%	
Total attributable to six largest payers:	\$ 7,246,859	99.47%		\$ 5,590,583	99.86%	
Total Lakeview Revenue	\$ 7,285,775	100.00%		\$ 5,598,665	100.00%	

Note: (1) DCFWS#11 is Denton County Fresh Water Supply District

Source: UTRWD Business Department

(Continued)

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 5 - PRINCIPAL REVENUE PAYERS CURRENT YEAR AND NINE YEARS PRIOR

NORTHEAST REGIONAL WATER RECLAMATION SYSTEM

Payer	2020		2011		Percentage of Total
	Northeast Revenue Received	Percentage of Total	Northeast Revenue Received	Percentage of Total	
	Doe Branch	Northeast Revenue	Doe Branch	Northeast Revenue	
Mustang Special Utility District	\$ 2,174,420	26.34%	\$ 466,114	36.10%	
Celina	1,860,294	22.54%	291,894	22.61%	
DCFWS#11 (1)	1,148,982	13.92%	258,165	20.00%	
Providence Village	982,222	11.90%	234,312	18.15%	
Prosper	952,531	11.54%	40,538	3.14%	
DCFWS#8 (1)	765,134	9.27%			
DCFWS#10 (1)	346,106	4.19%			
Total attributable to seven largest payers:	\$ 8,229,689	99.70%	\$ 1,291,023	100.00%	
Total Northeast Revenue	8,254,777	100%	1,290,823	100%	

Note: (1) DCFWSD is Denton County Fresh Water Supply District

PENINSULA WATER RECLAMATION SYSTEM

PENINSULA WATER RECLAMATION SYSTEM					
2020			2011		
Payer	Peninsula Revenue Received	Percentage of Total Peninsula Revenue	Payer	Peninsula Revenue Received	Percentage of Total Peninsula Revenue
Mustang Special Utility District	\$ 1,112,921	99.63%	Mustang Special Utility District	\$ 360,679	79.48%
Total attributable to largest payer:	\$ 1,114,941	99.63%	Oak Point	93,146	20.52%
				\$ 453,825	100.00%
Total Peninsula Revenue	1,117,028	100%	Total Peninsula Revenue	453,825	100%

Source: UTRWD Business Department

(Concluded)

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 6 - RATIO OF REVENUE BOND AND BOARD/STATE PARTICIPATION DEBT SERVICE TO TOTAL EXPENSES LAST TEN FISCAL YEARS

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Principal	\$ 15,575,000	\$ 16,815,000	\$ 17,995,000	\$ 13,955,000	\$ 14,865,000	\$ 14,360,000	\$ 13,145,000	\$ 12,665,000	\$ 10,340,000	\$ 10,125,000
Interest	12,091,837	11,754,211	10,531,329	9,910,257	11,310,916	9,787,938	11,007,204	9,532,511	10,448,765	13,437,715
Total Debt Service	\$ 27,666,837	\$ 28,569,211	\$ 28,526,329	\$ 23,865,257	\$ 26,175,916	\$ 24,147,938	\$ 24,152,204	\$ 22,197,511	\$ 20,788,765	\$ 23,562,715
Total Expenses	\$ 51,507,373	\$ 56,287,289	\$ 56,244,407	\$ 43,953,410	\$ 45,663,745	\$ 40,238,416	\$ 41,200,344	\$ 37,642,512	\$ 36,337,373	\$ 38,348,484
Ratio of Debt Service to Total Expenses	53.71%	50.76%	50.72%	54.30%	57.32%	60.01%	58.62%	58.97%	57.21%	61.44%

Source: UTRWD Comprehensive Annual Financial Report - Operating expenses (Cash Basis) plus debt service from Statement of Cash Flows

SCHEDULE 7 - OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue Bonds	\$ 292,645,000	\$ 272,625,000	\$ 267,065,000	\$ 285,060,000	\$ 256,975,000	\$ 232,865,000	\$ 229,605,000	\$ 228,785,000	\$ 241,450,000	\$ 201,750,000
Discount	-	-	(28,871)	(32,238)	(35,520)	(235,797)	(262,777)			
Premium	9,644,956	8,989,267	7,671,209	8,867,534	10,048,594	6,947,771	3,051,226			
Board /State Participation	47,665,000	17,665,000	17,665,000	17,665,000	17,665,000	2,100,000	2,100,000	2,100,000	2,100,000	29,600,000
Commercial Paper	32,000,000	45,000,000	27,350,000	19,950,000	33,450,000	28,050,000	37,050,000	31,550,000	23,550,000	36,550,000
Long-term Water Supply Obligation	4,779,618	4,883,080	4,983,282	5,080,327	5,174,315	5,265,341	5,353,500	5,438,881	5,521,572	5,601,659
Notes Payable	10,063,822	10,123,222	10,965,097	11,260,297	11,794,447	12,319,147	12,710,647	10,663,725	10,890,524	11,088,518
	\$ 396,798,396	\$ 359,285,569	\$ 335,670,717	\$ 347,850,920	\$ 335,071,836	\$ 287,311,462	\$ 289,607,596	\$ 278,537,606	\$ 283,512,096	\$ 284,590,177

Source: UTRWD Comprehensive Annual Financial Report

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 8 - REVENUE BOND COVERAGE BY SYSTEM

REVENUE BOND COVERAGE --REGIONAL TREATED WATER SYSTEM LAST TEN FISCAL YEARS

FY	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			Coverage
				Principal	Interest	Total	
	\$	\$	\$	\$	\$	\$	
2011	32,789,687	12,397,845	20,391,842	8,189,762	3,229,904	11,419,666	1.79
2012	32,816,364	12,384,461	20,431,903	8,043,800	3,101,817	11,145,617	1.83
2013	33,664,958	12,562,777	21,102,181	7,961,042	2,911,165	10,872,207	1.94
2014	34,803,716	13,050,333	21,753,383	7,889,565	2,589,484	10,479,049	2.08
2015	37,014,131	12,852,888	24,161,243	6,342,759	2,116,384	8,459,143	2.86
2016	39,953,302	15,423,550	24,529,752	6,846,552	2,351,311	9,197,863	2.67
2017	42,063,235	15,954,021	26,109,214	6,828,333	2,399,669	9,228,002	2.83
2018	46,072,217	20,020,157	26,052,060	6,597,414	2,254,739	8,852,153	2.94
2019	47,771,837	16,657,409	31,114,428	6,607,857	2,208,007	8,815,864	3.53
2020	49,996,092	17,929,134	32,066,958	7,173,103	2,445,151	9,618,254	3.33

(1) Gross Revenues include operating revenue, interest and equity fee income.

(2) Operating Expenses are exclusive of depreciation/amortization and interest expense.

Source: UTRWD Comprehensive Annual Financial Report

(Continued)

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 8 - REVENUE BOND COVERAGE BY SYSTEM

REVENUE BOND COVERAGE--LAKEVIEW WATER RECLAMATION SYSTEM LAST TEN FISCAL YEARS

FY	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			Coverage
				Principal	Interest	Total	
	\$	\$	\$	\$	\$	\$	
2011	5,630,539	1,985,235	3,645,304	1,305,000	504,785	1,809,785	2.01
2012	5,993,625	1,992,195	4,001,430	1,983,889	682,119	2,666,008	1.50
2013	5,985,545	2,379,552	3,605,993	1,965,588	646,794	2,612,382	1.38
2014	6,386,552	2,281,839	4,104,713	1,952,813	579,860	2,532,673	1.62
2015	7,225,217	2,148,242	5,076,975	1,619,750	477,721	2,097,471	2.42
2016	7,416,737	2,308,988	5,107,749	1,561,316	440,491	2,001,806	2.55
2017	7,074,234	2,327,475	4,746,759	1,535,833	403,440	1,939,273	2.45
2018	7,112,923	2,436,529	4,676,394	1,506,765	366,031	1,872,796	2.50
2019	7,543,772	2,437,156	5,106,616	1,466,250	328,415	1,794,665	2.85
2020	7,437,860	2,469,530	4,968,330	1,399,333	260,001	1,659,334	2.99

(1) Gross Revenues include operating revenue, interest and equity fee income.

(2) Operating Expenses are exclusive of depreciation/amortization and interest expense.

Source: UTRWD Comprehensive Annual Financial Report

(Continued)

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 8 - REVENUE BOND COVERAGE BY SYSTEM

REVENUE BOND COVERAGE--RIVERBEND/DOE BRANCH WATER RECLAMATION PLANTS LAST TEN FISCAL YEARS

FY	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements		
				Principal	Interest	Total
	\$	\$	\$	\$	\$	\$
2011	1,500,822	738,787	762,035	182,143	98,231	280,374
2012	1,519,658	941,668	577,990	185,250	95,032	280,282
2013	1,704,612	982,077	722,535	188,684	91,748	280,432
2014 (3)	1,963,302	1,101,220	862,082	683,750	414,117	1,097,867
2015 (3)	2,415,400	1,123,839	1,291,561	707,826	402,757	1,110,583
2016 (3)	3,561,471	1,667,402	1,894,069	955,345	561,275	1,516,620
2017 (3)	4,631,915	2,252,134	2,379,781	1,841,071	1,202,009	3,043,080
2018 (3)	5,758,288	2,628,725	3,129,563	1,820,556	1,141,773	2,962,329
2019 (3)	7,762,429	3,286,773	4,475,656	2,180,000	1,450,389	3,630,389
2020	8,672,207	3,636,892	5,035,315	2,241,250	1,411,608	3,652,858

(1) Gross Revenues include operating revenue, interest and equity fee income.

(2) Operating Expenses are exclusive of depreciation/amortization and interest expense.

Source: UTRWD Comprehensive Annual Financial Report

(Continued)

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 8 - REVENUE BOND COVERAGE BY SYSTEM

REVENUE BOND COVERAGE--PENINSULA WATER RECLAMATION PLANT LAST TWO FISCAL YEARS (No Revenue Bonds Issued For This Plant Prior to 2016)

FY	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			Coverage
				Principal	Interest	Total	
	\$	\$	\$	\$	\$	\$	
2016	808,281	527,159	281,122	55,526	16,004	71,530	3.93
2017	813,135	466,156	346,979	56,389	15,463	71,852	4.83
2018	876,230	625,746	250,484	57,059	14,905	71,964	3.48
2019	1,031,709	661,513	370,196	57,813	14,334	72,147	5.13
2020	1,140,225	708,357	431,868	58,667	13,747	72,414	5.96

(1) Gross Revenues include operating revenue, interest and equity fee income

(2) Operating Expenses are exclusive of depreciation/amortization and interest expense.

(3) Portions of debt service were financed via Capitalized Interest Funds during the year.

Source: UTRWD Comprehensive Annual Financial Report

(Concluded)

**SCHEDULE 9 - TOP TEN PRINCIPAL EMPLOYERS IN COUNTY SERVED
CURRENT YEAR AND NINE YEARS PRIOR**

Source: Denton County Budget in Brief

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 10 - MEMBER / CUSTOMER POPULATION LAST TEN FISCAL YEARS

	Notes	Fiscal Year									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Argyle WSC	(2)	8,130	7,695	7,113	6,968	6,831	6,675	6,724	6,758	6,758	6,476
Argyle		4,310	4,170	4,040	3,920	3,820	3,690	3,510	3,420	3,350	3,400
Aubrey		5,380	4,530	3,200	3,110	3,100	2,780	2,670	2,610	2,610	2,610
Bartonville		1,740	1,710	1,680	1,670	1,650	1,640	1,630	1,630	1,590	1,580
Blackrock WSC	(2)	1,350	1,350	1,350	1,310	1,287	1,287	1,287	1,287	1,143	1,143
Celina		20,397	18,860	14,364	10,310	8,650	7,320	6,660	6,460	6,260	6,240
Copper Canyon		1,450	1,430	1,430	1,390	1,380	1,370	1,350	1,340	1,330	1,350
Corinth		22,160	21,260	21,030	20,800	20,900	20,900	20,520	20,420	20,573	20,605
Cross Timbers WSC	(2)	7,614	7,456	7,266	7,255	7,254	6,845	6,733	6,668	6,625	6,634
Denton		138,250	134,460	130,990	128,160	125,980	123,200	120,820	116,950	115,810	114,440
Denton County	(3)	46,248	50,441	53,751	52,164	30,931	29,677	30,324	28,676	32,351	38,178
DCFWSW #1A	(1)	14,720	13,042	12,977	12,106	10,881	10,881	9,973	9,650	10,213	8,481
DCFWSW #7	(1)	12,000	12,000	12,000	11,324	10,673	10,000	9,710	9,555	8,215	7,300
DCFWSW #8A	(1)	6,197	6,219	5,794	5,264	4,650	3,918	4,070	3,990	3,567	3,363
DCFWSW #10	(1)	5,282	4,290	3,729	11,783	6,634	7,142	5,160	5,059	4,396	4,275
DCFWSW #11	(1)	9,660	9,272	8,739	7,831	6,684	5,757	4,288	4,204	3,534	3,237
Double Oak	(1)	2,990	2,970	2,960	2,970	2,950	2,920	2,920	2,890	2,880	2,880
Flower Mound		78,080	76,030	73,130	71,850	70,180	66,820	66,130	66,095	65,060	65,474
Highland Village		17,000	17,000	17,000	17,000	17,000	17,000	16,500	16,500	15,500	16,500
Irving		242,410	240,420	237,490	234,710	231,040	228,610	227,030	220,750	218,850	216,970
Justin		5,292	4,455	4,455	4,320	4,320	3,260	3,250	3,429	3,250	3,631
Krum		5,760	5,760	5,760	5,760	5,760	4,790	4,750	4,420	4,250	4,190
Lake Cities MUA		15,767	15,512	15,426	15,500	15,150	14,917	14,697	14,211	14,211	14,526
Lewisville		107,120	105,640	104,780	103,640	100,400	99,480	98,330	97,140	96,000	96,450
Lincoln Park		44,718	38,075	32,441	21,846	20,022	19,737	15,603	15,603	627	618
Mustang SUD	(4)	8,898	4,500	4,500	3,210	3,180	3,040	3,040	2,930	2,820	2,900
Northlake		3,930	3,680	3,440	4,130	4,050	3,890	3,880	3,870	3,870	4,100
Oak Point		4,300	4,260	4,120	1,780	1,560	1,520	1,460	1,420	1,410	1,400
Pilot Point		2,400	2,390	2,330	2,0160	17,790	15,970	14,710	13,380	12,190	10,560
Ponder		28,380	25,630	22,650	6,310	6,170	5,750	5,400	5,674	5,674	5,500
Prosper		6,700	8,800	7,991	8,000	7,800	7,415	7,490	7,170	6,970	7,300
Providence Village		9,080									
Sanger											

Sources:

North Central Texas Council of Governments (NCTCOG)
UTRWD Annual Survey

Notes:

1. DCFWSW - Denton County Fresh Water Supply District
2. WSC - Water Supply Corporation
3. Includes only unincorporated areas within the County
4. SUD - Special Utility District

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 11 - FUNDED DISTRICT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	2020	2019	2018	2017	Fiscal Year		2015	2014	2013	2012	2011
					2016	2015					
Administration	14	14	15	15	16	9	9	9	9	9	9
Business/Finance	14	14	13	13	13	19	17	17	17	17	17
Operations	54	49	47	48	43	34	37	34	34	33	34
Maintenance	19	18	17	17	16	14	14	14	14	14	14
Engineering/Construction	16	15	13	12	11	19	14	18	18	18	17
Contract Positions	5	5	2								
Total	122	115	107	105	99	95	91	92	91	91	91

Source: UTRWD Business Department

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 12 - OPERATING INDICATORS BY SYSTEM LAST TEN FISCAL YEARS

SYSTEM	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Regional Treated Water System										
Wholesale Customers Contracted (See Note)	19	19	19	19	20	20	20	20	20	20
Total Town, Cities and Others Served (See Note)	29	29	29	29	30	30	30	30	29	29
Total Customer Delivery Points	27	27	27	31	28	28	25	25	24	24
Total Yearly Billed Flows (millions of gallons)	12,042	10,419	11,241	9,960	9,485	8,956	8,146	8,020	8,183	8,989
Lakeview Regional Water Reclamation System										
Wholesale Customers Contracted (See Note)	6	6	6	6	6	6	6	6	6	6
Total Town, Cities and Others Served (See Note)	9	9	9	9	9	9	9	9	8	8
Customer Points of Entry	10	10	10	10	10	10	10	10	8	8
Total Yearly Billed Flows (millions of gallons)	1,705	1,748	1,440	1,434	1,703	1,664	1,333	1,256	1,343	1,272
Northeast Regional Water Reclamation System										
Wholesale Customers Contracted (See Note)	9	9	9	9	9	8	8	7	6	6
Total Town, Cities and Others Served (See Note)	10	10	9	9	9	9	9	6	6	6
Customer Points of Entry	15	15	15	15	14	12	12	11	11	11
Total Yearly Billed Flows (millions of gallons)	1,757	1,484	1,123	899	768	655	511	447	401	370
Peninsula Water Reclamation Plant										
Wholesale Customers Contracted (See Note)	1	1	1	1	1	2	2	2	2	2
Total Town, Cities and Others Served (See Note)	2	2	2	2	2	2	2	2	2	2
Customer Points of Entry	2	2	2	2	2	2	2	2	2	2
Total Yearly Billed Flows (millions of gallons)	271	230	178	140	139	124	103	86	79	72

Note: Some contracting parties provide service to more than one town or city

Source: UTRWD Operations & Engineering Department

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 13 - CAPITAL ASSET (IN SERVICE) STATISTICS BY SYSTEM LAST TEN FISCAL YEARS

SYSTEM	2020	2019	2018	2017	Fiscal Year 2016	2015	2014	2013	2012	2011
<u>Regional Treated Water System</u>										
Regional Treated Water System										
Raw Water Intake Capacity	200mgd	200mgd	200mgd	200mgd	200mgd	200mgd	200mgd	200mgd	200mgd	200mgd
Water Treatment Plant Capacity	70mgd	70mgd	70mgd	70mgd	70mgd	70mgd	70mgd	70mgd	70mgd	70mgd
Treated Water Pumping Capacity (est)	130mgd	130mgd	130mgd	130mgd	130mgd	130mgd	130mgd	130mgd	130mgd	130mgd
Transmission Pipelines (miles):										
12" to 20"	37.07	37.07	37.10	45.93	45.29	30.18	30.18	30.18	30.18	30.18
24" to 36"	43.77	43.77	43.34	43.34	42.95	40.27	40.27	40.27	40.27	40.27
48" to 60"	22.65	22.65	22.74	22.74	20.34	18.88	18.88	18.88	18.88	18.88
Treated Water Storage Tanks:										
Treatment Plant	4	4	4	4	4	4	4	4	4	4
Other	6	6	6	6	6	6	6	6	6	6
<u>Tom Harpool Water Treatment Plant</u>										
Raw Water Intake Capacity	45mgd	45mgd	45mgd	45mgd	45mgd	45mgd	45mgd	45mgd	45mgd	45mgd
Water Treatment Plant Capacity	24.5mgd	20mgd	20mgd	20mgd	20mgd	20mgd	20mgd	20mgd	20mgd	20mgd
Treated Water Pumping Capacity (est)	28mgd	16mgd	16mgd	16mgd	16mgd	16mgd	16mgd	16mgd	16mgd	16mgd
<u>Lakeview Regional Water Reclamation System</u>										
Water Reclamation Plant Capacity	5.5mgd	5.5mgd	5.5mgd	5.5mgd	5.5mgd	5.5mgd	5.5mgd	5mgd	5mgd	5mgd
Interceptor Pipeline (miles):										
8" to 10"	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82
14"	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
18" & 20"	7.6	7.6	7.6	7.6	7.55	7.55	7.55	7.55	7.55	7.55
24" & 27"	4.76	4.76	4.76	4.76	4.72	4.72	4.72	4.72	4.72	4.72
Wastewater Lift Stations	5	5	5	5	5	5	5	5	5	5
<u>Northeast Regional Water Reclamation System</u>										
Riverbend Water Reclamation Plant Capacity	4.0mgd	4.0mgd	2.0mgd	2.0mgd	2.0mgd	2.0mgd	2.0mgd	2.0mgd	1.5mgd	1.5mgd
Doe Branch Water Reclamation Plant Capacity	2.0mgd	2.0mgd	2.0mgd	2.0mgd	2.0mgd	2.0mgd	2.0mgd	2.0mgd	1.5mgd	1.5mgd
Interceptor Pipeline (miles):										
8" to 21"	6.54	6.54	6.09	6.09	4.63	4.63	4.63	4.63	4.63	4.63
24" to 36"	6.54	6.54	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30
Wastewater Lift Stations	1	1	1	1	1	1	1	1	1	1
<u>Peninsula Water Reclamation Plant</u>										
Water Reclamation Plant Capacity	0.94mgd	0.94mgd	0.94mgd	0.94mgd	0.94mgd	0.94mgd	0.94mgd	0.94mgd	0.94mgd	0.94mgd
Interceptor Pipeline (miles):										
24" to 36"	0.16	0.16	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

Note: mgd is million gallons per day

Source: UTRWD Operations & Engineering Department

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 14 - SUBSCRIBED CAPACITY BY PARTICIPANTS September 30, 2020

Participant	Treated Water MGD	%	Lakeview Wastewater Treatment MGD	%	Northeast (Riverbend/Doe Branch) Wastewater Treatment (3) MGD	%	Peninsula Wastewater Treatment MGD	%	Non-Potable Water MGD	%
Argyle Water Supply Corp.	2.00	2.53								
Aubrey	0.10 (2)	0.13								
Bartonville			0.0378	0.71	0.6650	12.20				
Celina	5.00	6.33								
Corinth	7.50	9.49	1.6080	30.18						
Cross Timbers Water Supply Corp.	2.50	3.16								
Denton	(1)									
Denton County Fresh Water Supply Dist. #1A	3.00	3.80							All	100.00
Denton County Fresh Water Supply Dist. #7	4.00	5.06	0.8440	15.84						
Denton County Fresh Water Supply Dist. #8A	1.87	2.37			0.4538	8.32				
Denton County Fresh Water Supply Dist. #10	1.02	1.29			0.2500	4.59				
Denton County Fresh Water Supply Dist. #11	3.30	4.18			0.7160	13.13				
Double Oak			0.0080	0.15						
Flower Mound	30.00	37.97								
Highland Village	3.00	3.80	1.6500	30.96						
Justin	1.15	1.46								
Krum	0.40 (2)	0.51								
Lake Cities Municipal Utility Authority	3.80	4.81	1.1810	22.16	1.8170	33.33	All	100.00		
Mustang Special Utility District	4.48	5.67			1.0000	18.34				
Northlake	3.00	3.80			0.5500	10.09				
Prosper										
Providence Village	2.40	3.04								
Sanger	0.50 (2)	0.63								
Total Subscriptions	79.02	100.00	5.3288	100.00	5.4518	100.00	All	100.00	All	100.00

(1) Service is provided according to need -- no specific capacity.

(2) Indirect customer: Receives water from an entity participating jointly with Upper Trinity.

(3) Includes Riverbend and Doe Branch Plants.

Source: UTRWD Operations Department

**SUPPLEMENTAL SCHEDULES
REQUIRED BY THE
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
(UNAUDITED)**

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UPPER TRINITY REGIONAL WATER DISTRICT

SERVICES AND RATES YEAR ENDED SEPTEMBER 30, 2020

1. Services Provided by the District:

- | | | |
|---|--|-------------------------------------|
| <input type="checkbox"/> Retail Water | <input checked="" type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input checked="" 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 checked="" type="checkbox"/> Other (specify): <u>Household Hazardous Waste Disposal, Non-Potable Water</u> | | |

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

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	\$			\$	to
				\$	to
WASTEWATER:	\$			\$	to
				\$	to
SURCHARGE:	\$			\$	to

District employs winter averaging for wastewater usage? Yes ☐ No ☐

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

3. Retail Service Providers: 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:

	Active Connections	Active ESFC	Inactive Connections (ESFC)**
Single Family			
Multi-Family			
Commercial			
Other - recreational centers government & VFD			
TOTAL			

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

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

4. **Total Water Consumption (In Thousands) During The Fiscal Year:**

Gallons pumped into system: 12,473,133

Gallons billed to customers: 12,041,568

5. **Standby Fees:** Does the District assess standby fees? Yes ☐ No ☒

For the most recent full fiscal year, FYE _____, :

Debt Service:	Total levy	\$ _____
	Total Collected	\$ _____
	Percentage Collected	_____ %

Operation & Maintenance:	Total levy	\$ _____
	Total Collected	\$ _____
	Percentage Collected	_____ %

Have standby fees been levied in accordance with Water Code Section 49.231, thereby constituting a lien on property? Yes ☐ No ☐

6. **Anticipated sources of funds to be used for debt service payments in the district's following fiscal year:**

a.	Debt Service Tax Receipts	\$ _____
b.	Surplus Construction Funds	\$ _____
c.	Water and/or Wastewater Revenue	\$ <u>26,934,818</u>
		\$ _____
d.	Standby Fees	\$ _____
e.	Debt Service Fund Balance To Be Used	\$ _____
f.	Interest Revenues	\$ _____
g.	Other (Describe)	
	_____	\$ _____
	_____	\$ _____
	_____	\$ _____

TOTAL ANTICIPATED FUNDS TO BE USED* \$16,970,141

* This total should equal the district's total annual debt service for the fiscal year following the fiscal year reported or in the audited financial statements.

7. Location of District:

County(ies) in which district is located. Denton, Collin, Dallas

Is the District located entirely within one county? Yes ☐ No ☒

Is the District located within a city? Entirely ☐ Partly ☒ Not at all ☐

City(ies) in which district is located. _____ *See List of Board Members and Entity Represented

Is the District located within a city's extra territorial jurisdiction (ETJ)?
Entirely ☐ Partly ☒ Not at all ☐

ETJ's in which district is located. _____ *See List of Board Members and Entity Represented

Is the general membership of the Board appointed by an office outside the district?
Yes ☒ No ☐

If Yes, by whom? Governing Body of Member Entities, plus Denton County Commissioners Court

UPPER TRINITY REGIONAL WATER DISTRICT

INSURANCE COVERAGE FOR THE YEAR ENDED SEPTEMBER 30, 2020

Type of Coverage		Amount of Coverage	
FIDELITY:			
Public Official Bonds	\$	10,000	Per Director
Public Employee Dishonesty	\$	100,000	Per Employee
Forgery & Alterations	\$	40,000	Per Loss
Theft, Disappearance, & Destruction	\$	40,000	Per Loss
Computer Fraud	\$	40,000	Per Loss
Crime Coverages-Insuring Agreement	\$	1,000,000	Per Loss
Personal Accounts Identity Fraud Expense	\$	25,000	Per Loss
LIABILITY:			
General	\$	10,000,000	Each Occurrence
Includes Sudden Events Pollution	\$	2,000,000	Each Occurrence
	\$	10,000,000	Annual Aggregate
Errors & Omissions	\$	5,000,000	Each Wrongful Act
	\$	10,000,000	Annual Aggregate
Automobile	\$	5,000,000	Each Occurrence
	\$	2,000,000	Uninsured/Underinsured Motorists/ (Each Accident)
	\$	25,000	Auto Medical Payments/(Each Person)
CYBER LIABILITY & DATA BREACH:			
Cyber Liability & Data Breach	\$	1,000,000	Annual Aggregate
Privacy Breach	\$	25,000	Per Incident and in the Aggregate
Regulatory Defense & Penalties	\$	50,000	Aggregate Limit
Payment Card Industry Fines, Expenses And Costs			
Cyber Extortion, First Party	\$	50,000	Annual Aggregate
E-Commerce Extortion	\$	1,000,000	Per Loss
Cyber Risk - Third Party Liability	\$	1,000,000	Each Claim
CyberRisk - First Party Liability	\$	1,000,000	Per Loss
Computer Fraud	\$	1,000,000	Annual Aggregate
Restoration	\$	1,000,000	Per Loss
Security Breach Remediation & Notification	\$	1,000,000	Annual Aggregate
Funds Transfer Fraud	\$	1,000,000	Annual Aggregate
Business Interruption and Additional Expenses	\$	1,000,000	Per Loss
PROPERTY:			
Buildings & Contents	\$	454,321,676	Special Form (Replacement Cost)/ Includes Earthquake & Flood Coverage
	\$	10,000,000	Acts of Terrorism Coverage/ (Each Occurrence)

Insurer Name	Type of Corporation	Policy Clause: Co-insurance
The Travelers Company	Risk Pool	No
Texas Municipal League - IRP		
Texas Municipal League - IRP	Risk Pool	No
Texas Municipal League - IRP		
Texas Municipal League - IRP	Risk Pool	No
Texas Municipal League - IRP	Risk Pool	No
The Travelers Company	Risk Pool	No
Texas Municipal League - IRP	Risk Pool	No
Texas Municipal League - IRP	Risk Pool	No
Texas Municipal League - IRP	Risk Pool	No
Texas Municipal League - IRP	Risk Pool	No
Texas Municipal League - IRP	Risk Pool	No
Texas Municipal League - IRP	Risk Pool	No

UPPER TRINITY REGIONAL WATER DISTRICT

COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES TWO YEARS ENDED SEPTEMBER 30, 2020

	Amount		% of Fund Total Revenues	
	2020	2019	2020	2019
REVENUES:				
Charges for services	\$ 65,613,968	\$ 60,790,938	99.6%	99.6%
Miscellaneous income	290,632	268,711	0.4%	0.4%
Total revenues	65,904,600	61,059,649	100.0%	100.0%
EXPENSES:				
Operation and maintenance:				
Salaries and benefits	4,852,915	5,355,420	7.4%	8.8%
Water and wastewater treatment	7,960,051	6,262,049	12.1%	10.3%
Lab chemicals and supplies	1,971,217	1,584,187	3.0%	2.6%
Maintenance materials service	1,835,206	2,079,316	2.8%	3.4%
Utilities	3,053,816	2,799,085	4.6%	4.6%
Equipment and tools	36,422	52,608	0.1%	0.1%
Sludge removal	884,595	600,408	1.3%	1.0%
Disposal service	3,575	12,385	0.0%	0.0%
Miscellaneous	262,806	304,638	0.4%	0.5%
Depreciation and amortization	13,886,366	11,675,283	21.1%	19.1%
Administrative other	4,147,734	4,267,194	6.3%	7.0%
Total expenses	38,894,703	34,992,573	59.0%	57.3%
EXCESS REVENUES OVER EXPENSES	\$ 27,009,897	\$ 26,067,076	41.0%	42.7%

UPPER TRINITY REGIONAL WATER DISTRICT

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS FOR THE YEAR ENDED SEPTEMBER 30, 2020

Complete District Mailing Address: P. O. Box 305, 900 N. Kealy, Lewisville, TX 75067

District Business Telephone Number: (972) 219-1228 Fax: (972) 221-9896

Names and Addresses	Term of Office (Elected or Appointed) or Date Hired	Appointing Entity	Expense Reimbursements Year Ended September 30, 2020	Title	Resident of District
Board Officers					
Richard A. Lubke 2700 Gentle Dr. Flower Mound, TX 75022	Appointed: June 1, 2019 04/00 - 05/21	Highland Village	\$0.00	President Board of Directors	Yes
Brian Roberson City Manager 1745 FM 2931 Providence Village, TX 76227	Appointed June 1, 2019 04/16 - 05/21	Aubrey	\$0.00	Vice President Board of Directors	Yes
Bob Hart City Manager City of Corinth 3300 Corinth Parkway Corinth, TX 76208	Appointed June 1, 2019 05/18 - 05/21	Corinth	\$0.00	Treasurer Board of Directors	Yes
Clay Riggs Asst. Director, Public Works Town of Flower Mound 2121 Cross Timbers Road Flower Mound, TX 75028	Appointed June 1, 2019 5/18 - 05/23	Flower Mound	\$0.00	Secretary Board of Directors	Yes
Board Members					
Troy Norton Director of Public Works Town of Argyle P.O. Box 609 Argyle, TX 76226	Appointed 02/15 - 05/21	Argyle	\$0.00	Director	Yes
Del Knowler 739 Seals Rd. Bartonville, TX 76226	Appointed 08/13 - 05/21	Bartonville	\$0.00	Director	Yes
James Burnham 401 Niles Ct. Oak Point, TX 75068	Appointed 07/17 - 05/21	Celina	\$0.00	Director	Yes
Mark Pape 12050 Meadow Lake Ln. Argyle, TX 76226-4501	Appointed 08/18 - 05/21	Copper Canyon	\$0.00	Director	Yes
Frank Pugsley Director of Water Utilities City of Denton 901-A Texas St. Denton, TX 76209	Appointed 06/19 - 05/21	City of Denton	\$0.00	Director	Yes
Johnny Harris 516 Addison Lake Dallas, TX 75065	Appointed 03/10 - 05/23	Denton County	\$0.00	Director	Yes
Gary Calmes 1421 N. Elm St. Ste. 102 Denton, TX 76201	Appointed: 10/09 - 05/21	Denton County At-Large	\$0.00	Director	Yes
Kristina Clark Director of Administration DCFWS #1-A 2540 King Arthur Blvd., Ste. 220 Lewisville, TX 75056	Appointed: 5/16 - 05/23	Denton County FWSD #1-A	\$0.00	Director	Yes
Kevin Mercer General Manager DCFWS #7 2652 FM 407 East, Suite 215 Bartonville, TX 76226	Appointed: 11/02 - 05/23	Denton County FWSD #7	\$0.00	Director	Yes

Names and Addresses	Term of Office (Elected or Appointed) or Date Hired	Appointing Entity	Expense Reimbursements Year Ended September 30, 2020	Title	Resident of District
Dick Cook 170 Oak Trail Double Oak, TX 75077	Appointed 07/12 – 05/21	Double Oak	\$0.00	Director	Yes
Vacant	Appointed:	Irving	\$0.00	Director	Yes
Greg Scott 136 Daisey Ln Justin, TX 76247	Appointed 07/20 - 05/21	Justin	\$0.00	Director	Yes
Devon Kennedy Director of Public Works City of Krum 146 W. McCart St. P.O. Box 217 Krum, TX 76249	Appointed: 06/19 – 05/21	Krum	\$0.00	Director	Yes
Mike Fairfield General Manager Lake Cities MUA 501 N. Shady Shores Dr. Lake Dallas, TX 75065-2409	Appointed: 12/09 – 05/23	Lake Cities MUA	\$0.00	Director	Yes
Eric Ferris Deputy City Manager City of Lewisville P.O. Box 299002 Lewisville, TX 75029-9002	Appointed 04/17 – 05/21	Lewisville	\$0.00	Director	Yes
Chris Boyd General Manager Mustang Special Utility District 7985 F.M. 2931 Aubrey, TX 76227	Appointed: 03/07 - 05/23	Mustang SUD	\$0.00	Director	Yes
Lyle Dresher 5909 Tawakoni Dr. Argyle, TX 76226	Appointed: 08/18 - 05/21	Northlake	\$0.00	Director	Yes
Allen L. McCracken P.O. Box 1200 Pilot Point, TX 76258	Appointed 09/05/19 – 05/23	Pilot Point	\$0.00	Director	Yes
Mike Anderson 833 Lochmoor Lane Highland Village, TX 75077	Appointed 07/16 - 5/23	Ponder	\$0.00	Director	Yes
Frank Jaromin Director of Public Works Town of Prosper 601 W. 5 th St. P.O. Box 307 Prosper, TX 75078-0307	Appointed 07/15 - 05/23	Prosper	\$0.00	Director	Yes
Tracy LaPiene City Engineer City of Sanger P. O. Box 1729 Sanger, TX 76266	Appointed 06/19 - – 05/23	Sanger	\$0.00	Director	Yes
Key Administrative Personnel					
Larry N. Patterson, P.E. 900 N. Kealy P.O. Box 305 Lewisville, TX 75067	Hired 08/12/02 - Present	UTRWD	\$21,233	Executive Director	Yes
William A. Greenleaf 900 N. Kealy P.O. Box 305 Lewisville, TX 75067	Hired 09/28/98 - Present	UTRWD	\$6,410	Chief Financial Officer	Yes
Thomas W. Snyder, P.E. 900 N. Kealy P.O. Box 305 Lewisville, TX 75067	Hired 07/01/93 - Present	UTRWD	\$6,410	Director - Construction and Engineering	Yes
Jody Zabolio, P.E. 900 N. Kealy P.O. Box 305 Lewisville, TX 75067	Hired 12/13/04 - Present	UTRWD	\$6,411	Director - Operations	No

Names and Addresses	Term of Office (Elected or Appointed) or Date Hired	Appointing Entity	Expense Reimbursements Year Ended September 30, 2020	Title	Resident of District
Consultants					
Nick Bulaich Managing Director Hilltop Securities Inc. 777 Main St., Suite 1200 Fort Worth, TX 76102	Contracts 09/07/89 - Present	UTRWD	N/A	Financial Advisor	N/A
Matthew Boyle Boyle & Lowry LLP Attorneys and Counselors 4201 Wingren, Suite 108 Irving, TX 75062-2763	Contracts 02/02/95 - Present	UTRWD	N/A	General Counsel	N/A
Rob Collins, III - Partner Bracewell LLP 1445 Ross Avenue Suite 3800 Dallas, TX 75202-2711	Contracts 04/07/95 - Present	UTRWD	N/A	Bond Counsel	N/A
Sheila Hambrick Jones Gotcher 3800 First Place Tower 15 East Fifth St Tulsa, OK 74103-4309	Contracts 09/28/16 - Present	UTRWD	N/A	General Counsel	N/A
Richard H. Kelsey, P. C. Kelsey, Kelsey, and Hickey Attorneys At Law 2225 East McKinney Denton, TX 76209	Contracts 11/12/92 - Present	UTRWD	N/A	Real Estate Counsel	N/A
Lauren Kalisek Lloyd Gosselink 816 Congress Ave. Suite 1900 Austin, TX 78701	Contracts 05/06/99 - Present	UTRWD	N/A	General Counsel	N/A
Myles Porter Myles Porter, P.C. 411 N. Main St. Bonham, TX 75418	Contracts 09/10/15 - Present	UTRWD	N/A	Real Estate Counsel	N/A
S. Alan Skinner, PhD AR Consultants, Inc. 805 Business Parkway Richardson, TX 75081	Contracts 01/26/16 - Present	UTRWD	N/A	Engineering	N/A
Donald Lange, P.E. BGE, Inc. 777 Main St. Ste. 1900 Fort Worth, TX 76102	Contracts 2019 - Present	UTRWD	N/A	Engineering	N/A
Robert Brandes, P. E. Robert J. Brandes Consulting 6000 Mavrys Trail Austin, TX 78730	Contracts 03/17/17 - Present	UTRWD	N/A	Engineering	N/A
Ignacio Cadena Black & Veatch Corporation 5400 LBJ Freeway, Suite 975 Dallas, TX 75240	Contracts 09/30/16 - Present	UTRWD	N/A	Engineering	N/A
Chris Patin, P. E. CDM Smith Inc. 12400 Coit Rd, Ste.400 Dallas, TX 75251	Contracts 08/03/06 - Present	UTRWD	N/A	Engineering	N/A
Scott Hoff, P. E. – Senior VP Carollo Engineers Inc. 14785 Preston Rd., Suite 950 Dallas, TX 75254	Contracts 10/06/00 - Present	UTRWD	N/A	Engineering	N/A
John Levitt, P.E. CP&Y Inc. 1820 Regal Row, Ste. #200 Dallas, TX 75235	Contracts 09/16/93 - Present	UTRWD	N/A	Engineering	N/A
Jerry Snead, P.E. HDR 17111 Preston Rd. Ste. 300 Dallas, TX 75248	Contracts 2019 - Present	UTRWD	N/A	Engineering	N/A

Names and Addresses	Term of Office (Elected or Appointed) or Date Hired	Appointing Entity	Expense Reimbursements Year Ended September 30, 2020	Title	Resident of District
J.A. Sosebee, P. E. – Sr. VP Huitt-Zollars, Inc. 1717 McKinney Ave, Suite 1400 Dallas, TX 75202	Contracts 05/05/11 - Present	UTRWD	N/A	Engineering	N/A
Ben Stephens, P.E. Halff Associates, Inc. 12225 Greenville Ave., Suite 200 Dallas, TX 75243	Contracts 02/02/11 - Present	UTRWD	N/A	Engineering	N/A
Raj Mehta P. E. Jacobs 1999 Bryan St., Suite 1200 Dallas, TX 75201	Contracts 09/16/93 - Present	UTRWD	N/A	Engineering	N/A
Chris Story, P.E. JQ Infrastructure 2015 Commerce Street, Suite 200 Dallas, TX 75201	Contracts 02/10/16 - Present	UTRWD	N/A	Engineering	N/A
Anthony Samarripas, P.E. Kimley-Horn 13455 Noel Rd. Two Galleria Office Tower Suite 700 Dallas, TX 75240	Contracts 2020 - Present	UTRWD	N/A	Engineering	N/A
Justin Reeves, P.E. LAN: Lockwood, Andrews & Newman Inc. 1320 S. University Dr. University Center II, Ste. 450 Fort Worth, TX 76107	Contracts 2018 - Present	UTRWD	N/A	Engineering	N/A
Chris Young President Plummer Associates, Inc. 1320 S. University Dr., Ste.300 Fort Worth, TX 76107	Contracts 02/20/91 - Present	UTRWD	N/A	Engineering	N/A
Terrace Stewart, P.E. RJN Group 12160 Abrams Rd. Ste. 400 Dallas, TX 75238	Contracts 2019 - Present	UTRWD	N/A	Engineering	N/A
Heather Harward Texas Water Supply Partners 3305 Silverleaf Drive Austin, TX 78757	Contracts 03/29/17 - Present	UTRWD	N/A	Engineering	N/A
Stephen W. McCullough 1616 Oak Meadow Drive Irving, TX 75061	Contracts 01/27/16 - Present	UTRWD	N/A	Engineering	N/A
Harvey Economics 469 South Cherry St, Suite 100 Denver, CO 80246	Contracts 01/08/18 - Present	UTRWD	N/A	Engineering	N/A
Jeff Sober Vice President Garver, LLC 3010 Gaylord Parkway, Ste. 190 Frisco, TX 75034	Contracts 03/03/16 - Present	UTRWD	N/A	Engineering	N/A
Matt Barkley Project Manager Michael Baker Jr., Inc 810 Hester's Crossing., Suite 163 Round Rock, TX 78681	Contracts 10/02/08 - Present	UTRWD	N/A	Engineering	N/A
Independent Auditor					
Reem Samra Deloitte & Touche LLP Chase Tower, Ste. #1600 2200 Ross Avenue Dallas, TX 75201-6778	Contracts 11/12/93 - Present	UTRWD	N/A	Auditor	N/A
Investment Officers					

Names and Addresses	Term of Office (Elected or Appointed) or Date Hired	Appointing Entity	Expense Reimbursements Year Ended September 30, 2020	Title	Resident of District
Larry N. Patterson, P.E. 900 N. Kealy P.O. Box 305 Lewisville, TX 75067	Contract 03/01/18 Hired 08/12/02 - Present	UTRWD	N/A	Executive Director	Yes
William A. Greenleaf 900 N. Kealy P.O. Box 305 Lewisville, TX 75067	Hired 09/28/98 - Present	UTRWD	N/A	Chief Financial Officer	Yes
Lester T. Harris Jr. 900 N. Kealy P.O. Box 305 Lewisville, TX 75067	Hired 05/05/03 - Present	UTRWD	N/A	Controller	No

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