

Ector County Utility District

Financial Statements and Independent Auditor's Report

September 30, 2020

Table of Contents

	<u>Page No.</u>
Annual Filing Affidavit	1
 AUDITED FINANCIAL STATEMENTS	
Independent Auditor's Report	2
Management's Discussion and Analysis	4
Statement of Net Position and Governmental Funds Balance Sheet	9
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances	10
Notes to the Basic Financial Statements.....	11
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	21
 TEXAS SUPPLEMENTARY INFORMATION (TSI)	
TSI-1 Services and Rates	22
TSI-2 General Fund Expenditures.....	24
TSI-3 Temporary Investments.....	25
TSI-4 Taxes Levied and Receivable.....	26
TSI-5 Long-Term Debt Service Requirements - By Years	27
TSI-6 Changes in Long-Term Bonded Debt	28
TSI-7 Comparative Statement of Revenues and Expenditures - General Fund and Debt Service Fund - Five Years	29
TSI-8 Board Members, Key Personnel and Consultants	30

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS

COUNTY OF: Ector

I, Tommy Ervin of the Ector County Utility District
(Name of Duly Authorized District Representative) (Name of District)

hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the District's Board of Directors on the 27 day of January, 2021 its annual audit report for the fiscal period ended September 30, 2020 and that copies of the annual audit report have been filed in the District's office, located at:

1039 N Moss, Odessa TX, 79763
(Address of the District's Office)

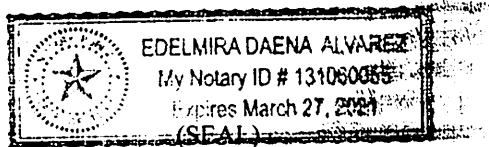
The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: 2/25/21 By [Signature]
(Signature of District Representative)

Tommy Ervin, President
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 25 day of February, 2021.

[Signature]
(Signature of Notary)





My Commission Expires on: March 27, 2021.
Notary Public in the State of Texas.

AUDITED FINANCIAL STATEMENTS



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Odessa, TX 79762

 432-550-5882

 432-550-5893

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ector County Utility District
Odessa, TX

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Ector County Utility District (the District) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Matters

Required Supplementary Information

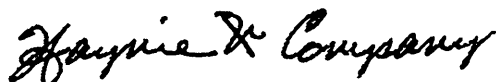
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules in the Texas Supplementary Information Section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Texas Supplementary Information Section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Texas Supplementary Information Section information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Haynie & Company



Odessa, Texas
January 27, 2021

Ector County Utility District
Management's Discussion and Analysis
September 30, 2020

Our discussion and analysis of the Ector County Utility District (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2020. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include the government – wide financial statements and notes to the financial statement. The District also includes in this report additional information to supplement the basic financial statements.

Financial Highlights

- ❑ Overall, the District improved its financial position during the fiscal year 2020.
- ❑ The District's Net Position increased by \$1.28 million during the period which represents a 7% increase from 2019.
- ❑ The District's Revenue amounted to \$8.82 million. Water service revenue provided to residents in the District amounted for \$7.41 Million or 84% of all revenues.
- ❑ The District has \$6.04 Million in expenses related to the delivery of water service to its residents.
- ❑ The District has a \$43.92 Million outstanding bond balance within Non-current liabilities.

Overview of the Basic Financial Statements

The District's basic financial statements are comprised of two components: (1) Combined Government-Wide and Fund Financial Statements and (2) Notes to the Basic Financial Statements. In addition to the basic financial statements, the report also contains required supplementary information and Texas supplementary information.

In the combined government-wide and fund financial statements, the statement of net position and statement of activities columns are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

- ❑ The statement of net position column presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- ❑ The statement of activities column presents information showing how the government'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.

Thus, one of the most important questions asked about the District's finances, "Is the District as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities columns of the basic financial statements report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used in most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**Ector County Utility District
Management's Discussion and Analysis
September 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. As previously stated, the District's financial position increased during fiscal period 2020, as District net position increased by \$1.28 million . The largest part of the District's net position reflects long-term bonded debt that is still outstanding.

The following reflects a comparative condensed Statement of Net Position as of September 30, 2020 and 2019:

	Net Position (in millions)	
	<u>2020</u>	<u>2019</u>
Current and Other Assets	\$ 53.60	\$ 10.58
Capital and Other Long-Term Assets	<u>11.80</u>	<u>8.68</u>
Total Assets	<u>65.40</u>	<u>19.26</u>
Current Liabilities	1.91	-
Non-Current Liabilities	<u>44.53</u>	<u>1.57</u>
Total Liabilities	<u>46.44</u>	<u>1.57</u>
Net Position:		
Net Investment in Capital Assets	11.80	8.68
Restricted for Debt Service	2.07	-
Unrestricted	<u>5.08</u>	<u>9.01</u>
TOTAL NET POSITION	<u>\$ 18.96</u>	<u>\$ 17.69</u>

**Ector County Utility District
Management's Discussion and Analysis
September 30, 2020**

Statement of Activities

The Statement of Activities shows how the District paid for the program's cost.

The following reflects a comparative statement of changes in net position of the District as a whole for the years ended September 30, 2020 and 2019:

	Changes in Net Position (in millions)		
	<u>2020</u>	<u>2019</u>	<u>Change</u>
EXPENDITURES/EXPENSES			
Water Service	\$ 6.04	\$ 5.23	\$ 0.81
Property Taxes	-	0.75	(0.75)
Debt Service:			
Interest	0.29	-	0.29
Bond Issuance Cost	1.21	-	1.21
Total Expenditures/Expenses	<u>7.54</u>	<u>5.98</u>	<u>1.56</u>
GENERAL REVENUES			
Water Service	7.41	6.34	1.07
Property Taxes	0.87	0.75	0.12
Investment Earnings	0.42	-	0.42
Other Revenues	0.10	0.55	(0.45)
Total General Revenues	<u>8.81</u>	<u>7.64</u>	<u>1.17</u>
Change in Net Position	1.27	1.66	(0.39)
Net Position - Beginning	<u>17.69</u>	<u>16.03</u>	<u>1.66</u>
Net Position - Ending	<u>\$ 18.96</u>	<u>\$ 17.69</u>	<u>\$ 1.27</u>

The District's combined net position increased to \$18.96 Million from \$17.68 Million, or 7%, as a result of the increase in net position of \$1.27 million.

Net Position

The result of fiscal period 2020 governmental activity was an increase of \$1.27 million in net position to \$18.96 million. Of the total governmental activities' net position, \$11.80 million is invested in capital assets net of related debt, \$2.07 million is restricted for debt service and \$5.08 million is unrestricted, that is, having no legal commitment.

**Ector County Utility District
Management's Discussion and Analysis
September 30, 2020**

Reporting the District's Most Significant Funds

The District, like other governments, uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements. The District's major funds – the general fund, capital project fund, and debt service fund – are all governmental funds.

The District reports in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as detailed in Note A of the Notes to the Basic Financial Statements. GASB Statement No. 54 requires fund balances to be classified into the following categories: nonspendable, restricted, committed, assigned, and unassigned.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide columns of the financial statements. The District's services are reported in the general fund, which focuses on how money flows into and out of that fund and the balances left at year end that are available for spending. The capital project fund is used to account for capital expenditures for the water master plan fund proceeds. The debt service fund is used to account for principal and interest payments on long-term debt as they become due. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's program. We describe the relationship between the Statement of Net Position and the Statement of Activities and governmental funds by making the adjustments to the fund financial statements.

In summary, fund financial statements are considered the traditional method of portraying available funds for immediate spending needs. It is a relative measure of the District's ability to meet program costs in the near future. Therefore, the District's fund balance does not reflect the equity value of the investment the District has in its capital assets or the long-term debt owed by the District. The government-wide statements of net position and activities are therefore designed to reflect the value of all capital assets of the District and to report debt outstanding, so that the total net position figures compare similar to a private entity's retained earnings.

FUND FINANCIAL ANALYSIS

Governmental Type Funds

Total governmental fund expenses exceeded revenues by \$3,208,264 for a combined fund balance of \$51,071,999, reflecting a -6% decrease from last year's balance. Of the fund balances, \$2,073,520 is restricted for debt service and is reported in the debt service fund. Capital project fund is restricted for capital project funds and is reported in the capital project fund with a balance of \$41,147,614. The remaining fund balance of \$5,850,864 is unassigned and is reported in the general fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget for the year ending September 30, 2020 was adopted in September 2019.

General fund actual revenues were less than budgeted revenues by \$2,313,818. The variance in revenue was mainly budgeting for TWDB Revenue Bond Income for general fund.

General fund actual expenditures were more than budgeted expenditures by \$2,079,988. The variance in expenditures was due to budgeting for debt project and capital project expenses.

**Ector County Utility District
Management's Discussion and Analysis
September 30, 2020**

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**Ector County Utility District
Management's Discussion and Analysis
September 30, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District had \$ 11,799,213 in capital assets. This amount represents a net increase (including additions and deletions) of \$3,119,026, or 36%, over the last year. Depreciation recorded in the fiscal year ended September 30, 2020 was \$248,543.

Debt Administration

An analysis of changes in long-term debt for the year ended September 30, 2020 is as follows:

Debt Service Fund	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Water System Revenue Bonds, Series 2019	-	45,275,000	(1,360,000)	43,915,000	1,360,000
Total Governmental Activities	\$ -	\$ 45,275,000	\$ (1,360,000)	\$ 43,915,000	\$ 1,360,000

The Budget, Economic Environment and Rates

The District has operated solely in West Ector County since its 1976 formation. The District is currently looking at opportunities for expanding to other parts of West Odessa (Ector County).

The Economic factors impacting the District's budget include real estate development, federal grants, and the oil and gas industry. As noted in the schedule TSI – (4), Analysis of Taxes Levied, the property values have continued to increase. This is a result of some areas within the District being developed. Part of the development that has occurred in the District is a result of the County receiving federal grants to help provide water service.

The District is situated in a predominantly oil and gas based economy. As prices for oil continue to increase, the property values experience similar increases. Therefore, the District will follow the trend of the economics of mineral interests. This factor alone represents the major favorable increase in property tax revenues.

It is important that the District is able to succeed in the development of these projects not only for Ector County and its residents but also for the longevity of the District. The District has no continued revenue source except an administration fee charged on the water service it provides to its customers. With additional construction projects for more customers in Ector County, the District will be able to survive and continue to provide the residents of West Odessa with an easier way to get water service.

BASIC FINANCIAL STATEMENTS

Ector County Utility District
Statement of Net Financial Position and Governmental Funds Balance Sheet
As of September 30, 2020

	General Fund	Capital Project Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
ASSETS						
Cash & Investments	\$ 6,618,000	\$ 42,592,012	\$ 2,073,520	\$ 51,283,532	\$ -	\$ 51,283,532
Property Tax Receivables	1,088,567	-	-	1,088,567	-	1,088,567
Other Receivables	725,881	-	-	725,881	-	725,881
Due from Other Governments	435,732	-	-	435,732	-	435,732
Due from Other Funds	1,421,599	-	-	1,421,599	(1,421,599) (1)	-
Other Assets	63,270	-	-	63,270	-	63,270
Capital Assets (net of accumulated depreciation)						
Land & Improvements	-	-	-	-	1,317,570 (2)	1,317,570
Infrastructure	-	-	-	-	10,164,796 (2)	10,164,796
Other Capital Assets	-	-	-	-	316,847 (2)	316,847
TOTAL ASSETS	\$ 10,353,049	\$ 42,592,012	\$ 2,073,520	\$ 55,018,581	\$ 10,377,614	\$ 65,396,195
LIABILITIES						
Accounts Payable	\$ 1,907,812	-	-	\$ 1,907,812	-	\$ 1,907,812
Payable from Restricted Assets - Deposits	435,732	-	-	435,732	-	435,732
Accrued Expenses	24,616	-	-	24,616	-	24,616
Due to Other Funds	-	1,421,599	-	1,421,599	(1,421,599) (1)	-
Other Long Term Payables	134,025	22,799	-	156,824	-	156,824
Long-Term Liabilities						
Due within one year	-	-	-	-	1,385,000 (3)	1,385,000
Due after one year	-	-	-	-	42,530,000 (3)	42,530,000
Total Liabilities	2,502,185	1,444,398	-	3,946,583	42,493,401	46,439,984
FUND BALANCES / NET POSITION						
Fund Balances:						
Restricted for Debt Service	-	-	2,073,520	2,073,520	(2,073,520)	-
Assigned	2,000,000	41,147,614	-	43,147,614	(43,147,614)	-
Unassigned	5,850,864	-	-	5,850,864	(5,850,864)	-
Total Fund Balance	7,850,864	41,147,614	2,073,520	51,071,998	(51,071,998)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,353,049	\$ 42,592,012	\$ 2,073,520	\$ 55,018,581		
NET POSITION:						
Net Investment in Capital Assets					11,799,213	11,799,213
Restricted for Debt Service					2,073,520	2,073,520
Unrestricted					5,083,478	5,083,478
TOTAL NET POSITION					\$ 18,956,211	\$ 18,956,211

The following adjustments are required by GASB Statement No. 34 and are for presentation purposes only:

- (1) Internal balances (due to/due from other funds) are eliminated in the statement of net position.
- (2) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the District.
- (3) Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net position.

Ector County Utility District
Statement of Activities and Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended September 30, 2020

	General Fund	Capital Project Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES						
Purchased Water Service	\$ 5,790,193	\$ -	\$ -	\$ 5,790,193	\$ 248,543 (1)	\$ 6,038,736
Capital Outlay	1,953,543	1,414,026	-	3,367,569	(3,367,569) (1)	-
Other	6,763	-	10	6,773	-	6,773
Debt Service:						
Principal	-	-	1,360,000	1,360,000	(1,360,000) (2)	-
Interest	-	-	292,752	292,752	-	292,752
Bond Issuance Cost	-	1,207,658	-	1,207,658	-	1,207,658
Total Expenditures/Expenses	<u>7,750,499</u>	<u>2,621,684</u>	<u>1,652,762</u>	<u>12,024,945</u>	<u>(4,479,026)</u>	<u>7,545,919</u>
PROGRAM REVENUES						
Charges for Water service	7,411,118	-	-	7,411,118	-	7,411,118
GENERAL REVENUES						
Property Taxes	869,504	-	-	869,504	-	869,504
Investment Earnings	148,429	257,350	16,995	422,774	-	422,774
Miscellaneous Revenue	113,284	-	-	113,284	-	113,284
Total General Revenues	<u>1,131,217</u>	<u>257,350</u>	<u>16,995</u>	<u>1,405,562</u>	<u>-</u>	<u>1,405,562</u>
Excess of Revenues over Expenditures	791,836	(2,364,334)	(1,635,767)	(3,208,265)	4,479,026	1,270,761
Other Financing Sources (Uses)						
Transfers In	-	-	3,709,287	3,709,287	(3,709,287) (3)	-
Transfers Out	(1,946,235)	(1,763,052)	-	(3,709,287)	3,709,287 (3)	-
Bond Issuance	-	45,275,000	-	45,275,000	(45,275,000) (4)	-
Change in Fund Balances	(1,154,399)	41,147,614	2,073,520	42,066,735	(40,795,974)	1,270,761
FUND BALANCE/NET POSITION						
Beginning of the Year	9,005,263	-	-	9,005,263	8,680,187	17,685,450
End of the Year	<u>\$ 7,850,864</u>	<u>\$ 41,147,614</u>	<u>\$ 2,073,520</u>	<u>\$ 51,071,998</u>	<u>\$ (32,115,787)</u>	<u>\$ 18,956,211</u>

The following adjustments are required by GASB Statement No. 34 and are for presentation purposes only:

- (1) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The District's current capital outlay expenditures were \$3,367,569 and current year depreciation expense was \$248,453.
- (2) Repayment of bond principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the District, however, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.
- (3) Internal balances (transfers in/transfers out) are eliminated in the statement of activities.
- (4) Loan proceeds are revenue in the governmental funds, but are recorded as liabilities in the statement of net assets.

Ector County Utility District
Notes to the Basic Financial Statements
September 30, 2020

1. CREATION OF DISTRICT

Ector County Utility District (the District) was created by the petition signed by more than 200 persons owning property within the District, on July 12, 1976 under the authority of the Commissioners Court of Ector County, Texas. The District was created under the provisions of Article XVI, Section 59 of the Texas Constitution and operated under the statutory authority of Section 51 of the Texas Water Code until March 10, 1981. At that time, the District was changed to a Municipal Utility District operating under the statutory authority of Section 54.030 of the Texas Water Code. Bonds were issued in August of 1977, and construction of fixed assets began in September of 1977. Primary construction was completed in April of 1979.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District's basic financial statements include the accounts of all the district's activities. The criteria for including activities within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity"; primarily include the degree of oversight responsibility maintained by the Board of Directors. Examples of oversight responsibility include financial interdependency, selection of governing authority, designation of management's ability to significantly influence operations and accountability for fiscal matter. A minimum of two directors are elected every other year to serve a four-year term. This Board of Directors is the policy making and oversight body for the District.

Basis of Presentation

Government Wide Financial Statements:

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole and reflect all the governmental funds maintained by the District. There are no separate fund financial statements.

Basis of Accounting:

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The government-wide statements report uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied.

Fund Accounting

The District's accounts are organized within three separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund balance, revenues and expenditures. All funds are governmental funds and are considered major funds. The following is a description of the funds used by the District in the accompanying financial statements.

Governmental Fund Types:

- General Fund - The general fund accounts for the resources used to finance the fundamental operations of the District. It is the basic fund of the District and covers all activities for which a separate fund is not required.
- Debt Service Fund - The debt service fund is used to account for the accumulation of resources for the payment of principal and interest on long-term debt of the District.

Ector County Utility District
Notes to the Basic Financial Statements
September 30, 2020

2. Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

- Capital Project Fund - The capital project fund is used to account for capital expenditures for the Water Master Plan Bond that the District incurs.

Basis of Accounting and Measurement Focus

The basis of accounting determines when transactions and economic events are reflected in financial statements, and measurement focus identifies which transactions and events should be recorded.

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

For the Statement of Net Position and the Statement of Activities, the “economic resources” measurement focus is used. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

Revenues susceptible to accrual are property taxes, interest revenue and charges for services. Revenue from fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Property taxes, though measurable, are not available soon enough in the subsequent period to finance current obligations. Therefore, in the governmental funds, property tax receivables are recorded and deferred until they become available. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent, they are collected within 60 days of year-end. In the government-wide statement of activities, property taxes are recorded as revenue in the period levied.

Cash and Cash Equivalents

The District’s cash and cash equivalents consists of cash on hand and demand deposits.

Receivables

Receivables are reported as property tax receivables that will be received from the City of Odessa. The receivables for property taxes in the general fund are \$1,088,567.

Ector County Utility District
Notes to the Basic Financial Statements
September 30, 2020

2. Summary of Significant Accounting Policies (Continued)

Investments

The District invests in authorized U.S. Government Securities, Money Market Accounts, Government Agency Securities, Corporate Bonds, and Other Securities. Investments are carried at fair value. Management's intent is to hold all investments to maturity.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Debt Service

Debt service expenditures are financed by an ad valorem tax levy on all taxable property within the District and are restricted to payment of current interest and matured principal on bonds, paying agent's fees, and the costs of property and tax collection. (See "Property Tax" section below.)

Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. This internal activity is eliminated in the government-wide statement of net position.

Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent February 1 of the following year. The District has contracted with the Ector County Tax Assessor/Collector to bill and collect taxes. District property tax revenues are recognized when collected.

Capital Assets

The District's land, improvement, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The District maintains infrastructure assets are recorded consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets purchased and construction outlays when they occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives of the various classes of depreciable capital assets are as follows:

Land and Improvements	15-39 years
Infrastructure	50 years
Other Capital Assets	5-40 years

Ector County Utility District
Notes to the Basic Financial Statements
September 30, 2020

2. Summary of Significant Accounting Policies (Continued)

Equity Classifications

Government-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- a. Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted - Consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted - All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (Statement) requires that fund balances for each of the District’s governmental funds (General Fund, special revenue funds, capital projects funds, and debt service funds) be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance*—amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The District did not have any nonspendable fund balances as of September 30, 2020.
- *Restricted fund balance*—amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- *Committed fund balance*—amounts that can be spent only for specific purposes determined by a formal action of the government’s highest level of decision-making authority. The District did not have any committed fund balances as of September 30, 2020.
- *Assigned fund balance*—amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- *Unassigned fund balance*—amounts that are available for any purpose; these amounts can be reported only in the District’s General Fund.

In addition, the Statement clarifies the definitions of the various types of governmental funds. Interpretations of certain terms within the new definition of special revenue funds may affect which activities the District can report in special revenue funds.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Ector County Utility District
Notes to the Basic Financial Statements
September 30, 2020

3. Deposits and Investments

Deposits

The District maintains cash accounts at a financial institution that is insured by the Federal Deposit Insurance Company (FDIC). At times, balances deposited with financial institutions may have exceeded FDIC coverage; however, the District has not experienced any historical losses as a result of this risk.

Investments

The District maintains and controls three cash operating accounts in the General Fund. In addition, certificates of deposits, governmental securities, mutual funds and governmental money market mutual funds are separately held and reflected in the general fund. The general fund of the District is secured in the manner provided by law, and except for current requirements, shall be continually invested and re-invested in investment securities authorized by Chapter 51, Texas Water Code. At September 30, 2020, cash and temporary investments totaled \$51,283,532 which included \$49,349,553 in governmental securities, corporate bonds, governmental agency funds, and other investments and \$1,183,979 in checking accounts. The checking accounts bear interest at various rates from .02% to 6.75% at September 30, 2020.

District policy allows the District to invest in the following:

- obligations of the United States or its agencies and instrumentalities;
- direct obligations of the State of Texas or its agencies;
- certificates of deposit issued by the state and national banks domiciled in Texas that are guaranteed or insured by the FDIC;
- other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies of instrumentalities;
- obligations of the states, agencies, counties, cities, and other political subdivisions of any state having been rated at not less than an “A” by a nationally recognized rating firm;
- other investments;

Deposits are invested into two financial institutions and are secured as follows:

	Fair Value Amount	Category
Deposits insured by Federal Deposit Insurance Corporation	\$ 750,000	1
Deposits invested in various securities held at Raymond James, TexStar, & BOK	49,349,553	1
Deposits insured by Prosperity Bank in government securities	1,183,979	1
Total	\$ 51,283,532	

Ector County Utility District
Notes to the Basic Financial Statements
September 30, 2020

3. Deposits and Investments (Continued)

Investments (Continued)

Cash and Investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

- Category 1 Cash and Investments that are insured, registered or held by the entity or by its agent in the District name.
- Category 2 Investments that are uninsured and unregistered held by the counterparty's trust department or agent in the District name.
- Category 3 Uninsured and unregistered investments held by the counterparty, its trust or its agent, but not in the District name.

Based on these three levels of risk, all of the District's cash deposits and certificates of deposit are classified as Category 1 and the District's Investments in governmental securities, mutual funds, and government money market funds are classified by risk level as Category 2.

4. Levy of Ad Valorem Taxes

Property tax is levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business property located in the District. Taxable assessed value represents the appraisal value less exemptions authorized by the District. Appraised values are established by the Appraisal District at 100% for estimated fair market value.

Property taxes receivable are recorded in the General Fund fifteen days (taxpayer protest period) after the debt service budget is approved by the Board. Revenues are recognized for the budgeted year. At fiscal year end, the receivables represent current and delinquent taxes.

Taxes are due on October 1, the levy date, and are delinquent after the following January 31.

Property taxes are collected and remitted to the District by the Appraisal District. There is only one maintenance tax assessment. Effective July 1, 2019, the District levied an ad valorem tax of \$0.095810 per \$100 assessed valuation on all taxable property with appraised value of \$913,117,992 within the District. Major tax payments are received between October and February and are recognized as revenue for the related tax year. Property taxes become delinquent on February 1.

5. Water Rates

The District has established a water rate charge to its customers based upon rate charged by the City of Odessa to its customers within the City of Odessa limits. The rate the City of Odessa charges the District for water purchased is based on the total number of customers within the District.

Actual water rates charged by the district to its customers are as follows:

First 2,000 gallons:	
Residential	\$75.00
Senior Residential	25.00
Multi-Family	75.00
Commercial	75.00
Any additional gallons:	
Residential	7.89 per thousand
Senior Residential	7.02 per thousand
Multi-Family	7.60 per thousand
Commercial	7.93 per thousand
Industry	7.47 per thousand

Ector County Utility District
Notes to the Basic Financial Statements
September 30, 2020

6. Due To/Due From Other Funds

As of September 30, 2020, interfund receivables and payable that resulted from various interfund transactions were as follows:

	Due To Other Funds	Due From Other Funds
General Fund	\$ -	\$ 1,421,599
Capital Project Fund	1,421,599	-
	\$ 1,421,599	\$ 1,421,599

7. Capital Assets and Depreciation

A summary of capital assets is as follows:

	Balance 9/30/2019	Additions	Deductions	Balance 9/30/2020
Not Being Depreciated:				
Land	\$ 301,946	\$ 25,362	\$ -	\$ 327,308
WIP	1,745,119	1,564,704	-	3,309,823
Other Capital Assets				
Building	584,127	-	-	584,127
Leasehold Improvement	33,892	-	-	33,892
Improvement	40,492	-	-	40,492
Water System	10,477,780	1,447,647	-	11,925,427
Equipment	16,968	329,856	-	346,824
Engineering Costs	712,018	-	-	712,018
Organizational Costs	512,745	-	-	512,745
Subtotal	12,378,022	1,777,503	-	14,155,525
Accumulated Depreciation				
Building	(86,100)	(14,978)	-	(101,078)
Leasehold Improvement	(7,750)	(2,259)	-	(10,009)
Improvement	(1,686)	(2,699)	-	(4,385)
Water System	(5,121,698)	(213,551)	-	(5,335,249)
Equipment	(14,921)	(15,056)	-	(29,977)
Organizational Costs	(512,745)	-	-	(512,745)
Subtotal	(5,744,900)	(248,543)	-	(5,993,443)
Net Other Capital Assets	6,633,122	1,528,960	-	8,162,082
Net Capital Assets	\$ 8,680,187	\$ 3,119,026	\$ -	\$ 11,799,213

Depreciation expense of \$248,543 is reported in the statement of activities under Capital Assets.

8. Long-Term Debt

Changes in long-term obligations for the period ended September 30, 2020 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Debt Service Fund					
Water System Revenue Bonds, Series 2019	-	45,275,000	(1,360,000)	43,915,000	1,360,000
Total Governmental Activities	\$ -	\$ 45,275,000	\$ (1,360,000)	\$ 43,915,000	\$ 1,360,000

Ector County Utility District
Notes to the Basic Financial Statements
September 30, 2020

8. Long-Term Debt (Continued)

Water System Revenue Bonds, Series 2019

The Water System Revenue Bonds, Series 2019 are direct and general obligations of the District. On October 22, 2019, the District issued \$45,275,000 of Water System Revenue Bonds, Series 2019, for financing Water System Mater Plan Project and paying the related capital costs associated with the issuance of the bonds. The bonds mature over 30-year period and have interest rates ranging from 0.10% to 6.25%. Annual debt service requirements on this issue (including principal and interest) rage from \$1,757,280 to \$1,761,793.

The cash and temporary cash investments balance in the Debt Service fund was \$2,073,520 at September 30, 2020.

Long-term debt service requirements for the District's bonds are summarized as follows:

Due During Fiscal Years Ending	Annual Requirements For All Bond Series		
	Principal Due 08/01	Interest Due 02/01, 08/01	Total
2021	1,385,000	376,296	1,761,296
2022	1,385,000	374,080	1,759,080
2023	1,390,000	371,033	1,761,033
2024	1,390,000	367,280	1,757,280
2025	1,395,000	362,832	1,757,832
2026	1,400,000	357,531	1,757,531
2027	1,410,000	351,371	1,761,371
2028	1,415,000	344,462	1,759,462
2029	1,425,000	336,538	1,761,538
2030	1,430,000	327,846	1,757,846
2031	1,440,000	317,836	1,757,836
2032	1,455,000	307,180	1,762,180
2033	1,465,000	295,831	1,760,831
2034	1,475,000	283,818	1,758,818
2035	1,490,000	271,133	1,761,133
2036	1,500,000	257,723	1,757,723
2037	1,515,000	243,623	1,758,623
2038	1,530,000	228,776	1,758,776
2039	1,545,000	213,170	1,758,170
2040	1,565,000	196,793	1,761,793
2041	1,580,000	179,578	1,759,578
2042	1,600,000	161,724	1,761,724
2043	1,615,000	143,164	1,758,164
2044	1,635,000	123,945	1,758,945
2045	1,655,000	104,325	1,759,325
2046	1,675,000	84,300	1,759,300
2047	1,695,000	63,865	1,758,865
2048	1,715,000	43,016	1,758,016
2049	1,740,000	21,750	1,761,750
	<u>\$ 43,915,000</u>	<u>\$ 7,110,819</u>	<u>\$ 51,025,819</u>

9. Redemption of Bonds

Water System Revenue Bonds, Series 2019

The bond order provides that the bonds shall be subject to redemption at the option of the District, as a whole or from time to time in part in integral multiples of \$5,000 principals, on any date upon obtaining the written consent of any or all of the purchasers or their assigns or successors and upon payment of a redemption price equal to the principal amount thereof together with interest, if any, accrued thereon from the most recent interest payment date to the redemption date.

Ector County Utility District
Notes to the Basic Financial Statements
September 30, 2020

10. Compliance of Debt Services

As of September 30, 2020, the debt service fund had a fund balance of \$2,073,520. For the year ended September 30, 2020, the debt service fund is being managed and utilized in accordance with the bond resolutions.

11. Fund Balance/Net Position

In accordance with GASB Statement No. 54, fund balances are classified as either nonspendable, restricted, committed, assigned, or unassigned, as described in Note 2.

Restricted Fund Balance

Bond agreements require that an ad valorem property tax be restricted for the payment of principal and interest on the District's long-term debt. This restriction is reported in the District's Debt Service Fund. As of September 30, 2020, the fund balance restricted for debt service was \$2,073,520. For the Statement of Net Position, the restricted fund balance is reported as restricted.

Assigned Fund Balance

During the current fiscal year, the President assigned \$2 million in the fund balance for potential property tax reimbursement for taxes collected from 2005 to 2018.

Unassigned Fund Balance

The District's general fund reports an unassigned fund balance of \$5,850,864 as of September 30, 2020. For the Statement of Net Position, the unassigned fund balance is reported as unrestricted.

12. Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks of loss are covered through participation in the Texas Municipal League, a public entity risk pool. The District also obtains commercial insurance to manage its risk of loss.

Management believes the insurance coverage is sufficient to preclude any significant losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

13. Related-Party Transactions

The District contracted Terry Swann, one of the board of directors, for the Operations & Maintenance Building construction. The total estimated cost is \$430,737. As of September 30, 2020, ECUD paid Terry Swann \$ 150,556.

14. Reclassification of Prior Year Presentation

During the year, the District modified the Capital Assets and Depreciation footnote (Note 7) to enhance transparency of the financial statements. These changes do not materially affect the financial position or changes in the net assets of the District for the periods presented.

15. Excess of Expenditures over Appropriations

Expenditures for the general fund exceeded budgeted appropriations by \$4,393,808 for the year ended September 30, 2020.

Ector County Utility District
Notes to the Basic Financial Statements
September 30, 2020

16. Subsequent Events

The District has evaluated subsequent events through January 27, 2021, the date which the financial statements were available to be issued.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the District's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the Board of Directors' ability to provide oversight. Changes to the operating environment may increase operating costs. Additional impacts may include the residents' ability to pay property taxes as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

REQUIRED SUPPLEMENTARY INFORMATION

Ector County Utility District

**Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Charges for Water Service	\$ 6,802,144	\$ 6,802,144	\$ 7,411,118	\$ 608,974
SB II Assessment	34,010	34,010	-	(34,010)
Property Taxes	985,000	985,000	869,504	(115,496)
Tap Connections and Inspection Fees	75,000	75,000	-	(75,000)
Investment Earnings (loss)	410,000	410,000	148,429	(261,571)
Penalties and Interest	40,000	40,000	-	(40,000)
TWDB Revenue Bond Income	2,500,000	2,500,000	-	(2,500,000)
Other	10,000	10,000	113,284	103,284
Total Revenues	10,856,154	10,856,154	8,542,335	(2,313,819)
Expenditures:				
Service Operations:				
Purchased Water	3,021,431	3,021,431	4,611,316	(1,589,885)
Operations & Maintenance	551,004	551,004	286,201	264,803
Billing & Collections	492,900	492,900	-	492,900
Laboratory	2,000	2,000	-	2,000
Salaries, Benefits, Payroll & Taxes, & Contract Labor	511,800	511,800	144,284	367,516
Contracted Services	165,000	165,000	295,412	(130,412)
Insurance, Surety	15,250	15,250	-	15,250
Professional Fees				
Accounting	30,000	30,000	31,250	(1,250)
Legal	96,000	96,000	165,021	(69,021)
Engineering (NOT CIP)	23,600	23,600	-	23,600
Other (GDS & Wilburn)	150,000	150,000	145,052	4,948
Director Bonds	250	250	-	250
Membership Fees	75	75	-	75
Director Continuing Education/Finance	1,200	1,200	-	1,200
TCEQ Annual Fees				
SB II Assessment	34,010	34,010	-	34,010
Public Health System	12,495	12,495	1,953,543	(1,941,048)
Other	563,495	563,495	118,420	445,075
Total Expenditures	5,670,510	5,670,510	7,750,499	(2,079,989)
Excess of Revenues Over (Under) Expenditures	5,185,644	5,185,644	791,836	(4,393,808)
Fund Balance - Beginning of Year, GAAP Basis	9,005,263	9,005,263	9,005,263	-
Transfers Out	(1,946,235)	(1,946,235)	(1,946,235)	-
Fund Balance - End of Year, GAAP Basis	\$ 12,244,672	\$ 12,244,672	\$ 7,850,864	\$ (4,393,808)

NOTES: Budgets and Budgetary Accounting

The District adopts an annual budget for the General Fund. The annual budget for the General Fund is prepared using the basis of accounting utilized by this governmental fund. Any revisions to the budget that alter the total expenditures must be approved by the Board to the District.

The budget for the General Fund for the year ended September 30, 2020 was approved and adopted by the board of directors at a meeting held in September 2019.

The District has excess expenditures over budgeted appropriations for the year ended September 30, 2020 of \$4,393,808. This is caused by allocating \$2,500,000 of the revenue budget to TWDB Revenue Bond Income. That amount should have been allocated to the Debt Service Fund budget instead of the General Fund Budget.

TEXAS SUPPLEMENTARY INFORMATION (TSI)

Ector County Utility District

**TSI-1 Services and Rates
September 30, 2020**

1. Services Provided by the District:

<u> X </u>	<u> Retail Water (See note below) </u>	<u> </u>	<u> Wholesale Water </u>	<u> </u>	<u> Drainage </u>
<u> </u>	<u> Retail Wastewater (See note below) </u>	<u> </u>	<u> Wholesale Wastewater </u>	<u> </u>	<u> Irrigation </u>
<u> </u>	<u> Parks/Recreation </u>	<u> </u>	<u> Fire Protection </u>	<u> </u>	<u> Security </u>
<u> </u>	<u> Solid Waste/Garbage </u>	<u> </u>	<u> Flood Control </u>	<u> </u>	<u> Roads </u>
<u> </u>	<u> Participants in joint venture, regional system and/or wastewater service (other than emergency interconnect) </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> Other (Please Specify): </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

2. a) Retail Rates Based on 3/4" meter (or equivalent):

	<u> Minimum Charge </u>	<u> Minimum Usage </u>	<u> Flat Rate Y/N </u>	<u> Rate per 1000 Gallon Over Minimum Use </u>	<u> Usage Level </u>	<u> to </u>	<u> ++ </u>
WATER:	<u> \$ 75.00 </u>	<u> 2000 GALS </u>	<u> N </u>	<u> \$ 7.89 </u>	<u> 2001 </u>	<u> to </u>	<u> ++ </u>
WASTE WATER:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
SURCHARGE:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

District employs winter averaging for waste water usage? Yes No

Total Charges per 10,000 gallons usage: Water: \$138.12 Wastewater: \$

b) Number of retail water and/or wastewater connections within the District as of the fiscal year end. N/A

<u> Meter Size </u>	<u> Total Connections </u>	<u> Active Connections </u>	<u> Factor ESFC </u>	<u> Active </u>
<u> Unmetered </u>	<u> </u>	<u> </u>	<u> x 1.0 </u>	<u> </u>
<u> <3/4" </u>	<u> 5,410 </u>	<u> 5,254 </u>	<u> x 1.0 </u>	<u> 5,254 </u>
<u> 1" </u>	<u> </u>	<u> </u>	<u> x 2.5 </u>	<u> </u>
<u> 1 1/2" </u>	<u> </u>	<u> </u>	<u> x 5.0 </u>	<u> </u>
<u> 2" </u>	<u> </u>	<u> </u>	<u> x 8.0 </u>	<u> </u>
<u> 3" </u>	<u> </u>	<u> </u>	<u> x 15.0 </u>	<u> </u>
<u> 4" </u>	<u> </u>	<u> </u>	<u> x 25.0 </u>	<u> </u>
<u> 6" </u>	<u> </u>	<u> </u>	<u> x 50.0 </u>	<u> </u>
<u> 8" </u>	<u> </u>	<u> </u>	<u> x 80.0 </u>	<u> </u>
<u> 10" </u>	<u> </u>	<u> </u>	<u> x 115.0 </u>	<u> </u>
<u> Total Water </u>	<u> 5,410 </u>	<u> 5,254 </u>	<u> </u>	<u> 5,254 </u>
<u> Total Wastewater </u>	<u> - </u>	<u> - </u>	<u> x 1.0 </u>	<u> - </u>

Ector County Utility District

**TSI-1 Services and Rates
September 30, 2020**

3. Total water consumption (rounded to the nearest 1,000) during the fiscal year. N/A

Gallons pumped into the system:	<u>564,457</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>481,658</u>	<u>0.85</u>

4. Standby Fees: Does the District assess standby fees?

Does the District have Debt Service standby fees? Yes [] No [X]

If yes, date of the most recent Commission Order: N/A

Does the District have Operation and Maintenance standby fees? Yes [] No [X]

If yes, date of the most recent Commission Order: N/A

5. Location of District:

County in which District is located. Ector

Is the District located entirely within one county? Yes [X] No []

Is the District located within the city? Entirely [] Partly [X] Not at all []

City in which District is located. Odessa

Is the District located within a city's extra territorial jurisdiction (EJT)? Entirely [] Partly [X] Not at all []

ETJ's in which District is located. Ector County

Is the general membership of the Board appointed by an office outside the District? Yes [] No [X]

If Yes, by whom? Not Applicable

Ector County Utility District

**TSI-2 General Fund Expenditures
September 30, 2020**

CURRENT:	
Personnel (Including Benefits)	\$ 144,284
Professional Fees:	
Auditing	31,250
Legal	165,021
Other	145,052
Purchased Services for Resale:	
Bulk Water and Wastewater Service Purchases	4,611,316
Contracted Services:	
Appraisal District	6,763
Other	288,649
Utilities	62,734
Repairs and Maintenance	223,467
Administrative Expenditures:	
Postage/Printing/Office Supplies	23,739
Insurance	29,575
Other Administrative – Miscellaneous	65,106
Capital Outlay:	
Capital Assets	<u>1,953,543</u>
TOTAL EXPENDITURES	\$ <u><u>7,750,499</u></u>

Number of persons employed by the District: 6 full-time 0 part-time
(Do not include independent contractors or consultants)

Ector County Utility District

**TSI-3 Temporary Investments
September 30, 2020**

<u>Funds</u>	<u>Identification Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at Year-End</u>	<u>Accrued Interest Receivable at Year-End</u>
<u>General Fund</u>					
Raymond James Government Securities	787582222	0.70%-6.75%	Various	\$ 1,687,505	\$ 6,671
TexSTAR Government Securities	680413310	0.1159	N/A	3,027,180	-
Total				<u>\$ 4,714,685</u>	<u>\$ 6,671</u>
<u>Debt Service Fund</u>					
TexSTAR Government Securities	680413310	0.1159	N/A	2,073,530	-
Total				<u>2,073,530</u>	<u>-</u>
<u>Capital Project Fund</u>					
BOK Government Securities	82-3605-01-9	0.02%	8/1/2049	42,561,338	4,129
Total				<u>42,561,338</u>	<u>4,129</u>
Total Investments				<u>\$ 49,349,553</u>	<u>\$ 10,800</u>

Ector County Utility District

**TSI-4 Taxes Levied and Receivable
Fiscal Year Ending September 30, 2020**

	<u>Maintenance</u>	<u>Service</u>	<u>Debt Service</u>	
	<u>Taxes</u>	<u>Taxes</u>	<u>Taxes</u>	
TAXES RECEIVABLE, BEGINNING OF YEAR	\$ <u>1,023,110</u>	\$ <u>-</u>	\$ <u>1,023,110</u>	
ORIGINAL TAX ROLL (less abatements)	<u>874,883</u>	<u>-</u>	<u>874,883</u>	
Total to be Accounted for	<u>1,897,993</u>	<u>-</u>	<u>1,897,993</u>	
Tax Collections:				
Current Year	<u>-</u>	<u>-</u>	<u>-</u>	
Prior Years	<u>(809,426)</u>	<u>-</u>	<u>(809,426)</u>	
Total Collections	<u>(809,426)</u>	<u>-</u>	<u>(809,426)</u>	
Taxes Receivable, End of Year	<u>1,088,567</u>	<u>-</u>	<u>1,088,567</u>	
 TAXES RECEIVABLE, BY YEARS				
2019 and Prior Years	213,684	-	213,684	
2020	<u>874,883</u>	<u>-</u>	<u>874,883</u>	
TAXES RECEIVABLE, END OF YEAR	\$ <u>1,088,567</u>	\$ <u>-</u>	\$ <u>1,088,567</u>	
 PROPERTY VALUATIONS:	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 96,490,283	\$ 96,692,175	\$ 93,189,875	\$ 93,421,540
Improvements	794,570,363	744,085,727	639,388,961	607,113,454
Personal Property	<u>22,057,346</u>	<u>36,603,946</u>	<u>38,430,258</u>	<u>81,199,579</u>
TOTAL PROPERTY VALUATIONS	\$ <u>913,117,992</u>	\$ <u>877,381,848</u>	\$ <u>771,009,094</u>	\$ <u>781,734,573</u>
 TAX RATES PER \$100 VALUATION				
Tax Rates	\$ <u>0.095810</u>	\$ <u>0.094668</u>	\$ <u>0.097920</u>	\$ <u>0.081383</u>
TOTAL TAX RATES PER \$100 VALUATION	\$ <u>0.095810</u>	\$ <u>0.094668</u>	\$ <u>0.097920</u>	\$ <u>0.081383</u>
 Original tax levy:	\$ <u>874,858</u>	\$ <u>830,600</u>	\$ <u>754,972</u>	\$ <u>636,199</u>
 Percent of Taxes Collected to Taxes Levied	<u>92.52%</u>	<u>89.94%</u>	<u>95.79%</u>	<u>86.80%</u>

Ector County Utility District

TSI-5 Long-Term Debt Service Requirements – By Years
September 30, 2020

Due During Fiscal Years Ending	Annual Requirements For All Bond Series		
	Principal Due 08/01	Interest Due 02/01, 08/01	Total
2021	1,385,000	376,296	1,761,296
2022	1,385,000	374,080	1,759,080
2023	1,390,000	371,033	1,761,033
2024	1,390,000	367,280	1,757,280
2025	1,395,000	362,832	1,757,832
2026	1,400,000	357,531	1,757,531
2027	1,410,000	351,371	1,761,371
2028	1,415,000	344,462	1,759,462
2029	1,425,000	336,538	1,761,538
2030	1,430,000	327,846	1,757,846
2031	1,440,000	317,836	1,757,836
2032	1,455,000	307,180	1,762,180
2033	1,465,000	295,831	1,760,831
2034	1,475,000	283,818	1,758,818
2035	1,490,000	271,133	1,761,133
2036	1,500,000	257,723	1,757,723
2037	1,515,000	243,623	1,758,623
2038	1,530,000	228,776	1,758,776
2039	1,545,000	213,170	1,758,170
2040	1,565,000	196,793	1,761,793
2041	1,580,000	179,578	1,759,578
2042	1,600,000	161,724	1,761,724
2043	1,615,000	143,164	1,758,164
2044	1,635,000	123,945	1,758,945
2045	1,655,000	104,325	1,759,325
2046	1,675,000	84,300	1,759,300
2047	1,695,000	63,865	1,758,865
2048	1,715,000	43,016	1,758,016
2049	1,740,000	21,750	1,761,750
	<u>\$ 43,915,000</u>	<u>\$ 7,110,819</u>	<u>\$ 51,025,819</u>

Ector County Utility District

TSI-6 Changes In Long-Term Bonded Debt September 30, 2020

Interest Rate	Series <u>2019</u> 0.02%
Dates Interest Payable	February 1 August 1
Maturity Date	August 1, 2049
Bonds Outstanding Beginning of Current Year	\$ 0
Bonds Sold During Year	45,275,000
Retirements Principal	(1,360,000)
Bonds Outstanding End of Current Year	\$ <u>43,915,000</u>
Retirements Interest	\$ <u>292,752</u>
Paying Agents Name & Address	BOKF, NA 5956 Sherry Lane, Ste 1201 Dallas, TX 75225
* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.	
Debt Service Fund Cash and Temporary Investments Balances as of September 30, 2020:	\$ <u>2,073,520</u>
Average Annual Debt Service Payment (Principal and Interest) for remaining time of all debt:	\$ <u>1,700,861</u>

Ector County Utility District

**TSI-7 Comparative Statement of Revenues and Expenditures
General Fund and Debt Service Fund - Five Years
Fiscal Year Ended September 30, 2020**

	Amount				
	2020	2019	2018	2017	2016
General Fund Revenue:					
Water Revenue	\$ 7,411,118	\$ 6,336,483	\$ 4,715,729	\$ 4,227,476	\$ 4,416,456
Tap Connection fees	-	83,178	37,101	-	-
Investment Earnings (Loss)	148,429	410,474	(34,842)	(24,924)	175,328
Property Taxes	869,504	750,020	683,533	612,494	584,094
Penalties & Interest	-	35,859	38,430	27,445	22,601
Other	113,284	16,377	29,076	287,732	71,669
Total Revenue	8,542,335	7,632,391	5,469,027	5,130,223	5,270,148
General Fund Expenditures:					
Purchased Water Services	4,611,316	4,409,637	4,296,271	3,946,357	3,881,528
Purchased Taps exceed Tap Collection	-	-	-	6,634	13,710
Tax Collection Services	6,763	11,757	6,716	9,679	5,370
Professional Fees	341,323	196,926	52,535	29,274	48,066
Contracted Services	288,649	213,122	412,921	259,548	177,393
Payroll & Contract Labor	144,284	68,215	66,629	55,509	52,533
Utilities	62,734	31,540	29,532	25,285	24,491
Repair and Maintenance	223,467	20,362	8,129	8,603	6,600
Property Taxes - Assigned	-	750,020	-	-	-
Other Expenditures	118,420	49,128	37,958	24,723	75,433
Capital Outlay	1,953,543	2,142,184	-	279,930	329,297
Total Expenditures	7,750,499	7,892,891	4,910,691	4,645,542	4,614,421
Excess Revenue (Expenditures) Before Other Funding Sources	\$ 791,836	\$ (260,500)	\$ 558,336	\$ 484,681	\$ 655,727
Capital Project Fund Revenue:					
Transfer from Other Funds	\$ -	\$ -	\$ -	\$ 100,000	\$ -
Investment Earnings	257,350	-	-	140	-
Total Revenue	257,350	-	-	100,140	-
Capital Project Fund Expenditures:					
Other Expenditures	2,621,684	-	-	55,896	-
Total Expenditures	2,621,684	-	-	55,896	-
Excess Revenue (Expenditures) Before Other Funding Sources	\$ (2,364,334)	\$ -	\$ -	\$ 44,244	\$ -
Debt Service Fund Revenue:					
Tax Revenue	\$ -	\$ -	\$ -	\$ 612,494	\$ 584,094
Penalties and Interest on Taxes	-	-	-	27,445	22,601
Transfer from Other Funds	-	-	-	-	-
Investment Earnings	16,995	-	-	-	-
Other	-	-	-	13,908	9,751
Total Revenue	16,995	-	-	653,847	616,446
Debt Service Fund Expenditures:					
Tax Collection Services	1,652,752	-	-	9,679	5,370
Debt Service Principal, Int. & Fees	10	-	-	-	-
Other	-	-	-	-	-
Total Expenditures	1,652,762	-	-	9,679	5,370
Excess Revenue (Expenditures) Before Other Funding Sources	\$ (1,635,767)	\$ -	\$ -	\$ 644,168	\$ 611,076
Total Active Retail Water Connections	5,254	5,274	5,237	5,063	4,957

Ector County Utility District

**TSI-7 Comparative Statement of Revenues and Expenditures
General Fund and Debt Service Fund - Five Years
Fiscal Year Ended September 30, 2020**

	Percent of Fund Total Revenue				
	2020	2019	2018	2017	2016
General Fund Revenue:					
Water Revenue	87%	83%	86%	82%	84%
Tap Connection fees	0%	1%	1%	0%	0%
Investment Earnings (Loss)	2%	5%	-1%	0%	3%
Property Taxes	10%	10%	12%	12%	11%
Penalties & Interest	0%	0%	1%	1%	0%
Other	1%	0%	1%	6%	1%
Total Revenue	100%	100%	100%	100%	100%
General Fund Expenditures:					
Purchased Water Services	54%	58%	79%	77%	74%
Purchased Taps exceed Tap Collection	0%	0%	0%	0%	0%
Tax Collection Services	0%	0%	0%	0%	0%
Professional Fees	4%	3%	1%	1%	1%
Contracted Services	3%	3%	8%	5%	3%
Payroll & Contract Labor	2%	1%	1%	1%	1%
Utilities	1%	0%	1%	0%	0%
Repair and Maintenance	3%	0%	0%	0%	0%
Property Taxes - Assigned	0%	10%	0%	0%	0%
Other Expenditures	1%	1%	1%	0%	1%
Capital Outlay	23%	28%	0%	5%	6%
Total Expenditures	91%	103%	90%	91%	88%
Excess Revenue (Expenditures) Before Other Funding Sources	9%	-3%	10%	9%	12%
Capital Project Fund Revenue:					
Transfer from Other Funds	0%	0%	0%	100%	0%
Investment Earnings	100%	0%	0%	0%	0%
Total Revenue	100%	0%	0%	100%	0%
Capital Project Fund Expenditures:					
Other Expenditures	1019%	0%	0%	56%	0%
Total Expenditures	1019%	0%	0%	56%	0%
Excess Revenue (Expenditures) Before Other Funding Sources	-919%	0%	0%	44%	0%
Debt Service Fund Revenue:					
Tax Revenue	0%	0%	0%	94%	95%
Penalties and Interest on Taxes	0%	0%	0%	4%	4%
Transfer from Other Funds	0%	0%	0%	0%	0%
Investment Earnings	100%	0%	0%	0%	0%
Other	0%	0%	0%	2%	2%
Total Revenue	100%	0%	0%	100%	100%
Debt Service Fund Expenditures:					
Tax Collection Services	9725%	0%	0%	1%	1%
Debt Service Principal, Int. & Fees	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%
Total Expenditures	9725%	0%	0%	1%	1%
Excess Revenue (Expenditures) Before Other Funding Sources	-9625%	0%	0%	99%	99%

Ector County Utility District

**TSI-8 Board Members, Key Personnel, and Consultants
September 30, 2020**

Complete District Mailing Address: 1039 N. Moss Ave, Odessa, Texas 79763
Telephone Number: (432)381-5525

<u>Name and Address</u>	<u>Term of Office</u>	<u>Fees and Reimbursements 9/30/2020</u>	<u>Title at Year End</u>	<u>Resident of District</u>	<u>Relationship With Major Land Owners, Developers or Consultants</u>
Board Members:					
Tommy Ervin	06/18/2007 to 11/05/2021	\$ 390	President	Yes	None
Terry Swann	07/21/2014 to 11/08/2022	None	Director	Yes	None
Stephanie Shaw	04/08/2020 to 11/05/2024	None	Director	Yes	None
Margret Burton	05/20/2013 to 11/05/2024	None	Director	Yes	None
Key Administrative Personnel:					
Katrina Morales	08/28/2017 to Present	\$ 45,219	Office Manager	Yes	None
Jenny Belkanp	11/18/2019 to Present	\$ 23,004	Administrative Assistant	Yes	None
Maribel Valenzuela	08/07/2020 to Present	\$ 2,454	Receptionist	Yes	None
Key Maintenance Personnel:					
Steve Dennis	04/01/202 to Present	\$ 26,276	Staff Engineer	Yes	None
Paul Wilkerson	07/01/2020 to Present	\$ 14,993	Field Supervisor	Yes	None
Anthony Shackelford	07/06/2020 to Present	\$ 9,933	Field Technician	Yes	None
Consultants:					
Ector County Utility District	07/01/2005 to Present	\$ 6,763	Appraisal/Tax Collector	Yes	None
Haynie & Company Formerly Joe L. Torres, P.C.	09/01/1996 to Present	\$ 31,250	Independent Auditor	Yes	None
McCall, Parkhurst & Horton, LLP	None	None	Bond Counsel	N/A	None
Hilltop Securities, Inc	None	None	Financial Advisor	N/A	None
BOKF NA.	None	None	Paying Agent/Registrar	N/A	None