

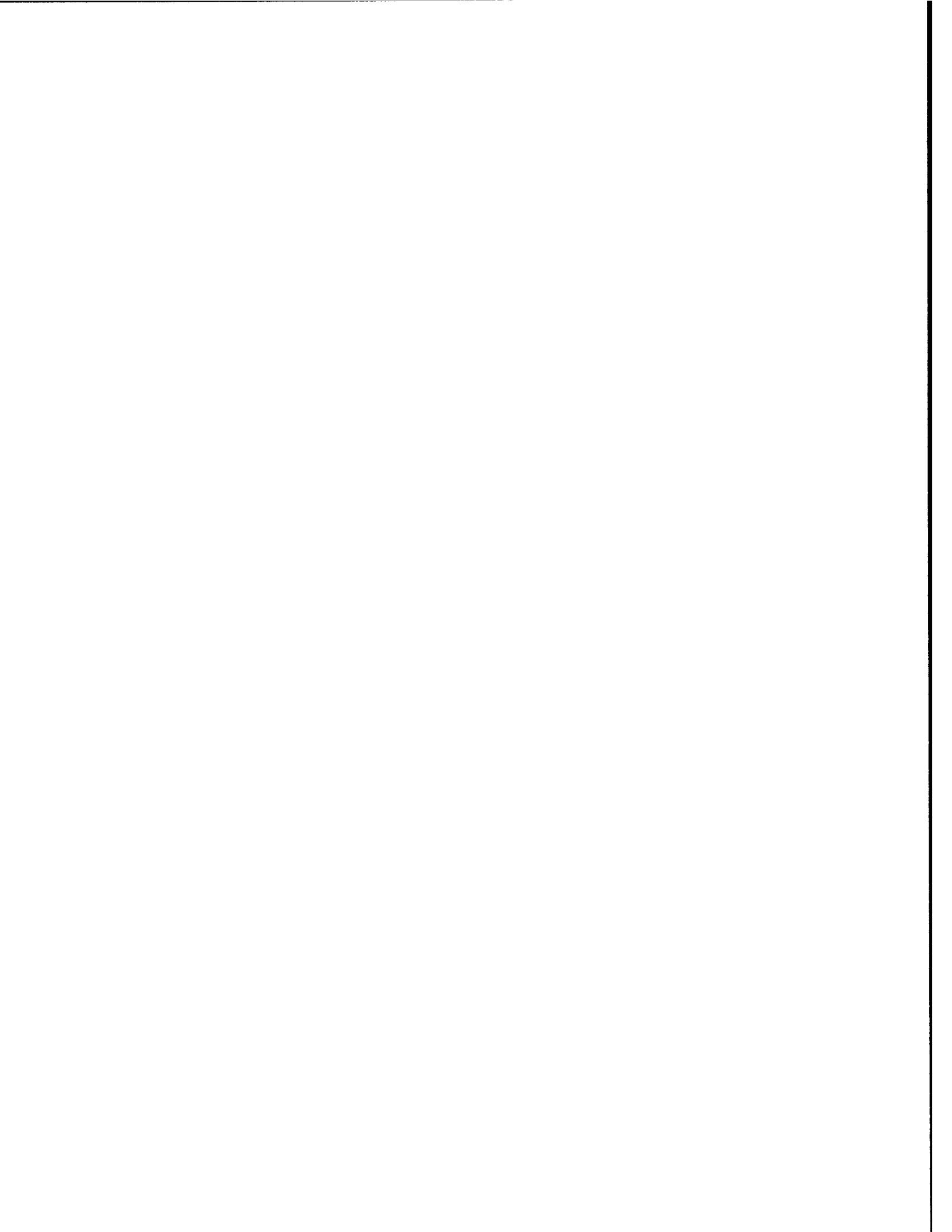


Control Number: 45151



Item Number: 8

Addendum StartPage: 0





BARRETT

& ASSOCIATES, PLLC

3300 Bee Cave Road Suite 650 #189

Austin, Texas 78746

Phone: 512.600.3800 Fax: 512.330-0499

November 11, 2015

NOV 11 2015 9:34
RECEIVED

Public Utility Commission of Texas
Central Records
1701 N. Congress, Suite 8-100
Austin, Texas

Re: PUC DOCKET No. 45151; CITY OF CELINA'S NOTICE OF INTENT TO PROVIDE WATER AND SEWER SERVICE TO AREA DECERTIFIED FROM MUSTANG SPECIAL UTILITY DISTRICT IN DENTON COUNTY

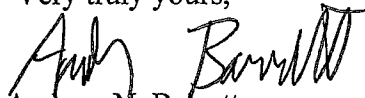
Dear Chief Clerk:

Please find attached for filing in the above referenced matter the City of Celina's Appraisal.

By copy of this letter and attachment, we are providing notice of the filing to Mustang Special Utility District through their counsel, Leonard Dougal.

Please do not hesitate to contact us with any questions.

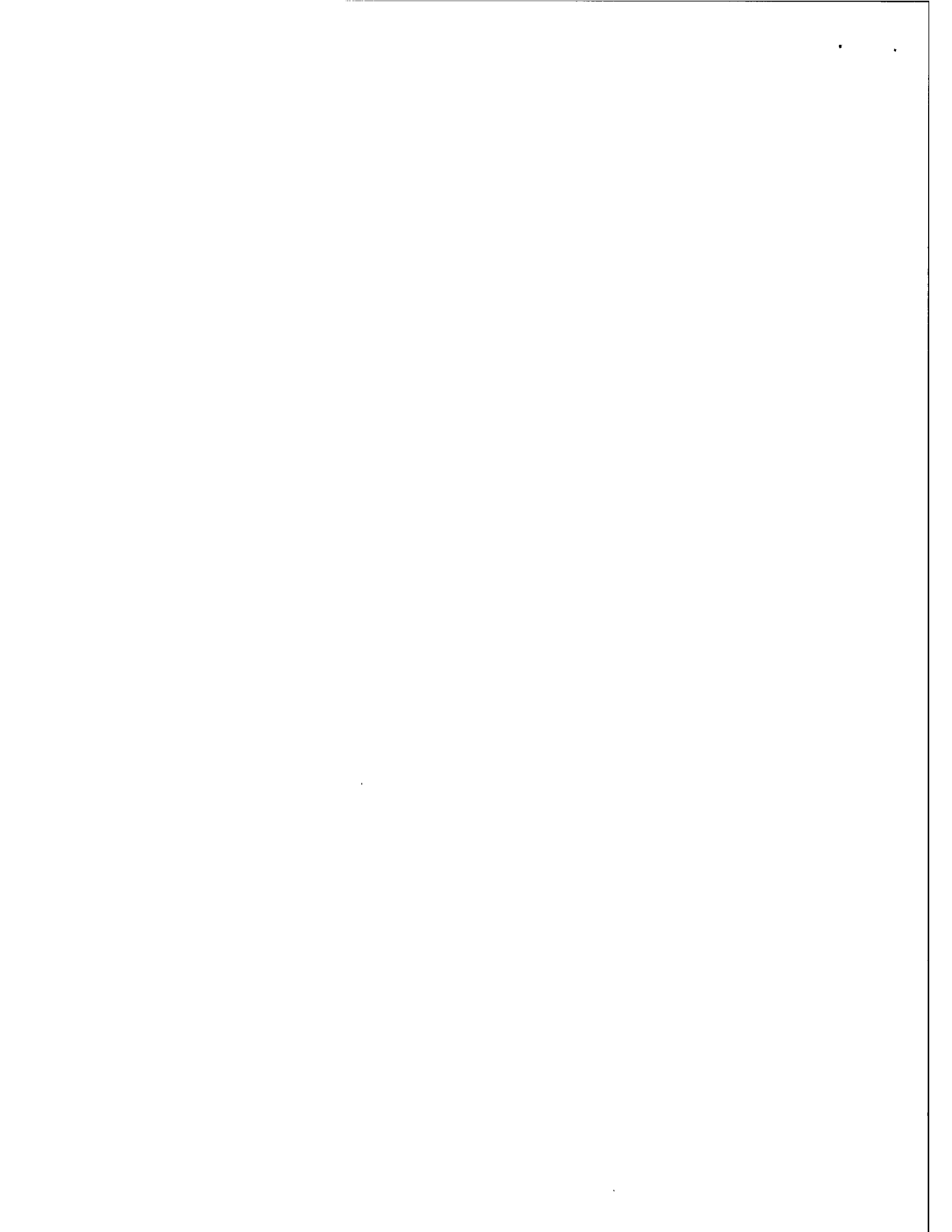
Very truly yours,



Andrew N. Barrett

Cc: Leonard Dougal (with attachment)

8





JONES - HEROY & ASSOCIATES, INC.

November 11, 2015

Mr. Gabe Johnson
City of Celina
142 North Ohio Street
Celina, Texas 75009

Re: Mustang Special Utility District CCN Appraisal
CADG Sutton Fields, LLC Tract
Public Utility Commission (PUC) Docket No. ~~44629~~
JHA Job No. 1022-004 45757

Dear Mr. Johnson,

As requested by the City of Celina, Jones-Heroy & Associates, Inc. (JHA) has completed an independent appraisal of the approximately 495 acres CADG Sutton Fields, LLC Tract (Sutton Fields Tract) out of the Mutual Agreement Boundary Tract E which has been decertified from the Mustang Special Utility District (Mustang SUD) Water and Sewer Certificate of Convenience and Necessity (CCN) Nos. 11856 and 20930, respectively, per the Public Utility Commission (PUC) Order dated July 16, 2015 (PUC Docket No. 44629). Nothing in this report should be deemed or construed to be in conflict with any ruling made by the PUC in Docket No. 44629, including the PUC's finding that the Sutton Fields Tract is not receiving water or sewer service from Mustang SUD.

BACKGROUND

Mustang provides retail water and sewer service to a mix of rural and urbanized customers in Denton County, Texas (reference location map, **Attachment A**). The northern, more rural region of Mustang's service area is generally limited to water service and is supplied by local groundwater wells. The southern portion of Mustang's service area includes both water and sewer service in a rapidly growing urbanized area of Denton County along US Highway 380 and Lake Lewisville. Mustang generally receives wholesale surface water supply and wastewater treatment capacity from the Upper Trinity Regional Water District (UTRWD) for its southern, urbanized service areas.

Mustang provides contracted operator service for the Providence, Savannah, and Paloma Creek Subdivisions (Denton County Fresh Water Supply District (FWSD) No.'s 9, 8A, 8B, 10, 11A, 11B, and 11C) located within its CCN along US Highway 380. The Highway 380 FWSDs currently maintain ownership of the internal water and wastewater systems under a dual certification with Mustang as well as separate wholesale contracts for water and wastewater service with the UTRWD. A review of the operator contracts between Mustang and the FWSDs indicates an intention to convey the internal water and wastewater systems to Mustang upon fulfillment of the debt obligations by the FWSDs

for the construction cost of the facilities. In addition, Mustang provides wholesale water service to the Oak Point community (Midway Water Utility) located adjacent to its southwestern service area.

CONCLUSION

It is our opinion that the value of the property associated with that portion of the water and sewer CCN decertified from Mustang SUD and associated with the Sutton Fields Tract is \$ **181,900**.

ANALYSIS

Our valuation has been performed in compliance with the guidelines of the Public Utility Commission (PUC) and as described in 16 TAC Chapter 24.113(k) and was based on the following:

- 1) Location map for the Sutton Fields Tract provided by the City of Celina;
- 2) Mustang water and sewer CCN maps obtained from the PUC;
- 3) Phone interview and discussions with Mr. Art Barraza, Engineer for the proposed development;
- 4) Phone interview and discussions with Mr. Curtis Steger, Engineer for Mustang;
- 5) On-site meeting and discussion with Mr. Chris Boyd, General Manager for Mustang;
- 6) Site visit and discussions with Mr. Mike Foreman and Mr. Gabe Johnson, City Administrator and City Engineer for the City of Celina;
- 7) 5-year Capital Improvement Program (FY2015-FY2019) for Mustang prepared by Steger Bizzell;
- 8) Mustang 2012 water distribution system map prepared by Steger Bizzell;
- 9) Wholesale water and wastewater service contracts between Mustang and UTRWD provided by Mustang;
- 10) Official Statements for Mustang's 2006, 2008, 2009, and 2014 Series Revenue Bonds;
- 11) Mustang Comprehensive Annual Financial Reports for the Fiscal Year ended September 30, 2013 and September 30, 2014;
- 12) Mustang's Fiscal Year 2014, Fiscal Year 2015, and Fiscal Year 2016 adopted budget and rate order;
- 13) UTRWD Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2013;

- 14) Utility construction and financing agreement between Denton County FWSD No. 9 (Providence Village) and Mustang for the Providence EST and associated pipeline construction costs, executed March 17, 2005;
- 15) Utility construction and financing agreement between Denton County FWSD No.'s 8A, 8B, 10, 11A, 11B, 11C, and Mustang for the 2.25 million gallon Byran elevated storage tank.
- 16) Water and sewer service agreements between Mustang and Denton County FWSD No.'s 10 (Savannah), 11-A, and 8B (Paloma Creek);

Following are the findings and recommendations of JHA regarding each of the specific factors set forth in 16 TAC Chapter 24.113(k); as detailed below:

- 1) "The amount of the retail public utility's debt allocable for service to the area in question"

Estimated Value: \$ 45,200.00

Our investigation indicated that Mustang SUD has invested in facilities to provide water service for all of their CCN area, including service to the Sutton Fields Tract based on Mustang SUD's projected growth demands (reference 2014 Master Plan, **Attachment B**). A review of the documents associated with Mustang's revenue bonds and the UTRWD note indicates that key facilities financed include the following:

1. Elevated storage tanks (EST) and associated water distribution pipelines.
2. Pumping improvements at the Temple Dane surface water pump station.
3. Drilling of new water wells and associated ground storage and pump stations.
4. Wastewater and water treatment capacity in the UTRWD system.

These facilities financed with Mustang SUD's existing debt are not located within the Sutton Fields Tract; however, they include improvements to their water supply facilities which would benefit the Sutton Fields Tract. We believe that it is reasonable to pro rate these costs among all of Mustang SUD's customers and assume that the future revenue lost from the Sutton Fields Tract, which would have otherwise contributed to the debt obligations, will be made up by the existing customers.

The long-term debt currently owed by Mustang is summarized in the Fiscal Year (FY) 2014 Financial Report (**Attachment C**) and the FY 2016 Budget (**Attachment D**) and includes 5 unpaid notes with an approximate principal balance of \$9,239,788 as of September 30, 2015.

The Net Present Value (NPV) share of the future debt service payments attributed to the Sutton Fields Tract were calculated based on Mustang SUD's projected development in the Sutton Fields Tract as a proportion of the projected

development in the Mustang water system (**Tables 1 and 2**) through maturity of the 2014 Series bonds in 2038.

- 2) "The value of the service facilities of the retail public utility located within the area in question"

Estimated Value: \$ 0.00

Mustang SUD does not currently own any water distribution or wastewater collection facilities within the Sutton Fields Tract. Therefore, no value is assumed for this item.

- 3) "The amount of any expenditures for planning, design, or construction of service facilities that are allocable to service to the area in question"

Estimated Value: \$ 96,700.00

Certain existing facilities within the Mustang water system, as with most public water supply and distribution systems, contribute to providing adequate and reliable service to future undeveloped service areas. The planning, design, and construction of certain existing regional facilities within the Mustang water system have considered future service to the undeveloped portions of the service area (including the Sutton Fields Tract). The inherent planning for undeveloped areas is demonstrated in the following key components of the Mustang water system which are shown on the existing facilities maps in the 2014 Master Plan (**Attachment B**):

1. Temple Dane surface water pumping station with an existing high service pump capacity of 5,200 gpm (expandable to 8,000 gpm) and a 2,000,000 gallon ground storage reservoir;
2. Providence elevated storage reservoir with a total shared capacity of 1,000,000 gallons (725,000 gallons allocated to Mustang);
3. Byran elevated storage reservoir with a total shared capacity of 2,250,000 gallons (1,250,000 gallons allocated to Mustang);
4. A 'backbone' network of 24-inch, 30-inch, and 36-inch waterlines shared between Mustang and UTRWD which have been adequately sized to deliver surface water from the UTRWD regional water treatment plants to the existing and projected demands along and north of US Highway 380.

The 2014 Master Plan indicates that Mustang SUD's existing regional surface water distribution and storage facilities are adequate to serve the projected growth and demands of the Sutton Fields Tract, with high service pumping capacity at the Temple Dane pump station being the limiting factor in the near-term. We believe

that Mustang SUD has the ability to construct the additional facilities which may be necessary to ensure adequate service as future growth occurs.

Our consideration of Factor 3 above includes those existing regional surface water facilities constructed with the intent to share in the reliable service of the Sutton Fields Tract, had it remained in the Mustang CCN. The proportion of those regional facilities is calculated as those which are not already included in the debt service payments (Factor 1 above) and based on the NPV of the incremental, depreciated share which would have been recovered from increased revenues as the proposed development in the Sutton Fields Tract were built-out using the growth projections expected by Mustang (**Table 3**).

The value of the regional surface water facilities is estimated at 60% of the total FY 2014 capital assets (\$21,322,880, **Attachment C**) less the principal amount owed on the debt considered in Factor 1 above (\$1,789,788 owed to UTRWD plus \$7,485,405 in bonds) which represents the proportion of the 2013 groundwater to surface water customer base (1,665 groundwater customers as indicated on Page 14 of **Attachment B** versus 4,246 total 2013 customers as indicated in Table 8 of **Attachment C**). The resulting FY 2014 book value of \$7,228,612 was further reduced by 25% to represent the proportion of assets allocated to local services (i.e., internal pipelines, meters, and fire hydrants).

An additional value of \$900.00 for engineering fees necessary to prepare the 2014 Master Plan has been included in this item, which is based on the pro rata share of the projected year 2035 connections located within the Sutton Fields Tract (**Table 4**).

The existing wastewater collection facilities map included in the 2014 Master Plan (**Attachment B**) indicates that a wastewater interceptor has been constructed to provide service to a portion of the Sutton Fields Tract. The existing Doe Branch interceptor has been constructed to convey wastewater to the proposed Doe Branch WWTP located south of US Highway 380. Based on a review of available records, it is our conclusion that the Doe Branch interceptor is owned by the UTRWD and will continue to be owned and operated by the UTRWD following decertification of the Sutton Fields Tract.

- 4) "The amount of the retail public utility's contractual obligations allocable to the area in question"

Estimated Value: \$ 0.00

As a founding member of the UTRWD, Mustang SUD has invested in the development of the regional water and wastewater treatment systems. A review of the wholesale water and wastewater service contracts between Mustang and

UTRWD indicates the following contracted capacities which may be considered allocable for service to the Sutton Fields Tract:

1. Surface water treatment capacity of 2.8 million gallons per day (MGD), which is adequate to serve approximately 3,240 connections based on a peak day demand of 0.6 gpm per connection.
2. Wastewater treatment plant capacity of 0.28 MGD in the Riverbend wastewater treatment plant (WWTP), which is adequate to serve approximately 1,120 connections in the Riverbend WWTP service area using an average day demand of 250 gallons per connection.

Based on the projected growth in the Mustang system, the existing contracted surface water and wastewater treatment capacity will be fully allocated to other customers with or without the projected Sutton Fields Tract demands (reference Mustang growth projections included as **Attachment B**). Therefore, no value is assumed for this item.

In addition, it is important to note that the City of Celina is also a founding member and existing customer of the UTRWD with the ability to contract for the additional water and wastewater service necessary to serve the Sutton Fields Tract.

- 5) "Any demonstrated impairment of service or increase of cost to consumers of the retail public utility remaining after the decertification"

Estimated Value: \$ 0.00

We have assumed that Mustang SUD will be retaining ownership of all easements and distribution facilities currently located adjacent to the Sutton Fields Tract. In addition, public rights of way and CCN area surrounding the Sutton Fields Tract will remain available for future pipelines or facilities necessary to serve future growth within the remaining Mustang CCN. Therefore, no value is assumed for this item except what is included in items 1, 3, and 6.

- 6) "The impact on future revenues lost from existing customers"

Estimated Value: \$ 0.00

A review of the Public Utility Commission Docket No. 44269 (page 10 of 12), states that, "...7. Mustang SUD has not committed facilities or lines providing water or sewer service to the 494.819-acre tract, nor has it performed acts or supplied anything to that particular tract. 8. The 494.819-acre tract is not receiving water or sewer service from Mustang SUD under TWS § 13.254(a-5)." Therefore, no value is assumed for this item.

7) "Necessary and reasonable legal expenses and professional fees"

Estimated Value: \$ 40,000.00

Based on JHA's prior experience with the CCN decertification process, we have estimated the following legal and professional fees which may be incurred by Mustang SUD to decertify the Sutton Fields Tract:

- \$25,000 for legal fees;
- \$10,000 for engineering fees; and,
- \$ 5,000 for bookkeeping and administration.

8) "Other relevant factors"

Estimated Value: \$ 0.00

No other relevant factors were identified; therefore, no value is assumed for this item.

LIST OF ATTACHED TABLES

1. Pro rata share calculation of the Sutton Fields Tract as a percentage of the projected Mustang water system connections.
2. NPV calculation of Mustang's debt allocable to the Sutton Fields Tract (**Appraisal Factor 1**).
3. NPV calculation of the existing Mustang surface water system facilities that are allocable to the Sutton Fields Tract, less that which are included in the debt service share (**Appraisal Factor 3**).
4. Pro rata share calculation of Mustang's 2014 water and wastewater master planning efforts allocable to the Sutton Fields Tract (**Appraisal Factor 3**).
5. Summary of JHA's total appraised value for the Sutton Fields Tract based on factors outlined in 16 TAC Chapter 291.113(k).

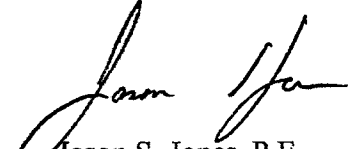
LIST OF ATTACHMENTS

- A. Location and Boundary Maps
- B. Selected pages and maps from Mustang's 5-Year Capital Improvement Program (2014 Master Plan) (FY2015-FY2019) dated August 22, 2014
- C. Selected tables from Mustang's Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2014
- D. Selected pages and tables from Mustang Fiscal Year 2016 Annual Budget adopted September 28, 2015

Mr. Gabe Johnson
Sutton Fields Tract CCN Appraisal
November 11, 2015
Page 8 of 8

E. CD containing electronic documents listed under Analysis section of this report

Respectfully Submitted,
JONES – HEROY & ASSOCIATES, INC.
TBPE Registered Firm No. 006320


Jason S. Jones, P.E.
Principal

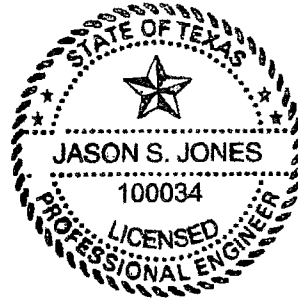


Table 1: Pro rata share calculation of the Sutton Fields Tract as a percentage of the projected Mustang water system connections.

	(A)	(B)	(C)	(D)	(C/A)	(D/A)	(D/B)	
				Annual				
	Mustang Water	Mustang	Cummulative	Increase in	Cummulative Pro	Annual Pro Rata	Annual Pro Rata	
Row	System	Surface Water	Sutton Fields	Sutton Fields	Rata Share of	Share of Total	Share of Surface	
	Connections ⁽¹⁾	Connections ⁽²⁾	Tract Projected	Tract	Total Water	Water System	Water	
End of	Year		Connections ⁽³⁾	Connections	System		Connections	
1	2013	4,246	2,548	0	0	0.00%	0.00%	0.00%
2	2014	4,652	2,791	0	0	0.00%	0.00%	0.00%
3	2015	5,052	3,031	0	0	0.00%	0.00%	0.00%
4	2016	5,487	3,292	0	0	0.00%	0.00%	0.00%
5	2017	5,958	3,575	0	0	0.00%	0.00%	0.00%
6	2018	6,471	3,882	0	0	0.00%	0.00%	0.00%
7	2019	7,027	4,216	0	0	0.00%	0.00%	0.00%
8	2020	7,632	4,579	22	22	0.29%	0.29%	0.48%
9	2021	8,288	4,973	44	22	0.53%	0.26%	0.44%
10	2022	9,001	5,400	65	22	0.73%	0.24%	0.40%
11	2023	9,775	5,865	87	22	0.89%	0.22%	0.37%
12	2024	10,615	6,369	109	22	1.02%	0.20%	0.34%
13	2025	11,528	6,917	130	22	1.13%	0.19%	0.31%
14	2026	12,520	7,512	152	22	1.21%	0.17%	0.29%
15	2027	13,597	8,158	174	22	1.28%	0.16%	0.27%
16	2028	14,766	8,859	195	22	1.32%	0.15%	0.24%
17	2029	16,036	9,621	217	22	1.35%	0.14%	0.23%
18	2030	17,415	10,449	239	22	1.37%	0.12%	0.21%
19	2031	18,912	11,347	260	22	1.38%	0.11%	0.19%
20	2032	20,539	12,323	282	22	1.37%	0.11%	0.18%
21	2033	22,305	13,383	304	22	1.36%	0.10%	0.16%
22	2034	24,223	14,534	325	22	1.34%	0.09%	0.15%
23	2035	26,307	15,784	347	22	1.32%	0.08%	0.14%
24	2036	28,569	17,141	369	22	1.29%	0.08%	0.13%
25	2037	31,026	18,616	390	22	1.26%	0.07%	0.12%
26	2038	33,694	20,217	412	22	1.22%	0.06%	0.11%

Notes:

- ⁽¹⁾ Projected growth assumes an 8.6% annual average growth rate of the existing 2014 Mustang water system customers (reference Mustang 2014 Master Plan, population growth projection on page 10, in **Attachment B**; and Mustang FY 2014 Financial Report, Table 8, in **Attachment C**).
- ⁽²⁾ Assumes 60% of the total water system connections remain surface water based on 1,665 groundwater customers in 2013 (reference Mustang 2014 Master Plan, existing water system tables on page 14, in **Attachment B**)
- ⁽³⁾ Projected growth assumes a linear growth from 2020 through 2038 using Mustang's projected 2035 density of 0.7 units/acre for that portion of the Sutton Fields Tract designated as 'Celina ETJ' (495 acres) (reference Mustang 2014 Master Plan, Appendix A, in **Attachment B**).

Table 2: Net Present Value (NPV) calculation of Mustang's debt allocable to the Sutton Fields Tract (Appraisal Factor 1).

	(A)	(C)	(A)*C		
Row	End of Year	Annual Debt Service Payments ⁽¹⁾	Cummulative Sutton Fields Tract Share of Total Water System ⁽²⁾	Sutton Fields Tract Annual Share of Debt	NPV (6% Discount Rate)
1	2015	\$ 922,980	0.00%	\$ -	\$ -
2	2016	\$ 917,030	0.00%	\$ -	\$ -
3	2017	\$ 915,492	0.00%	\$ -	\$ -
4	2018	\$ 963,267	0.00%	\$ -	\$ -
5	2019	\$ 957,255	0.00%	\$ -	\$ -
6	2020	\$ 956,055	0.29%	\$ 2,756	\$ 1,900
7	2021	\$ 958,917	0.53%	\$ 5,052	\$ 3,400
8	2022	\$ 955,347	0.73%	\$ 6,935	\$ 4,400
9	2023	\$ 942,397	0.89%	\$ 8,388	\$ 5,000
10	2024	\$ 952,412	1.02%	\$ 9,750	\$ 5,400
11	2025	\$ 941,724	1.13%	\$ 10,647	\$ 5,600
12	2026	\$ 949,999	1.21%	\$ 11,534	\$ 5,700
13	2027	\$ 428,038	1.28%	\$ 5,467	\$ 2,600
14	2028	\$ 431,275	1.32%	\$ 5,705	\$ 2,500
15	2029	\$ 423,220	1.35%	\$ 5,727	\$ 2,400
16	2030	\$ 424,120	1.37%	\$ 5,813	\$ 2,300
17	2031	\$ 203,950	1.38%	\$ 2,807	\$ 1,000
18	2032	\$ 105,800	1.37%	\$ 1,453	\$ 500
19	2033	\$ 107,600	1.36%	\$ 1,465	\$ 500
20	2034	\$ 109,200	1.34%	\$ 1,467	\$ 500
21	2035	\$ 105,600	1.32%	\$ 1,393	\$ 400
22	2036	\$ 107,000	1.29%	\$ 1,381	\$ 400
23	2037	\$ 108,200	1.26%	\$ 1,361	\$ 400
24	2038	\$ 109,200	1.22%	\$ 1,335	\$ 300
				Total NPV:	\$ 45,200

Notes:

(1) Reference Mustang FY2016 Budget, Page 30, Attachment D for schedule of existing debt service requirements.

(2)

Based on projected growth in development, reference Table 1 for calculations.

Table 3: Net Present Value (NPV) calculation of the existing Mustang surface water system facilities that are allocable to the Sutton Fields Tract, less that which are included in the debt service share (**Appraisal Factor 3**).

		(A)	(B)	(A*B)		
		Mustang Surface Water System Capital Assets Book Value (9-30-14) ⁽¹⁾	Capital Asset Depreciation (Estimated 2.5% Annually)	Annual Sutton Fields Tract Share of Mustang Surface Water System ⁽²⁾	Sutton Fields Tract Annual Share of Existing Capital Assets	NPV (6% Discount Rate)
Row	End of Year					
1	2015	\$ 5,421,459	\$ 5,421,459	0.00%	\$ -	\$ -
2	2016	\$ 5,421,459	\$ 5,285,900	0.00%	\$ -	\$ -
3	2017	\$ 5,421,459	\$ 5,153,800	0.00%	\$ -	\$ -
4	2018	\$ 5,421,459	\$ 5,025,000	0.00%	\$ -	\$ -
5	2019	\$ 5,421,459	\$ 4,899,400	0.00%	\$ -	\$ -
6	2020	\$ 5,421,459	\$ 4,776,900	0.48%	\$ 22,951	\$ 16,200
7	2021	\$ 5,421,459	\$ 4,657,500	0.44%	\$ 20,293	\$ 13,500
8	2022	\$ 5,421,459	\$ 4,541,100	0.40%	\$ 18,219	\$ 11,400
9	2023	\$ 5,421,459	\$ 4,427,600	0.37%	\$ 16,357	\$ 9,700
10	2024	\$ 5,421,459	\$ 4,316,900	0.34%	\$ 14,685	\$ 8,200
11	2025	\$ 5,421,459	\$ 4,209,000	0.31%	\$ 13,184	\$ 6,900
12	2026	\$ 5,421,459	\$ 4,103,800	0.29%	\$ 11,837	\$ 5,900
13	2027	\$ 5,421,459	\$ 4,001,200	0.27%	\$ 10,627	\$ 5,000
14	2028	\$ 5,421,459	\$ 3,901,200	0.24%	\$ 9,541	\$ 4,200
15	2029	\$ 5,421,459	\$ 3,803,700	0.23%	\$ 8,566	\$ 3,600
16	2030	\$ 5,421,459	\$ 3,708,600	0.21%	\$ 7,690	\$ 3,000
17	2031	\$ 5,421,459	\$ 3,615,900	0.19%	\$ 6,904	\$ 2,600
18	2032	\$ 5,421,459	\$ 3,525,500	0.18%	\$ 6,198	\$ 2,200
19	2033	\$ 5,421,459	\$ 3,437,400	0.16%	\$ 5,565	\$ 1,800
20	2034	\$ 5,421,459	\$ 3,351,500	0.15%	\$ 4,996	\$ 1,600
					Total NPV:	\$ 95,800

Notes:

⁽¹⁾ Book value of surface water facilities less principal amount owed on capital debt (reference Mustang FY2014 Financial Report, page 17, **Attachment C**). Surface water capital assets estimated at 60% of total capital assets based on the number of groundwater customers indicated in the Mustang 2014 Master Plan, existing water system tables on page 14, **Attachment B**). Surface water capital assets reduced by 25% to estimate proportion of system allocated to local services.

⁽²⁾ Based on projected growth in development, reference Table 1 for calculations.

Table 4: Pro rata share calculation of Mustang's 2014 water and wastewater master planning efforts allocable to the Sutton Fields Tract (Appraisal Factor 3).

(A)	(B)	(C)	(C/B*A)
Engineering Fees for Master Plan ⁽¹⁾	2035 Master Plan Connections ⁽²⁾	2035 Sutton Fields Tract Connections ⁽³⁾	Sutton Fields Tract Share of Master Plan
\$ 140,000	54,000	347	\$ 900

Notes:

⁽¹⁾As indicated in Mustang's FY2014 Budget.

⁽²⁾Reference Mustang's 2014 Master Plan 20-year growth projection, page 10, in **Attachment B**.

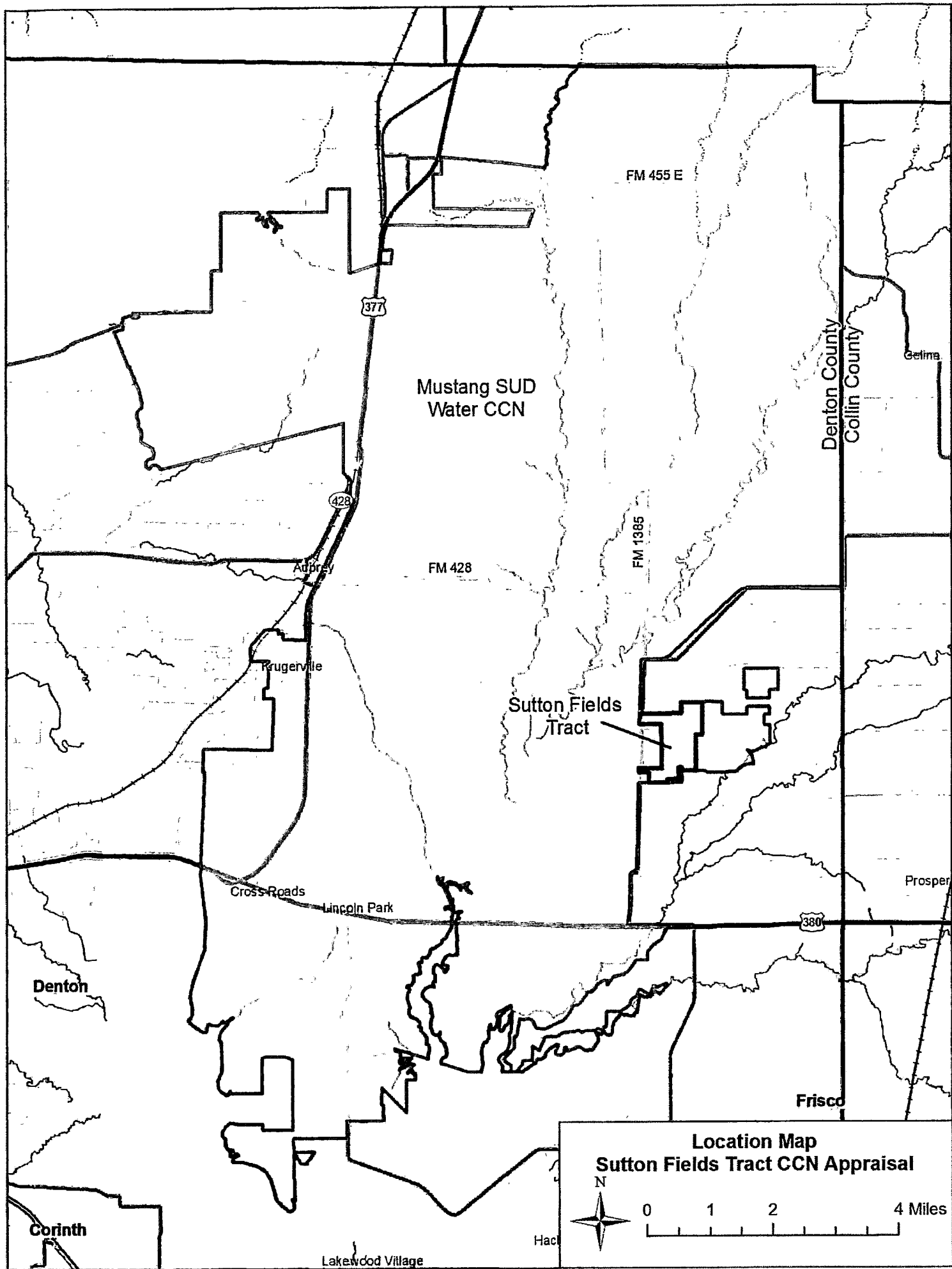
⁽³⁾Reference Mustang's projected 2035 density of 0.7 units/acre for that portion of Sutton Fields Tract designated as 'Celina ETJ' (495 acres) (reference Mustang 2014 Master Plan, **Appendix A**, in Attachment B).

Table 5: Summary of JHA's total appraised value for the Sutton Fields Tract based on factors outlined in 16 TAC Chapter 24.113(f).

Factors	Description	Amount
1)	The amount of the retail public utility's debt allocable for service to the area in question:	\$ 45,200
2)	The value of the service facilities of the retail public utility located within the area in question:	\$ -
3)	The amount of any expenditures for planning, design, or construction of service facilities that are allocable to service to the area in question:	\$ 96,700
4)	The amount of the retail public utility's contractual obligations allocable to the area in question:	\$ -
5)	Any demonstrated impairment of service or increase of cost to consumers of the retail public utility remaining after the decertification:	\$ -
6)	The impact on future revenues lost from existing customers:	\$ -
7)	Necessary and reasonable legal expenses and professional fees:	\$ 40,000
8)	Other relevant factors:	\$ -
Total Appraised Value:		\$ 181,900

Attachment A

Location Map and Boundary Maps

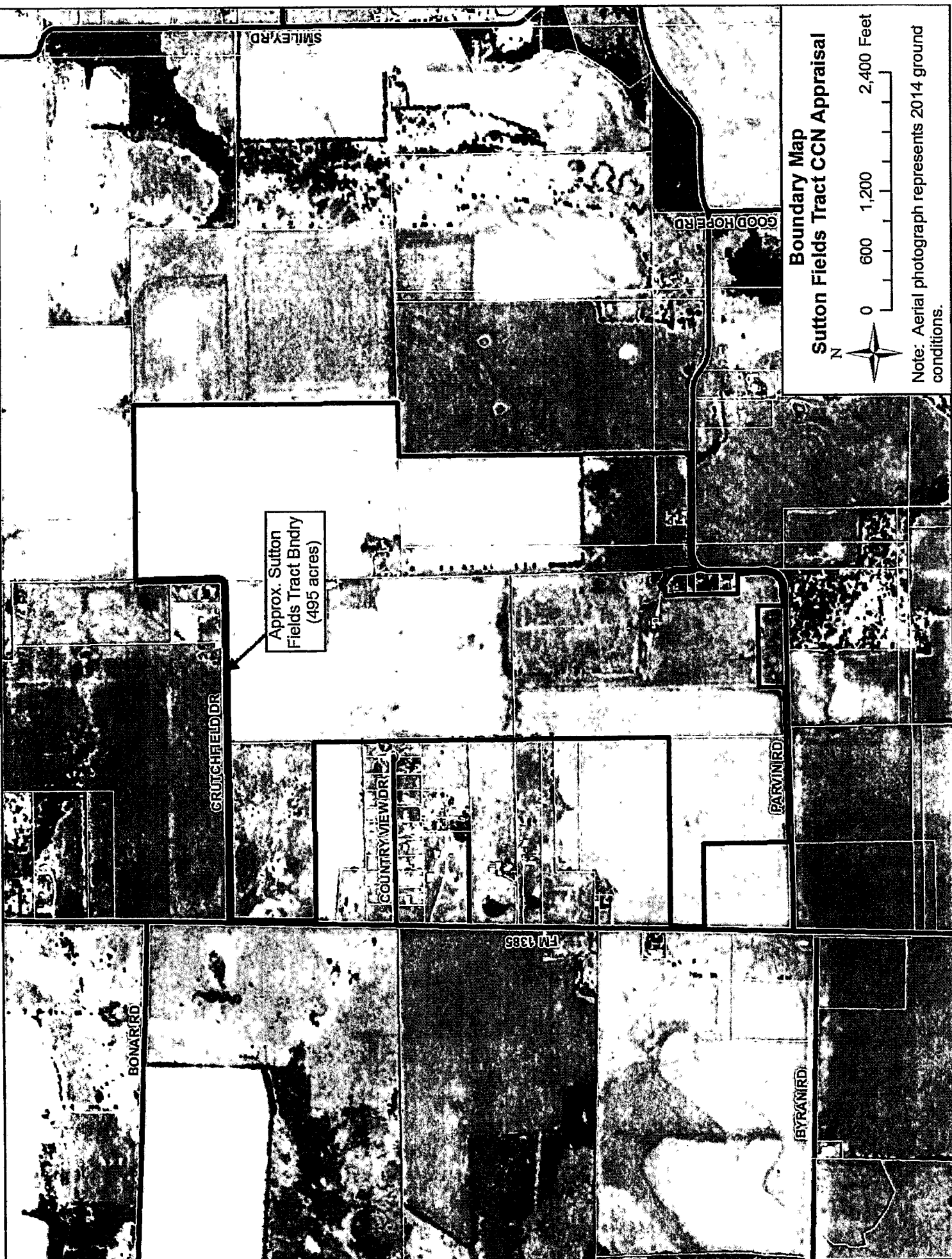


Location Map
Sutton Fields Tract CCN Appraisal

N

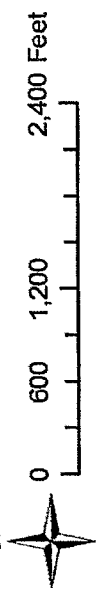
0 1 2 4 Miles

Hac



Approx. Sutton
Fields Tract Bndly
(495 acres)

Boundary Map
Sutton Fields Tract CCN Appraisal



Note: Aerial photograph represents 2014 ground conditions.

Attachment B

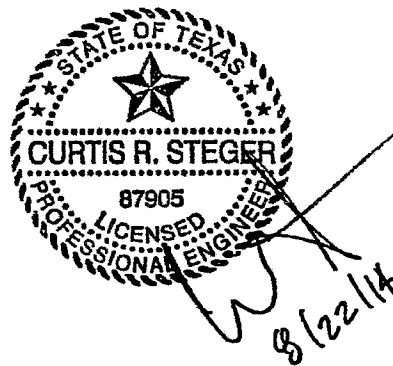
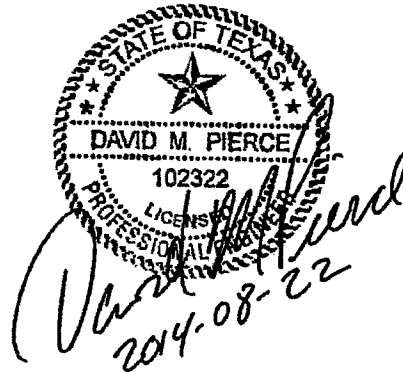
Mustang 2014 Master Plan

5 Year Capital Improvement Program (FY 2015 - FY 2019)

for

Mustang Special Utility District
Denton County, Texas

August 22, 2014

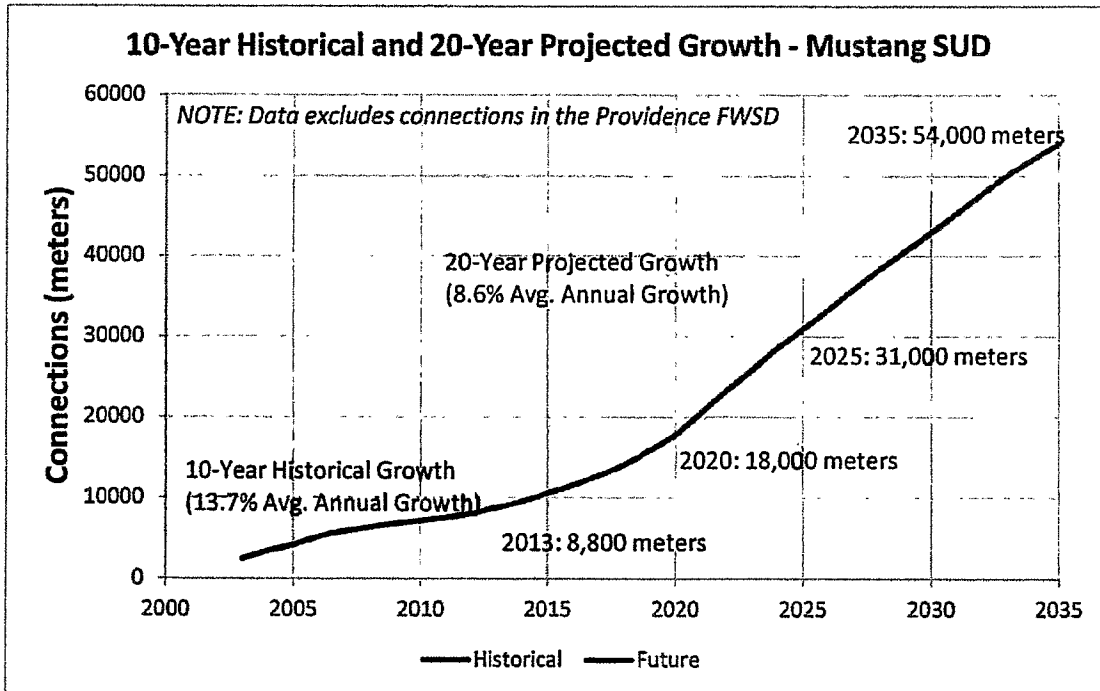


Population Growth Analysis

Based on information from developers and guidelines from Mustang personnel, we divided Mustang's CCN into a set of growth regions, corresponding to developments, Fresh Water Supply Districts, MUDs, cities, and city Extraterritorial Jurisdictions (ETJs) and for each specified a pattern of growth. For some growth regions we were given the developer's projected build-out numbers of units for each year until full build out. For others, we estimate a start year, ultimate build-out year, and ultimate build-out density (LUEs per acre) and used these to define the region's pattern of growth.

The parameters used for these growth projections is included in Appendix A.

The graph below shows both historical and projected growth through 2035.



The tables below summarize TCEQ requirements and how each of these production zones fares on each criterion. In these tables, a margin of zero percent means that the TCEQ requirement is exactly met. A negative margin would indicate a problem.

Criterion	Rule	Required (GPM)	Actual (GPM)	Margin
Production (GPM)	0.6 GPM per LUE	999	1,540	54%
Pumping Capacity (GPM)	0.6 GPM per LUE	999	1,750	75%
Ground Storage			1,069,500	
Elevated Storage	100 gallons per LUE	166,530	300,000	80%
Total Storage	200 gallons per LUE	333,060	1,369,500	311%

Table 3: Mustang's 2013 current groundwater production zone meets TCEQ requirements with ample reserves.

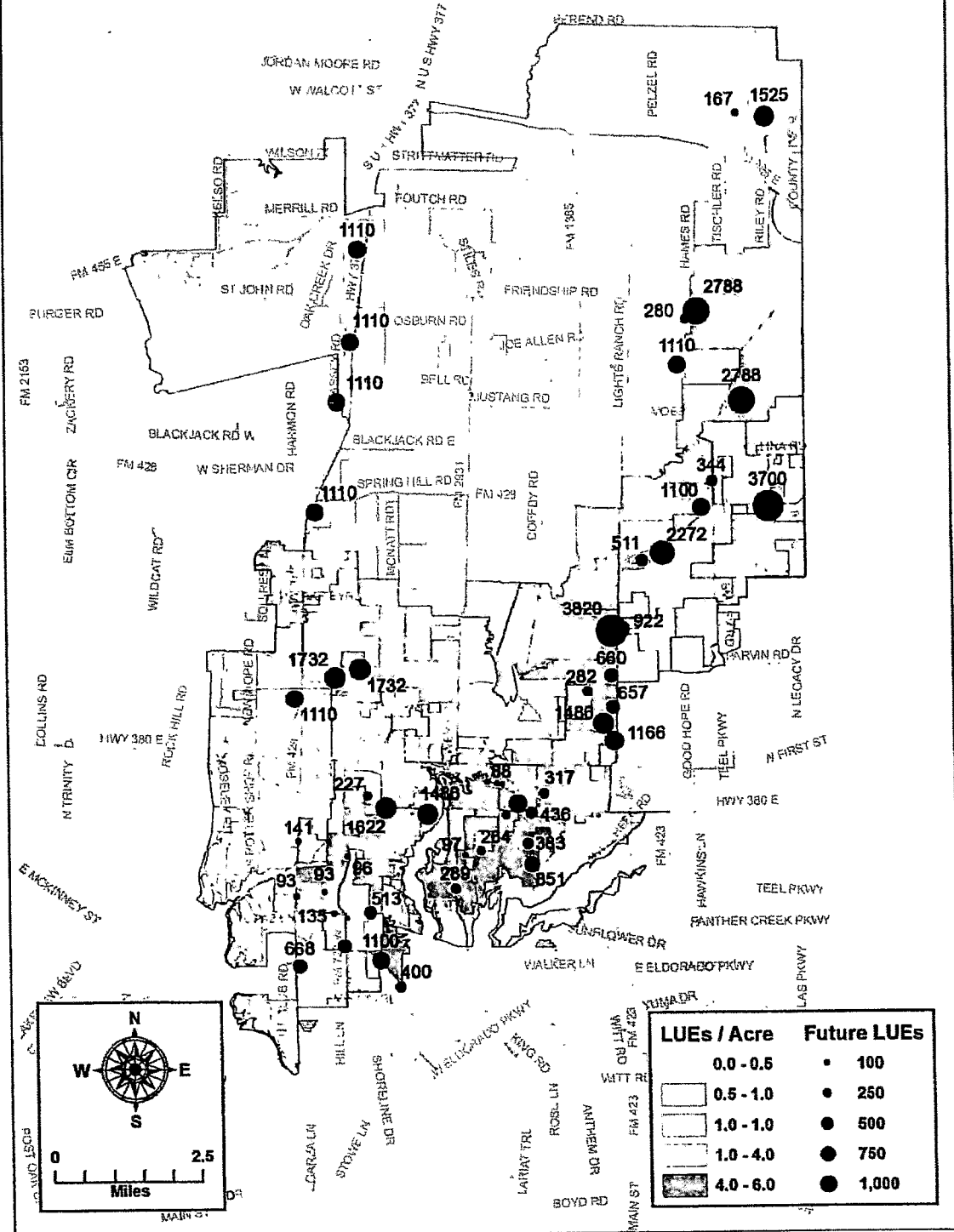
Criterion	Rule	Required (GPM)	Actual (GPM)	Margin
Production (GPM)	0.6 GPM per LUE	4,281	5,200	21%
Pumping Capacity (GPM)	0.6 GPM per LUE	4,281	5,200	21%
Ground Storage			2,000,000	
Elevated Storage	100 gallons per LUE	713,570	3,020,000	323%
Total Storage	200 gallons per LUE	1,427,140	5,020,000	252%

Table 4: Mustang's 2013 surface water production zone meets TCEQ requirements but will need to increase its production and pumping capacities to meet projected growth.

The tables above show that Mustang's system met TCEQ requirements with comfortable margins in 2013. Because of Mustang's current growth rate of 8 – 10%, it will soon be necessary to increase the production and pumping capacity in the surface water production zone. This will be accomplished by increasing the capacity of the Temple Dane pump station from 5200 GPM to 8000 GPM by upgrading all five pumps to 150-hp.

As noted previously, these calculations exclude the Providence FWSD and do not include its customers, storage, or production.

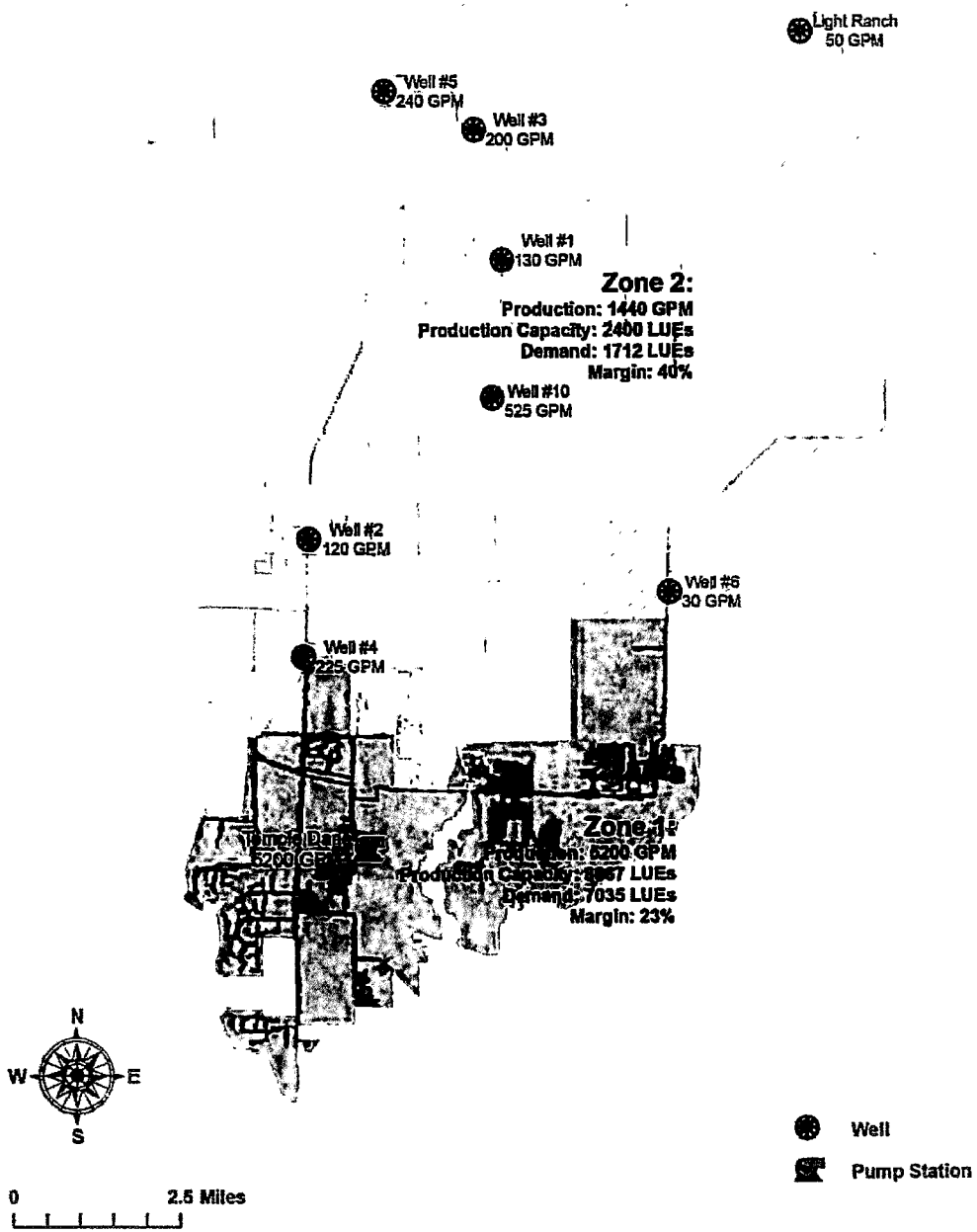
Projected 2035 Demand (LUEs)



UniqueName	TYPE	Nonflood Area	2013 Meters	Current		Buildout Density	Start Year	Buildout Year
				Density (LUEs / acre)	Density			
Aubrey_ETJ_NE	ETJ	61025251	38	0.03	0.20	2013	2052	
Aubrey_ETJ_NW	ETJ	224453631	122	0.02	0.20	2013	2057	
Crossroads_LincP	ETJ	3372712	9	0.12	0.20	2030	2057	
Denton County_NE	CNTY	284937825	78	0.01	0.20	2030	2052	
Denton County_NW	CNTY	309272635	292	0.04	0.20	2030	2057	
Denton Div 2_Pilot Point	ETJ	7062182	0	0.00	0.20	2025	2060	
Denton_DIV2	DIV 2	57164168	92	0.07	0.20	2025	2060	
Pilot Point_ETJ_NE	ETJ	266348006	56	0.01	0.20	2030	2065	
Pilot Point_ETJ_NW	ETJ	325825288	217	0.03	0.20	2030	2057	
Aubrey_CITY	CITY	11066146	17	0.07	1.00	2013	2050	
Aubrey_Little Elm	ETJ	8635587	4	0.02	1.00	2013	2060	
Cross Roads_CITY	CITY	132995957	426	0.14	1.00	2013	2052	
Cross Roads_ETJ	ETJ	46641977	75	0.07	1.00	2030	2057	
Denton County_South	CNTY	5090662	14	0.12	1.00	2025	2060	
Krugerville_ETJ	ETJ	37656618	37	0.04	1.00	2013	2050	
Little Elm_Providence	ETJ	3043339	0	0.00	1.00	2013	2030	
Oak Point_CITY	CITY	85089212	472	0.24	1.00	2013	2045	
Oak Point_ETJ	ETJ	24042696	29	0.05	1.00	2013	2055	
Pilot Point_CITY	CITY	15944125	6	0.02	1.00	2013	2045	
Providence Village_ETJ	ETJ	1699592	4	0.10	1.00	2013	2020	
Krugerville_CITY	CITY	28573404	519	0.79	1.50	2013	2045	
Aubrey_ETJ_South	ETJ	5227124	0	0.00	2.00	2020	2055	
Aubrey_Prospers	ETJ	1446040	0	0.00	2.00	2020	2060	
Celina_CITY	CITY	53611372	2	0.00	2.00	2020	2060	
Celina_ETJ	ETJ	148454302	1	0.00	2.00	2020	2065	
Lincoln Park_CITY	CITY	4527462	0	0.00	2.00	2020	2045	
Lincoln Park_ETJ	ETJ	10062760	8	0.03	2.00	2020	2050	
Little Elm_CITY	CITY	21224948	12	0.02	2.00	2013	2045	
Little Elm_ETJ	ETJ	45864931	73	0.07	2.00	2020	2050	
Prosper_ETJ	ETJ	4425573	2	0.02	2.00	2020	2050	
Rudman Partnership I		10325491	1		2.50	2022	2037	
Rudman Partnership II		5998435	1		2.50	2032	2047	
Spiritas Ranch East	<Null>	7607549	1	0.01	2.50	2013	2030	
Arrow Brooke	FWSD	11732400	2	0.01	3.00	2013	2040	
Denton County FWSD_8A	FWSD	1726407	0	0.00	3.00	2013	2040	
FWSD 10	FWSD	6913137	1	0.01	3.00	2013	2050	
Highway 377		21431982	157	0.32	3.00	2013	2050	
Highway 380	CITY	12454235	45	0.16	3.00	2013	2050	
Jackson Ridge	<Null>	11781795	1	0.00	3.00	2013	2040	
MUD_5	MUD	9322201	295	1.38	3.00	2013	2040	
Oak Point WCID_1	WCID	8005380	234	1.27	3.00	2013	2030	
Sandbrock_WCID	WCID	7417235	0	0.00	3.00	2017	2033	
Shiney Hiney Partners I	MUD	16002642	2	0.01	3.00	2018	2028	
Shiney Hiney Partners II	MUD	5014130	1	0.01	3.00	2023	2028	
Four Seasons Ranch MUD_1	MUD	41543394	2	0.00	4.00	2025	2050	
Paloma Creek_8A-1	FWSD	995486	5	0.22	4.00	2020	2030	

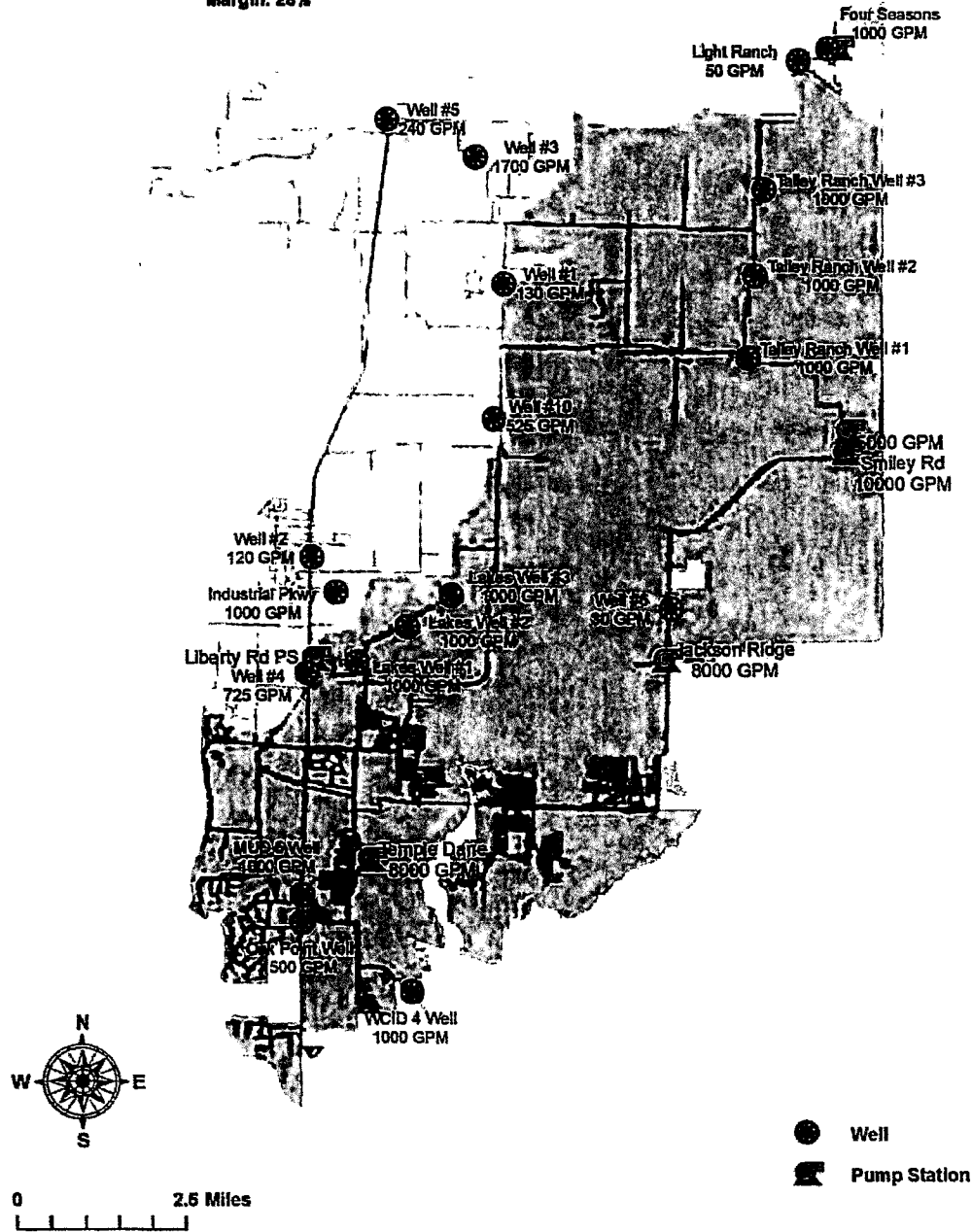
UniqueName	TYPE	Nonflood Area	2013 Meters	Current		Buildout Density	Start Year	Buildout Year
				Density (LUEs / acre)	Density			
Paloma Creek_8A-2	FWSD	877017	0	0.00	4.00	4.00	2020	2030
Spiritas Ranch West	<Null>	23562473	1	0.00	4.00	4.00	2020	2040
MUD_4	MUD	10871981	1000	4.01	4.50	4.50	2013	2040
Denton ISD HS 380@Navo	<Null>	2995271	1				2015	2040
Denton ISD JHS 720@Martop	<Null>	6371273	1				2020	2040
Denton ISD Navo Middle School	<Null>	1363661	4				2014	2040
Shahan Prairie			0				2018	2024
Oak Hill Estates	<Null>	5325211	1	0.01	1.15	1.15	2015	2018
Oak Point WCID_4	WCID	8554574	1	0.01	5.60	5.60	2018	2024
Paloma Creek Lakeview_8A	FWSD	6489198	302	2.03	4.00	4.00	2013	2027
Paloma Creek South_11A	FWSD	15636144	1163	3.24	4.00	4.00	2013	2024
Paloma Creek South_11B	FWSD	13000317	288	0.96	4.00	4.00	2013	2024
Paloma Creek South_11C	FWSD	4830406	85	0.77	4.00	4.00	2013	2024
Paloma Creek_8B	FWSD	10183141	1017	4.35	5.00	5.00	2013	2027
Sandbrock_MUD_6	MUD	42959108	1	0.00	3.87	3.87	2017	2033
Savannah_10-1	FWSD	10085387	308	1.33	3.77	3.77	2003	2019
Savannah_10-2	FWSD	18188969	1263	3.02	3.77	3.77	2003	2019
Smiley Rd WCID	FWSD	55787079	1	0.00	3.90	3.90	2020	2045
Talley Ranch WCID_1	WCID	92550529	2	0.00	5.88	5.88	2020	2055
The Lakes	FWSD	73803537	7	0.00	2.05	2.05	2019	2034
Union Park	<Null>	32373750	2	0.00	3.14	3.14	2015	2022

Production Capacity and Well Locations - 2013

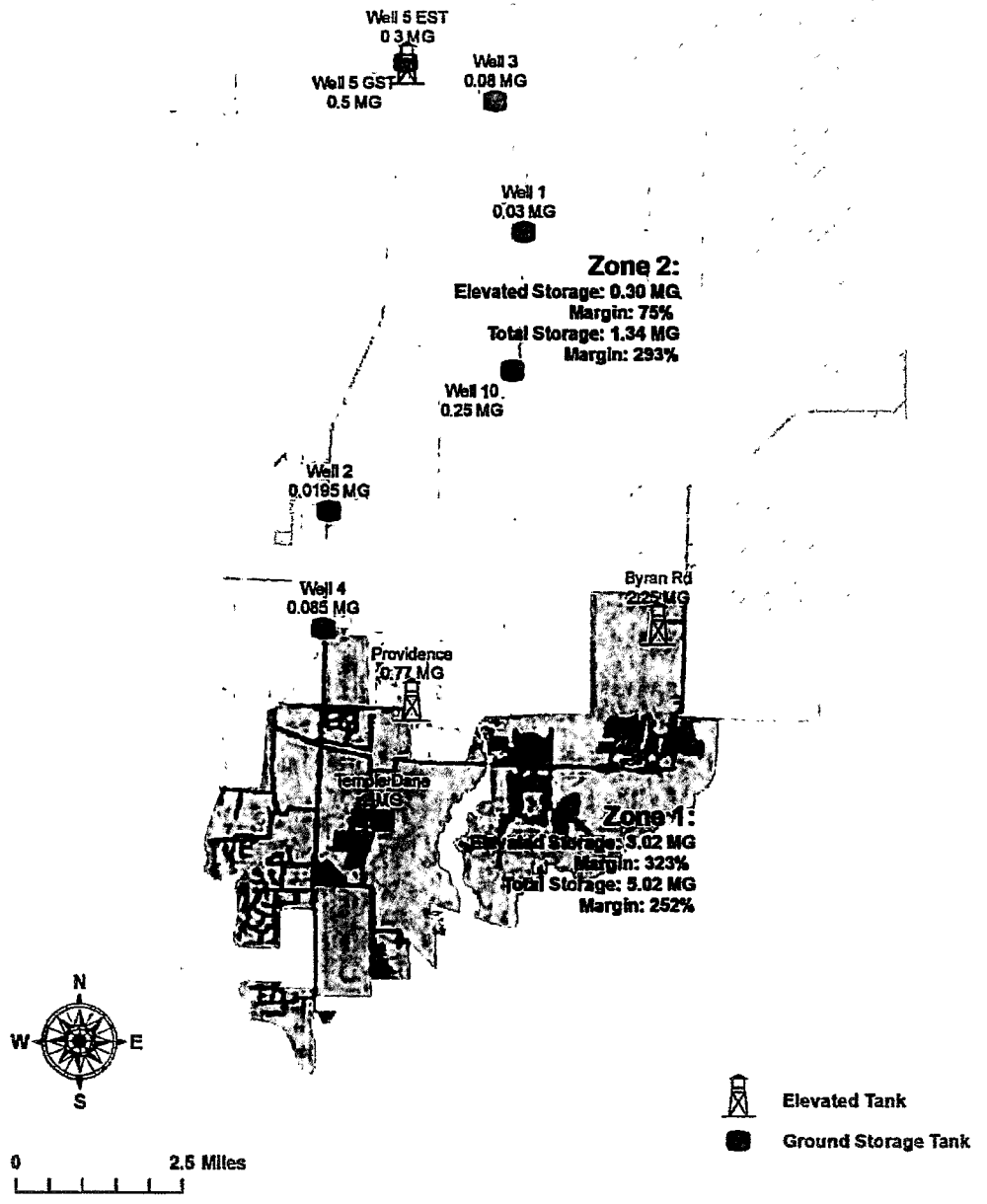


Production Capacity and Well Locations - 2035

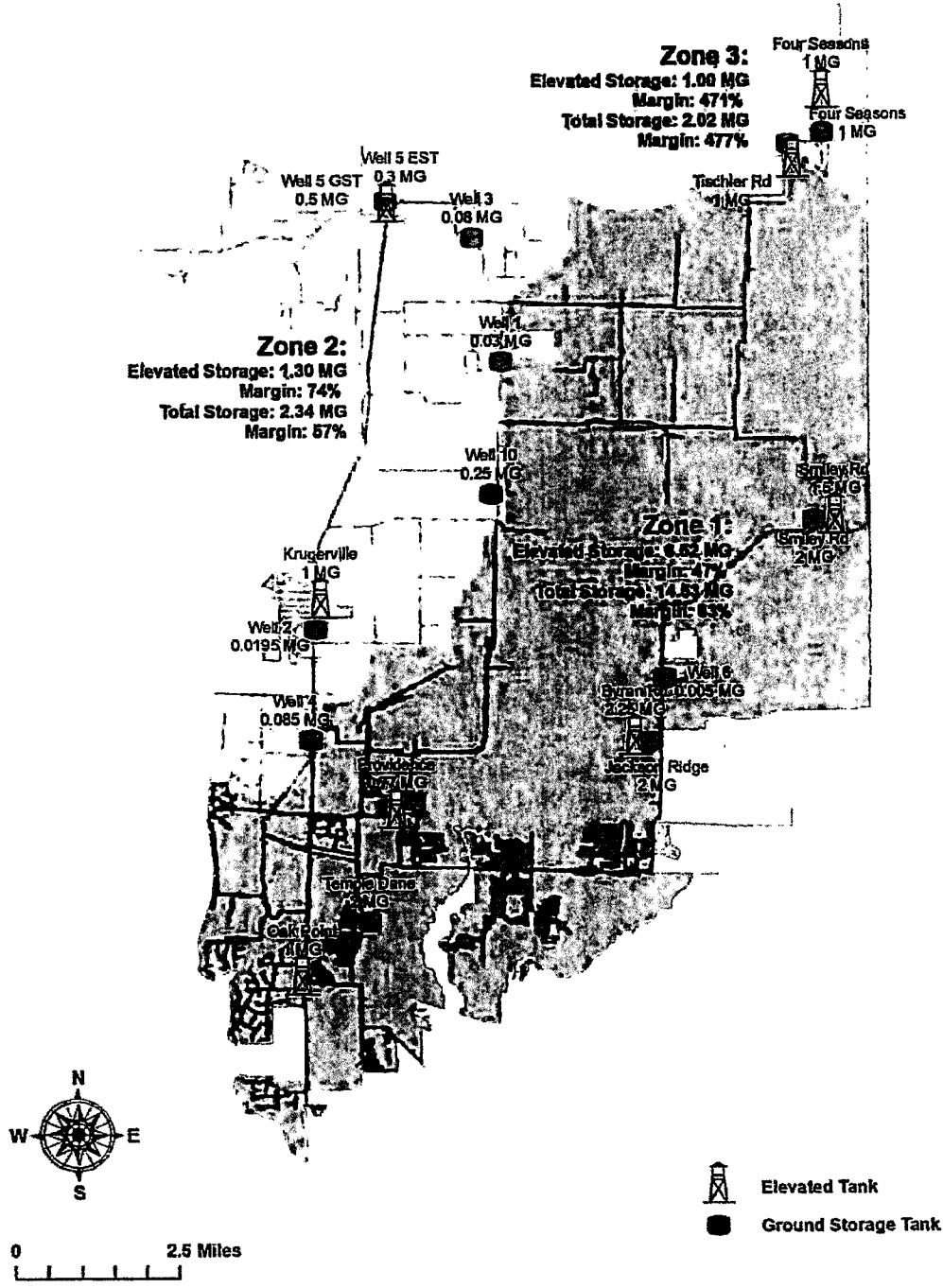
Zone 1:
Production: 41020 GPM
Production Capacity: 68367 LUEs
Projected Demand: 53545 LUEs
Margin: 28%



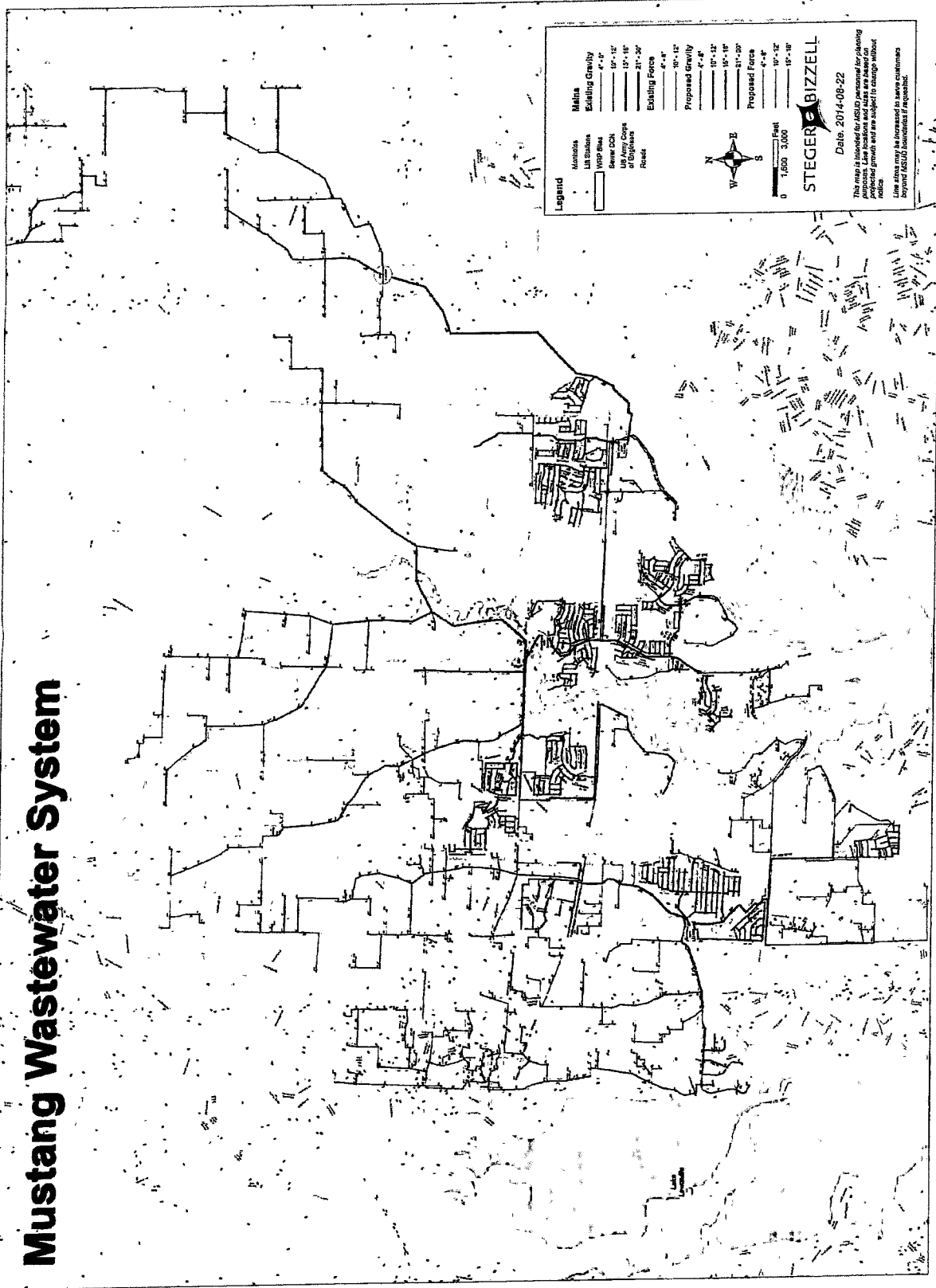
Storage Capacity and Tank Locations - 2013



Storage Capacity and Tank Locations - 2035



Mustang Wastewater System



Legend

Manholes	Manholes
Lift Stations	Existing Gravity
Prop. Lines	4" - 12"
Service Lines	15" - 18"
Proposed Lines	21" - 36"
Proposed Force	4" - 8"
Proposed Gravity	10" - 12"
Proposed Force	15" - 18"
Proposed Gravity	21" - 36"
Proposed Force	4" - 8"
Proposed Gravity	10" - 12"
Proposed Force	15" - 18"
Proposed Gravity	21" - 36"
Proposed Force	4" - 8"

Scale: 0 1,500 3,000

STEGENBIZZELL

Date: 2014-08-22

This map is intended for ASGD personnel for planning purposes only. It is not intended for construction. All proposed projects and are subject to change without notice.

Line sizes may be increased to serve customers beyond ASGD boundaries if required.

Attachment C

Mustang FY 2014 Financial Report

MUSTANG SPECIAL UTILITY DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2014

**MUSTANG SPECIAL UTILITY DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

	<u>Proprietary Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,419,244
Receivables, net of allowance for uncollectibles	597,377
Inventory	129,727
Prepays	993
Restricted cash and cash equivalents	<u>1,790,062</u>
Total current assets	<u>7,937,403</u>
Non-current assets:	
Equity buy-in fees, net of accumulated amortization	5,894,984
SUD conversion costs, net of accumulated amortization	77,585
Capital assets:	
Non-depreciable capital assets	477,727
Depreciable capital assets, net	<u>20,845,153</u>
Total capital assets, net of accumulated depreciation	<u>21,322,880</u>
Total non-current assets	<u>27,295,449</u>
Total Assets	<u><u>35,232,852</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	160,031
Accrued payroll	58,480
Current portion of compensated absences	1,104
Current portion of note payable	126,784
Payable from restricted assets:	
Accrued interest payable	39,527
Customer deposits	549,100
Current portion of bonds payable	<u>335,000</u>
Total current liabilities	<u>1,270,026</u>
Noncurrent liabilities:	
Escrow payable from restricted assets	110,790
Compensated absences	19,612
Note payable	1,789,788
Bonds payable, net of premium	<u>7,485,405</u>
Total noncurrent liabilities	<u>9,405,595</u>
Total Liabilities	<u>10,675,621</u>
NET POSITION	
Net investment in capital assets	11,596,343
Restricted for:	
Loan servicing	844,616
Unrestricted	<u>12,116,272</u>
Total Net Position	<u>\$ 24,557,231</u>

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

**MUSTANG SPECIAL UTILITY DISTRICT
NUMBER OF CUSTOMERS BY SERVICE
LAST SIX FISCAL YEARS**

Table 8

<u>Fiscal Year</u>	<u>Water</u>	<u>Wastewater</u>
2009	3,395	875
2010	3,648	1,109
2011	3,728	1,181
2012	3,900	1,219
2013	4,246	1,564
2014	4,652	1,949

Note: Years will continue to be added until 10 years of comparison is listed, information prior to 2009 is not available.

Source: Mustang Special Utility District

**MUSTANG SPECIAL UTILITY DISTRICT
CAPITAL ASSETS BY FUNCTION
LAST SIX FISCAL YEARS**

Table 11

Function	2009	2010	2011	2012	2013	2014
Water/Wastewater						
Land	\$ 264,903	\$ 264,903	\$ 264,903	\$ 264,903	\$ 264,903	\$ 264,903
Waterwells & Distribution System	24,589,752	18,948,454	18,958,203	19,787,935	19,874,873	19,623,300
Equipment	377,559	82,472	49,399	21,884	66,964	246,088
Total Water/Wastewater	24,854,655	19,295,829	19,272,505	20,074,722	20,206,740	20,134,291
General						
Land	204,352	204,352	204,352	204,352	204,352	204,352
Buildings and Structures	1,360,966	1,115,991	1,061,552	1,007,113	952,674	898,237
Vehicles	318,038	23,770	95,985	93,409	102,196	86,000
Office Furniture and Equipment	382,702	7,126	-	-	-	-
Total General	2,266,058	1,351,239	1,361,889	1,304,874	1,259,222	1,188,589
Total Capital Assets	\$27,120,713	\$ 20,647,068	\$ 20,634,394	\$21,379,596	21,465,962	21,322,880

Notes: 1) Years will continue to be added until 10 years of comparison is listed, information prior to 2009 is not available.
2) Balances presented are net of accumulated depreciation.

**MUSTANG SPECIAL UTILITY DISTRICT
 TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS
 SERIES 2006 - BY YEARS
 FISCAL YEAR ENDED SEPTEMBER 30, 2014**

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 195,000	\$ 117,533	\$ 312,533
2016	195,000	109,733	304,733
2017	205,000	101,933	306,933
2018	210,000	93,733	303,733
2019	220,000	85,333	305,333
2020	230,000	76,533	306,533
2021	245,000	67,333	312,333
2022	250,000	57,288	307,288
2023	255,000	47,038	302,038
2024	270,000	36,200	306,200
2025	280,000	24,725	304,725
2026	295,000	12,685	307,685
Total	\$ 2,850,000	\$ 830,067	\$ 3,680,067

Source: Mustang Special Utility District

**MUSTANG SPECIAL UTILITY DISTRICT
 TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS
 SERIES 2008 - BY YEARS
 FISCAL YEAR ENDED SEPTEMBER 30, 2014**

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 100,000	\$ 136,233	\$ 236,233
2016	105,000	130,483	235,483
2017	110,000	124,445	234,445
2018	115,000	118,120	233,120
2019	120,000	111,508	231,508
2020	125,000	104,608	229,608
2021	130,000	97,420	227,420
2022	140,000	89,945	229,945
2023	145,000	81,895	226,895
2024	155,000	73,558	228,558
2025	160,000	64,645	224,645
2026	170,000	55,445	225,445
2027	180,000	45,670	225,670
2028	190,000	35,320	225,320
2029	200,000	24,394	224,394
2030	210,000	12,494	222,494
Total	\$ 2,355,000	\$1,306,183	\$ 3,661,183

Source: Mustang Special Utility District

**MUSTANG SPECIAL UTILITY DISTRICT
 TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS
 SERIES 2009 - BY YEARS
 FISCAL YEAR ENDED SEPTEMBER 30, 2014**

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 40,000	\$ 57,795	\$ 97,795
2016	45,000	55,395	100,395
2017	45,000	52,695	97,695
2018	50,000	49,995	99,995
2019	50,000	46,995	96,995
2020	55,000	44,495	99,495
2021	55,000	41,745	96,745
2022	60,000	38,995	98,995
2023	60,000	35,995	95,995
2024	65,000	32,935	97,935
2025	65,000	29,555	94,555
2026	70,000	26,110	96,110
2027	75,000	22,400	97,400
2028	80,000	18,425	98,425
2029	80,000	14,025	94,025
2030	85,000	9,625	94,625
2031	90,000	4,950	94,950
Total	<u>\$ 1,070,000</u>	<u>\$ 582,130</u>	<u>\$ 1,652,130</u>

Source: Mustang Special Utility District

**MUSTANG SPECIAL UTILITY DISTRICT
 TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS
 SERIES 2014 - BY YEARS
 FISCAL YEAR ENDED SEPTEMBER 30, 2014**

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ -	\$ 62,968	\$ 62,968
2016	-	62,968	62,968
2017	-	62,968	62,968
2018	50,000	62,968	112,968
2019	50,000	59,968	109,968
2020	50,000	56,968	106,968
2021	55,000	53,968	108,968
2022	55,000	50,668	105,668
2023	55,000	49,018	104,018
2024	60,000	46,268	106,268
2025	60,000	44,348	104,348
2026	65,000	42,308	107,308
2027	65,000	39,968	104,968
2028	70,000	37,530	107,530
2029	70,000	34,800	104,800
2030	75,000	32,000	107,000
2031	80,000	29,000	109,000
2032	80,000	25,800	105,800
2033	85,000	22,600	107,600
2034	90,000	19,200	109,200
2035	90,000	15,600	105,600
2036	95,000	12,000	107,000
2037	100,000	8,200	108,200
2038	105,000	4,200	109,200
Total	\$ 1,505,000	\$ 936,284	\$ 2,441,284

Source: Mustang Special Utility District

**MUSTANG SPECIAL UTILITY DISTRICT
 TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS
 ALL SERIES - BY YEARS
 FISCAL YEAR ENDED SEPTEMBER 30, 2014**

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 335,000	\$ 374,529	\$ 709,529
2016	345,000	358,579	703,579
2017	360,000	342,041	702,041
2018	425,000	324,816	749,816
2019	440,000	303,804	743,804
2020	460,000	282,604	742,604
2021	485,000	260,466	745,466
2022	505,000	236,896	741,896
2023	515,000	213,946	728,946
2024	550,000	188,961	738,961
2025	565,000	163,273	728,273
2026	600,000	136,548	736,548
2027	320,000	108,038	428,038
2028	340,000	91,275	431,275
2029	350,000	73,219	423,219
2030	370,000	54,119	424,119
2031	170,000	33,950	203,950
2032	80,000	25,800	105,800
2033	85,000	22,600	107,600
2034	90,000	19,200	109,200
2035	90,000	15,600	105,600
2036	95,000	12,000	107,000
2037	100,000	8,200	108,200
2038	105,000	4,200	109,200
Total	<u>\$ 7,780,000</u>	<u>\$3,654,664</u>	<u>\$ 11,434,664</u>

Source: Mustang Special Utility District

Attachment D

Mustang FY 2016 Budget

Mustang Special Utility District
 FY 2016 Budget
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Special Utility District

**Adopted Budget for the
Fiscal Year 2015-2016**

General Manager – Chris Boyd

Finance Director – Patty Parks

Operations Manager – Aldo Zamora

Customer Service Supervisor – Beth Kazel

About the District-

Mustang SUD began as Mustang Water Supply Corporation and was incorporated on May 13, 1966. The corporation began with 50 customers and 5 board members. Meters were read by each customer and new memberships were limited to available capacity in the lines.

On October 1, 2002, Mustang Water Supply Corporation was converted to the Mustang Special Utility District, under the authority of Article XVI, Section 59, of the Texas Constitution, as amended, and Chapters 49 and 65 of the Texas Water Code. Mustang SUD operates pursuant to the Texas law, and the regulation and authority of the Texas Commission on Environmental Quality. The District exists for the purpose of furnishing potable water and wastewater utility service. The management of the District is controlled by the Board of Directors, the members of which are elected by qualified voters residing within the District's boundaries.

The District's General Manager serves as agent of the Board of Directors, and as the District's Chief Executive Officer to ensure that services and operations are delivered in an efficient and effective manner.

In July 2001, the Board approved contracts with developers along Highway 380 to share service rights, thus allowing the formation of Fresh Water Supply Districts (FWSD) within Mustang. These Districts are now better known as Providence, Paloma Creek, and Savannah subdivisions. In August 2015, Mustang stopped serving the Providence Village WCID.

The District has active service agreements with six fresh water supply districts. Under the terms of these agreements, the District agrees to read each water meter of each retail customer of the freshwater districts one time every month and render a statement to each retail customer for the amount due the freshwater district for water service, sewer service, and solid waste collection, including initial deposits. The District collects the utility payments each month and remits them to the fresh water supply districts once per month. In addition, the District maintains and operates the utility infrastructure, and is compensated for the work according to the agreements.

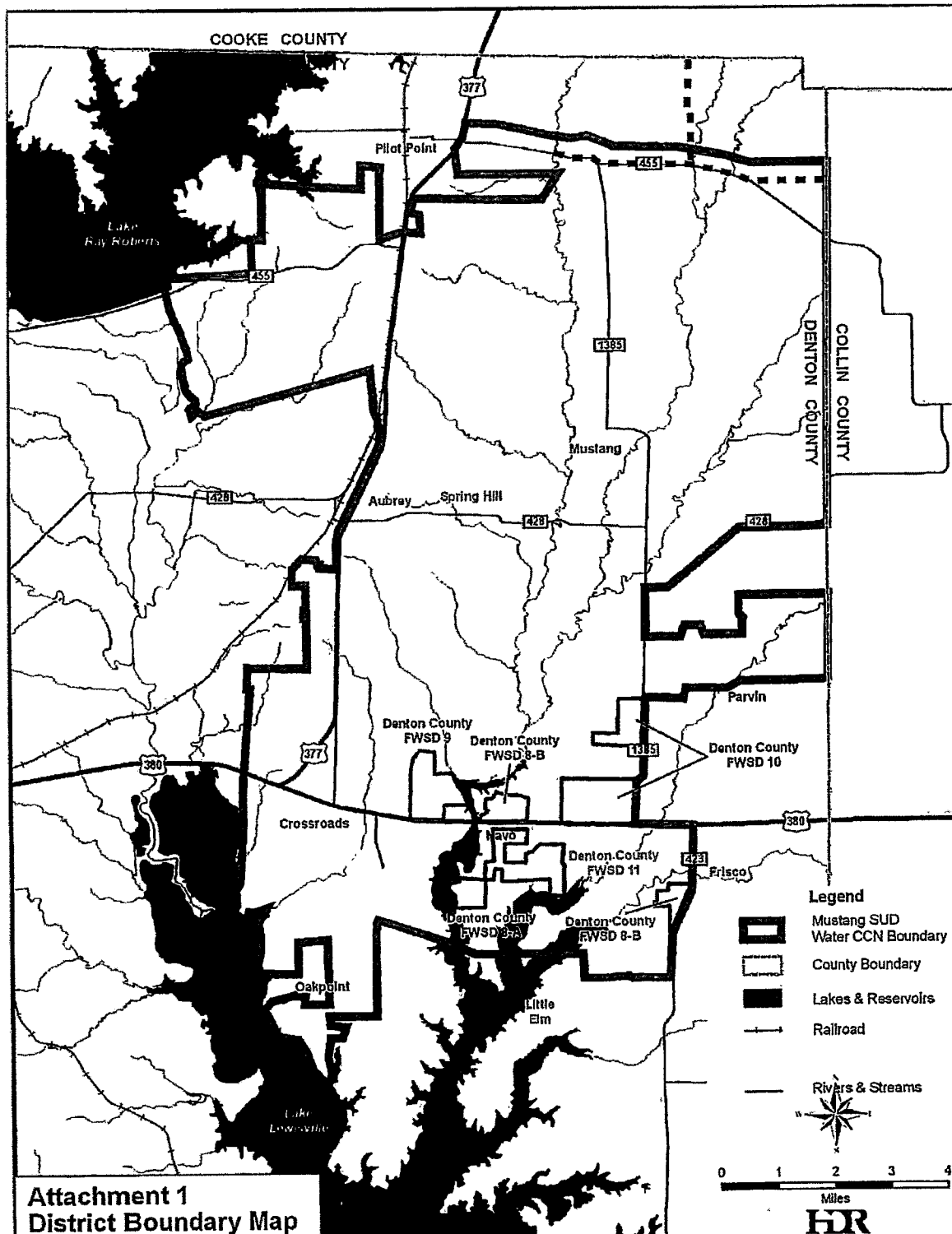
The District's water is obtained from surface and ground water sources. Surface water comes from the Trinity Aquifer and from Lake Lewisville via the Upper Trinity Regional Water District.

The District owns and operates 8 groundwater wells capable of pumping 2.12 million gallons per day; 11 ground storage tanks with total capacity of 2.95 million gallons, 6 pressure tanks with 9,000 gallons capacity, and 3 elevated storage tanks with a capacity of 3.6 million gallons.

The District provides wastewater service to 2,620 Mustang customers. Presently, wastewater treatment for Mustang customers is through a current subscription of 1,050,000 gallons per day in the Peninsula Water Reclamation Plant and the Riverbend Water Reclamation Plant, both operated by the Upper Trinity Regional Water District. Wastewater service is provided to 5,226 fresh water supply district customers through separate subscriptions between Upper Trinity Regional Water District and their fresh water supply districts.

The District is located in the Northeast Denton County area and currently serves approximately 5,200 water customers and approximately 5,400 fresh water supply district customers over an area of 100 square miles.

Mustang SUD's offices are located in Aubrey, Texas.



Enterprise Fund

The District's General Fund is the Enterprise Fund. This fund is modified accrual fund for budgetary purposes, and is a full accrual fund when presented in the audited financial statements. It is used to account for operations that (a) are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges ; or (b) the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989 and continue to follow new FASB pronouncements unless they conflict with GASB guidance.

The Enterprise Fund has five departments:

Administration (103)- This department is used to account for the day to day operations of the office management team and customer service clerks. Within this department the following sections are accounted for: Utility Billing, Finance, and General Manager and his assistant.

Utility Billing is responsible for revenue collections such as meter reading, customer billing, customer cash collections, customer refunds, setting up new customer service, posting all customer payments and adjustments for all customers including the fresh water districts' customers.

Finance is responsible for preparing financial reports, maintaining the general ledger, processing accounts payable, payroll, cash, debt management, auditing, and budget preparation.

The General Manager is responsible for the administration of all District affairs. These responsibilities include making recommendations to the Board, implementing the decisions of the Board of Directors, working with various groups to make District services more effective and to oversee the daily operations of the District.

Operations –Water (104)- This department is used to account for the day to day activities of the water operations department and for the repair and maintenance of all water lines, valves and pump station, water tower and wells.

Waste Water Distribution (105)- This department is used for the operation, maintenance and repair of all sewer lines, manholes, and lift stations connected to the wastewater collection system.

Debt Service-Water (106) -This department is used to account for the payment of debt in relation to bonds issued.

Debt Service-Wastewater (108)- This department is used to account for the payment of debt in relation to bonds issued.

Budget Summary

	2011-2012	2012-2013	2013-2014	Estimated* 2014-2015	Projected 2015-2016
Beginning Fund Equity**	20,461,338	21,117,428	22,631,083	24,557,232	26,194,168
Revenues	5,443,130	7,833,495	8,585,391	9,619,071	9,799,230
Expenditures	6,049,597	6,319,840	6,659,239	7,982,135	9,020,998
Net Change in Net Assets	(606,467)	1,513,655	1,926,152	1,636,936	778,232
Prior Period Adjustments	1,262,556	-	-	-	-
Ending Fund Equity**	21,117,428	22,631,083	24,557,232	26,194,168	26,972,400

*Unaudited

**Fund Equity is the difference between assets and liabilities reported in an enterprise fund.

Revenues

	2011-2012	2012-2013	2013-2014	Estimated* 2014-2015	Projected 2015-2016
Water/Wastewater Sales	3,993,442	5,245,597	4,233,713	4,916,873	5,849,730
Customer Charges/Fees	1,398,781	1,496,888	3,315,147	4,583,330	3,926,500
Misc/Capital Contributions	37,502	1,078,956	1,030,541	110,988	16,000
Interest Income	13,405	12,054	5,990	7,880	7,000
Total Revenues	5,443,130	7,833,495	8,585,391	9,619,071	9,799,230

*Unaudited

Expenditures

	2011-2012	2012-2013	2013-2014	Estimated* 2014-2015	Projected 2015-2016
Personnel Services	890,137	949,557	1,011,663	1,471,891	1,728,715
Water Distribution System	2,394,649	2,563,783	2,539,509	2,539,922	2,777,715
Other	708,108	708,072	896,497	2,230,280	2,703,358
Interest Expense	418,298	429,309	414,551	440,042	461,210
Amortization & Depreciation	1,638,405	1,669,119	1,797,019	1,300,000	1,350,000
Total Expenditures	6,049,597	6,319,840	6,659,239	7,982,135	9,020,998

*Unaudited

There are two major challenges to budgeting each year. Climatic change make predicting water sales a challenge. And since a portion of the water is bought from Upper Trinity Regional Water District (UTRWD), climatic change also makes budgeting for water purchases a challenge. Even though Fresh Water Supply District #9 was contractually obligated to revert to Mustang SUD as of October 1, 2011, the related revenue has not been included in projections, as the contract is being contested by the Town of Providence Village.

FY 2016 Adopted Budget	
Revenues	9,799,230
Transfer (to) from Fund Balance	(2,128,232)
Total Revenues	7,670,998
Expenditures	
103 Admin	1,355,730
104 Water Operations	3,748,454
105 Wastewater Operations	1,578,571
106 Debt Service-Water	843,448
108 Debt Service-WW	144,795
Total Expenditures	7,670,998