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# Harkins Engineering, Inc.

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August 23, 2021

Filing Clerk  
Texas Public Utility Commission  
1701 North Congress  
P.O. Box 13326  
Austin, Texas 78711-3326

RE: Application of Mountain Peak Special Utility District to amend CCN Number 10908 in  
Ellis County, Texas

Dear Filing Clerk:

Please the attached CCN Amend Application for Mountain Peak SUD, required attachments,  
and digital data.

Please let me know if you need any further information or have any additional questions.  
Thank you for your time.

Sincerely,

Victoria Richards Harkins, Ph.D., P.E.  
President

## Application Summary

**Applicant:** Mountain Peak Special Utility District

CCN No. to be amended: 10908

or  Obtain NEW CCN  Water  Sewer

County(ies) affected by this application: Ellis and Johnson

**Dual CCN requested with:** \_\_\_\_\_

CCN No.: \_\_\_\_\_ (name of retail public utility)  
 Portion or  All of requested area

**Decertification of CCN for:** \_\_\_\_\_

CCN No.: \_\_\_\_\_ (name of retail public utility)  
 Portion or  All of requested area

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**Please mark the items included in this filing**

<input type="checkbox"/> Partnership Agreement	Part A: Question 4
<input type="checkbox"/> Articles of Incorporation and By-Laws (WSC)	Part A: Question 4
<input type="checkbox"/> Certificate of Account Status	Part A: Question 4
<input checked="" type="checkbox"/> Franchise, Permit, or Consent letter	Part B: Question 7
<input checked="" type="checkbox"/> Existing Infrastructure Map	Part B: Question 8
<input checked="" type="checkbox"/> Customer Requests For Service in requested area	Part B: Question 9
<input checked="" type="checkbox"/> Population Growth Report or Market Study	Part B: Question 10
<input checked="" type="checkbox"/> TCEQ Engineering Approvals	Part B: Question 11
<input type="checkbox"/> Requests & Responses For Service to ½ mile utility providers	Part B: Question 12.B
<input type="checkbox"/> Economic Feasibility (alternative provider) Statement	Part B: Question 12.C
<input type="checkbox"/> Alternative Provider Analysis	Part B: Question 12.D
<input type="checkbox"/> Enforcement Action Correspondence	Part C: Question 16
<input checked="" type="checkbox"/> TCEQ Compliance Correspondence	Part D: Question 20
<input checked="" type="checkbox"/> Purchased Water Supply or Treatment Agreement	Part D: Question 23
<input type="checkbox"/> Rate Study (new market entrant)	Part E: Question 28
<input type="checkbox"/> Tariff/Rate Schedule	Part E: Question 29
<input checked="" type="checkbox"/> Financial Audit	Part E: Question 30
<input type="checkbox"/> Application Attachment A & B	Part E: Question 30
<input type="checkbox"/> Capital Improvement Plan	Part E: Question 30
<input type="checkbox"/> Disclosure of Affiliated Interests	Part E: Question 31
<input checked="" type="checkbox"/> Detailed (large scale) Map	Part F: Question 32
<input checked="" type="checkbox"/> General Location (small scale) Map	Part F: Question 32
<input checked="" type="checkbox"/> Digital Mapping Data	Part F: Question 32
<input checked="" type="checkbox"/> Signed & Notarized Affidavit	Page 12

**Part A: Applicant Information**

1. A. Name: Mountain Peak Special Utility District  
(individual, corporation, or other legal entity)

Individual  Corporation  WSC  Other: SUD

B. Mailing Address: 5671 Waterworks Road  
Midlothian, Texas 76065

Phone No.: (972) 775-3765 Email: randelkirk@mtpeakwater.com

C. Contact Person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.

Name: Victoria Richards Harkins, Ph.D., P.E. Title: Engineer

Mailing Address: 2413 Belaire East Lane, Granite Shoals, Texas 78654

Phone No.: (512) 784-8511 Email: VHarkins@harkinsengineering.com

2. If the Applicant is someone other than a municipality, is the Applicant currently paid in full on the Regulatory Assessment Fees (RAF) remitted to the TCEQ?

Yes  No  N/A

3. If the Applicant is an Investor Owned Utility (IOU), is the Applicant current on Annual Report filings with the Commission?

Yes  No If no, please state the last date an Annual Report was filed: \_\_\_\_\_

4. The legal status of the Applicant is:

- Individual or sole proprietorship
- Partnership or limited partnership (*attach* Partnership agreement)
- Corporation: Charter number (recorded with the Texas Secretary of State): \_\_\_\_\_
- Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]  
Charter number (as recorded with the Texas Secretary of State): \_\_\_\_\_
- Articles of Incorporation and By-Laws established (*attach*)
- Municipally-owned utility
- District (MUD, SUD, WCID, FWSD, PUD, etc.)
- County
- Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)
- Other (please explain): \_\_\_\_\_

5. If the Applicant operates under an assumed name (i.e., any d/b/a), provide the name below:

Name: \_\_\_\_\_

**Part B: Requested Area Information**

6. Provide details on the existing or expected land use in the requested area, including details on requested actions such as dual certification or decertification of service area.

The area requested is within the current corporate limits of the City of Midlothian. Mountain Peak SUD and its neighboring utilities maintain a proactive and professional relationship regarding the best use of available resources to serve the area. As a result, the utilities have determined the best provider for current un-certificated areas due to location of available resources and land use.

7. The requested area (check all applicable):

Currently receives service from the Applicant  Is being developed with no current customers

Overlaps or is within municipal boundaries  Overlaps or is within district boundaries

Municipality: City of Midlothian District: \_\_\_\_\_

Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

Please see Attachment 1.

8. Describe the circumstances (economic, environmental, etc.) driving the need for service in the requested area:

The area is planned for development to include single use homes. As part of an agreement with neighboring utilities, Mt. Peak SUD and the City of Midlothian have agreed to service areas that best utilize the resources available as well as to meet the needs of the area development. Mt. Peak SUD has an adjacent 16" water line available for service.

9. Has the Applicant received any requests for service within the requested area? See Attachment 2, Current service

Yes\*  No \*Attach copies of all applicable requests for service and show locations on a map

10. Is there existing or anticipated growth in the requested area?

Yes\*  No \*Attach copies of any reports and market studies supporting growth See Attachment 3

11. A. Will construction of any facilities be necessary to provide service to the requested area?

Yes\*  No

B. Date Plans & Specifications or Discharge Permit App. submitted to TCEQ: \_\_\_\_\_



C. Summarize an estimated timeline for construction for any required facilities to serve the requested area:

Purchase water and facilities complete. Current Service

D. Describe the source and availability of funds for any required facilities to serve the requested area:

Developer Contributions and Self-funded

**Note: Failure to provide applicable TCEQ construction or permit approvals, or evidence showing that the construction or permit approval has been filed with the TCEQ may result in the delay or possible dismissal of the application.**

12. A. If construction of a physically separate water or sewer system is necessary, provide a list of all retail public water and/or sewer utilities within one half mile from the outer boundary of the requested area below:

N/A

B. Did the Applicant request service from each of the above water or sewer utilities?

Yes\*       No      \*Attach copies of written requests and copies of the written response

C. Attach a statement or provide documentation explaining why it is not economically feasible to obtain retail service from the water or sewer retail public utilities listed above.

D. If a neighboring retail public utility agreed to provide service to the requested area, attach documentation addressing the following information:

- (A) A description of the type of service that the neighboring retail public utility is willing to provide and comparison with service the applicant is proposing;
- (B) An analysis of all necessary costs for constructing, operating, and maintaining the new facilities for at least the first five years of operations, including such items as taxes and insurance; and
- (C) An analysis of all necessary costs for acquiring and continuing to receive service from the neighboring retail public utility for at least the first five years of operations.

13. Explain the effect of granting the CCN request on the Applicant, any retail public utility of the same kind serving in the proximate area, and any landowners in the requested area. The statement should address, but is not limited to, regionalization, compliance, and economic effects.

As stated, the CCN amendment is a result of proactive measures of all neighboring utilities to best utilize current resources to meet service demands. Mt. Peak SUD is a superior ranked water system in the State of Texas and has a history of providing reliable and consistent water service that exceeds regulatory minimums. The landowners will benefit from the regional approach for best use of resources that directly affect cost and availability.

### Part C: CCN Obtain or Amend Criteria Considerations

14. Describe the anticipated impact and changes in the quality of retail utility service for the requested area:

The applicant currently provides service within the requested area per the agreement with the City of Midlothian. Service will be improved with the availability of superior ranked water service to the entire area.

15. Describe the experience and qualifications of the Applicant in providing continuous and adequate retail service:

Mt. Peak SUD maintains a full line of full time professional and engineering staff. Mt. Peak SUD is a superior ranked water system in the State of Texas and has a history of providing reliable and consistent water service that exceeds regulatory minimums.

16. Has the Applicant been under an enforcement action by the Commission, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG), or the Environmental Protection Agency (EPA) in the past five (5) years for non-compliance with rules, orders, or state statutes?

Yes\*  No

\*Attach copies of any correspondence with the applicable regulatory agency concerning any enforcement actions, and attach a description of any actions or efforts the Applicant has taken to comply with these requirements.

17. Explain how the environmental integrity of the land will or will not be impacted or disrupted as a result of granting the CCN as requested:

The environmental integrity of the land will be improved with meaningful and planned central water service that includes fire flow.

18. Has the Applicant made efforts to extend retail water or sewer utility service to any economically distressed area located within the requested area?

Mt. Peak SUD does not discriminate service to any appropriate applicant.

19. List all neighboring water or sewer retail public utilities, cities, districts (including ground water conservation districts), counties, or other political subdivisions (including river authorities) providing the same service located within two (2) miles from the outer boundary of the requested area:

Sardis Lone Elm WSC  
 City of Midlothian, Texas  
 Prairie Lands GCD  
 Trinity River Authority  
 Ellis County  
 Johnson County

**Part D: TCEQ Public Water System or Sewer (Wastewater) Information**

20. A. Complete the following for all Public Water Systems (PWS) associated with the Applicant's CCN:

TCEQ PWS ID:	Name of PWS:	Date of TCEQ inspection*:	Subdivisions served:
TX0700042	Mountain Peak SUD	6/26/2018	Corporate limits, ETJ
	Inspection, Attachment 4		

\*Attach evidence of compliance with TCEQ for each PWS

- B. Complete the following for all TCEQ Water Quality (WQ) discharge permits associated with the Applicant's CCN:

TCEQ Discharge Permit No:	Date Permit expires:	Date of TCEQ inspection*:	Subdivisions served:
WQ-			
WQ-			
WQ-			
WQ-			

\*Attach evidence of compliance with TCEQ for each Discharge Permit

- C. The requested CCN service area will be served via: PWS ID: TX0700042  
WQ -

21. List the number of existing connections for the PWS & Discharge Permit indicated above (Question 20. C.):

Water				Sewer	
	Non-metered	25	2"		Residential
6,315	5/8" or 3/4"	1	3"		Commercial
100	1"		4"		Industrial
16	1 1/2"	2	Other		Other
Total Water Connections:			6,459	Total Sewer Connections:	

22. List the number of additional connections projected for the requested CCN area:

Water				Sewer	
	Non-metered		2"		Residential
2	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:			2	Total Sewer Connections:	

23. A. Will the system serving the requested area purchase water or sewer treatment capacity from another source?

Yes\*     No    \*Attach a copy of purchase agreement or contract. See Attachment 5

Capacity is purchased from:

Water: City of Midlothian, Texas

Sewer: \_\_\_\_\_

B. Are any of the Applicants PWS's required to purchase water to meet the TCEQ's minimum capacity requirements or TCEQ's drinking water standards?

Yes     No

C. What is the amount of supply or treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:	1,000,000	30%
Sewer:		0%

1 MG/day

24. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?

Yes     No

25. List the name, class, and TCEQ license number of the operators that will be responsible for the operations of the water or sewer utility service provided to the requested area:

Name (as it appears on license)	Class	License No.	Water/Sewer
See Attachment			
See Attachment 6			

26. A. Are any improvements required for the existing PWS or sewer treatment plant to meet TCEQ or Commission standards?

Yes     No

B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:

27. Provide a map (or maps) showing all facilities for production, transmission, and distribution, and the location of existing or proposed customer connections, in the requested area. Facilities should be identified on subdivision plats, engineering planning maps, or other large scale maps. Color coding can be used, and is encouraged, to distinguish types of facilities.

See Attachment 7 for Facilities Map and Attachment 12 for CIP

**Part E: Financial Information**

28. If the Applicant seeking to obtain a CCN for the first time is an Investor Owned Utility (IOU) and under the original rate jurisdiction of the Commission, a proposed tariff must be attached to the application. The proposed rates must be supported by a rate study, which provides all calculations and assumptions made. Once a CCN is granted, the Applicant must submit a rate filing package with the Commission within 18 months from the date service begins. The purpose of this rate filing package is to revise a utility’s tariff to adjust the rates to a historic test year and to true up the new tariff rates to the historic test year. It is the Applicant’s responsibility in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service. Any dollar amount collected under the rates charged during the test year in excess of the revenue requirement established by the Commission during the rate change proceeding shall be reflected as customer contributed capital going forward as an offset to rate base for ratemaking purposes.

29. If the Applicant is an existing IOU, please attach a copy of the current tariff and indicate:

- A. Effective date for most recent rates: \_\_\_\_\_
- B. Was notice of this increase provided to the Commission or a predecessor regulatory authority?  
 No       Yes      Application or Docket Number: \_\_\_\_\_
- C. If notice was not provided to the Commission, please explain why ( ex: rates are under the jurisdiction of a municipality)

**If the Applicant is a Water Supply or Sewer Service Corporation (WSC/SSC) and seeking to obtain a CCN, attach a copy of the current tariff.**

30. **Financial Information**

Applicants must provide accounting information typically included within a balance sheet, income statement, and statement of cash flows. If the Applicant is an existing retail public utility, this must include historical financial information and projected financial information. However, projected financial information is only required if the Applicant proposes new service connections and new investment in plant, or if requested by Commission Staff. If the Applicant is a new market entrant and does not have its own historical balance sheet, income statement, and statement of cash flows information, then the Applicant should establish a five-year projection.

**Historical Financial Information may be shown by providing any combination of the following that includes necessary information found in a balance sheet, income statement, and statement of cash flows:**

- 1. Completed Appendix A;      See Attachment 8
- 2. Documentation that includes all of the information required in Appendix A in a concise format; or
- 3. Audited financial statements issued within 18 months of the application filing date. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

Projected Financial Information may be shown by providing any of the following:

1. Completed Appendix B;
2. Documentation that includes all of the information required in Appendix B in a concise format;
3. A detailed budget or capital improvement plan, which indicates sources and uses of funds required, including improvements to the system being transferred; or
4. A recent budget and capital improvements plan that includes information needed for analysis of the operations test for the system being transferred and any operations combined with the system. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

31. Attach a disclosure of any affiliated interest or affiliate. Include a description of the business relationship between all affiliated interests and the Applicant.

**DO NOT INCLUDE ATTACHMENTS A OR B IF LEFT BLANK**

**Part F: Mapping & Affidavits**

32. Provide the following mapping information with each of the seven (7) copies of the application:
1. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The Applicant should adhere to the following guidance: See Attachment 9
    - i. If the application includes an amendment for both water and sewer certificated service areas, separate maps must be provided for each.
    - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.
    - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
  2. A detailed (large scale) map identifying the requested area in reference to verifiable man-made or natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance: See Attachment 10
    - i. The map should be clearly labeled and the outer boundary of the requested area should be marked in reference to the verifiable man-made or natural landmarks. These verifiable man-made and/or natural landmarks must be labeled and marked on the map as well.
    - ii. If the application includes an amendment for both water and sewer certificated service area, separate maps need to be provided for each.
    - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
  3. One of the following identifying the requested area:
    - i. A metes and bounds survey sealed or embossed by either a licensed state land surveyor or a registered professional land surveyor. Please refer to the mapping guidance in part 2 (above);

- ii. A recorded plat. If the plat does not provide sufficient detail, Staff may request additional mapping information. Please refer to the mapping guidance in part 2 (above); or
- iii. Digital mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US Feet) or in NAD 83 Texas Statewide Mapping System (Meters). The digital mapping data shall include a single, continuous polygon record. The following guidance should be adhered to:
  - a. The digital mapping data must correspond to the same requested area as shown on the general location and detailed maps. The requested area must be clearly labeled as either the water or sewer requested area.
  - b. A shapefile should include six files (.dbf, .shp, .shx, .sbx, .sbn, and the projection (.prj) file). Attachment 11
  - c. The digital mapping data shall be filed on a data disk (CD or USB drives), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

**Part G: Notice Information**

The following information will be used to generate the proposed notice for the application.  
**DO NOT** provide notice until the application is deemed sufficient for filing and the Applicant is ordered to provide notice.

33. Complete the following using verifiable man-made and/or natural landmarks such as roads, rivers, or railroads to describe the requested area (to be stated in the notice documents). Measurements should be approximated from the outermost boundary of the requested area:

The total acreage of the requested area is approximately: 33

Number of customer connections in the requested area: 2

The closest city or town: Midlothian

Approximate mileage to closest city or town center: 0

Direction to closest city or town: 0

The requested area is generally bounded on the North by: Mt. Zion Lane

on the East by: Soil Conservation Reservoir No. 5 and South 14th St.

on the South by: Hawkins Run and Lake Grove Loop

on the West by: South 9th Street

34. A copy of the proposed map will be available at Mt. Peak SUD Office, Midlothian, Texas

Applicant's Oath

STATE OF Texas

COUNTY OF Ellis

I, Clyde Bryant being duly sworn, file this application to obtain or amend a water or sewer CCN, as Mountain Peak Special Utility District

(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further represent that the application form has not been changed, altered, or amended from its original form.

I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants within its certificated service area should its request to obtain or amend its CCN be granted.

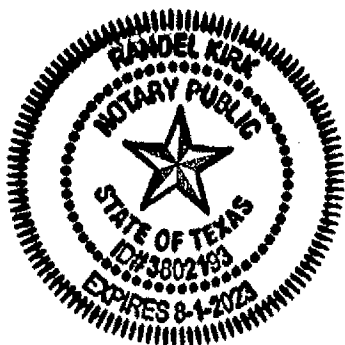
*Clyde I Bryant*

AFFIANT

(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas this day the 20<sup>th</sup> of Aug, 2020



*Randel Kirk*

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

*Randel Kirk*

PRINT OR TYPE NAME OF NOTARY

My commission expires: 8-1-23



## Attachment Index

1. Service Agreement City of Midlothian
2. Current Service Identified
3. Growth Studies, CIP, Thoroughfare Plan
4. Compliance Inspection
5. City of Midlothian Water Contract
6. Operator List
7. Facilities Map
8. Comprehensive Financial Audit
9. Small Scale Map
10. Large Scale Map
11. Digital Data
12. CIP

1. Service Agreement City of Midlothian

**RETAIL WATER SERVICE AREA  
AGREEMENT BETWEEN THE CITY OF MIDLOTHIAN AND  
MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**

**THIS AGREEMENT** is made between the City of Midlothian, a Texas home rule municipality (the "City") and Mountain Peak Special Utility District, a conservation and reclamation district operating as a special utility district under Article XVI, Section 59 of the Texas Constitution ("Mt. Peak"), collectively the "Parties," pursuant to the following considerations:

**WHEREAS**, the City is a retail water service provider within Ellis County, Texas, under Certificate of Convenience and Necessity ("CCN") No. 11706; and

**WHEREAS**, Mt. Peak is a retail water service provider within Ellis and Johnson Counties, Texas, under CCN No. 10908; and

**WHEREAS**, the Parties both provide retail water service to areas within the corporate boundary of the City; and

**WHEREAS**, within certain areas of the City, the CCN boundaries of the Parties are contiguous; and

**WHEREAS**, there exists a certain area within the corporate boundary of the City that is adjacent to the City's and Mt. Peak's existing CCN which is currently uncertificated but that could be served by either Party; and

**WHEREAS**, in the spirit of cooperation and partnership, the Parties wish to designate specific areas within the uncertificated service area for exclusive retail service by either the City or Mt. Peak.

**NOW THEREFORE**, the Parties, pursuant to the foregoing considerations, agree as follows:

1. Term. This Agreement shall remain valid and enforceable until superceded by subsequent written agreement.

2. Property Subject to the Agreement. The Property that is subject to this Agreement is the uncertificated area depicted in Exhibit "A".

3. Agreement of Water Utility Service Areas. The Parties agree to the following:

3.1 The City shall provide exclusive retail water service to the areas as shown in Exhibit "B," which is attached and made a part of this Agreement.

3.2 Mt. Peak shall provide exclusive retail water service to the areas as shown in Exhibit "B," which is attached and made a part of this Agreement.

3.3 The Parties agree that any existing retail water customers within the uncertificated area shall have the right to remain with the current water service provider as long as the property remains as a single-family use. However, upon redevelopment of the property from a single-family use to any other type of use, the water service provider shall become the designated provider for that area.

4. Public Utility Commission of Texas (PUCT) Approval. Within a mutually agreed upon time between the Parties following the execution of this Agreement, the City and Mt. Peak will file the appropriate documents requesting approval of this retail water service area agreement pursuant to applicable section(s) of the Texas Water Code. The Parties will fully cooperate with each other and not take any action to directly or indirectly oppose this application. Each party will pay their respective costs relating to the application.

5. Effective Date: This Agreement is enforceable among the Parties following the execution of this Agreement and as such, the Parties can begin providing service within the areas as shown in Exhibit "B".

6. Applicable Texas Law: This Agreement will be governed by and construed and enforced under the laws of the State of Texas.

7. Venue. The sole and exclusive venue for any disputes arising out of or related to this Agreement shall be in Ellis County, Texas.

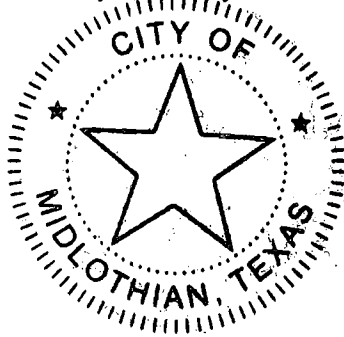
8. Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the Parties hereto and their respective successors and assigns.

9. Entire Agreement: This Agreement contains the entire agreement of the Parties with respect to the subject matter of the Agreement. This Agreement supersedes any and all prior agreements, arrangements, or understandings between the Parties. Any amendments to this Agreement must be in writing and signed by the Parties.

***[Remainder of page intentionally left blank; signature page follows]***

CITY OF MIDLOTHIAN, TEXAS:

EXECUTED by the City of Midlothian on this the 23<sup>rd</sup> day of June, 2020.



By: [Signature]  
Chris Dick, City Manager

ATTEST:

[Signature]  
Tammy Varner, City Secretary

APPROVED AS TO FORM:

[Signature]  
Joseph J. Gorfida, City Attorney

MOUNTAIN PEAK SPECIAL UTILITY DISTRICT:

EXECUTED by Mountain Peak Special Utility District on this 2 day of July, 2020.

By: [Signature]  
Clyde Bryant, President

ATTEST:

[Signature]

APPROVED AS TO FORM:

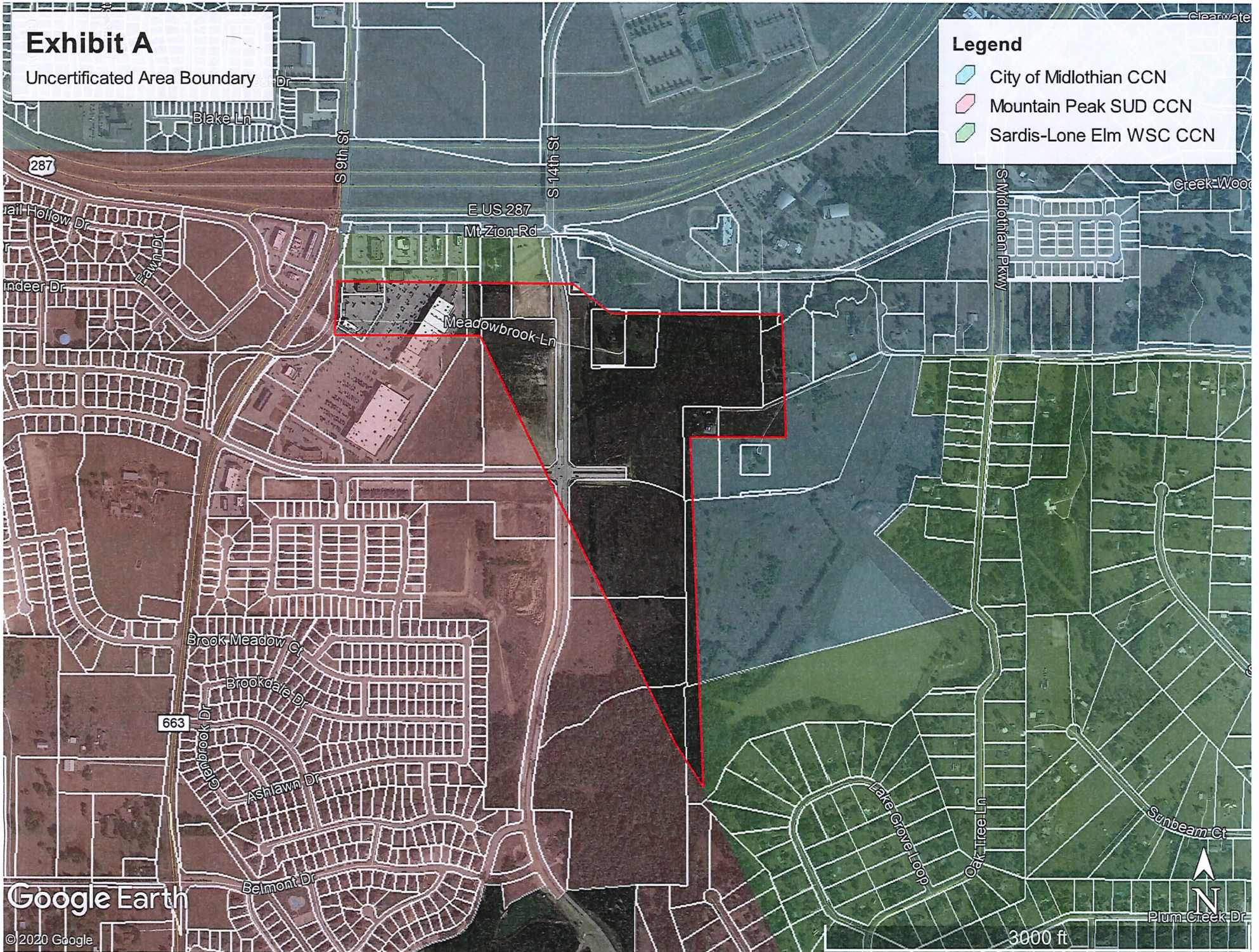
[Signature]

# Exhibit A

Uncertificated Area Boundary

## Legend

- City of Midlothian CCN
- Mountain Peak SUD CCN
- Sardis-Lone Elm WSC CCN

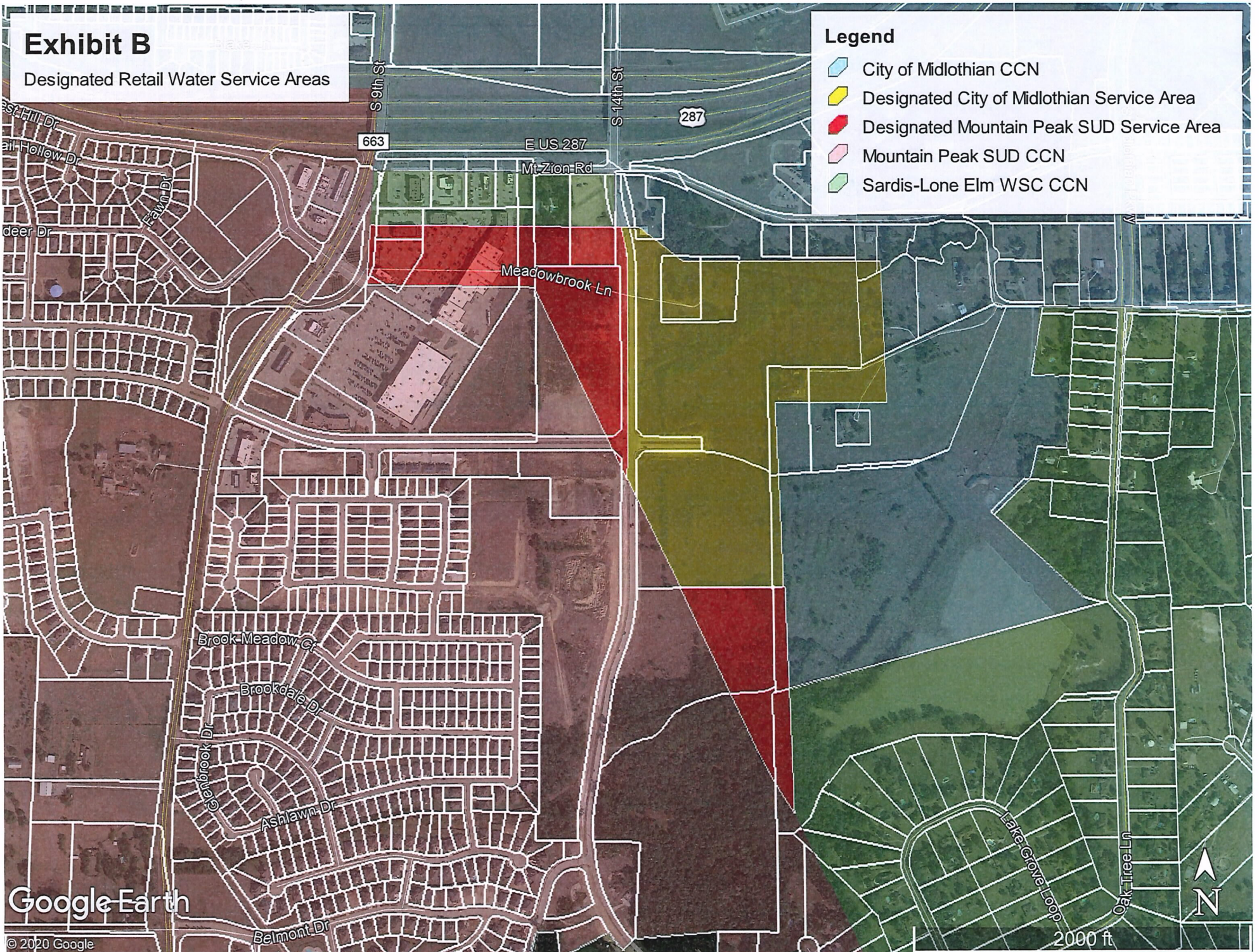


# Exhibit B

Designated Retail Water Service Areas

## Legend

- City of Midlothian CCN
- Designated City of Midlothian Service Area
- Designated Mountain Peak SUD Service Area
- Mountain Peak SUD CCN
- Sardis-Lone Elm WSC CCN



Google Earth

© 2020 Google

2000 ft

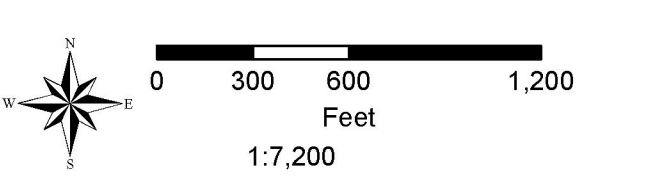
## 2. Current Service Identified





Tarrant	Dallas
Johnson	Ellis

Chili's  
 Petco  
 Chick-Fil-A  
 Midlothian Town  
 Crossing L.P



**Att. 2**  
 CCN Amendment  
 Mt. Peak WSC  
 Ellis County, Texas

February 2021

### 3. Growth Studies, CIP, Thoroughfare Plan

10/10/2020

Third Quarter Report  
July 1—Sept. 30



## Population\*

January 1, 2017 - 25,419

January 1, 2018 - 30,814

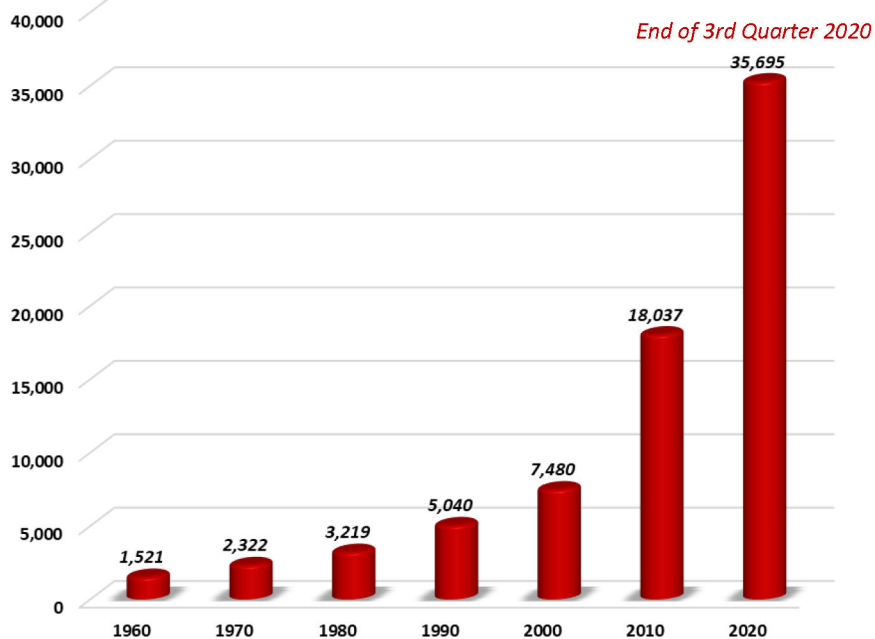
January 1, 2019 - 32,603

January 1, 2020 - 34,339

**End of 2020 Third Quarter :**  
**35,695**



## Population Trend



First Quarter  
Second Quarter  
Third Quarter  
Fourth Quarter

January 1—March 31  
April 1—June 30  
July 1—September 30  
October 1—December 31

\* Population growth estimated using the number of net new dwelling units added to housing stock and average occupancy rate/household size.

# Quarterly Permitting Activity

*Third Quarter 2020*



TYPE	PERMITS (3rd QTR)	PERMITS (YTD)
<b>RESIDENTIAL</b>		
New Construction		
Single Family <i>(Attached &amp; Detached)</i>	151	413
Additions/Remodels	62	146
<b>TOTAL</b>	<b>213</b>	<b>559</b>
<b>NON-RESIDENTIAL</b>		
New Construction	0	5
Additions/Remodels	7	22
Other (Shell Building)	7	7
<b>TOTAL</b>	<b>14</b>	<b>34</b>

## *New Single-Family Dwelling Units (Detached Only)*

	SQUARE FOOTAGE
2019 4th Quarter	2,803
2020 1st Quarter	2,673
2020 2nd Quarter	2,633
<b>2020 3rd Quarter</b>	<b>2,701</b>

## *New & Existing Single-Family Units (Attached & Detached)*

SALE VALUE <i>(Estimate)</i>
\$326,166
\$320,945
\$331,890
<b>\$340,242</b>

*Notes:*

- Sale Value based on the Texas REALTOR Data Relevance Project (MLS, Real Estate Center at Texas A&M, and Texas Association of Realtors)*



## Housing Units Completed\* City-Wide

Quarterly from Fourth Qtr. 2019 to Present

		SINGLE FAMILY	MULTI-FAMILY
Fourth Quarter	2019	96	5 (buildings) - 118 units
First Quarter	2020	121	1 (buildings) - 154 units
Second Quarter	2020	94	0
Third Quarter	2020	144	0
<b>TOTAL</b>		<b>455</b>	<b>6 (buildings) - 272 units</b>



\* Units that received a Residential Certificate of Occupancy (RCO)

## New Development Activity:

Data Center located in RailPort along Railport Parkway



Along US-287 adjacent to Presidential Parkway



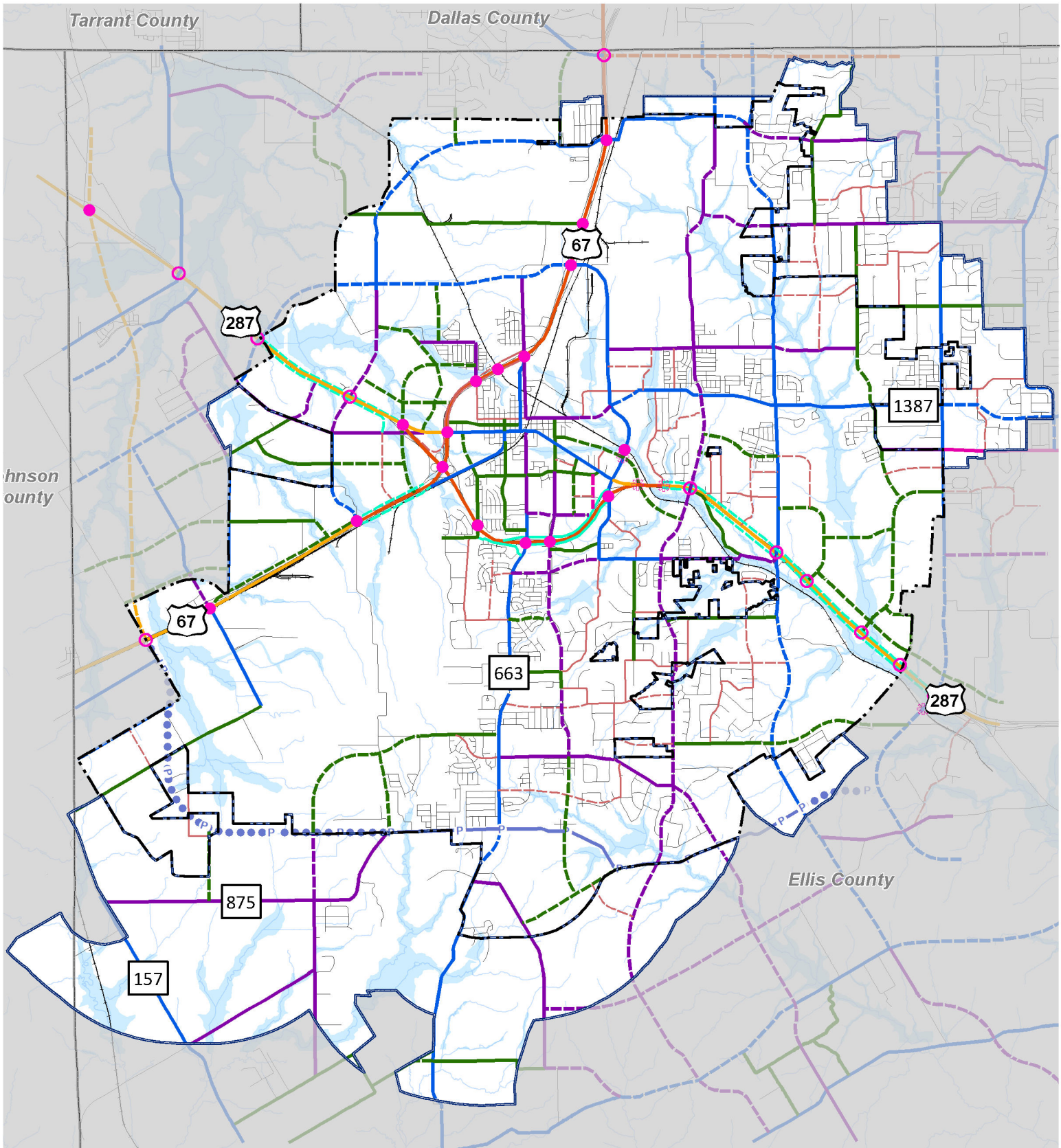
Baylor Scott & White  
HEALTH

On the southwest corner of Harvest Hill Dr. and Reindeer Dr.



Along US-287 adjacent to the Midlothian ISD Multi-Purpose Stadium





### Thoroughfare Plan

- Existing Grade Separation
- Proposed Interchange
- ✻ Proposed Grade Separation
- Existing Freeway
- Proposed Freeway
- Existing Highway
- Proposed Highway
- Existing Major Thoroughfare/Arterial (120' ROW)
- Proposed Major Thoroughfare/Arterial (120' ROW)
- P — Existing Rural Parkway (150' ROW)
- P ● Proposed Rural Parkway (150' ROW)
- Existing Minor Thoroughfare/Arterial (90' ROW)
- Proposed Minor Thoroughfare/Arterial (90' ROW)
- Existing Major Collector (80' ROW)
- Proposed Major Collector (80' ROW)
- Existing Minor Collector B (70' ROW)
- Proposed Minor Collector B (70' ROW)
- Existing Minor Collector B (70' ROW-min)
- Proposed Service Road (60' ROW-min)
- Existing Minor Collector (60' ROW)
- Proposed Minor Collector (60' ROW)
- City Limit
- ETJ
- County Region
- 100 Year Flood Zone (2013)
- Railroad
- Streams

N

1.5 Miles

#### 4. Compliance Inspection

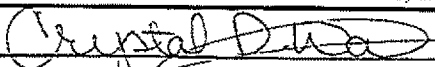
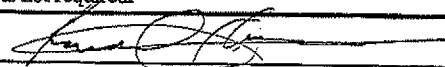
## TCEQ EXIT INTERVIEW FORM: Potential Violations and/or Records Request

Regulated Entity/Site Name	Mountain Peak SUD			TCEQ Add. ID No. RN No (optional)	0700042	
Investigation Type	CCI	Contact Made In-House (Y/N)	Y	Purpose of Investigation	Routine	
Regulated Entity Contact	Randel Kirk			Telephone No.		Date Contacted
Title	General Manager			FAX #/Email address	randelkirk@mtpeakwater.com	FAX/Email date 6/29/18

**NOTICE:** The information provided in this form is intended to provide clarity to issues that have arisen during the investigation process between the TCEQ and the regulated entity named above and *does not represent final TCEQ findings related to violations*. Any potential or alleged violations discovered after the date on this form will be communicated to the regulated entity representative prior to the issuance of a notice of violation or enforcement. Conclusions drawn from this investigation, including additional violations or potential violations discovered (if any) during the course of this investigation, will be documented in a final investigation report.

Issue		For Records Request, identify the necessary records, the company contact and date due to the agency. For Alleged and Potential Violation issues, include the rule in question with the clearly described potential problem. Other type of issues: fully describe.	
No.	Type <sup>1</sup>	Rule Citation (if known)	Description of Issue
1	AV	30 TAC 290.46(m)(1)(B)	Failure to inspect the interior of the pressure tank once every five years.
2	AV	30 TAC 290.46(f)(3)(B)(ix)	Failure to record the monitoring results of the free and total chlorine, monochloramine, ammonia, nitrite, and nitrate used as a part of chloramines in the water system.
3	RR		Provide the Nitrification Action Plan within 14 days.

**Note 1: Issue Type Can Be One or More of: AV (Alleged Violation), PV (Potential Violation), O (Other), or RR (Records Request)**

Did the TCEQ document the regulated entity named above operating without proper authorization?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Did the investigator advise the regulated entity representative that continued operation is not authorized?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<p><b>Document Acknowledgment.</b> Signature on this document establishes only that the regulated entity (RE) representative received a copy of this document and associated continuation pages on the date noted. If contact was made by telephone, the document will be sent via FAX or Email to RE; therefore, the RE signature is not required.</p>		
Crystal D. Watkins		546 56/29/18
Investigator Name (Signed & Printed)	Date	Regulated Entity Representative Name (Signed & Printed)
		
		Date
		7-10-18

If you have questions about any information on this form, please contact your local TCEQ Regional Office.



5. City of Midlothian Water Contract

WATER PURCHASE CONTRACT

THIS AGREEMENT is made and entered into this 10<sup>th</sup> day of December, 1996, by and between the CITY OF MIDLOTHIAN, TEXAS, a municipal corporation, and MIDLOTHIAN WATER DISTRICT (hereinafter collectively called "City"), and MOUNTAIN PEAK WATER SUPPLY CORPORATION (hereinafter called "WSC"), a nonprofit corporation of Ellis and Johnson Counties;

WITNESSETH:

WHEREAS, the WSC is a nonprofit corporation, organized under the laws of the State of Texas and operates a water supply system serving water users within a portion of Ellis and Johnson Counties, Texas; and

WHEREAS, the City owns and operates a water supply distribution system with the capacity capable of serving a portion of WSC service area; and

WHEREAS, the City has agreed to sell WSC water for the use of its customers for the consideration and upon the terms and conditions hereinafter set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

SALE TO PURCHASER

City agrees to sell, furnish and make available to purchaser at the delivery point hereinafter defined, treated water in the quantities and subject to the terms and provisions as set forth in this Agreement.

## ARTICLE II

### QUANTITY

1. The City will furnish the volume of water requested by WSC, subject to (a) thirty (30) days notice of a substantial increase in volume and (b) the terms of this Agreement.

2. The maximum amount of water which City shall be obligated to furnish to WSC in any day during the term of this Agreement shall be as follows:

1997-2000	.20 MGD
2001-2007	.50 MGD
2008-2012	.80 MGD
2013-2017	1.00 MGD

3. Upon written request from WSC, the City may allow more than the prescribed maximum obligation.

4. City will provide water at the delivery point at a reasonably constant rate of flow calculated to meet the maximum daily demand at a constant pressure of not less than fifty pounds per square inch (50 psi) until 2010 and not less than sixty pounds per square inch (60 psi) thereafter, but in any event at a pressure sufficient to deliver the requested volumes.

## ARTICLE III

### RATES AND COMPENSATION

1. WSC agrees to pay City for all water delivered by City to WSC an amount equal to \$1.90 per one thousand gallons of water (herein called "Minimum Rate"). WSC must purchase at least an average per day, on an annualized basis, whether or not WSC actually takes and utilizes said water amount, for each year of this Agreement as follows:

1997 (prorated)	.03 MGD
1998	.03 MGD
1999	.04 MGD
2000	.04 MGD
2001	.05 MGD
2002	.05 MGD
2003	.05 MGD
2004	.06 MGD
2005	.14 MGD
2006	.15 MGD
2007	.15 MGD
2008	.16 MGD
2009	.17 MGD
2010	.22 MGD
2011	.23 MGD
2012	.24 MGD
2013	.25 MGD
2014	.25 MGD
2015	.26 MGD
2016	.27 MGD
2017	.27 MGD

2. Twelve (12) months from the date of this Agreement, and at the end of each twelve-month period thereafter, during the terms of this Agreement, the minimum rate may be increased or decreased on the same percentage increase or decrease in the cost to the City of producing and distributing water within the City. This computation shall exclude capital improvements, if any, to be made to the City's water system. Annually, on request, the City shall furnish to WSC a sworn statement with supporting documents setting forth the cost of producing and distributing one thousand (1,000) gallons of water in the City in accordance with generally accepted standards for the previous twelve-month period. Notwithstanding any such calculation, the price under this Agreement will never exceed by more than five cents (\$.05) the price paid to the City by any other wholesale purchaser of water.

3. In the event any sales or use taxes, or taxes or user fee of any similar nature are imposed on gathering, impounding, taking, sale, use, or consumption of the water received by WSC from City, the amount of the tax or user fee allocable to WSC shall be borne by WSC. Whenever City shall be required to pay, collect, or remit any tax or user fee on water received by WSC, then the tax or user fee will be added to the charges otherwise payable to City under this Agreement, and WSC shall promptly pay or reimburse City for the tax or user fee.

4. If a court, the Texas Natural Resource Conservation Commission or its successors, or any federal or state regulatory authority finds that City rates or policies for delivering water to WSC under this Agreement are unreasonable or otherwise unenforceable, any party hereto has the option to terminate this Agreement without liability to the others.

#### ARTICLE IV

##### POINT OF DELIVERY

The Point of Delivery for water delivered and taken under this Agreement is at the distribution line of the Midlothian water system on the east side of FM663 at the intersection of FM 663 and Roundabout Road.

#### ARTICLE V

##### TITLE TO AND RESPONSIBILITY FOR WATER

1. Title to, possession and control of the water shall remain in the City to the Point of Delivery, as that term is defined herein, where title to, possession and control shall pass to WSC.

2. WSC will install an "airgap" separation at WSC's facilities. There shall be no connections or taps by WSC from the Point of Delivery to the "airgap."

## ARTICLE VI

### METERING FACILITIES

1. City shall furnish, install, operate and maintain at its own expense at the Point of Delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard types for properly measuring and recording the quantity of water taken by WSC.
2. The metering equipment shall be of such type, size and design as shall be satisfactory to and approved by WSC and shall be located near the Point of Delivery at a location to be approved by City and WSC.
3. The properly authorized officers, agents and representatives of City shall at all times have free access to the metering equipment and all other facilities herein provided for the purpose of shutting off water, for the failure to pay the water rates, or for other violations of this Agreement as provided herein, and for the purpose of reading the registration of said meters and to examine, shut off and test the same to ascertain whether or not they are in good condition and repair and to make such repairs upon same as may be necessary, the expense of any and all necessary repairs to be borne by City.
4. City shall test such metering equipment for accuracy upon request by WSC, but not more frequently than once in any twelve-month period. In the event the percentage of accuracy of such metering equipment is found to be within the tolerance of two percent (2%), such meter shall be deemed to have correctly measured the quantity of water taken hereunder. If, however,

upon any test the percentage of the accuracy tolerance, such tolerance is found to be in excess of two percent (2%), then such meter shall be adjusted at once to register correctly and accurately, and the amount paid by WSC to City for the three-month period immediately preceding such test shall be adjusted in accordance with the percentage of inaccuracies found by such test.

5. In the event such metering equipment is taken out of service or out of repair and the amount of water taken cannot be ascertained, or computed by the reading thereof, water taken during this period shall be estimated and agreed upon by both City and WSC.

## ARTICLE VII

### INITIAL DELIVERY

Commencement of the obligations to deliver and take water under the terms of this Agreement, shall occur on the earlier of (i) thirty (30) days after notice by WSC to City of its intention to accept water or (ii) August 30, 1997 (unless construction of WSC's facilities necessary to receive water hereunder is delayed by some act or omission of the City, whereupon commencement shall be delayed until such construction is complete).

## ARTICLE VIII

### DEFAULT

In the event any party hereto breaches any obligation hereunder and fails to cure within twenty (20) days of written notice of such breach, the other may (i) enforce this Agreement by specific performance, (ii) sue for damages (excluding consequential and incidental damages), or (iii) terminate this Agreement by written notice of such election.

## ARTICLE IX

## WATER QUALITY

City, at the Point of Delivery, does warrant the suitability, quality, purity and palatability of the water to be taken under the terms hereof and that said water shall be treated according to the requirements of all state and federal laws and regulations. City shall be solely responsible for any breach of this warranty and shall indemnify, defend and hold harmless from any and all claims for damages, loss of life, injury or illness to any person or persons or for damages to property arising from any such breach of warranty, including, without limitation, the attorneys fees and litigation costs, if any, of WSC.

## ARTICLE X

### PRIORITY

1. In the event City finds the necessity to reduce water supply to its own users, the same pro rata delivery will be effected to WSC. In the event of a reduction of delivery of water, City agrees to give WSC not less than ten (10) days notice of such reduction and the terms of such reduction.

2. WSC shall comply with City's water rationing plans and ordinances and require its retail customers to comply with City's water rationing plans to the extent necessary to ration the water delivered by City to WSC under this Agreement. City's obligations under this Agreement shall be subject to water rationing plans and drought contingency plans required by federal or state regulatory authority with power to require or approve such plans.



## ARTICLE XI

### FORCE MAJEURE

In the event either party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, other than the obligation to make payments of amounts accrued and due hereunder at the time thereof, it is agreed that upon such party's giving notice in full particulars of such force majeure in writing to the other party within a reasonable time after the occurrence of the cause relied upon, then the obligations of the party giving such notice, so far as they are affected by such cause, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall so far as possible be remedied with all reasonable dispatch. The term "force majeure," as employed herein, shall mean interference not reasonably within the control of the party claiming force majeure.

## ARTICLE XII

### TERM

The term of this Agreement shall commence upon the initial delivery of water hereunder and shall extend for an initial term of twenty (20) years with an option of WSC to extend for an additional twenty (20) years under the same terms and conditions.

During the term of this Agreement, on request of either party to this Agreement, a meeting will be called to discuss any problems that may exist concerning this Agreement.

## ARTICLE XIII

### ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the respective parties hereto and their successors, but the same shall not be otherwise assignable in whole or in part by either party without first obtaining the written consent of the other, except by WSC to a Special Utility District, if duly created according to law to provide the service being provided by WSC.

## ARTICLE XIV

### APPLICABLE LAW

The Constitution and the laws of the State of Texas and the decisions of its courts shall govern with respect to any question or controversy which may arise hereunder. Venue is fixed by agreement of the parties in Ellis County, Texas.

## ARTICLE XV

### NOTICES

Any notice, request or other communication under this Agreement shall be given in writing and shall be deemed to have been given by any party to the other party upon either of the following:

1. Three days after the date of the mailing thereof, as shown by a post office receipt, if mailed to the party hereto by registered or certified mail at the address specified below each party's signature for such other party; or

2. The date of the receipt thereof by such other party if not so mailed registered or certified mail.

## ARTICLE XVI

### MISCELLANEOUS

1. All headings of the Articles and particular sections of this Agreement have been inserted for convenience and reference only, and are not to be considered as part of the Agreement, and in no way shall they affect the interpretation of any provision of this Agreement.

2. A waiver by either party of any default by the other hereunder shall not be deemed a waiver by such party of default of the other which may thereafter occur.

3. In case any one or more of the Articles, sections, provisions, clauses or words of this Agreement shall for any reason be held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect any other Articles, sections, provisions, clauses or words of this Agreement, and it is intended that this Agreement shall be severable and shall be construed and applied as if such invalid or unconstitutional Article, section, provision, clause or word had not been included herein.

## ARTICLE XVII

### BILLING PROCEDURE

1. WSC shall pay to the City, within thirty (30) days of receipt of a bill from the City, for the water delivered to WSC hereunder (or WSC's minimum payment obligation, if greater).

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate originals  
on this 10<sup>th</sup> day of December, 1996.

ATTEST:

[Signature]  
Linda Jameson

THE CITY OF MIDLOTHIAN

By: [Signature]

Its: \_\_\_\_\_

235 North 8th Street  
Midlothian, Texas 76065

ATTEST:

[Signature]  
Margie Vaughn

MIDLOTHIAN WATER DISTRICT

By: [Signature]

Its: \_\_\_\_\_

235 North 8th Street  
Midlothian, Texas 76065

ATTEST:

[Signature]  
Linda McBeth

MOUNTAIN PEAK WATER SUPPLY CORPORATION

By: [Signature]

Its: \_\_\_\_\_

President  
5761 Waterworks Road  
Midlothian, Texas 76065

## 6. Operator List

## Attachment 6

<b>Moutain Peak SUD Public Water Supply Operators</b>		
<b>Operator</b>	<b>Grade</b>	<b>License Number</b>
Randel Kirk	B	WG0003779
Ruben Garza	C	WG0011423
Paul Newcomb	C	WG0018250
Ricky Reeder	C	WG0008722
J Lopez	D	WO0046125
David Scott Brundage	D	WO001413

## 7. Facilities Map

MIDLOTHIAN

VENUS

MAYPEARL

WATER PLANT NO. 6  
(ABANDONED)

U.S. 67

U.S. 67

WATER PLANT NO. 7  
PLANT ELEVATION 790' MSL  
300,000 GAL. ELEVATED STORAGE TANK  
OPERATING RANGE:  
LOW = 830' MSL  
HIGH = 840' MSL

WATER PLANT NO. 2  
PLANT ELEVATION 845' MSL  
250 GPM WELL PUMP CAPACITY (TRINITY)  
2-300 GPM HIGH SERVICE PUMP @ 140 TDH  
210,000 GAL. GROUND STORAGE TANK  
OPERATING RANGE:  
LOW = 979' MSL  
HIGH = 988' MSL

WATER PLANT NO. 1  
& OFFICE  
PLANT ELEVATION 841' MSL  
250 GPM WELL PUMP CAPACITY (TRINITY)  
2-300 GPM HIGH SERVICE PUMP @ 150 TDH  
210,000 GAL. GROUND STORAGE TANK  
OPERATING RANGE:  
LOW = 979' MSL  
HIGH = 989' MSL

PRV 1  
ELEV. = 684'  
PRESSURE  
SETTING,  
75 PSI  
(857' MSL)

WATER PLANT NO. 5  
(ABANDONED)

WATER PLANT NO. 4  
PLANT ELEVATION 862' MSL  
350 GPM WELL PUMP CAPACITY (TRINITY)  
2-400 GPM HIGH SERVICE PUMP @ 130 TDH  
500,000 GAL. GROUND STORAGE TANK  
300,000 GAL. ELEVATED STORAGE TANK  
OPERATING RANGE:  
LOW = 979' MSL  
HIGH = 989' MSL

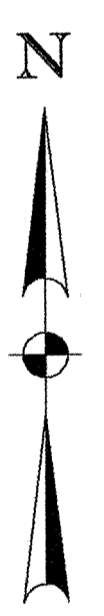
PRV 2  
ELEV. = 672'  
PRESSURE  
SETTING  
80 PSI  
(857' MSL)

PRV 4  
ELEV. = 612'  
PRESSURE  
SETTING  
37.50 PSI  
(698.6' MSL)

PRV 3  
ELEV. = 600'  
PRESSURE  
SETTING  
42.7 PSI  
(698.6' MSL)

WATER WELL NO. 3  
200 GPM - WELL PUMP CAPACITY (TRINITY)

WATER PLANT NO. 3  
PLANT ELEVATION 560' MSL  
2-225 GPM HIGH SERVICE PUMP @ 254 TDH  
65,000 GAL. GROUND STORAGE TANK  
20,000 GAL. GROUND STORAGE TANK  
OPERATING RANGE:  
LOW = 722' MSL  
HIGH = 756' MSL



SCALE IN FEET



SUPPLY CORPORATION

CHILDRESS ENGINEERS  
ENGINEERS & CONSULTANTS  
211 N. RIDGEWAY DRIVE  
CLEBURNE, TEXAS 76033



6/1/03



## 8. Comprehensive Financial Audit



# ANNUAL FILING AFFIDAVIT

STATE OF TEXAS COUNTY OF ELLIS

I, RANDEL KIRK, GENERAL MANAGER of the  
(Name of Duly Authorized District Representative)

MOUNTAIN PEAK SPECIAL UTILITY DISTRICT

(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of the Directors of the District on the 19TH day of MAY, 2020 its annual audit report for the fiscal year or period ended 12/31/2019 and those copies of the annual audit report have been filed in the district office, located at:

5671 WATERWORKS RD. MIDLOTHIAN TEXAS 76065

(Address of District)

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

Date: 5/19/2020

By:

(Signature of District Representative)

RANDEL KIRK, GENERAL MANAGER

(Typed Name & Title of above District Representative)

Sworn to and Subscribed to before me by this 19th day of May, 2020

(SEAL)

(Signature of Notary)

My Commission Expires On: November 6, 2023  
Notary Public in the State of Texas.

## TEXAS WATER CODE SECTION 49.194 FILING OF AUDITS, AFFIDAVITS, AND FINANCIAL REPORTS

- a. After the board has approved the audit, it shall submit a copy of the report to the executive director for filing within 135 days after the close of the district's fiscal year.
- b. If the board refuses to approve the annual audit report, the board shall submit a copy of the report to the executive director for filing within 135 days after the close of the district's fiscal year, accompanied by a statement from the board explaining the reasons for its failure to approve the report.
- c. Copies of the audit, the annual financial dormancy affidavit, or annual financial report described in Sections 49.197 and 49.198 shall be filed annually in the office of the district.
- d. Each district shall file with the executive director an annual filing affidavit in a format prescribed by the executive director, executed by a duly authorized representative of the board, stating that all copies of the annual audit report, annual financial dormancy affidavit, or annual financial report have been filed under this section.
- e. The annual filing affidavit shall be submitted with the applicable annual document when it is submitted to the executive director for filing as prescribed by this subchapter.
- f. The executive director shall file with the attorney general the names of any districts that do not comply with the provisions of this subchapter.

**Added by Acts 1995, 74th Leg., ch. 715, § 2, eff. Sept. 1, 1995.**

You can find the Texas Water Code and most other state laws on the [Legislative web site](#)<sup>1</sup> or in a number of libraries. If you don't have access to the Internet, try the library that serves your local school, county, city, community college, university, or law school. Many of these libraries offer Internet access to the public for free.

### THE ANNUAL FILING AFFIDAVIT IS PRINTED ON THE OTHER SIDE

Please review the affidavit, making sure it has been fully completed, signed, and notarized. Attach the affidavit to the audit report before mailing. Submit the completed affidavit and audit report to:

District Creation Review Team - MC 152

TCEQ

PO Box 13087

Austin TX 78711-3087

Also, this form (TCEQ-0723) is available on the TCEQ [Web site](#)<sup>2</sup>. If you have any questions, please contact us at (512) 239 - 4691. Our facsimile number is (512) 239 - 6190.

TCEQ-0723 (Rev. 07/2012)

<sup>1</sup> <http://www.capitol.state.tx.us/>

<sup>2</sup> [http://www.tceq.texas.gov/cgi-bin/comm\\_exec/forms.pl](http://www.tceq.texas.gov/cgi-bin/comm_exec/forms.pl)

***MOUNTAIN PEAK SPECIAL UTILITY DISTRICT***

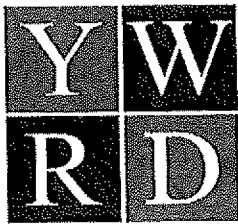
**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT**

For the Year Ended December 31, 2019

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# YWRD, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA | Brandon Diviney, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Mountain Peak Special Utility District  
Midlothian, Texas

We have audited the accompanying financial statements of the business-type activities of Mountain Peak Special Utility District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Mountain Peak Special Utility District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Mountain Peak Special Utility District, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 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 an opinion on the financial statements that collectively comprise Mountain Peak Special Utility District's basic financial statements. The supplementary financial data is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Board of Directors of  
Mountain Peak Special Utility District  
Page Three

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

*YWRD, P.C.*

YWRD, P.C.  
*Certified Public Accountants*

Waxahachie, Texas

May 15, 2020



**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Mountain Peak Special Utility District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2019.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the District exceeded its liabilities at the close of the most recent fiscal year by \$22,352,366 (net position). Of this amount, \$8,593,802 (unrestricted net position) may be used to meet the government's ongoing obligations to customers and creditors.
  
- The District's total net position increased by \$1,366,786.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains one type of proprietary fund. The enterprise fund is used to report the functions that are intended to recover all of their costs through user fees and charges. The District uses the enterprise fund to account for its operations.

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources and liabilities, with the difference between the three 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 Revenues, Expenses, and Change in Net Position shows the revenue sources and expenses and reflects the net change in position for the fiscal year. This statement can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges.

The Statement of Cash Flows provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities.

The fund financial statements can be found on pages 8-10 of this report.

**Notes to Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found on pages 11-21 of this report.

**FINANCIAL ANALYSIS OF THE DISTRICT**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$22,352,366 as of December 31, 2019.

A large portion of the District’s net position (57%) reflects its investments in capital assets (e.g., land, construction in progress, buildings, system improvements, and machinery and equipment). The District uses these capital assets to provide service to customers; consequently these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT’S NET POSITION**

	<u>2019</u>	<u>2018</u>
Current and other assets	\$11,221,298	\$ 9,457,062
Capital assets	<u>15,618,412</u>	<u>15,925,878</u>
Total assets	<u>26,839,710</u>	<u>25,382,940</u>
Deferred Outflows of Resources	<u>92,174</u>	<u>103,696</u>
Long term liabilities	3,041,249	3,234,087
Other liabilities	<u>1,538,269</u>	<u>1,266,969</u>
Total liabilities	<u>4,579,518</u>	<u>4,501,056</u>
Net position:		
Net investment in capital assets	12,713,119	12,882,662
Restricted	1,045,445	974,465
Unrestricted	<u>8,593,802</u>	<u>7,128,453</u>
Total net position	<u>\$22,352,366</u>	<u>\$20,985,580</u>

Certain reclassifications have been made to the prior year data to conform with the current year presentation and reflect adjustments to prior year data.

An additional portion of the District’s net position (5%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$8,593,802, may be used to meet the District’s ongoing obligation to customers and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position.

The following table provides a summary of the District’s operations. The District’s operations increased net position by \$1,366,786 in the current year.

## MOUNTAIN PEAK SPECIAL UTILITY DISTRICT'S CHANGE IN NET POSITION

	2019	2018
Revenues:		
Operating	\$ 4,894,690	\$ 4,807,101
Nonoperating	65,003	40,710
Total revenues	4,959,693	4,847,811
Expenses:		
Depreciation and amortization	830,785	717,158
Other operating	3,587,392	3,077,309
Nonoperating	192,299	151,037
Total expenses	4,610,476	3,945,504
Income before capital contributions	349,217	902,307
Capital contributions	1,017,569	1,002,684
Changes in net position	1,366,786	1,904,991
Net position - beginning, as restated	20,985,580	19,080,589
Net position - ending	\$ 22,352,366	\$ 20,985,580

Certain reclassifications have been made to the prior year data to conform with the current year presentation and reflect adjustments to prior year data.

### CAPITAL ASSETS

The District's investment in capital assets as of December 31, 2019 amounts to \$15,618,412 (net of accumulated depreciation).

Major capital asset events during the current fiscal year included the following:

- Approximately \$142,300 of machinery and equipment was added.
- Approximately \$206,400 of construction in progress was incurred.
- Approximately \$608,700 of construction in progress was completed.

#### Capital Assets at Year-End Net of Accumulated Depreciation

	2019	2018
Land	\$ 633,262	\$ 633,262
Construction in progress	270,356	672,677
Buildings and building improvements	204,016	202,781
System improvements	14,272,768	14,258,728
Machinery and equipment	238,010	158,431
Total	\$ 15,618,412	\$ 15,925,879

Additional information on the District's capital assets can be found in note 3.D on page 17 of this report.

**LONG TERM DEBT**

At the end of the current fiscal year, the District had a total bonded debt of \$3,040,000. The District's bond's are secured solely by the revenues of the District.

**Outstanding Debt at Year End  
Bonds and Note Payable**

	2019	2018
Revenue bonds	\$ 3,040,000	\$ 3,245,000
Note payable	-	2,265
	\$ 3,040,000	\$ 3,247,265

Additional information on the District's long term-debt can be found in note 3.I on pages 19-21 of this report.

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

In the 2020 Budget, operating revenues are budgeted to decrease by 9.73% from the 2019 budget year with water sales making up about 92% of budgeted revenues. The District's water rates are reviewed by staff and the Board of Directors on an annual basis and were last adjusted in July of 2011.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mountain Peak Special Utility District, 5671 Waterworks Road, Midlothian, Texas 76065.

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**STATEMENT OF NET POSITION**  
December 31, 2019

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 8,808,803
Restricted cash and cash equivalents	28,516
Investments	676,513
Receivables (net of allowance for uncollectibles)	575,207
Inventory	79,353
Prepaid items	29,128
Total current assets	<u>10,197,520</u>
Noncurrent assets:	
Restricted cash and cash equivalents	1,023,778
Capital assets:	
Non-depreciable	903,618
Depreciable (net of accumulated depreciation)	<u>14,714,794</u>
Total noncurrent assets	<u>16,642,190</u>
Total assets	<u>26,839,710</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred amount on refunding	<u>92,174</u>
Total deferred outflows of resources	<u>92,174</u>

**LIABILITIES**

Current liabilities:	
Accounts payable	838,615
Accrued payroll payable	5,710
Compensated absences	43,783
Customer deposits payable	513,244
Due to other governments	173,851
Current portion of long-term debt	288,333
Current liabilities payable from restricted assets:	
Accrued interest payable	6,849
Current portion of long-term debt	<u>21,667</u>
Total current liabilities payable from restricted assets	<u>28,516</u>
Total current liabilities	<u>1,892,052</u>
Long-term debt	<u>2,687,466</u>
Total liabilities	<u>4,579,518</u>

**NET POSITION**

Net investment in capital assets	12,713,119
Restricted for debt service	1,045,445
Unrestricted	8,593,802
Total net position	<u>\$ 22,352,366</u>

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

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**  
For the Year Ended December 31, 2019

**OPERATING REVENUES**

Water sales	\$ 4,432,209
Connection fees	148,408
Miscellaneous	214,717
Late charges	99,356
Total operating revenues	4,894,690

**OPERATING EXPENSES**

Contract services	64,815
Dues and subscriptions	19,108
Insurance-employee	183,954
Fuel/auto/equipment	92,556
Repairs and maintenance - system	751,377
Repairs and maintenance - office	48,473
Uniforms	8,668
Water samples	33,223
Insurance-liability/property	49,123
Miscellaneous	38,402
Postage	22,140
Legal	48,547
Accounting	22,300
Office	41,555
Telephone	9,491
Payroll	668,422
Employee retirement plan	32,382
Payroll taxes	50,029
Seminars, meetings and training	6,714
Water purchases	822,979
Utilities	461,363
PrairieLand GCD fees	111,771
Depreciation	830,785
Total operating expenses	4,418,177

**OPERATING INCOME**

476,513

**NONOPERATING REVENUES (EXPENSES)**

Interest	65,003
Interest and fiscal charges	(137,178)
Bond issue costs	(55,121)
Total nonoperating revenue (expenses)	(127,296)

**INCOME BEFORE CONTRIBUTIONS**

349,217

Capital contributions

1,017,569

**CHANGE IN NET POSITION**

1,366,786

**TOTAL NET POSITION, BEGINNING, AS RESTATED**

20,985,580

**TOTAL NET POSITION, ENDING**

\$ 22,352,366

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

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2019

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 4,854,188
Payments to suppliers	(2,514,467)
Payments to employees	(670,166)
Net cash provided by (used for) operating activities	1,669,555

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(590,312)
Contributed capital from customers	1,015,769
Principal paid on capital debt	(287,265)
Interest and fiscal charges paid on capital debt	(95,654)
Net cash provided by (used for) capital and related financing activities	42,538

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on cash and cash equivalents	65,003
Proceeds from maturity of investments	667,102
Purchase of investments	(676,513)
Net cash provided by investing activities	55,592

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 1,767,685

Cash and cash equivalents January 1 (including \$980,067 reported in restricted accounts) 8,093,412

Cash and cash equivalents December 31 (including \$1,052,294 reported in restricted accounts) \$ 9,861,097

**Reconciliation of operating income to net cash provided by (used for) operating activities:**

Operating income	\$ 476,513
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation and amortization	830,785
(Increase) decrease in accounts receivable	(85,552)
(Increase) decrease in inventory	94,604
(Increase) decrease in prepaid items	3,808
Increase (decrease) in accounts payable and accrued expenses	296,711
Increase (decrease) in accounts payroll payable	(7,934)
Increase (decrease) in due to other governments	9,380
Increase (decrease) in compensated absences	6,190
Net increase in customer deposits	45,050
Total adjustments	1,193,042
Net cash provided by (used for) operating activities	\$ 1,669,555

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

Capital assets purchased on account	\$ 3,575
Capital assets contributed from developers	\$ 1,800

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

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting entity**

Pursuant to a petition filed, Mountain Peak Special Utility District (the "District") was created by order of the Texas Water Commission, dated December 18, 2002, pursuant to, and operating under, the provisions of Chapter 65, Texas Water Code. Creation of the District was confirmed at an election held within the boundaries of the District on November 4, 2003.

The District is a political sub-division organized for the purpose of furnishing a water supply for the District CCN number 10908. The authorized service area lies primarily in the northern part of Ellis County, with a portion extending into the eastern part of Johnson County.

The financial statements are prepared on the basis of Governmental Accounting Standards Board (GASB) Statement Number 34, Financial Statements, Management Discussion and Analysis for State and Local Governments and related standards. This statement provides significant changes in terminology, a presentation of net position, as well as an inclusion of a management discussion and analysis.

Accounting principles generally accepted in the United States of America require that this financial statement present the District (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both the following criteria; the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The District does not have any component units that meet these criteria.

**B. Measurement focus, basis of accounting, and basis of presentation**

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, deferred outflows of resources, liabilities, net position, revenues and expenses. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees charged from the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation and debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation and debt service).



**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Measurement focus, basis of accounting, and basis of presentation (continued)**

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into net investment in capital assets; restricted for debt service; and unrestricted components.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operation. The principal operating revenues are charges to customers for sales and services and connection fees intended to recover the cost of connecting new customers to the system. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**C. Assets, deferred outflows of resources, liabilities, and net position**

**1. Cash and cash equivalents**

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

**2. Investments**

Investments maturing more than three months from the date acquired are classified as investments held to maturity. Investments for the District are reported at fair value.

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Assets, deferred outflows of resources, liabilities, and net position (continued)**

**3. Restricted assets**

Certain proceeds of the District's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue bond debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

**4. Receivables**

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of sixty days comprise the trade accounts receivable allowance for uncollectibles.

**5. Inventory and prepaid items**

All inventories are valued at cost using the first-in/first-out (FIFO) method.

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

**6. Capital assets**

Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment are depreciated using the straight line method over the following estimated useful lives:

<b>Capital asset classes</b>	<b>Lives</b>
Buildings and building improvements	20
System improvements	10-50
Machinery and equipment	3-7

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Assets, deferred outflows of resources, liabilities, and net position (continued)**

**7. *Deferred outflows of resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**8. *Compensated absences***

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. All sick pay is accrued when incurred.

**9. *Long-term liabilities***

Bonds payable are reported at face value, net of applicable discounts and deferred loss on refunding. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Losses occurring from advance refunding of debt are deferred and amortized as interest expense over the remaining life of the refunded bonds, or the life of the new bonds, whichever is shorter.

**10. *Net position***

Net position comprise the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position are classified in the following three components:

*Net investment in capital assets* – This component of net position consists of 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Assets, deferred outflows of resources, liabilities, and net position (continued)**

*Restricted* – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary information**

***1. Budgetary basis of accounting***

The District's annual budget is adopted on a budgetary basis of accounting. The legal level of budgetary control is the fund level.

***2. Compliance with finance related legal and contractual provisions.***

The District has no material violations of finance related legal and contractual provisions, including the Texas Public Funds Investment Act.

**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES**

**A. Deposits and investments**

***1. Deposits***

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. At year end, the District's bank balance was \$10,551,465, of which \$1,307,701 was covered by federal depository insurance. Of the remaining uninsured balance of \$9,243,764, \$9,310,266 was covered by collateral pledged in the District's name by the safekeeping department of the pledging bank's agent. The District had an uninsured, uncollateralized balance at one financial institution of \$99,158.

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)**

**A. Deposits and investments (continued)**

**2. Investments**

Public funds of the District may be invested in obligations of the United States of America, its agencies and instrumentalities; direct obligations of the State of Texas and agencies thereof; other obligations, the principal of and interest on which are unconditionally guaranteed by the State of Texas or the United States of America; obligations of the States, agencies thereof, Counties, Cities, Districts and other political subdivisions; repurchase agreements; certificates of deposit; and joint pools of political subdivisions in the State of Texas or other investments authorized by the covenants contained in the proceedings authorizing the issuance of bonds, notes or other obligations.

The District's investments carried at fair value as of December 31, 2019 are:

	<b>Category of Risk</b>	<b>Fair Value</b>
Certificates of deposit	N/A	\$ 676,513

**B. Restricted assets**

The balances of the restricted asset accounts are as follows:

Revenue bond debt service account	\$ 635,012
Revenue bond reserve account	417,282
	\$ 1,052,294

**C. Receivables**

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

<b>Receivables:</b>	
Accounts	\$ 623,895
Other	64,075
Less: allowance for uncollectibles	(112,763)
Net total receivables	\$ 575,207

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)**

**D. Capital assets**

Capital asset activity for the year ended December 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 633,262	\$ -	\$ -	\$ 633,262
Construction in progress	672,677	206,405	(608,726)	270,356
Total capital assets not being depreciated	<u>1,305,939</u>	<u>206,405</u>	<u>(608,726)</u>	<u>903,618</u>
Capital assets being depreciated:				
Buildings and building improvements	417,735	23,550	-	441,285
System improvements	20,770,191	759,777	-	21,529,968
Machinery and equipment	662,891	142,312	-	805,203
Total capital assets being depreciated	<u>21,850,817</u>	<u>925,639</u>	<u>-</u>	<u>22,776,456</u>
Less accumulated depreciation for:				
Buildings and building improvements	(214,954)	(22,315)	-	(237,269)
System improvements	(6,511,463)	(745,737)	-	(7,257,200)
Machinery and equipment	(504,460)	(62,733)	-	(567,193)
Total accumulated depreciation	<u>(7,230,877)</u>	<u>(830,785)</u>	<u>-</u>	<u>(8,061,662)</u>
Total capital assets being depreciated, net	<u>14,619,940</u>	<u>94,854</u>	<u>-</u>	<u>14,714,794</u>
Capital assets, net	<u>\$ 15,925,879</u>	<u>\$ 301,259</u>	<u>\$ (608,726)</u>	<u>\$ 15,618,412</u>

Certain reclassifications have been made to the prior year data to conform with the current year presentation and reflect adjustments to prior year data.

The construction in progress consists of system improvements.

**E. Construction commitments**

The District has construction projects outstanding as of December 31, 2019. These projects consist of system improvements and are evidenced by contractual commitments with \$0 spent to date and \$265,657 of commitment remaining.

**F. Other significant commitments**

The District has renewed a contract with City of Midlothian whereby the City agrees to sell treated water to the District. The contract requires the District to purchase a minimum amount of water on an annualized basis whether or not the District actually takes and utilizes said water amount. The contract is for a period of twenty years ending in 2038.

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)**

**F. Other significant commitments (continued)**

A schedule of future minimum payments due under the contract at the current rate is shown below:

Year Ending December 31	Annual Payment
2020	\$ 304,027
2021	304,027
2022	304,027
2023	304,027
2024	304,027
Thereafter	4,256,378
	\$ 5,776,513

Actual payments for the year ended December 31, 2019 were \$822,979.

**G. Retirement plan**

The District participates in a defined contribution Salary Reduction Simplified Employee Pension Plan (SARSEP), which is administered by Lincoln National Life Insurance Company. Under the terms of the plan, qualifying employees may elect to contribute to the plan a percentage of their compensation which is partially matched by the District. The cost to the District, including administration fees and included in employee retirement plan expense for the year ended December 31, 2019 totaled \$32,382. The amount contributed by employees for the year ended December 31, 2019 totaled \$33,027.

**H. Risk management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not materially exceeded this commercial coverage in any of the past three fiscal years.

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)**

**I. Long-term liabilities**

Revenue Bonds

The District issues bonds where the District pledges income derived from the acquired or constructed assets to pay debt service. The bonds were issued to finance the acquisition and construction of major capital facilities and to provide funds for the refunding of prior revenue bonds. Revenue bonds outstanding at year end are as follows:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2008 - Refunding	\$ 2,555,000	12/1/2027	3.95%-5.14%	\$ 1,555,000
2009A	995,000	12/1/2029	0.00%	500,000
2019 - Refunding	995,000	12/1/2029	0.00%	985,000
				<u>\$ 3,040,000</u>

Long-term liability activity for the year ended December 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
Revenue bonds	\$ 3,245,000	\$ 985,000	\$ (1,190,000)	\$ 3,040,000	\$ 310,000
For issuance discount	(50,771)	-	8,237	(42,534)	-
Total bonds payable	3,194,229	985,000	(1,181,763)	2,997,466	310,000
Note payable	2,265	-	(2,265)	-	-
Compensated absences	37,593	20,355	(14,165)	43,783	43,783
	<u>\$ 3,234,087</u>	<u>\$ 1,005,355</u>	<u>\$ (1,198,193)</u>	<u>\$ 3,041,249</u>	<u>\$ 353,783</u>

Certain reclassifications have been made to the prior year data to conform with the current year presentation and reflect adjustments to prior year data.



**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)**

**I. Long-term liabilities (continued)**

The debt service requirements for the District's bonds and note payable are as follows:

<u>Year Ending December 31</u>	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 310,000	\$ 82,206
2021	315,000	72,366
2022	325,000	63,678
2023	340,000	54,693
2024	345,000	45,214
2025-2029	1,405,000	82,107
	<u>\$ 3,040,000</u>	<u>\$ 400,264</u>

The District has a noninterest bearing bond payable to Texas Water Development Board. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 1.65%, which was the District's long-term borrowing rate at January 2010. The bond is payable in annual installments, including interest, beginning in December 2010 and ending in December 2029. The total unamortized discount at December 31, 2019 was \$42,534.

The resolutions authorizing issuance of the District's bonds provided certain requirements as follows:

*Debt service account.* This section requires monthly transfers from the system account to the debt service account in the amount equal to 1/6 of next maturing interest plus 1/12 of next maturing principal for debt service payments, per the resolutions authorizing issuance of the District's bonds.

*Reserve account.* A reserve account is required by the resolution authorizing issuance of the bonds issued by the District.

Total amounts required to be on deposit in the debt service and reserve accounts compared to actual amounts on deposit are as follows:

	<u>Debt Service Account</u>
Required Present Balance	\$ 28,517
Actual Present Balance	<u>\$ 635,012</u>

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)**

**I. Long-term liabilities (continued)**

<u>Issue</u>	<u>Reserve Required Ultimate Balance</u>	<u>Reserve Required Present Balance</u>	<u>Reserve Actual Present Balance</u>
2009A	\$ 50,000	\$ 50,000	\$ 50,000
Other	294,026	294,026	367,282
	<u>\$ 344,026</u>	<u>\$ 344,026</u>	<u>\$ 417,282</u>

*Additional bonds.* This section required, among other things, that net revenues of the water system amount to 1.25 times average annual principal and interest requirements on all revenue bonds, present and proposed, in order to issue additional revenue bonds.

*Pledge and source of payment.* The District's outstanding bonds are payable solely from, and are secured by a lien on, the District's gross revenues.

**J. Subsequent event**

Subsequent to year end, the District purchased equipment for approximately \$31,700 and received \$62,500 as a result of resolved litigation.

**K. Prior period adjustment**

Corrections have been made to the beginning net position in the government-wide financial statements due to errors in classification and recording of financial transactions in the prior period, resulting in an understatement of assets and an understatement of liabilities. The change to the beginning net position as of January 1, 2019 is summarized as follows:

As previously reported, January 1, 2019	\$ 21,035,164
Correct understatement of capital assets	8,471
Correct understatement of long-term debt	(58,055)
Restated, January 1, 2019	<u>\$ 20,985,580</u>
Effect of restatement on operations for the year ending December 31, 2018:	<u>\$ 15,392</u>

## Supplementary Financial Data

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**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**SCHEDULE OF SERVICES AND RATES**  
 December 31, 2019

**1. Services Provided by the District during the Fiscal Year:**

Retail Water  
 Wholesale Water

**2. Retail Service Providers**

**a. Retail Rates for a 5/8" Meter:**

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water	\$ 22.84	1,000	Y	\$ 4.00	1,001 to 5,000
				4.60	5,001 to 10,000
				5.40	10,001 to 20,000
				6.00	20,001 to 30,000
				6.60	30,001 to 40,000
				7.40	40,001 to 50,000
				9.60	50,001 and above

Total charges for 10,000 gallons usage: \$61.84

**b. Water Retail Connections:**

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	-	-	x 1.0	-
5/8" x 3/4"	-	-	x 1.0	-
3/4"	5,835	5,835	x 1.5	8,753
1"	81	81	x 2.5	203
1 1/2"	13	13	x 5.0	65
2"	28	28	x 8.0	224
3"	1	1	x 17.5	18
4"	-	-	x 30.0	-
6"	1	1	x 62.5	63
Total	5,959	5,959		9,326

**3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):**

Gallons pumped into system:	921,613	Water Accountability Ratio (Gallons billed / Gallons pumped) 67.9%
Gallons billed to customers:	626,230	

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - BUDGET AND ACTUAL**  
For the Year Ended December 31, 2019

	Original and Final Budgeted Amounts	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Actual - Over (Under) Budget
<b>OPERATING REVENUES</b>					
Water sales	\$ 4,061,856	\$ 4,432,209	\$ (20,882)	\$ 4,411,327	\$ 349,471
Connection fees	112,500	148,408	-	148,408	35,908
Miscellaneous	1,227,724	214,717	(23,188)	191,529	(1,036,195)
Late charges	92,145	99,356	-	99,356	7,211
Total operating revenues	<u>5,494,225</u>	<u>4,894,690</u>	<u>(44,070)</u>	<u>4,850,620</u>	<u>(643,605)</u>
<b>OPERATING EXPENSES</b>					
Bad debt	-	-	6,146	6,146	6,146
Contract services	82,500	64,815	3,281	68,096	(14,404)
Dues and subscriptions	11,000	19,108	-	19,108	8,108
Insurance-employee	175,032	183,954	(547)	183,407	8,375
Fuel/auto/equipment	101,500	92,556	1,227	93,783	(7,717)
Repairs and maintenance - system	917,697	751,377	170,244	921,621	3,924
Repairs and maintenance - office	54,000	48,473	(395)	48,078	(5,922)
Uniforms	9,000	8,668	-	8,668	(332)
Water samples	14,000	33,223	(11,617)	21,606	7,606
Insurance-liability/property	46,444	49,123	(2,659)	46,464	20
Miscellaneous	35,250	38,402	-	38,402	3,152
Postage	27,500	22,140	-	22,140	(5,360)
Legal	214,000	48,547	1,093	49,640	(164,360)
Accounting	28,000	22,300	820	23,120	(4,880)
Office	20,000	41,555	(1,629)	39,926	19,926
Telephone	20,000	9,491	(172)	9,319	(10,681)
Payroll	710,671	668,422	1,729	670,151	(40,520)
Employee retirement plan	34,650	32,382	(2,412)	29,970	(4,680)
Payroll taxes	61,213	50,029	394	50,423	(10,790)
Seminars, meetings and training	10,000	6,714	-	6,714	(3,286)
Water purchases	1,562,717	822,979	(200,932)	622,047	(940,670)
Utilities	556,431	461,363	(2,359)	459,004	(97,427)
Prairie/land GCD fees	140,000	111,771	1,012	112,783	(27,217)
Depreciation	-	830,785	(830,785)	-	-
Contingencies	225,348	-	-	-	(225,348)
Total operating expenses	<u>5,056,953</u>	<u>4,418,177</u>	<u>(867,581)</u>	<u>3,550,616</u>	<u>(1,508,337)</u>
OPERATING INCOME	437,272	476,513	823,491	1,300,004	862,732
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest	35,000	65,003	-	65,003	30,003
Loss on disposal of asset	-	-	-	-	-
Interest and fiscal charges	(120,804)	(137,178)	(3,146)	(140,324)	(19,520)
Bond issue costs	-	(55,121)	-	(55,121)	(55,121)
Principal payments	(287,495)	-	(287,265)	(287,265)	230
Capital outlay:					
Vehicles	(35,000)	-	-	-	35,000
Equipment	(150,000)	-	(121,905)	(121,905)	28,095
Water line renewals	(500,000)	-	(55,188)	(55,188)	444,812
Engineering fees	(50,000)	-	(147,642)	(147,642)	(97,642)
Total nonoperating revenue (expenses)	<u>(1,108,299)</u>	<u>(127,296)</u>	<u>(615,146)</u>	<u>(742,442)</u>	<u>365,857</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	(671,027)	349,217	208,345	557,562	1,228,589
Capital contributions	705,000	1,017,569	(1,800)	1,015,769	310,769
CHANGE IN NET POSITION	<u>\$ 33,973</u>	<u>\$ 1,366,786</u>	<u>\$ 206,545</u>	<u>\$ 1,573,331</u>	<u>\$ 1,539,358</u>

Number of persons employed by the District:  
Full-Time 12  
Part-Time 2

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENTS**  
December 31, 2019

	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year
<b>OPERATING:</b>				
Cash on hand	N/A	N/A	N/A	\$ 500
Citizens National Bank - Checking	145953	N/A	On Demand	794
Citizens National Bank - Checking	1695690	0.25%	On Demand	1,208,594
Citizens National Bank - Money Market	50222075	0.45%	On Demand	4,583,752
Citizens National Bank - Money Market	50101766	0.45%	On Demand	2,726,155
Citizens National Bank - Money Market	50222083	0.45%	On Demand	39,008
The Cowboy Bank of Texas - CD	11664	0.50%	08/27/20	34,949
The Cowboy Bank of Texas - CD	11665	0.50%	08/27/20	34,949
The Cowboy Bank of Texas - CD	11806	0.50%	07/11/20	49,845
The Cowboy Bank of Texas - CD	12642	0.60%	09/30/20	124,256
The Cowboy Bank of Texas - CD	12653	0.60%	10/21/20	125,607
InterBank - CD	55000621	0.65%	10/30/20	100,000
InterBank - CD	55001597	0.65%	06/29/20	126,634
Wells Fargo - Savings	3000840354816	0.03%	On Demand	80,273
TexasTrust	175218	N/A	On Demand	250,000
<b>TOTAL OPERATING</b>				<u>9,485,316</u>
<b>DEBT SERVICE:</b>				
Citizens National Bank - Money Market - Bonds	50103226	0.45%	On Demand	635,012
<b>TOTAL DEBT SERVICE</b>				<u>635,012</u>
<b>RESERVE:</b>				
Citizens National Bank - Money Market - Bonds	148148	0.35%	On Demand	116,878
Citizens National Bank - Money Market - Bonds and Note	50102517	0.45%	On Demand	300,404
<b>TOTAL RESERVE</b>				<u>417,282</u>
<b>TOTAL</b>				<u>\$ 10,537,610</u>

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**DEBT SERVICE REQUIREMENTS - BY YEARS**  
December 31, 2019

<u>Due During Fiscal Years Ending</u>	<u>Utility System Revenue Refunding Bonds, Series 2008</u>		
	<u>Principal Due 12/1</u>	<u>Interest Due 6/1, 12/1</u>	<u>Total</u>
2020	\$ 170,000	\$ 61,454	\$ 231,454
2021	175,000	54,735	229,735
2022	180,000	47,819	227,819
2023	190,000	40,706	230,706
2024	200,000	33,197	233,197
2025	205,000	25,293	230,293
2026	215,000	17,191	232,191
2027	220,000	8,694	228,694
	<u>\$ 1,555,000</u>	<u>\$ 289,089</u>	<u>\$ 1,844,089</u>

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**DEBT SERVICE REQUIREMENTS - BY YEARS**  
December 31, 2019

Due During Fiscal Years Ending	Utility System Revenue Bonds, Series 2009A		
	Principal Due 12/1	Interest Due	Total
2020	\$ 50,000	\$ -	\$ 50,000
2021	50,000	-	50,000
2022	50,000	-	50,000
2023	50,000	-	50,000
2024	50,000	-	50,000
2025	50,000	-	50,000
2026	50,000	-	50,000
2027	50,000	-	50,000
2028	50,000	-	50,000
2029	50,000	-	50,000
	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>



**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**DEBT SERVICE REQUIREMENTS - BY YEARS**  
December 31, 2019

Due During Fiscal Years Ending	<u>Utility System Revenue Refunding Bonds, Series 2019</u>		
	<u>Principal Due 12/1</u>	<u>Interest Due 6/1, 12/1</u>	<u>Total</u>
2020	\$ 90,000	\$ 20,752	\$ 110,752
2021	90,000	17,631	107,631
2022	95,000	15,859	110,859
2023	100,000	13,987	113,987
2024	95,000	12,017	107,017
2025	100,000	10,145	110,145
2026	100,000	8,176	108,176
2027	100,000	6,205	106,205
2028	105,000	4,236	109,236
2029	110,000	2,167	112,167
	<u>\$ 985,000</u>	<u>\$ 111,175</u>	<u>\$ 1,096,175</u>

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**DEBT SERVICE REQUIREMENTS - BY YEARS**  
 December 31, 2019

Due During Fiscal Years Ending	Annual Requirements for All Debt		
	Principal Due	Interest Due	Total
2020	\$ 310,000	\$ 82,206	\$ 392,206
2021	315,000	72,366	387,366
2022	325,000	63,678	388,678
2023	340,000	54,693	394,693
2024	345,000	45,214	390,214
2025	355,000	35,438	390,438
2026	365,000	25,367	390,367
2027	370,000	14,899	384,899
2028	155,000	4,236	159,236
2029	160,000	2,167	162,167
	\$ 3,040,000	\$ 400,264	\$ 3,440,264

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**ANALYSIS OF CHANGES IN LONG-TERM DEBT**  
December 31, 2019

	Utility System Revenue Refunding Series 2008	Utility System Revenue Series 2009	Utility System Revenue Series 2009A	Utility System Revenue Refunding Series 2019	Note Payable USDA - Rural Development 1980	Totals
Interest Rate	3.95 -5.14%	1.65-5.850%	N/A	N/A	5.00%	
Dates Interest Payable	6/1; 12/1	6/1; 12/1	N/A	N/A	monthly	
Maturity Dates	12/1/2027	12/01/29	12/01/09	12/01/09	03/20/20	
Beginning Debt Outstanding	\$ 1,720,000	\$ 975,000	\$ 550,000	\$ -	\$ 2,265	\$ 3,247,265
Debt Sold During the Current Year	-	-	-	985,000	-	985,000
Refundings During the Current Year	-	(905,000)	-	-	-	(905,000)
Debt Retired During the Current Year	(165,000)	(70,000)	(50,000)	-	(2,265)	(287,265)
Ending Debt Outstanding	<u>\$ 1,555,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 985,000</u>	<u>\$ -</u>	<u>\$ 3,040,000</u>
Interest Paid During the Current Year	<u>\$ 67,974</u>	<u>\$ 52,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 120,789</u>

Paying Agent's Name and City:

Series 2008 Bank of America, N.A., Dallas, Texas  
Series 2009 Wells Fargo Bank, N.A., Austin, Texas  
Series 2009A Wells Fargo Bank, N.A., Austin, Texas  
Series 2019 Zions Bancorporation, N.A., Dallas, Texas

Note Holder Name and City:

Series 1980 USDA - Rural Development, Cleburne, Texas

Bond Authority:

Amount Authorized By Board of Directors  
Amount Issued  
Remaining To Be Issued

Revenue Bonds
\$ 5,040,000
\$ 5,040,000
\$ -

Restricted debt service cash and temporary investments as of December 31, 2019:

\$ 635,012

Average annual debt service payment (Principal and Interest) for remaining term of all debt:

\$ 344,026

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES**  
Five Years Ended December 31, 2019

	Amounts					Percent of Fund Total Revenues				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
Operating Revenues:										
Water sales	\$ 4,432,209	\$ 4,320,930	\$ 3,612,372	\$ 3,160,158	\$ 3,095,896	90.6%	89.9%	86.3%	88.4%	88.0%
Connection fees	148,408	138,302	188,559	112,775	110,961	3.0%	2.9%	4.5%	3.2%	3.2%
Miscellaneous	214,717	180,174	131,872	80,426	101,193	4.4%	3.7%	3.2%	2.2%	2.9%
Late charges	99,356	95,426	92,052	76,323	74,188	2.0%	2.0%	2.2%	2.1%	2.1%
PrairieLand GCD fee	-	72,269	161,138	146,492	136,910	0.0%	1.5%	3.8%	4.1%	3.9%
Total Operating Revenues	<u>4,894,690</u>	<u>4,807,101</u>	<u>4,185,993</u>	<u>3,576,174</u>	<u>3,519,148</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Expenses:										
Operation	3,587,392	3,085,780	3,052,452	2,840,890	2,398,204	73.3%	64.2%	72.9%	79.4%	68.1%
Depreciation and amortization	830,785	717,158	677,631	627,702	621,043	17.0%	14.9%	16.2%	17.6%	17.6%
Total Operating Expenses	<u>4,418,177</u>	<u>3,802,938</u>	<u>3,730,083</u>	<u>3,468,592</u>	<u>3,019,247</u>	<u>90.3%</u>	<u>79.1%</u>	<u>89.1%</u>	<u>97.0%</u>	<u>85.8%</u>
Operating Income	476,513	1,004,163	455,910	107,582	499,901	9.7%	20.9%	10.9%	3.0%	14.2%
Nonoperating Expenses										
Interest income	65,003	40,710	32,494	26,831	23,482	1.3%	0.8%	0.8%	0.8%	0.7%
Gain (loss) on disposal of assets	-	(1,503)	-	-	550	0.0%	0.0%	0.0%	0.0%	0.0%
Interest and fiscal charges	(137,178)	(156,455)	(152,129)	(148,331)	(160,293)	-2.8%	-3.3%	-3.6%	-4.1%	-4.6%
Total Nonoperating Expenses	<u>(127,296)</u>	<u>(117,248)</u>	<u>(119,635)</u>	<u>(121,500)</u>	<u>(136,261)</u>	<u>-2.6%</u>	<u>-2.4%</u>	<u>-2.9%</u>	<u>-3.4%</u>	<u>-3.9%</u>
Income (loss) before contributions	349,217	886,915	336,275	(13,918)	363,640	7.1%	18.5%	8.0%	-0.4%	10.3%
Capital contributions	1,017,569	1,002,684	2,399,700	1,082,750	738,982	20.8%	20.9%	57.3%	30.3%	21.0%
Change in net position	<u>\$ 1,366,786</u>	<u>\$ 1,889,599</u>	<u>\$ 2,735,975</u>	<u>\$ 1,068,832</u>	<u>\$ 1,102,622</u>	<u>27.9%</u>	<u>39.3%</u>	<u>65.4%</u>	<u>29.9%</u>	<u>31.3%</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>5,959</u>	<u>5,564</u>	<u>5,121</u>	<u>4,609</u>	<u>4,346</u>					

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
 December 31, 2019

Complete District Mailing Address: 5671 Waterworks Road, Midlothian, Texas 76065

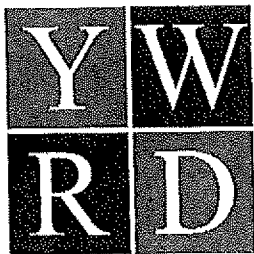
District Business Telephone Number: (972) 775-3765

Submission Date of the most recent District Registration Form: May 9, 2018

Limit on Fees of Office that a Director may received during a fiscal year: \$0

Name	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid* 12/31/2019	Expense Reimbursements 12/31/2019	Title at Year End
<b>Board Members:</b>				
Clyde T. Bryant	5/13/2016	\$ -	\$ -	President
Mike Cull	5/14/2017	-	-	Vice-President
Ann Major	5/13/2016	-	-	Secretary/Treasurer
Doug Clark	5/3/2018	-	-	Director
Dale Knott	1/9/2018	-	-	Director
Sam Hartson	12/11/2018	-	-	Director
Donna Mullins	5/8/2018	-	-	Director
<b>Key Administrative Personnel:</b>				
Randel Kirk	2/88		-	General Manager
<b>Consultants:</b>				
Jackson Walker, L.L.P.	3/15		34,769	Attorney
Miller, Mentzer, P.C.	5/91		12,171	Attorney
YWRD, P.C.	5/01		23,120	Auditor
SAMCO - Mark McIney	2/15		-	Financial Advisor
Childress Engineers	1991		173,752	Engineer

\* Fees of Office are the amounts actually paid to a director during the District's fiscal year.



# YWRD, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA | Brandon Diviney, CPA

May 15, 2020

To the Board of Directors of  
Mountain Peak Special Utility District

We have audited the financial statements of the business-type activities of Mountain Peak Special Utility District for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 5, 2020. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Matters

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Mountain Peak Special Utility District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by Mountain Peak Special Utility District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of the allowance for doubtful accounts is based on historical water revenues, historical loss levels, and an analysis of the collectibility of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for accumulated depreciation is based on the estimated useful life of the capital asset. We evaluated the key factors and assumptions used to develop the allowance for accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes an uncorrected misstatement of the financial statements. Management has determined that its effect is immaterial to the financial statements taken as a whole. The attached material misstatements detected as a result of audit procedures were corrected by management.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated May 15, 2020.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Mountain Peak Special Utility District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Mountain Peak Special Utility District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Board of Directors of  
Mountain Peak Special Utility District  
Page Three

We were engaged to report on supplementary financial data, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Mountain Peak Special Utility District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*YWRD, P.C.*

YWRD, P.C.  
*Certified Public Accountants*

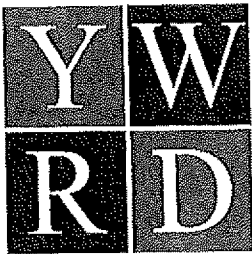


**Mountain Peak Special Utility District  
Uncorrected Misstatements**

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Misstatement
'01	Potential	12/31/19					
		1300	INVENTORY		5,714.61		
		5530	REPAIRS & MAINTENANCE/S'	5,714.61			
			To purpose an entry to adjust inventory to actual for items with incorrect price on listing.			(5,714.61)	Projected Misstatement
		TOTAL		<u>5,714.61</u>	<u>5,714.61</u>	<u>(5,714.61)</u>	

**Mountain Peak Special Utility District  
Corrected Material Misstatements**

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	
PPA01	Adjusting	12/31/19					
		2273	DISCOUNT ON 2009A BOND		88,798.80		
		2273	DISCOUNT ON 2009A BOND	42,533.72			
		2173	DISCOUNT ON 2009A BOND-(		15,025.06		
		2173	DISCOUNT ON 2009A BOND-(	8,237.28			
		3900	UNRESTRICTED NET POSITK	53,052.86			
						0.00	
			To record prior period adjustment correcting the discount on the 2009A bond.				
PPA02	Adjusting	12/31/19					
		2272	2009A BOND PAYABLE		5,000.00		
		3900	UNRESTRICTED NET POSITK	5,000.00			
						0.00	
			To record prior period adjustment correcting bonds payable for the 2009A issue.				
PPA03	Adjusting	12/31/19					
		1505	FURNITURE & FIXTURES	3,999.84			
		3900	UNRESTRICTED NET POSITK		3,999.84		
		1505	FURNITURE & FIXTURES	4,470.57			
		3900	UNRESTRICTED NET POSITK		4,470.57		
						0.00	
			To adjust FA to actual. Closing entry.				
		TOTAL		<u>117,294.27</u>	<u>117,294.27</u>	<u>0.00</u>	



# YWRD, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA | Brandon Diviney, CPA

May 15, 2020

To The Board of Directors  
Mountain Peak Special Utility District  
5671 Waterworks Road  
Midlothian, Texas, 76065

In planning and performing our audit of the financial statements of the Mountain Peak Special Utility District as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency that we consider to be a material weakness and a deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in Mountain Peak Special Utility District's internal control to be a material weakness:

Preparation of Financial Statements – We were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Current auditing standards require auditors to communicate this situation to the Board as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. However, based on current auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.

From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with entities of your size.

The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. We have instructed management to review a draft of the auditor prepared financials in detail for accuracy and we have answered any questions that management might have. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Under the circumstances, the most effective controls lie in management's knowledge of the District's financial operations. It is the responsibility of management and those charged with governance to make the decisions whether to accept the degree of risk associated with this condition because of cost and other consideration. Regarding the specific situations listed above, we would offer the following specific recommendations: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting information to the amounts reported in the financial statements.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

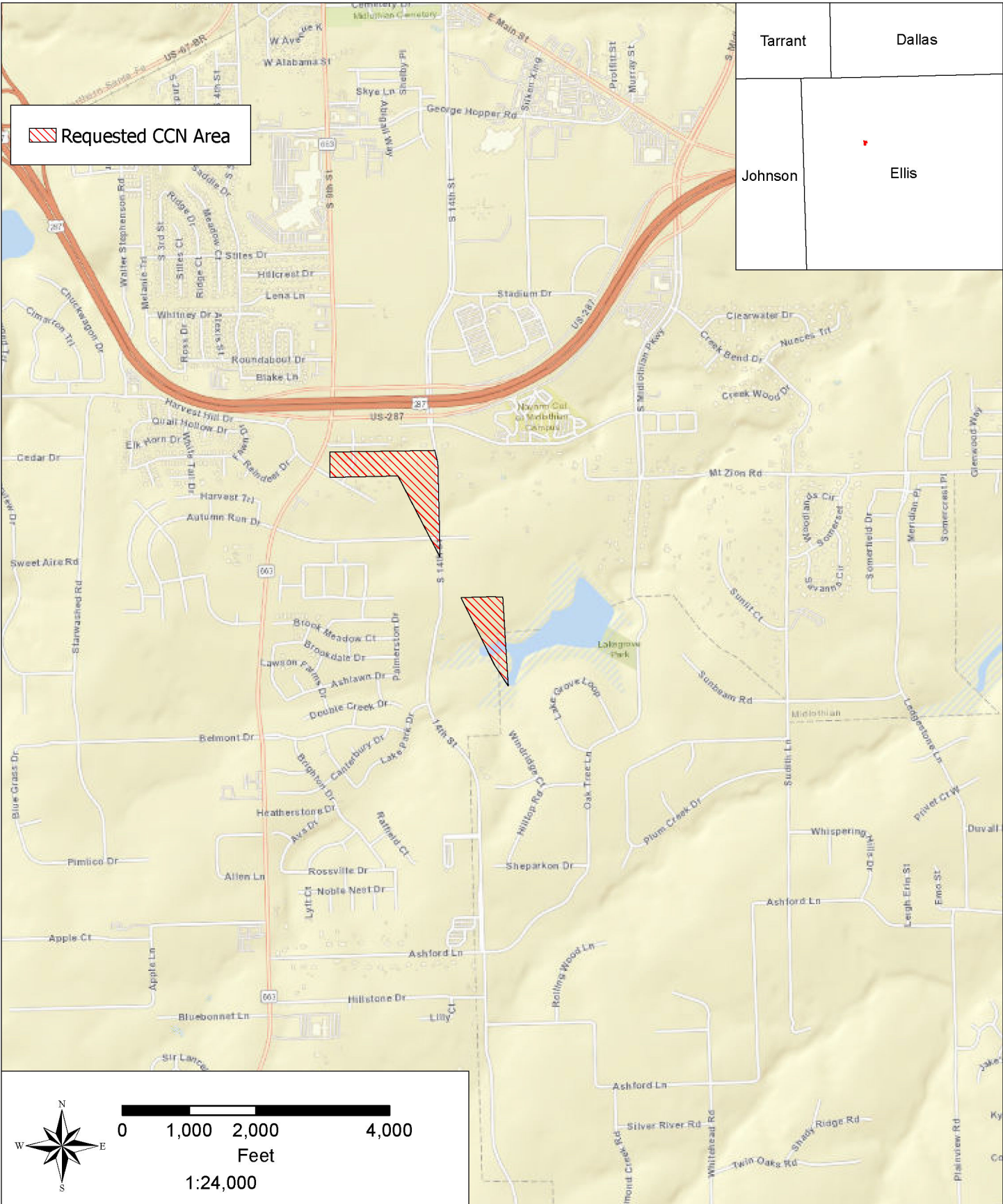
Sincerely,

*YWRD, P.C.*

YWRD, P.C.

*Certified Public Accountants*

## 9. Small Scale Map



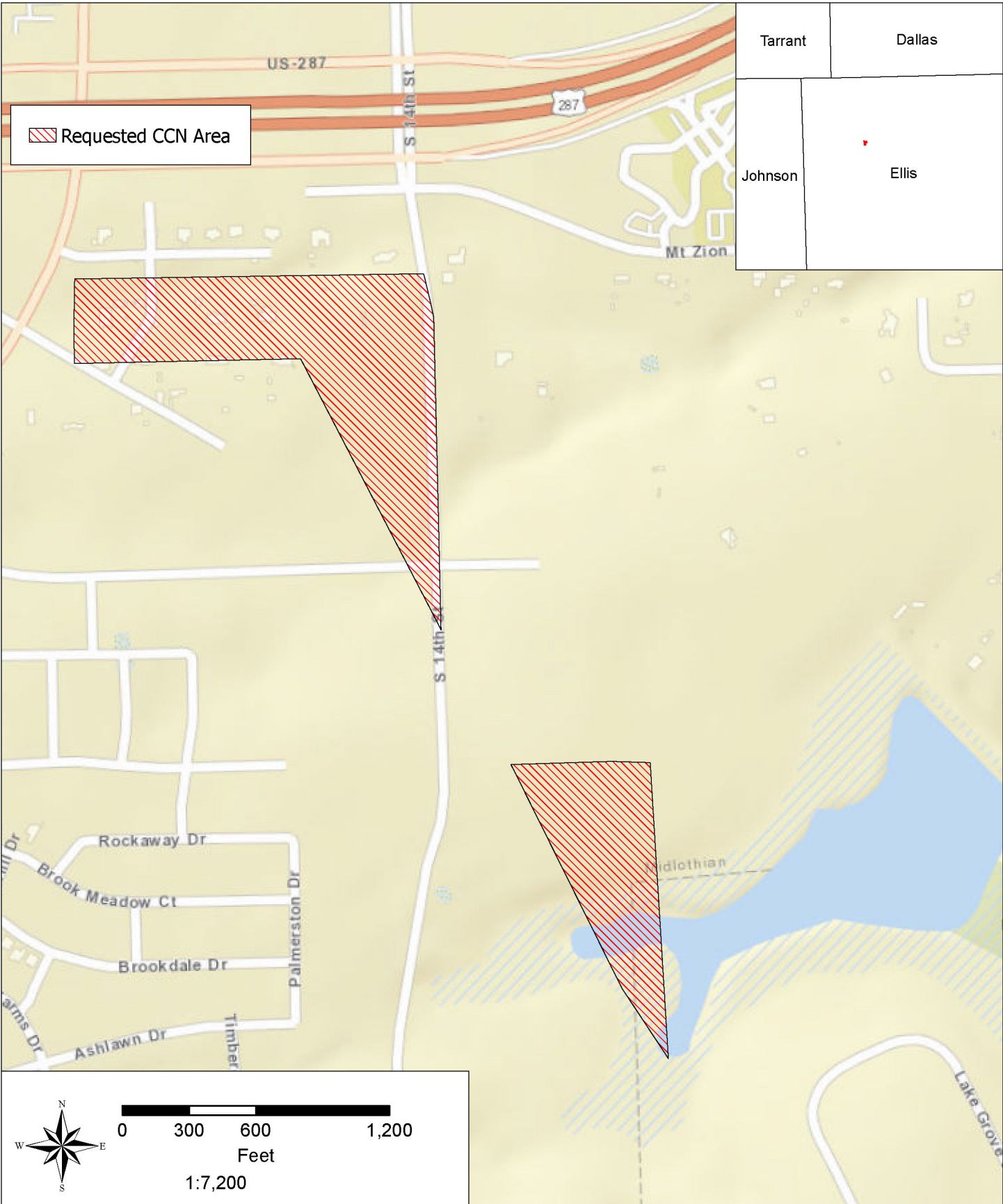
**Harkins  
Engineering,  
Inc.**



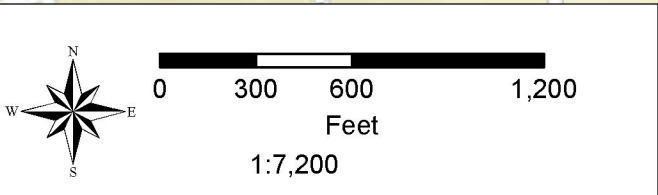
**Exhibit 2**  
**CCN Amendment**  
Mt. Peak WSC  
Ellis County, Texas

February 2021

## 10. Large Scale Map



Tarrant	Dallas
Johnson	Ellis



**Exhibit 2**  
**CCN Amendment**  
 Mt. Peak WSC  
 Ellis County, Texas

February 2021



## 11. Digital Data

12. CIP

## 5-7 EMERGENCY POWER

Due to the large scale natural disasters in recent years such as hurricanes, floods and ice storms, the TCEQ has become very strict on the emergency backup power requirements. In the past, it was sufficient to show a good power outage record from your power provider. However, in lieu of these wide scale events, backup power is now viewed as essential. According to the TCEQ Chapter 290.45 (h), emergency power is required for systems which serve more than 250 connections and do not meet the elevated storage requirement. Mountain Peak exceeds the elevated storage requirements and therefore is exempt from this requirement. Mountain Peak currently has a wind turbine located at Plant No. 1 that, when operating, is capable of powering much of the water plant. Even though Mountain Peak is not required to provide emergency power, consideration should be given to adding a generator at Plant No. 8. With emergency power at that location, depending on the availability of water from the City of Midlothian, Mountain Peak could serve the entire system. Without Midlothian water, power at that location could still augment the water already in the elevated tanks and see the system through a short duration outage. Power generation at both Plant Nos. 8 & 9 could serve up to 0.28 gpm, which is basically an average day demand, to the entire system **without** Midlothian water.

## SECTION 6

### RECOMMENDATIONS

#### 6-1 GENERAL

We have reviewed the Mountain Peak distribution system in order to verify its compliance with TCEQ regulations. Below, we will discuss the various components of this review. We have also listed specific project recommendations in Table 6-1, 2023 Proposed System Improvements. The recommendations should remain flexible and should be updated as system operation conditions change. Growth in the system may dictate that other improvements become greater priorities. Please notify us if there are any changes to the system such as the operating points of the tanks, PRV settings or normally closed valve locations. Any change in the operation can possibly greatly affect system performance.

#### 6-2 SUPPLY

As stated in Section 5, Mountain Peak should have a sufficient supply capacity for another two years, which is not very long. We project that Mountain Peak will need an additional 1.5 MGD by 2023. Currently, our firm is working on the design of two Woodbine wells which will contribute to the available supply. We are also conducting another study to determine the feasibility of constructing a surface water treatment plant to treat water purchased from the Tarrant Regional Water District near the TRWD's balancing reservoirs located east of Baucum Road. If feasible, that project will take several years to come to fruition. In the meantime, the district will have to acquire more water through increased well production (larger well pumps could be installed at Plant Nos. 8 & 9) or another water purchase contract in order to meet its demands. Any surface water option will require Mountain Peak obtaining raw water from TRWD at a buy in cost of approximately \$1,000,000 per MGD and then a water use cost of \$1.27 per thousand gallons. The agreement with TRWD can be completed in approximately four (4)

months, if it is amended onto an existing TRWD customer's contract (like Midlothian), but is designated as being reserved for Mountain Peak. If Mountain Peak wants its own contract with TRWD, it could take eighteen (18) months.

Determining the long term benefits of a water purchase contract has several components. Along with finding a willing seller, we must evaluate the purchase price of the water, "take or pay" provisions, maximum allowable take (annual and flow rate), pumping, storage and transmission requirements as well as the availability of additional water in the future. Although a full evaluation of the all purchase options is beyond the scope of this report, some possible suppliers to be evaluated include:

1. Additional water from the City of Midlothian
2. Sardis-Lone Elm W.S.C.
3. Rockett S.U.D.
4. City of Waxahachie
5. Johnson County S.U.D.

On the surface, purchasing water from the City of Midlothian appears to be the most logical choice. The City has a contract with TRWD, treatment capacity, is in close proximity and can offer multiple take points. However, the district has not always been able to come to consensus with the City. Currently, Midlothian treats and sells water to Sardis-Lone Elm W.S.C. for \$2.60/1000 (gallons.) With the additional \$1.27/1000 for raw water, that is \$3.87/1000 not including the \$1,000,000 per MGD buy in fee. Sardis-Lone Elm W.S.C. could potentially provide up to 0.5 MGD of water passed through their system from Rockett. For more water from Rockett, a dedicated transmission line would need to be constructed. The City of Waxahachie could potentially provide water, but that would also require a costly transmission main. Johnson County S.U.D. currently has an emergency connection with Mountain Peak at the intersection of FM 2738 and Thompson Road, but Mountain Peak's lines are small in that area necessitating the

construction of a transmission main. Constructing pumping and transmission facilities is not necessarily a bad option, but before spending much money to do so, the availability additional water in the future from that potential source must be verified.

In the short evaluation period of this report, we recommend that Mountain Peak obtain contracts for an additional 2 MGD of water. Additional future water beyond five (5) years may be available from the potential treatment plant or will be evaluated in the previously mentioned feasibility report. We will be happy to provide additional assistance to evaluate potential purchase sources.

### **6-3 WATER TREATMENT**

Mountain Peak continues to use a large amount of surface water from the City of Midlothian that has been disinfected with chloramines. Most of it goes into the system through the 20" line and never has to be stored or pumped. Keeping it isolated from the groundwater by closing valves is greatly affecting the ability of the distribution system to deliver peak demands. The majority of future water sources, such as the water treatment facility currently being studied, will also be chloraminated water. It is our recommendation that Mountain Peak convert its existing chlorination facilities to provide chloramination so that the water can be safely blended and transported throughout the system. We can assist the district in preparing the necessary plans and TCEQ coordination.

### **6-4 TOTAL STORAGE**

Mountain Peak is in excellent shape as far as state storage requirements are concerned. No additional storage is recommended at this time.

## **6-5 ELEVATED STORAGE AND BOOSTER PUMPS**

As shown in Section 5, Mountain Peak greatly exceeds the TCEQ requirements for elevated storage through the year 2023. In fact, over 200 gallons per connection should be available for the approximately next 10 years. However, if the district decides to construct and operate a water treatment plant, an additional elevated tank may be a convenient way to maintain pressure to serve the system and the wholesale customers.

## **6-6 EMERGENCY POWER**

Mountain Peak should carefully consider the installation of power generation at Plant No. 8 and Plant No. 9 in an effort to provide better service reliability to its customers. Having power generation at Plant No. 8 with Midlothian water availability or at both Plant Nos. 8 & 9 without Midlothian water, would allow the system to supply water indefinitely as long as there is fuel for the generators.

## **6-7 DISTRIBUTION SYSTEM**

Although the system meets all of the state's distribution pressure requirements on average days and in most areas during peak hour demands, it continues to evolve into an urban system. Fire flow is now a requirement of the county for developments. Many of the system's smaller lines should be replaced in order to meet these needs. As previously mentioned, we have utilized the model to identify pressure problems within the distribution system. We used a step by step approach of running the model, for each increasing demand scenario, and noting the problems in order to prioritize the recommended improvements. We then reviewed pipe total head losses, head loss gradients and velocities and made changes to the model. Through this iterative process, we systematically developed solutions to the various pressure issues. However, standard modeling techniques do not always identify all of the problems since the demands are averaged and evenly distributed throughout the system. We recommend that Mountain Peak establish a

yearly budget item for replacing the small lines along the system's perimeter so that they may be systematically eliminated and then follow through with the construction of those lines. We will be happy to assist you in prioritizing those improvements. The recommended projects are listed in Table 6-1, Proposed System Improvements and include descriptions and estimated costs. The locations of the projects are shown on Figure 6-1. When the projects are scheduled to be designed and constructed, their limits should be examined to ensure that they provide the best value to the Mountain Peak customers for the money being spent. The recommendations should remain flexible and should be updated as system operation conditions change. Growth in the system may dictate changes in improvement priorities.

Water loss is always an issue. Over the last four (4) years, Mountain Peak has had an average unaccounted-for water loss of about 26% or seventeen (17) million gallons per month. At the district's lowest retail rate, that is \$68,000 dollars' worth of missed revenue per month or \$46,000 in actual costs to the district at \$2.70 per thousand. The yearly impact to the budget is \$550,000 to \$800,000. That means the significant funds can be spent to find this loss and still be money ahead. In the past, we have recommended that master meters be installed in the system in several areas in order to compare their readings with the amount being sold downstream. We don't believe that they have been installed or are being used, if they have been installed. Now that the district has meters that can be read virtually instantaneously, the installation of master meters becomes even more attractive. The readings can be compared to the sales meter readings in the areas with no lag time which improves the accuracy. Area losses of the system can then be compared so that more effort can be placed on finding the leaks in the priority areas. We can formulate a plan of where to position the master meters in the system in order to try to locate the sources of the losses.



As you are aware, the maps and hydraulics are only as good as the last update. The previous update was done in 2004. We generally recommend updating them every five (5) years unless rapid growth necessitates it being more frequently. Additions to the system such as large lines, new pump stations or elevated tanks have major effects on system behavior and the model should be updated to reflect those changes quickly. The repetitive process of marking up the old maps, making revisions and checking them requires a considerable amount of time to complete and the hydraulic analysis cannot begin until the maps have been revised. Beginning at or before the recommended time frame will insure that it will not be 14 years until the next update.

Table 6-1  
2023 Proposed System Improvements

Project Number	Sheet	Project Description	Quantity	Unit	* Total Price (\$)
1	N/A	Obtain raw water from TRWD	2	MGD	\$2,000,000
2	N/A	Construct facilities necessary to received treated water from supplier	1	LS	\$1,000,000
3	N/A	Convert disinfection system to chloramines	1	LS	\$300,000
4	39, 40	As long as valve is closed north of FM 157 on Campbell Road, by pass both PRV 3 near that location and PRV 4 farther north along Matthews Road.	1	LS	\$0
5	ALL	Install master meters throughout the system	1	LS	\$500,000
6	28	Extend a 12" line along FM 157 from Marion Road to Armstrong Road (Node 4014 to Node 4013)	2,800	LF	\$280,000
7	38,39	Extend a 12" line along Norrell, Marion & Armstrong Roads to Matthews Road (Node 4387 to Node 1019)	15,000	LF	\$1,500,000
8	16,17,27	Extend a 12" line along FM 2258 to Ozro Road (Node 1022 to Node 1023)	4,300	LF	\$430,000
9	7	Extend a 16" line along CR 213 from Plant No 7 to US 67 and a 12" line to FM 2738 (Node 4072 to Node 3407)	9,500	LF	\$1,140,000
10	31	Extend a 12" line along E.P. Dawson from FM 916 to Brigman Road (Node 3013 to Node 3015)	7,000	LF	\$700,000
11	31	Extend a 12" line along E.P. Dawson from Brigman Road to FM 916 (Node 3015 to Node 3011)	7,000	LF	\$700,000
12	31	Extend a 12" line along FM 875 from Bobby Smith Road to PRV 1 (Node 1004 to PRV 1)	4,000	LF	\$400,000
13	35, 44	Extend a 12" line from Plant 9 to Plant 2	5,500	LF	\$550,000
14	35, 44	Extend a 16" line from Patriot Estates to the intersection of US 67 and CR 213 (Node 4190 to Node 4075)	13,500	LF	\$1,620,000
15	35, 36, 43, 44	Extend a 16" line from Plant 8 to Plant 4	18,500	LF	\$2,775,000
16	34	Install 750kW Generator at Plant No. 8	1	LS	\$800,000
17	35	Install 750kW Generator at Plant No. 9	1	LS	\$800,000
Subtotal					\$15,495,000
Surveying, Engineering, Permitting and Testing				15%	\$2,325,000
<b>Total</b>					<b>\$17,820,000</b>

\* The figures contained herein represent rough budget costs based on average \$/LF prices or approximate lump sum. Designs were not performed to develop these costs. The project limits and costs should be carefully reviewed and updated prior to the beginning of each project.