



## Filing Receipt

**Received - 2022-12-19 05:59:09 PM**  
**Control Number - 53922**  
**ItemNumber - 8**



# Application for Sale, Transfer, or Merger of a Retail Public Utility

*Pursuant to Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.239*

## Sale, Transfer, or Merger (STM) Application Instructions

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, the Applicant should:
  - i. Provide an answer to every question and submit any required attachment applicable to the STM request (i.e., agreements or contracts).
  - ii. Use attachments or additional pages to answer questions as necessary. If you use attachments or additional pages, reference their inclusion in the form.
  - iii. Provide all mapping information as detailed in Part G: Mapping & Affidavits.
- II. **FILE:** Seven (7) copies of the completed application with numbered attachments. One copy should be filed with no permanent binding, staples, tabs, or separators; and 7 copies of the portable electronic storage medium containing the digital mapping data.
  - i. **SEND TO:** Public Utility Commission of Texas, Attention: Filing Clerk, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 (NOTE: Electronic documents may be sent in advance of the paper copy, however they will not be processed and added to the Commission's on-line Interchange until the paper copy is received and file-stamped in Central Records).
- III. The application will be assigned a docket number, and an administrative law judge (ALJ) will issue an order requiring Commission Staff to file a recommendation on whether the application is sufficient. The ALJ will issue an order after Staff's recommendation has been filed:
  - i. **DEFICIENT (Administratively Incomplete):** Applicants will be ordered to provide information to cure the deficiencies by a certain date, usually 30 days from ALJ's order. *Application is not accepted for filing.*
  - ii. **SUFFICIENT (Administratively Complete):** Applicants will be ordered by the ALJ to give appropriate notice of the application using the notice prepared by Commission Staff. *Application is accepted for filing.*
- IV. Once the Applicants issue notice, a copy of the actual notice sent and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may request a hearing on the merits.  
**HEARING ON THE MERITS:** An affected party may request a hearing within 30 days of notice. In this event, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.
- V. **TRANSACTION TO PROCEED:** at any time following the provision of notice, or prior to 120 days from the last date that proper notice was given, Commission Staff will file a recommendation for the transaction to proceed as proposed or recommend that the STM be referred to SOAH for further investigation. The Applicants will be required to file an update in the docket to the ALJ every 30 days following the approval of the transaction. The transaction must be completed within six (6) months from the ALJ's order (Note: The Applicants may request an extension to the 6 month provision for good cause).
- VI. **FILE:** Seven (7) copies of completed transaction documents and documentation addressing the transfer or disposition of any outstanding deposits. After receiving all required documents from the Applicants, the application will be granted a procedural schedule for final processing. The Applicants are requested to consent in writing to the proposed maps and certificates, or tariff if applicable.
- VII. **FINAL ORDER:** The ALJ will issue a final order issuing or amending the applicable CCNs.

### **FAQ:**

#### ***Who can use this form?***

Any retail public utility that provides water or wastewater service in Texas.

#### ***Who is required to use this form?***

A retail public utility that is an investor owned utility (IOU) or a water supply corporation (WSC) prior to any STM of a water or sewer system, or utility, or prior to the transfer of a portion of a certificated service area.

### **Terms**

**Transferor:** Seller

**Transferee:** Purchaser

**CCN:** Certificate of Convenience and Necessity

**STM:** Sale, Transfer, or Merger

**IOU:** Investor Owned Utility



## Application Summary

**Transferor:** Skyline Drive Landowners Association

*(selling entity)*

**CCN No.s:** 12479

☐ Sale
 ☐ Transfer
 ☒ Merger
 ☐ Consolidation
 ☐ Lease/Rental

**Transferee:** Johnson County Special Utility District

*(acquiring entity)*

**CCN No.s:** 10081

☒ Water
 ☐ Sewer
 ☐ All CCN
 ☐ Portion CCN
 ☐ Facilities transfer

**County(ies):** Johnson

## Table of Contents

<b>Sale, Transfer, or Merger (STM) Application Instructions .....</b>	<b>1</b>
<b>Part A: General Information .....</b>	<b>3</b>
<b>Part B: Transferor Information .....</b>	<b>3</b>
<b>Part C: Transferee Information .....</b>	<b>4</b>
<b>Part D: Proposed Transaction Details .....</b>	<b>6</b>
<b>Part E: CCN Obtain or Amend Criteria Considerations .....</b>	<b>8</b>
<b>Part F: TCEQ Public Water System or Sewer (Wastewater) Information .....</b>	<b>9</b>
<b>Part G: Mapping &amp; Affidavits .....</b>	<b>10</b>
<b>Part H: Notice Information .....</b>	<b>12</b>
<b>Appendix A: Historical Financial Information (Balance Sheet and Income Schedule) .....</b>	<b>15</b>
<b>Appendix B: Projected Information .....</b>	<b>18</b>

### Please mark the items included in this filing

<input checked="" type="checkbox"/> Contract, Lease, Purchase, or Sale Agreement	Part A: Question 1
<input checked="" type="checkbox"/> Tariff including Rate Schedule	Part B: Question 4
<input type="checkbox"/> List of Customer Deposits	Part B: Question 5
<input type="checkbox"/> Partnership Agreement	Part C: Question 7
<input type="checkbox"/> Articles of Incorporation and By-Laws (WSC)	Part C: Question 7
<input type="checkbox"/> Certificate of Account Status	Part C: Question 7
<input checked="" type="checkbox"/> Financial Audit	Part C: Question 10
<input checked="" type="checkbox"/> Application Attachment A & B	Part C: Question 10
<input type="checkbox"/> Disclosure of Affiliated Interests	Part C: Question 10
<input checked="" type="checkbox"/> Capital Improvement Plan	Part C: Question 10
<input type="checkbox"/> List of Assets to be Transferred	Part D: 11.B
<input type="checkbox"/> Developer Contribution Contracts or Agreements	Part D: 11.D
<input type="checkbox"/> Enforcement Action Correspondence	Part E: Question 18 (Part D: Q12)
<input checked="" type="checkbox"/> TCEQ Compliance Correspondence	Part F: Question 22
<input checked="" type="checkbox"/> TCEQ Engineering Approvals	Part F: Question 24
<input checked="" type="checkbox"/> Purchased Water Supply or Treatment Agreement	Part F: Question 26
<input checked="" type="checkbox"/> Detailed (large scale) Map	Part G: Question 29
<input checked="" type="checkbox"/> General Location (small scale) Map	Part G: Question 29
<input checked="" type="checkbox"/> Digital Mapping Data	Part G: Question 29
<input checked="" type="checkbox"/> Signed & Notarized Oath	Page 13-14

### Part A: General Information

1. Describe the proposed transaction, including the effect on all CCNs involved, and provide details on the existing or expected land use in the area affected by the proposed transaction. Attach all supporting documentation, such as a contract, a lease, or proposed purchase agreements:

Skyline Drive has desired for Johnson County Special Utility District to take responsibility for the Skyline Drive Landowners Association. A full report of the effect on the CCN's is attached as Exhibit A.

2. The proposed transaction will require (check all applicable):

For **Transferee** (Purchaser) CCN:

For **Transferor** (Seller) CCN:

- ☐ Obtaining a NEW CCN for Purchaser  
☒ Transfer all CCN into Purchaser's CCN (Merger)  
☐ Transfer Portion of CCN into Purchaser's CCN  
☐ Transfer all CCN to Purchaser and retain Seller CCN  
☐ Uncertificated area added to Purchaser's CCN

- ☒ Cancellation of Seller's CCN  
☐ Transfer of a Portion of Seller's CCN to Purchaser  
☐ Only Transfer of Facilities, No CCN or Customers  
☐ Only Transfer of Customers, No CCN or Facilities  
☐ Only Transfer CCN Area, No Customers or Facilities

### Part B: Transferor Information

Questions 3 through 5 apply only to the *transferor* (current service provider or seller)

3. A. Name: Skyline Drive Landowners Association  
(individual, corporation, or other legal entity)  
☐ Individual ☐ Corporation ☐ WSC ☒ Other: LOA

B. Mailing Address: 8604 Skyline Drive  
Joshua, TX 76058

Phone: (817) 517-3111 Email: rgc42@yahoo.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: Randy Chitwood Title:

Mailing Address: 8604 Skyline Drive, Joshua, TX 76058

Phone: (817) 517-3111 Email: rgc42@yahoo.com

4. If the utility to be transferred is an Investor Owned Utility (IOU), for the most recent rate change, attach a copy of the current tariff and complete A through B:

A. Effective date for most recent rates: November 1, 1999

- B. Was notice of this increase provided to the Public Utility Commission of Texas (Commission) or a predecessor regulatory authority?

☐ No ☒ Yes Application or Docket Number: App #32771-G (See Exhibit B)

**If the transferor is a Water Supply or Sewer Service Corporation, provide a copy of the current tariff.**

5. For the customers that will be transferred following the approval of the proposed transaction, check all that apply:

☐ There are no customers that will be transferred

☒ # of customers without deposits held by the transferor 33

☐ # of customers with deposits held by the transferor\*                     

\*Attach a list of all customers affected by the proposed transaction that have deposits held, and include a customer indicator (name or account number), date of each deposit, amount of each deposit, and any unpaid interest on each deposit.

**Part C: Transferee Information**

**Questions 6 through 10 apply only to the transferee (purchaser or proposed service provider)**

6. A. Name: Johnson County Special Utility District  
(individual, corporation, or other legal entity)  
☐ Individual ☐ Corporation ☐ WSC ☒ Other: Special Utility District

B. Mailing Address: PO Box 1390 Joshua, TX 76058

---

Phone: (817) 760-5200 Email: www.jcsud.com

C. **Contact Person.** 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: Dana Collier Title: Deputy GM-System Development & Operations

Address: PO Box 1390 Joshua, TX 76058

Phone: (817) 760-5226 Email: dcollier@jcsud.com

D. If the transferee is someone other than a municipality, is the transferee current on the Regulatory Assessment Fees (RAF) with the Texas Commission on Environmental Quality (TCEQ)?

☐ No ☒ Yes ☐ N/A

E. If the transferee is an IOU, is the transferee current on the Annual Report filings with the Commission?

☐ No ☐ Yes ☒ N/A

7. The legal status of the transferee is:

☐ Individual or sole proprietorship

☐ Partnership or limited partnership (*attach* Partnership agreement)

☐ Corporation |  
Charter number (as 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, etc.)

- ☐ County
- ☐ Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)
- ☐ Other (please explain): \_\_\_\_\_

8. If the transferee operates under any d/b/a, provide the name below:

Name: JCSUD

9. If the transferee's legal status is anything other than an individual, provide the following information regarding the officers, members, or partners of the legal entity applying for the transfer:

Name: Glen Walden

Position: President

Ownership % (if applicable): 0.00%

Address: 740 FM 3048 Joshua, TX 76058

Phone: \_\_\_\_\_

Email: glenwalden@sbcglobal.net

Name: Harry Shaffer

Position: Vice-President

Ownership % (if applicable): 0.00%

Address: 740 FM 3048 Joshua, TX 76058

Phone: \_\_\_\_\_

Email: abcfarmer@yahoo.com

Name: Ronnie Nichols

Position: Secretary/Treasurer

Ownership % (if applicable): 0.00%

Address: 740 FM 3048 Joshua, TX 76058

Phone: \_\_\_\_\_

Email: rnichols5947@gmail.com

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

Position: \_\_\_\_\_

Ownership % (if applicable): 0.00%

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

10. **Financial Information**

The transferee Applicant 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 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 taking the historical information of the transferor Applicant into consideration when establishing the projections.

**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;
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 (16 Tex. Admin. Code § 24.11(e)(3)) 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.

**Part D: Proposed Transaction Details**

11. A. Proposed Purchase Price: \$ 0.00

If the transferee Applicant is an investor owned utility (IOU) provide answers to B through D.

B. Transferee has a copy of an inventory list of assets to be transferred (*attach*):

☐ No ☐ Yes ☐ N/A

Total Original Cost of Plant in Service: \$

Accumulated Depreciation: \$

Net Book Value: \$

C. **Customer contributions in aid of construction (CIAC)**: Have the customers been billed for any surcharges approved by the Commission or TCEQ to fund any assets currently used and useful in providing utility service? Identify which assets were funded, or are being funded, by surcharges on the list of assets.

☐ No ☐ Yes

Total Customer CIAC: \$

Accumulated Amortization: \$

D. **Developer CIAC**: Did the transferor receive any developer contributions to pay for the assets proposed to be transferred in this application? If so, identify which assets were funded by developer contributions on the list of assets and provide any applicable developer agreements.

☐ No ☐ Yes

Total developer CIAC: \$

Accumulated Amortization: \$

12. A. Are any improvements or construction required to meet the minimum requirements of the TCEQ or Commission and to ensure continuous and adequate service to the requested area to be transferred plus any area currently certificated to the transferee Applicant? Attach supporting documentation and any necessary TCEQ approvals, if applicable.

☐ No ☒ Yes

**B.** If yes, describe the source and availability of funds and provide an estimated timeline for the construction of any planned or required improvements:

See Exhibit "C"

**13.** Provide any other information concerning the nature of the transaction you believe should be given consideration:

The current well pump is producing approximately 7-9 GPM. The latest max usage was around 5 GPM. The well pumps will not be able to keep up with any growth or much more usage.

**14.** Complete the following proposed entries (listed below) as shown in the books of the Transferee (purchaser) after the acquisition. Debits (positive numbers) should equal credits (negative numbers) so that all line items added together equal zero. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations:

Utility Plant in Service: \$ \_\_\_\_\_

Accumulated Depreciation of Plant: \$ \_\_\_\_\_

Cash: \$ \_\_\_\_\_

Notes Payable: \$ \_\_\_\_\_

Mortgage Payable: \$ \_\_\_\_\_

(Proposed) Acquisition Adjustment\*: \$ \_\_\_\_\_

\* Acquisition Adjustments will be subject to review under 16 TAC § 24.41(d) and (e)

Other (NARUC account name & No.): \_\_\_\_\_

Other (NARUC account name & No.): \_\_\_\_\_

**15. A.** Explain any proposed billing change (NOTE: If the acquiring entity is an IOU, the IOU may not change the rates charged to the customers through this STM application. Rates can only be changed through the approval of a rate change application.)

JCSUD would change the rates of the Skyline Drive LOA to match those of JCSUD.

**B.** If transferee is an IOU, state whether or not the transferee intends to file with the Commission, or an applicable municipal regulatory authority, an application to change rates for some or all of its customers as a result of the transaction within the next twelve months. If so, provide details below:

N/A

**Part E: CCN Obtain or Amend Criteria Considerations**

16. Describe, in detail, the anticipated impact or changes in the quality of retail public utility service in the requested area as a result of the proposed transaction:

Due to Skyline Drive LOA's well depleting, JCSUD will be able to provide adequate surface water supply to this area. The customers will be notified of the changing from free chlorine to chloramines.

17. Describe the transferee's experience and qualifications in providing continuous and adequate service. This should include, but is not limited to: other CCN numbers, water and wastewater systems details, and any corresponding compliance history for all operations.

Johnson County Special Utility District (JCSUD) maintains over 20,000 active connections, approximately 47 miles of transmission mains, and approximately 900 miles of distribution mains under CCN 10081. JCSUD also maintains approximately 50 miles of wastewater mains and a wastewater treatment plant under CCN 20713. JCSUD currently has seventeen (17) operators with water licenses and four (4) operators with wastewater licenses.

18. Has the transferee 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? Attach copies of any correspondence with the applicable regulatory agency(ies)

☒ No ☐ Yes

19. Explain how the environmental integrity or the land will be impacted or disrupted as a result of the proposed transaction:

Do not foresee any environmental integrity issues, negative impact or disruptions as a result of the proposed transaction.

20. How will the proposed transaction serve the public interest?

This transaction will allow all the customers of Skyline Drive Landowners Association to have adequate and safe drinking water.

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

Johnson County Special Utility District



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

Complete Part F for EACH Public Water or Sewer system to be transferred subject to approval of the transaction.  
Attach a separate sheet with this information if you need more space for additional systems being transferred.

**22. A. For Public Water System (PWS):**

TCEQ PWS Identification Number: 1260060 (7 digit ID)

Name of PWS: Skyline Drive Landowners Association

Date of last TCEQ compliance inspection: October 22, 2020 (attach TCEQ letter)

Subdivisions served: Skyline Drive

**B. For Sewer service:**

TCEQ Water Quality (WQ) Discharge Permit Number: WQ - (8 digit ID)

Name of Wastewater Facility: \_\_\_\_\_

Name of Permittee: \_\_\_\_\_

Date of last TCEQ compliance inspection: \_\_\_\_\_ (attach TCEQ letter)

Subdivisions served: \_\_\_\_\_

Date of application to transfer permit submitted to TCEQ: \_\_\_\_\_

**23. List the number of existing connections, by meter/connection type, to be affected by the proposed transaction:**

Water				Sewer	
	Non-metered		2"		Residential
33	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:		33	Total Sewer Connections:		

**24. A. Are any improvements required to meet TCEQ or Commission standards?**

☐ No ☒ Yes

**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:
See Exhibit "C"		

**C. Is there a moratorium on new connections?**

☒ No ☐ Yes:

**25. Does the system being transferred operate within the corporate boundaries of a municipality?**

☒ No ☐ Yes: \_\_\_\_\_ (name of municipality)

If yes, indicate the number of customers within the municipal boundary.

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

26. A. Does the system being transferred purchase water or sewer treatment capacity from another source?

☒ No ☐ Yes: If yes, attach a copy of purchase agreement or contract.

Capacity is purchased from: \_\_\_\_\_

Water: \_\_\_\_\_

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

B. Is the PWS required to purchase water to meet capacity requirements or drinking water standards?

☒ No ☐ Yes

C. What is the amount of water supply or sewer 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:		0.00%
Sewer:		0.00%

D. Will the purchase agreement or contract be transferred to the Transferee?

☒ No ☐ Yes:

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

☐ No ☒ Yes:

28. List the name, class, and TCEQ license number of the operator that will be responsible for the operations of the water or sewer utility service:

Name (as it appears on license)	Class	License No.	Water or Sewer
See Exhibit "D"			

### Part G: Mapping & Affidavits

**ALL applications require mapping information to be filed in conjunction with the STM application.**

*Read question 29 A and B to determine what information is required for your application.*

29. A. For applications requesting to transfer an entire CCN, without a CCN boundary adjustment, 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 following guidance should be adhered to:
  - i. If the application requests to transfer certificated service areas for both water and sewer, 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 and natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:
  - i. The map must 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 or natural landmarks must be labeled and marked on the map as well.
  - ii. If the application requests 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.
  - iv. The outer boundary of the requested area should not be covered by any labels, roads, city limits or extraterritorial jurisdiction (ETJ) boundaries.

- B. For applications that are requesting to include area not currently within a CCN, or for applications that require a CCN amendment (any change in a CCN boundary), such as the transfer of only a portion of a certificated service area, 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 with enough detail to locate the requested area in reference to the nearest county boundary, city, or town. Please refer to the mapping guidance in part A 1 (above).
  - 2. A detailed (large scale) map identifying the requested area with enough detail to accurately locate the requested area in reference to verifiable man-made or natural landmarks such as roads, rivers, or railroads. Please refer to the mapping guidance in part A 2 (above).
  - 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 A 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 A 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).
      - c. The digital mapping data shall be filed on a data disk (CD or USB drive), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

## Part H: Notice Information

The following information will be used to generate the proposed notice for the application.

**DO NOT provide notice** of the application until it is found sufficient and the Applicants are ordered to provide notice.

30. Complete the following using verifiable man-made 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: 88.50

Number of customer connections in the requested area: 34

Affected subdivision : Dragoo Addition (Tr 20B-48)

The closest city or town: Joshua

Approximate mileage to closest city or town center: 5

Direction to closest city or town: South-East

The requested area is generally bounded on the North by: Sky Road

on the East by: County Road 915B

on the South by: County Road 915

on the West by: Clearview Drive

31. A copy of the proposed map will be available at: 740 FM 3048, Joshua TX 76058

32. What effect will the proposed transaction have on an average bill to be charged to the affected customers? Take into consideration the average consumption of the requested area, as well as any other factors that would increase or decrease a customer's monthly bill.

☐ All of the customers will be charged the same rates they were charged before the transaction.

☒ All of the customers will be charged different rates than they were charged before the transaction.

☒ higher monthly bill    ☐ lower monthly bill

☐ Some customers will be charged different rates than they were charged before  
(i.e. inside city limit customers)

☐ higher monthly bill    ☐ lower monthly bill

## Oath for Transferor (Transferring Entity)

STATE OF TEXAS

COUNTY OF JOHNSON

I, Randy Chitwood being duly sworn, file this application for sale,  
transfer,

merger, consolidation, acquisition, lease, or  
rental, as

### Authorized Representative

(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.

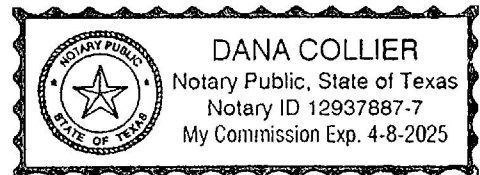
I further state that I have been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

Randy Chitwood  
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 19<sup>th</sup> of December, 2022

SEAL



Dana Collier  
NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS  
Dana Collier  
PRINT OR TYPE NAME OF NOTARY

My commission expires: April 8, 2025

**Oath for Transferee (Acquiring Entity)**

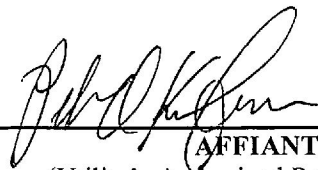
STATE OF TEXAS

COUNTY OF JOHNSON

I, Peter Kampfer being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as General Manager  
(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 state that I have been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

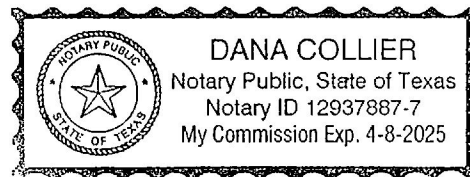
  
AFFIANT


(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 19th of December, 2022

SEAL



  
NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS

Dana Collier  
PRINT OR TYPE NAME OF NOTARY

My commission expires: April 8, 2025



## SKYLINE DRIVE LANDOWNERS' ASSOCIATION WATER SYSTEM (1260060)

November 1, 2021

In late July, Johnson County Special Utility District was approached by Randy Chitwood regarding the Skyline Drive Landowners Association Water System.

In the documentation received from Randy regarding the Skyline Drive LOA, the increase in cost from taxes, TCEQ, testing, and the Groundwater Conservation District, the LOA can no longer generate enough revenue for improvement loans since they are not a Water Supply Company (WSC), Special Utility District (SUD) or Municipal Utility District (MUD).

The Skyline LOA covers the eastern half of the Dragoo Addition (Tracts 20B-48) in Joshua, TX, on CR 915. Johnson County Special Utility District currently covers the western half of the Dragoo Addition (Tracts 1-20A).

The Skyline LOA currently has thirty-four (34) meters with twenty-eight (28) active accounts as of April 2021. The base charge for the LOA is \$32.00 with the rates as follows:

- \$4.00 per thousand 0-5K
- \$4.50 per thousand 5k and up

The LOA 2020 Pump report shows 1,466,620 gallons for the year (4,018 GPD or 2.8 GPM). The max usage was in August with 217,650 gallons (7,255 GPD or 5 GPM).

The 2020 Water Quality Report was submitted along with the overall system report. The water quality report shows to be compliant.

In reviewing the Skyline Drive LOA documents presented, the System Development Manager and the Water Operations Manager scheduled an onsite meeting in late August to evaluate the LOA.

The information gathered in the onsite evaluation concluded that the LOA's ground well is producing approximately 7-9 GPM. Six (6) storage tanks fill in succession to provide adequate supply to the current account holders.

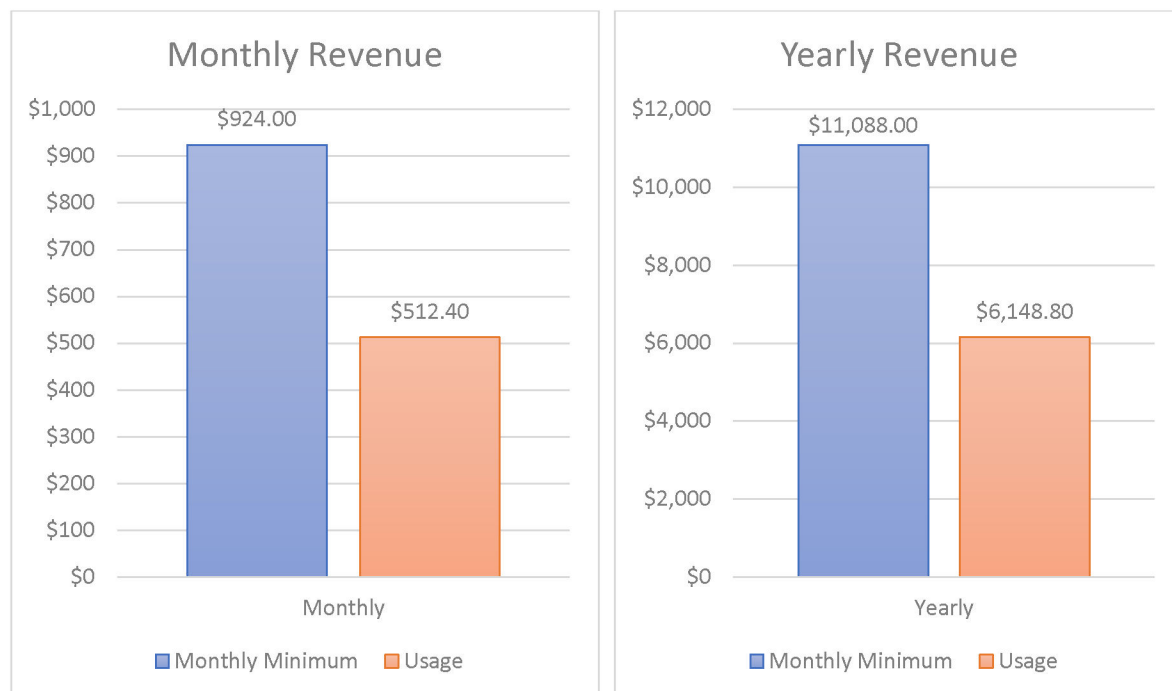
The water system includes approximately 1,730 LF of 2-inch water line along CR 915, 715 LF of 2-inch on Skyline Drive, and 2,000 LF of 3-inch along Skyline Drive. The pipe material is that of glued PVC. Randy has been changing out the LOA cut-offs with Ford Brass fittings over the last year and has completed approximately fourteen (14) out of twenty-eight (28).



Per the TCEQ-Texas Drinking Water Watch, the last violation was in 2010 for monthly MCL (TCR) and was resolved quickly.

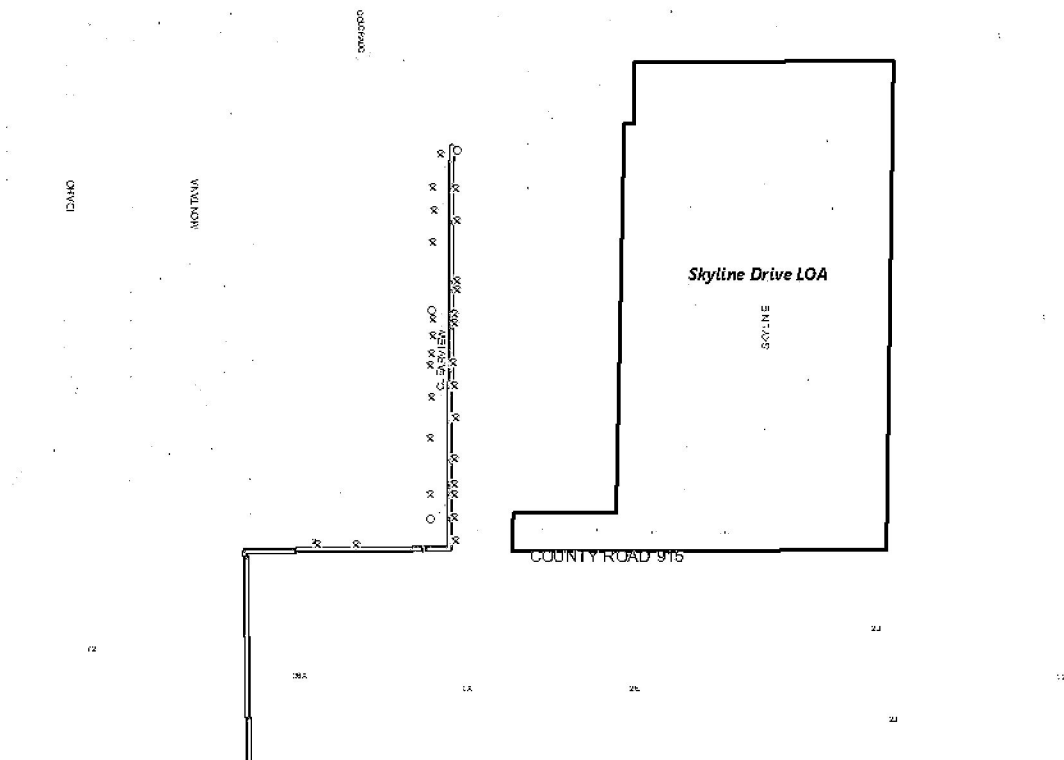
With the information presented in the LOA packet, the following revenues were projected using JCSUD's current rates with the number of active meters within the LOA.

- Monthly Revenue
  - Monthly Minimum of \$33 per month x 28 active accounts= \$924
  - With the data provided for yearly usage:
    - 1,466,620 gallons per year / by 365 days = 4,018.14 per day
    - 4,018.14 per day / by 28 active accounts= 143.50 gallons per day per customer
    - 143.50 gallons per day per customer x 30 days= 4,305.15 gallons per month
  - Using the JCSUD rate structure:
    - 4,305.15 / 1000=4.305
    - 4.305 x \$4.25= \$18.30
    - \$18.30 x 28 active accounts= \$512.40
- Yearly Revenue
  - Using the Monthly information figured above
    - Monthly Minimum
      - \$924 per month x 12 months = \$11,088
    - Usage
      - \$512.40 monthly usage fees x 12 months = \$6,148.80



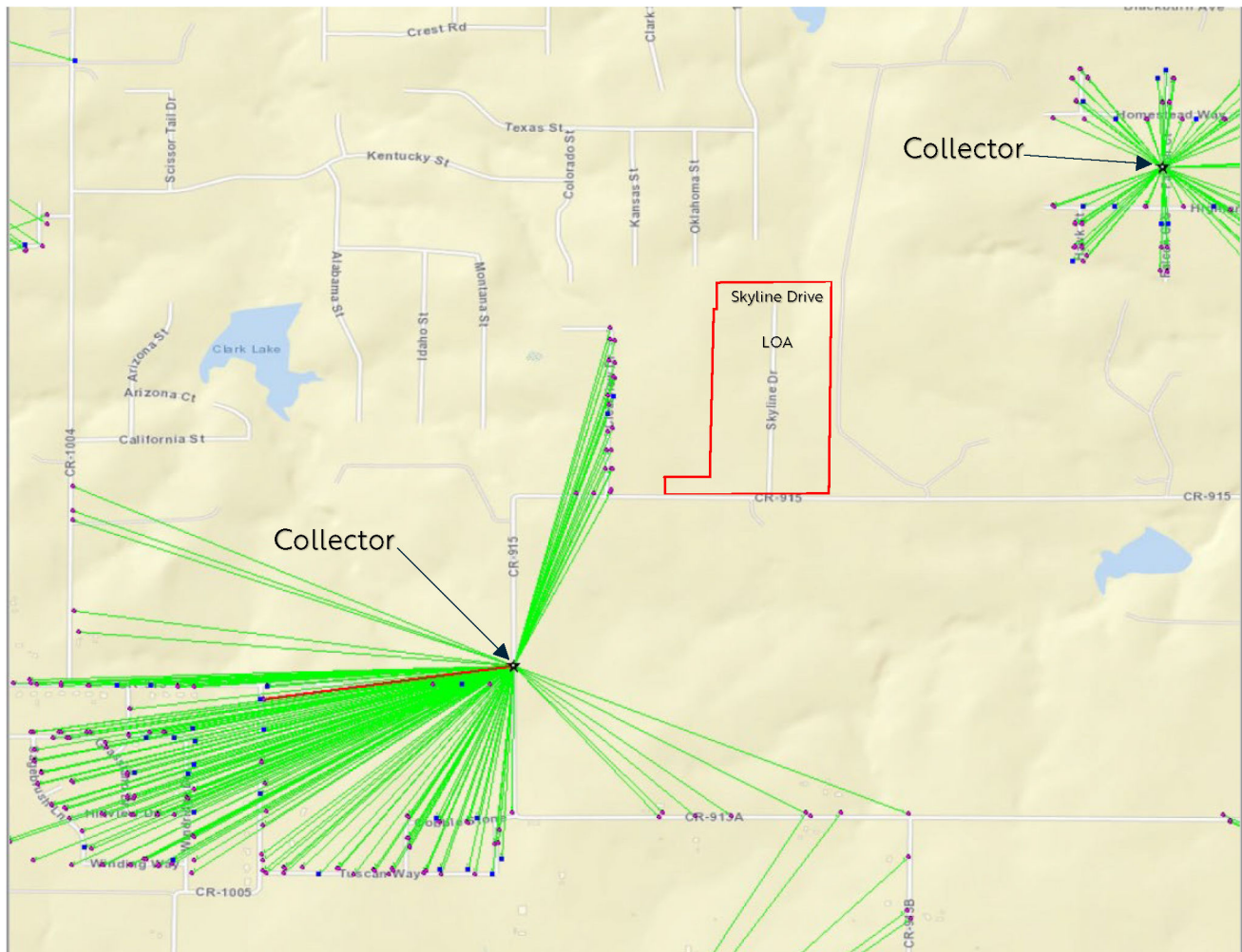
### JCSUD System:

The area in discussion is within the Plant 13 pressure plane. The Skyline Drive LOA is not in JCSUD's CCN or District boundary. Currently, JCSUD has a 4-inch water line at the intersection of CR 915 and Clearview Drive. The LOA lies within JCSUD map pages 18 and 29.



### AMI:

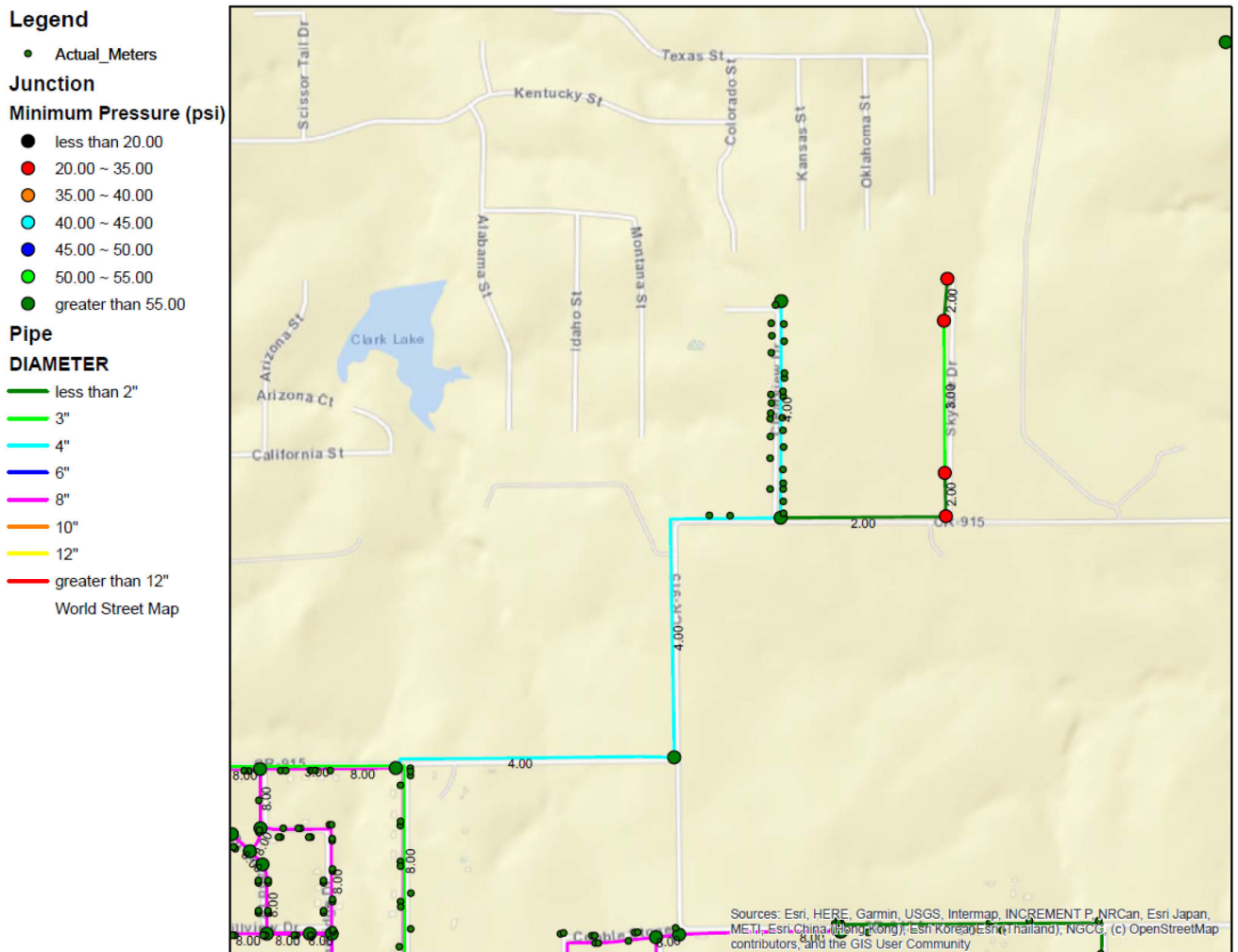
The AMI Coordinator looked at the AMI system to verify infrastructure availability. Per the AMI system, the collectors have a two-mile radius. There are two collectors within 1 to 1.5 miles of the Skyline Drive LOA. Taking on the Skyline LOA will not require new collectors to be installed.



### Engineering:

Staff requested a model run from EHT Engineers to show what issues would arise if the Skyline LOA came onto the JCSUD system. The results are as follows:

- Per the model run, the existing infrastructure will not provide sufficient pressure to the end of Skyline Drive. The pressures at the end of Skyline Drive during peak demand would be between 20-35 psi.



To bring the LOA onto the system and provide adequate service and eliminate a red line situation, the District has two options:

- Option 1-Minimum infrastructure to provide adequate service to the LOA
  - Installing a 4-inch water line along CR 915, from the end of the existing JCSUD 4-inch water line at Clearview Drive to the entrance of Skyline Drive. Approximately 1,730 LF
  - Installing a 4-inch water line along Skyline Drive from CR 915 to the 3-inch water line on Skyline Drive, approximately 500 LF.

The cost to install Option 1 infrastructure is approximately \$150,000.

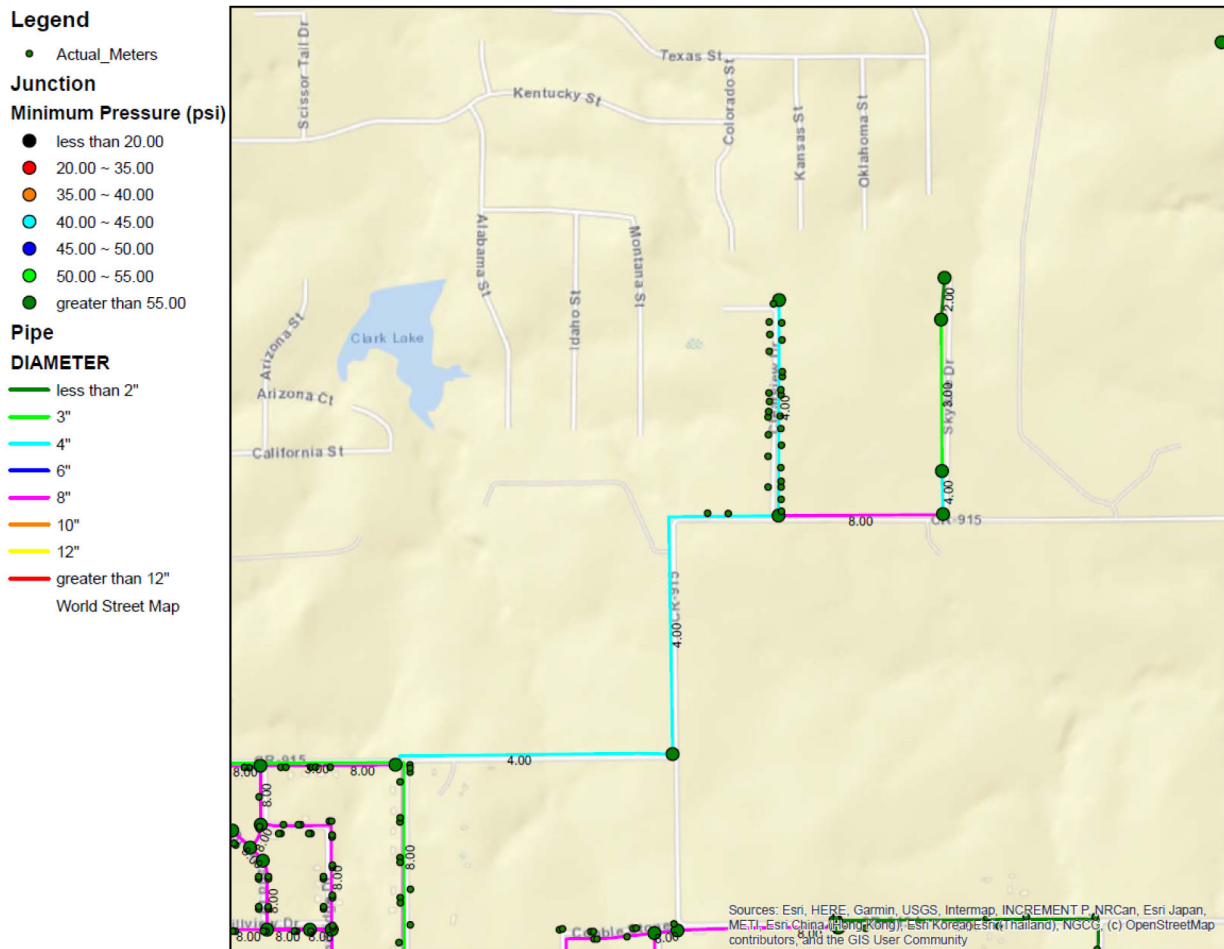


- Option 2-Allows for future growth or line extension in the area.
  - Installing an 8-inch water line along CR 915, from the end of the existing JCSUD 4-inch water line at Clearview Drive to the entrance of Skyline Drive. Approximately 1,730 LF
  - Installing a 4-inch water line along Skyline Drive from CR 915 to the 3-inch water line on Skyline Drive, approximately 500 LF.

The cost to install Option 2 infrastructure is approximately \$201,500.

OPPC-Skyline Drive LOA 8-INCH	
Construction Cost	COST
Parts	\$ 44,091.95
Labor	\$ 99,475.00
Meters/Taps	\$ 11,027.70
<b>Construction Sub-Total</b>	<b>\$ 154,594.65</b>
Contingency-15%	\$ 23,189.20
Non-Construction	COST
Engineering Plans	\$ 15,000.00
Inspection	\$ 6,000.00
Testing	\$ 2,500.00
<b>Non-Construction Sub-Total</b>	<b>\$ 23,500.00</b>
<b>Total Project Cost</b>	<b>\$ 201,283.85</b>





With the information presented and gathered from the onsite evaluation, the Staff does not see any issues bringing the Skyline Drive LOA onto the JCSUD system.

Should the board wish to bring on the connections, Staff will:

- Begin to collaborate with Randy Chitwood and State Regulatory agencies (PUA, TCEQ, TRWA) to acquire the Skyline Drive LOA
- Begin necessary paperwork for CCN approval
- Notify property owners and TCEQ of disinfectant change from free chlorine to chloramines.
- Immediately:
  - Staff will begin to work directly with each current account holder to help complete all necessary paperwork and set up new accounts.
  - Tie the existing Skyline Drive water system into the JCSUD system
  - Cut the current well loose from the LOA system.
    - Work towards conveying the well over to a neighboring property owner, should they wish to take control of the plant or cap the well



- To keep the water line from being considered a red line (non-compliance) for the number of connections, to maintain adequate pressure, and to plan for growth in the immediate area appropriately, the following is recommended:
  - Staff would recommend running an 8-inch or 4-inch water line along CR 915, from the end of the existing JCSUD 4-inch water line at Clearview Drive to the entrance of Skyline Drive. Approximately 1,730 LF
  - Staff would also recommend running a 4-inch water line along Skyline Drive from CR 915 to the 3-inch water line on Skyline Drive, approximately 500 LF.
  - Install new AMI Mueller meters and customer cut-offs at all taps (inactive/active).
  - Install PRV's on the customer side as needed

SKYLINE DRIVE LANDOWNERS ASSOCIATION  
NOTICE TO CUSTOMERS OF RATES  
EFFECTIVE NOVEMBER 1, 1999

The Texas Natural Resource Conservation Commission did not receive protests from 10% of the customers during the statutory comment period for the recently noticed rate increase. This rate increase was effective as proposed without hearing according to Section 13.187 of the Texas Water Code.

The following rates were effective on November 1, 1999:

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallorage Charge</u>
5/8" or 3/4"	<u>\$25.00</u> (Includes <u>2000</u> gallons)	\$ <u>3.00</u> per 1000 gallons thereafter

FORM OF PAYMENT: THE UTILITY WILL ACCEPT THE FOLLOWING FORM(S) OF PAYMENT

Cash X, Check X, Money Order \_\_\_\_\_, Credit Card \_\_\_\_\_, Other (specify) \_\_\_\_\_  
(THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.)

REGULATORY ASSESSMENT ..... 1.0%  
(TNRCC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.)

Section 1.02 - Miscellaneous Fees

TAP FEE ..... \$ 300.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Large meter) ..... \$ 300.00  
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER RELOCATION FEE ..... (ACTUAL COST TO RELOCATE METER NOT TO EXCEED TAP FEE)  
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

METER TEST FEE ..... \$ 25.00  
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

RECONNECTION FEE  
THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Non payment of bill (Maximum \$25.00) ..... \$ 25.00
- b) Customer's request that service be disconnected ..... \$ 5.00

TRANSFER FEE ..... \$ 5.00  
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	\$ <u>25.00</u> (Includes <u>2000</u> gallons)	\$ <u>3.00</u> per 1000 gallons thereafter

FORM OF PAYMENT: THE UTILITY WILL ACCEPT THE FOLLOWING FORM(S) OF PAYMENT

Cash X, Check X, Money Order\_\_\_\_, Credit Card\_\_\_\_, Other (specify)\_\_\_\_  
(THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS  
MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH  
PAYMENTS.)

REGULATORY ASSESSMENT ..... 1.0%  
(TNRCC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY  
BILL.)

Section 1.02 - Miscellaneous Fees

TAP FEE ..... \$ 300.00  
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD  
RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF  
LISTED ON THIS TARIFF.

TAP FEE (Large meter) ..... \$ 300.00  
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER RELOCATION FEE ..... (ACTUAL COST TO RELOCATE METER NOT TO EXCEED TAP FEE)  
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

METER TEST FEE ..... \$ 25.00  
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS  
A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS  
RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

RATES LISTED ARE EFFECTIVE ONLY  
IF THIS PAGE HAS TNRCC APPROVAL STAMP

TNRCC NATURAL RESOURCE CONSERVATION DIVISION  
32771 G CCGN 12479 JAN 1'01

SECTION 1.0 - RATE SCHEDULE (CONT.)

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Non payment of bill (Maximum \$25.00) ..... \$ 25.00
- b) Customer's request that service be disconnected ..... \$ 5.00

TRANSFER FEE ..... \$ 5.00

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) ..... 10%

TNRCC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE ..... \$ 20.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) ..... \$ 50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT ..... 1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

WHEN AUTHORIZED IN WRITING BY TNRCC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING 30 TAC 291.21(K)(2).

LINE EXTENSION AND CONSTRUCTION CHARGES:

Refer to Section 3.0 Extension Policy for terms, conditions, and charges when new construction is necessary to provide service.

RATES LISTED ARE EFFECTIVE ONLY  
IF THIS PAGE HAS TNRCC APPROVAL STAMP

TERRA NATURAL RESOURCE CONSERVATION COMMISSION

32771 G CCN 12479 JAN 1 '00

APPROVED BY *Am/SH*

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) ..... 10%  
TNRCC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE  
MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS  
BILLING.

RETURNED CHECK CHARGE ..... \$ 20.00  
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) ..... \$ 50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT ..... 1/6TH OF ESTIMATED ANNUAL BILL

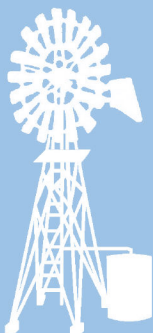
GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE  
WHEN AUTHORIZED IN WRITING BY TNRCC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY  
INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING 30 TAC  
291.21(K)(2).

LINE EXTENSION AND CONSTRUCTION CHARGES:

Refer to Section 3.0 Extension Policy for terms, conditions, and charges when new construction is  
necessary to provide service.

# Comprehensive Annual Financial Report

for the year ended December 31, 2020



740 FM 3048 • Joshua, TX 76058

(817) 760-5200 • [www.jcsud.com](http://www.jcsud.com)

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended  
December 31, 2020

## ***JOHNSON COUNTY SPECIAL UTILITY DISTRICT***

Issued By  
Finance Department  
Joshua Howard  
Joshua, Texas



Intentionally Left Blank

JOHNSON COUNTY SPECIAL UTILITY DISTRICT  
Comprehensive Annual Financial Report  
December 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
 INTRODUCTORY SECTION	
Transmittal Letter	i – xiii
Board of Directors and Management Team	iii-iv
Organizational Chart	iv
CCN and District Boundary Map	vi
GFOA Certificate of Achievement	xiii
 FINANCIAL SECTION	
Independent Auditor’s Report	1 - 3
Management’s Discussion and Analysis	4 - 8
Basic Financial Statements:	
Proprietary Fund Financial Statements	
Statement of Net Position – Proprietary Fund	9
Statement of Revenues, Expenses, and Changes in	
Fund Net Position – Proprietary Fund	10
Statement of Cash Flows – Proprietary Fund	11
Notes to the Financial Statements	12 - 21
Supplementary Information	
Budgetary Comparison Schedule – Proprietary Fund	22
Schedule of Insurance in Force	23
Schedule of Services and Rates	24
Schedule of Temporary Investments	25
Future Debt Service Obligations	26
Changes in Long-Term Bonded Debt	27
Comparative Schedule of Revenues and Expenses	28
Condensed Summary of Operating Results	29
Board of Directors, Management Team and Consultants	30 - 31
Annual Material Event Disclosure Checklist	32
 STATISTICAL SECTION (UNAUDITED)	
Statistical Tables	
Net Position by Component	34
Change in Net Position	35 – 36
Average Revenue Rates	37
Ten Largest Water Customers	38 – 41
Total Indebtedness per Customer	42

Revenue Bond Coverage	43
Number of Customers by Service	44
Demographic and Economic Statistics	45
Historical Usage by Function	46
Full-Time Employees by Function	47
Capital Asset Statistics by Function	48

## OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	49 - 50
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	51 - 52
Schedule of Findings and Questioned Costs	53 - 54
Summary Schedule of Prior Audit Findings	55
Corrective Action Plan	56
Schedule of Expenditures of Federal Awards	57
Notes to the Schedule of Expenditures of Federal Awards	58

## INTRODUCTION SECTION

Intentionally Left Blank



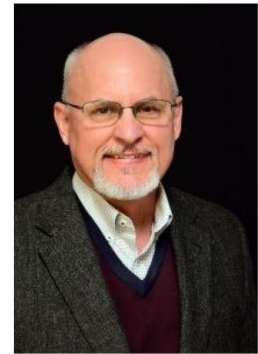
April 20, 2021

President Harry Shaffer and Board of Directors  
Johnson County Special Utility District  
740 FM 3048  
Joshua, TX 76058

### Dear Reader:

We are pleased to present the JCSUD District Comprehensive Annual Financial Report for the fiscal year ended December 31, 2020. State law and debt covenants require that the District publish, at the close of each fiscal year, respectively, a complete set of audited financial statements. This report is published to fulfill that requirement and to provide the Board of Directors (Board), the public, and other interested parties these basic financial statements.

The past year was marked by unprecedented challenge. As the pandemic tested nearly every aspect of our business, we also endured an uncertain economy. Throughout the year, we were guided by our purpose of serving a reliable supply of high-quality water. As I shared with our workforce this year, while I am a General Manager by trade, my roots lie deep in agriculture. As a farmer, one must adjust to the conditions that each year brings. Like seasoned farmers, our team too adjusted to the challenges of 2020 and embraced new approaches to getting the job done.



Peter Kampfer, GM

Throughout it all, we never lost sight of our purpose. We continued to process millions of gallons of water every day and guaranteed delivery to our customers. Importantly, in the face of a novel virus, we made certain that the water we delivered to homes and businesses was safe to use for drinking and cleaning. We completed more than 8 million dollars of critical infrastructure projects in the fiscal year 2020, including our most extensive pipeline replacement in decades. We advanced work on major projects like TWDB \$22M Project. We continued crucial maintenance activities and around-the-clock leak response, keeping water flowing to customers more than 99.9% of the time. And we did it all while maintaining water affordability for customers.

I am proud of what was accomplished and how we continue to improve with every day. I have a renewed appreciation for what it means to be an essential service. There is a lot of work left to be done and I am as confident as ever in our ability to meet the needs of our customers.

For the last few years trending, the District has done well financially in 2020 to exceed budgeted projections. In summary, total operating revenue was 12% more than budgeted while holding expenses 3% below the budget amount. Total water production for 2020 was 2,050 million gallons, which is 33% more than the average of 1,805 MG over the last five years. Over the last few years, new connections coming onto the system are trending upward. In 2020, there were 778 new connections, which is 68% more than the previous year.

Every year management submits its annual financial report of the Johnson County Special Utility District. This cycle documents the fiscal year ending December 31, 2020. It provides the Board of Directors and the public with a comprehensive, reliable financial report. Management has prepared the annual financial report in accordance with generally accepted accounting principles (GAAP). Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with JCSUD management.

We believe the data, as presented, is accurate in all material respects and that it is presented in a manner designed to fairly state the financial position and highlight the major initiatives of the operations of the District.

Financial statements for the fiscal year ending in 2020 are audited by George, Morgan, and Sneed, P.C., a firm of licensed certified public accountants in Weatherford, TX. The independent auditors concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion and that the financial statements for 2020 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A. The District's MD&A can be found immediately following the Independent Auditor's Report.

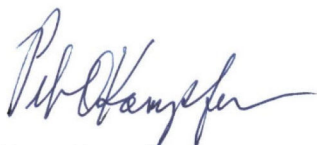
## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Johnson County Special Utility District for its comprehensive annual financial report for the fiscal year ended December 31, 2019. This was the 7th consecutive year that JCSUD has achieved this prestigious award. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparations of state and local government financial reports.

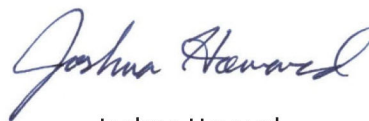
## CONCLUSION

Significant events, historical and current, are worth noting each reporting cycle. The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all departments for their assistance in providing the data necessary to prepare this report. We would also like to thank the Board of Directors for their unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

Thank you for reading. Respectfully Submitted,



Peter Kampfer  
General Manager



Joshua Howard  
Finance Manager



## ABOUT JCSUD

JCSUD is the second-largest Special Utility District in Texas. The District's Board of Directors consists of seven members elected at-large by the voting public within the District. Board Directors have 3-year terms with a staggered term election process. The General Manager serves as the District's authorized administrator to manage and oversee all business and personnel activities in accordance with District policies.

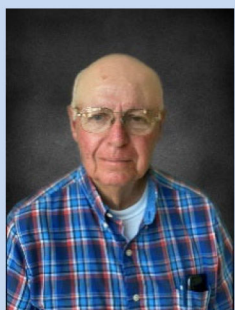
### OUR MISSION STATEMENT

JCSUD's constancy of purpose to maximize value-added work will ensure all its customers continually receive potable water effectively, efficiently, and economically.

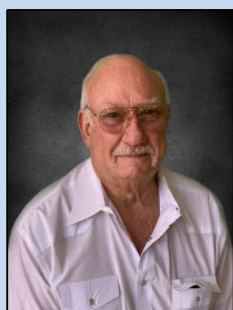
### OUR BOARD VISION:

JCSUD will become Texas' preeminent Special Utility District by consistently fulfilling mandates to supply potable water in a safe, timely and environmentally compliant manner. Dedicated to innovation, stewardship, collaboration, and excellent customer service.

## THE BOARD OF DIRECTORS



Harry Shaffer  
President



Glen Walden  
Vice President



Ronnie Nichols  
Secretary



Mike Bowles  
Director



Gary Giesen  
Director



Eric Baze  
Director



Gene Petross  
Director



## Department Managers



Danny Armstrong  
System Operations  
Manager



Dana Collier  
System Development  
Manager



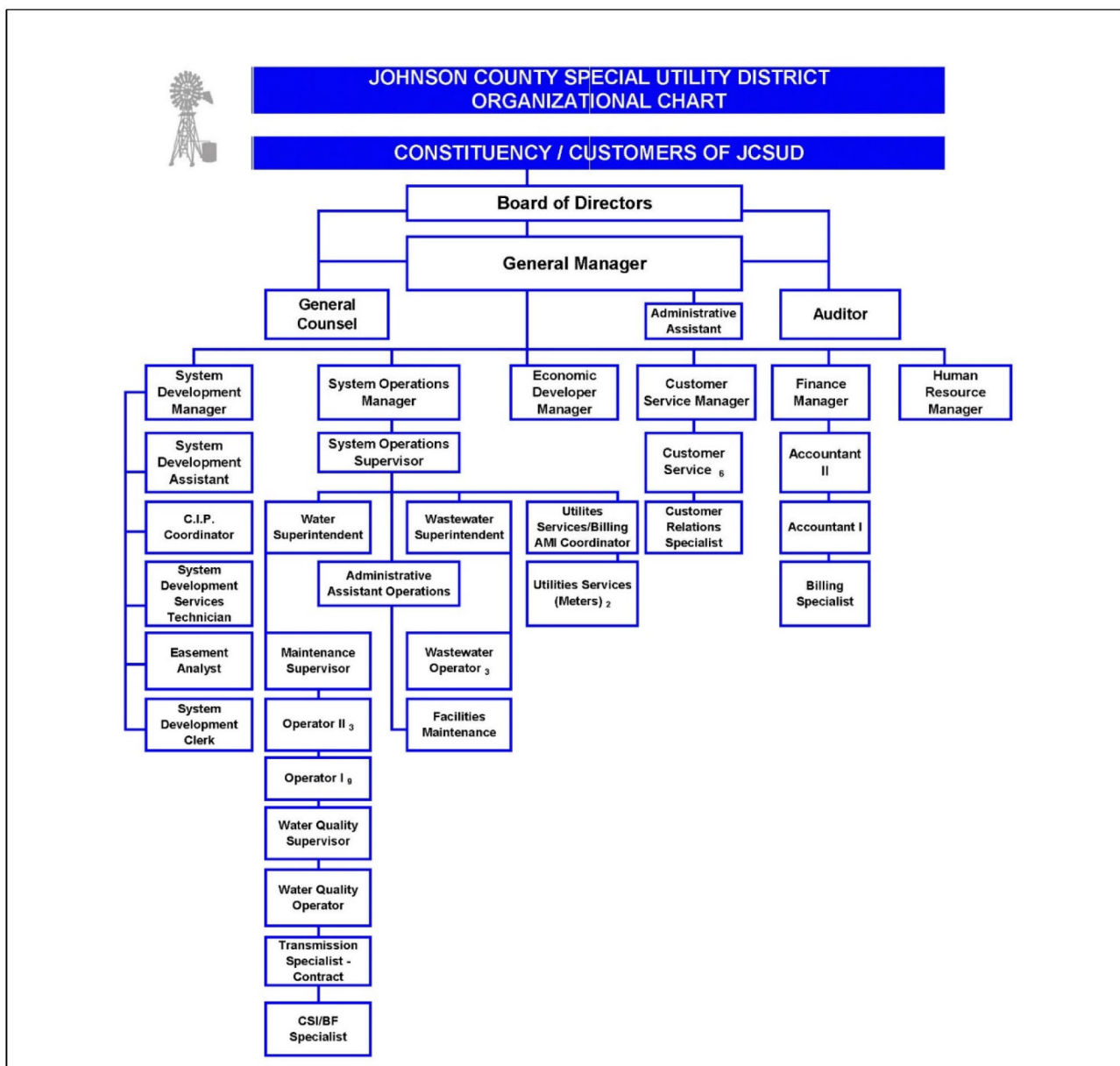
Joshua Howard  
Finance  
Manager



Kelli Roberts  
Human Resource  
Manager



Carrie LaFountain  
Customer Service  
Manager



## PROFILE OF THE DISTRICT

In 1965, the Johnson County Rural Water Supply Corporation organized and chartered under state statutes as a non-profit corporation, much like many others of its kind in Texas during this era. The beginnings of these rural water suppliers arose throughout the country and were funded through loans from the Farmers Home Administration. The system began with 305 users and served a genuine need in supplying drinking water to the rural community. In 1972, the West Prairie Water Supply Corporation in the northern portion of the County was merged into the existing system. The merger of two entities into one was named the Johnson County Rural Water Supply Corporation. In 1977, the Nolan River Water Supply Corporation in the southern portion of the County also merged with the Corporation. This public water supplier with such humble beginnings is steadily evolving into much more as time and growth continues in Johnson County.

In 2000, the system was serving 10,200 connections. The Board of Directors voted to convert Johnson County Rural Water Supply Corporation to a special utility district (SUD). Converting to a SUD allows water supply corporations to become a political subdivision. The largest cost-savings accumulates for governmental entities issuing tax-exempt bonds to fund capital projects. Finally, in 2004, the Texas legislature approved the conversion, and the organization began operating as the Johnson County Special Utility District.

For several years, the Joshua area was served by the Johnson County Fresh Water Supply District #1 (FWD for freshwater district). In 2005, the JCSUD staff had been approached to consult with the FWD as they were going through several years of tough economic times and mismanagement. The effort here was to help the FWD officials regain the best management practices and streamline cost. It led to discussions in measuring the merit of the FWD to consolidate the two systems. The next year, the FWD approved a resolution to conjoin with JCSUD and an application was made with the State to consummate the merger. In April 2007, the District began managing the day-to-day operation of the FWD. Merging the Joshua area water system with JCSUD helped to better maintain stable rates among all the domain of ratepayers which now totaled 14,426.

2012 was quite a mile-marker year in the life of the District. The Brazos River Authority – Surface Water Advanced Treatment System (SWATS) which once served five municipal suppliers was favorably reduced to only two. The ownership and management transferred from the Brazos River Authority to a newly created Brazos Regional Public Utility Agency (PUA). Only two owner-entities created and sustain the Brazos Regional Public Utility Agency today – JCSUD and AMUD. The five-member governing body of the PUA are also Board members of the sponsors. In this transition, Granbury decided it worked best to construct their own treatment plant. Also, the city of Keene agreed to become a direct wholesale customer to JCSUD.

The Brazos Regional PUA has proven to be a great improvement as the new organization of record which provides more favorable results to the two sponsors it serves. Having sources in both the Trinity and Brazos basin to draw from affords the District an extra measure of safety when one supplier needs to suspend service.

In June 2019, JCSUD moved its business operation from Cleburne, Texas, to occupy its new facility on FM 3048 in Joshua, Texas. Now begins a new era as the total business and operations finally originate from a central location relative to the District's area of service.

In the last 20 years, the number of connections has doubled to some 18,922 households today, an estimated 49,000 in population. Besides these retail connections, the District takes on a greater role as a regional wholesale water provider. The City of Alvarado, City of Keene, Bethany Special Utility District, and Monarch Utilities (each serving over 1,000 connections) have wholesale water contracts with the District for long-term water supply needs. The City of Joshua and the Lillian community look to JCSUD as their water provider.

## WATER SUPPLY AND DISTRIBUTION

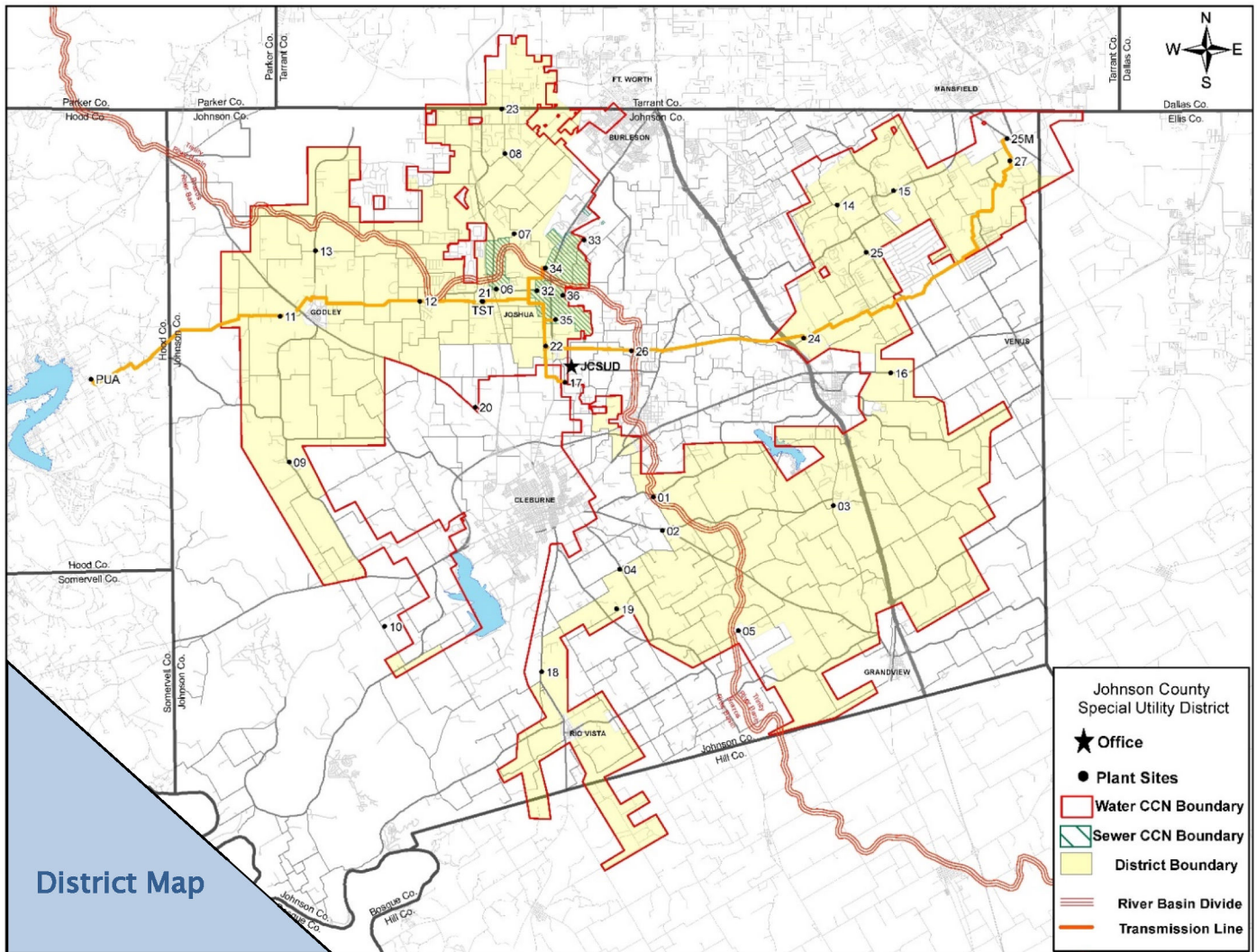
The District contracts with the Brazos Regional PUA to have 7.2 MGD through the SWATS plant on Lake Granbury. In addition, the District water well supply varies from year to year; but more recently accounts for supplying around 1.5 MGD. Wholesale water contracts are in place with the City of Mansfield for 9 MGD and 6 MGD with the City of Grand



Prairie. JCSUD accounts for an ample total water supply capacity of 23.7 MGD.

Johnson County is in the Region G Water Planning Area. In the 2021 Water Plan, JCSUD is projected to have a surplus in 2030 through 2050. The 2021 Plan accounts for JCSUD's projected retail supply needs combined with the projected wholesale supply demand. The 2050 projected total supply-demand of 13,750-acre ft. compares to the JCSUD's total treated water supply capacity in 2060 to be 14,002-acre ft. It also lists all 25 wholesale suppliers in the Region G planning area and JCSUD is well-positioned for having an abundant surplus supply through 2050.

The system has about 891 miles of distribution pipeline and 48 miles of transmission lines and is divided into 15 separate pressure planes. The District operates 7 elevated storage tanks with a combined total of 5 million gallons in the system. The water CCN (certificate of convenience and necessity) service area of the District is approximately 320 square miles; predominately in Johnson County, but also serving in Tarrant and Hill county. Only three connections are being served just inside of the Ellis county line.



## WASTEWATER COLLECTION AND TREATMENT FACILITIES

The District took ownership and operation of the Joshua wastewater collection and treatment facilities (permit # WQ0014350001) in 2007 from Johnson County Freshwater Supply District #1. The collection system serves some 3,000 connections in and around the City of Joshua and a small portion within the Burleson city limits. This small system is uniquely challenged as it straddles the basin divide line between the Trinity River and Brazos River water-shed areas.

The District operates 7 lift stations among nearly 48 miles of sewer mains in this collection system. In 2013 the District completed improvements to the treatment plant which has an average daily discharge of about 360K gallons per day. The treatment method includes influent screening for two aeration basins, four clarifiers, three on-site lift stations and

a chlorine contact basin. Treated effluent discharges into the Village Creek which eventually flows into Lake Arlington. In 2017, the TCEQ approved the District's permit request to expand its average daily discharge volume to 790K gal/day.

## **RELEVANT FINANCIAL POLICIES**

**Cash Management** – JCSUD maintains financial policies with regards to budget, investments and management, financial audit, debt financing, capital improvement plan, and reserve funds. None of these policies had a significant impact on the current period's financial statements.

Interest rates for investments allowed by JCSUD's Investment Policy and State Law rose early in the year before falling by year-end. Pool rates were 1.80% at the beginning of 2020 and ending at .33%, a drop of 1.47% yield at the end of December 2020. Rates for Certificates of Deposit (CD) also dropped dramatically. At the end of December 2020, a one-year CD yielded between .02% and .10% as compared to .75% and 1.70% at the end of December 2019. CDs and other financial institution deposits remain significantly more attractive than alternative Treasury and Agency positions. Additional information on the District's cash management activity can be found in Note 3 of the Notes to Financial Statements.

**Budgetary Controls** – The annual budget serves as the basis for the District's financial planning and control. Comparative budget-to-actual expense statements are provided to the Board of Directors on a monthly basis throughout the fiscal year.

**Internal Accounting Controls** – Internal accounting controls are designed to provide reasonable assurance regarding safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. We believe the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As part of the District's audit, tests were performed of its internal controls and compliance with certain provisions of laws, regulations, contracts, and grant agreements that could have a material effect on the District's financial statements. Although it was not an objective of the audit to provide an opinion on the compliance, the results of the test disclosed no material instance of noncompliance related to the audit for the year ended December 31, 2020.

## **2020 Major Accomplishments**

### **Risk & Resilience Assessment**

The District completed a risk and resilience assessment as required by the Environmental Protection Agency (EPA) for water systems serving a population of greater than 3,300 persons. This risk and resilience assessment includes the risk to the system from malevolent acts and natural hazards; the resilience of the pipes and constructed conveyances, physical barriers, source water, water collection and intake, pretreatment, treatment, storage and distribution facilities, electronic, computer, or other automated systems (including the security of such systems) which are utilized by the system; the monitoring practices of the system; the financial infrastructure of the system; the use, storage, or handling of various chemicals by the system; and the operation and maintenance of the system.

### **OUR IMPORTANT ROLE IN COVID-19**

Safe and reliable water service is a cornerstone of public health. Clean water is used for drinking and washing, food production and firefighting. Indeed, water providers are essential services, and our water systems are critical infrastructure that supports life, business, and public health.

We knew—and regulatory agencies confirmed—that the same disinfectants that make water safe to drink are also effective at killing the COVID-19 virus. In March 2020, we took quick action to ensure our ability to continue providing our customers with safe water throughout this crisis. Staff were instructed to work from home when possible, highly trained employees were isolated, and our emergency operations team was activated to map out our response.



## EARLY ACTIONS TO FIGHT THE SPREAD of COVID-19:

- Cleaned and masked. We increased our cleaning and sanitizing efforts with a focus on high contact surfaces. We sanitized our fleet of vehicles and required masks when around others.
- Public spaces closed. Our lobby was closed to minimize exposure to the public and our employees until safe alternatives were put into place.
- Field crews remained at work. We initially scaled back field crews to critical activities only while we adjusted work schedules and practices to ensure safe maintenance and leak repairs.
- Suspended shutoffs. Recognizing the hardships facing many of our customers, we committed to not turning off water service for nonpayment.
- As new information was learned about the spread of the virus, we developed our business continuity plans and updated our procedures to optimize the service we provide and to protect the public and our employees.



## AMI and Smart-Meter Conversion

Deployment of this project began in 2019. Advanced Metering Infrastructure (AMI) is rapidly the up-and-coming new standard among public water systems and other utilities around the country for the same good reasons. AMI platforms from a specialized data management software system that integrates with new “smart meters”. Converting JCSUD over to the AMI system will enhance customer service and improve the overall efficiency in the meter reading and billing process.

## Redline Projects

Over the last seven years, redline projects funded through 2020 totals some \$2.2 million for about 11.5 miles (driving distance from Cleburne courthouse to I-35) of 6, 8, and 12-inch waterline. This is a year-over-year process to generally address new connections which tend to come onto older areas of the system. Adding new meters where smaller water lines have existed for decades eventually becomes problematic as it relates to volume and/or pressure. One-third of the system consists of 3-inch and smaller diameter lines. JCSUD models distribution system hydraulics to best plan for improvements as stimulated by new connections in areas more vulnerable to being impacted are monitored. Certain waterline segments are ranked in accordance with the need to be upsized or replaced. Priority waterlines are designated as “redlines”. The District’s strategy is to replace or supplement existing lines with larger ones as soon as practical coupled with available funding. The staff generally manages the prelim work prior to construction while the actual installation is outsourced to a selected contractor based on competitive quantity pricing. Future projects are identified, ranked, and scheduled to implement as the system Master Plan stipulates.

In 2020, Johnson County Special Utility District initiated a water pipe replacement project in the FM 2258 corridor in Grandview, we replaced 1.0 mile of water pipes to improve service reliability. In addition, 5 fire hydrants were added to increase the protection of life and property when a fire breaks out.

We are proud to say our FM 2258 project was completed on time and within budget:

- FM 2258 – replace 4” line with 5,300 LF of 8”
- CR 423 – Tie in 1 ½” water line to 4” water line
- 190 LF of 12” water line along Caracal Drive
- 511 LF of 16” water line along Rustic Oak Lane
- 3,820 LF of 12” water line along Rustic Oak Lane

## Contributed Property/Capital – Subdivision Development and Commercial Ventures

As new subdivision development continues, 2020 recorded a contributed property value of \$1.2 million. This annual accounting to “book” contributed property memorializes the District’s final approval of a development. The water utility infrastructure within the subdivision has been properly installed and it is formally accepted as JCSUD’s capital to operate and maintain.

### System Development Updates

System Development had an exceptionally large year in new developments and new connections set onto the system. In 2020, 778 new connections were set, a 68% increase from 2019.

System Development worked with several developers and engineering firms through 2020 to complete 24 developments, adding 434 connections onto the water system, 62 fire hydrants and 86 connections onto the wastewater system. Adding approximately \$1.2M in contributed capital to the District.

The District was able to participate in two (2) of the developments with oversizing pipes that aligned with the 2014 master plan. These lines consisted of oversizing approximately 511 feet of 8-inch waterline to a 16-inch waterline and 4,010 feet of 8-inch waterline to 12-inch waterline.

### Water Rates at Work: Increasing Infrastructure Investment

Every day, millions of gallons of safe, clean drinking water are transported around our communities by a complex network of pipes beneath our streets and neighborhoods. These pipes—many of which were constructed in the 1950s and 60s—deliver water to homes and businesses 24 hours a day, seven days a week. As with most infrastructure, water pipes need to be repaired or replaced as they age.

In 2020, Johnson County Special Utility District initiated one of the most expansive water pipe replacement projects in its history. In parts of Joshua, we replaced 1.5 miles of water pipes to improve service reliability. Also, we added more than 20 fire hydrants to increase protection of life and property when fire breaks out. At more than 60 years old, pipes in this neighborhood were at the end of their useful life.

Community infrastructure projects like this one are funded with the rates our customers already pay for regular water service. Proactive maintenance that fits within our financial means is part of being a responsible water provider.

We are taking a proactive approach that focuses on neighborhoods that have a history of leaks. In 2021, we plan to begin six water pipe replacement projects that will exceed, in total, five miles in length. Replacing old pipes with the longest-lasting materials and highest quality design and construction minimizes the risk of disruptive and costly breaks. We are committed to making these improvements for the benefit of customers for decades to come.





## Current Initiatives



### **\$22 million TWDB Loan – Bundled CIP Water Line Extension Projects**

In terms of distribution system projects taken on in a consolidated, relatively short interval, this TWDB loan project represents the largest undertaking for the District in its 54-year history. About \$17 million of this project goes to the construction of distribution system improvements. About \$5.2 million, towards the AMI (Advanced Metering Infrastructure) system project while JCSUD reserves are ample to cover the remainder which is designated for soft cost including engineering, project management, etc. Roughly half of this undertaking is dedicated towards replacing smaller lines and some system maintenance. The other half is committed to addressing new growth and related distribution improvements. Completion is expected in 2021.



### **Community Development Grant Project**

This waterline extension project is 6-inch pipe for 11,260 feet. The District submitted this grant application in February 2017. The grant consultant indicates that JCSUD qualifies for funding, but the final confirmation is not yet complete. This \$275,000 grant through the Community Development Block program is administered by the Texas Department of Agriculture as federal HUD dollars are distributed throughout the states. The grant calls for JCSUD to participate with fractional matching funds depending on total construction cost.



### **Water And Wastewater Master Plan Update**

Since the District's last Master Plan update in 2014, the District has implemented more water system improvements in such a short interval than ever before. The water system Master Plan was updated to best plan for capital projects need in 5-year increments for the next 15 years. Changes in growth patterns and growth rates impact the timing of implementing projects. Likewise, the District maintains a Wastewater Master Plan for the Joshua area of the system. Master planning enables the District to plan best for needed collection system improvements and evaluate the timing of treatment plant improvements for better efficiency and accommodating growth.



### **Tyler Technologies – Incode 10**

Incode 10 will serve as an all-in-one solution, Enterprise Resource Planning (ERP), for all aspects of accounting, customer management, billing, payroll, and reporting. Currently, the District is relying on integrations between various software systems to accurately consolidate information between departments. By migrating to Incode 10, these processes will reside in a single software improving reporting capabilities, accuracy across the various roles creating less manual work, and streamlined processes.



## Current Initiatives ....Continued

Water – Sewer Rate Structure Change		
FY 2022 Proposed: January 1, 2022		
Commercial	Residential	Multi-Family
Water Base (\$/Month)	Water Base (\$/Quarter)	Water Base (\$/Month)
\$ 9.10	\$ 13.26	\$ 9.10
Water – Volumetric (\$/TG)	Water – Volumetric:	Water – Volumetric (\$/TG)
\$ 4.79		\$ 4.42
Sewer Base (\$/Month)	Tier 1: 0-9 TG (\$/TG)	Sewer Base (\$/Month)
\$ 7.42	\$ 3.71	\$ 7.42
Sewer – Volumetric (\$/TG)	Tier 2: >9 TG (\$/TG)	Sewer – Volumetric (\$/TG)
\$ 9.61	\$ 5.94	\$ 9.61
	Sewer Base (\$/Quarter)	
	\$ 10.76	
	Sewer – Volumetric – Average Winter Quarter basis (\$/TG)	
	\$ 9.61	

### Wholesale and Retail Water and Wastewater Rate Study

The District has engaged NewGen Strategies & Solutions regarding a Wholesale and Retail Water and Wastewater (Sewer) Rate Study. The District is in the process of completing the Water and Wastewater Master Plans and needs to be adequately positioned to fund these capital investments and improvements. NewGen is developing a scope of work to prepare a 5 to 10-year financial plan for the District's water and wastewater utility, recognizing the impact of debt-funding the majority of the capital plan, as well as the general impact of inflation, customer growth, and estimated changes in customer demand. This plan will consider key financial metrics that the District must maintain to ensure the financial stability of the utility including the maintenance of sufficient working cash reserves and appropriate debt service coverage levels.

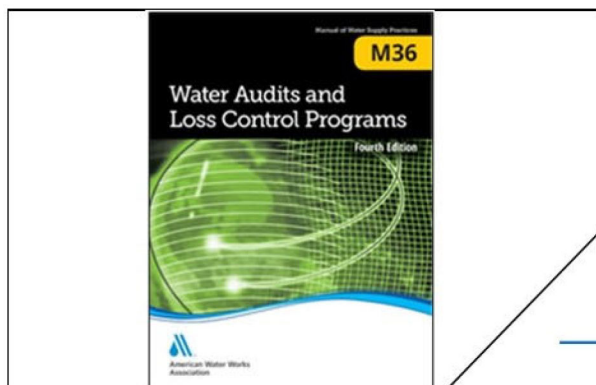
### Emergency Response Plan

In correlation with the risk and resilience assessment, the EPA requires water systems to prepare an emergency response plan that incorporates the findings of the assessment. The emergency response plan includes: strategies and resources to improve the resilience of the system, including the physical security and cybersecurity of the system; plans and procedures that can be implemented, and identification of equipment that can be utilized, in the event of a malevolent act or natural hazard that threatens the ability of the water system to deliver safe drinking water; actions, procedures and equipment which can obviate or significantly lessen the impact of a malevolent act or natural hazard on the public health and the safety and supply of drinking water provided to communities and individuals; and strategies that can be used to aid in the detection of malevolent acts or natural hazards that threaten the security or resilience of the system.

### Water Loss Reduction/Control

The evaluation of short to medium-term water loss reduction opportunities will reduce the current real-loss water volume. Implementation intervention strategies continue. Our focus will be on improved:

- Failure location tracking and repair times.
- Intervention frequency for proactive leak detection.
- Pressure management.
- The collection of historical data of water-line failures.







## BY THE NUMBERS

Numbers July 1, 2019 through June 30, 2020

\*As of June 30, 2020

**1.6 billion**  
gallons sold of treated  
water

**4.6 million**  
gallons sold per day on  
average

**30**  
employees who kept the  
water system running

**1**  
reportable water quality  
citations or violations

**\$16.3 million**  
total revenue from water  
sales

**\$82.9 million**  
value of capital assets

**600**  
water quality samples  
collected

**672**  
water quality analyses  
performed

## FISCAL YEAR 2020 FINANCES IN BRIEF

Revenues, Expenses, and Changes in Net Position (in thousands)

Source	Total	Program	Total
Water Sales	\$ 16,327	Water Purchases	\$ 6,459
System Development Fees	2,311	Depreciation	3,111
Sewer Revenue	1,515	Personnel Services	3,110
Capital Contributions	1,226	Repair & Maintenance	1,253
Installation Fees	557	Other	1,239
Miscellaneous	408	Utilities & Communication	704
Investment Earnings	307	Interest Expense	554
Penalties	227		
		Change in Net Position	6,448
<b>Total</b>	<b>22,878</b>	<b>Total</b>	<b>22,878</b>

Read our FY20 Comprehensive Annual Financial Report at [jcsud.com](http://jcsud.com)



Government Finance Officers Association

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

Presented to

**Johnson County Special Utility District  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO

Intentionally Left Blank

## FINANCIAL SECTION

Intentionally Left Blank



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management  
Johnson County Special Utility District  
Joshua, Texas

### Report on the Financial Statements

We have audited the accompanying basic financial statements of Johnson County Special Utility District (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Johnson County Special Utility District, as of December 31, 2020, and the changes in financial position and its cash flows 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 - 8 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 with management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, 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

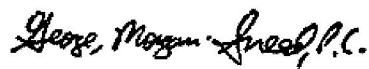
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplementary financial data and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2021 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



Weatherford, Texas

April 14, 2021



Intentionally Left Blank

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Johnson County Special Utility District, we offer readers of the Johnson County Special Utility District's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2020. We encourage readers to consider the information presented here.

### FINANCIAL HIGHLIGHTS

- The assets of the Johnson County Special Utility District exceeded its liabilities at the close of the current year by \$97,918,602 (net position) compared to \$91,470,420 for the prior year. Of this amount, \$29,782,810 (unrestricted net position) may be used to meet the District's obligations to creditors.
- The District's total net position increased by \$6,488,183 for the current year reported. Net position in the previous year increased by \$7,459,363.
- Total capital assets (net of depreciation) were \$82,908,018 for the current year reported compared to \$76,364,276 in the previous year.
- Bonds payable were \$31,268,725 at year-end compared to \$33,331,450 at the previous year-end.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Johnson County Special Utility District's basic financial statements. The Johnson County Special Utility District's basic financial statements comprise two components: 1) proprietary fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information and statistical information in addition to the basic financial statements themselves.

**Proprietary fund financial statements.** The District maintains one proprietary fund. The District uses an enterprise fund to account for its water and sewer operations. The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases to 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 presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

The basic financial statements can be found on pages 9 through 11.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 12 - 21 of this report.

**Other information.** In addition to the basic financial and accompanying notes, this report also presents certain supplementary information that further explains and supports the information in the financial statements.

### Proprietary Fund Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Johnson County Special Utility District, assets exceeded liabilities by \$97,918,602 as of December 31, 2020.

A significant portion of the District's net position (65%) reflects its investment in capital assets (e.g. land, construction in progress, buildings, water systems, sewer systems, and equipment), net of any related debt used to acquire those asset that is still outstanding. Johnson County Special Utility District uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. The use of constructed assets (pumps, storage tanks, distribution system, metering equip, transmission line, etc.) coupled with the workforce actually provide the foundation which generates some \$16 million annually in collections from retail and wholesale customers. JCSUD reports that about 16% of every dollar collected goes towards debt service and CIP spending. Seemingly assets have a significant role as a source which in part helps to retire debt.

An additional portion of the District's net position (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$29,782,810 represents resources that may be used to meet the District's ongoing obligations to creditors. As of December 31, 2020, the District is able to report a positive balance in all the categories of net position.

Below are summaries of the Johnson County Special Utility District's Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position-Proprietary Fund.

#### Condensed Statement of Net Position

	2020	2019
Current assets and other assets	\$ 51,446,413	\$ 51,998,984
Capital assets	82,908,018	76,364,276
Total assets	134,354,431	128,363,260
Liabilities		
Current liabilities	7,139,880	5,479,692
Long-term liabilities	29,295,949	31,413,149
	36,435,829	36,892,841
Net position		
Invested in capital assets, net of related debt	63,286,260	62,168,882
Restricted for debt service	4,849,532	3,905,147
Unrestricted	29,782,810	25,396,390
	\$ 97,918,602	\$ 91,470,419

## Changes in Net Position

	2020	2019
Revenues		
Operating revenues:		
Water sales	\$ 16,326,905	\$ 15,369,001
Sewer revenue	1,514,523	1,423,371
Penalties	226,336	262,359
Installation fees	556,765	321,770
Miscellaneous fees	245,389	220,540
Nonoperating revenues:		
Gain (Loss) on disposal of assets	(40,193)	411,309
Investment earnings	306,552	895,101
Other income	203,055	143,911
System development fees	2,310,860	1,311,480
Total revenues	<u>21,650,192</u>	<u>20,358,842</u>
Expenses:		
Water purchases	6,459,069	6,729,864
Other operating	6,304,565	5,429,379
Depreciation	3,110,589	2,770,288
Nonoperating	554,080	587,012
Total expenses	<u>16,428,303</u>	<u>15,516,543</u>
 Income before capital contributions	 5,221,889	 4,842,299
 Capital contributions	 <u>1,226,294</u>	 <u>2,617,064</u>
 Change in net position	 6,448,183	 7,459,363
Net position - beginning	<u>91,470,419</u>	<u>84,011,056</u>
Net position - ending	<u><u>97,918,602</u></u>	<u><u>91,470,419</u></u>

The District's net position increased \$6,448,183 in the current year compared with a \$7,459,363 increase in the prior year. \$1,226,294 of the increase is due to developer contributions of water and sewer system improvements compared to \$2,617,064 in the previous year.

Total operating revenues increased \$1,272,877 (7.23%). Water sales increased \$957,905 due to a 130 million gallon increase of water sold. Sewer revenues increased \$91,152 because number of customers increased by 7%. Nonoperating revenues increased \$18,473 primarily because of the increase in system development fees. Total expenses increased \$911,760. Water purchases decreased \$270,795 because less water was purchased from Mansfield in current year and the share of BRPUA expenses decreased. Depreciation expense increased \$340,300 due to significant assets being depreciated. Other operating expenses increased \$875,187 due to new employees being hired and repairs and work to transmission line and water system. The increase in expenses before nonoperating expenses is 6%.

## Capital Assets

The Johnson County Special Utility District's investment in capital assets as of December 31, 2020, amounts to \$82,908,018 (net of accumulated depreciation).

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

- \$1,226,294 water and sewer system improvement contributed by developers.
- \$7,763,496 for engineering and water system improvement bond projects.

### Johnson County Special Utility District's Capital Assets (Net of Depreciation)

	2020	2019
Land	\$ 875,358	\$ 875,358
Construction in progress	14,325,744	6,364,334
Buildings and building improvements	5,845,598	6,205,033
Water distribution systems	55,417,389	56,139,187
Sewer distribution systems	5,789,003	6,084,386
Equipment, furniture and fixtures	654,926	695,978
Master Plan	-	-
	<u>\$ 82,908,018</u>	<u>\$ 76,364,276</u>

Additional information on the District's capital assets can be found on Note 4 in the notes to the financial statements.

## Long-Term Debt

The following is the District's Outstanding Debt at December 31, 2020:

Description	2020	2019
Revenue Bonds	<u>\$ 31,268,725</u>	<u>\$ 33,331,449</u>

More detailed information about the District's debt is presented on Note 5 in the notes to financial statements.

### **Economic Factors and the Next Year's Budgets and Rates**

Operating income is budgeted to increase to \$17,657,807 in the 2021 budget. The 2021 budget conservatively projects water sales to be slightly higher due to the growing housing market in the Godley/Joshua area.

### **Request for Information**

The District's financial statements are designed to provide a general overview of Johnson County Special Utility District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Comptroller of Johnson County Special Utility District, P.O. Box 1390, Joshua, Texas 76058.

Intentionally Left Blank

JOHNSON COUNTY SPECIAL UTILITY DISTRICT  
Statement of Net Position  
Proprietary Fund  
December 31, 2020

**ASSETS**

Current Assets		
Cash and cash equivalents	\$	14,775,620
Certificates of deposit		3,310,000
Accounts receivable (net of allowance for uncollectibles)		1,421,292
Inventory		517,525
Prepaid items		306,520
Restricted assets		
Cash and cash equivalents		18,778,458
Total current assets		<u>39,109,415</u>
Noncurrent Assets		
Other assets:		
Equity interest in joint venture		12,336,998
Capital assets (net of accumulated depreciation)		
Nondepreciable		15,201,102
Depreciable assets		67,706,916
Capital assets, net		<u>82,908,018</u>
Total noncurrent assets		<u>95,245,016</u>
 Total assets	\$	 <u>134,354,431</u>

**LIABILITIES**

Current liabilities		
Accounts payable	\$	2,667,158
Accrued expenses		9,071
Accrued payroll liabilities		62,892
Compensated absences payable		48,601
Current liabilities payable from restricted assets		
Interest payable		206,261
Customer deposits payable		2,075,700
Current portion of bonds payable		2,070,197
Total current liabilities		<u>7,139,880</u>
Noncurrent liabilities		
Compensated absences payable		97,422
Bonds payable		29,198,527
Total noncurrent liabilities		<u>29,295,949</u>
 Total liabilities	\$	 <u>36,435,829</u>

**NET POSITION**

Net investment in capital assets	\$	63,286,260
Restricted for debt service		4,849,532
Unrestricted net position		<u>29,782,810</u>
 Total net position	\$	 <u>97,918,602</u>

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



JOHNSON COUNTY SPECIAL UTILITY DISTRICT  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended December 31, 2020

**OPERATING REVENUES**

Water sales	\$ 16,326,905
Sewer revenue	1,514,523
Penalties	226,336
Installation fees	556,765
Miscellaneous fees	245,389
Total operating revenues	<u>18,869,918</u>

**OPERATING EXPENSES**

Water purchases	6,459,069
Personnel	3,109,900
Repair, maintenance and supplies	1,252,147
Utilities and communication	703,502
Other	1,239,016
Depreciation	3,110,589
Total operating expenses	<u>15,874,223</u>
Operating income (loss)	<u>2,995,695</u>

**NONOPERATING REVENUES (EXPENSES)**

Loss on disposal of assets	(40,193)
Investment earnings	306,552
Other income	203,055
System development fees	2,310,860
Interest expense	(554,080)
Total nonoperating revenue (expenses)	<u>2,226,194</u>
Income (loss) before contributions	5,221,889

**CAPITAL CONTRIBUTIONS**

Capital contributions	<u>1,226,294</u>
Change in net position	6,448,183
Net position - beginning	91,470,419
Net position - ending	<u><u>\$ 97,918,602</u></u>

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

JOHNSON COUNTY SPECIAL UTILITY DISTRICT  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2020

**Cash flows from operating activities:**

Cash received from customers	\$ 19,446,105
Cash paid to suppliers and service providers	(10,304,808)
Cash paid to employees for salaries and benefits	(3,128,825)
Net cash provided (used) by operating activities	<u>6,012,472</u>

**Cash flow from capital and related financing activities:**

Capital outlay	(7,007,756)
Proceeds from sale of capital assets	8,500
System development fees	2,310,860
Principal payments on long-term debt	(2,050,000)
Interest paid on bonds	(576,872)
Net cash (used) by capital and related financing activities	<u>(7,315,268)</u>

**Cash flow from investing activities:**

Interest received	306,552
Other income	203,055
Redemption of certificates of deposit	
Net cash provided by investing activities	<u>509,607</u>

Net increase (decrease) in cash and cash equivalents (793,189)

Cash and cash equivalents, January 1, 2020 34,347,267

Cash and cash equivalents, December 31, 2020 \$ 33,554,078

**Reconciliation of Operating Income to**

**Net Cash Provided (Used) by Operating Activities**

Operating income	\$ <u>2,995,695</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	3,110,589
(Increase) decrease in accounts receivable	449,587
(Increase) decrease in supplies inventory	(154,973)
(Increase) decrease in prepaid items	(70,453)
(Increase) decrease in equity interest in joint venture	(464,779)
Increase (decrease) in accounts payable	550,666
Increase (decrease) in accrued expenses	(511,535)
Increase (decrease) in accrued payroll liabilities	32,430
Increase (decrease) in compensated absences payable	(51,355)
Increase (decrease) in customer deposits payable	126,600
Total adjustments	<u>3,016,777</u>
Net cash provided by operating activities	<u>\$ 6,012,472</u>

**Noncash Investing, Capital and Financial Activities**

Contribution of capital assets by developers	\$ <u>1,226,294</u>
	<u>\$ 1,226,294</u>

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

## JOHNSON COUNTY SPECIAL UTILITY DISTRICT

### Notes to Financial Statements

December 31, 2020

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting Entity

Johnson County Special Utility District (the District) is a governmental entity created by the 78<sup>th</sup> Texas Legislature in Senate Bill 5 on June 20, 2003, subject to a confirmation election which was held November 4, 2003. The District operates under Texas Water Code Chapter 65, as amended. The District is a conversion of the former Johnson County Water Supply Corporation and succeeded to all of its assets, liabilities, and operations, on November 4, 2003. The Corporation was dissolved January 1, 2004. The District supplies retail and wholesale water and sewer services to customers in rural North Central Texas, primarily in Johnson County.

##### B. Basic Financial Statements – Fund Financial Statements

The financial statements of the District are reported in the proprietary fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, net position, revenues and expenses.

##### Proprietary Fund

The focus of proprietary fund measurement is on the determination of operating income, changes in net position, financial position, and cash flows. The generally accounting principles applicable are those similar to businesses in the private sector. The following briefly describes the purpose of proprietary fund.

Proprietary fund is required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues.

##### C. Measurement Focus and Basis of Accounting and Financial Statement Presentation

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are charges to customers for sales and services. Operating expenses include the costs 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 District's policy to use restricted resources first, then unrestricted resources as they are needed.

JOHNSON COUNTY SPECIAL UTILITY DISTRICT  
Notes to Financial Statements  
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, 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. Receivables

All trade receivables are shown net of an allowance for uncollectibles of \$27,907. Trade accounts receivable in excess of ninety days comprise the allowance for uncollectible trade accounts receivable.

3. Inventory

Inventories of parts and supplies are stated at cost using the first-in-first out method. These inventories are used for repairs and maintenance of the water and sewer systems.

4. Prepaid Items

Payments made to vendors for goods and services that will benefit future periods are recorded as prepaid items in the financial statements.

5. Capital Assets

Capital assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. Furniture and fixture assets with a cost of \$1,000 or more and a useful life greater than three years will be capitalized. All other assets with a cost of \$10,000 or more and a useful life greater than three years will be capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of proprietary fund is included as part of the capitalized value of the assets constructed. There was no interest capitalized during the year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and building improvements	5 – 40	years
Water system	5 – 40	years
Sewer system	5 – 40	years
Equipment, furniture and fixtures	3 – 20	years
Master plan	5	years

## JOHNSON COUNTY SPECIAL UTILITY DISTRICT

### Notes to Financial Statements

December 31, 2020

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 6. Compensated absences

The District offers employees a leave benefit program known as Paid Time Off (PTO). Under this policy, all employees may draw upon their accrued PTO days for vacation, sick leave, medical appointments, family illnesses or personal leave issues. PTO is accrued when earned.

Participating employees have the option to rollover PTO time to the Personal Illness Bank (PIB) for the sake of having leave time available in the case of long-term illness. Employees are encouraged to rollover accrued PTO as a form of insurance to help during such unavoidable events. At termination employees are eligible to receive PIB time if the termination is not a result of a violation of District policy.

##### 7. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expenses in the current period.

##### 8. Net Position

Net position represents the difference between assets and liabilities. Proprietary fund net position are divided into three components:

- Net investment in capital assets – consist of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets and adding back unspent proceeds.
- Restricted net position – consist of net position that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position are reported in this category.

##### 9. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the use of estimates by management that affect reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

JOHNSON COUNTY SPECIAL UTILITY DISTRICT  
Notes to Financial Statements  
December 31, 2020

NOTE 2: DEPOSITS AND INVESTMENTS

1. Deposits

Custodial Credit Risk for Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government'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 fair value of not less than the principal amount of the deposits. At December 31, 2020, the District's deposits were fully insured or collateralized as required by the District's investment policy.

2. Investments

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

Per the District's investment policy, public funds of the District may be invested in (1) obligations of the United States Government, its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities; (5) certificates of deposit which are fully FDIC insured or collateralized from a depositor institution doing business in the State of Texas; (6) no-load Money Market Mutual Funds; (7) Texas Local Government Investment Pools. During the year ended December 31, 2020, the District did not own any types of securities other than those permitted by its investment policy.

The District invests idle funds in the Logic Local Government Investment Pool, Texstar Local Government Investment Pool, Texas Local Government Investment Pool (Tex-Pool) and Texas Term Local Investment Pool. The City's pools are local government investment pools organized under the authority of the Interlocal Cooperation Act Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. Each pool is governed by an advisory board composed of participants and other persons who do not have a business relationship with the pool. All investments of the pools are stated at amortized cost, which in most cases approximates the market value of the securities. The objective of the pools is to maintain a stable \$1.00 net asset value; however, the \$1.00 net asset value is not guaranteed or insured by the State of Texas.

Credit Risk-Investments

The District controls risk by limiting its investments to those instruments described above.

JOHNSON COUNTY SPECIAL UTILITY DISTRICT  
Notes to Financial Statements  
December 31, 2020

NOTE 2: DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk-Investments

The District manages interest rate risk by spreading the fair value of its investments over varying maturities. The District's policy sets a maximum of five years on its investments, with no more than 20% of the portfolio extending beyond three years. The District's investments at December 31, 2020, included the following:

Description	Rating	Maturities	Investment	Cost	Market
Logic Pool	AAAm	55 days	62.61%	\$21,753,316	\$21,753,316
TexStar Pool	AAAm	38 days	15.03%	5,221,062	5,221,062
Tex-Pool	AAAm	37 days	11.83%	4,109,253	4,109,253
Texas TERM Pool	AAAf	32 days	1.00%	348,769	348,769
Certificates of Deposit	n/a	n/a	9.53%	3,310,000	3,310,000
Total			100.00%	<u>\$34,742,400</u>	<u>\$34,742,400</u>

The maturities reflected above for the pools are the weighted average maturities of the underlying securities held by the pools.

The pools listed above totaling \$31,432,400 are reporting with cash and cash equivalents in the statement of net position.

NOTE 3: RESTRICTED ASSETS

Certain proceeds of the District's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or other legal restrictions. Also included are customer deposits which are considered refundable.

Construction funds	\$ 11,646,966
P&I sinking funds	2,459,865
Revenue bond reserves	2,595,927
Customer deposits	<u>2,075,700</u>
	<u>\$ 18,778,458</u>

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2020**

**NOTE 4: CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Non Depreciable Assets:				
Land	\$ 875,358	\$ -	\$ -	\$ 875,358
Construction in progress	6,364,334	8,250,888	(289,478)	14,325,744
Total non-depreciable assets	7,239,692	8,250,888	(289,478)	15,201,102
Depreciable Assets:				
Buildings and building improvements	6,451,255		(169,385)	6,281,870
Water distribution systems	82,174,446	1,515,772		83,690,218
Sewer distribution systems	8,648,865			8,648,865
Equipment, furniture and fixtures	2,192,434	225,753	(22,246)	2,395,940
Master Plan	33,202	-	(33,202)	-
Total capital assets being depreciated	99,500,201	1,741,525	(224,833)	101,016,892
Accumulated Depreciation:				
Buildings and building improvements	(246,222)	(310,741)	120,692	(436,271)
Water distribution systems	(26,035,259)	(2,237,570)		(28,272,829)
Sewer distribution systems	(2,564,479)	(295,383)		(2,859,862)
Equipment, furniture and fixtures	(1,496,456)	(266,895)	22,336	(1,741,014)
Master Plan	(33,202)		33,202	-
Total accumulated depreciation	(30,375,618)	(3,110,589)	176,230	(33,309,977)
Business-type activities capital assets, net	\$ 76,364,276	\$ 6,881,823	\$ (338,081)	\$ 82,908,018

**NOTE 5: 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. The issuance of the refunding bonds did not result in a difference between the reacquisition price of the old debt and the net carrying amount of the old debt. Therefore, there is no deferred charge on refunding reflected in the statement of net position. Revenue bonds outstanding at year end are as follows:



JOHNSON COUNTY SPECIAL UTILITY DISTRICT  
Notes to Financial Statements  
December 31, 2020

NOTE 5: LONG-TERM LIABILITIES (continued)

Series	Issue Amount	Maturity Date	Interest Rates	Amount Outstanding
2005 Revenue Refunding Bonds	\$ 6,245,000	8/15/2021	3.00% - 4.30%	\$ 85,000
2012 Revenue Refunding Bonds	9,500,000	8/15/2031	.30% - 3.00%	6,000,000
2013 Revenue Refunding and Improvement Bonds	8,510,000	8/15/2031	1.00% - 2.65%	4,940,000
2018 Revenue Bonds (TWDB)	22,000,000	8/15/2038	.38% - 1.82%	20,075,000
Total				<u>\$ 31,100,000</u>

Revenue bond debt service requirements to maturity are as follows:

	Principal	Interest	Total
2021	\$ 2,055,000	\$ 550,029	\$ 2,605,029
2022	2,000,000	521,579	2,521,579
2023	1,920,000	494,368	2,414,368
2024	1,950,000	467,471	2,417,471
2025	1,980,000	436,780	2,416,780
2026-2030	10,525,000	1,629,166	12,154,166
2031-2035	6,935,000	663,848	7,598,848
2036-2040	3,735,000	135,572	3,870,572
	<u>\$ 31,100,000</u>	<u>\$ 4,898,811</u>	<u>\$ 35,998,811</u>

The provisions of the bonds require the District to maintain an interest and sinking account and make monthly transfers from the system account equal to 1/6 of the next maturing interest plus 1/12 of the next maturing principal for debt service payments. The required balance in the interest and sinking account at December 31, 2020, was \$976,076 and the actual balance was \$2,459,865.

The provisions of the bonds require the District to maintain reserve accounts with a minimum balance of \$2,470,753. The actual balance in the reserve accounts was \$2,595,927 at December 31, 2020.

The provisions of the bonds require the District to maintain net revenues available for debt service of 1.25 times the average annual debt service. The District is in compliance with this requirement.

In the event of default, in addition to all rights and remedies provided by the laws of the State of Texas, the holders of any of the bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the District and other officers of the District to observe and perform any covenant, condition, or obligation prescribed in the bond order.

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
Notes to Financial Statements  
December 31, 2020

**NOTE 5: LONG-TERM LIABILITIES (continued)**

The following is a summary of long-term liability transactions of the District for the year ended December 31, 2020:

Description	Beginning Balance	Additions	Retirements	December 31, 12/31/2020	Due within one year
Revenue Bonds	\$ 33,150,000	\$ -	\$ (2,050,000)	\$ 31,100,000	\$ 2,055,000
Bonds Discounts	(4,118)	-	3,295	(823)	(823)
Bond Premiums	185,568	-	(16,020)	169,548	16,020
Total Bonds Payable	33,331,450	-	(2,062,725)	31,268,725	2,070,197
Compensated absences	197,378	146,023	(197,378)	146,023	48,601
Total Long Term Debt	<u>\$ 33,528,828</u>	<u>\$ 146,023</u>	<u>\$ (2,260,103)</u>	<u>\$ 31,414,748</u>	<u>\$ 2,118,798</u>

**NOTE 6: BRAZOS REGIONAL PUBLIC UTILITY AGENCY (BRPUA)**

In January 2012, Johnson County Special Utility District and Acton Municipal Utility District formed BRPUA, a joint venture entity that purchased and operates the Lake Granbury Surface Water and Treatment Center System (SWATS) plant. BRPUA issues audited annual financial statements for its fiscal year, which ends on September 30. Upon dissolution, BRPUA's assets would be distributed proportionally in accordance with the allocated production capacity of the SWATS plant that each participant has contracted to take at that time. The District's investment in the joint venture of \$12,336,998 is based on the District's current 55.308% allocated production capacity.

The District is obligated to BRPUA to make monthly payments sufficient to pay for its allocated portion of operation and maintenance, capital improvements and debt service costs regarding the SWATS plant. The maturities of BRPUA's Contract Revenue Bond Series 2012 (JCSUD), for which the District is responsible for paying through the debt service payments were as follows as of December 31, 2020:

Year Ending	BRPUA Bonds		
December 31	Principal	Interest	Total
2021	900,000	63,900	963,900
2022	910,000	36,900	946,900
2023	320,000	9,600	329,600
Total	<u>\$ 2,130,000</u>	<u>\$ 110,400</u>	<u>\$ 2,240,400</u>

## JOHNSON COUNTY SPECIAL UTILITY DISTRICT

### Notes to Financial Statements

December 31, 2020

#### NOTE 7: RETIREMENT PLAN

The Johnson County 457 Plan was established under Internal Revenue Services (IRS) Code Section 457(b). Eligible employees may defer the lesser of 100% of their includible compensation or \$19,500 for 2020. In addition to these deferrals, employees at least age fifty may make catch-up contributions of \$6,500 for 2020.

The Johnson County Profit Sharing Plan was established under IRS Code Section 401. The District contributes to this plan each year an amount equal to 11.0% of the compensation of eligible employees. The contributions were \$165,646 for 2020.

Both plans are sole employer, defined contribution plans and have the same participation requirements: employees must be at least 21 and complete one year of service in which they complete 1,000 hours of continuous service. Additionally, a minimum 4.0% employee deferral contribution to the 457 Plan is required in order to participate in the Profit Sharing Plan.

#### NOTE 8: RISK MANAGEMENT

The District is exposed to various risk 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 years.

#### NOTE 9: CONTRACTS AND COMMITMENTS

##### 1. City of Mansfield

In May 2009, the District and the City of Mansfield entered into a 20-year water purchase contract whereby the District has a total available volume of 9 million gallons per day (MGD) from the City.

##### 2. City of Grand Prairie

In March 2010, the District and City of Grand Prairie entered into a 40-year water purchase contract whereby the District has a total available volume of 6 million gallons per day (MGD) from the City.

##### 3. Brazos River Authority

The District reserves raw water from BRA to make treated water available for its future needs. Under the agreement dated December 1, 2012, the District had a total of 9,210 acre-feet of water secured each year. In turn, the District is obligated to unconditionally pay the system rate as determined each year by BRA. The agreement ends in 2048.

## JOHNSON COUNTY SPECIAL UTILITY DISTRICT

### Notes to Financial Statements

December 31, 2020

#### 4. Texas Water Development Board (TWDB) Projects

June 2018 the District issued \$22,000,000 Johnson County Special Utility District Revenue Bonds, Series 2018 that were purchased by the Texas Water Development Board with Drinking Water State Revolving Funds. The bonds were issued for smart meter upgrade, pump station and water distribution lines improvements. \$12,605,926 has been spent as of December 31, 2020, for loan origination, engineering, the AMI (Advanced Metering Infrastructure) smart meter system change out, and the bundled water system improvements.

#### NOTE 10: EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through April 14, 2021, which is the date the financial statements were available to be issued.

#### NOTE 11: FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases*. The objective of the Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. This Statement is effective for reporting periods beginning after December 15, 2020. The District has not yet determined the effect this Statement will have on its financial reporting.

Intentionally Left Blank

## SUPPLEMENTARY INFORMATION

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**PROPRIETARY FUND**  
For the Year Ended December 31, 2020

	Original and Final Budgeted Amounts	Actual	Actual - Over (Under) Budget
<b>OPERATING REVENUES</b>			
Water sales	\$ 14,828,390	\$ 16,326,905	\$ 1,498,515
Sewer service	1,387,000	1,514,523	127,523
Penalties	238,500	226,336	(12,164)
Installation fees	220,000	556,765	336,765
Miscellaneous	208,000	245,389	37,389
Total operating revenues	<u>16,881,890</u>	<u>18,869,918</u>	<u>1,988,028</u>
<b>OPERATING EXPENSES</b>			
Water purchases	7,900,000	6,459,069	(1,440,931)
Personnel services	3,219,023	3,109,900	(109,123)
Repair, maintenance and supplies	1,234,000	1,252,147	18,147
Utilities and communication	805,000	703,502	(101,498)
Other	1,109,050	1,239,016	129,966
Depreciation and amortization	3,151,667	3,110,589	(41,078)
Total operating expenses	<u>17,418,740</u>	<u>15,874,223</u>	<u>(1,544,517)</u>
OPERATING INCOME (LOSS)	(536,850)	2,995,695	3,532,546
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Gain on sale of assets	25,000	(40,193)	(65,193)
Investment earnings	600,000	306,552	(293,448)
Other income	125,920	203,055	77,135
System development fees	1,024,000	2,310,860	1,286,860
Interest expense	(534,620)	(554,080)	(19,460)
Total nonoperating revenues (expenses)	<u>1,240,300</u>	<u>2,226,194</u>	<u>985,894</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	703,449	5,221,889	4,518,440
Capital contributions	<u>-</u>	<u>1,226,294</u>	<u>1,226,294</u>
CHANGE IN NET POSITION	<u>\$ 703,449</u>	<u>\$ 6,448,183</u>	<u>\$ 5,744,734</u>

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**SCHEDULE OF INSURANCE IN FORCE**  
December 31, 2020

<b>INSURER</b>	<b>RISK COVERED</b>	<b>POLICY AMOUNT</b>	<b>EXPIRATION</b>
Texas Municipal League	Worker's compensation	2,150,334	December 1, 2021
	General liability	\$2,000,000 / \$4,000,000	December 1, 2021
	Errors and omissions	5,000,000 / 10,000,000	December 1, 2021
	Automobile liability	1,000,000	December 1, 2021
	Auto physical damage	varies per vehicle	December 1, 2021
	Supplemental sewage backup	25,000 / 50,000	December 1, 2021
	Cyber Liability & Data Breach	1,000,000	December 1, 2021
	Flood and earthquake	5,000,000 / 10,000,000	December 1, 2021
	Real and personal property	54,735,289	December 1, 2021
	Boiler and machinery	100,000	December 1, 2021
	Mobile equipment	367,588	December 1, 2021
	Public employee dishonesty	1,000,000	December 1, 2021
	Forgery or alteration	100,000	December 1, 2021
	Theft, disappearance, and destruction	30,000	December 1, 2021
Ambac Assurance Corporation	Surety bond - Series 2005 Bonds	623,371	August 15, 2021



**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**SCHEDULE OF SERVICES AND RATES**  
For the Year Ended December 31, 2020  
(Unaudited)

1. Services provided by the District: Retail and Wholesale Water; Retail Sewer
2. Retail rates based on 5/8" meter  
Most prevalent type of meter: 5/8"

	<b>Minimum Charge</b>	<b>Minimum Usage</b>	<b>Flat Rate Y/N</b>	<b>Rate per 1,000 gallons over minimum</b>	<b>Usage Levels</b>
Water	\$33	N/A	N	\$4.25 5.25 6.25	0-5,000 5,001-10,000 10,001 plus
Sewer	\$22	N/A	N	\$4.50	0-10,000

District employs winter averaging for sewer usage? No

Total water charges per 10,000 gallons usage: water \$80.50; sewer \$67.00 (maximum)

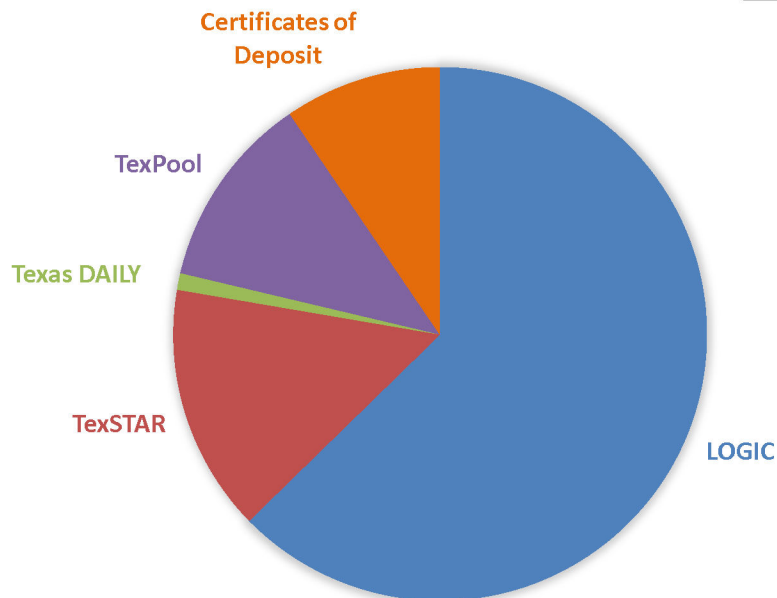
3. Total water consumption (in thousands) during the fiscal year:  
Gallons pumped into system: 2,088,750  
Gallons billed and unbilled: 1,737,420  
Water accountability ratio: 83.2%
4. Retail water connections within the District as of the fiscal year end.

<b>Meter Size</b>	<b>Total Meters</b>	<b>Active Meters</b>		<b>SUE Factor</b>	<b>Active SUE's</b>
<=5/8"	17,808	16,477	x	1.0	16,477
3/4"	91	91	x	1.3	118
1"	192	191	x	2.2	420
1 1/2"	22	21	x	4.0	84
2"	62	54	x	10.0	540
3"	10	9	x	20.0	180
4"	7	5	x	40.0	200
6"	3	3	x	64.0	192
Total Water	18,195	16,851			18,212
Total Sewer	2,775	2,153	x	1.0	2,153

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**SCHEDULE OF TEMPORARY INVESTMENTS**  
December 31, 2020

	<b>Identification Number</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Year End Balance</b>	<b>% of Total</b>
LOGIC	No. 001 - 2018 L1000790	Market	Escrow	\$ 11,646,966	
	No. 001	Market	On demand	984,269	
	No. 002	Market	On demand	7,678,021	
	No. 004	Market	On demand	106,862	
	No. 006	Market	On demand	1,337,198	
				<u>21,753,316</u>	<u>62.7%</u>
TexSTAR	No. 110	Market	On demand	280,872	
	No. 330	Market	On demand	4,259,640	
	No. 550	Market	On demand	680,550	
				<u>5,221,062</u>	<u>15.0%</u>
Texas DAILY		Market	On demand	<u>348,769</u>	<u>1.0%</u>
TexPool	No. 002	Market	On demand	2,459,863	
	No. 005	Market	On demand	390,659	
	No. 008	Market	On demand	685,388	
	No. 009	Market	On demand	573,341	
				<u>4,109,253</u>	<u>11.8%</u>
Certificates of Deposit	Multi Bk Securities - 19 CD's	1.42%		<u>3,310,000</u>	<u>9.5%</u>
Total				<u><u>\$ 34,742,400</u></u>	<u><u>100.0%</u></u>



Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
FUTURE DEBT SERVICE OBLIGATIONS  
December 31, 2020

Fiscal Year Ended December 31	2005 Revenue Refunding Bonds <sup>(1)</sup>			2012 Revenue Bonds <sup>(1)</sup>			2013 Revenue and Refunding Bonds <sup>(1)</sup>			2018 TWDB Bonds			Total Debt Service Requirements	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total		
2021	85,000	3,655	88,655	475,000	149,250	624,250	485,000	115,388	600,388	1,010,000	281,736	1,291,736	2,605,029	6.61%
2022	-	-	-	485,000	139,750	624,750	500,000	106,657	606,657	1,015,000	275,172	1,290,172	2,521,579	
2023	-	-	-	500,000	130,050	630,050	395,000	96,658	491,658	1,025,000	267,660	1,292,660	2,414,368	
2024	-	-	-	515,000	120,050	635,050	405,000	88,165	493,165	1,030,000	259,256	1,289,256	2,417,471	
2025	-	-	-	525,000	108,463	633,463	415,000	79,052	494,052	1,040,000	249,265	1,289,265	2,416,780	31.85%
2026	-	-	-	540,000	96,650	636,650	425,000	69,300	494,300	1,055,000	237,721	1,292,721	2,423,671	
2027	-	-	-	555,000	83,150	638,150	435,000	59,100	494,100	1,065,000	224,744	1,289,744	2,421,994	
2028	-	-	-	575,000	69,275	644,275	450,000	48,443	498,443	1,080,000	210,686	1,290,686	2,433,404	
2029	-	-	-	590,000	54,900	644,900	465,000	37,192	502,192	1,095,000	195,674	1,290,674	2,437,766	
2030	-	-	-	610,000	37,200	647,200	475,000	25,335	500,335	1,110,000	179,796	1,289,796	2,437,331	
2031	-	-	-	630,000	18,900	648,900	490,000	12,985	502,985	1,125,000	163,035	1,288,035	2,439,920	72.91%
2032										1,145,000	145,598	1,290,598		
2033										1,165,000	127,278	1,292,278		
2034										1,180,000	108,056	1,288,056		
2035										1,200,000	87,996	1,287,996		87.99%
2036										1,225,000	67,116	1,292,116		
2037										1,245,000	45,433	1,290,433		
2038										1,265,000	23,021	1,288,021		100.00%
	<b>\$ 85,000</b>	<b>\$ 3,655</b>	<b>\$ 88,655</b>	<b>\$6,000,000</b>	<b>\$1,007,638</b>	<b>\$ 7,007,638</b>	<b>\$4,840,000</b>	<b>\$ 738,275</b>	<b>\$5,678,275</b>	<b>\$ 20,075,000</b>	<b>\$3,149,243</b>	<b>\$ 23,224,243</b>	<b>\$35,998,811</b>	

<sup>(1)</sup> Parity Lien Obligations secured solely from and secured by a lien on and pledge of the Pledged Revenues and shall be superior to the lien on and pledge of the Pledged Revenues securing payment of any Subordinate Lien Obligation.

Source: Bond Resolutions  
Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**CHANGES IN LONG-TERM BONDED DEBT**  
December 31, 2020

<b>Bond Authority:</b>	<b>Series 2005 Revenue Refunding Bonds</b>	<b>Series 2012 Revenue Bonds</b>	<b>Series 2013 Revenue and Refunding Bonds</b>	<b>Series 2018 TWDB Revenue Bonds</b>	<b>Total</b>
Interest Rates	3.00% - 4.3%	0.30% - 3%	1.00% - 2.65%	.38% - 1.82%	
Dates Interest Payable	2/20;8/20	2/20;8/20	2/20;8/20	2/20;8/20	
Maturity Dates	8/15/2021	8/15/2031	8/15/2031	8/15/2038	
Beginning Balances January 1, 2020	\$ 190,000	\$ 6,465,000	\$ 5,415,000	\$ 21,080,000	\$ 33,150,000
Addition During the Fiscal Year	-	-	-	-	-
Retired During the Fiscal Year	(105,000)	(465,000)	(475,000)	(1,005,000)	(2,050,000)
Ending Balances December 31, 2020	<u>\$ 85,000</u>	<u>\$ 6,000,000</u>	<u>\$ 4,940,000</u>	<u>\$ 20,075,000</u>	<u>\$ 31,100,000</u>
Interest Paid During the Fiscal Year	<u>\$ 8,170</u>	<u>\$ 158,550</u>	<u>\$ 122,987</u>	<u>\$ 287,164</u>	<u>\$ 576,871</u>

Paying Agent's Name and City	U.S. Bank Corporate Trust Services, Los Angeles, CA
Revenue Refunding Bonds Series 2005	BOKF, N.A. dba Bank of Texas, Dallas, TX
Revenue Bonds Series 2012	BOKF, N.A. dba Bank of Texas, Dallas, TX
Revenue Refunding Bonds Series 2013	UMB Kansas City, MO.
TWDB Bonds Series 2018	

<b>Bond Authority:</b>	<b>Series 2005 Revenue Refunding Bonds</b>	<b>Series 2012 Revenue Bonds</b>	<b>Series 2013 Revenue and Refunding Bonds</b>	<b>Series 2018 TWDB Revenue Bonds</b>	
Amount Authorized by Voters	\$ 6,245,000	\$ 9,500,000	\$ 8,510,000	\$ 22,000,000	
Amount Issued	6,245,000	9,500,000	8,510,000	22,000,000	
Remaining to be Issued	-	-	-	-	
Restricted cash for debt service as of December 31, 2020:					
Interest and sinking funds	\$ 690,657	\$ 902,594	\$ 866,612	\$ -	\$ 2,459,863
Reserve funds	(1)	685,388	573,341	1,337,198	2,595,927
Total	<u>690,657</u>	<u>1,587,982</u>	<u>1,439,953</u>	<u>1,337,198</u>	<u>5,055,790</u>

Average Annual Principal and Interest Requirements, 2020 - 2038 \$ 1,999,934  
Coverage of Average Requirements by December 31, 2020 Net Revenues 4.44

Maximum Principal and Interest Requirements, 2020 \$ 2,605,029  
Coverage of Maximum Requirements by December 31, 2020 Net Revenues 3.41

Number of years remaining on longest remaining bonded debt 18

(1) 2005 Bond reserve fund is funded by a surety policy issued by Ambac Assurance Corporation in the amount of \$621,371.42. The 2012 and 2013 Bond reserves are funded monthly for 60 months.

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES  
Five Years Ended December 31, 2020

						Percent of Fund Total Revenues				
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
<b>Operating Revenues</b>										
Water sales	\$ 12,610,422	\$ 13,921,186	\$ 15,437,363	\$ 15,369,001	\$ 16,326,905	87.5	87.7	87.9	87.3	86.5
Fire hydrant meter water sales	-	-	-	-	-	-	-	-	-	-
Sewer revenues	1,234,598	1,268,534	1,305,050	1,423,371	1,514,523	8.6	8.0	7.4	8.1	8.0
Penalties	232,984	242,888	254,690	262,359	226,336	1.6	1.5	1.5	1.5	1.2
Installation fees	164,048	232,548	339,539	321,770	556,765	1.1	1.5	1.9	1.8	3.0
Miscellaneous	175,298	201,425	225,301	220,540	245,389	1.2	1.3	1.3	1.3	1.3
Total Revenues	14,417,350	15,866,581	17,561,943	17,597,041	18,869,918	100.0	100.0	100.0	100.0	100.0
<b>Operating Expenses:</b>										
Water purchases	6,156,820	6,641,246	6,388,057	6,729,864	6,459,069	42.7	41.9	36.4	38.2	34.2
Personnel services	2,506,633	2,524,830	2,443,324	2,574,177	3,109,900	17.4	15.9	13.9	14.6	16.5
Repair, maintenance and supplies	659,054	870,910	1,183,265	990,004	1,252,147	4.6	5.5	6.7	5.6	6.6
Utilities and communication	662,079	719,035	768,760	790,444	703,502	4.6	4.5	4.4	4.5	3.7
Other	766,460	881,976	917,373	1,074,754	1,239,016	5.3	5.6	5.2	6.1	6.6
Operating Expenses Excluding Depreciation and amortization	10,751,046	11,637,997	11,700,779	12,159,243	12,763,634	74.6	73.3	66.6	69.1	67.6
Operating Income before Depreciation and amortization	3,666,304	4,228,584	5,861,164	5,437,798	6,106,284	25.4	26.7	33.4	30.9	32.4
Depreciation and Amortization:	2,870,202	2,894,213	3,171,978	2,770,288	3,110,589	19.9	18.2	18.1	15.7	16.5
Operating Income (Loss)	796,102	1,334,371	2,689,186	2,667,510	2,995,695	5.5	8.4	15.3	15.2	15.9
<b>Nonoperating Revenues (Expenses):</b>										
Gain (loss) on sale of assets	26,131	61,659	2,527	411,309	(40,193)	0.2	0.4	-	2.3	(0.2)
Investment earnings	59,017	129,394	572,396	895,101	306,552	0.4	0.8	3.3	5.1	1.6
Other income	180,020	674,363	182,128	143,911	203,055	1.2	4.3	1.0	0.8	1.1
System development fees	638,660	918,600	1,282,345	1,311,480	2,310,860	4.4	5.8	7.3	7.5	12.2
Interest expense	(393,260)	(361,109)	(476,872)	(587,012)	(554,080)	(2.7)	(2.3)	(2.7)	(3.3)	(2.9)
Bond issuance costs	-	-	(610,909)	-	-	-	-	(3.5)	-	-
Total Nonoperating Revenues (Expenses)	510,568	1,422,907	951,615	2,174,789	2,226,194	3.5	9.0	5.4	12.4	11.8
Income (Loss) Before Capital Contributions and Extraordinary Item	1,306,670	2,757,278	3,640,801	4,842,299	5,221,889	9.1	17.4	20.7	27.5	27.7
Capital contributions	2,496,019	1,010,942	5,079,367	2,617,064	1,226,294	17.3	6.4	28.9	14.9	6.5
Changes in Net Position	\$ 3,802,689	\$ 3,768,220	\$ 8,720,168	\$ 7,459,363	\$ 6,448,183	26.4	23.7	49.7	42.4	34.2
Active Water Customers	14,738	15,132	15,580	16,069	16,851					
Active Sewer Customers	1,891	1,901	1,951	2,014	2,153					

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**CONDENSED SUMMARY OF OPERATING RESULTS**  
(CALCULATION BASED ON BOND RESOLUTION REQUIREMENTS)  
December 31, 2020

	Fiscal Year Ended December 31,				
	2016	2017	2018	2019	2020
<b><u>Gross Revenues</u></b>					
Water Sales	\$12,610,422	\$13,921,186	\$ 15,437,363	\$ 15,369,001	\$ 16,326,905
Fire Revenue	-	-	-	-	-
Sewer Services	1,234,598	1,268,534	1,305,050	1,423,371	1,514,523
Interest Income	59,017	129,394	572,396	895,101	306,552
Other Revenue	1,417,141	2,331,483	2,286,530	2,671,369	3,502,212
Total Gross Revenues	<u>\$15,321,178</u>	<u>\$17,650,597</u>	<u>\$ 19,601,339</u>	<u>\$ 20,358,842</u>	<u>\$ 21,650,192</u>
<b><u>Operating Expenses <sup>(1)</sup> :</u></b>					
Treated Water	\$ 5,501,863	\$ 5,970,177	\$ 5,695,275	\$ 6,010,545	\$ 5,712,043
Brazos River Authority Contracts	654,957	671,069	692,782	719,319	747,026
Other	4,594,226	4,996,751	5,312,722	5,429,379	6,304,565
Total Operating Expenses	<u>\$10,751,046</u>	<u>\$11,637,997</u>	<u>\$ 11,700,779</u>	<u>\$ 12,159,243</u>	<u>\$ 12,763,634</u>
Net Available For Debt Service	<u>\$ 4,570,132</u>	<u>\$ 6,012,600</u>	<u>\$ 7,900,560</u>	<u>\$ 8,199,599</u>	<u>\$ 8,886,558</u>
Active Water Customers	14,738	15,132	15,580	16,069	16,851
Active Sewer Customers	1,891	1,901	1,951	2,014	2,153

<sup>(1)</sup> Excludes Depreciation and Amortization

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12 (Table 6)



**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
BOARD OF DIRECTORS, MANAGEMENT TEAM, AND CONSULTANTS  
December 31, 2020  
(Unaudited)

Complete District Mailing Address: PO Box 1390, Joshua, Texas 76058  
District Business Telephone Number: (817) 760-5200  
Submission Date of the Most Recent District Registration Form: 03/25/19  
Limit on Fees of Office that a Director May Receive During a Fiscal Year: \$7,200

<b>Board Director</b>	<b>Term of Office Elected and Expires</b>	<b>Fees and Expense Reimbursements*</b>	<b>Title at Year End</b>
Harry Shaffer	2017 - 2020	\$ -	President
Glen Walden	2020 - 2023	\$ -	Vice-President
Ronald Nichols	2019 - 2022	\$ -	Secretary / Treasurer
Michael Bowles**	2019 - 2022	\$ -	Director
Gene Petross	2019 - 2022	\$ -	Director
Eric Baze	2018 - 2021	\$ -	Director
Gary Giesen**	2018 - 2021	\$ -	Director

\* These expense reimbursements are for lodging, meals, transportation related to training and conferences, and miscellaneous other costs.

\*\* The Board of Directors appointed Michael Bowles and Gary Giesen to serve the remainder of two vacated director terms on 12/15/2020.

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**BOARD OF DIRECTORS, MANAGEMENT TEAM, AND CONSULTANTS (continued)**  
 December 31, 2020  
 (Unaudited)

<b>Management Team</b>	<b>Date Hired</b>	<b>Fees and Expense Reimbursements</b>	<b>Title at Year End</b>
Peter Kampfer	03/26/20	235	General Manager
Joshua Howard	02/01/16	-	Finance Manager
Danny Armstrong	12/09/02	-	System Operations Manager
Dana Collier	11/01/11	-	System Development Manager
Kelli Roberts	06/28/17	-	Human Resources Manager
Carrie LaFountain	06/19/17	750	Customer Service Manager

**Professional & Engineering**

Cain & Associates, P.C.	98,059	Attorney
Jackson Walker LLP	3,462	Attorney
McDonald Sanders	9,057	Attorney
George, Morgan & Sneed, P.C.	43,500	Auditor
Yeldell, Wilson, Wood & Reeve, P.C.	8,025	Auditor
Enprotec/Hibbs & Todd	546,799	Engineer
Municipal Engineers & Mgmt.	91,274	Engineer

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**ANNUAL MATERIAL EVENT DISCLOSURE CHECKLIST**  
December 31, 2020  
(Unaudited)

Yes No

- X 1. Has Issuer failed to make timely payments of interest and principal or reserve fund requirements (if required on any outstanding debt obligation)?
- X 2. Has Issuer had any other defaults not related to debt payments?
- X 3. Has Issuer utilized any debt service reserves due to financial problems?
- X 4. Have there been any unscheduled draws on credit enhancements due to financial problems (bond insurance policies, liquidity agreements, etc.)?
- X 5. Has there been any change of providers of credit enhancement or liquidity facilities, or have they failed to provide funds under their contract with Issuer (if applicable)?
- X 6. Is Issuer aware of any adverse tax opinions or other events that might affect the tax-exempt status of bonds?
- X 7. Have there been any changes or amendments to outstanding documents which might affect the rights of bond investors?
- X 8. Has Issuer exercised its right or given notice to prepay or call bonds in advance of maturity?
- X 9. Has Issuer prepaid (defeased) any outstanding debt obligations?
- X 10. Has there been any release, substitution, or sale of any property securing debt service?
- X 11. Is Issuer aware of any changes in outstanding bond credit ratings?
- X 12. Have there been any other material or adverse events that might impact an investor's decision to buy or sell Issuer's outstanding debt obligations?

STATISTICAL SECTION (UNAUDITED)

Intentionally Left Blank

## STATISTICAL SECTION (Unaudited)

This part of the Johnson County Special Utility District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. This information has not been audited by the independent auditor.

<b><u>Contents</u></b>	<b><u>Page</u></b>	<b><u>Tables</u></b>
<b><i>Financial Trends</i></b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	34-36	1-2
<b><i>Revenue Capacity</i></b> These schedules contain information to help the reader assess the District's most significant revenue sources, charges for services.	37-41	3-4
<b><i>Debt Capacity</i></b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	42-43	5-6
<b><i>Demographic and Economic Information</i></b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	44-45	7-8
<b><i>Operating Information</i></b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	46-48	9-11



**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
NET POSITION BY COMPONENT  
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Net Position:</b>										
Net investment in capital assets	\$ 31,580,199	\$ 37,337,910	\$ 41,235,467	\$ 43,088,093	\$ 43,883,656	\$ 48,120,547	\$ 49,081,903	\$ 54,689,237	\$ 62,168,882	\$ 63,286,260
Restricted for debt service	515,815	703,727	1,071,716	1,283,535	1,501,144	1,729,039	2,003,790	3,752,849	3,905,147	4,849,532
Unrestricted	10,073,892	14,776,114	14,693,631	13,890,939	12,827,743	12,165,646	14,697,759	25,568,970	25,396,390	29,782,810
<b>Total Net Position</b>	<b>\$ 42,169,906</b>	<b>\$ 52,817,751</b>	<b>\$ 57,000,814</b>	<b>\$ 58,262,567</b>	<b>\$ 58,212,543</b>	<b>\$ 62,015,232</b>	<b>\$ 65,783,452</b>	<b>\$ 84,011,056</b>	<b>\$ 91,470,419</b>	<b>\$ 97,918,602</b>

During fiscal year 2011, capital assets increased due to improvements to the water and sewer distribution system.

During fiscal year 2011, the District recorded a reduction in purchase water expense due to the receipt of \$333,976 from the Brazos River Authority for fiscal years 2010 and 2011 expense adjustments. Contributed property increased due to the completion of a \$816K commercial development project in the Joshua area. Operating revenues increased approximately \$1.6M due to the implementation of a rate increase and increased volume due to drought conditions and \$550K due to the temporary assignment sale of 8,000 acre feet of raw water.

During fiscal year 2012, construction in progress for the TBTF project increased \$3.37M, construction in progress for the Highway 121 project increased \$2.3M, added \$1.35M in assets which included a 3MG transmission storage tank, high service pumps, and transmission line as part of the SWATS transfer to the Brazos River Public Utility Agency (BRPUA). These costs were offset by an increase in payables of \$2.3M for capital related projects.

During fiscal year 2012, debt reserve and sinking fund requirements increased due to the issuance of \$9.8M in bonds to fund the Trinity Basin Transmission Facilities (TBTF).

During fiscal year 2012, the District received \$6M for a settlement of lost capacity at the SWATS plant. This was partially offset by cash paid for capital projects.

During fiscal year 2013, construction in progress for the TBTF project increased \$13.1M, final payments of the Highway 121 project of \$1.3M, and various other capital projects offset by the TBTF debt issuance of \$8.5M and a reduction in capital liabilities of \$2.3M recorded in prior year payables.

During fiscal year 2013, debt reserve and sinking fund requirements increased due to the issuance of \$8.5M in bonds to fund the TBTF and cumulative funding for the 2012 bond debt reserve.

During fiscal year 2016, increase in improvements to the water distribution systems and capital contributed by developers.

During fiscal year 2017, increase in improvements to the water distribution systems and capital contributed by developers.

During fiscal year 2018, increase in improvements to the water distribution systems, construct new facility and capital contributed by developers.

During fiscal year 2018, issued new revenue bonds and increased the bond reserve.

During fiscal year 2018, adjusted the equity interest in joint venture asset for equity method of accounting.

During fiscal year 2019, completed new facility, capital contributed by developers and engineering on bond projects and started smart meter system change out.

During fiscal year 2020, completed \$7,763,496 for engineering and water system improvement bond project.

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
CHANGE IN NET POSITION  
Last Ten Fiscal Years

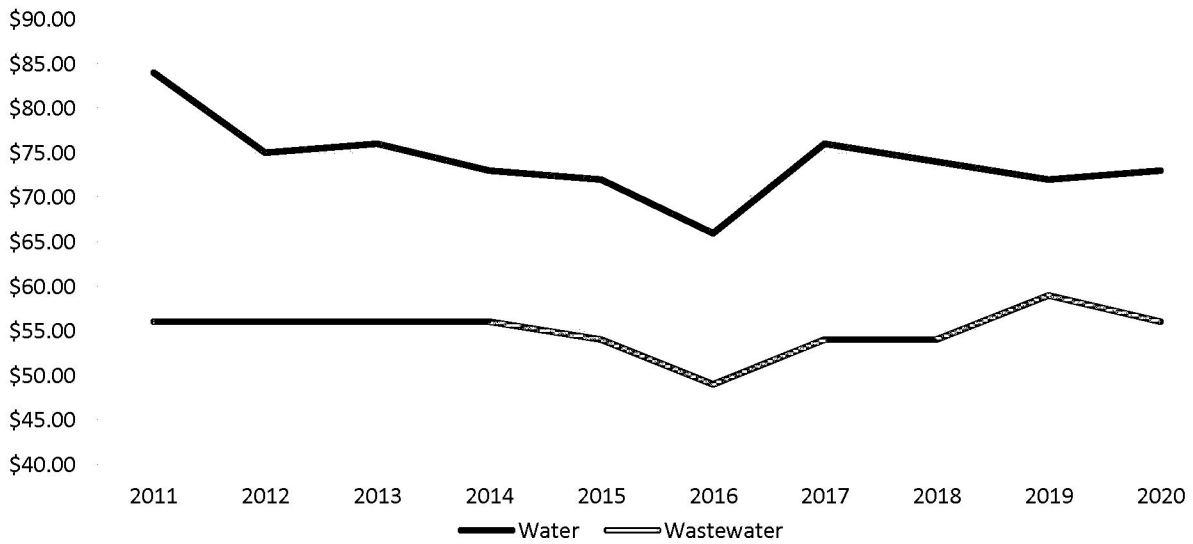
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Operating Revenues:</b>										
Water sales	\$ 14,024,137	\$ 12,532,895 <sup>a</sup>	\$ 12,801,892 <sup>d</sup>	\$ 12,548,132	\$ 12,753,026	\$ 12,610,422	\$ 13,921,186	\$ 15,437,363	\$ 15,369,001	\$ 16,326,905
Fire hydrant meter water sales	627,149	291,365	177,865	165,258	-	-	-	-	-	-
Sewer revenues	1,064,181	1,033,085	1,038,053	1,075,121	1,129,415	1,234,598	1,288,534	1,305,050	1,423,371	1,514,523
Penalties	272,137	240,374	249,861	245,456	253,601	232,984	242,888	254,690	262,359	226,336
Installation fees	106,732	108,099	96,917	133,020	135,288	164,048	232,548	339,539	321,770	556,765
Miscellaneous	243,257	209,376	224,415	299,554	326,417	175,298	201,425	225,301	220,540	245,389
Total Operating Revenues	16,337,593	14,415,194	14,589,003	14,466,541	14,597,747	14,417,350	15,866,581	17,561,943	17,597,041	18,869,918
<b>Operating Expenses:</b>										
Water purchases	7,032,436	6,810,261	5,845,474 <sup>e</sup>	7,898,411	8,265,385	6,156,820	6,641,246	6,388,057	6,729,864	6,459,069
Personnel services	1,880,702	2,017,039	2,079,327	2,163,209	2,389,123	2,506,633	2,524,830	2,443,324	2,574,177	3,109,900
Repair, maintenance and supplies	587,843	672,861	646,738	807,274	734,081	659,054	870,910	1,183,265	990,004	1,252,147
Utilities and communication	615,459	523,349	541,600	711,131	696,930	662,079	719,035	788,760	790,444	703,502
Other expenses	588,489	604,639	577,731	628,873	627,637	766,460	881,976	917,373	1,074,754	1,239,016
Depreciation and amortization	1,956,682	2,095,588	2,096,605	2,395,717	2,820,344	2,870,202	2,894,213	3,171,978	2,770,288	3,110,589
Total Operating Expenses	12,661,611	12,723,737	11,787,475	14,604,615	15,533,500	13,621,248	14,532,210	14,872,757	14,929,531	15,874,223
Operating Income (Loss)	3,675,982	1,691,457	2,801,528	(138,074)	(935,753)	796,102	1,334,371	2,689,186	2,667,510	2,995,695
<b>Nonoperating Revenues (Expenses):</b>										
Gain (loss) on sale of assets	23,361	(1,555)	46,518	39,452	27,445	26,131	61,659	2,527	411,309	(40,193)
Investment earnings	35,703	36,746	48,823	29,518	19,319	59,017	129,394	572,396 <sup>j</sup>	895,101 <sup>k</sup>	306,552
Other income	-	-	-	243,968 <sup>h</sup>	300,000 <sup>i</sup>	180,020	674,363	182,128	143,911	203,055
System development fees	392,375	513,405	473,701	420,759	691,420	638,660	918,600	1,282,345	1,311,480	2,310,860
Interest expense	(262,985)	(239,032)	(149,203) <sup>f</sup>	(224,993)	(427,225)	(393,260)	(361,109)	(476,872)	(587,012)	(554,080)
Bond issuance costs	(57,538)	(135,666)	(106,168)	-	-	-	-	(610,909)	-	-
Total Nonoperating Revenues (Expenses)	130,916	173,898	313,671	508,704	610,959	510,568	1,422,907	951,615	2,174,789	2,226,194
Income (Loss) Before Capital Contributed and Extraordinary Item	3,806,898	1,865,355	3,115,199	370,630	(324,794)	1,306,670	2,757,278	3,640,801	4,842,299	5,221,889
Capital Contributed	1,145,484	2,782,488 <sup>b</sup>	1,067,864 <sup>g</sup>	51,990	274,770	2,496,019	1,010,942	5,079,367	2,617,064	1,226,294
Extraordinary Item	-	6,000,000 <sup>c</sup>	-	-	-	-	-	-	-	-
Change in Net Position	\$ 4,952,382	\$ 10,647,843	\$ 4,183,063	\$ 422,620	\$ (50,024)	\$ 3,802,689	\$ 3,768,220	\$ 8,720,168	\$ 7,459,363	\$ 6,448,183

- a Water and Sewer sales decreased due to a decline in drought conditions.
- b \$2.3M for partial completion of the NTTA/TxDOT 121 project.
- c Settlement received for lost capacity at the Lake Granbury Surface Water Treatment Plant.
- d Temporary assignment sale of 8,000 acre feet of raw water in 2011 and 4,000 acre feet of raw water in 2013.
- e Decrease in purchase water expense of \$945K due to recognizing a full year of costs savings from the Brazos Regional Public Utility Agency taking ownership of SWATS in May 2012, which eliminated management fees, BRA overhead costs and higher debt costs (refinanced with favorable rates) and turning back 4,000 acre feet of raw water to the Brazos River Authority in December 2012.
- f Decrease due to the capitalization of interest of \$372K to the bond construction projects, partially offset by an increase due to the 2013 bond issue of \$8.5M for the Trinity Basin Transmission Facilities (TBTF).
- g \$703K for remaining costs of the completed NTTA/TxDOT 121 project.
- h In 2014, the District received \$244K for the sale of CCN to the City of Ft. Worth.
- i In 2015, the District received \$300K for the sale of CCN to the City of Mansfield.
- j Increase in Interest Income is due to the U.S. economy experiencing the best hike in savings & CD rates since 2008.
- k Increase in Interest Income is due to \$22M TWDB Loan accruing interest.

Table 3

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**AVERAGE REVENUE RATES**  
 Last Ten Fiscal Years

Fiscal Year	Monthly Revenue/Customer	
	Water	Wastewater
2011	84.00	56.00
2012	75.00	56.00
2013	76.00	56.00
2014	73.00	56.00
2015	72.00	54.00
2016	66.00	49.00
2017	76.00	54.00
2018	74.00	54.00
2019	72.00	59.00
2020	73.00	56.00



**Source:** District Annual Financial Audits

Table 4

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED)**  
 Last Ten Years (unaudited)

<b>FISCAL YEAR 2011</b>					
<b>Customer</b>	<b>Type of Industry</b>	<b>Water Usage</b>	<b>% of Total Unaudited Water Usage</b>	<b>Water Revenue</b>	<b>% of Total Unaudited Water Revenue</b>
Chesapeake Operating Company	Energy Exploration & Production	36,342,110	2.18%	\$ 238,606	1.63%
EOG Resources	Energy Exploration & Production	33,428,160	2.00%	222,734	1.52%
Monarch Utilities	Investor-owned Utility Provider	15,947,390	0.95%	162,924	1.11%
Bridgeport Tank Trucks	Energy Exploration & Production	12,745,810	0.76%	83,127	0.57%
City of Alvarado	Municipality	12,168,700	0.73%	346,545	2.37%
City of Joshua	Municipality	9,145,900	0.55%	62,252	0.42%
Joshua ISD	School ISD	8,491,180	0.51%	104,397	0.71%
CT & Sallie Chien	Mobile Home Park	7,064,100	0.42%	43,535	0.30%
Godley ISD	School ISD	5,969,540	0.36%	40,616	0.28%
Norwood Land Services	Energy Exploration & Production	5,286,100	0.32%	34,470	0.24%
		<b>146,588,990</b>	<b>8.78%</b>	<b>\$ 1,339,206</b>	<b>9.14%</b>
Total Usage		<b>1,670,652,000</b>			
Total Water Sales				<b>\$ 14,651,286</b>	

<b>FISCAL YEAR 2012</b>					
<b>Customer</b>	<b>Type of Industry</b>	<b>Water Usage</b>	<b>% of Total Unaudited Water Usage</b>	<b>Water Revenue</b>	<b>% of Total Unaudited Water Revenue</b>
EOG Resources	Energy Exploration & Production	24,790,320	1.76%	\$ 164,773	1.29%
City of Alvarado	Municipality	20,210,600	1.44%	376,702	2.94%
Granite Construction	Construction	14,841,030	1.06%	97,527	0.76%
Monarch Utilities	Investor-owned Utility Provider	10,715,510	0.76%	135,456	1.06%
City of Keene	Municipality	9,405,000	0.67%	145,127	1.13%
Bridgeport Tank Trucks	Energy Exploration & Production	7,963,960	0.57%	55,600	0.43%
Joshua ISD	School ISD	7,916,190	0.56%	92,356	0.72%
Sabre Communications	Industrial Manufacturing	7,696,300	0.55%	49,716	0.39%
City of Joshua	Municipality	7,017,140	0.50%	52,789	0.41%
CT & Sallie Chien	Mobile Home Park	6,709,430	0.48%	41,495	0.32%
		<b>117,265,480</b>	<b>8.35%</b>	<b>\$ 1,211,541</b>	<b>9.45%</b>
Total Usage		<b>1,404,835,000</b>			
Total Water Sales				<b>\$ 12,824,260</b>	

<b>FISCAL YEAR 2013</b>					
<b>Customer</b>	<b>Type of Industry</b>	<b>Water Usage</b>	<b>% of Total Unaudited Water Usage</b>	<b>Water Revenue</b>	<b>% of Total Unaudited Water Revenue</b>
City of Keene	Municipality	29,849,000	2.12%	\$ 300,262	2.31%
Granite Construction	Construction	20,326,930	1.45%	133,956	1.03%
Monarch Utilities	Investor-owned Utility Provider	12,183,700	0.87%	143,164	1.10%
Joshua ISD	School ISD	7,823,570	0.56%	91,732	0.71%
City of Joshua	Municipality	6,664,170	0.48%	52,241	0.40%
CT & Sallie Chien	Mobile Home Park	6,678,020	0.48%	41,315	0.32%
Halliburton Energy	Energy Exploration & Production	5,694,530	0.41%	40,552	0.31%
Lattimore Materials	Ready Mix Concrete	5,154,450	0.37%	30,520	0.24%
Godley ISD	School ISD	4,795,260	0.35%	39,286	0.30%
Alvarado ISD	School ISD	3,748,470	0.27%	24,218	0.19%
		<b>102,918,100</b>	<b>7.36%</b>	<b>\$ 897,246</b>	<b>6.91%</b>
Total Usage		<b>1,414,626,000</b>			
Total Water Sales				<b>\$ 12,979,757</b>	

Table 4

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED) (continued)**  
 Last Ten Years (unaudited)

FISCAL YEAR 2014					
Customer	Type of Industry	Water Usage	% of Total Unaudited Water Usage	Water Revenue	% of Total Unaudited Water Revenue
City of Keene	Municipality	49,014,000	3.55%	\$ 379,483	2.98%
Granite Construction	Construction	12,663,140	0.92%	83,451	0.66%
Monarch Utilities	Investor-owned Utility Provider	17,383,040	1.26%	167,571	1.32%
Joshua ISD	School ISD	7,820,120	0.57%	90,213	0.71%
City of Joshua	Municipality	4,464,930	0.32%	39,399	0.31%
CT & Sallie Chien	Mobile Home Park	2,541,460	0.18%	15,635	0.12%
Halliburton Energy	Energy Exploration & Production	5,631,570	0.41%	40,238	0.32%
Lattimore Materials	Ready Mix Concrete	10,474,310	0.76%	61,161	0.48%
Godley ISD	School ISD	1,982,130	0.14%	23,202	0.18%
Alvarado ISD	School ISD	590,230	0.04%	6,245	0.05%
		<b>112,564,930</b>	<b>8.15%</b>	<b>\$ 906,597</b>	<b>7.13%</b>
	Total Usage	<b>1,380,044,000</b>			
	Total Water Sales			<b>\$ 12,713,390</b>	

FISCAL YEAR 2015					
Customer	Type of Industry	Water Usage	% of Total Unaudited Water Usage	Water Revenue	% of Total Unaudited Water Revenue
City of Keene	Municipality	40,201,000	2.98%	\$ 368,959	2.89%
City of Alvarado	Municipality	26,700,400	1.98%	410,085	3.22%
Monarch Utilities	Investor-owned Utility Provider	9,595,730	0.71%	101,114	0.79%
City of Joshua	Municipality	7,244,900	0.54%	46,502	0.36%
Sabre Communications Corp.	Commercial	9,221,890	0.68%	46,583	0.37%
Walnut Creek Mobile Home Park	Mobile Home Park	5,239,230	0.39%	49,329	0.39%
Halliburton Energy	Energy Exploration & Production	3,725,430	0.28%	24,009	0.19%
Joshua ISD	School ISD	3,404,500	0.25%	39,666	0.31%
David Zulejkc	Multi Family Units	3,320,220	0.25%	22,441	0.18%
Sabre Communications Corp.	Commercial	3,059,490	0.23%	20,925	0.16%
		<b>111,712,790</b>	<b>8.29%</b>	<b>\$ 1,129,613</b>	<b>8.86%</b>
	Total Usage	<b>1,348,005,000</b>			
	Total Water Sales			<b>\$ 12,753,026</b>	

FISCAL YEAR 2016					
Customer	Type of Industry	Water Usage	% of Total Unaudited Water Usage	Water Revenue	% of Total Unaudited Water Revenue
City of Keene	Municipality	38,414,000	2.73%	\$ 381,782	3.03%
City of Alvarado	Municipality	32,833,400	2.33%	460,686	3.65%
City of Joshua	Municipality	10,619,300	0.76%	83,651	0.66%
Joshua ISD	School ISD	7,335,290	0.53%	121,638	0.96%
David A Zulejkc	Multi Family Units	5,798,380	0.42%	91,747	0.73%
Emerald Companies	Commercial	5,236,620	0.38%	36,109	0.29%
Walnut Creek Mobile Home Comm	Mobile Home Park	4,809,980	0.35%	48,115	0.38%
Monarch Utilities *	Investor-owned Utility Provider	4,687,310	0.34%	107,242	0.85%
Sabre Communications Corp	Commercial	3,955,410	0.29%	33,162	0.26%
Pecan Village Mobile Park	Mobile Home Park	3,825,570	0.28%	50,714	0.40%
		<b>117,515,260</b>	<b>8.41%</b>	<b>\$ 1,414,846</b>	<b>11.22%</b>
	Total Usage	<b>1,414,626,000</b>			
	Total Water Sales			<b>\$ 12,610,422</b>	



Table 4

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED) (continued)**  
 Last Ten Years (unaudited)

FISCAL YEAR 2017					
Customer	Type of Industry	Water Usage	% of Total Unaudited Water Usage	Water Revenue	% of Total Unaudited Water Revenue
City of Keene	Municipality	65,842,000	4.81%	\$ 517,271	3.72%
Stonetown Ranches of Joshua	Mobile Home Park	23,592,480	1.73%	325,628	2.34%
Prairieland DC LaSalle Corrections	Corrections Facility	9,953,810	0.74%	68,897	0.49%
City of Joshua	Municipality	8,760,550	0.65%	75,930	0.55%
Monarch Utilities	Investor-owned Utility Provider	8,266,550	0.61%	114,379	0.82%
Joshua ISD	School ISD	7,276,860	0.54%	126,261	0.91%
Walnut Creek Mobile Home Comm	Mobile Home Park	6,042,240	0.45%	57,853	0.42%
Sabre Communications Corp	Commercial	4,971,360	0.37%	46,203	0.33%
Cypress Creek Joshua Station LP	Apartment Complex	4,461,380	0.34%	78,328	0.56%
Godley ISD	School ISD	3,609,420	0.27%	30,506	0.22%
		<b>142,776,650</b>	<b>10.51%</b>	<b>\$ 1,441,256</b>	<b>10.35%</b>
	Total Usage	<b>1,371,766,000</b>			
	Total Water Sales			<b>\$ 13,921,186</b>	

FISCAL YEAR 2018					
Customer	Type of Industry	Water Usage	% of Total Unaudited Water Usage	Water Revenue	% of Total Unaudited Water Revenue
City of Keene	Municipality	110,748,000	6.68%	\$ 716,846	4.64%
City of Alvarado	Municipality	17,503,000	1.06%	393,559	2.55%
Monarch Utilities	Investor-Owned Utility Provider	17,336,640	1.05%	176,004	1.14%
Stonetown Ranches of Joshua	Mobile Home Park	15,532,190	0.94%	124,183	0.80%
Prairieland DC LaSalle Corrections	Corrections Facility	15,433,210	0.94%	106,105	0.69%
Bethany Special Utility District	Municipality	10,684,000	0.65%	205,747	1.33%
Cypress Creek Joshua Station LP	Apartment Complex	9,032,680	0.55%	67,441	0.44%
City of Joshua	Municipality	8,727,670	0.54%	71,300	0.46%
Joshua ISD	School ISD	7,654,360	0.47%	93,479	0.61%
Godley ISD	School ISD	6,530,180	0.40%	49,592	0.32%
		<b>219,181,930</b>	<b>13.28%</b>	<b>\$ 2,004,255</b>	<b>12.98%</b>
	Total Usage	<b>1,661,343,712</b>			
	Total Water Sales			<b>\$ 15,437,363</b>	

FISCAL YEAR 2019					
Customer	Type of Industry	Water Usage	% of Total Unaudited Water Usage	Water Revenue	% of Total Unaudited Water Revenue
City of Keene	Municipality	96,124,000	5.97%	\$ 648,395	4.22%
City of Alvarado	Municipality	44,194,000	2.75%	517,144	3.36%
Prairieland DC LaSalle Corrections	Corrections Facility	15,841,570	0.99%	108,608	0.71%
Stonetown Ranches of Joshua	Mobile Home Park	14,302,400	0.90%	116,551	0.76%
Cypress Creek Joshua Station LP	Apartment Complex	11,692,330	0.73%	84,021	0.55%
Monarch Utilities	Investor-Owned Utility Provider	9,500,190	0.60%	169,926	1.11%
Mariposa South Broadway LP	Apartment Complex	7,703,360	0.49%	69,566	0.45%
City of Joshua	Municipality	7,468,535	0.47%	63,377	0.41%
Joshua ISD	School ISD	6,907,859	0.44%	93,324	0.61%
Godley ISD	School ISD	6,143,460	0.39%	47,145	0.31%
		<b>219,877,704</b>	<b>13.73%</b>	<b>\$ 1,918,058</b>	<b>12.48%</b>
	Total Usage	<b>1,613,289,489</b>			
	Total Water Sales			<b>\$ 15,369,001</b>	

Table 4

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED) (continued)**  
 Last Ten Years (unaudited)

FISCAL YEAR 2020					
Customer	Type of Industry	Water Usage	% of Total Unaudited Water Usage	Water Revenue	% of Total Unaudited Water Revenue
City of Alvarado	Municipality	71,008,000	4.40%	\$ 642,917	3.94%
City of Keene	Municipality	59,522,000	3.69%	479,234	2.94%
Stonetown Ranches of Joshua	Mobile Home Park	14,811,839	0.92%	119,394	0.73%
Cypress Creek Joshua Station LP	Apartment Complex	14,483,690	0.90%	101,495	0.62%
Prairieland DC LaSalle Corrections	Corrections Facility	9,700,980	0.60%	70,350	0.43%
Mariposa South Broadway LP	Apartment Complex	7,950,051	0.49%	71,122	0.44%
Stonetown Walnut Creek	Mobile Home Park	5,479,837	0.34%	37,940	0.23%
Godley ISD	School ISD	5,249,350	0.33%	41,570	0.25%
Joshua ISD	School ISD	4,661,099	0.29%	79,826	0.49%
Bethany Special Utility District	Municipality	4,205,000	0.26%	176,231	1.08%
		<b>197,071,846</b>	<b>12.22%</b>	<b>\$ 1,820,079</b>	<b>11.15%</b>
	Total Usage	<b>1,737,420,000</b>			
	Total Water Sales			<b>\$ 16,326,905</b>	

Source: District Billing System

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

Table 5

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**TOTAL INDEBTEDNESS PER CUSTOMER**  
 Last Ten Fiscal Years

<b>Fiscal Year</b>						
<b>Ended</b>	<b>Bonds</b>	<b>Note</b>	<b>Capital Lease</b>	<b>Total</b>	<b>Total <sup>(1)</sup></b>	<b>Debt Per</b>
<b>December 31,</b>	<b>Payable</b>	<b>Payable</b>	<b>Payable</b>	<b>Indebtedness</b>	<b>Customers</b>	<b>Customer</b>
2011	5,771,134	-	54,489	5,825,623	13,834	421
2012	14,855,816	-	-	14,855,816	13,923	1,067 <sup>(1)</sup>
2013	20,712,803	-	-	20,712,803	14,105	1,468 <sup>(2)</sup>
2014	19,215,078	-	-	19,215,078	14,320	1,342
2015	17,727,353	-	-	17,727,353	14,411	1,230
2016	16,224,628	-	-	16,224,628	14,738	1,101
2017	14,926,903	-	-	14,926,903	15,132	986
2018	35,594,175	-	-	35,594,175	15,580	2,285 <sup>(3)</sup>
2019	33,331,450	-	-	33,331,450	16,069	2,074
2020	31,268,725	-	-	31,268,725	16,851	1,856

Sources:

District Billing System

District Annual Financial Audits

<sup>(1)</sup> Excluded wastewater customer count since they are already reflected in the water customer count.

<sup>(2)</sup> The District issued \$19 million in bonds to fund the Trinity Basin Transmission Facilities Project. Now the District has more than doubled its supply capacity availability via purchase water agreements with Mansfield and Grand Prairie. Also, new revenue is derived from several wholesale contracts which goes to offset the new debt service and avoids the need to increase retail water rates.

<sup>(3)</sup> The District received proceeds of \$22 million at 1.54%, from the TWDB's DWSRF (TX. Water Development Board's Drinking Water State Revolving Fund) program for the new AMI (Advanced Metering Infrastructure) and 23 improvement projects. The AMI project is for smart meters that will give the customers the ability to see their current usage on demand and in turn help in water conservation. The improvement projects will help in areas of growth in the system, maintenance issues and improving the water distribution, with the completion scheduled for 2020.

Table 6

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT**  
**REVENUE BOND COVERAGE**  
 Last Ten Fiscal Years

<b>Fiscal Year Ended December 31,</b>	<b>Total Revenues <sup>(1)</sup></b>	<b>Total Expenses <sup>(2)</sup></b>	<b>Net Revenues Available for Debt Service</b>	<b>Bond Debt Service Requirements <sup>(3)</sup></b>	<b>Coverage</b>
2011	16,765,671	10,969,586	5,796,085	1,483,863	3.91
2012	20,965,345	10,872,414	10,092,931	946,577	10.66
2013	15,111,527	9,946,241	5,165,286	3,047,403	1.69
2014	15,200,238	12,433,891	2,766,347	1,972,630	1.40
2015	15,635,931	13,140,381	2,495,550	1,927,917	1.29
2016	15,321,178	11,144,305	4,176,873	1,908,339	2.19
2017	17,650,597	11,999,106	5,651,491	1,670,397	3.38
2018	19,601,339	11,700,779	7,900,560	2,076,354	3.81
2019	20,358,842	12,159,243	8,199,599	2,901,405	2.83
2020	21,650,192	12,763,634	8,886,558	2,626,871	3.38

<sup>(1)</sup> Includes interest income, system development fees, and \$6M settlement for lost capacity at SWATS received in 2012

<sup>(2)</sup> Excludes depreciation and amortization

<sup>(3)</sup> Includes principal and interest