

2020



**Mustang Special
Utility District
Annual Budget
2019-2020**

Adopted September 23, 2019

www.mustangwater.com

Mustang Special Utility District
 FY 2020 Budget
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Adopted Budget for the
Fiscal Year 2019-2020

General Manager – Chris Boyd

Assistant General Manager – Jennifer Bland

Financial Services Manager – Patty Parks

Water Operations Manager – Dustin Blank

Wastewater Operations Manager – Aldo Zamora

Customer Service Manager – Alyssa Bennett

Mustang Special Utility District Board Members

Three Directors are elected every year, for a term of three years.

The President, Vice President, and Secretary are selected by vote of the Board each year.

President	Dean Jameson
Vice President	Marc Hodak
Secretary	Kim Lehere
Director	Wade Veeder
Director	Michael Walker
Director	Matt Gauntt
Director	Kenneth Mitchell
Director	Kathryn Langley
Director	Michael Skelton



MISSION:

We provide reliable, sustainable, and efficient water utility services to our valued customers.

VISION:

To be a leading water utility dedicated to innovation, stewardship, collaboration, and excellent customer service.

STRATEGIC GOALS:

- 1. Water Resources Management** – Effectively managing the stewardship of current and future water resources.
- 2. Asset Management and Operational Optimization** – Innovating and optimizing our approach to managing all of our assets and operations.
- 3. Financial Strength and Resiliency** – Ensuring financial viability now and in the future.
- 4. Customer and Stakeholder Relationships** – Enhancing the quality and effectiveness of our relationships in the communities we serve.
- 5. Professional Development** – Enhancing the skills and capabilities of our highly qualified workforce.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Mustang Special Utility District
Texas**

For the Fiscal Year Beginning

October 1, 2018

Christopher P. Morill

Executive Director

Executive Summary



Manager's Letter of Transmittal

30 September 2019

To the Mustang SUD Board of Directors and customers:

I am pleased to submit the published Mustang Special Utility District Fiscal Year 2019-2020 budget as approved by the Board of Directors on September 23, 2019. This document includes the Operating Budget and the Capital Improvement Program (CIP). These budgets outline the structure in which we provide outstanding water and wastewater service to the customers in our District.

1. General Economy

Mustang has continued to experience rapid growth due to the demand in the housing market. Residential developers are constructing new subdivisions as sales have remained solid. Commercial and retail development is continuing at a steady pace. I anticipate that all new development will maintain a level greater than 3-5% per year for the next few years.

Fortunately, Mustang is a rate-revenue driven organization and is not reliant upon property tax revenue. Mustang's rate structure has provided a consistent source of revenue with most variations in revenue being the result of uncontrollable climatic conditions.

2. Water Service

Mustang continues to maintain an adequate reserve in production capacity for future growth. As a member of the Upper Trinity Regional Water District, Mustang can contract for water supplies to meet 50-year future demand. Current ground water production capacity will continue to serve the growing customer base. We also maintain significant reserve capacity in our ground and elevated storage facilities. Overall, we are well structured to handle future growth.

Maintenance of the distribution system remains a yearly focus for our Operations Department. Staff believes it to be of vital necessity to adequately fund ongoing maintenance in order to achieve the highest level of reliability and quality. Maintenance funding of \$180,000 assures that Mustang's distribution system operates in the most reliable and efficient manner possible.

Mustang water revenue continues to trend higher due to growth. However, water revenue is always highly variable, because it is also based on annual climatic conditions.

For FY2020, rates have not been changed, as growth is expected to cover the Operating Costs of the Water Department, as well as the yearly debt service related to Water Infrastructure.

3. Wastewater

Wastewater service will continue to expand as growth occurs in those areas where service is available. Mustang contracts for treatment capacity with the Upper Trinity Regional Water District (UTRWD). Current capacity is maintained in the Peninsula Plant, the Riverbend Plant, and the Doe Branch. In Fiscal Year 2020, Mustang has budgeted for the purchase of additional capacity in these plants to continue to serve the growing customer base.

Most of Mustang's wastewater collection system is still new enough that no significant repairs are anticipated this year. Several positions are being added in FY2020, and the Wastewater Department will continue to expand as more customers come online, and as the system grows.

For FY2020, rates have not been changed, as growth is expected to cover the operating costs of the Wastewater Department, the Wastewater Treatment Plant department, and the yearly debt service related to Wastewater Infrastructure.

4. Wastewater Treatment Plant

Mustang has constructed a wastewater treatment plant. Operational expenses have been budgeted for FY2020.

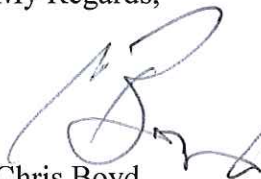
5. Summary

While the rate of growth and development in Mustang's service area has been approximately 20% in the last year, the budget is based upon a growth rate of approximately 3-5%. Climatic influence on water revenue is an annual challenge, but we have taken a moderately conservative approach, with historical trending, to project water revenue. Wastewater revenue will continue to be stable, while increasing due to growth.

Mustang does expect to issue additional capital debt for 2020, as the infrastructure capital improvements planned will be more than what can be funded with dedicated reserves.

The FY 2019-2020 Annual Budget continues our commitment to providing reliable, sustainable, and efficient water utility services to our valued customers.

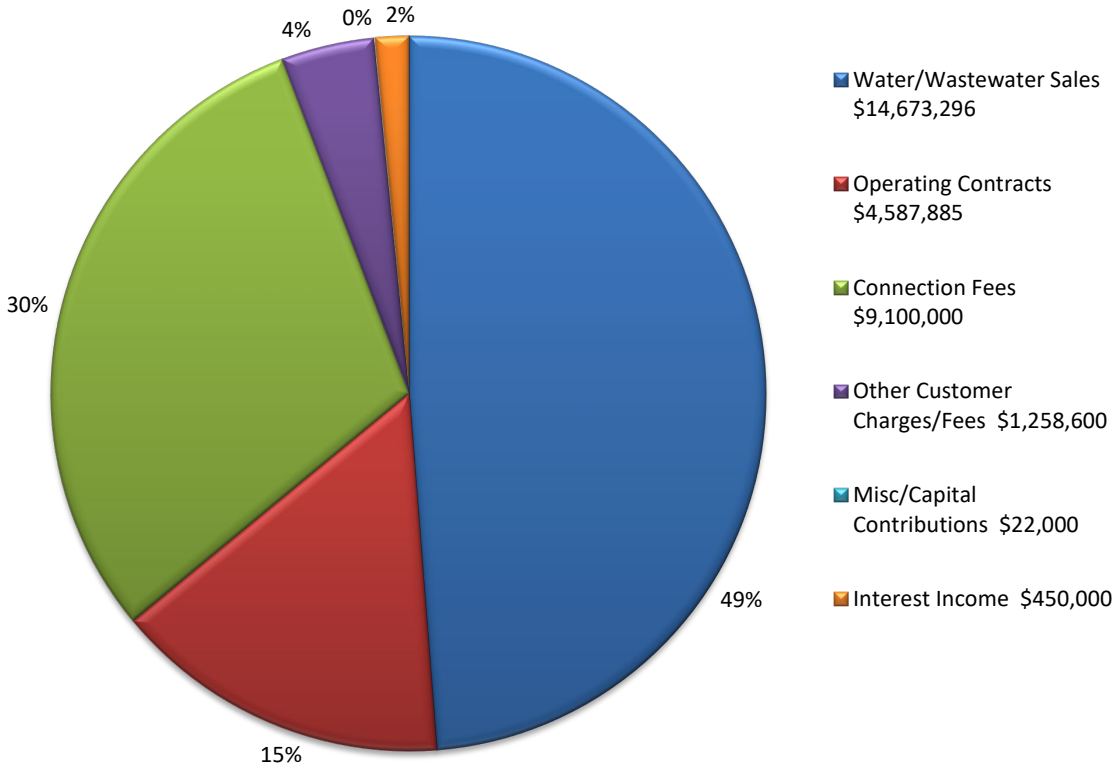
My Regards,



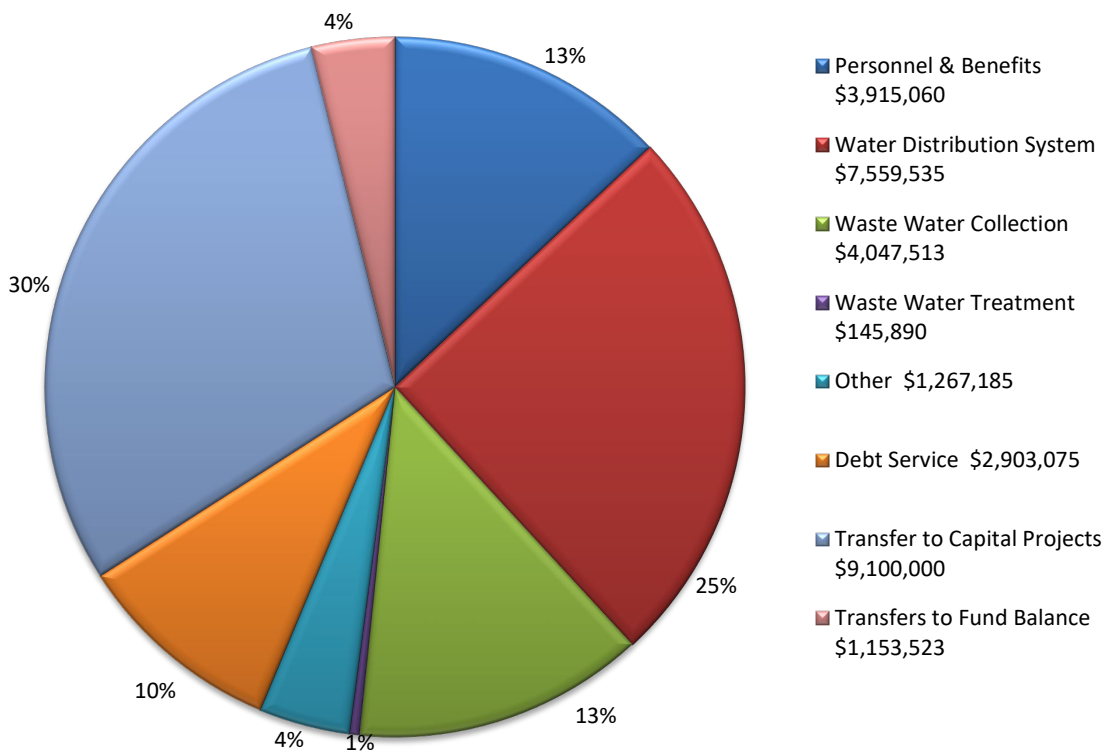
Chris Boyd
General Manager

**Mustang Special Utility District
FY2020 Adopted Budget
Budget Summary Charts**

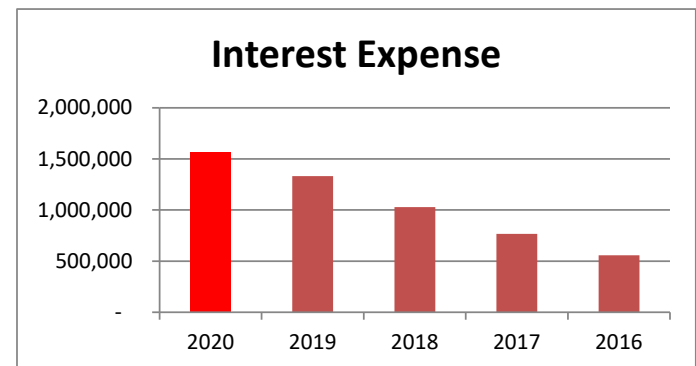
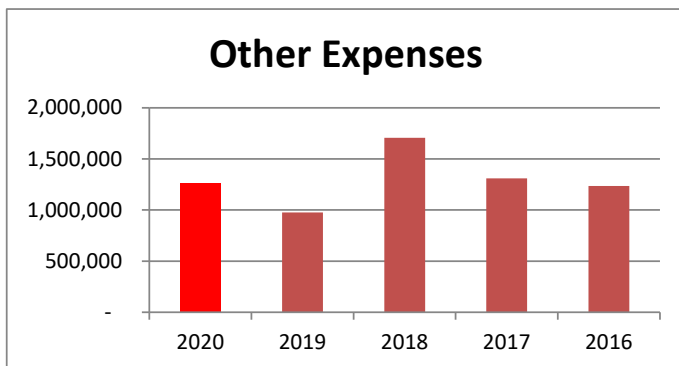
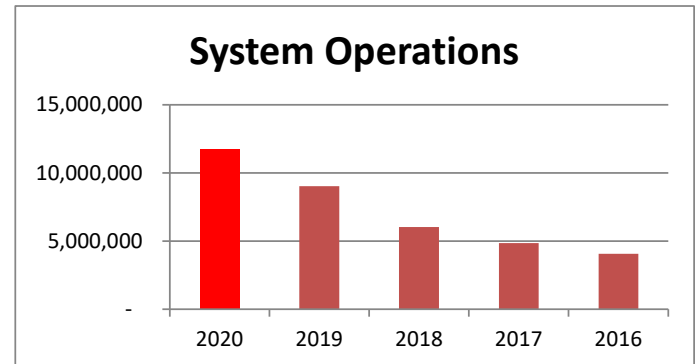
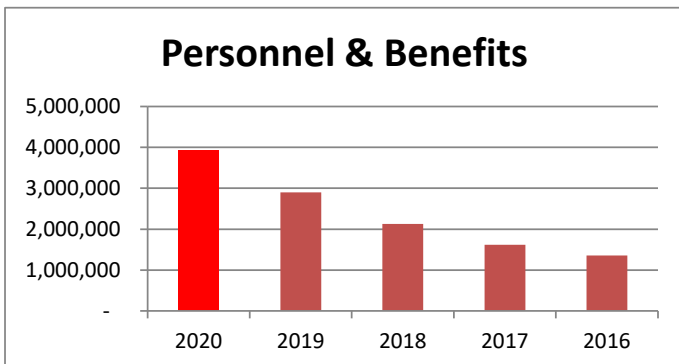
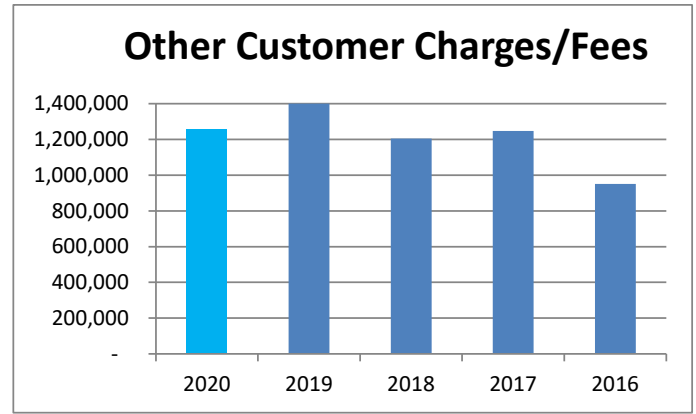
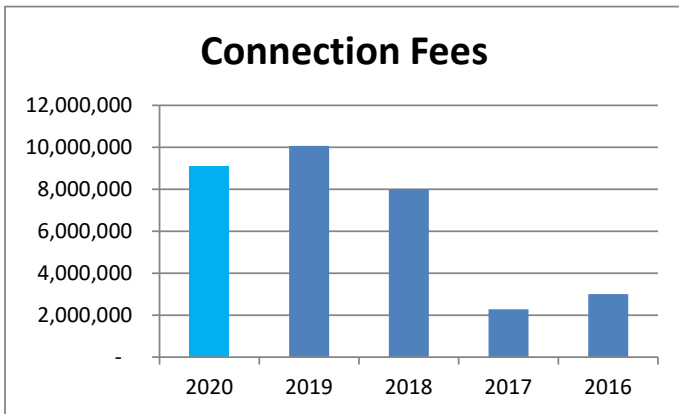
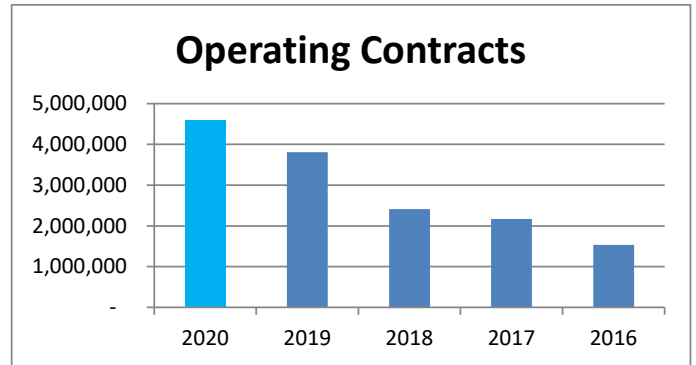
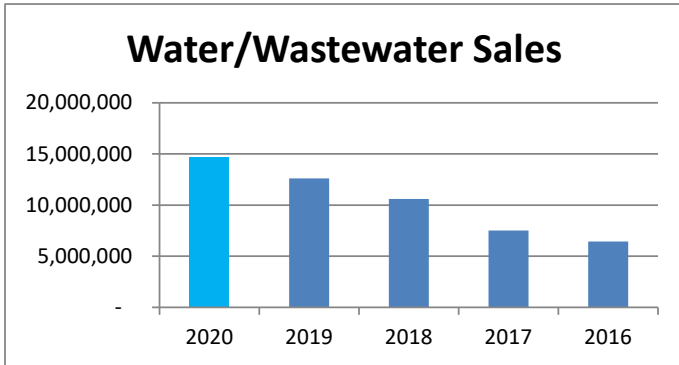
Where the Money Comes From



Where the Money Goes



**Mustang Special Utility District
FY2020 Adopted Budget
Significant Budgetary Trends**



Significant Budgetary Trends – and what drives them

Fiscal Years 2016, 2017, and 2018 are final audited numbers.

Fiscal Year 2019 is an estimate of the year end numbers, and is presented using the modified accrual basis.

Fiscal Year 2020 is the projected budget, and is presented using the modified accrual basis.

Water/Wastewater Sales – These numbers are driven by growth, and are greatly affected by weather. Projections are made using a conservative growth rate, and 3-year average consumptions to level out the effects of climate extremes.

Operating Contracts – Revenue from operating contracts are based on the expenditures contained in the budget. The revenue comes from operating contracts with six fresh water supply districts, and shared costs of an elevated storage tank and a water treatment plant. Revenues are expected to jump in FY20, since customer numbers have been growing dramatically.

Connection Fees – These fees are one-time charges of new customers connecting to the system. They may be paid by an individual, or by the developer. They are completely driven by growth, and so projections are always conservative.

Other Customer Charges/Fees - These numbers are not driven by growth, nor affected by the climate. The projections are very conservative, based on multi-year averages.

Personnel & Benefits – The number of personnel has increased over the years, as more employees have been added to handle the growth in customers.

System Operations – These costs cover water, waste water, and waste water collections operations. Costs have increased with the growth in the customer base.

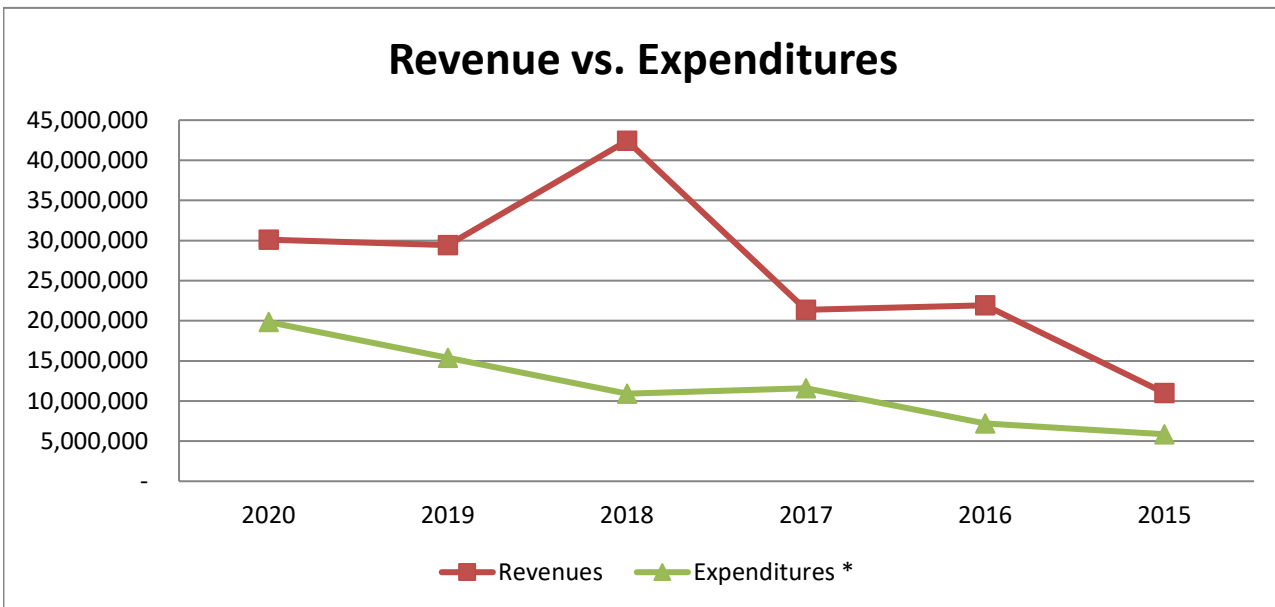
Other Expenses – These costs are the administrative costs, not as heavily influenced by growth. These costs are budgeted on an individual basis, in order to review their individual drivers.

Interest Expense – Debt service is an orderly projection, until new debt is issued, or old debt is retired.

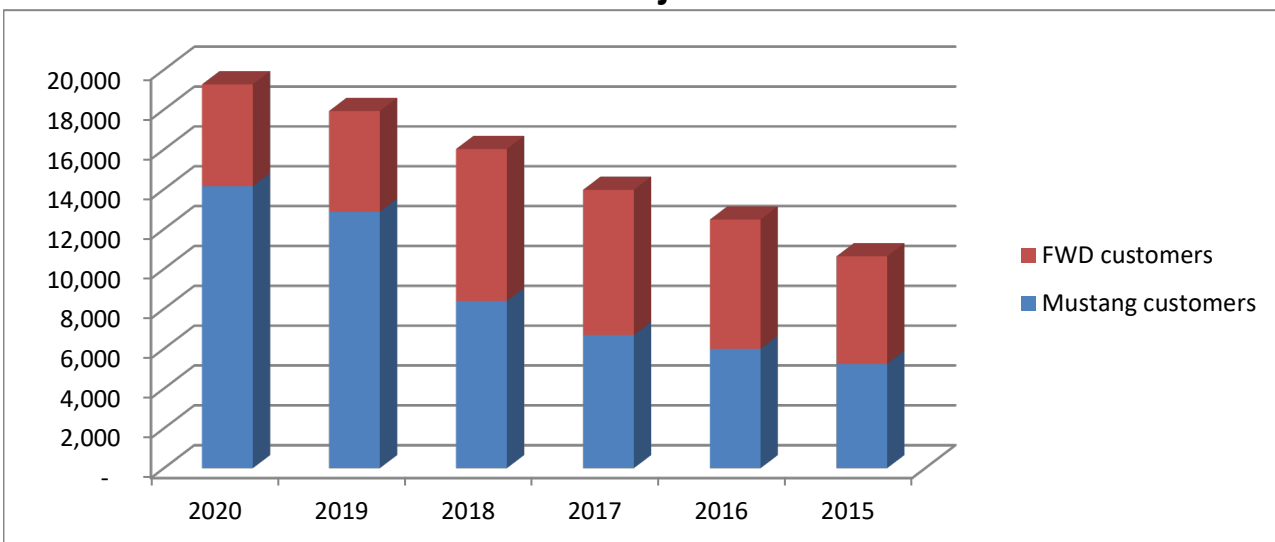
Revenue versus Expenditures: Projected and Last 5 Years

	Fiscal Year					
	2020	2019	2018	2017	2016	2015
	<i>Budget</i>	<i>Estimated</i>	<i>-----Actuals (Audited)-----</i>			
Revenues	30,091,781	29,426,534	42,422,020	21,357,332	21,913,612	11,005,520
Expenditures *	19,838,258	15,371,929	10,894,708	11,604,402	7,211,125	5,859,714

* These numbers are shown on a modified accrual basis, with depreciation and amortization not included.



Customer Accounts: Projected and Last 5 Years



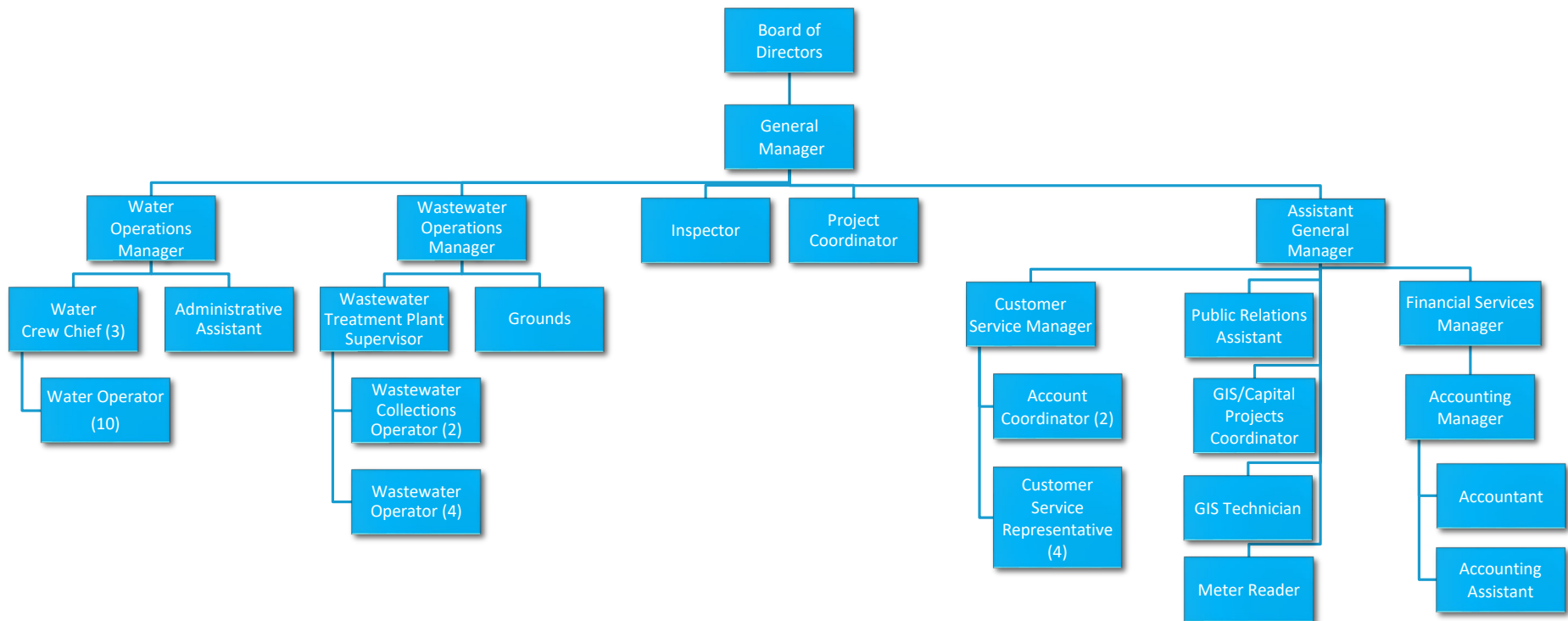
FWD customers are operated by Mustang SUD, per contract with individual Fresh Water Districts.

District Information

Mustang Special Utility District

2019-2020 Organization Chart

45 Full-Time Employees



About the District-

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

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

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

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

In August 2018, agreement was reached with Fresh Water Supply District 10 for the Savannah and Arrowbrooke subdivisions to become the retail customers of Mustang. This agreement was given regulatory approval in May 2019, so the meters are now part of the Mustang customer count.

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

The District's water is obtained from Lake Lewisville via the Upper Trinity Regional Water District and from the Trinity Aquifer via groundwater wells. The District owns and operates 8 groundwater wells capable of pumping 1.3 million gallons per day; 9 ground storage tanks with total capacity of 2.975 million gallons, 5 pressure tanks with capacity of 23,000 gallons, and 3 elevated storage tanks with a capacity of 3.6 million gallons.

The District provides wastewater service to approximately 9,600 Mustang customers through a current subscription of 2.75 million gallons per day in the Peninsula Water Reclamation Plant, the Riverbend Water Reclamation Plant, and the Doe Branch Water Reclamation Plant, all of which are operated by the Upper Trinity Regional Water District.

Wastewater service is provided to approximately 5,000 fresh water supply district customers through separate subscriptions between Upper Trinity Regional Water District and their fresh water supply districts.

The District is located in Northeast Denton County and currently serves approximately 12,900 water customers and approximately 5,100 fresh water supply district customers over an area of 120 square miles.

Mustang SUD's office is located in Aubrey, Texas.





























Mustang SUD District Boundary Cities and ETJ's

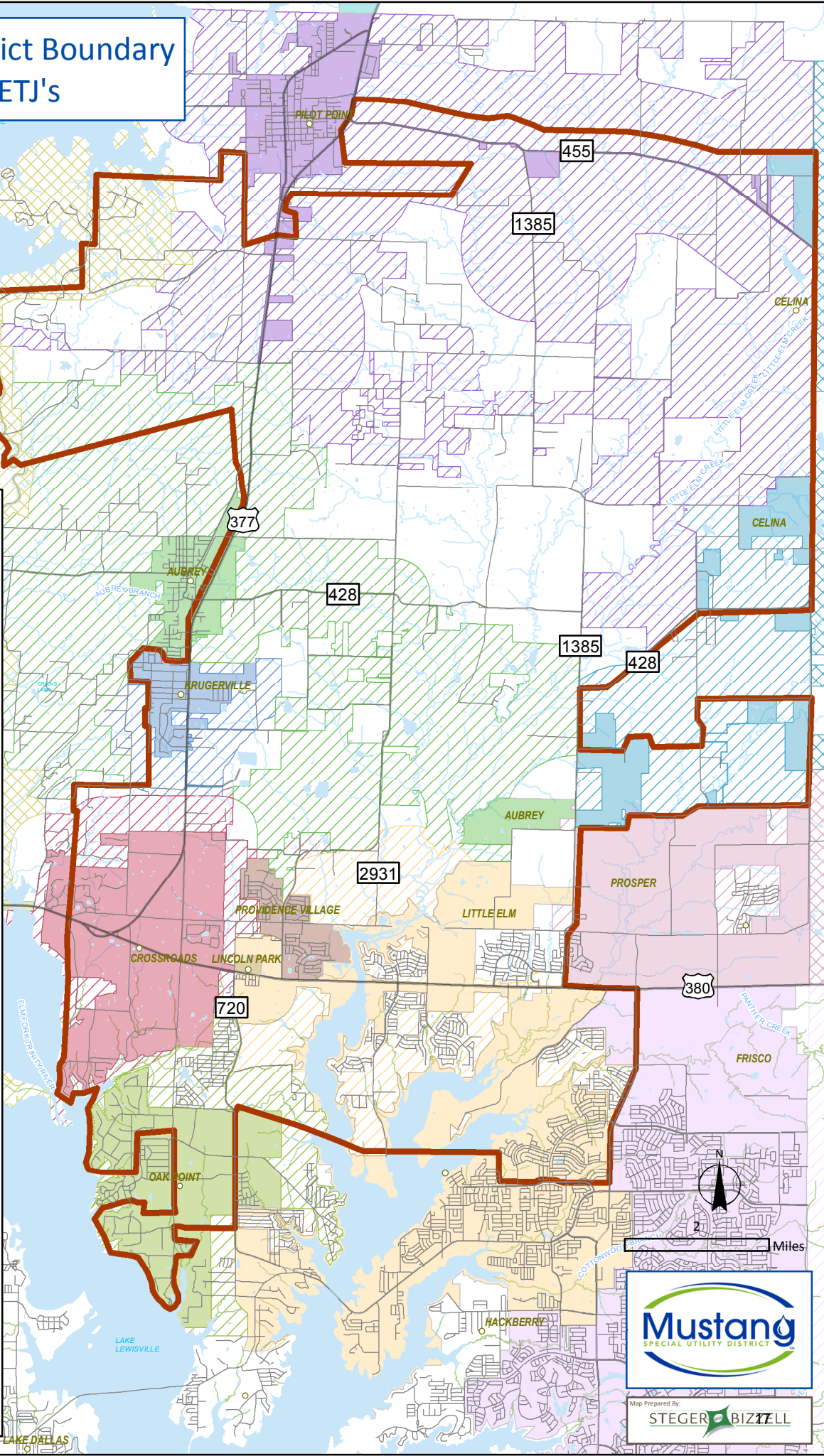
March, 2017

MAP LEGEND

 Mustang District Boundary

NAME, TYPE

-  Aubrey, CITY
-  Aubrey, ETJ
-  Celina, CITY
-  Celina, ETJ
-  Celina, OutCITY
-  Cross Roads, CITY
-  Cross Roads, ETJ
-  Denton, CITY
-  Denton, DIV 2
-  Denton, ETJ
-  Frisco, CITY
-  Frisco, OutCITY
-  Krugerville, CITY
-  Krugerville, ETJ
-  Lincoln Park, CITY
-  Lincoln Park, ETJ
-  Little Elm, CITY
-  Little Elm, ETJ
-  Oak Point, CITY
-  Oak Point, ETJ
-  Pilot Point, CITY
-  Pilot Point, ETJ
-  Pilot Point, OutCITY
-  Prosper, CITY
-  Prosper, ETJ
-  Prosper, OutCITY
-  Providence Village, CITY
-  Providence Village, ETJ



0 1 2 Miles



Map Prepared By:
STEGER BIZTELL

Mustang Special Utility District
 Current and Historical Rates for Standard Meters

	FY2020	FY2019	FY2018	FY2017	FY2016
WATER					
Availability Fee, monthly	28.10	28.10	28.10	26.75	26.75
0-3,000 gallons, per thousand	2.75	2.75	2.75	2.65	2.65
3,001 to 9,000 gallons, per thousand	3.85	3.85	3.85	3.65	3.65
9,001 to 15,000 gallons, per thousand	4.80	4.80	4.80	4.55	4.55
15,001 to 25,000 gallons, per thousand	5.85	5.85	5.85	5.55	5.55
25,001 to remaining gallons, per thousand	8.95	8.95	8.95	8.50	8.50
Cost for 8,000 gallons usage	55.60	55.60	55.60	52.95	52.95
WASTEWATER					
meters <8,000 gallons usage, monthly	51.60	51.60	51.60	49.15	46.80
meters >8,000 gallons usage, monthly	57.55	57.55	57.55	54.80	52.20
Cost for 8,000 gallons usage	57.55	57.55	57.55	54.80	52.20

Mustang Special Utility District
 Top Ten Customers, based on water usage*
 FY 2020

By Amount

Western Rim Property Services	apartments	\$ 456,093
Centennial Luxe, LP	apartments	366,913
AptCon, LLC	apartments	64,481
3B&L Investments, LLC	car wash	54,124
Denton ISD (Navo MS)	middle school	52,379
WinnRidge HOA	amenity center, irrigation	41,642
Wildridge Community Association	amenity center, irrigation	37,062
Cross Oak Ranch HOA	amenity center, irrigation	29,752
OPL Prairie Oaks Development	amenity center, irrigation	19,146
Walmart	retail store	24,386

By Consumption

Western Rim Property Services	apartments	52,095,648
Centennial Luxe, LP	apartments	41,990,500
Wildridge Community Association	amenity center, irrigation	9,550,900
AptCon, LLC	apartments	8,372,096
3B&L Investments, LLC	car wash	6,151,270
Denton ISD (Navo MS)	middle school	6,059,849
WinnRidge HOA	amenity center, irrigation	5,377,545
Cross Oak Ranch HOA	amenity center, irrigation	3,705,357
OPL Prairie Oaks Development	amenity center, irrigation	3,382,501
Walmart	retail store	3,001,250

*does not include customers of other districts that are maintained by Mustang SUD

*does not include builder accounts, as they represent multiple residential meters

*does not include hydrant meters

Budget Process

Budget Procedures

Budget Document

The Mustang Special Utility District is an organization as set forth under the terms and conditions of Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 65 of the Texas Water Code and operates pursuant to Texas law and the regulation and authority of the Texas Commission on Environmental Quality.

The District's fiscal year runs from October 1st to September 30th. It is the District's policy to adopt the budget by October 1st. The District prepares a balanced operating budget where Revenues equal Expenditures.

Each Department Head turns in a line item budget proposal to the Financial Services Manager by June 1st. The General Manager reviews it with the Financial Services Manager and begins revenue projections based on historical figures, future trends and the economic climate. The General Manager then works with the Financial Services Manager in finalizing a proposed budget to present to the Board of Directors.

There are a series of workshops conducted to review the proposed budget. These are held in July and August. All workshops are open to the public, and are advertised according to Texas Open Meetings Act.

The workshops are divided up into segments so that the Board has sufficient time and insight into the District's operating and capital expenditures. The Board reviews the line item budgets and votes upon department-level budgets.

The workshop in July deals only with operating expenses. In the August workshop, the capital improvements are analyzed and discussed at length, and combined revenues and expenses are reviewed. Discussion of possible rate changes would be included in the August workshop. Finally, the budget is put on the agenda of the regular September board meeting to be approved and adopted.

Basis for Budgeting

The District has one major fund (fund 01) which is an Enterprise Fund. The District refers to this fund as the *General Fund* of the District. The modified accrual basis of budgeting is used in the District's budget which differs from Generally Accepted Accounting Principles (GAAP). Whereas GAAP-basis accounts for depreciation and amortization, the District budgets for capital expenditures and excludes budgeting for depreciation. The purpose is to allow for monitoring and control of capital expenditures for the acquisition and replacement of equipment and infrastructure. It is acceptable to budget on a basis that differs from GAAP, as long as GAAP-basis financial reports are issued. The District's Comprehensive Annual Financial Report is prepared in accordance with GAAP.

The District chooses to track its CIP project expenditures in a separate Capital Improvement Fund (fund 05) which is also budgeted on a modified accrual fund.

The District has three additional funds which are not budgeted at this time, as they are used only for record-keeping.

The General Manager has the authority to reallocate any line item within departments. The budget can be further amended with Board approval.

Budget Calendar

Early May	Financial Services Manager sends line item worksheet to department heads for budget requests
Early June	General Manager meets with Operations Manager and Financial Services Manager to discuss needed CIP and funding
Early June	Worksheets with budget/personnel requests due
Late June	General Manager reviews budget worksheets
July 22, 2019	First workshop to discuss operating expense
August 23, 2019	Second workshop to discuss CIP, discuss operating revenue, and to finalize operating budget
September 23, 2019	Board Meeting to adopt the budget

Financial Policies

Budget Policy

- The district adopts an annual operating budget that is balanced, based on all district revenues and all projected district obligations and operating expenditures.
- The district adopts an annual capital budget that is within the limits of expected and available funds that have been set aside specifically for capital expenditures.
- Any part of the budget may be amended at any time by the Board of Directors; and the General Manager may amend any line item within a department, as long as the department total budget does not change.
- A Balanced Budget is defined as yearly resources greater than yearly expenditures.

Capitalization Policy

Items that have a life expectancy greater than two years and have a cost greater than \$5,000 are typically capitalized. More detail on this policy is given in the Capital Improvement Fund section.

Debt Policy

The District has no formal policy, but maintains the requirements of the bond covenants. Details of the informal policy are given with the debt information in the Enterprise Fund section.

Investment Policy

The policy is adopted near the beginning of each fiscal year and conforms to the Texas Government Code Chapter 2256 Public Funds Investment Act.

Reserves Policy

The informal reserves policy of the District is to maintain Days Cash on Hand at 60 days or greater. Days Cash on Hand is calculated using Cash on Hand and dividing it by the yearly operating budget.

Enterprise Fund

Enterprise Fund

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

The Enterprise Fund has six departments:

Administration (103)- Within this department the following sections are accounted for: General Manager's Office, Financial Services, and Utility Billing.

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

Financial Services is responsible for preparing financial reports, maintaining the general ledger, processing accounts payable, purchasing, payroll, employee and property insurance, records retention, treasury, debt management, auditing, and budget preparation.

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

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

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

Waste Water Treatment Plant (109) – This department is used to account for the operation and maintenance of the Waste Water Treatment Plant.

Debt Service – Water (106) and Debt Service-Wastewater (108)- These departments are used to account for the payment of debt in relation to bonds issued.

FY2020 Expenditures by Department

<u>103 Administration</u>	
Payroll and Benefits	1,706,110
General Operating Costs	465,285
Maintenance and Utility Costs	257,500
Legal and Professional	175,000
Insurance	13,500
Capital	205,000
<hr/>	
Administration	2,822,395
<u>104 Water Operations</u>	
Payroll and Benefits	1,480,000
Water Distribution	4,304,440
General Operating Costs	1,759,545
Maintenance and Utility Costs	642,850
Temple Dane PS Costs	146,700
Legal and Professional	140,000
Insurance	35,000
Capital	531,000
<hr/>	
Water Operations	9,039,535
<u>105 Waste Water Collection</u>	
Payroll and Benefits	576,420
Waste Water Collection	3,702,863
General Operating Costs	26,350
Maintenance and Utility Costs	143,300
Legal and Professional	145,000
Insurance	20,000
Capital	10,000
<hr/>	
Waste Water Collection	4,623,933
<u>109 Waste Water Treatment</u>	
Payroll and Benefits	152,530
Waste Water Treatment	35,500
General Operating Costs	28,450
Maintenance and Utility Costs	69,940
Legal and Professional	-
Insurance	12,000
Capital	-
<hr/>	
Waste Water Treatment	298,420
<u>106 Water Debt Service</u>	
Water Debt Service - P&I	2,300,060
Paying Agent & Issuance Costs	150,900
<hr/>	
Debt Service - Water	2,450,960
<u>108 Waste Water Debt Service</u>	
Waste Water Debt Service - P&I	603,015
<hr/>	
Debt Service - Waste Water	603,015
TOTAL EXPENDITURES	19,838,258

Total Expenditures are presented on the modified accrual basis.

A reconciliation of the modified accrual basis to the accrual basis is presented in the Budget Summary.

Budget Summary

	2015-2016	2016-2017	2017-2018	Estimated* 2018-2019	Projected 2019-2020
Beginning Fund Equity**	27,831,398	38,937,963	48,690,893	76,167,477	134,677,182
Revenues	21,913,612	21,357,332	42,422,020	78,247,482	30,091,781
Expenditures	10,807,047	11,604,402	14,945,436	19,737,777	24,504,798
Net Change in Net Assets	11,106,565	9,752,930	27,476,584	58,509,705	5,586,983
Prior Period Adjustments	-	-	-	-	-
Ending Fund Equity**	38,937,963	48,690,893	76,167,477	134,677,182	140,264,165

*Unaudited

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

Revenues

	2015-2016	2016-2017	2017-2018	Estimated* 2018-2019	Projected 2019-2020
Water/Wastewater Sales	6,438,808	7,522,097	10,608,709	12,609,150	14,673,296
Customer Charges/Fees	5,490,867	5,695,206	11,631,414	15,507,066	14,946,485
Misc/Capital Contributions	9,924,639	8,021,621	19,966,045	49,529,711	22,000
Interest Income	59,298	118,408	215,852	601,555	450,000
Total Revenues	21,913,612	21,357,332	42,422,020	78,247,482	30,091,781

*Unaudited

Expenditures

	2015-2016	2016-2017	2017-2018	Estimated* 2018-2019	Projected 2019-2020
Personnel Services	1,355,214	1,614,456	2,128,832	2,898,567	3,915,060
Water Distribution System	4,064,515	4,845,654	6,029,757	9,030,634	11,752,938
Other	1,235,253	1,311,187	1,707,179	976,358	1,267,185
Interest Expense	556,143	765,969	1,028,940	1,332,218	1,569,615
Amortization & Depreciation	3,595,922	3,067,136	4,050,728	5,500,000	6,000,000
Total Expenditures	10,807,047	11,604,402	14,945,436	19,737,777	24,504,798

*Unaudited

There are two major challenges to budgeting each year. Climatic change make predicting water sales a challenge. And since a portion of the water is bought from Upper Trinity Regional Water District (UTRWD), climatic change also makes budgeting for water purchases a challenge.

FY 2020 Adopted Budget	
Revenues	30,091,781
Transfer (to) from Fund Balance	(10,253,523)
Total Revenues	19,838,258
Expenditures	
103 Admin	2,822,395
104 Water Operations	9,039,535
105 Wastewater Operations	4,623,933
109 Wastewater Treatment Plant	298,420
106 Debt Service-Water	2,450,960
108 Debt Service-WW	603,015
Total Expenditures	19,838,258

Reconciliation of Adopted Budget to Budget Summary	
Total Expenditures, Adopted Budget	19,838,258
Add Depreciation & Amortization	6,000,000
Remove Principal Payments	(1,333,460)
Total Expenditures, Budget Summary	24,504,798

The Budget Summary is shown on the accrual basis, to match the audited financial reports. The Adopted Budget is based on modified accrual. The reconciliation bridges the variance between the two version.

Accomplishments

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	Projected FY20
Department 103 - Administration										
Finance										
Payroll checks cut*	77	56	70	80	36	32	29	59	70	75
# of employees	16	16.5	18	19	21	26	29	32	42	45
% on direct deposit	94%	94%	84%	89%	90%	100%	97%	100%	93%	95%
Accounts Payable checks cut	1,326	1,157	1,302	1,035	1,102	1,570	1,409	1,484	2,081	2,200
Utility Billing										
Total customers, including FWD	9,207	9,727	10,535	11,615	10,637	12,483	14,000	16,021	17,930	19,750
% on ACH Direct Debit*	7.9%	8.0%	9.0%	9.3%	10.4%	10.2%	15.0%	14.5%	15.5%	16.0%
Department 104 - Water Operations										
Back flow preventer tests	258	300	450	410	175	200	400	300	300	350
Meters tested	20	20	30	25	20	20	40	50	50	60
Meters replaced	76	330	500	300	140	175	200	200	250	400
Water main breaks	25	28	39	22	39	43	42	30	50	75
Water service curb box repairs	45	60	140	162	210	300	350	300	300	400
Department 105 - Wastewater Collections										
Sanitary sewer lines cleaned (ft)	295,000	400,000	380,000	335,000	200,000	150,000	300,000	400,000	210,000	400,000
Sewer main blockages cleared	32	40	55	32	20	15	30	40	25	50

Operating Objectives for FY2018-19

Continue to provide excellent customer service.
 Improve payment methods.
 Further integrate technology with all operations.

Major Operating Budget Items:

Water purchases (demand and volume) from Upper Trinity Regional Water Authority	\$ 4,223,130
Wastewater treatment charges (demand, treatment, and capital) from Upper Trinity Regional Water Authority	\$ 3,502,863
Debt service (principal and interest)	\$ 2,903,075
Meter replacement program and new meters	\$ 1,650,000

Authorized Full Time Employees (FTE)

Function/Program	Dept	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2018-19	2019-20
Administrative/Office		103									
General Manager		1	1	1	1	1	1	1	1	1	1
Assistant General Manager		0	0	0	0	0	0	0	0	1	1
Administrative Assistant		1	1	1	1	1	1	1	0	1	1
Contracts Manager/Marketing		0	0	0	1	1	1	0	0	0	0
Public Relations Manager		0	0	0	0	0	0	1	1	1	0
Public Relations Assistant		0	0	0	0	0	0	0	0	0	1
CIP/Projects Coordinator		0	0	0	0	0	0	0	0	1	1
GIS Technician		0	0	0	0	0	0	0	0	1	1
Finance Director/Financial Services Manager		1	1	1	1	1	1	1	1	1	1
Human Resources Coordinator		0	0	0	0	0	0	0	1	1	0
Purchasing Coordinator		0	0	0	0	0	0	0	1	0	0
Accounting Manager		0	0	0	0	0	0	0	0	0	1
Accountant		0	0	0	0	0	0	0	0	1	1
Accounting Assistant		1	1	1	1	1	1	1	1	1	1
Customer Service Lead/Manager		1	1	1	1	1	1	1	1	1	1
Meter Reader		0	0	0	0	0	0	0	0	1	1
Customer Account Coordinator		1	1	1	1	2	2	3	3	3	2
Customer Service Representative		1	1	2	2	1	1	2	2	2	4
Subtotal		7	7	8	9	9	9	11	12	17	18
Ops-Water		104									
Ops Manager/Water Ops Manager		1	1	1	1	1	1	1	1	1	1
Administrative Assistant		1	1	1	0	1	1	1	1	1	1
Assistant Operations Manager		0	0	0	0	0	0	0	1	1	0
Inspector		1	1	1	1	1	1	1	1	1	1
CIP/Projects Coordinator		0	0	0	0	0	0	1	1	0	1
GIS Technician		0	0	0	0	1	1	0	0	0	0
Supervisor/Crew Chief		1	1	1	1	1	1	2	1	1	3
Field Operators/Technicians		4	4.5	4	5	5	6	9	9	11	12
Subtotal		8	8.5	8	8	10	11	15	15	16	19
Ops-Wastewater		105									
Wastewater Ops Manager		0	0	0	0	0	0	0	0	0	1
Supervisor/Crew Chief		1	1	1	1	1	1	1	1	1	0
Field Operators/Technicians		0	0	1	1	1	1	2	3	3	5
Subtotal		1	1	2	2	2	2	3	4	4	6
Ops-Wastewater Treatment Plant		107									
Supervisor		0	0	0	0	0	0	0	1	1	1
Plant Operator/Technician		0	0	0	0	0	0	0	0	1	1
Subtotal		0	0	0	0	0	0	0	1	2	2
Total All Depts.		16	16.5	18	19	21	22	29	32	39	45

In FY2013, additional growth in our service area created a need to add a Customer Service Rep, and to move the part-time employee in Water Operations over to a full-time position in Wastewater Operations.

In FY2014, a Contracts/Marketing position was added. This position is to help the General Manager with contracts, and to work with marketing the District to its Customers. Also, the Operations Administrative Assistant was converted to another Operator position.

In FY2015, the GIS Technician position was added. This position handles everything GIS-related, as well as line locates. Also, the Administrative Assistant for Operations was re-instated.

In FY2016, additional growth in our service area created a need to add another full-time employee to Water Operations.

In FY2017, the Contracts/Marketing Manager was split into two positions. The GIS Technician position was turned into a Supervisor position. Staffing was added to Customer Service, Water, and Wastewater positions, to keep up with the growth of the District.

In FY2018, some titles were changed to reflect additional responsibilities. Some positions were released so that the employees could take on new responsibilities, like the Purchasing Coordinator, the HR Coordinator, and the Assistant Operations Manager. Two new positions were added: the Wastewater Department gained another operator and the Wastewater Treatment Plant Department was assigned its first employee.

In FY19, an Assistant General Manager has been added to help with the growth of the district and the growth in staff. The purchasing coordinator position has been replaced with an accountant position. GIS has been moved from Operations to Administration, and another position has been added to keep up with the volume of work. Operational staff has been added, to keep up with the increase in customers.

In FY20, an Accounting Manager has been added to help with the daily work in Finance. The single Operations Manager position has been split into two positions with one over water and one over wastewater. Operational staff has been added in water and wastewater to keep up with customer growth.

Debt Policy

The District has **no formal written debt policy**. All bonds are issued in accordance with the Constitution and general laws of the State of Texas, including Chapters 49 and 65 of the Texas Water Code. The District issues only Revenue Bonds, and conducts an additional bonds test that is included in each of the bond covenants. This test dictates that the District's "net earnings at least equal the sum of 1.10 times the average annual debt service requirements (computed on a fiscal year basis), of all prior lien obligations outstanding during each fiscal year." (Bond Covenants)

The District realizes that incurring debt is a serious matter and therefore abides by the rule that it is important to finance all necessary capital improvements while being fiscally responsible with the rate payer's money, and incurs debt in a conservative and prudent manner.

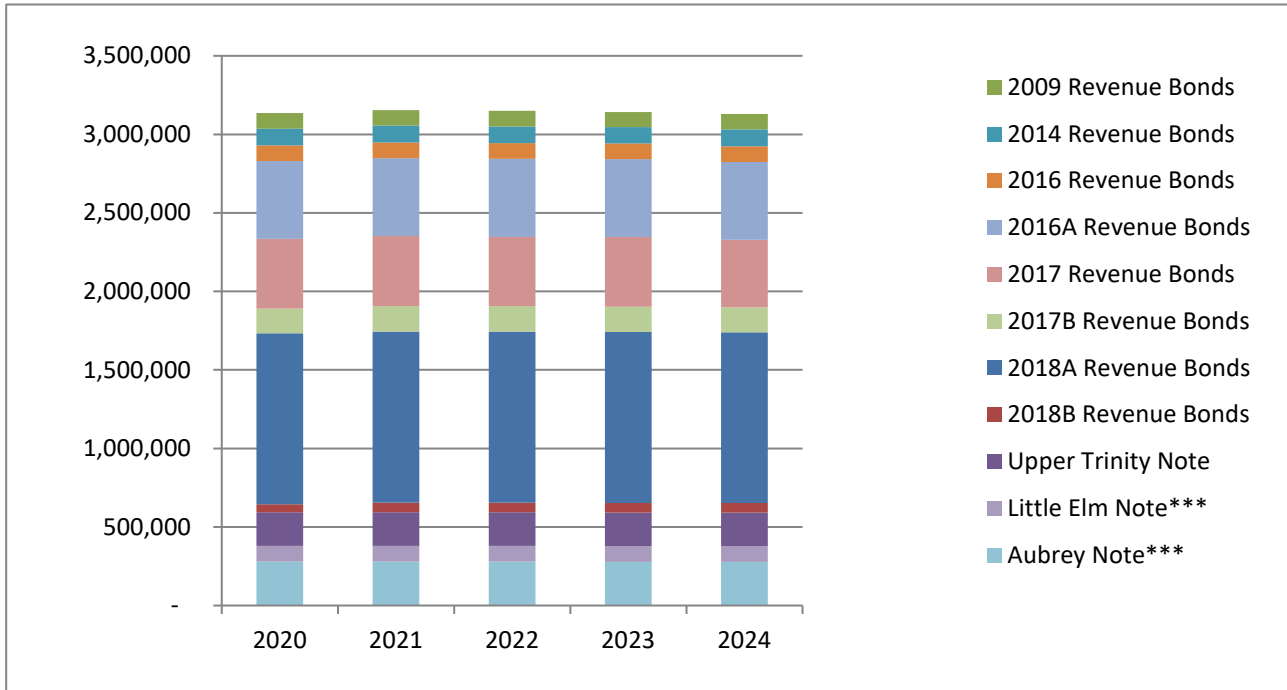
The Average Annual Debt Service (bonded) calculated as of Fiscal Year 2020 is \$1,575,097 multiplied by 1.10 equals \$1,732,607 and the unaudited projected net earnings for Fiscal Year 2019 was \$14,054,606.

The District plans on issuing Revenue Bonds in Fiscal Year 2020 for large infrastructure projects.

Mustang SUD does not have any legal debt limits.

Mustang SUD currently has a rating of AA from Standard & Poor's Corporation.

Mustang Special Utility District FY2019 Adopted Budget 5-Year Debt Service Schedule



	2020	2021	2022	2023	2024
2009 Revenue Bonds	99,495	96,745	98,995	95,995	97,935
2014 Revenue Bonds	106,968	108,968	105,668	104,018	106,268
2016 Revenue Bonds	98,930	100,010	100,033	100,026	99,991
2016A Revenue Bonds	496,043	495,983	496,785	496,423	496,923
2017 Revenue Bonds	443,700	445,700	442,100	443,100	428,500
2017B Revenue Bonds	157,547	162,224	161,714	161,044	160,174
2018A Revenue Bonds	1,087,863	1,089,113	1,089,363	1,088,613	1,086,863
2018B Revenue Bonds	52,200	62,200	61,678	61,156	60,634
Little Elm Note***	100,000	100,000	100,000	100,000	100,000
Aubrey Note***	279,833	279,487	279,439	278,716	278,263
Upper Trinity Note	213,451	213,451	213,451	213,451	213,451
Total	3,136,030	3,153,881	3,149,226	3,142,542	3,129,002

*** The Little Elm and Aubrey Notes are paid from the CIP Budget, not the General Operating Budget.

Mustang Special Utility District
 Long Term Debt Service Requirements
 Upper Trinity Note - By Years

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 155,034	\$ 58,417	\$ 213,451
2021	161,399	52,053	213,451
2022	168,025	45,427	213,451
2023	174,922	38,529	213,451
2024	182,103	31,348	213,451
2025	189,579	23,872	213,451
2026	<u>197,362</u>	<u>16,089</u>	<u>213,451</u>
Totals	<u>\$ 1,228,424</u>	<u>\$ 265,735</u>	<u>\$ 1,494,159</u>

Mustang Special Utility District
 Long Term Debt Service Requirements
 Little Elm Note - By Years

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2020	\$ 100,000	\$ -	\$ 100,000
2021	100,000	-	100,000
2022	100,000	-	100,000
2023	100,000	-	100,000
2024	100,000	-	100,000
2025	<u>100,000</u>	<u>-</u>	<u>100,000</u>
 Totals	 <u>\$ 600,000</u>	 <u>\$ -</u>	 <u>\$ 600,000</u>

NOTE: Budgeted through CIP, not through the General Fund. Paid by Connection Fees.

Mustang Special Utility District
 Long Term Debt Service Requirements
 Aubrey Note - By Years

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 48,571	\$ 231,262	\$ 279,833
2021	52,356	227,131	279,487
2022	56,760	222,679	279,439
2023	60,868	217,848	278,716
2024	65,593	212,670	278,263
2025	71,258	207,089	278,347
2026	76,306	201,021	277,327
2027	83,233	194,525	277,758
2028	89,542	187,435	276,977
2029	96,469	179,810	276,279
2030	104,658	171,591	276,249
2031	113,169	162,672	275,841
2032	121,358	153,028	274,386
2033	131,749	142,683	274,432
2034	142,461	131,448	273,909
2035	153,174	119,299	272,473
2036	166,088	106,234	272,322
2037	179,003	92,066	271,069
2038	194,119	76,793	270,912
2039	209,234	60,227	269,461
2040	225,612	42,367	267,979
2041	51,570	23,106	74,676
2042	55,438	19,109	74,547
2043	59,306	14,813	74,119
2044	63,496	10,217	73,713
2045	68,330	5,296	73,626
Totals	<u>\$ 2,739,721</u>	<u>\$ 3,412,419</u>	<u>\$ 6,152,140</u>

NOTE: Budgeted through CIP, not through the General Fund. Paid by Connection Fees.

Mustang Special Utility District
 Long Term Debt Service Requirements
 Series 2009 - By Years

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2020	\$ 55,000	\$ 44,495	\$ 99,495
2021	55,000	41,745	96,745
2022	60,000	38,995	98,995
2023	60,000	35,995	95,995
2024	65,000	32,935	97,935
2025	65,000	29,555	94,555
2026	70,000	26,110	96,110
2027	75,000	22,400	97,400
2028	80,000	18,425	98,425
2029	80,000	14,025	94,025
2030	85,000	9,625	94,625
2031	<u>90,000</u>	<u>4,950</u>	<u>94,950</u>
Totals	<u>\$ 840,000</u>	<u>\$ 319,255</u>	<u>\$ 1,159,255</u>

Mustang Special Utility District
 Long Term Debt Service Requirements
 Series 2014 - By Years

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2020	\$ 50,000	\$ 56,968	\$ 106,968
2021	55,000	53,968	108,968
2022	55,000	50,668	105,668
2023	55,000	49,018	104,018
2024	60,000	46,268	106,268
2025	60,000	44,348	104,348
2026	65,000	42,308	107,308
2027	65,000	39,968	104,968
2028	70,000	37,530	107,530
2029	70,000	34,800	104,800
2030	75,000	32,000	107,000
2031	80,000	29,000	109,000
2032	80,000	25,800	105,800
2033	85,000	22,600	107,600
2034	90,000	19,200	109,200
2035	90,000	15,600	105,600
2036	95,000	12,000	107,000
2037	100,000	8,200	108,200
2038	<u>105,000</u>	<u>4,200</u>	<u>109,200</u>
Totals	<u>\$ 1,405,000</u>	<u>\$ 624,444</u>	<u>\$ 2,029,444</u>

Mustang Special Utility District
 Long Term Debt Service Requirements
 Series 2016 - By Years

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2020	\$ 32,000	\$ 66,930	\$ 98,930
2021	34,000	66,010	100,010
2022	35,000	65,033	100,033
2023	36,000	64,026	100,026
2024	37,000	62,991	99,991
2025	39,000	61,928	100,928
2026	40,000	60,806	100,806
2027	42,000	59,656	101,656
2028	43,000	58,449	101,449
2029	45,000	57,213	102,213
2030	46,000	55,919	101,919
2031	48,000	54,596	102,596
2032	50,000	53,216	103,216
2033	51,000	51,779	102,779
2034	53,000	50,313	103,313
2035	55,000	48,789	103,789
2036	57,000	47,208	104,208
2037	59,000	45,569	104,569
2038	62,000	43,873	105,873
2039	64,000	42,090	106,090
2040	66,000	40,250	106,250
2041	68,000	38,353	106,353
2042	71,000	36,398	107,398
2043	74,000	34,356	108,356
2044	76,000	32,229	108,229
2045	79,000	30,044	109,044
2046	82,000	27,773	109,773
2047	85,000	25,415	110,415
2048	88,000	22,971	110,971
2049	91,000	20,441	111,441
2050	94,000	17,825	111,825
2051	98,000	15,123	113,123
2052	101,000	12,305	113,305
2053	105,000	9,401	114,401
2054	109,000	6,383	115,383
2055	113,000	3,249	116,249
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 2,328,000</u>	<u>\$ 1,488,905</u>	<u>\$ 3,816,905</u>

Note: Debt issued to secure USDA loan.

Mustang Special Utility District
 Long Term Debt Service Requirements
 Series 2016A - By Years

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2020	\$ 184,000	\$ 312,043	\$ 496,043
2021	189,000	306,983	495,983
2022	195,000	301,785	496,785
2023	200,000	296,423	496,423
2024	206,000	290,923	496,923
2025	212,000	285,258	497,258
2026	218,000	279,428	497,428
2027	224,000	273,433	497,433
2028	231,000	267,273	498,273
2029	237,000	260,920	497,920
2030	244,000	254,403	498,403
2031	251,000	247,693	498,693
2032	258,000	240,790	498,790
2033	266,000	233,695	499,695
2034	273,000	226,380	499,380
2035	281,000	218,873	499,873
2036	289,000	211,145	500,145
2037	298,000	203,198	501,198
2038	306,000	195,003	501,003
2039	315,000	186,588	501,588
2040	324,000	177,925	501,925
2041	334,000	169,015	503,015
2042	343,000	159,830	502,830
2043	353,000	150,398	503,398
2044	363,000	140,690	503,690
2045	374,000	130,708	504,708
2046	384,000	120,423	504,423
2047	395,000	109,863	504,863
2048	407,000	99,000	506,000
2049	418,000	87,808	505,808
2050	430,000	76,313	506,313
2051	443,000	64,488	507,488
2052	455,000	52,305	507,305
2053	469,000	39,793	508,793
2054	482,000	26,895	508,895
2055	496,000	13,640	509,640
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 11,347,000</u>	<u>\$ 6,711,320</u>	<u>\$ 18,058,320</u>

Note: Debt issued to secure USDA loan.

Mustang Special Utility District
 Long Term Debt Service Requirements
 Series 2017 - By Years

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 325,000	\$ 118,700	\$ 443,700
2021	340,000	105,700	445,700
2022	350,000	92,100	442,100
2023	365,000	78,100	443,100
2024	365,000	63,500	428,500
2025	365,000	48,900	413,900
2026	385,000	34,300	419,300
2027	150,000	18,900	168,900
2028	155,000	14,400	169,400
2029	160,000	9,750	169,750
2030	<u>165,000</u>	<u>4,950</u>	<u>169,950</u>
Totals	<u>\$ 3,125,000</u>	<u>\$ 589,300</u>	<u>\$ 3,714,300</u>

Mustang Special Utility District
 Long Term Debt Service Requirements
 Series 2017B - By Years

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2020	\$ 95,000	\$ 62,547	\$ 157,547
2021	100,000	62,224	162,224
2022	100,000	61,714	161,714
2023	100,000	61,044	161,044
2024	100,000	60,174	160,174
2025	100,000	59,144	159,144
2026	100,000	57,904	157,904
2027	105,000	56,514	161,514
2028	105,000	54,907	159,907
2029	105,000	53,164	158,164
2030	110,000	51,337	161,337
2031	110,000	49,346	159,346
2032	115,000	47,278	162,278
2033	115,000	45,036	160,036
2034	115,000	42,724	157,724
2035	120,000	40,367	160,367
2036	120,000	37,847	157,847
2037	125,000	35,279	160,279
2038	130,000	32,566	162,566
2039	130,000	29,719	159,719
2040	135,000	26,833	161,833
2041	135,000	23,796	158,796
2042	140,000	20,718	160,718
2043	140,000	17,498	157,498
2044	145,000	14,250	159,250
2045	150,000	10,857	160,857
2046	155,000	7,332	162,332
2047	155,000	3,674	158,674
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 3,355,000</u>	<u>\$ 1,125,784</u>	<u>\$ 4,480,784</u>

Note: Debt issued to secure TWDB loan.

Mustang Special Utility District
 Long Term Debt Service Requirements
 Series 2018 - By Years

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2020	\$ 375,000	\$ 712,863	\$ 1,087,863
2021	395,000	694,113	1,089,113
2022	415,000	674,363	1,089,363
2023	435,000	653,613	1,088,613
2024	455,000	631,863	1,086,863
2025	480,000	609,113	1,089,113
2026	505,000	585,113	1,090,113
2027	530,000	559,863	1,089,863
2028	555,000	533,363	1,088,363
2029	580,000	505,613	1,085,613
2030	610,000	476,613	1,086,613
2031	640,000	446,113	1,086,113
2032	675,000	414,113	1,089,113
2033	710,000	380,363	1,090,363
2034	745,000	344,863	1,089,863
2035	775,000	315,063	1,090,063
2036	765,000	284,063	1,049,063
2037	795,000	253,463	1,048,463
2038	825,000	221,663	1,046,663
2039	860,000	188,663	1,048,663
2040	895,000	154,263	1,049,263
2041	930,000	118,463	1,048,463
2042	965,000	81,263	1,046,263
2043	<u>1,005,000</u>	<u>41,456</u>	<u>1,046,456</u>
Totals	<u>\$ 15,920,000</u>	<u>\$ 9,880,305</u>	<u>\$ 25,800,305</u>

Mustang Special Utility District
 Long Term Debt Service Requirements
 Series 2018B - By Years

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2020	\$ -	\$ 52,200	\$ 52,200
2021	10,000	52,200	62,200
2022	10,000	51,678	61,678
2023	10,000	51,156	61,156
2024	10,000	50,634	60,634
2025	10,000	50,112	60,112
2026	10,000	49,590	59,590
2027	10,000	49,068	59,068
2028	15,000	48,546	63,546
2029	15,000	47,763	62,763
2030	15,000	46,980	61,980
2031	15,000	46,197	61,197
2032	15,000	45,414	60,414
2033	15,000	44,631	59,631
2034	15,000	43,848	58,848
2035	20,000	43,065	63,065
2036	20,000	42,021	62,021
2037	20,000	40,977	60,977
2038	20,000	39,933	59,933
2039	20,000	38,889	58,889
2040	25,000	37,845	62,845
2041	25,000	36,540	61,540
2042	25,000	35,235	60,235
2043	25,000	33,930	58,930
2044	30,000	32,625	62,625
2045	30,000	31,059	61,059
2046	30,000	29,493	59,493
2047	35,000	27,927	62,927
2048	35,000	26,100	61,100
2049	35,000	24,273	59,273
2050	40,000	22,446	62,446
2051	40,000	20,358	60,358
2052	45,000	18,270	63,270
2053	45,000	15,921	60,921
2054	45,000	13,572	58,572
2055	50,000	11,223	61,223
2056	50,000	8,613	58,613
2057	55,000	6,003	61,003
2058	60,000	3,132	63,132
	<u>60,000</u>	<u>3,132</u>	<u>63,132</u>
Totals	<u>\$ 1,000,000</u>	<u>\$ 1,369,467</u>	<u>\$ 2,369,467</u>

Note: Debt issued to secure USDA Guaranteed Loan.

Mustang Special Utility District
Long Term Debt Service Requirements
All Series - By Years

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2020	\$ 1,116,000	\$ 1,426,745	2,542,745
2021	1,178,000	1,382,942	2,560,942
2022	1,220,000	1,336,335	2,556,335
2023	1,261,000	1,289,374	2,550,374
2024	1,298,000	1,239,287	2,537,287
2025	1,331,000	1,188,357	2,519,357
2026	1,393,000	1,135,558	2,528,558
2027	1,201,000	1,079,801	2,280,801
2028	1,254,000	1,032,892	2,286,892
2029	1,292,000	983,248	2,275,248
2030	1,350,000	931,826	2,281,826
2031	1,234,000	877,895	2,111,895
2032	1,193,000	826,611	2,019,611
2033	1,242,000	778,103	2,020,103
2034	1,291,000	727,328	2,018,328
2035	1,341,000	681,756	2,022,756
2036	1,346,000	634,283	1,980,283
2037	1,397,000	586,685	1,983,685
2038	1,448,000	537,237	1,985,237
2039	1,389,000	485,949	1,874,949
2040	1,445,000	437,116	1,882,116
2041	1,492,000	386,166	1,878,166
2042	1,544,000	333,443	1,877,443
2043	1,597,000	277,637	1,874,637
2044	614,000	219,793	833,793
2045	633,000	202,667	835,667
2046	651,000	185,020	836,020
2047	670,000	166,878	836,878
2048	530,000	148,071	678,071
2049	544,000	132,522	676,522
2050	564,000	116,584	680,584
2051	581,000	99,968	680,968
2052	601,000	82,880	683,880
2053	619,000	65,115	684,115
2054	636,000	46,850	682,850
2055	659,000	28,112	687,112
2056	50,000	8,613	58,613
2057	55,000	6,003	61,003
2058	60,000	3,132	63,132
Totals	\$ 39,320,000	\$ 22,108,780	\$ 61,428,780

Mustang Special Utility District
 Long Term Debt Service Requirements
 All Series and Notes - By Years

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2020	\$ 1,419,605	\$ 1,716,424	\$ 3,136,029
2021	1,491,755	1,662,126	3,153,880
2022	1,544,785	1,604,441	3,149,225
2023	1,596,790	1,545,751	3,142,542
2024	1,645,696	1,483,305	3,129,002
2025	1,691,837	1,419,318	3,111,155
2026	1,666,668	1,352,668	3,019,337
2027	1,284,233	1,274,326	2,558,559
2028	1,343,542	1,220,327	2,563,869
2029	1,388,469	1,163,058	2,551,527
2030	1,454,658	1,103,417	2,558,075
2031	1,347,169	1,040,567	2,387,736
2032	1,314,358	979,639	2,293,997
2033	1,373,749	920,786	2,294,535
2034	1,433,461	858,776	2,292,237
2035	1,494,174	801,055	2,295,229
2036	1,512,088	740,517	2,252,605
2037	1,576,003	678,751	2,254,754
2038	1,642,119	614,030	2,256,149
2039	1,598,234	546,176	2,144,410
2040	1,670,612	479,483	2,150,095
2041	1,543,570	409,272	1,952,842
2042	1,599,438	352,552	1,951,990
2043	1,656,306	292,450	1,948,756
2044	677,496	230,010	907,506
2045	701,330	207,963	909,293
2046	651,000	185,020	836,020
2047	670,000	166,878	836,878
2048	530,000	148,071	678,071
2049	544,000	132,522	676,522
2050	564,000	116,584	680,584
2051	581,000	99,968	680,968
2052	601,000	82,880	683,880
2053	619,000	65,115	684,115
2054	636,000	46,850	682,850
2055	659,000	28,112	687,112
2056	50,000	8,613	58,613
2057	55,000	6,003	61,003
2058	60,000	3,132	63,132
Totals	<u>\$ 43,888,145</u>	<u>\$ 25,786,934</u>	<u>\$ 69,675,079</u>

Capital Improvement Fund

Capital Improvement Fund

This fund is used to track all capital improvement projects relating to the improvement of the District's water and wastewater systems that are financed by revenue bonds, connection fee revenues, and specific funding sources. Prior year revenue bonds and connection fees held in the General Fund are transferred from the General Fund into the CIP Fund budget. Completed projects are transferred to the General Fund as assets. All balances are rolled into the General Fund for reporting purposes.

The CIP fund uses the modified accrual basis of accounting.

Capital Asset Policy

Capital assets are assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add value to the asset nor materially extend the asset's life are not capitalized.

Property, plant and equipment:

The District uses the straight line depreciation method with estimated useful lives as follows:

Vehicles	5 years
Office furniture and equipment	3-10 years
Machinery and equipment	5-10 years
Water distribution system	5-40 years
Buildings	20-40 years

Capital Improvement Projects

Capital Improvement Projects (CIP) are any project or physical improvement that results in a permanent addition to the District's capital assets or revitalization/improvement that extends a capital asset's useful life or increases its usefulness or capacity. Examples include:

- *Renovation, reconstruction, repair or major maintenance to existing facilities
- *Equipment for any facility or improvement when first erected or acquired
- *Utility modification

The District has adopted a formal five year CIP plan, and the projects adopted are consistent with the plan.

Mustang SUD Capital Expenditures

Description	Status	Operating Budget	Capital Budget
Professional Services			
GIS Aerials	new	5,000	
Vehicles and Equipment			
Chevy 1/2 Truck	new	30,000	
Cat 304 Excavator	new	62,000	
Cat 301 Excavator	new	34,000	
Cat 259D Track Skid Steer	new	55,000	
Big Tex 16ET Equipment Trailer (2)	new	16,000	
Chevrolet Medium Duty Truck (2)	new	120,000	
CM Truck Body (2)	new	24,000	
GMC 1/2 Ton Pickup (5)	new	150,000	
UTV	new	10,000	
Shop Sweeper	new	20,000	
Emergency Response Equipment	new	50,000	
Buildings & Structures (not part of a system)			
Office Building Upgrades	new	100,000	
Security Upgrades	new	40,000	
Board Room Audio-visual Upgrades	new	30,000	
Auxillary Building at Temple Dane	new		65,000
Temple Dane Generator	new		300,000
Water Systems			
Temple Dane generator	new		300,000
Light Ranch Well (USDA)	open		10,000
Silverado Elevated Storage Tank (1MG)	open		3,001,000
Silverado Well #2	open		1,567,000
Houlihan GST, Pump Station	open		900,000
Houlihan Elevated Storage Tank (2.25 MG)	open		100,000
Houlihan Pump Station Upgrade	new		300,000
Byran Road Elevated Storage Tank repaint	open		800,000
Crescent Oaks line replacement	open		900,000
1385/428 Water Transmission Main, 24" line	open		4,851,364
Hathaway to Silverado Water Transmission Main extension	open		2,182,584
Lincoln Park infrastructure	open		100,000
Line Oversizing	open		250,000
Mobberly 24" Water Transmission Main	new		3,967,583
Oak Point Midway Area Well and Treatment	new		1,567,000
Oak Point Midway Area Elevated Storage Tank	new		3,001,000
Emergency Repairs	open		500,000
Wastewater Systems			
Sandbrock WW Treatment Plant	open		2,729,300
Jackson Ridge sewer line	open		279,832
Mobberly Wastewater Interceptor	new		2,733,619
Additional Capacity - UTRWD Peninsula	new		14,300,000
Totals		741,000	44,705,282

Capital Expenditures in the Operating Budget:

The Operating Budget includes capital expenditures that will directly benefit operations. Future impact to operating budgets is small for the next five years.

The **Emergency Response Equipment** is for a new program that will allow Mustang to respond to natural disasters that need assistance with drinking water production or wastewater elimination. This program will evolve into a separate department within Mustang in a year or two. Future impact to operating budgets is expected for the next five years.

The **Auxillary Building at Temple Dane** is a new building that will be used as a second operations building to better serve our southern half. It will also double as a second headquarters, if something should happen to the main office. Future impact to operating budgets is small for the next five years.

Capital Expenditures in the Capital Budget:

The Capital Budget is funded by non-recurring revenue and by debt. It is primarily used for infrastructure needs.

The **Light Ranch Well** serves a small population at Mustang's northeast corner. A loan from the USDA has been used to upgrade this well. Future impact to operating budgets is minimal for the next five years.

The **Silverado** subdivision has required major infrastructure in the past, and has grown to the point of needing more infrastructure. A second well and an elevated storage tank are being added. Future impact to operating budgets is small for the next five years.

The **Houlihan** Water Plant encompasses several infrastructure projects on the east side of Mustang's CCN. A ground storage tank, pump station, and elevated storage tank are being built. Future impact to operating budgets is small for the next five years.

Byran Road Elevated Storage Tank is being repainted, which is typical maintenance needed. It is paid from the Capital Budget because of the dollar amount and infrequency of the need. Future impact to operating budgets is nothing for the next five years.

The **Crescent Oaks** subdivision needs a number of water lines replaced. At this time, Mustang is waiting on the City of Oak Point so that road work can be done in conjunction with the water line construction. Future impact to operating budgets is nothing for the next five years.

The **1385/428 Water Transmission Main** is a new line connecting separate areas of residential growth. Future impact to operating budgets is none for the next five years.

The **Hathaway to Silverado Water Transmission Main** is a new line connecting a recently added well to the main portion of the Mustang infrastructure. Future impact to operating budgets is none for the next five years.

Lincoln Park Infrastructure is a note payable to the Town of Little Elm for infrastructure purchased. It is paid from the Capital Budget because it is an infrastructure cost rather than an operating cost.

Line Oversizing is budgeted for the agreements with developers to oversize certain lines. The exact timing of payments are not known. Future impact to operating budgets is none for the next five years.

Mobberly 24" Water Transmission Main is a new line connecting planned residential growth to the main portion of the Mustang infrastructure. Future impact to operating budgets is none for the next five years.

The **Oak Point Midway Area Water Plant** is being constructed to provide better service to a growing residential area. A well, water treatment, and an elevated storage tank are planned. Future impact to operating budgets is small for the next five years.

Emergency Repairs are budgeted against the possibility of a major infrastructure failure, although actual usage of these funds is not expected. Future impact to operating budgets is small for the next five years.

The **Sandbrock Wastewater Treatment Plant** is being expanded to better operate under the expected residential growth. Future impact to operating budgets is medium for the next five years.

The **Jackson Ridge Sewer Line** is a note payable to the City of Aubrey for infrastructure purchased. It is paid from the Capital Budget because it is an infrastructure cost rather than an operating cost.

The **Mobberly Wastewater Interceptor** is a new wastewater line connecting planned residential growth to the main portion of the Mustang infrastructure. Future impact to operating budgets is none for the next five years.

Additional Capacity - UTRWD Peninsula is the purchase of wastewater capacity to be used for the needs of our customers. Future impact to operating budgets is medium for the next five years.

Glossary

Glossary

Accrual basis: Accrual basis accounting recognizes transactions when they occur, regardless of the timing of related cash flows. The application of accrual accounting techniques prevents distortions in financial statement representations due to shifts in the timing of cash flows and related underlying economic events near the end of a fiscal period.

Amortization: The reduction of debt through regular payments of principal and interest sufficient to retire the debt instrument at a predetermined date known as maturity.

Business type activity: Business type activities are financed in whole or in part by fees charged to external parties for goods and services. These activities are usually reported in enterprise funds which follow essentially the same accounting rules as a private enterprise.

Depreciation: Depreciation is the accrual accounting concept using various methods to expense capitalized costs of an asset over its estimated useful life.

Enterprise fund: A fund established to account for operations that are financed and operated in a manner similar to a private business, i.e. the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Expenditure: The cost of goods delivered and services rendered whether paid or unpaid.

Fiscal year (FY): The 12 month period, October 1st to September 30th, to which the annual operating budget applies and, at the end of which, financial position and the results of operations are determined.

Full-Time Equivalent (FTE): A method to convert part-time hours worked to that of full-time worker in a like position based on 2080 hours per year.

Fund: Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions, activities or objectives with special regulations, restrictions, or limitations. A fund is a self-balancing set of accounts recording financial resources with all related liabilities resulting in equities or balances. The accounts of the District are organized on the basis of funds and account groups in order to report on its financial position and results of its operations.

Fund Equity: The difference between assets and liabilities reported in an enterprise fund.

Generally Accepted Accounting Principles (GAAP): Conventions, rules and procedures that serve as the norm for the fair presentation of financial statements.

General Fund: The District's major operating fund to account for all financial resources except those accounted for in another fund.

Government Finance Officers Association (GFOA): The GFOA of the United States and Canada is a professional organization of public officials united to enhance and promote the professional management of governmental financial resources by identifying, developing and advancing fiscal strategies, policies and practices for public benefit.

Modified Accrual: The modification of full accrual accounting; in the example of this budget, amortization and depreciation expenses are not included in the operating budget.

Net Assets: The difference between assets and liabilities of assets and liabilities of proprietary funds. Net assets may be further divided into unrestricted and restricted amounts like constraints of legislation or external parties, trust amounts for pensions or pools, or other purposes like invested in capital assets, net of related debt.

Operating budget: The operating budget is the authorized revenues and expenditures for on-going district services and is the primary means by which a government is controlled. The life span of an operating budget is typically one year. Personnel costs, supplies, and other charges are found in an operating budget.

Revenue: The income of the District used to fund operations. Typical revenue examples for the District are charges for services, interest, fees and developer contributions.

Special Utility District (SUD): is a special-purpose district or other governmental jurisdiction that provides public utilities (such as water and wastewater) to the residents of that district.

Upper Trinity Regional Water District (UTRWD): A conservation district, created by the State of Texas in 1989 to provide towns, cities and utilities with a sound, long-term water supply. UTRWD is authorized to provide water, wastewater, solid waste, and storm water (watershed protection) services - - all on a wholesale basis.