

EAST CENTRAL SPECIAL UTILITY DISTRICT

Comparative Financial Statements
With TSI Supplementary Information

December 31, 2020 and 2019

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS}
COUNTY OF BEXAR}

I, Melvin Strey, of the East Central Special Utility District hereby swear, or affirm, that the District above has reviewed and approved at the meeting of the District's Board of Directors on the 11 day of March, 2021 its annual audit report for the fiscal period ended December 31, 2020 and the copies of the annual audit report have been filed in the District's office, located at 5520 FM 1628, Adkins, Texas 78101.

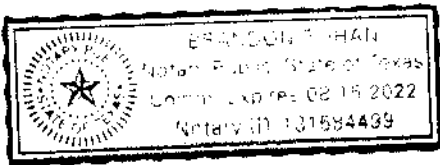
This affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of the Texas Water Code, Section 49.194.

Date: March 11, 2021 By: Melvin E. Strey

Sworn to and subscribed to before me this 11 day of March, 2021.

[Signature]

My commission expires on: 2022
Notary Public in the State of Texas



EAST CENTRAL SPECIAL UTILITY DISTRICT
 Annual Financial Report
 For the Year Ended December 31, 2020

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Independent Auditor's Report

Board of Directors
East Central Special Utility District
Adkins, Texas

We have audited the accompanying financial statements of the East Central Special Utility District (District) as of and for the year ended December 31, 2020 and 2019, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Governmental 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of East Central Special Utility District as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the budgetary comparison information, as listed in the Table of Contents, 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 standard generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Central Special Utility District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information required by the Texas Commission on Environmental Quality is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2021 on our consideration of East Central Special Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 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 East Central Special Utility District's internal control over financial reporting and compliance.

Williams, Steinert, Mask, LLP
March 2, 2021
San Antonio, Texas

EAST CENTRAL SPECIAL UTILITY DISTRICT
Management's Discussion and Analysis
December 31, 2020 and 2019

Using this Annual Report

Within this section of the East Central Special Utility District (the District) annual financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the year ended December 31, 2020 and 2019. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. This analysis should be read in conjunction with the basic financial statements that follow this section.

Financial Highlights

- Total assets increased \$4,588,145 to \$27,215,290.
- Total liabilities decreased \$641,940 to \$13,568,537.
- Total unrestricted net position increase \$1,586,954 to \$4,832,210.
- Total net position increased \$5,230,085 to \$13,646,753.
- Net operating revenues increased \$4,219,549.
- Net operating expenses increased \$540,854.

Required Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of five components: (1) the independent auditor's report; (2) management's discussion and analysis (MD&A); (3) The Statement of Net Position which include all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities); (4) The Statement of Revenues, Expenses and Changes in Net Position shows the business-type activities of the District and provides information regarding income and expenses, both operating and non-operating, that affect the Net Position; and (5) The Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the period using the direct method of reporting cash flows from operating, investing, and capital and noncapital financing activities.

Notes to the Financial Statements

Integral to the financial statements are the notes to the basic financial statements. These notes provide additional information that is essential to a full understanding of the financial data provided in the basic statements. The District has prepared notes sufficient to provide the readers of these financial statements a clear picture of the District's financial position and insight into the results of its operations. These notes comply with the standardized reporting requirements for districts by TCEQ and are in conformity with GAAP.

Other Required/Supplementary Information

In addition to the basic financial statements and accompanying notes, this section also represents certain required supplementary information (RSI) and required supplementary information by TCEQ which may be beneficial to the reader. This information is in conformity with Generally Accepted Accounting Principles (GAAP).

EAST CENTRAL SPECIAL UTILITY DISTRICT

Management's Discussion and Analysis

December 31, 2020 and 2019

Financial Analysis of The District

The following condensed Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position show a three-year operating comparison of the District.

District Net Position			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash and investments	\$ 7,621,707	3,454,389	3,108,834
Other current assets	1,181,316	996,940	859,356
Capital assets, net	18,223,280	17,970,947	17,516,784
Other assets	188,987	204,869	220,751
Total Assets	<u>27,215,290</u>	<u>22,627,145</u>	<u>21,705,725</u>
Current liabilities	2,307,330	1,965,332	1,950,197
Long-term liabilities	11,261,207	12,245,145	12,870,219
Total Liabilities	<u>13,568,537</u>	<u>14,210,477</u>	<u>14,820,416</u>
Net investment in capital assets	6,158,768	5,006,412	3,769,663
Restricted	2,655,775	165,000	165,000
Unrestricted	4,832,210	3,245,256	2,950,646
Total Net Position	<u>13,646,753</u>	<u>8,416,668</u>	<u>6,885,309</u>
Total Liabilities and Net Position	<u>\$ 27,215,290</u>	<u>22,627,145</u>	<u>21,705,725</u>

Changes in the District's net position can be determined by reviewing the following condensed Statement of Revenue, Expenses, and Changes in Net Position for the three years ended December 31, 2020, 2019 and 2018.

Changes in District Net Position			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 11,769,385	7,549,836	6,654,421
Operating expenses	6,080,790	5,539,936	5,416,813
Operating Income (Loss)	5,688,595	2,009,900	1,237,608
Non-operating income (expense)	(458,510)	(478,541)	(488,509)
Change in Net Position	<u>\$ 5,230,085</u>	<u>1,531,359</u>	<u>749,099</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT

Management's Discussion and Analysis

December 31, 2020 and 2019

Capital Assets and Debt

Capital Assets

As of December 31, 2020, the District had invested \$31.9 million in a broad range of capital assets, including land, buildings, equipment, plants, and distribution systems. Significant additions include several vehicles, land and construction in progress for the new building. More detailed information about the District's capital assets is presented in the notes to the financial statements.

District's Capital Assets

	2020	2019	2018
Land	\$ 772,723	772,723	72,126
CRWA assets	13,304,338	13,304,338	13,304,338
Plant and distribution system	15,290,674	15,085,944	15,042,338
Equipment	673,095	280,356	220,424
Building and improvements	96,505	96,505	96,505
Furniture and fixtures	246,536	246,536	241,406
Vehicles	806,625	714,018	484,546
Construction in progress	690,566	223,094	-
Totals at cost	31,881,062	30,723,514	29,461,683
Total accumulated depreciation	(13,657,782)	(12,752,567)	(11,944,899)
Net capital assets	\$ 18,223,280	17,970,947	17,516,784

Long-Term Debt

At year-end, the District had \$12.2 million in principal outstanding on bonded debt and notes. No new debt was issued during 2020. More detailed information about the District's debt is presented in the notes to the financial statements.

District's Long Term Debt

	2020	2019	2018
Bonds payable	\$ 875,000	995,000	1,110,000
Notes payable	11,368,499	12,164,406	12,637,121
Totals at cost	\$ 12,243,499	13,159,406	13,747,121

EAST CENTRAL SPECIAL UTILITY DISTRICT

Management's Discussion and Analysis

December 31, 2020 and 2019

Budgetary Highlights

The District's revenues exceeded expectations by \$4.4 million, primarily because of an increase in an increase of sales due to quick growth, water impact fees and meter installations, which is categorized in other charges. Operating expenses were \$28 thousand more than the budget, primarily due to an increase in water purchases and depreciation expense. The net change in net position was an increase of \$5.2 million, of this amount \$1.5 million increases the unrestricted and \$2.5 increases the restricted net position; capital assets in excess of debt are increased by \$1.2 million approximately.

Economic Factors and Next Year's Budget

The 2021 budget contemplates continued expenditures from the new building for the Capital Improvement Plan. Water rates are increased 2.5% for 2021 to prepare for upcoming bond payments for the new office. Aside from the construction, the District expects no major changes to services or operations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at:

Street address:
5520 FM 1628,
Adkins, Texas, 78101

Mailing address:
P.O. Box 570
Adkins, Texas, 78101

Phone: (210-649-2383)

EAST CENTRAL SPECIAL UTILITY DISTRICT

Statement of Net Position
December 31, 2020 and 2019

	2020	2019
Current assets:		
Cash	\$ 6,779,946	2,609,777
Investments	676,761	679,612
Accounts receivable, net	743,716	675,154
Inventory	437,600	321,787
Total Current Assets	8,638,023	4,286,329
Capital assets, net	18,223,280	17,970,947
Other assets:		
CRWA membership	10,000	10,000
Bond issue and organizational costs	178,987	194,869
Restricted cash for debt service	165,000	165,000
Total Other Assets	353,987	369,869
Total Assets	\$ 27,215,290	22,627,145
Current liabilities:		
Accounts payable	300,392	161,191
Payroll liabilities	33,007	33,189
Accrued interest	34,843	40,830
Customer deposits	956,796	815,861
Current portion of long-term debt	982,292	914,261
Total Current Liabilities	2,307,330	1,965,332
Bonds and notes payable, net of current portion	11,261,207	12,245,145
Total Liabilities	13,568,537	14,210,477
Net position:		
Capital assets in excess of debt	6,158,768	5,006,412
Restricted:		
Debt service	165,000	165,000
Impact fees	1,899,975	-
Water acquisition	590,800	-
Unrestricted	4,832,210	3,245,256
Total Net Position	13,646,753	8,416,668
Total Liabilities and Net Position	\$ 27,215,290	22,627,145

See Accompanying Notes to the Financial Statements and the Auditor's Report.

EAST CENTRAL SPECIAL UTILITY DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	2020	2019
Operating revenue:		
Water sales	\$ 7,538,061	5,902,488
Wastewater service fees	385,183	208,812
Water impact fees	1,899,975	787,675
Water acquisition fees	590,800	-
Other charges	1,355,366	650,861
Total operating revenues	11,769,385	7,549,836
 Operating expenses	 6,080,790	 5,539,936
Operating income (loss)	 5,688,595	 2,009,900
 Non-operating revenues (expenses)		
Rental income	10,452	8,857
Interest income	7,294	21,384
Gain on sale of assets	-	14,000
Other income	6,150	13,650
Interest expense	(482,406)	(536,432)
Total non-operating revenues (expenses)	(458,510)	(478,541)
Change in net position	 5,230,085	 1,531,359
 Net position at beginning of year	 8,416,668	 6,885,309
Net position at end of year	\$ 13,646,753	8,416,668

See Accompanying Notes to the Financial Statements and the Auditor's Report.

EAST CENTRAL SPECIAL UTILITY DISTRICT
Statement of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Net cash provided by operating activities		
Cash received from customers	\$ 11,841,758	7,506,807
Cash payments to suppliers for goods and services	(4,117,128)	(3,879,285)
Payments to employees for services	(1,019,359)	(912,894)
Net cash flow provided by operating activities	6,705,271	2,714,628
Cash flows from capital and related financing activities		
Principal payments on bonds and notes payable	(915,907)	(587,715)
Interest paid	(488,393)	(505,222)
Proceeds from the sale of equipment	-	14,000
Purchase of property, plant and equipment	(690,079)	(1,110,929)
Construction in process	(467,471)	(223,096)
Net cash used by capital and related financing activities	(2,561,850)	(2,412,962)
Cash flows from investing activities		
Interest and investment income	23,896	43,891
Net cash provided by investing activities	23,896	43,891
Net increase (decrease) in cash and cash equivalents	4,167,317	345,557
Beginning cash and cash equivalents	3,454,390	3,108,833
Ending cash and cash equivalents	\$ 7,621,707	3,454,390
<i>Reconciliation to Statement of Net Position</i>		
Cash and cash equivalents - Unrestricted	\$ 7,456,707	3,289,390
Cash and cash equivalents - Restricted	165,000	165,000
	\$ 7,621,707	3,454,390

See Accompanying Notes to the Financial Statements and the Auditor's Report.

EAST CENTRAL SPECIAL UTILITY DISTRICT
Statement of Cash Flows (Continued)
For the Years Ended December 31, 2020 and 2019

	2020	2019
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 5,688,595	2,009,900
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	921,097	895,745
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(68,562)	(115,796)
Inventory	(115,813)	(21,787)
Increase (decrease) in liabilities:		
Accounts payable	139,201	(137,330)
Payroll liabilities	(182)	11,129
Customer deposits	140,935	72,767
Net cash flow provided by operating activities	\$ 6,705,271	2,714,628

See Accompanying Notes to the Financial Statements and the Auditor's Report.

EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2020 and 2019

1) Reporting Entity

East Central Special Utility District (the District) was created pursuant to the provision of Texas Water Code, Chapters 49 and 65 and Texas Administrative Code 293.11 and 293.12 to purchase, own, hold, lease and otherwise acquire sources of water supply; to build, operate and maintain facilities for the transportation of water; and to sell water and wastewater services to towns, cities, and other political subdivisions of this state, to private business entities and to individuals. East Central Water Supply Corporation was dissolved, and all assets and liabilities and equity of that organization were transferred to the newly created East Central Special Utility District. This transfer took place in April of 2005, for financial reporting purposes.

The Board of Directors (Board), a nine-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to providing water services within the jurisdiction of the East Central Special Utility District. Members of the Board are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters.

The District is legally separate and is fiscally independent of other state and local governments, it is a primary government and not included in any other governmental reporting entity. The District has no component units.

2) Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units in conjunction with the "Water District's Financial Management Guide" published by the Texas Commission on Environmental Quality. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The District is reported as a special-purpose government engaged in business-type activities. The financial statements of the District measure and report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, and gains and losses using the economic resources measurement focus and accrual basis of accounting.

Basis of Presentation

Net position and revenue, expenses, gains, and losses are classified based on the existence or absence of grantor-imposed restrictions. Net position of the District and changes therein are classified as unrestricted net position. Unrestricted net position represents the portion of expendable funds that is available for support of the operations of the District. 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.

EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements
December 31, 2020 and 2019

2) Summary of Significant Accounting Policies (Continued)

Operating and Non-Operating Revenue and Expense Policy

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operating activities. As business-type activities, the District's operating revenues are defined as the result of exchange transactions with those who purchase, use or directly benefit from the services provided by the District. Non-operating items include activities that have the characteristic on non-exchange transactions such as grants and contributions and other items that are defined as non-operating.

Cash and Cash Equivalents

State statutes authorize the District to invest in (a) obligations of the United States or its agencies, and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value (plus accrued interest) except for money market, certificates of deposit, local government investment pools, and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost, which approximates fair value.

The District considers cash and cash equivalents to be amounts in checking accounts, savings accounts, money market accounts, and local government investment pools.

Receivables and Payables

All receivables and payables are reported at their gross value. The District uses the direct write-off method to account for bad debt associated with receivables. Payables are reported in the period the liability is incurred. The District believes that sufficient detail of receivable and payable balances are provided and therefore, provides no additional disclosure.

Inventory

Inventory consists of pipe, fittings, pumps and meters. Inventory is reported at the lower of cost or market based on the first in-first out method.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2020 and 2019

2) Summary of Significant Accounting Policies (Continued)

Customer Deposits

Upon creation of a new account, customers make a deposit toward their final bill. The amount is recorded as customer deposits liability on the Statement of Net Position.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, water rights, and water plant and distribution systems, are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Interest has been capitalized during the construction periods on water plant and distribution systems. Purchases in excess of \$5,000 with a useful life in excess of one year are capitalized and depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	3 to 10 years
Water Plants and Distributions Systems	20 to 50 years

Amortization of SUD Conversion

The District's membership voted in March of 2005 and approved the conversion from its then current status to a Special Utility District under Chapter 65 of the Texas Water Code. Section 65.014 permits a Special Utility District to file a resolution with the Commission requesting that a district be created. The application was completed, and SUD conversion was achieved in April of 2005.

Accounting principles generally accepted in the United States of America require that the District capitalize the costs associated with these assets and amortize those costs over the life of the asset or loan, and not less than 60 months, respectively, rather than expensing the entire amount in the year acquired. The expense associated with this amortization appears in the basic financial statements as "Amortization."

Long-Term Obligations

Bonds, notes and capital leases are recorded as liabilities on the statement of net position. Bond issue costs and premiums are expensed in the period they are incurred. Bonds payable are reported net of the applicable bond premium or discount. Interest costs are expensed during the construction period.

Budget

An operating budget is adopted each fiscal year for the District. The budget is adopted on a cash basis of accounting internally and converted to accrual basis for financial reporting. Additional budgetary information is provided in the required supplementary information.

EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2020 and 2019

2) Summary of Significant Accounting Policies (Continued)

Compensated Absences

East Central Special Utility District provides vacation and sick leave for all qualifying employees. Employees are allowed to accumulate vacation leave, and it is payable if the employee terminates. Sick leave may also be accumulated; however, it is not payable upon termination. The vacation and sick accrual schedules for 2020 and 2019 are as follows:

	Year of Service	Annual Accrual in Hours	Carry Over Amount in Hours
Vacation	1/2-4	80	136
	5-9	96	136
	10-14	120	136
	15-19	136	136
	20-29	160	136
	30-34	176	136
	Over 35	200	136
Sick	1/2-14	48	160
	15-19	56	160
	20-29	72	160
	Over 30	80	160

3) Cash and Investments

Cash

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledge securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. As of year-end, the District's bank deposits were covered by a combination of federal deposit insurance and pledged securities.

Investments

The District is required by Government Code Chapter 2256, *The Public Funds Investment Act* (the "Act") 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) bid solicitation preferences for certificates of deposit and, (9) stated compliance with this Investment Policy.

EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements
December 31, 2020 and 2019

3) Cash and Investments (Continued)

Investments (Continued)

This Act requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines which investments are acceptable for the District. These may include, with certain restrictions; (1) obligations of the U.S. Treasury, certain U.S. agencies, the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) fully collateralized repurchase agreements with certain criteria, (6) banker's acceptances, (7) mutual funds, (8) investment pools, and (9) guaranteed investment contracts. The District policy authorizes all the State allowable investments. If additional types of securities are approved for investment by public funds by state statute, the District will have to amend its policy before the new investment types can be considered for investment by the District.

The District's board believes that the District has complied in all material respects with the requirements of the Act and the District's investment policies.

As of December 31, 2020 and 2019, the District had \$841,761 and \$844,612 respectively, in a money market account that has a AAA rating, of this amount \$165,000 is restricted.

Analysis of Specific Deposit and Investment Risks

GASB Statement 40 requires a determination as to whether the district was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year-end the District did not have any significant credit risk.

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralize with securities held by the pledging financial institution's trust department or agent. At year-end the District had no exposure to custodial credit risk.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District adopted Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on at least a monthly basis.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to limit interest and market rate risk from changes in interest rates, the District's adopted Investment Policy sets a maximum stated maturity limit of two years.

EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2020 and 2019

4) Restricted Cash and Cash Equivalents

Restricted cash consists of a debt service related to the Trust account with Bank of America. The District is required to pledge a portion of their investments for sinking funds. The District has complied with the restriction requirements.

5) Receivables

Accounts receivable from members represent unpaid water usage. At December 31, 2020 and 2019 the amount is as follows:

	<u>2020</u>	<u>2019</u>
Customer balances	\$ 751,228	681,973
Allowance for doubtful	<u>(7,512)</u>	<u>(6,819)</u>
	<u>\$ 743,716</u>	<u>675,154</u>

6) Joint Venture – Canyon Regional Water Authority

The District is a member entity of Canyon Regional Water Authority (CRWA) through a regional taxable water supply contract dated August 1, 1998. CRWA was created to purchase, own, hold, lease and otherwise acquire sources of potable water; build, operate and maintain facilities for the treatment and transportation of water; sell potable water to local governments, water supply corporations and other persons in Texas; to protect, preserve and restore the purity and sanitary condition of water in the area. The participating entities, of which there are 12, are contractually obligated to fund a pro-rata portion of CRWA's operating, debt service and project costs. The District participates in the repayment of the CRWA bond indebtedness. Principal and interest payments are made to CRWA monthly. The District receives approximately 12% of the related debt.

EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2020 and 2019

7) Capital Assets

As of December 31, 2020, the District had \$13,646,753 in Net Position. The District had capital assets in excess of related debt in the amount of \$6,158,768.

A summary of changes in capital assets for the year ended December 31, 2020, is as follows:

	<u>Balances at 12/31/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances at 12/31/20</u>
Capital Assets				
Non-depreciable:				
Land and easements	772,723	-	-	772,723
Construction in Progress	223,095	467,471	-	690,566
Total assets non-depreciable	<u>995,818</u>	<u>467,471</u>	<u>-</u>	<u>1,463,289</u>
Depreciable:				
CRWA assets	13,304,338	-	-	13,304,338
Plant and distribution system	15,085,944	204,730	-	15,290,674
Equipment	280,356	392,739	-	673,095
Building and improvements	96,505	-	-	96,505
Furniture and fixtures	246,536	-	-	246,536
Vehicles	714,017	92,608	-	806,625
Total assets depreciable	<u>29,727,696</u>	<u>690,077</u>	<u>-</u>	<u>30,417,773</u>
Less accumulated depreciation	<u>12,752,567</u>	<u>905,215</u>	<u>-</u>	<u>13,657,782</u>
Total depreciable assets, net	<u>16,975,129</u>	<u>(215,138)</u>	<u>-</u>	<u>16,759,991</u>
Total depreciable and non-depreciable assets	<u>17,970,947</u>	<u>252,333</u>	<u>-</u>	<u>18,223,280</u>
Other assets				
Organizational expenses	180,372	-	-	180,372
Refinance bond costs	157,086	-	-	157,086
CRWA membership	10,000	-	-	10,000
	<u>347,458</u>	<u>-</u>	<u>-</u>	<u>347,458</u>
Less accumulated amortization	<u>142,589</u>	<u>15,882</u>	<u>-</u>	<u>158,471</u>
Total other assets, net	<u>204,869</u>	<u>(15,882)</u>	<u>-</u>	<u>188,987</u>
Total Capital and Other Assets	<u>18,175,816</u>	<u>236,451</u>	<u>-</u>	<u>18,412,267</u>

Depreciation for 2020 was \$905,215 and amortization was \$15,882. Depreciation for 2019 was \$879,864 and amortization was \$15,882. Land, water rights and construction in progress are not depreciated.

EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements
December 31, 2020 and 2019

7) Capital Assets (Continued)

As of December 31, 2019, the District had \$8,416,668 in Net Position. The District had capital assets in excess of related debt in the amount of \$5,006,412.

A summary of changes in capital assets for the year ended December 31, 2019, is as follows:

	<u>Balances at 12/31/18</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances at 12/31/19</u>
Capital Assets				
Non-depreciable:				
Land and easements	72,126	700,597	-	772,723
Construction in Progress	-	223,095	-	223,095
Total assets non-depreciable	<u>72,126</u>	<u>923,692</u>	<u>-</u>	<u>995,818</u>
Depreciable:				
CRWA assets	13,304,338	-	-	13,304,338
Plant and distribution system	15,042,338	43,606	-	15,085,944
Equipment	220,424	132,128	(72,196)	280,356
Building and improvements	96,505	-	-	96,505
Furniture and fixtures	241,406	5,130	-	246,536
Vehicles	484,546	229,471	-	714,017
Total assets depreciable	<u>29,389,557</u>	<u>410,335</u>	<u>(72,196)</u>	<u>29,727,696</u>
Less accumulated depreciation	11,944,899	879,864	(72,196)	12,752,567
Total depreciable assets, net	<u>17,444,658</u>	<u>(469,529)</u>	<u>-</u>	<u>16,975,129</u>
Total depreciable and non-depreciable assets	<u>17,516,784</u>	<u>454,163</u>	<u>-</u>	<u>17,970,947</u>
Other assets				
Organizational expenses	180,372	-	-	180,372
Refinance bond costs	157,086	-	-	157,086
CRWA membership	10,000	-	-	10,000
	<u>347,458</u>	<u>-</u>	<u>-</u>	<u>347,458</u>
Less accumulated amortization	126,707	15,882	-	142,589
Total other assets, net	<u>220,751</u>	<u>(15,882)</u>	<u>-</u>	<u>204,869</u>
Total Capital and Other Assets	<u>17,737,535</u>	<u>438,281</u>	<u>-</u>	<u>18,175,816</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements
December 31, 2020 and 2019

8) Long-Term Debt

The District's bond and note activity as of and for the year ending December 31, 2020 and 2019 is as follows

Bonds, Notes Payable	Balance Outstanding at 12/31/19	Additions	Retirements	Balance Outstanding at 12/31/20	Due Within One Year
LD/MC Bond, Series 2016	\$ 4,465,512	\$ -	\$ 411,852	\$ 4,053,660	\$ 428,877
Wells Ranch, Series 2009	236,171	-	18,759	217,412	19,721
Wells Ranch, Series 2011	1,295,333	-	37,518	1,257,815	38,961
Wells Ranch, Series 2015	2,616,705	-	76,680	2,540,025	115,020
Wells Ranch, Series 2016	2,731,599	-	158,249	2,573,350	164,983
Revenue Refunding, Series 2016	995,000	-	120,000	875,000	120,000
CoBank Note	819,086	-	91,203	727,883	94,730
	<u>\$ 13,159,406</u>	<u>\$ -</u>	<u>\$ 914,261</u>	<u>\$ 12,245,145</u>	<u>\$ 982,292</u>

Bonds, Notes Payable	Balance Outstanding at 12/31/18	Additions	Retirements	Balance Outstanding at 12/31/19	Due Within One Year
LD/MC Bond, Series 2016	\$ 4,700,218	\$ -	\$ 234,706	\$ 4,465,512	\$ 411,852
Wells Ranch, Series 2009	246,832	-	10,661	236,171	18,759
Wells Ranch, Series 2011	1,316,656	-	21,323	1,295,333	37,518
Wells Ranch, Series 2015	2,642,796	-	26,091	2,616,705	76,680
Wells Ranch, Series 2016	2,821,381	-	89,782	2,731,599	158,249
Revenue Refunding, Series 2016	1,110,000	-	115,000	995,000	120,000
CoBank Note	909,238	-	90,152	819,086	91,203
	<u>\$ 13,747,121</u>	<u>\$ -</u>	<u>\$ 587,715</u>	<u>\$ 13,159,406</u>	<u>\$ 914,261</u>

Bonds Payable

Revenue Refunding Bonds, Series 2016 were refinanced and issued by the District in 2016 to pay off short term borrowings for construction of system improvements. The bonds were refinanced through BB&T Governmental Finance. The bonds bear interest at 2.08% and mature serially through December 1, 2027. The bonds require debt service and reserve accounts to which the District has substantially complied.

Notes Payable

The District signed a promissory note with CoBank in 2017. The CoBank note bears a variable interest rate not to exceed 3% and requires monthly payments of interest and principal until maturity on October 20, 2027. In addition to the notes and bonds, the District is liable for a portion of CRWA bonds, which have been included in the long-term debt. There are no debt service requirements related to this debt.

EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2020 and 2019

8) Long-Term Debt (Continued)

The annual requirements to amortize all outstanding privately placed debt as of December 31, 2020, including interest payments, are as follows:

Year End December 31,	Principal Payments	Interest Payments	Total
2021	982,292	461,180	1,443,472
2022	1,046,131	427,975	1,474,106
2023	1,091,746	386,777	1,478,523
2024	1,133,148	343,281	1,476,429
2025	1,175,816	297,533	1,473,348
2026-2030	4,529,317	819,536	5,348,853
2031-2035	1,799,924	268,529	2,068,452
2036-2040	395,382	83,802	479,184
2041	91,390	4,570	95,960
Total	<u>\$ 12,245,145</u>	<u>\$ 3,093,182</u>	<u>\$ 15,338,327</u>

9) Risk Management

General Liability

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; personal injuries; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers and from participation in a risk pool.

The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage. District management is not aware of any pending or alleged claims for which expected liability would exceed the policy limits of present insurance coverage. The following table shows the District's coverage:

<u>Type of Policy</u>	<u>Coverage Period</u>		<u>Coverage Amount</u>
	<u>Beginning</u>	<u>Ending</u>	
Workers' compensation	02-2020	01-2020	STATUTORY
Vehicle	02-2020	01-2020	\$1,000,000
Umbrella	02-2020	01-2020	\$1,000,000
Directors	02-2020	01-2020	\$2,000,000
Real and Personal Property	02-2020	01-2020	Per Schedule
General liability	02-2020	01-2020	\$2,000,000

Workers' Compensation

The District purchases workers' compensation insurance annually on the open market. Premiums are based on the estimated District payroll by risk factor and rates. The premiums are adjusted by the District's experience modifier. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for in the financial statements.

EAST CENTRAL SPECIAL UTILITY DISTRICT

Notes to the Financial Statements
December 31, 2020 and 2019

10) Contingent Liabilities and Commitments

During calendar year 2019, the District began plans for a new building, new land was purchased and costs for building plans were added to Construction in Progress. The estimated total amount for the building will be \$3 million. All costs to date have been paid with operational funding, but management is actively seeking alternative funding.

11) Retirement Plan

The District began participation in the Texas County & District Retirement Systems (TCDRS) as of January 1, 2020, and therefore did not have any participating employees as of the TCERS measurement date, December 31, 2019. Actuarial studies performed by TCERS will be performed in future years as well as the related accounting policies required.

The district provides retirement benefits for all of its employees (excluding Temporary) through a defined benefit pension plan in the statewide Texas County and District Retirement System (TCERS). The Board of Trustees of TCERS is responsible for the administration of the statewide agent multiple employer public retirement system.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the member of that employer's plan. In accordance with Texas law, it is intended that the pension plan be constructed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan.

All full-time and part-time, non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership. The plan provides retirement, disability, and survivor benefits. TCERS is a savings-based plan. For the District's plans, 4% of each employee's pay is deposited into his or her TCERS account. By law, employee accounts earn 7% interest per year on beginning of year balances. At retirement, the account is matched at an employer set percentage (current match is 250%) and is then converted to a lifetime annuity. There are no automatic COLAs. Each year, the District may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by an actual inflation. Benefit terms are established under the TCERS Act. They may be amended as of January 1 of each year but must remain in conformity with the Act.

The District's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The District contribution rate is based on the TCERS funding policy adopted by the TCERS Board of Trustees and must conform with TCERS Act. The employee contribution rates are set by ECSUD and are currently 4%. The actuarially determined employer contribution rate for 2020 was 6.32%. Contributions to the pension plan from the District were \$82,552 for the fiscal year ended 2020.

11) Subsequent Events

Subsequent events were evaluated through March 2, 2021, which is the report date. It was noted that in February, an unexpected snow storm hit which caused damage to multiple water lines which has lead to an increase in expenses. In addition, the effects of Covid-19 are still ongoing, however, it does not appear that his will have a material effect on the financials for 2021.

EAST CENTRAL SPECIAL UTILITY DISTRICT
 Required Supplementary Information
 Statement of Revenues, Expenses and Changes in Net Pension
 Budget and Actual
 For the years ended December 31, 2020 and 2019

	2020			2019		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenue:						
Water sales	6,090,970	7,538,061	1,447,091	5,678,500	5,902,488	223,988
Wastewater service fees	69,000	385,183	316,183	69,000	208,812	139,812
Water impact fees	490,000	1,899,975	1,409,975	-	787,675	787,675
Water acquisition fees	170,000	590,800	420,800	-	-	-
Other charges	502,452	1,355,366	852,914	63,393	650,861	587,468
Total operating revenue	<u>7,322,422</u>	<u>11,769,385</u>	<u>4,446,963</u>	<u>5,810,893</u>	<u>7,549,836</u>	<u>1,738,943</u>
Operating expenses:						
Water purchases	3,825,189	3,161,331	663,858	3,520,000	2,731,093	788,907
Personnel	930,000	1,019,177	(89,177)	1,013,000	980,913	32,087
Repairs and maintenance	557,553	390,462	167,091	365,193	405,912	(40,719)
Depreciation	160,000	921,097	(761,097)	-	895,745	(895,745)
Professional fees	65,000	78,758	(13,758)	40,000	51,918	(11,918)
Administrative expenses	336,221	302,109	34,112	341,150	294,855	46,295
Vehicles and equipment	145,200	111,209	33,991	102,300	98,538	3,762
Utilities	50,000	48,825	1,175	50,000	43,462	6,538
Insurance	40,000	47,822	(7,822)	45,000	37,500	7,500
Total operating expenses	<u>6,109,163</u>	<u>6,080,790</u>	<u>28,373</u>	<u>5,476,643</u>	<u>5,539,936</u>	<u>(63,293)</u>
Operating income (loss)	<u>1,213,259</u>	<u>5,688,595</u>	<u>1,675,650</u>	<u>334,250</u>	<u>2,009,900</u>	<u>1,675,650</u>
Non-operating revenues (expenses)						
Rental income	8,700	10,452	1,752	8,000	8,857	857
Interest income	21,200	7,294	(13,906)	10,000	21,384	11,384
Gain on sale of assets	-	-	-	-	14,000	14,000
Other income	-	6,150	6,150	5,000	13,650	8,650
Interest expense	(60,000)	(482,406)	(422,406)	(70,000)	(536,432)	(466,432)
Total non-operating revenues (expenses)	<u>(30,100)</u>	<u>(458,510)</u>	<u>(428,410)</u>	<u>(47,000)</u>	<u>(478,541)</u>	<u>(431,541)</u>
Net income	<u>\$ 1,183,159</u>	<u>5,230,085</u>	<u>1,247,240</u>	<u>287,250</u>	<u>1,531,359</u>	<u>1,244,109</u>

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*

To the Board of Directors
East Central Special Utility District
Adkins, Texas

We have audited, in accordance with the 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, the financial statements of East Central Special Utility District (District) which comprise the balance sheet as of December 31, 2020 and 2019, fund balance, and cash flows for the year then ended and the related notes to the financial statements, and have issued my report thereon dated March 2, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of East Central Special Utility District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 2, 2021
San Antonio, Texas

EAST CENTRAL SPECIAL UTILITY DISTRICT

TSI – 1 Services and Rates
For the year ended December 31, 2020

1. Services Provided by the District:

- | | | |
|--|---|-------------------------------------|
| <input checked="" type="checkbox"/> Retail Water | <input checked="" type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
- Participants in joint venture, regional system and/or wastewater service
(other than emergency interconnect)
- Other (specify):

2. Retail Rates Based on 5/8' Meter

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons/Cu Ft over Minimum	Usage Levels
East Central					
Water	\$ 38.00	-	Y	\$ 5.58	0 to 1,199 cu ft
				\$ 6.41	1,200 to 2,299 cu ft
				\$ 7.10	2,300 to 3,399 cu ft
				\$ 7.52	3,400 to 4,499 cu ft
				\$ 8.46	4,500 and over
Palm Park					
Water	\$ 33.00	-	Y	\$ 6.41	0 to 6,999 gallons
				\$ 7.20	7,000 to 9,999 gallons
				\$ 7.59	10,000 to 15,999
				\$ 8.12	16,000 to 20,999 gallons
				\$ 9.14	21,000 and over

District employs winter averaging for wastewater usage? No

Total charges per 10,500 gallons/cu ft usage:

East Central: WATER	<u>\$119.20</u>
Palm Park: WATER	<u>\$104.17</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT

TSI – 1 Services and Rates (Continued)

For the year ended December 31, 2020

2. Retail Rates based on 5/8' Meter continued

Water and Wastewater Retail Connections:

Meter Size Unmetered	Total Connections	Active Connections	ESFC Factor	Active ESFCs
5/8"	5,558	6,295	x 1	6,295
3/4"	21	24	x 1.5	36
1.0"	21	22	x 2.5	55
1.5"	7	7	x 5	35
2.0"	29	29	x 8	232
3.0"	2	2	x 17.5	35
4.0"	1	1	x 25	25
6.0"	1	1	x 50	50
8.0"	1	1	x 80	80
Multi Unit	100	102	-	360
Total Water	5,741	6,484		7,203

EAST CENTRAL SPECIAL UTILITY DISTRICT

TSI – 1 Services and Rates (Continued)

For the year ended December 31, 2020

3. Total water consumption during the fiscal year:

Gallons pumped into system:	645,070,473
Gallons billed to customers:	535,184,181
Water accountability ratio:	82.97%

4. District does not levy standby fees.

5. Location of District:

County(ies) in which the District is located. Bexar, Wilson, Guadalupe

Is the District located entirely within one county? Yes No

Is the District located within a city? Entirely Partly Not at all

City(ies) in which the District is located. San Antonio, St. Hedwig, New Berlin

Is the District located within a city's extraterritorial jurisdiction (ETJ)?
 Entirely Partly Not at all

ETJ's in which District is located. San Antonio, St. Hedwig, New Berlin, Elmendorf

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

If yes, by whom? N/A

EAST CENTRAL SPECIAL UTILITY DISTRICT

TSI – 2 Enterprise Fund Expenses
For the year ended December 31, 2020

Water purchases		3,161,331
Personnel		1,019,177
Operations and maintenance		390,462
Depreciation		921,097
Professional fees		
Legal		13,293
Engineering		57,715
Accounting and Audit		7,750
Administrative expenses		302,109
Vehicles and equipment		111,209
Utilities		48,825
Insurance		47,822
Interest		<u>482,406</u>
Total expenses		6,563,196
Total number of persons employed by the District	Full time	<u>19</u>
	Part time	<u>2</u>

The following sections have been omitted since they do not pertain to this entity:

TSI-3 Temporary Investments

TSI-4 Taxes Levied and Receivable

See Independent Auditor's Report.

EAST CENTRAL SPECIAL UTILITY DISTRICT

TSI – 5 Long-Term Debt Service Requirements

Series 2016 – by Years

Year Ended December 31, 2020

Year Ending December 31,	Series 2016		
	Principal Due Each Year	Interest Due Each Year	Total
2021	120,000	16,952	136,952
2022	120,000	14,456	134,456
2023	125,000	11,908	136,908
2024	125,000	9,308	134,308
2025	125,000	6,708	131,708
2026	130,000	4,056	134,056
2027	130,000	1,352	131,352
	<u>\$ 875,000</u>	<u>\$ 64,740</u>	<u>\$ 939,740</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT

TSI – 6 Changes in Long-Term Bonded Debt

Year Ended December 31, 2020

	Revenue Refunding, Series 2016
Interest Rate	2.080%
Dates Interest Payable	Feb 1; Aug 1
Maturity Date	2/1/2027
Beginning Bonds Outstanding	995,000
Bonds Sold During the Year	-
Bonds Retired During the Year	(120,000)
Ending Bonds Outstanding	<u>\$ 875,000</u>
Interest Paid During the Year	<u>\$ 19,448</u>
Paying Agent's Name and City	<u>BB&T Charlotte, NC</u>
Bond authority	Refunding Bonds
Amount Authorized by Voters	<u>1,345,000</u>
Amount Issued	<u>1,345,000</u>
Remaining to be Issued	<u>\$ -</u>
Debt Service Cash and Investments as of December 31	<u>\$ 165,000</u>
Average Annual Debt Service	137,000

EAST CENTRAL SPECIAL UTILITY DISTRICT
 TSI – 7 Comparative Schedule of Revenues and Expenses
 Five Years Ended
 Year Ended December 31, 2020

	2016	2017	2018	2019	2020
Operating revenue:					
Water sales	4,357,605	4,883,580	5,360,374	5,902,488	7,538,061
Wastewater service fees	45,960	53,009	136,687	208,812	385,183
Water impact fees	-	-	-	787,675	1,899,975
Water acquisition fees	-	-	-	-	590,800
Other charges	418,302	754,677	1,157,360	650,861	1,355,366
Total operating revenues	<u>4,821,867</u>	<u>5,691,266</u>	<u>6,654,421</u>	<u>7,549,836</u>	<u>11,769,385</u>
Operating expenses:					
Water purchases	1,599,663	2,780,137	2,410,464	2,731,093	3,161,331
Personnel	685,839	852,362	948,731	980,913	1,019,177
Repairs and maintenance	320,738	437,348	656,004	405,912	390,462
Depreciation	906,006	890,606	866,491	895,745	921,097
Professional fees	68,834	63,344	69,678	51,918	78,758
Administrative expenses	227,778	232,735	268,160	294,855	302,109
Vehicles and equipment	70,112	85,644	108,065	98,538	111,209
Utilities	61,341	48,796	52,001	43,462	48,825
Insurance	36,195	27,029	37,219	37,500	47,822
Total operating expenses	<u>3,976,506</u>	<u>5,418,001</u>	<u>5,416,813</u>	<u>5,539,936</u>	<u>6,080,790</u>
Operating income (loss)	<u>845,361</u>	<u>273,265</u>	<u>1,237,608</u>	<u>2,009,900</u>	<u>5,688,595</u>
Non-operating revenues (expenses)					
Rental income	11,212	7,260	7,986	8,857	10,452
Interest income	5,859	6,191	13,274	21,384	7,294
Gain on sale of assets	-	-	19,463	14,000	-
Other income	62,653	69,141	4,500	13,650	6,150
Interest expense	(650,274)	(544,417)	(533,732)	(536,432)	(482,406)
Total non-operating revenues (expenses)	<u>(570,550)</u>	<u>(461,825)</u>	<u>(488,509)</u>	<u>(478,541)</u>	<u>(458,510)</u>
Change in Net Position	<u>\$ 274,811</u>	<u>\$ (188,560)</u>	<u>\$ 749,099</u>	<u>\$ 1,531,359</u>	<u>\$ 5,230,085</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT
 TSI – 8 Board Members, Key Personnel and Consultants
 Year Ended December 31, 2020

Complete District Mailing Address: PO Box 570, Adkins, TX 78101

District Business Telephone Number: (210) 649-2383

Submission Date of the most recent District Registration Form: February 2006

Limit on Fees of Office that a Director may receive during a fiscal year: \$6,000

Name	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid * 12/31/20	Expense Reimbursements 12/31/20	Title at Year End
Board of Directors:				
Melvin Strey	2005	1,040	-	President
Paul Bricker	2005	1,120	-	Vice President
Milton Lowak	2010	1,030	-	Treasurer
James Pederson	2005	1,360	-	Director
Doris Isley	2013	960	-	Director
Mark Davis	2011	960	-	Director
Randy Schwenn	2019	2,550	-	Director
Tom Dupnick	2020	320	-	Director
David Padalecki	2020	800	-	Director
Administrative Personnel:				
Albert Strzelczyk		101,754		General Manager
Arthur Strzelczyk		99,123		Field Manager
Jill Brown		57,569		Office Manager
Brandon Rohan		86,815		Asst Gen Manager
Consultants:				
Gallegos Engineering, Inc.		57,715		Engineer
Louis Rosenberg, PC		13,293		Attorney
Williams, Steinert, Mask LLP		7,750		Auditor