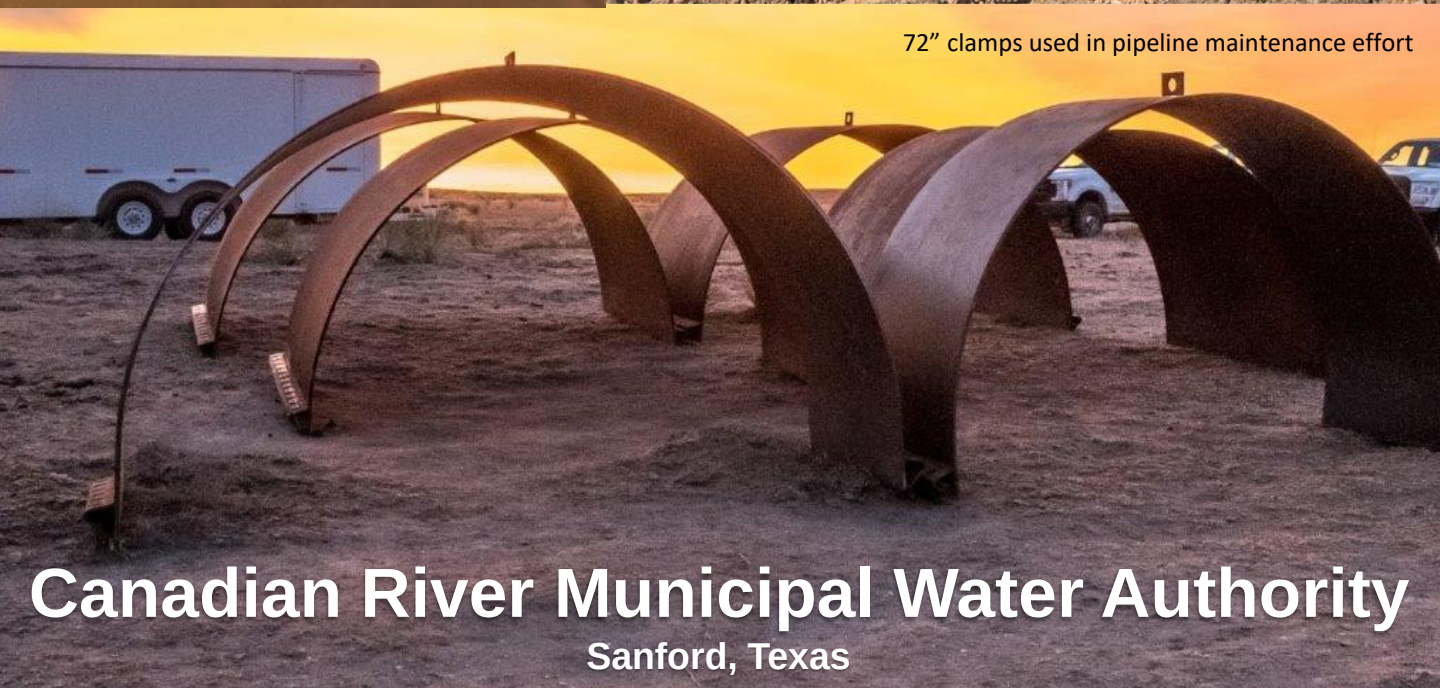
Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2019

Salt Cedar Aerial Spray

Canadian River Survey

Pipeline clamps being installed in pipeline maintenance effort



72” clamps used in pipeline maintenance effort

Canadian River Municipal Water Authority

Sanford, Texas

Canadian River Municipal Water Authority

Amarillo Borger Brownfield Lamesa Levelland Lubbock O'Donnell Pampa Plainview Slaton Tahoka

CRMWA

* Since 1953 *

Canadian River Municipal Water Authority
P.O. Box 9, 9875 Water Authority Road
Sanford, Texas 79078
Phone (806) 865-3325
Fax (806) 865-3314
www.crmwa.com

EXECUTIVE COMMITTEE
Richard Ellis, President
Tyke Dipprey, Vice-President
Kent Satterwhite, General Mgr.
and Secretary-Treasurer

MEMBER CITIES
DIRECTORS

AMARILLO
William Hallerberg
Roy Urrutia
BORGER
Glendon Jett
Bill Carder
PAMPA
Jerry Carlson
Mac Smith
PLAINVIEW
Tyke Dipprey
Donnie Brumley
LUBBOCK
James Collins
Jay House
SLATON
Chad Wilson
TAHOKA
Jay Dee House
O'DONNELL
Charles Vaughn
LAMESA
Cris Norris
BROWNFIELD
Rickey Dunn
LEVELLAND
Richard Ellis
Scott Wade

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Comprehensive Annual Financial Report

October 1, 2018 - September 30, 2019

Prepared by:
Financial Services Division

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Introductory Section

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Rickey Dunn
LEVELLAND
Richard Ellis
Scott Wade

January 2, 2020

Members of the Board
Canadian River Municipal Water Authority

Canadian River Municipal Water Authority's (the Authority) bylaws require an audit of the financial records to be completed within ninety (90) days after the end of each fiscal year. This Comprehensive Annual Financial Report (CAFR) of the Authority for the fiscal year ended September 30, 2019 is submitted to fulfill that requirement. This report is also published to provide our customers, the Authority Board, the member cities, and the investment community detailed information about the financial condition and operating results of the Authority as measured by the financial activity of the Authority.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide a reasonable, rather than an absolute, assurance that the financial statements are free of any material misstatements. We believe that the Authority's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Doshier, Pickens & Francis, LLC, Certified Public Accountants, has issued an unmodified opinion on the Authority's financial statements for the year ended September 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

The management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the organization

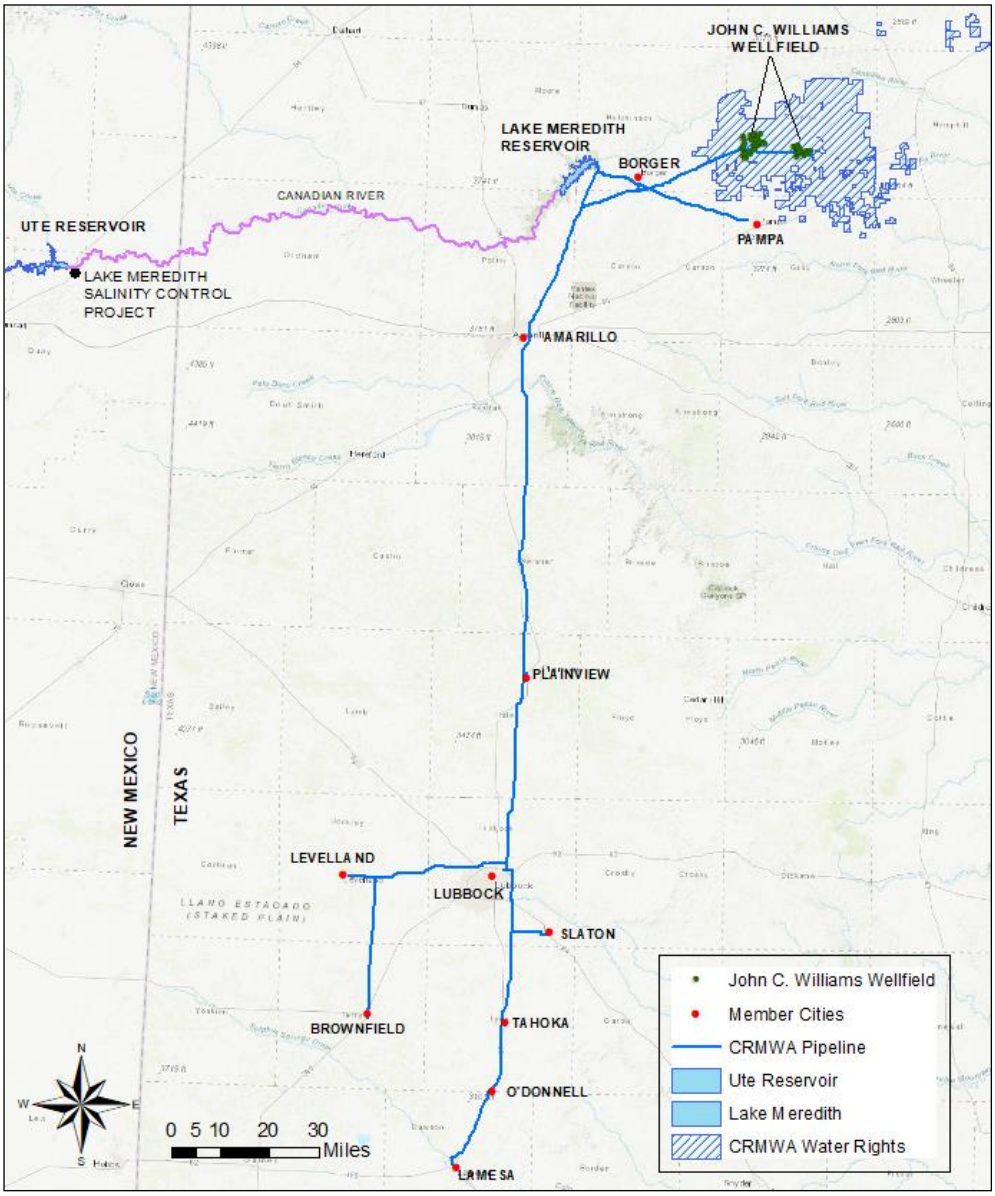
The Authority is a political subdivision of the State of Texas, a conservation and reclamation district organized and functioning pursuant to Article 16, Section 59, of the Texas Constitution, under Chapter 243, Acts of the 53rd Legislature Regular Session, 1953, as amended, formerly codified as article 8280-154 of Vernon's Annotated Texas Civil Statutes (the "Enabling Act").

The Authority is financially accountable for CRMWA Corporation, a not-for-profit corporation created in the State of Texas, authorized to operate in New Mexico to facilitate the construction and operation of the Salinity Control Project. CRMWA Corporation is presented as a blended component unit within this CAFR.

The Authority was created on May 27, 1953 for the purpose of providing a source of water supply for municipal, domestic and industrial use and for the transportation of such water to its 11 member cities located in the Texas Panhandle and South Plains.

Lake Meredith and the John C. Williams Wellfield are the Authority's two primary water resources.

Member cities include: Amarillo, Borger, Brownfield, Lamesa, Levelland, Lubbock, O'Donnell, Pampa, Plainview, Slaton and Tahoka.



The Authority operates under a Board of Directors elected by a majority vote of the governing body of each member city. The Board of Directors shall consist of two directors from each member city having a population of 10,000 or more and one director from each member city having a population of less than 10,000, according to the preceding Federal Census. Board members serve two-year terms and must be a qualified voter and a property owning taxpayer in the city from which they are elected and must not be a member of the governing body or an employee of such city. The Board hires the General Manager and may accord such person full power and authority in the management and operation of the Authority, subject only to the orders of the Board.

The budget for the operating fund is adopted annually by the Board of Directors on a basis consistent with GAAP except for depreciation expense, which the Authority has elected to not include in the formal budget. Formal budgetary integration is not employed for debt service or construction because those are set by separate action and do not normally change on an annual basis. However, debt service requirements are included in the budgetary data provided to each city at the time of consideration of the proposed operating Budget each year. Unbudgeted operating expenditures in excess of $10,000 must be approved by the Board of Directors. The General Manager's legal level of budgetary control is at the Authority's level; therefore, the Board of Directors does not need to approve nominal reallocations within the Authority's budget as a whole.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
Reconciliation of Total Operating Expenses to Net General Operating and Maintenance Credit Due to Member Cities
Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	
Operating Expenses:					
Personnel costs	$ 4,738,641	$ 4,738,641	$ 4,530,640	$ 208,001	
Professional fees	248,040	248,040	169,335	78,705	
Purchased and contracted services	377,266	377,266	992,745	(615,479)	
Consumable supplies and materials	1,327,698	1,327,698	1,236,388	91,310	
Recurring operating cost	797,237	797,237	661,653	135,584	
Depreciation and amortization	-	-	3,751,171	(3,751,171)	1
Pumping energy and line chemicals (PEC)	10,108,162	10,108,162	5,157,602	4,950,560	2
Total Operating Expenses	$ 17,597,044	$ 17,597,044	$ 16,499,534	$ 1,097,510	
Reconciling Items:					
Depreciation and amortization	$ -	$ -	$ (3,751,171)	$ 3,751,171	1
Pumping energy and line chemicals assessments (PEC)	(10,108,162)	(10,108,162)	(5,157,602)	(4,950,560)	2
Costs funded by the Dam and Reservoir Reserve	(70,000)	(70,000)	(87,452)	17,452	3
Costs funded by the Well Maintenance Reserve	-	-	(855,705)	855,705	3
Costs funded by a reserve for vehicle purchases	-	-	(72,786)	72,786	3
Sales proceeds	-	-	(28,292)	28,292	4
Funding of the Well Replacement Reserve	1,000,000	1,000,000	1,000,000	-	5
Funding of the Well Maintenance Reserve	900,000	900,000	900,000	-	5
Funding of the Injection Well Reserve - CRMWA Corp	225,000	225,000	225,000	-	5
Funding of the General Reserve	100,000	100,000	100,000	-	5
Capitalized GOM costs	100,000	100,000	241,953	(141,953)	6
Net inventory increase	-	-	210,171	(210,171)	3
Funding received from an irrigation agreement	-	-	4,580	(4,580)	7
Total Reconciling Items	(7,853,162)	(7,853,162)	(7,271,304)	(581,858)	
Net General Operating and Maintenance Credit due to Member Cities	$ 9,743,882	$ 9,743,882	$ 9,228,230	$ 515,652	

A: Per the Statement of Revenues, Expenses and Changes in Net Position

Notes:

1) The Authority has elected not to budget for depreciation and amortization since member cities are charged for capital costs at the time of purchase rather than over the useful life of the asset. GASB 34 accounting standards require computation of depreciation and amortization over the life of the asset. Therefore, in order to be in compliance with GAAP, the financial statements reflect depreciation and amortization expense for the current fiscal year resulting in a reconciling item in the amount of $3,751,171.

2) Budgeted PEC charges were based on an estimated usage of 99,000 acre-feet from a blend of lake and groundwater plus anticipated energy costs. For the current fiscal year, actual usage was 61,790 acre-feet (47,337 from groundwater and 14,453 from the lake) due to multiple shutdowns for pipeline repair work and above average rainfall for the member cities. Pumping energy costs were also not as high as expected resulting in a net variance of $4,950,560 under budget.

3) The Authority maintains several types of reserves intended for various uses. Member cities are not charged for expenses that qualify to be funded by a reserve, however, in order to be in compliance with GAAP, the financial statements include these costs in the current fiscal year which results in a reconciling item.

4) The Authority sold assets which helped to offset GOM expense resulting in a reconciling item in the amount of $28,292.

5) The Authority has elected to allocate contributions to specific reserves to the member cities in the year the reserve is funded rather than when the reserve is utilized. However, GAAP standards do not consider these contributions as expenses until actually incurred, therefore, the contributions are not included in the operating expenses.

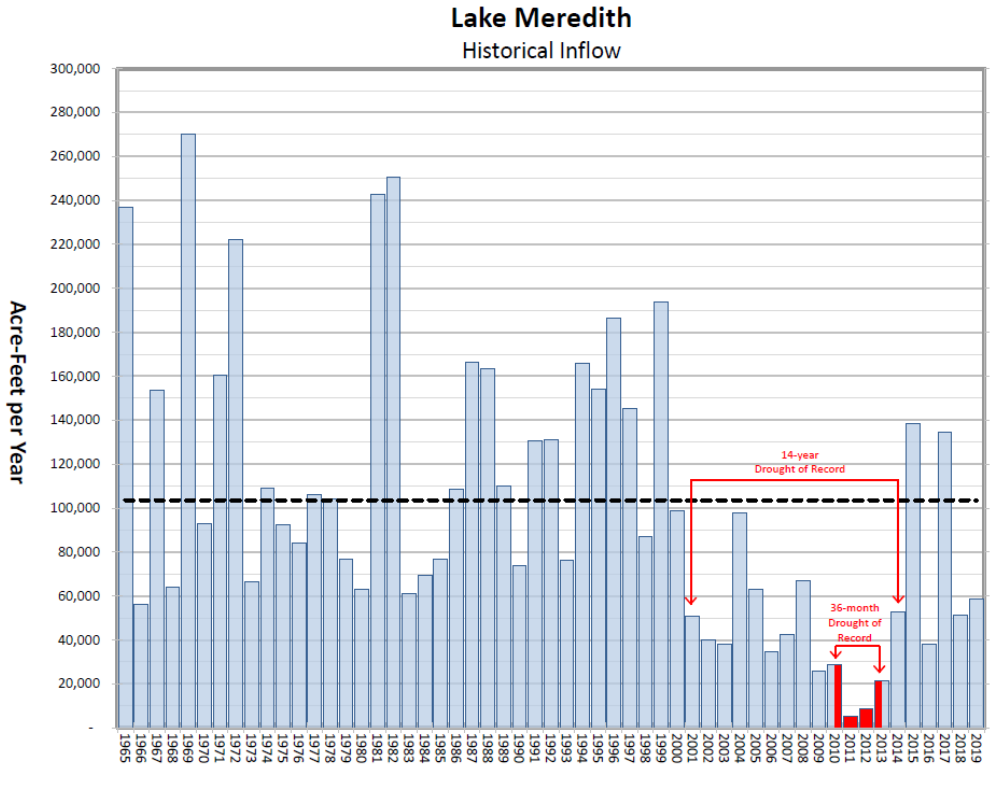
6) The Authority capitalizes all assets with a cost of at least $7,500 and a useful life of at least three years and therefore these costs are not reflected in operating expenses. As noted above, member cities are charged for capital costs at the time of purchase resulting in a reconciling item in the amount of $241,953. $72,786 of that cost was funded from a reserve set up in FY1718 for FY1819 vehicle purchases.

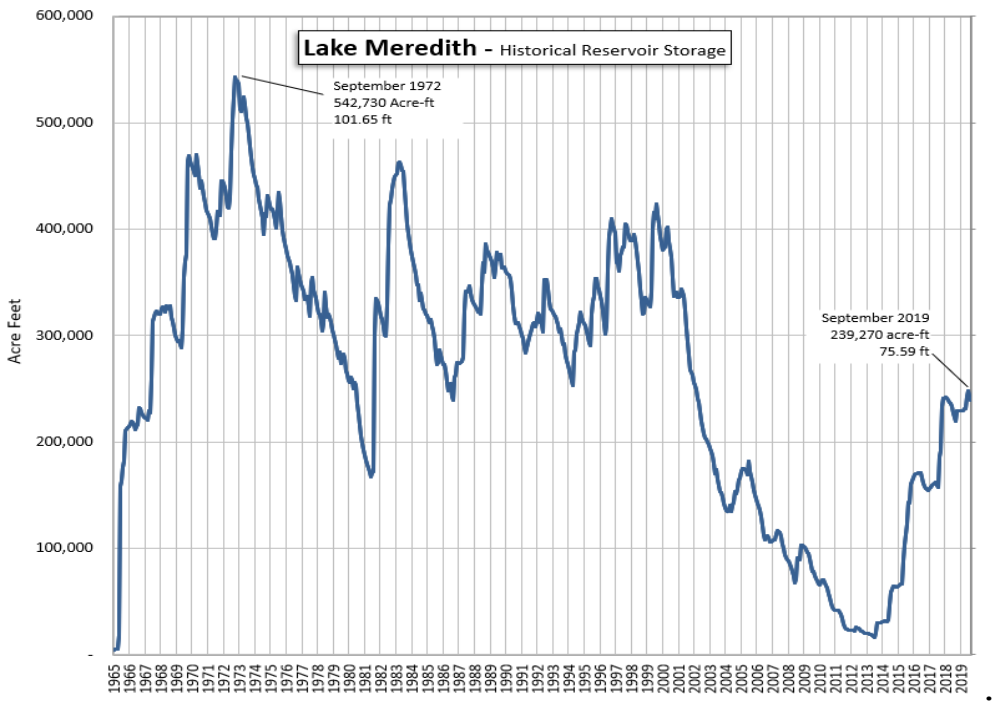
7) The Authority receives income from an irrigation agreement related to water rights purchased with bond funds resulting in a reconciling item of $4,580.

Water Statistics

Lake Meredith

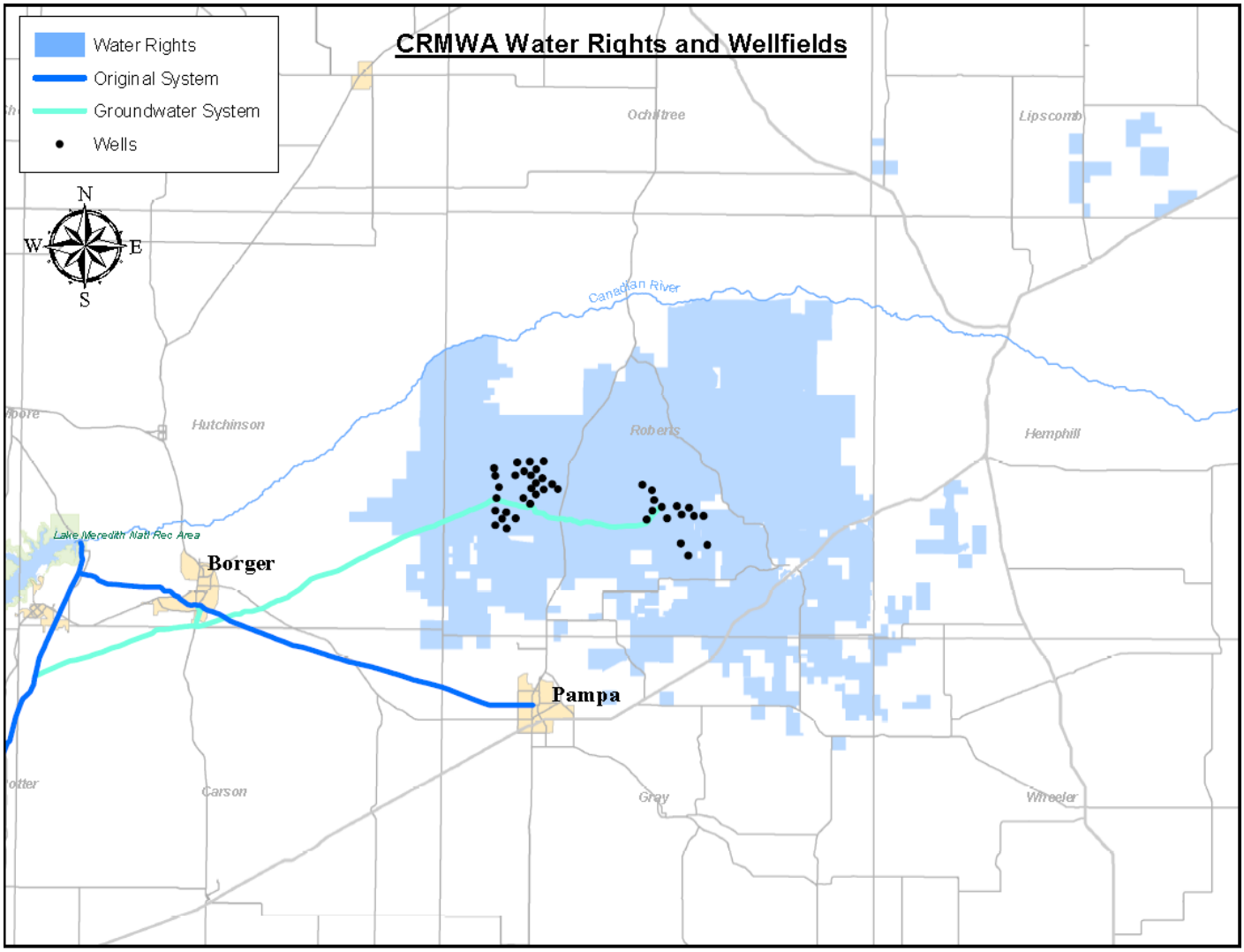
As of September 30, 2019, the water in Lake Meredith stood at a nominal depth of 75.59 feet (Elev. 2888.59 feet above mean sea level (MSL)), having increased 2.83 feet since September 30, 2018. The Lake now contains 239,270 acre-feet of water. Total inflow for the fiscal year was 76,391 acre-feet. Evaporation during this fiscal year has been estimated at 42,398 acre-feet. During the year, deliveries to member cities and their customers amounted to 61,790 acre-feet, with 14,453 acre-feet coming from Lake Meredith and 47,337 acre-feet from the John C. Williams Wellfield.



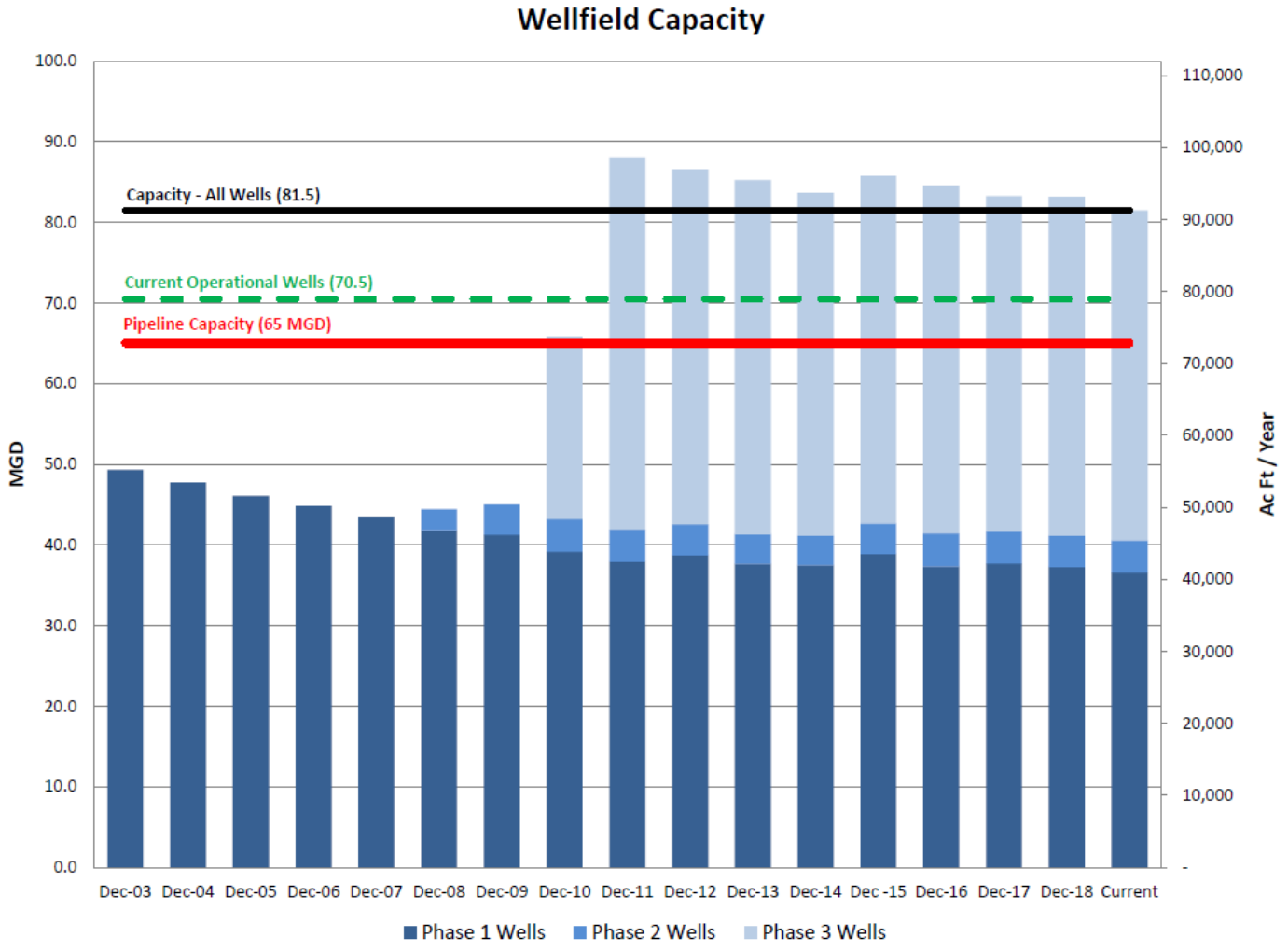


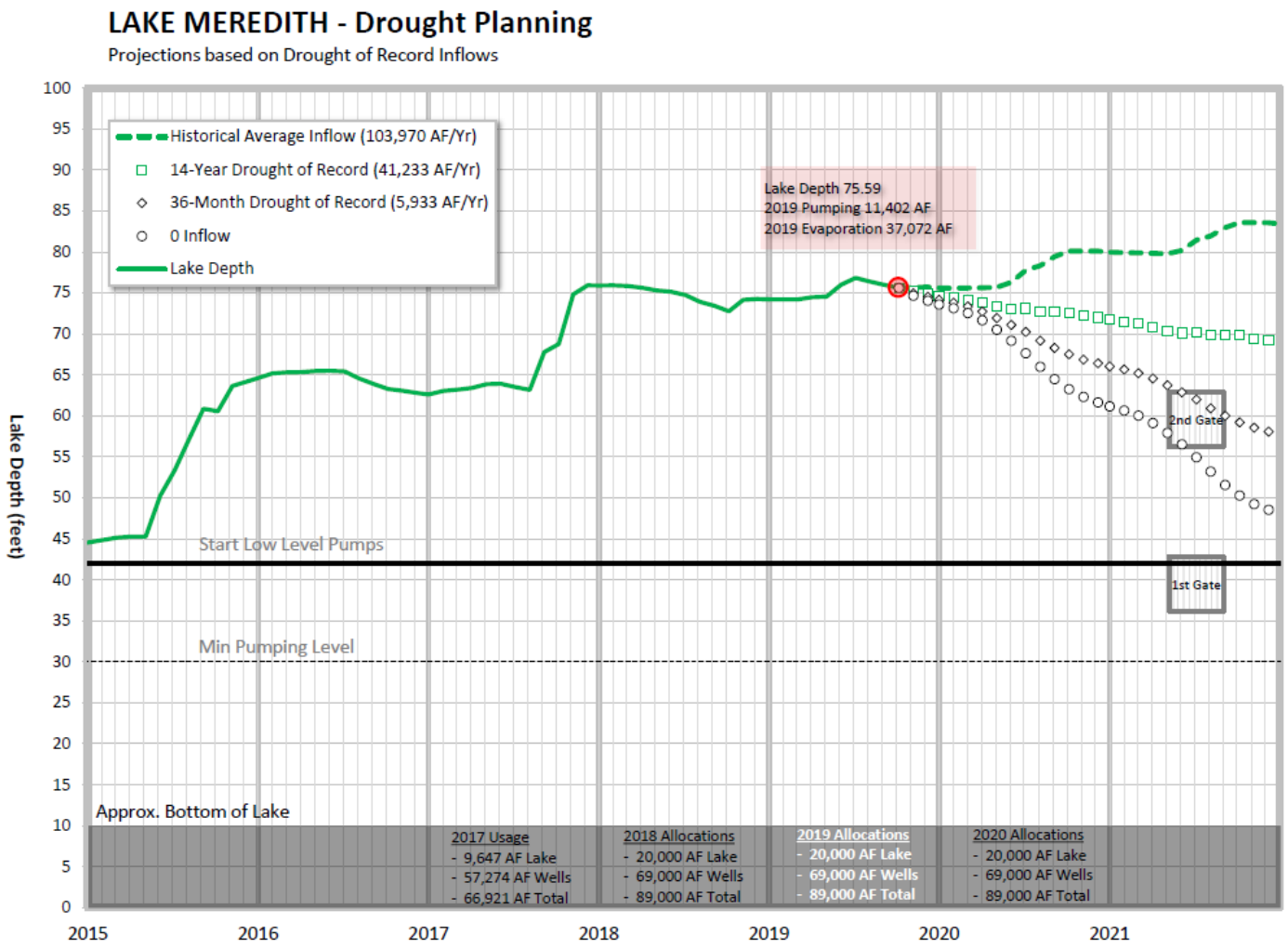
Groundwater

Due to continued lack of inflow into Lake Meredith, the reliability of water from the lake has been severely impacted resulting in increased reliance on groundwater. The Authority currently relies heavily on the John C. Williams Wellfield as the source for the groundwater supply. The Authority's total holdings of water rights is over 456,000 acres in Roberts and adjacent counties. As shown on the map below, only a fraction of these rights are developed. The current capacity of the transmission system from the Roberts County well field is 65 MGD and the Authority can deliver up to 69,000 acre-feet per year. The existing well field capacity is 81.5 MGD. The Authority is proceeding to expand the groundwater production and delivery capacity in order to meet member cities' demand. Those water rights, in conjunction with the existing Canadian River Project Supply, will provide the Authority's 11 members with an abundant water supply that is expected to be available for over 100 years.



The chart below shows the total capacity of the wellfield each year. In 2003, 27 wells were put into production (Phase I) and total capacity was near 50 million gallons per day (MGD) (or 55,000 acre-feet per year). Capacity continued to drop slightly each subsequent year due to use until 2008 when 2 new wells (Phase 2) were brought online. In 2010 and 2011, Phase 3 was completed, adding 15 more wells for a total of 44 wells. This brought the capacity to near 90 MGD (100,000 acre-feet per year). Capacity of the current well field(s) continue to drop slightly each year due to use bringing current capacity to 81.5 MGD (90,000 acre-feet per year).



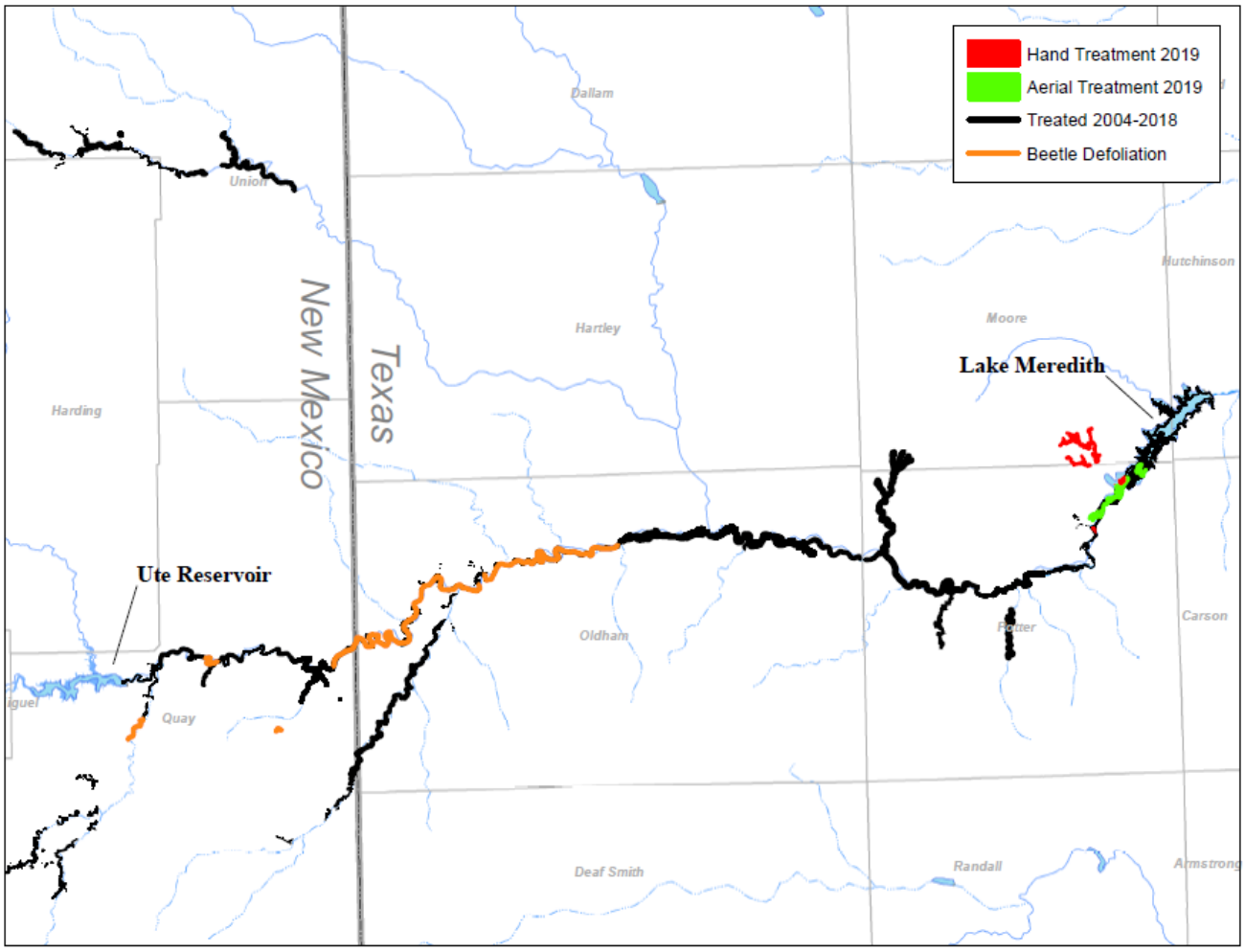


The above graph reflects potential future drought conditions and is used to forecast the allocation between surface water (Lake) and groundwater (Wells), which in turn determines how City allocations may be impacted (Total). Currently, 20,000 acre-feet of surface water is to be allocated during the fiscal year ending September 30, 2020 leaving 69,000 acre-feet of groundwater to be allocated to member cities. This allocation could change if higher than expected inflows are experienced during the year.

Long-term financial planning and major project initiatives

Salt Cedar Control Project

The objectives of the Salt Cedar Control Project are to: 1) increase the flow in the Canadian River and its' tributaries within the Lake Meredith watershed, 2) increase water quality in the Canadian River and 3) create a better habitat for the Arkansas River Shiner, which is Federally listed as a threatened species. In 2019, the Authority completed its fifteenth year in its Salt Cedar Control project, spraying 1,485 acres of salt cedar with a total of 34,091 acres treated to date. (See the map below that shows the areas treated for salt cedar along the Canadian River since 2004.) The Authority will continue the salt cedar maintenance as necessary.



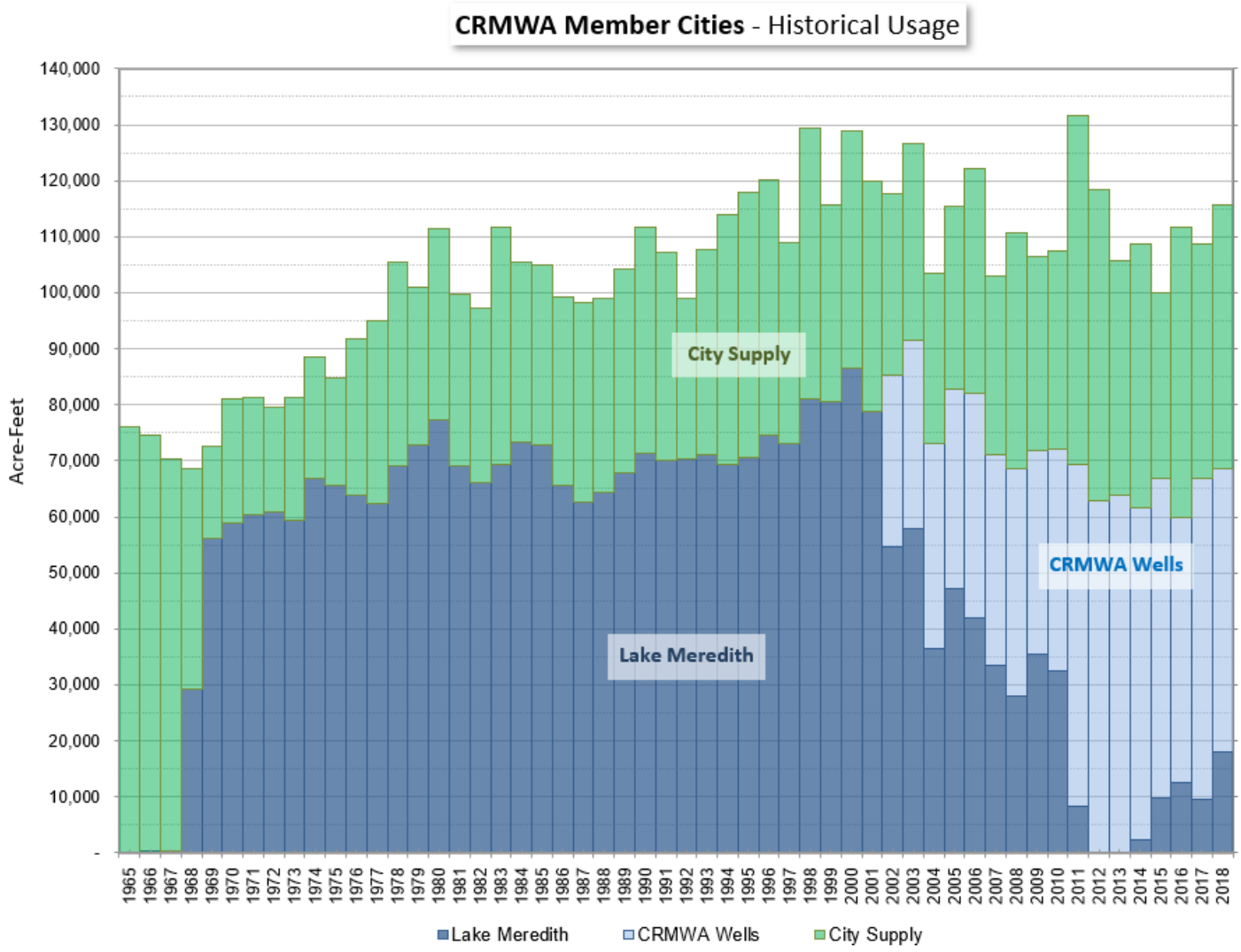
Lake Meredith Salinity Control Project

The Salinity Control Project is designed to improve the quality of water in Lake Meredith by intercepting brine water that is leaking into the Canadian River near Logan, New Mexico. An area in New Mexico just downstream from Ute Dam near Logan was identified as being a major contributor of saline water to the Canadian River System. Studies by the Bureau of Reclamation and consultants indicate that about 70 percent of the chlorides reaching Lake Meredith originate in this localized area, filtering into the river channel from a shallow brine aquifer that is under artesian pressure. Water in the brine aquifer is roughly as salty as seawater. Because salt is "stored" in the river channel sand between Lake Meredith and Logan, the extent of benefit will depend upon climatic conditions and stream flow.

Even though the Authority is not currently using much surface water from Lake Meredith, the continuation of the project is important. Without it, brine would build up in the river alluvium at an uncontrolled rate. The project reduces the amount of brine entering the river and ultimately Lake Meredith.

Future Water Supply Initiatives

The Texas Water Development Board adopted the 2017 State Water Plan (the Plan) on May 19, 2016. The Plan is based on projections indicating that the population will continue with its rapid growth. Based on these population projections, a total population growth in the member cities of about 53 percent is projected during the 50-year period from 2020 to 2070, with Amarillo, Lubbock and Pampa showing the greatest increase in population during this time period. The estimated population of the member cities is expected to increase gradually to an aggregate of nearly 867,000 by the year 2070. Current member cities' water needs are at 33 billion gallons per year ("BGY") with the Authority currently able to supply only 22.5 BGY (69,000 acre-feet) and the remaining amount being provided by groundwater wells or other resources owned by the member cities. Because droughts have reduced the ability of Lake Meredith to provide a constant supply of water, the Authority has expanded its existing wellfield capacity to the maximum capability of existing transportation infrastructure and has purchased additional groundwater resources in the Panhandle of Texas. Further increases in delivery capability will require construction of additional aqueduct capacity. (See the discussion of CRMWA II on page 11 for further details.)

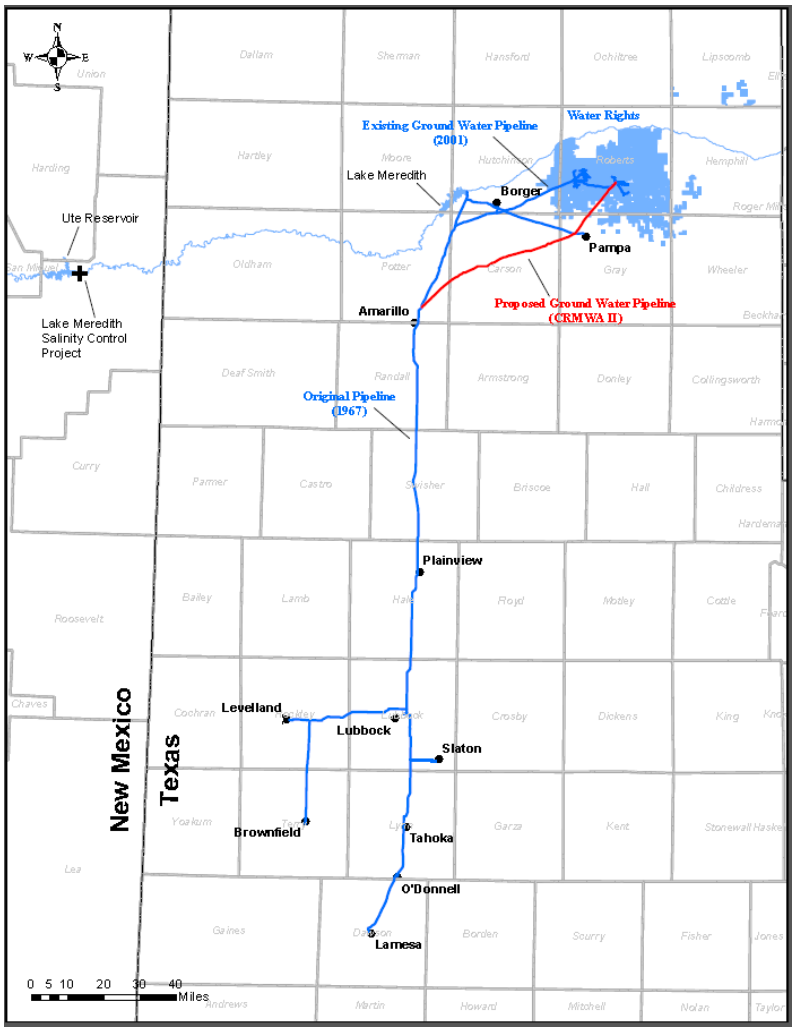


CRMWA II

Based on our recent/current 17-year drought, the reliability of Lake Meredith as a source of water supply is in question. In addition, water quality requirements currently limit the available supply of lake water to only 25% - 30% of the existing water system's delivery capacity. This is prompting the Authority to more fully utilize its groundwater resources. The groundwater infrastructure connects with the original surface water system for delivery to the cities. The current groundwater infrastructure is capable of supplying only enough water to utilize about half of the original surface water system's delivery capacity. This means that the original delivery system is currently underutilized due to the limited lake water availability. Instead, the cities are relying more heavily on their own limited local resources. The needs vs. supply gap will widen even more over time without either replenishment of the surface water supply (Lake Meredith) or additional groundwater infrastructure.

CRMWA II is the proposed project to bridge the gap in needs vs. supply. It would consist of additional aqueduct infrastructure to bring more groundwater to a point in Amarillo where it could be introduced into the original surface water delivery system. An in-house study was performed and found that some of our member cities have a greater need for additional supply while others have more resources and are in less need of additional water. However, forcing the cities to rely this heavily on their own resources will cause those resources to be exhausted more quickly and local replacement options are limited. The actual date the expansion will occur will be decided collectively by the member cities based on what is most advantageous and affordable for all.

The study has been completed proposing the route for this new pipeline which totals about 70 miles in length. The study focused on the following: most economical route for construction, access and maintenance, possible environmental obstacles, possible archeological obstacles, etc. The purchase of easement or right of way is ongoing and is expected to be completed during the next fiscal year.



Conjunctive Use Strategy

The Authority's conjunctive use strategy utilizes the primary water sources (Lake Meredith and the John C. Williams Wellfield) in a manner that most efficiently manages and delivers water to the member cities. The Authority's water delivery system is designed to utilize and deliver both sources of water, however, due to limitations in supply availability and the capacity of the existing delivery systems, the ability to meet member cities supply needs is limited. In addition to infrastructure projects such as CRMWA II and the construction of additional wells to replace lost wellfield capacity, the Authority's conjunctive use strategy consists of three major components to help address member city supply needs:

- Supply from Lake Meredith in years when available
- Control of invasive brush within the Lake Meredith watershed (Salt Cedar Control Project)
- Aquifer storage and recovery of supplies in excess of demands.

When there are inflows to the lake, the Authority utilizes this source for water supply and reduces groundwater usage. Increasing the use of lake water helps reduce wellfield pumping and energy costs and more importantly prolongs groundwater supplies with the use of renewable surface water. It also provides a beneficial use of water that otherwise would have been lost to evaporation.

As the Authority develops additional wellfield capacity in the John C. Williams Wellfield and constructs the new CRMWA II pipeline, the quantity of water that can be transported from the wellfield will increase substantially. In order to ensure that the system is being used as efficiently and effectively as possible to meet member cities demands, storage options need to be considered. During non-peak periods, the capacity of the transmission system is underutilized; yet during peak demand months, the ability to meet member cities' peak demands may be limited. To address the need for increased peaking capacity in the water delivery system, available water from Lake Meredith and the John C. Williams Wellfield could be treated and stored by the member cities during non-peak periods for future use during peak times. This strategy proposes to store excess non-peak water through an Aquifer Storage and Recovery program (ASR) that will utilize existing wellfields and infrastructure. The Authority will continue to work with the member cities to determine the most advantageous and affordable option(s) for all.

Awards and Acknowledgements

The Government Finance Officers Associations of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Canadian River Municipal Water Authority for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the 8th consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We are pleased to present this report to the Board for formal adoption.

Respectfully submitted,

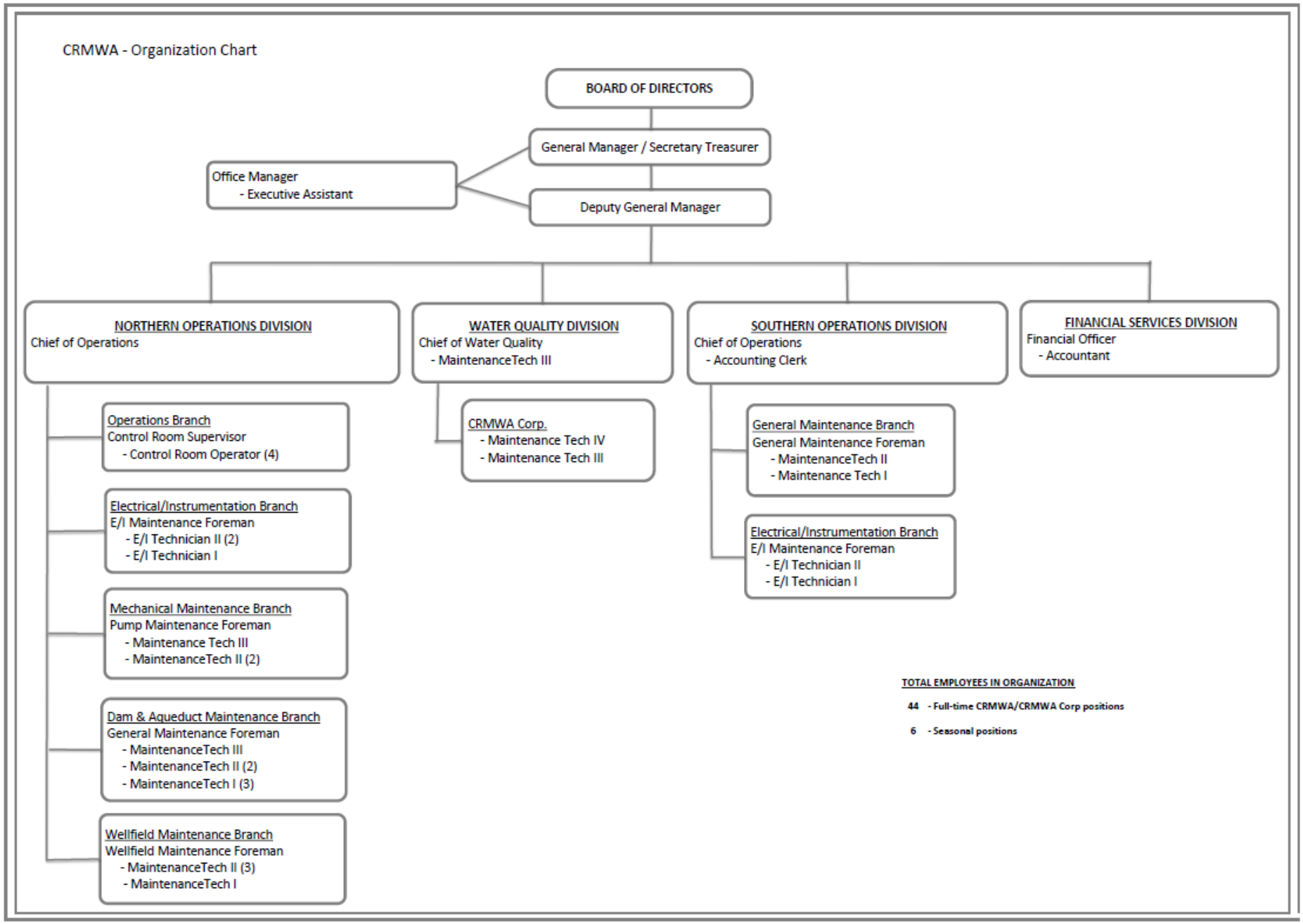
Kent Satterwhite

Kent Satterwhite
General Manager

Chad Pernell

Chad Pernell
Deputy General Manager

2012
2013
2014
2015
2016
2017
2018
GOVERNMENT FINANCE OFFICERS ASSOCIATION
Certificate of Achievement
for Excellence
in Financial Reporting
Presented to
Canadian River
Municipal Water Authority
Texas
Executive Director / CEO


CRMWA - Organization Chart
BOARD OF DIRECTORS
General Manager / Secretary Treasurer
Office Manager
- Executive Assistant
Deputy General Manager
NORTHERN OPERATIONS DIVISION
Chief of Operations
WATER QUALITY DIVISION
Chief of Water Quality
- MaintenanceTech III
SOUTHERN OPERATIONS DIVISION
Chief of Operations
- Accounting Clerk
FINANCIAL SERVICES DIVISION
Financial Officer
- Accountant
Operations Branch
Control Room Supervisor
- Control Room Operator (4)
Electrical/Instrumentation Branch
E/I Maintenance Foreman
- E/I Technician II (2)
- E/I Technician I
Mechanical Maintenance Branch
Pump Maintenance Foreman
- Maintenance Tech III
- MaintenanceTech II (2)
Dam & Aqueduct Maintenance Branch
General Maintenance Foreman
- MaintenanceTech III
- MaintenanceTech II (2)
- MaintenanceTech I (3)
Wellfield Maintenance Branch
Wellfield Maintenance Foreman
- MaintenanceTech II (3)
- MaintenanceTech I
CRMWA Corp.
- Maintenance Tech IV
- Maintenance Tech III
General Maintenance Branch
General Maintenance Foreman
- MaintenanceTech II
- Maintenance Tech I
Electrical/Instrumentation Branch
E/I Maintenance Foreman
- E/I Technician II
- E/I Technician I
TOTAL EMPLOYEES IN ORGANIZATION
44 - Full-time CRMWA/CRMWA Corp positions
6 - Seasonal positions

Canadian River Municipal Water Authority

Amarillo Borger Brownfield Lamesa Levelland Lubbock O'Donnell Pampa Plainview Slaton Tahoka

CRMWA

Since 1953

Financial Section

DOSHIER, PICKENS & FRANCIS, LLC
CERTIFIED PUBLIC ACCOUNTANTS
301 S. Polk, Suite 800 P.O. Box 9938
Amarillo, TX 79105-5938 806.373.3011
Fax: 806.376.8126 www.dpfcpa.com

To the Board of Directors
Canadian River Municipal Water Authority
Sanford, Texas

Independent Auditors' Report

We have audited the accompanying financial statements of the Canadian River Municipal Water Authority (the Authority) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority'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.

Auditors' 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 assessing 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 financial position of the Canadian River Municipal Water Authority as of September 30, 2019, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 20 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Canadian River Municipal Water Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information on page 56 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019 on our consideration of the Canadian River Municipal Water Authority'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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Canadian River Municipal Water Authority's internal control over financial reporting and compliance.

Doshier, Pickens & Francis, LLC

Doshier, Pickens & Francis, LLC
December 9, 2019

Management's Discussion and Analysis

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Management's Discussion and Analysis
Year Ended September 30, 2019

The Canadian River Municipal Water Authority's (the Authority) discussion and analysis provides an overview of the Authority's financial activities for the fiscal year ended September 30, 2019. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, the discussion and analysis should be read in conjunction with the Authority's letter of transmittal which can be found on pages 1 through 12. *[Notation: some of the information in the sections below is from events that occurred in prior years but is considered appropriate here to provide adequate background for the reader to understand the status of work.]*

FINANCIAL HIGHLIGHTS

- Conjunctive Use Groundwater Supply Project

  The Authority began work to provide an alternate water supply from groundwater in 1995 by acquiring 42,765 acres of water rights in Hutchinson and Roberts Counties in the Texas Panhandle. A field of 27 wells with appurtenances and approximately a 36-mile aqueduct pipeline were installed and placed in operation in 2001 to allow delivery of the groundwater and blending with surface water. Contract Revenue Bonds issued in 1995 and 1999 supported these developments.

  In April 2005, the Authority issued Contract Revenue Bonds, Series 2005 to pay for acquisition and construction costs in connection with the expansion of the Conjunctive Use Groundwater Supply Project. Two wells were added to the original wellfield as Phase II, and one small well previously drilled but not equipped with a pump was also placed in operation.

  In April 2006, the Authority issued Contract Revenue Bonds, Series 2006 to pay acquisition costs of additional water rights for the project expansion of the Conjunctive Use Groundwater Supply Project Phases II and III.

  Due to the availability of a larger area of water rights than originally anticipated, the Board authorized additional purchases of water rights, with the cost to be reimbursed from future bond sales. Economic conditions also resulted in very favorable construction bids; therefore, the number of wells to be added was increased. In addition, the size of the new transmission pipeline was enlarged to allow more water to be delivered from the expanded wellfield area and to provide for future developments. As of September 30, 2009, the Authority had acquired a total of 260,000 acres of water rights.

  In October 2009, the Authority issued Contract Revenue Bonds, Series 2009 to complete funding for the project expansion of the Conjunctive Use Groundwater Supply Project Phase III. Funds from the Authority's General Reserve in the amount of $1,617,806 were utilized to establish the Bond Reserve Fund for this issue to minimize debt service requirements. (This reserve was subsequently rolled into the 2017 Refunding Issue.) The design of the wellfield expansion included fifteen new wells, collection pipelines to serve all of the new wells, a 54-inch transmission pipeline and other necessary facilities. Together with the original wellfield and the two wells added as part of Phase II, the expanded wellfield would fully utilize the 54-inch pipeline from Roberts County to the Canadian River Aqueduct with allowance for rotation of wells in service. The expanded wellfield allows for production of up to about 70,000 acre-feet annually. All wells were brought on line by the spring of 2011. Route planning and purchasing right of way has started for the next phase of this project which is referred to as CRMWA II. (Additional information related to CRMWA II can be found on page 11.)

The Authority issued two new bond issues in 2010 to refinance the 1999 bond issues realizing a significant cost savings due to the low interest rates.

In December 2011, the Authority issued Subordinate Lien Contract Revenue Bonds, Series 2011 to pay for acquisition of additional water rights to support expansion of the Conjunctive Use Groundwater Supply Project. As of September 30, 2019, the Authority's total holdings of water rights were just over 456,000 acres.

The Authority issued a new bond issue in 2012 to refinance the 2005 bond issue realizing a significant cost savings due to the low interest rates.

The Authority issued a new bond issue in 2014 to refinance the 2005 refunding bond issue and the 2006 bond issue realizing a significant cost savings due to the low interest rates.

The Authority issued a new bond issue in 2017 to refinance the 2009 bond issue realizing a significant cost savings due to the low interest rates.

All of the Authority's bonds have been rated by Moody's as 'Aa3'.

Due During Fiscal Years Ending	Total Annual Requirements For All Long-Term Debt		
	Principal	Interest	Total
2020	$ 12,575,000	$ 5,890,525	$ 18,465,525
2021	12,915,000	5,299,575	18,214,575
2022	13,550,000	4,656,475	18,206,475
2023	14,210,000	3,976,325	18,186,325
2024	14,925,000	3,253,425	18,178,425
2025	15,690,000	2,488,050	18,178,050
2026	9,555,000	1,856,925	11,411,925
2027	10,020,000	1,374,175	11,394,175
2028	6,915,000	982,450	7,897,450
2029	6,635,000	706,100	7,341,100
2030	6,025,000	426,975	6,451,975
2031	6,325,000	138,175	6,463,175
Totals	$ 129,340,000	$ 31,049,175	$ 160,389,175

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

The discussion and analysis provided here are intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements consist of the following components: 1) the basic financial statements, 2) the notes to the financial statements, 3) supplementary information and 4) statistical information. This report provides both long-term and short-term information about the Authority's financial status (including CRMWA Corporation). The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the Authority's financial statements. The notes to the financial statements can be found on pages 31-53 of this report.

The Authority's financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units on an accrual basis as required for enterprise funds. Under this basis, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

The Statement of Net Position presents financial information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is displayed in three components: net investment in capital assets (net of related debt), restricted, and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The results for the current fiscal year were positive in that overall net position increased by $221,237 to reach an ending balance of $339,708,869. The main sources of this increase are member city assessments to fund reserves, investment income and current year premium amortization offset by current year depreciation

The Statement of Revenues, Expenses, and Changes in Net Position report total operating revenues, operating expenses, and non-operating revenues and expenses during the fiscal year ending September 30, 2019.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
SUMMARIZED FINANCIAL INFORMATION
September 30, 2019
(With Comparative Amounts for September 30, 2018)

	2019	2018
Current and Other Assets	$ 32,535,724	$ 30,358,606
Net Capital Assets	331,000,845	334,060,659
Other Noncurrent Assets	120,841,692	133,506,219
Total Assets	484,378,261	497,925,484
Deferred Outflows of Resources	-	132,626
Current Liabilities	15,632,821	15,161,390
Noncurrent Liabilities	129,036,571	143,409,088
Total Liabilities	144,669,392	158,570,478
Net Position:		
Net Investment in Capital Assets	190,230,256	180,551,018
Restricted	130,799,750	142,080,365
Unrestricted	18,678,863	16,856,249
Total Net Position	$ 339,708,869	$ 339,487,632

The $2.2 million increase in current and other assets was due to funding of reserves and an increase in the amount due from members cities for bond principal payments coming due in the next year.

The decrease in net capital assets of $3.06 million was the net of current year depreciation of $3.75 million and the increase from net additions/disposals in the amount of $690,000. Current year additions to capital assets included the purchase of easements, operating equipment, building improvements and work in progress costs related to the CRMWA II infrastructure project. (Additional information on the Authority's capital assets can be found in Note 5 on page 35 of this report.)

The decrease in other noncurrent assets and noncurrent liabilities relate to: 1) the reclassification of the current portion of the principal payments to be received from the member cities and the 2) reclassification of the current principal to be paid to the bond agencies during the next year plus current year bond premium amortization. (Additional information on the Authority's long-term debt can be found in Note 6 on pages 36-44 of this report.)

The $471,000 net increase in current liabilities was the result of the reclassification of the principal due to the bond agencies in the next year offset by a reduction in year-end payables.

The Authority's assets exceeded liabilities by $339.7 million at September 30, 2019, a $221,237 increase from September 30, 2018. The excess is comprised of the net position 1) restricted for debt service and 2) the net investment in capital assets which the Authority utilizes to deliver water to the member cities. The purpose of the unrestricted net position is to be able to meet the extraordinary and unforeseen costs of operation and maintenance, repair and betterment of project works and to ensure funds are available for major repairs or rehabilitation of wells, equipment and facilities not provided for by the approved budget.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
SUMMARIZED CHANGES IN NET POSITION
Year Ended September 30, 2019
(With Comparative Amounts for Year Ended September 30, 2018)

	2019	2018
Operating Revenues	$ 14,385,832	$ 15,862,641
Operating Expenses	(12,748,363)	(13,789,083)
Revenues in excess of expenses before depreciation/amortization	1,637,469	2,073,558
Operating Expenses - Depreciation/Amortization	(3,751,171)	(3,690,530)
Operating Loss	(2,113,702)	(1,616,972)
Nonoperating Revenues:		
Assessments to member cities for bond interest	6,367,824	6,816,975
Other revenues	757,948	621,947
Nonoperating Expenses:		
Bond interest expense	(4,731,815)	(5,381,780)
Insurance proceeds expended	(59,018)	-
Credits to member cities for bond refunding activity	-	(3,379,999)
Other bond costs	-	(212,047)
Nonoperating Income (Loss)	2,334,939	(1,534,904)
Increase (Decrease) in Net Position	221,237	(3,151,876)
Net Position - Beginning of Year	339,487,632	342,639,508
Net Position - End of Year	$ 339,708,869	$ 339,487,632

The Authority's member cities are assessed each month for general operation and maintenance (GOM) costs based on estimated costs to each member city as budgeted for that fiscal year. The Authority maintains a cost system by which it allocates its actual costs to each member city. After the end of each fiscal year, the Authority issues additional assessments or credits to each member city for the difference between actual costs allocated to each city and the estimated costs previously assessed.

GOM assessments billed to the cities exceeded actual GOM costs by $515,652 due to an overestimation of the amount of pipeline rehabilitation project work that could be completed in FY1819. The amount owed to the member cities will be applied to future GOM charges or as otherwise agreed upon as in accordance with the Authority's policies.

The increase in net position is primarily the result of member city assessments to fund reserves, investment income and current year premium amortization offset by current year depreciation.

The following schedule provides a reconciliation of the member cities' assessments and other sources to operating expenses, excluding depreciation and amortization, and other uses of funds.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
Operating Sources and Uses
Year Ended September 30, 2019
(With Comparative Amounts for September 30, 2018)

	2019	2018
Sources of Funds:		
Member City Assessments:		
GOM assessments to member cities	$ 9,228,230	$ 9,259,061
PEC assessments to member cities	5,157,602	6,603,580
Total Member City Assessments	14,385,832	15,862,641
Other Sources:		
Well and Well Pump Reserve	855,705	584,535
Dam and Reservoir Reserve	87,452	83,112
Net inventory utilization	-	253,632
Vehicle reserve	72,786	-
Sales proceeds	28,292	-
Total Other Sources	1,044,235	921,279
Total Sources of Funds	$ 15,430,067	$ 16,783,920
Uses of Funds:		
Personnel costs	$ 4,530,640	$ 4,263,258
Professional fees	169,335	208,868
Purchased and contracted services	992,745	1,122,773
Consumable supplies and materials	1,236,388	1,014,975
Recurring operating costs	661,653	575,629
Pumping energy and line chemicals	5,157,602	6,603,580
Capitalized GOM costs	241,953	691,858
Funding from an irrigation agreement	4,580	5,193
Net Inventory Increase	210,171	-
Contribution to the General Reserve to Purchase Vehicles	-	72,786
Contribution to the Well Replacement Reserve	1,000,000	1,000,000
Contribution to the Well and Well Pump Reserve	900,000	900,000
Contribution to the Injection Well Reserve - Corp	225,000	225,000
Contribution to the General Reserve	100,000	100,000
Total Uses of Funds	$ 15,430,067	$ 16,783,920

Basic Financial Statements

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
STATEMENT OF NET POSITION
September 30, 2019

Assets:	
Current Assets:	
Cash and cash equivalents	$ 18,691,255
Due from member cities and other receivables	12,832,325
Inventory	1,012,144
Total Current Assets	32,535,724
Noncurrent Assets:	
Restricted cash and cash equivalents	11,682,902
Due from member cities and other receivables	109,158,790
Land and land rights	5,236,502
Capital assets, net of accumulated depreciation of $83,674,223	325,764,343
Total Noncurrent Assets	451,842,537
Total Assets	484,378,261
Liabilities:	
Current Liabilities:	
Bonds payable - current	12,575,000
Accounts payable and other accruals	1,715,617
Interest payable	771,094
Unearned revenue	538,964
Compensated absences	32,146
Total Current Liabilities	15,632,821
Noncurrent Liabilities:	
Compensated absences	193,056
Bonds payable	128,843,515
Total Noncurrent Liabilities	129,036,571
Total Liabilities	144,669,392
Net Position:	
Net investment in capital assets	190,230,256
Restricted for debt service	130,799,750
Unrestricted	18,678,863
Total Net Position	$ 339,708,869

The accompanying notes are an integral part of these financial statements.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For Year Ended September 30, 2019

Operating Revenues:		
Assessments to member cities		
General operation and mainteance costs	$	9,228,230
Pumping and chemical costs		5,157,602
Total Operating Revenues		14,385,832
Operating Expenses:		
Personnel costs		4,530,640
Professional fees		169,335
Purchased and contracted services		992,745
Consumable supplies and materials		1,236,388
Recurring operating costs		661,653
Depreciation and amortization		3,751,171
Pumping energy and line chemicals		5,157,602
Total Operating Expenses		16,499,534
Operating Loss		(2,113,702)
Nonoperating Revenues (Expenses):		
Assessments to member cities		
Debt service interest assessment		6,367,824
Other income		7,673
Investment income		730,239
Gain on disposal of assets		20,036
Insurance proceeds expended		(59,018)
Interest expense		(4,731,815)
Total Nonoperating Revenues		2,334,939
Increase in Net Position		221,237
Net Position at Beginning of Year		339,487,632
Net Position at End of Year	$	339,708,869

The accompanying notes are an integral part of these financial statements.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
STATEMENT OF CASH FLOWS
For Year Ended September 30, 2019

Cash Flows From Operating Activities:	
Cash received from member cities for assessments	$ 14,848,559
Cash payments to employees for services	(4,499,382)
Cash payments to suppliers for goods and services	(8,949,462)
Net Cash Provided by Operating Activities	1,399,715
Cash Flows From Capital and Related Financing Activities:	
Cash paid for acquisition or construction of capital assets	(758,628)
Proceeds from sale of assets	28,292
Cash received from member cities for debt service	18,306,574
Principal paid from cash received from member cities	(11,520,000)
Interest paid on debt	(6,448,638)
Net Cash Used for Capital and Related Financing Activities	(392,400)
Cash Flows From Investing Activities:	
Proceeds from maturities of investments	4,459,959
Interest received on investments	778,795
Net Cash Provided by Investing Activities	5,238,754
Net Increase in Cash and Cash Equivalents	6,246,069
Cash and Cash Equivalents at Beginning of Year	24,128,088
Cash and Cash Equivalents at End of Year	$ 30,374,157

(Continued)

The accompanying notes are an integral part of these financial statements.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
STATEMENT OF CASH FLOWS
For Year Ended September 30, 2019

	2019
Continuation	
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating loss	$ (2,113,702)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Other nonoperating revenue	7,673
Depreciation and amortization	3,751,171
Decrease in operating portion of due from member cities and other receivables	443,857
Net increase in inventory	(210,171)
Decrease in accounts payable, other accruals and compensated absences	(497,983)
Increase in assessments received in advance	18,870
Net Cash Provided by Operating Activities	$ 1,399,715
Schedule of Noncash Investing, Capital and Financing Activities:	
Premium amortization	$ (1,646,851)

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Canadian River Municipal Water Authority (the Authority) have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is responsible for establishing accounting standards for state and local governments through its pronouncements (Statements and Interpretations).

The most significant accounting and reporting policies of the Authority are described in the following notes to the financial statements.

1. Financial Reporting Entity

The Canadian River Municipal Water Authority was created on May 27, 1953, by the Texas legislature Acts 1953, 53rd Leg., Ch. 243, as amended, (previously Art. 8280-154). Its purpose is to supply water for municipal and industrial uses to member cities. Member cities include: Amarillo, Borger, Brownfield, Lamesa, Levelland, Lubbock, O'Donnell, Pampa, Plainview, Slaton and Tahoka. Each member city is represented by one or two persons on the Authority's Board of Directors. The Authority's sources of water are surface water from Lake Meredith and groundwater from Roberts County, Texas.

The definition of the reporting entity is based primarily on the notion of financial accountability. The Authority is financially accountable and has operational responsibility for CRMWA Corporation (the Corporation), a not-for-profit corporation created in the State of Texas, authorized to operate in New Mexico to facilitate the construction and operation of the Salinity Control Project. The Corporation is presented in these financial statements as a blended component unit. The Corporation's governing body is the same as the Authority's. The blended component unit, although a legally separate entity, is in substance part of the Authority's operations and is reported with the Authority. Separate financial statements are not published for the Corporation which follows the same accounting policies as the Authority. Transactions with other governmental entities consist of assessments to member cities for costs of operations, pumping energy and construction projects.

2. Basis of Accounting

The Authority qualifies as a special purpose government engaged only in business-type activities, and accordingly only the financial statements required for an enterprise fund are presented as basic financial statements. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The Authority measures the full cost of providing water to the member cities for the purpose of fully recovering that cost through charges to the member cities. Charges to member cities are computed on a cost-reimbursement basis. The Authority's basic financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred. Internal activity has been eliminated in the accompanying financial statements.

3. Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method and consists of spare pumps and motors for the wellfield. The cost of such inventory is recorded as an expense when consumed rather than when purchased. The Authority has elected to not record any other inventory since member cities are charged for supply and material costs at the time of purchase rather than at the time of use. The impact to the financial statements taken as a whole is not material.

Continued

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

4. Capital Assets

Capital assets, which include land, water systems, water rights, buildings and equipment, are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The Authority capitalizes all assets with a historical cost of at least $7,500 and a useful life of at least three years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Land and land rights are not depreciated.

Depreciation is computed utilizing the straight-line method over the following estimated useful lives:

Water systems	10 to 200 years
Buildings	75 years
Other equipment	3 to 10 years
Automobiles/trucks	5 to 10 years

5. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Authority did not have any items that qualified for reporting in this category for the year ended September 30, 2019.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The Authority did not have any items that qualified for reporting in this category for the year ended September 30, 2019.

6. Compensated Absences

Employees are entitled to annual leave with pay ranging from two to five weeks per year. Annual leave that is unused at the end of the year may be carried over, but the cumulative total carryover shall not exceed the employee's annual rate of leave accrual as of the current December 31. Upon separation in good standing, the employee shall be paid the amount of unused annual leave accrued to his credit as of the date of termination.

Sick leave accrues at approximately one day per month, up to a maximum of 720 hours. During November of each year, each current employee with one year or more of continuous service shall be paid for the amount of his unused sick leave, up to a maximum of forty (40) hours pay, reduced by sick leave taken during the preceding 12 months.

All accumulated annual leave is recorded as an expense and a liability at the time the benefit is earned. Due to the nature of sick leave, management has elected not to record a liability for its sick leave policy. The expense and related liability would not be material to the financial statements taken as a whole.

Continued

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

7. Capitalized Interest

In June 2018, the Government Accounting Standards Board (GASB) approved GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* GASB-89 is effective for reporting periods beginning after December 15, 2019, however, the Authority elected early implementation. Upon implementation of GASB-89, interest costs incurred before the end of a construction period will now be recognized as an expense and not capitalized. Changes related to the adoption of GASB-89 are applied prospectively rather than restating beginning balances.

8. Revenue Policies

The principal portion of the Authority's revenues is provided by assessments from member cities for all costs incurred in delivering water to them. Water is delivered to member cities on demand up to predetermined allocations and revenue is recognized at the time of delivery.

9. Deposits and Investments

For financial reporting purposes cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity date of three months or less. Time certificates of deposit with original maturities of more than three months are classified as investments. Interest on certificates of deposit is recorded as earned but is subject to forfeiture for early withdrawal of deposits.

10. Classification of Revenues

Operating revenues consist of assessments to member cities for all general operating costs and for pumping and energy costs. Nonoperating revenues consist primarily of assessments to member cities for servicing debt and of investment income.

11. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations imposed on the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

1. During April, the budget is adopted by the Board of Directors.
2. Budgeted amounts are as originally adopted but may be revised as necessary.
3. All appropriations lapse at the end of the Authority's fiscal year and may be re-budgeted the next year.
4. The budgets for the operating funds of the Authority and the Corporation are adopted on a basis consistent with generally accepted accounting principles (GAAP) on the accrual basis of accounting, except for depreciation expense which is not included in the annual budget.
5. Formal budgetary integration on an annual basis is employed as a management control device during the year for the operating revenues and expenses. Formal budgetary integration is not employed for the debt service because effective budgetary control is alternatively achieved through the bond redemption schedules for the various bonds. Formal budgetary integration is not employed for construction because effective budgetary control is alternatively achieved through appropriations received for the specified purpose and through budgetary integration on a project length basis at the time the agreements with engineers/contractors are signed.
6. The Authority adhered to the prescribed budgets as a whole, as discussed above, for the year ended September 30, 2019. The negative variance in purchased and contracted services ($615,479) was funded from the Well Maintenance Reserve.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are classified in the accompanying Statement of Net Position as follows:

Current assets:		
Cash and cash equivalents	$	18,691,255
Non-current assets:		
Restricted cash and cash equivalents		11,682,902
Total cash and cash equivalents	$	30,374,157

Cash and cash equivalents held by the Authority consist of the following:

Deposits	$	1,136,255
Money Market Accounts		29,237,902
Total cash and cash equivalents	$	30,374,157

Texas law and Board policy require that Authority deposits be placed in financial institutions located in Texas. All of the Authority's demand deposit and time accounts are held in a local banking institution under terms of a written depository contract. Such deposits must be collateralized with securities or surety bonds to the extent not insured by the Federal Deposit Insurance Corporation (FDIC). Securities that may be accepted as collateral are those authorized by the Public Funds Collateral Act. Accordingly, these are limited to obligations of the United States and its agencies and instrumentalities, obligations issued by public agencies with at least a rating of "A" by a nationally recognized rating agency, and any other security in which a public entity may invest under the Public Funds Investment Act.

At September 30, 2019, Authority deposits in excess of the amount insured by the FDIC were collateralized by securities pledged in the amount of $34,214,963 and were held separate and apart from the pledging bank.

NOTE 4 – DUE FROM MEMBER CITIES AND OTHER RECEIVABLES

The following is a summary of the amounts due from the member cities and other receivables:

Current due from member cities and other receivables:	
Due from member cities for bond issues (see Note 6)	$ 12,402,314
Net year-end adjustments receivable from member cities	430,011
	$ 12,832,325
Noncurrent due from member cities and other receivables:	
Due from member cities for bond issues (see Note 6)	$ 108,817,915
Net year-end adjustments receivable from member cities	340,875
	$ 109,158,790

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 is as follows:

	Balance at September 30, 2018	Increases	Decreases	Balance at September 30, 2019
Capital assets not being depreciated:				
Land	$ 5,081,274	$ 155,228	$ -	$ 5,236,502
Total capital assets not being depreciated	5,081,274	155,228	-	5,236,502
Capital assets being depreciated:				
Buildings	1,244,017	72,965	-	1,316,982
Operating Equipment	3,498,565	158,988	(138,503)	3,519,050
Communications Facilities	2,305,554		-	2,305,554
Dam and Reservoir	21,733,541	-	-	21,733,541
Pipelines	116,927,971	-	-	116,927,971
Pumping Plants	27,835,127	10,000	-	27,845,127
Regulating Reservoirs	2,252,876	-	-	2,252,876
Water Treatment Facilities	385,695	-	-	385,695
Water Rights	190,998,213	-	-	190,998,213
Groundwater Production Facilities	33,141,215	-	-	33,141,215
Salinity Control Facilities	6,464,209	-	-	6,464,209
Work in Progress	2,245,700	302,433	-	2,548,133
Total capital assets being depreciated	409,032,683	544,386	(138,503)	409,438,566
Less accumulated depreciation for:				
Buildings	(333,228)	(19,545)	-	(352,773)
Operating Equipment	(2,076,009)	(317,856)	130,246	(2,263,619)
Communications Facilities	(1,307,619)	(29,018)	-	(1,336,637)
Dam and Reservoir	(12,197,397)	(219,531)	-	(12,416,928)
Pipelines	(31,378,582)	(1,090,562)	-	(32,469,144)
Pumping Plants	(6,994,323)	(321,911)	-	(7,316,234)
Regulating Reservoirs	(1,030,640)	(23,916)	-	(1,054,556)
Water Treatment Facilities	(254,095)	(5,143)	-	(259,238)
Water Rights	(10,535,182)	(963,876)	-	(11,499,058)
Groundwater Production Facilities	(7,482,014)	(759,813)	-	(8,241,827)
Salinity Control Facilities	(6,464,209)	-	-	(6,464,209)
Total accumulated depreciation	(80,053,298)	(3,751,171)	130,246	(83,674,223)
Total capital assets being depreciated, net	328,979,385	(3,206,785)	(8,257)	325,764,343
Total capital assets, net	$ 334,060,659	$ (3,051,557)	$ (8,257)	$ 331,000,845

NOTE 6 – LONG-TERM DEBT AND OTHER LIABILITIES

In the year ended September 30, 2000, the Authority issued Contract Revenue Bonds, Series 1999 for financing construction of the Conjunctive Use Groundwater Supply Project and for the advance refunding of the Contract Revenue Bonds, Series 1996. The cities of Lubbock and O'Donnell have paid their portion of the Project costs from their own resources and are not participants in the debt financing for this project.

In the year ended September 30, 2005, the Authority issued Contract Revenue Refunding Bonds, Series 2005 in the amount of $28,260,000 for the advance refunding of a portion of the Contract Revenue Bonds, Series 1999. In the year ended September 30, 2010, the Authority issued Contract Revenue Refunding Bonds, Series 2010 in the amount of $5,235,000 for the refunding of the remaining portion of the Contract Revenue Bonds, Series 1999 with principal maturing annually through February 15, 2020. Interest ranges from 3% - 3.5% and a Bond Reserve Fund of $523,500 was established. The Authority then issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2014 in the amount of $11,750,000 for refunding of the Series 2005 Refunding issue with principal maturing annually through February 15, 2020. Interest ranges from 2% - 5%.

In the year ended September 30, 2005, the Authority issued Contract Revenue Bonds, Series 2005 in the amount of $48,125,000 for water rights purchases with principal maturing annually through February 15, 2025. The Authority issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2012 in the amount of $39,505,000 for the advance refunding portion of the Contract Revenue Bonds, Series 2005 with principal maturing annually through February 15, 2025. Interest ranges from 2% - 5%. The City of Lubbock has a different structure of repayment than the other member cities.

In the year ended September 30, 2006, the Authority issued Contract Revenue Bonds, Series 2006 in the amount of $49,075,000 for acquisition and construction costs with principal maturing annually through February 15, 2027. Interest ranges from 4.25% - 5%. Slaton and Tahoka had initially opted out of the bond issue and seven of the other cities (not including Lamesa or O'Donnell) agreed to pick up their shares. Slaton and Tahoka then decided to buy in, as allowed by the contract. Even though the buy-in option was exercised, the initial participating member cities are still obligated to make the bond payments in full. The Authority provided these seven-member cities credit for the payments made by Slaton and Tahoka on an annual basis to compensate for the buy-in. The Authority issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2014 in the amount $30,415,000 for the advance refunding of the Contract Revenue Bonds, Series 2006 with principal maturing annually through February 15, 2027. Interest ranges from 2% - 5%. Slaton and Tahoka are participants in the Series 2014 issue.

In the year ended September 30, 2010, the Authority issued Contract Revenue Bonds, Series 2009 in the amount of $21,105,000 for financing the continuation and expansion of the Conjunctive Use Groundwater Supply Project with principal maturing annually through February 15, 2029. Interest ranges from 3% - 5%. The Authority established a Bond Reserve Fund with a contribution of $1,617,806 from the general reserve fund which will not be repaid by the member cities. The Authority issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2017 in the amount of $11,465,000 for the advance refunding of the Contract Revenue Bonds, Series 2009 with principal maturing annually through February 15, 2029. The Bond Reserve fund was rolled into the 2017 advanced refunding. Interest ranges from 3% - 5%. All member cities share proportionately the obligations of the annual debt service. Unspent bond proceeds as of September 30, 2019 totaled $647,926.

In the year ended September 30, 2013, the Authority issued Subordinate Lien Contract Revenue Bonds, Series 2011 in the amount of $81,630,000 for financing the purchases of various water rights with principal maturing annually through February 15, 2031. Interest ranges from 3% - 5%. The member cities share proportionately the obligations of the annual debt service with a modification made for the City of Levelland for consideration of a cash contribution.

Continued

NOTE 6 – LONG-TERM DEBT AND OTHER LIABILITIES – Continuation

All bonds are payable from and secured by an irrevocable first lien on and pledge of the participating member cities' project payments in accordance with their individual Conjunctive Use Groundwater Supply Agreements.

Moody's has rated each of these bonds an 'Aa3'.

The following is a summary of the Authority's long-term debt and other liabilities:

	Contract Revenue Conjunctive Use Groundwater Series 2011	Contract Revenue Refunding Conjunctive Use Groundwater Series 2010	Contract Revenue Conjunctive Use Groundwater Series 2009	Contract Revenue Refunding Conjunctive Use Groundwater Series 2017
Interest Rate	3.0 - 5.0%	3.0 - 3.5%	3.0 - 5.0%	3.0 - 5.0%
Principal Due Annually	Feb	Feb	Feb	Feb
Interest Due Semi-Annually	Feb / Aug	Feb / Aug	Feb / Aug	Feb / Aug
Balances at September 30, 2018	$ 63,150,000	$ 1,415,000	$ 970,000	$ 11,300,000
Principal Payments	(3,610,000)	(435,000)	(970,000)	-
Balances at September 30, 2019	59,540,000	980,000	-	11,300,000
Bond Premium Net of Amortization	4,331,972	7,486	-	1,088,857
Total Bonds Payable at September 30, 2019	$ 63,871,972	$ 987,486	$ -	$ 12,388,857
Amounts Due Within One Year	$ 3,790,000	$ 980,000	$ -	$ 985,000

Contract Revenue Refunding Conjunctive Use Groundwater Series 2012	Contract Revenue Refunding Conjunctive Use Groundwater Series 2014-2005 Ref	Contract Revenue Refunding Conjunctive Use Groundwater Series 2014 - 2006	Totals
2.0 - 5.0%	2.0 - 5.0%	2.0 - 5.0%	
Feb	Feb	Feb	
Feb / Aug	Feb / Aug	Feb / Aug	
$ 33,535,000	$ 4,930,000	$ 25,560,000	$ 140,860,000
(1,780,000)	(2,405,000)	(2,320,000)	(11,520,000)
31,755,000	2,525,000	23,240,000	129,340,000
3,476,548	108,366	3,065,286	12,078,515
$ 35,231,548	$ 2,633,366	$ 26,305,286	$ 141,418,515
$ 1,860,000	$ 2,525,000	$ 2,435,000	$ 12,575,000

Continued

NOTE 6 – LONG-TERM DEBT AND OTHER LIABILITIES – Continuation

The annual requirements to amortize the Authority's long-term debt, including interest as of September 30, 2019 is presented below:

Due During Fiscal Years Ending	Contract Revenue Bonds Conjunctive Use Groundwater Supply Project Series 2011 ($81,630,000)			Contract Revenue Refunding Bonds Conjunctive Use Groundwater Supply Project Series 2010 ($5,235,000)		
	Principal	Interest (3-5%)	Total	Principal	Interest (3-3.5%)	Total
2020	$ 3,790,000	$ 2,736,700	$ 6,526,700	$ 980,000	$ 17,150	$ 997,150
2021	3,945,000	2,562,275	6,507,275	-	-	-
2022	4,140,000	2,363,250	6,503,250	-	-	-
2023	4,340,000	2,154,350	6,494,350	-	-	-
2024	4,555,000	1,931,975	6,486,975	-	-	-
2025 - 2029	26,420,000	5,977,550	32,397,550	-	-	-
2030 - 2031	12,350,000	565,150	12,915,150	-	-	-
Totals	$ 59,540,000	$ 18,291,250	$ 77,831,250	$ 980,000	$ 17,150	$ 997,150

Contract Revenue Refunding Bonds Conjunctive Use Groundwater Supply Project Series 2017 ($11,465,000)			Contract Revenue Refunding Bonds Conjunctive Use Groundwater Supply Project Series 2012 ($39,505,000)		
Principal	Interest (3-5%)	Total	Principal	Interest (3-5%)	Total
$ 985,000	$ 431,175	$ 1,416,175	$ 1,860,000	$ 1,541,250	$ 3,401,250
1,015,000	401,175	1,416,175	5,400,000	1,359,750	6,759,750
1,055,000	364,850	1,419,850	5,670,000	1,083,000	6,753,000
1,095,000	321,850	1,416,850	5,960,000	792,250	6,752,250
1,145,000	271,325	1,416,325	6,270,000	486,500	6,756,500
6,005,000	515,150	6,520,150	6,595,000	164,875	6,759,875
-	-	-	-	-	-
$ 11,300,000	$ 2,305,525	$ 13,605,525	$ 31,755,000	$ 5,427,625	$ 37,182,625

Continued

NOTE 6 – LONG-TERM DEBT AND OTHER LIABILITIES – Continuation

The annual requirements to amortize the Authority's long-term debt, including interest as of September 30, 2019 is presented below:

Due During Fiscal Years Ending	Contract Revenue Refunding Bonds Conjunctive Use Groundwater Supply Project Series 2014 - 2005 ($11,750,000)			Contract Revenue Refunding Bonds Conjunctive Use Groundwater Supply Project Series 2014 - 2006 ($30,415,000)		
	Principal	Interest (2-5%)	Total	Principal	Interest (2-5%)	Total
2020	$ 2,525,000	$ 63,125	$ 2,588,125	$ 2,435,000	$ 1,101,125	$ 3,536,125
2021	-	-	-	2,555,000	976,375	3,531,375
2022	-	-	-	2,685,000	845,375	3,530,375
2023	-	-	-	2,815,000	707,875	3,522,875
2024	-	-	-	2,955,000	563,625	3,518,625
2025 - 2029	-	-	-	9,795,000	750,125	10,545,125
2030 - 2031	-	-	-	-	-	-
Totals	$ 2,525,000	$ 63,125	$ 2,588,125	$ 23,240,000	$ 4,944,500	$ 28,184,500

Total Annual Requirements For All Long-Term Debt		
Principal	Interest	Total
$ 12,575,000	$ 5,890,525	$ 18,465,525
12,915,000	5,299,575	18,214,575
13,550,000	4,656,475	18,206,475
14,210,000	3,976,325	18,186,325
14,925,000	3,253,425	18,178,425
48,815,000	7,407,700	56,222,700
12,350,000	565,150	12,915,150
$ 129,340,000	$ 31,049,175	$ 160,389,175

Continued

NOTE 6 – LONG-TERM DEBT AND OTHER LIABILITIES - Continuation

The principal balances of the member cities' obligations as of September 30, 2019 were as follows:

	Contract Revenue Conjunctive Use Groundwater Series 2011	Contract Revenue Refunding Conjunctive Use Groundwater Series 2010	Contract Revenue Conjunctive Use Groundwater Series 2009	Contract Revenue Refunding Conjunctive Use Groundwater Series 2017	Contract Revenue Refunding Conjunctive Use Groundwater Series 2012	Contract Revenue Refunding Conjunctive Use Groundwater Series 2014 - 2005	Contract Revenue Refunding Conjunctive Use Groundwater Series 2014 - 2006	Total
Receivables from Cities at September 30, 2018	$ 60,589,703	$ 1,131,731	$ 281,608	$ 11,300,000	$ 32,441,995	$ 3,359,595	$ 24,106,872	$ 133,211,504
Principal Payments	(3,743,582)	(549,936)	(281,608)	(700,559)	(1,831,109)	(2,488,689)	(2,395,792)	(11,991,275)
Receivables from Cities at September 30, 2019	$ 56,846,121	$ 581,795	$ -	$ 10,599,441	$ 30,610,886	$ 870,906	$ 21,711,080	$ 121,220,229
City of Amarillo	$ 23,293,034	$ 380,098	$ -	$ 4,290,085	$ 15,616,932	$ 549,878	$ 8,780,906	$ 52,910,933
City of Borger	3,181,864	55,125	-	586,044	2,133,340	79,748	1,199,509	7,235,630
City of Brownfield	1,260,385	20,567	-	232,136	845,035	29,753	475,134	2,863,010
City of Lamesa	1,256,574	20,386	-	231,918	840,132	36,865	475,449	2,861,324
City of Levelland	955,353	26,111	-	294,660	1,072,651	37,774	603,105	2,989,654
City of Lubbock	21,368,027	-	-	3,944,206	6,402,083	-	8,085,901	39,800,217
City of O'Donnell	159,320	-	-	29,360	106,867	-	60,094	355,641
City of Pampa	2,075,855	25,920	-	383,160	1,388,000	46,870	785,505	4,705,310
City of Plainview	2,128,308	34,541	-	392,845	1,423,107	62,462	805,361	4,846,624
City of Slaton	903,758	14,742	-	166,445	605,896	21,328	340,679	2,052,848
City of Tahoka	263,643	4,305	-	48,582	176,843	6,228	99,437	599,038
Receivables from Member Cities	$ 56,846,121	$ 581,795	$ -	$ 10,599,441	$ 30,610,886	$ 870,906	$ 21,711,080	$ 121,220,229
Current Portion	$ 3,726,122	$ 581,795	$ -	$ 961,108	$ 3,865,886	$ 870,906	$ 2,396,497	$ 12,402,314
Noncurrent Portion	53,119,999	-	-	9,638,333	26,745,000	-	19,314,583	108,817,915
	$ 56,846,121	$ 581,795	$ -	$ 10,599,441	$ 30,610,886	$ 870,906	$ 21,711,080	$ 121,220,229

Continued

NOTE 6 – LONG-TERM DEBT AND OTHER LIABILITIES – Continuation

Unearned Revenue:

As of September 30, 2019, member cities participating in the debt financing had remitted interest payments since the most recent bond interest payment on August 15, 2019 totaling $538,964 toward the February 15, 2020 debt service requirements. The interest remitted has been recorded as unearned revenue.

	Interest Payments Remitted
Contract Revenue Conjunctive Use Groundwater Series 2011	$ 241,273
Contract Revenue Refunding Conjunctive Use Groundwater Series 2017	38,453
Contract Revenue Refunding Conjunctive Use Groundwater Series 2012	153,783
Contract Revenue Refunding Conjunctive Use Groundwater Series 2014 - 2005	5,260
Contract Revenue Refunding Conjunctive Use Groundwater Series 2014 - 2006	100,195
Total Unearned Revenue	$ 538,964

Compensated Absences:

Compensated absences increased by a net of $9,105, leaving a balance of $225,202 as of September 30, 2019.

Balance at September 30, 2018	$ 216,097
Additions	256,401
Deletions	(247,296)
Balance at September 30, 2019	$ 225,202
Amounts Due Within One Year	$ 32,146

NOTE 7 – ASSESSMENTS TO MEMBER CITIES

Member cities of the Authority are assessed each month for general operation and maintenance costs, excluding pumping energy and line chemicals, on the basis of estimated costs to each member city as budgeted for that fiscal year. The Authority maintains a cost system by which it allocates its actual costs to each member city. After the end of each fiscal year it issues additional assessments or credits to each member city for the difference between actual costs allocated to each city and the estimated costs previously assessed. These year-end adjustments are reflected in these financial statements.

NOTE 8 – PUMPING ENERGY AND CHEMICAL COSTS

In accordance with the Authority's manual revised and adopted by the Board of Directors on February 1, 2017, pumping energy and line chemicals are assessed to the member cities each month on a direct cost basis. Therefore, these costs are segregated from other general operation and maintenance costs of the Authority.

NOTE 9 – RESERVES

- Injection Well Reserve

  The Injection Well Reserve shall be maintained for the purpose of major repair or rehabilitation of the injection well or wells at the Lake Meredith Salinity Control Project, for the purpose of maintaining or restoring the capacity of the well or wells to receive injectate, or to comply with regulatory requirements. The Board of Directors of the Authority shall determine the maximum amount of this reserve. The fiscal year 2019 GOM budgeted contribution was $225,000 and none of the reserve was utilized this year. The Injection Well Reserve had a balance of $4,036,974 at September 30, 2019.

- Well Maintenance Reserve

  This reserve shall be maintained for providing for the major repair or rehabilitation of wells, well pumps, well pump motors, motor controls, or related equipment, and for paying any applicable minimum charges which may become due on contracts or tariffs for motive power for pumping from wells. The fiscal year 2019 GOM budgeted contribution was $900,000 and utilization of the reserve totaled $855,705 (of which $210,171 related to replacement of inventory for future wellfield repairs) for year ended September 30, 2019. The maximum amount of the reserve shall be the amount required to pay the minimum charges on any contract or tariff for motive power for pumping, plus the average annual direct cost of motive power for well pumping for five immediately preceding complete budget years. Such reserve had a balance of $1,158,949 at September 30, 2019 which is under the calculated maximum.

Continued

NOTE 9 – RESERVES – Continuation

- Reserve for Dam Operations

  The Authority established the Reserve for Dam Operations in the amount of $1,506,917 in accordance with the provisions of the Contracts between the cities and the Authority whereby interest earnings would accumulate to meet the annual expense for the dam and reservoir previously paid by the Bureau of Reclamation. As a result of cumulative expenses exceeding cumulative interest earnings, the reserve balance has fallen below the value specified in the Contracts. The Contracts state that the Board of Directors will establish procedures to replenish the fund when and if necessary. It was determined by the Board of Directors at the January 12, 2012 meeting that the fund will continue to be used until it is exhausted. Such reserve had a balance of $707,773 at September 30, 2019. Utilization of the reserve totaled $87,452 for year ended September 30, 2019.

- Well Replacement Reserve

  The Authority established this reserve for adding future wells to replace lost well production capacity. The fiscal year 2019 GOM budgeted contribution was $1,000,000 and none of the reserve was utilized this year. Such reserve had a balance of $3,483,275 at September 30, 2019.

- Reserve for Inventory

  The Authority uses this reserve to account for inventory. The net increase in inventory totaled $210,171 for year ended September 30, 2019. Such reserve had a balance of $1,012,144 at September 30, 2019.

- General Reserve

  This Reserve shall be maintained 1) to meet the extraordinary and unforeseen costs of operation and maintenance, repair and betterment of project works, 2) for replacement or major repair of items of equipment and facilities not provided for by the approved budget for General Operation and Maintenance costs or other reserves of the Authority, 3) for capital or major improvement of project works. The amount accumulated in this reserve shall not be reduced to less than $300,000 for the purposes listed in items 2 or 3 without the approval of the Contracting Officer of the Bureau of Reclamation. The maximum amount of the Reserve shall be $300,000 plus the average of the final amounts budgeted for General Operation and Maintenance Costs during the two immediately preceding complete budget years plus the average annual direct cost of pumping energy for the five immediately preceding complete budget years. The fiscal year 2019 GOM budgeted contribution was $100,000 and $72,786 of the reserve was utilized this year for the purchase of vehicles. Such Reserve had a balance of $8,279,748 at September 30, 2019 which is under the calculated maximum.

NOTE 10 – CHANGES IN UNRESTRICTED NET POSITION

Changes in the Authority's unrestricted Net Position are shown below:

	Injection Well Reserve	Well Maintenance Reserve	Reserve for Dam Operations	Well Replacement Reserve	Reserve for Inventory	General Reserve	Total Unrestricted Reserves
Balances at September 30, 2018	$ 3,714,089	$ 1,069,616	$ 776,909	$ 2,407,588	$ 801,973	$ 8,086,074	$ 16,856,249
Reserved for vehicle purchases	-	-	-	-	-	(72,786)	(72,786)
O&M budgeted contributions	225,000	900,000	-	1,000,000	-	100,000	2,225,000
Miscellaneous income	-	-	-	-	-	7,673	7,673
Insurance proceeds expended	-	-	-	-	-	(59,018)	(59,018)
Net inventory increase	-	(210,171)	-	-	210,171	-	-
Utilization of reserve	-	(645,534)	(87,452)	-	-	-	(732,986)
Interest income	97,885	45,038	18,316	75,687	-	217,805	454,731
Balances at September 30, 2019	$ 4,036,974	$ 1,158,949	$ 707,773	$ 3,483,275	$ 1,012,144	$ 8,279,748	$ 18,678,863

NOTE 11 – NET POSITION

Net position at September 30, 2019 consisted of the following:

Net investment in capital assets	
Capital assets, net	$ 331,000,845
Unspent bond proceeds restricted for construction projects	647,926
Less outstanding debt issued for purchase or construction of capital assets	(141,418,515)
Total net investment in capital assets	190,230,256
Restricted net position	130,799,750
Unrestricted net position	18,678,863
Total Net Position	$ 339,708,869

NOTE 12 – RETIREMENT PLAN

The Authority has established a money purchase defined contribution 401(a) plan and a 457 plan for its employees, both of which are administered by ICMA. The plan is governed by the Board of Directors which may amend benefits and other plan provisions and are responsible for the management of the plan assets. Contribution requirements of plan members and the Authority may also be amended by the Board of Directors. Currently, the Authority and CRMWA Corporation contribute 14% of eligible employee earnings to the 401(a) plan. Eligible employees must contribute 7% of their earnings. Employees may also contribute to the 457, IRA and/or Roth IRA plans. Employee contributions to all plans were equivalent to 10.79% of covered payroll or $345,879 for the year ended September 30, 2019. The total cost to the Authority and Corporation for year ended September 30, 2019 was $461,757. Combined entities' payroll for year ended September 30, 2019 was $3,320,993 and the Authority's contributions to the 401(a) plan were based on a covered payroll of $3,205,848. As of September 30, 2019, there were 49 plan members with account balances in the 401(a) plan representing both current (44) and former employees/retirees (5). The 457 plan had 27 members with account balances representing 24 current employees and 3 former employees/retirees.

During the fiscal year ended September 30, 1992, the Board of Directors approved an amendment to the plan to allow early retirement. The amendment established a factor based on the total of the employee's age and length of service to equal 82.5 years, after age 55.

NOTE 13 – RISK MANAGEMENT

The Authority's major areas of risk management are directors' liability, general liability, property damage, boiler and machinery equipment damage, pollution, workers' compensation, automobile liability and employee health insurance. The Authority has purchased commercial insurance to cover risks of loss in these areas. There have been no significant reductions in insurance coverage and settlements have not exceeded insurance coverage for the current year or the previous three years.

NOTE 14 – BLENDED COMPONENT UNIT

CONDENSED COMBINING STATEMENT OF NET POSITION
September 30, 2019

	Canadian River Municipal Water Authority	CRMWA Corporation	Totals
Current and Other Assets	$ 28,474,580	$ 4,061,144	$ 32,535,724
Accounts Receivable from the Authority	-	358	358
Net Capital Assets	330,825,777	175,068	331,000,845
Other Noncurrent Assets	120,841,692	-	120,841,692
Total Assets	480,142,049	4,236,570	484,378,619
Current Liabilities	15,608,293	24,528	15,632,821
Accounts Payable to CRMWA Corp	358	-	358
Noncurrent Liabilities	129,019,516	17,055	129,036,571
Total Liabilities	144,628,167	41,583	144,669,750
Net Position:			
Net Investment in Capital Assets	190,055,188	175,068	190,230,256
Restricted for debt service	130,799,750	-	130,799,750
Unrestricted	14,658,944	4,019,919	18,678,863
Total Net Position	$ 335,513,882	$ 4,194,987	$ 339,708,869

Continued

NOTE 14 – BLENDED COMPONENT UNIT – Continuation

CONDENSED COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended September 30, 2019

	Canadian River Municipal Water Authority	CRMWA Corporation	Totals
Operating Revenues	$ 14,385,832	$ -	$ 14,385,832
Operating Expenses	(12,331,082)	(417,281)	(12,748,363)
Revenues in excess of (under) expenses before depreciation/amortization	2,054,750	(417,281)	1,637,469
Operating Expenses - Depreciation/Amortization	(3,739,019)	(12,152)	(3,751,171)
Operating Loss	(1,684,269)	(429,433)	(2,113,702)
Nonoperating Revenues:			
Assessments to member cities for bond interest	6,367,824	-	6,367,824
Other revenues	660,063	97,885	757,948
Nonoperating Expenses:			
Bond interest expense	(4,731,815)	-	(4,731,815)
Insurance proceeds expended	(59,018)	-	(59,018)
Operating Income (Loss) Net of Nonoperating Revenues (Expenses)	552,785	(331,548)	221,237
Transfers	(653,030)	653,030	-
Increase (Decrease) in Net Position	(100,245)	321,482	221,237
Net Position - Beginning of Year	335,614,127	3,873,505	339,487,632
Net Position - End of Year	$ 335,513,882	$ 4,194,987	$ 339,708,869

Continued

NOTE 14 – BLENDED COMPONENT UNIT – Continuation

CONDENSED COMBINING STATEMENT OF CASH FLOWS
For Year Ended September 30, 2019

	Canadian River Municipal Water Authority	CRMWA Corporation	Totals
Cash Flows From Operating Activities:			
Cash received from member cities for assessments	$ 14,848,559	$ -	$ 14,848,559
Cash payments to employees for services	(4,286,970)	(212,412)	(4,499,382)
Cash payments to suppliers for goods and services	(8,753,660)	(195,802)	(8,949,462)
Net Cash Provided (Used) by Operating Activities	1,807,929	(408,214)	1,399,715
Cash Flows From Capital and Related Financing Activities:			
Transfers	(640,131)	640,131	-
Cash paid for acquisition or construction of capital assets	(743,134)	(15,494)	(758,628)
Proceeds from sale of assets	28,292	-	28,292
Cash received from member cities for debt service	18,306,574	-	18,306,574
Principal paid from cash received from member cities	(11,520,000)	-	(11,520,000)
Interest paid on debt	(6,448,638)	-	(6,448,638)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,017,037)	624,637	(392,400)
Cash Flows From Investing Activities:			
Proceeds from maturities of investments	2,959,959	1,500,000	4,459,959
Interest received on investments	664,935	113,860	778,795
Net Cash Provided by Investing Activities	3,624,894	1,613,860	5,238,754
Net Increase in Cash and Cash Equivalents	4,415,786	1,830,283	6,246,069
Cash and Cash Equivalents at Beginning of Year	21,897,227	2,230,861	24,128,088
Cash and Cash Equivalents at End of Year	$ 26,313,013	$ 4,061,144	$ 30,374,157

Continued

NOTE 14 – BLENDED COMPONENT UNIT – Continuation

CONDENSED COMBINING STATEMENT OF CASH FLOWS
For Year Ended September 30, 2019

	Canadian River Municipal Water Authority	CRMWA Corporation	Totals
Continuation			
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:			
Operating loss	$ (1,684,269)	$ (429,433)	$ (2,113,702)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Other nonoperating revenue	7,673	-	7,673
Depreciation and amortization	3,739,019	12,152	3,751,171
Decrease in operating portion of due from member cities and other receivables	443,857	-	443,857
Net Increase in inventory	(210,171)	-	(210,171)
Increase (decrease) in accounts payable, other accruals and compensated absences	(507,050)	9,067	(497,983)
Increase in assessments received in advance	18,870	-	18,870
Net Cash Provided by (Used for) Operating Activities	$ 1,807,929	$ (408,214)	$ 1,399,715
Schedule of Noncash Investing, Capital and Financing Activities:			
Premium amortization	$ (1,646,851)	$ -	$ (1,646,851)

NOTE 15 – SUBSEQUENT EVENTS

The Authority has been involved in a lawsuit that claims damages resulting from the installation of a pipeline to serve wells in the recently developed wellfield (Phase III of Conjunctive Use Groundwater Project). The lawsuit is in its infancy and the Authority intends to vigorously defend the lawsuit. A liability for the damages had been recorded for the year ended September 30, 2019. Any other loss over and above what has already been recorded for damages is indeterminable at this time and no increase in liability has been recorded.

Supplementary Information

Canadian River Municipal Water Authority

Amarillo Borger Brownfield Lamesa Levelland Lubbock O'Donnell Pampa Plainview Sunton Tahoka

CRMWA

* Since 1953 *

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
SUPPLEMENTARY INFORMATION
For Year Ended September 30, 2019

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Budget to Actual
For Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance to Final Budget
Operating Revenues:				
Assessments to member cities				
General O&M costs	$ 9,743,882	$ 9,743,882	$ 9,228,230	$ (515,652)
Pumping and chemical costs	10,108,162	10,108,162	5,157,602	(4,950,560)
Total Operating Revenues	19,852,044	19,852,044	14,385,832	(5,466,212)
Operating Expenses:				
Personnel costs	4,738,641	4,738,641	4,530,640	208,001
Professional fees	248,040	248,040	169,335	78,705
Purchased and contracted services	377,266	377,266	992,745	(615,479)
Consumable supplies and materials	1,327,698	1,327,698	1,236,388	91,310
Recurring operating cost	797,237	797,237	661,653	135,584
Depreciation and amortization	-	-	3,751,171	(3,751,171)
Pumping energy and line chemicals	10,108,162	10,108,162	5,157,602	4,950,560
Total Operating Expenses	17,597,044	17,597,044	16,499,534	1,097,510
Operating Income (Loss)	2,255,000	2,255,000	(2,113,702)	(4,368,702)
Nonoperating Revenues (Expenses):				
Assessments to member cities				
Debt service interest assessment	-	-	6,367,824	6,367,824
Other income	-	-	7,673	7,673
Insurance proceeds	-	-	(59,018)	(59,018)
Investment income	-	-	730,239	730,239
Gain on disposal of asset	-	-	20,036	20,036
Interest expense	-	-	(4,731,815)	(4,731,815)
Total Nonoperating Expenses	-	-	2,334,939	2,334,939
Increase (Decrease) in Net Position	$ 2,255,000	$ 2,255,000	$ 221,237	$ (2,033,763)
Other Operating Sources (Uses):				
Well Maintenance Reserve Utilization	$ -	$ -	$ 855,705	$ 855,705
Dam and Reservoir Reserve Utilization	70,000	70,000	87,452	17,452
Vehicle Reserve Utilization	-	-	72,786	72,786
Sales Proceeds	-	-	28,292	28,292
Construction Fund Misc. Income	-	-	(4,580)	(4,580)
Net Inventory Increase	-	-	(210,171)	(210,171)
Net Capital Expenditures	(100,000)	(100,000)	(241,953)	(141,953)
Well Replacement Reserve	(1,000,000)	(1,000,000)	(1,000,000)	-
Well Maintenance Reserve	(900,000)	(900,000)	(900,000)	-
General Reserve	(100,000)	(100,000)	(100,000)	-
Injection Well Reserve - CRMWA Corp	(225,000)	(225,000)	(225,000)	-
Total Other Operating Uses	(2,255,000)	(2,255,000)	(1,637,469)	617,531
Decrease in Net Position after Other Operating Sources Uses	$ -	$ -	$ (1,416,232)	$ (1,416,232)

Reconciliation to the Approved General O&M Budget and Assessments to Member Cities for General O&M costs	
Operating Expenses	$ 17,597,044
Pumping energy and line chemicals	(10,108,162)
Capital Expenditures	100,000
Reserve Contributions	2,225,000
Total General Operation and Maintenance Budget	9,813,882
Reserve Utilization	(70,000)
Assessments to member cities - General O&M costs	$ 9,743,882

Statistical Section
(Unaudited)

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

STATISTICAL SECTION NARRATIVE SUMMARY

The information in this section is not covered by the Independent Auditors' Report but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report (CAFR). The objectives of the statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the Authority's overall financial health and current business needs.

Contents **Page**

Financial Trends 59 - 60

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity 61

These schedules contain information to help the reader assess the Authority's most significant local revenue source, the assessments to member cities.

Debt Capacity 62

These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.

Demographic and Economic Information 63- 74

These schedules present information to help the reader understand the environment within which the Authority's financial activities take place.

Operating Information 75 - 77

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

Canadian River Municipal Water Authority
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net Position										
Net investment in capital assets	$ 190,230,256	$ 180,551,018	$ 167,184,251	$ 154,074,007	$ 137,903,819	$ 129,107,249	$ 122,072,146	$ 116,953,027	$ 110,447,444	$ 106,073,046
Restricted for debt service	130,799,750	142,080,365	160,360,765	171,903,499	183,221,813	198,205,403	208,905,421	219,921,655	147,855,177	154,813,526
Unrestricted	18,678,863	16,856,249	15,094,492	14,737,484	15,048,904	15,446,073	14,446,811	13,495,044	13,010,852	12,632,794
Total Net Position	$ 339,708,869	$ 339,487,632	$ 342,639,508	$ 340,714,990	$ 336,174,536	$ 342,758,725	$ 345,424,378	$ 350,369,726	$ 271,313,473	$ 273,519,366

Note: Certain accounts in the prior year columns have been reclassified for comparative purposes to conform to the presentation in the current year column.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

Canadian River Municipal Water Authority
Statements of Revenues, Expenses, and Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Revenues:										
Assessments to members cities										
General O&M Costs	$ 9,228,230	$ 9,259,061	$ 9,541,638	$ 14,924,608	$ 5,762,240	$ 5,937,108	$ 5,859,319	$ 5,653,120	$ 5,302,842	$ 5,197,688
Pumping and chemical costs	5,157,602	6,603,580	7,769,111	5,734,395	7,702,843	8,293,522	7,262,188	7,022,023	7,333,795	6,060,625
Total Operating Revenues	14,385,832	15,862,641	17,310,749	20,659,003	13,465,083	14,230,630	13,121,507	12,675,143	12,636,637	11,258,313
Operating Expenses:										
Personnel costs	4,530,640	4,263,258	4,035,929	4,244,692	3,575,271	3,499,405	3,487,022	3,327,308	3,163,488	3,058,537
Professional fees	169,335	208,868	572,478	1,371,603	241,136	322,364	231,419	211,998	200,237	311,457
Purchased and contracted services	992,745	1,122,773	1,086,755	1,522,484	1,291,355	804,799	647,609	519,833	687,825	741,342
Consumable supplies and materials	1,236,388	1,014,975	876,559	1,225,080	554,067	614,263	705,858	661,177	564,070	481,028
Recurring operating costs	661,653	575,629	630,574	818,568	513,447	453,645	475,080	549,133	538,217	375,056
Depreciation and amortization	3,751,171	3,690,530	3,602,424	3,495,414	3,449,032	3,442,907	3,433,253	3,389,318	3,887,625	3,284,381
Pumping energy and line chemicals	5,157,602	6,603,580	6,926,873	5,140,047	7,289,768	7,722,518	6,605,430	6,642,259	6,969,641	5,799,817
Total Operating Expenses	16,499,534	17,479,613	17,731,592	17,817,888	16,914,076	16,859,901	15,585,670	15,301,026	16,011,103	14,051,618
Operating Income (Loss)	(2,113,702)	(1,616,972)	(420,843)	2,841,115	(3,448,992)	(2,629,271)	(2,464,163)	(2,625,883)	(3,374,466)	(2,793,305)
Non operating Revenues (Expenses):										
Assessments to member cities:										
Debt service interest assessment	6,367,824	6,816,975	7,636,056	8,091,061	8,025,253	9,397,296	8,931,887	9,647,282	6,942,351	7,109,374
Other Income	7,673	7,682	11,721	4,805	8,540	35,613	5,056	3,233	15,273	11,168
Insurance proceeds	(59,018)	59,018	-	-	-	-	-	-	-	-
Gain on disposal of asset	20,036	-	-	9,400	24,342	-	11,070	14,265	-	-
Investment income	730,239	555,247	337,830	165,998	99,989	116,971	112,043	72,255	63,859	102,493
Interest expense	(4,731,815)	(5,381,780)	(5,640,246)	(6,571,925)	(7,673,089)	(9,586,262)	(9,061,016)	(8,171,295)	(5,868,431)	(4,966,148)
Credits to member cities for bond refunding activity	-	(3,379,999)	-	-	(3,111,475)	-	(2,070,000)	-	-	-
Other bond costs	-	(212,047)	-	-	(508,756)	-	(410,224)	(844,526)	(14,281)	(300)
Total Nonoperating Revenues (Expenses)	2,334,939	(1,534,904)	2,345,361	1,699,339	(3,135,196)	(36,382)	(2,481,184)	721,214	1,138,771	2,256,587
Capital Contributions and Transfers:										
Contributions from member cities for bond activity	-	-	-	-	-	-	-	82,630,000	-	22,186,829
Contributions from member cities for low level pump	-	-	-	-	-	-	-	-	29,802	885,943
Total Capital Contributions and Transfers	-	-	-	-	-	-	-	82,630,000	29,802	23,072,772
Increase (Decrease) in Net Position	221,237	(3,151,876)	1,924,518	4,540,454	(6,584,189)	(2,665,653)	(4,945,348)	80,725,331	(2,205,893)	22,536,054
Net Position at Beginning of Year	339,487,632	342,639,508	340,714,990	336,174,536	342,758,725	345,424,378	350,369,726	271,313,473	273,519,366	250,983,312
Prior period adjustment	-	-	-	-	-	-	-	(1,669,078)	-	-
Net Position at End of Year	$ 339,708,869	$ 339,487,632	$ 342,639,508	$ 340,714,990	$ 336,174,536	$ 342,758,725	$ 345,424,378	$ 350,369,726	$ 271,313,473	$ 273,519,366

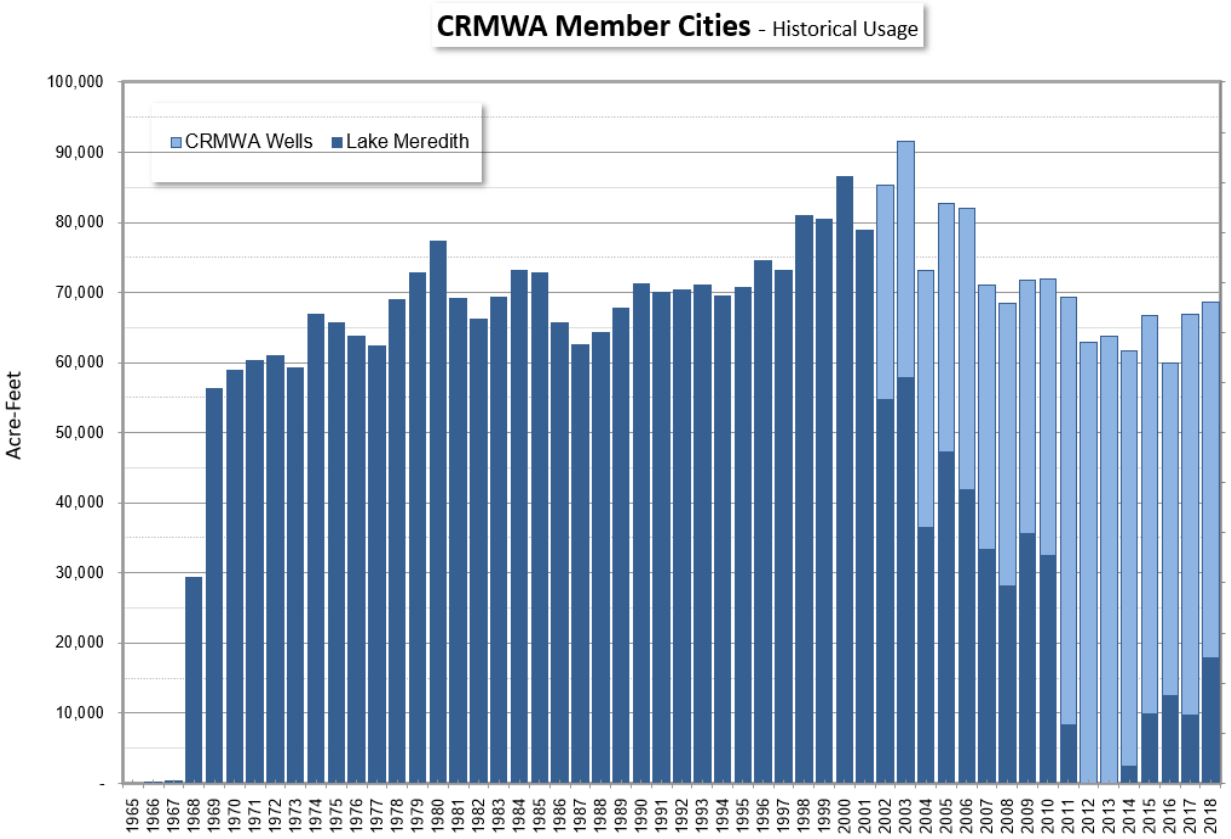
Note: Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

HISTORICAL WATER DELIVERIES TO MEMBER CITIES (Calendar Year)



Historical Usage (Acre-feet)							
Year	Lake	Year	Lake	Year	Lake	Wells	Total
1965	-	1983	69,345	2001	78,842	-	78,842
1966	89	1984	73,223	2002	54,689	30,559	85,248
1967	411	1985	72,810	2003	57,899	33,728	91,627
1968	29,292	1986	65,679	2004	36,518	36,611	73,129
1969	56,229	1987	62,516	2005	47,215	35,501	82,715
1970	58,922	1988	64,332	2006	41,837	40,125	81,962
1971	60,325	1989	67,841	2007	33,430	37,676	71,106
1972	60,954	1990	71,259	2008	28,050	40,442	68,492
1973	59,269	1991	70,028	2009	35,540	36,242	71,782
1974	66,959	1992	70,365	2010	32,405	39,604	72,009
1975	65,702	1993	70,982	2011	8,287	61,039	69,326
1976	63,820	1994	69,426	2012	-	62,909	62,909
1977	62,344	1995	70,686	2013	-	63,786	63,786
1978	69,053	1996	74,480	2014	2,466	59,181	61,647
1979	72,745	1997	73,058	2015	9,934	56,862	66,796
1980	77,241	1998	81,000	2016	12,487	47,455	59,942
1981	69,143	1999	80,474	2017	9,647	57,274	66,921
1982	66,128	2000	86,488	2018	17,931	50,645	68,576

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

Canadian River Municipal Water Authority
Ratios of Outstanding Debt by Issue
Last Ten Fiscal Years

	Fiscal Year									
Contract Revenue Bonds	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Conjunctive Use Groundwater Series 2005	$ -	$ -	$ -	$ -	$ -	$ 850,000	$ 1,665,000	$ 46,130,271	$ 47,046,944	$ 47,933,618
Conjunctive Use Groundwater Series 2005 - 2012 Refunding	35,231,548	37,638,580	39,965,613	42,232,646	44,429,679	45,056,711	45,683,744	-	-	-
Conjunctive Use Groundwater Series 1999 - 2005 Partial Refunding	-	-	-	-	-	15,500,000	18,245,000	20,875,000	23,385,000	25,790,000
Conjunctive Use Groundwater Series 2005 Partial Refunding- 2014 Refunding	2,633,366	5,283,723	7,814,080	10,259,437	12,639,793	-	-	-	-	-
Conjunctive Use Groundwater Series 2006	-	-	-	-	2,190,000	38,065,493	40,138,895	42,117,297	44,005,699	45,809,101
Conjunctive Use Groundwater Series 2006 - 2014 Refunding	26,305,286	29,031,583	31,647,880	34,179,177	34,585,474	-	-	-	-	-
Conjunctive Use Groundwater Series 2009	-	970,000	15,659,960	16,571,988	17,449,015	18,291,043	19,103,070	19,895,098	20,662,125	21,409,153
Conjunctive Use Groundwater Series 2009 - 2017 Refunding	12,388,857	12,502,974	-	-	-	-	-	-	-	-
Bureau of Reclamation Project Series 1999 - 2010 Refunding	-	-	2,259,429	3,428,584	4,567,739	5,671,894	6,741,049	7,775,204	8,774,359	9,748,515
Conjunctive Use Groundwater Series 1999 - 2010 Refunding	987,486	1,437,054	1,871,622	2,291,190	2,705,759	3,275,328	3,824,897	4,354,464	4,869,032	5,373,599
Conjunctive Use Groundwater Series 2011	63,871,972	67,854,077	71,696,183	75,373,288	78,895,394	82,267,500	85,494,605	88,566,711	-	-
Total Outstanding Debt	$ 141,418,515	$ 154,717,991	$ 170,914,767	$ 184,336,310	$ 197,462,853	$ 208,977,969	$ 220,896,260	$ 229,714,045	$ 148,743,159	$ 156,063,986
Per Capita (1)	$ 248	$ 273	$ 308	$ 339	$ 364	$ 389	$ 386	$ 414	$ 274	$ 291

Note: Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.

(1) Population data can be found in the Member City Population section on page 63

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

Canadian River Municipal Water Authority
Member City Population
Last Ten Fiscal Years

Year	Amarillo	Borger	Brownfield	Lamesa	Levelland	Lubbock	O'Donnell	Pampa	Plainview	Slaton	Tahoka	Total
2019	206,876	12,437	9,314	9,463	13,568	264,385	795	21,336	22,194	6,275	2,677	569,320
2018	204,828	12,508	9,314	9,422	13,771	261,946	807	21,336	22,194	6,275	2,677	566,286
2017	202,800	12,631	9,779	9,422	13,966	253,910	807	21,336	22,194	6,275	2,677	554,680
2016	201,430	12,847	9,725	9,422	14,060	252,506	800	21,336	22,194	6,275	2,570	543,220
2015	199,744	12,978	9,757	9,115	14,114	241,322	800	23,043	22,194	6,250	2,553	541,870
2014	198,402	13,024	9,734	9,115	14,080	238,706	800	23,043	22,194	6,200	2,585	537,883
2013	196,336	12,916	9,711	9,115	13,746	236,362	777	22,119	22,121	6,200	2,566	531,969
2012	194,375	13,077	9,693	9,207	13,677	233,651	795	22,326	22,121	6,120	2,608	528,045
2011	195,666	13,240	9,675	9,357	13,610	231,937	813	22,535	22,194	6,122	2,650	527,799
2010	190,695	13,251	9,657	9,422	13,542	229,573	831	22,744	22,194	6,121	2,673	520,703
% Population Change	8.49%	-6.14%	-3.55%	0.44%	0.19%	15.16%	-4.33%	-6.19%	0.00%	2.52%	0.15%	9.34%

Sources: Member City CAFR's, 2000 and 2010 United States Census

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

Canadian River Municipal Water Authority
Assessments to Member Cities
Current Year and Nine Years Ago

	2019			2010		
Member City	Assessments [1]	Rank	Percentage of total Assessments	Assessments [1]	Rank	Percentage of total Assessments
Lubbock	$ 7,814,193	1	39.36%	$ 4,708,018	1	41.57%
Amarillo	6,814,520	2	34.33%	3,939,924	2	34.79%
Pampa	1,174,618	3	5.92%	541,007	3	4.78%
Levelland	842,755	4	4.25%	441,888	5	3.90%
Borger	783,348	5	3.95%	478,129	4	4.22%
Plainview	744,296	6	3.75%	319,663	7	2.82%
Brownfield	647,909	7	3.26%	349,737	6	3.09%
Lamesa	514,857	8	2.59%	298,067	8	2.63%
Slaton	342,882	9	1.73%	165,763	9	1.46%
Tahoka	104,798	10	0.53%	54,195	10	0.48%
O'Donnell	67,868	11	0.34%	28,737	11	0.25%
	$ 19,852,044		100.00%	$ 11,325,128		100.00%

Notes:

1 Assessments to member cities includes General Operation and Maintenance costs (GOM) and Pumping, Chemical and Energy costs (PEC) less groundwater conservation district fees

Source: Canadian River Municipal Water Authority Records

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

Canadian River Municipal Water Authority

Principal Water Customers of the Member Cities

Current Year and Nine Years Ago

		2018			2009		
Name of Customer	City	Average Monthly Consumption (Gallons)	Rank	Percentage of City's Average Annual Water Consumption	Average Monthly Consumption (Gallons)	Rank	Percentage of City's Average Annual Water Consumption
Xcel Energy	Amarillo	216,998,000	1	14.54%	12,151,667		0.94%
Tyson Fresh Meat / IBP	Amarillo	141,704,000	2	9.49%	130,063,167	1	10.07%
Agrium U.S. Inc.	Borger	103,795,250	3	31.82%	72,390,000	2	45.92%
WRB Refining / Phillips 66	Borger	84,684,667	4	25.96%	38,446,000	3	24.39%
TDCJ (Clements & Neal Units)	Amarillo	65,731,000	5	4.40%	28,958,833	5	2.24%
City of Amarillo	Amarillo	52,242,000	6	3.50%	-		0.00%
City of Canyon	Amarillo	27,441,000	7	1.84%	19,166,667	8	1.48%
Sid Richardson	Borger	26,457,833	8	8.11%	22,289,000	6	14.14%
Texas Tech University	Lubbock	25,821,083	9	2.41%	31,944,800	4	3.31%
Orion Engineered Carbon	Borger	23,738,917	10	7.28%	15,052,000	10	9.55%
Lubbock Parks Department	Lubbock	22,899,000		2.14%	21,145,900	7	2.19%
Lubbock ISD	Lubbock	12,883,500		1.20%	19,028,100	9	1.97%
		804,396,250			410,636,134		

The Authority supplied 58%, 30%, and 62% of Amarillo's, Borger's and Lubbock's total water consumption in 2018

The Authority supplied 57%, 43%, and 82% of Amarillo's, Borger's and Lubbock's total water consumption in 2009

Sources: 2009 and 2018 Continuing Disclosure Reports

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

Canadian River Municipal Water Authority
Principal Employers of Member Cities
Current Year and Nine Years Ago

		2018			2009		
Name of Employer	City	Employees	Rank	Percentage of Individual Member City Employment [1]	Employees	Rank	Percentage of Individual Member City Employment [1]
Texas Tech University	Lubbock	5,509	1	3.900%	10,372	1	7.840%
Covenant Health System	Lubbock	5,215	2	3.690%	4,865	2	3.680%
Amarillo Independent School District	Amarillo	4,391	3	2.942%	-		0.000%
United Supermarkets (Corporate)	Lubbock	3,821	4	2.710%	2,832	7	2.140%
TTU Health Sciences Center	Lubbock	3,588	5	2.540%	2,752	8	2.080%
University Medical Center	Lubbock	3,575	6	2.530%	3,150	5	2.380%
Lubbock Independent School District	Lubbock	3,457	7	2.450%	3,606	4	2.730%
CNS Pantex	Amarillo	3,203	8	2.146%	-		0.000%
Baptist/St. Anthony's Health Systems	Amarillo	3,200	9	2.144%	2,900	6	2.342%
City of Lubbock	Lubbock	2,307	10	1.630%	2,392	9	1.810%
Tyson Foods	Amarillo	2,280		1.528%	3,700	3	2.988%
Northwest Texas Healthcare	Amarillo	1,860		1.246%	1,359	10	1.097%
		42,406			37,928		

Notes:

1 The percentage is based on the specific member city employee data - not the member cities employees in total

Source: Member Cities CAFR's

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

Canadian River Municipal Water Authority
Full-time Equivalent Employees by Division
Last Ten Fiscal Years

	Full-time Equivalent Employees as of September 30									
Function	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Management	4	4	4	4	4	4	5	5	5	5
Northern Operations Division	26	26	26	26	25	25	24	24	23	23
Water Quality Division	2	2	2	2	2	2	2	2	2	2
Southern Division	8	8	8	8	8	8	8	8	8	8
Financial Services Division	2	2	2	2	2	2	3	3	3	3
Water Quality Division Logan, New Mexico	2	2	2	2	2	2	2	2	2	2
Total	44	44	44	42	43	44	44	43	43	43

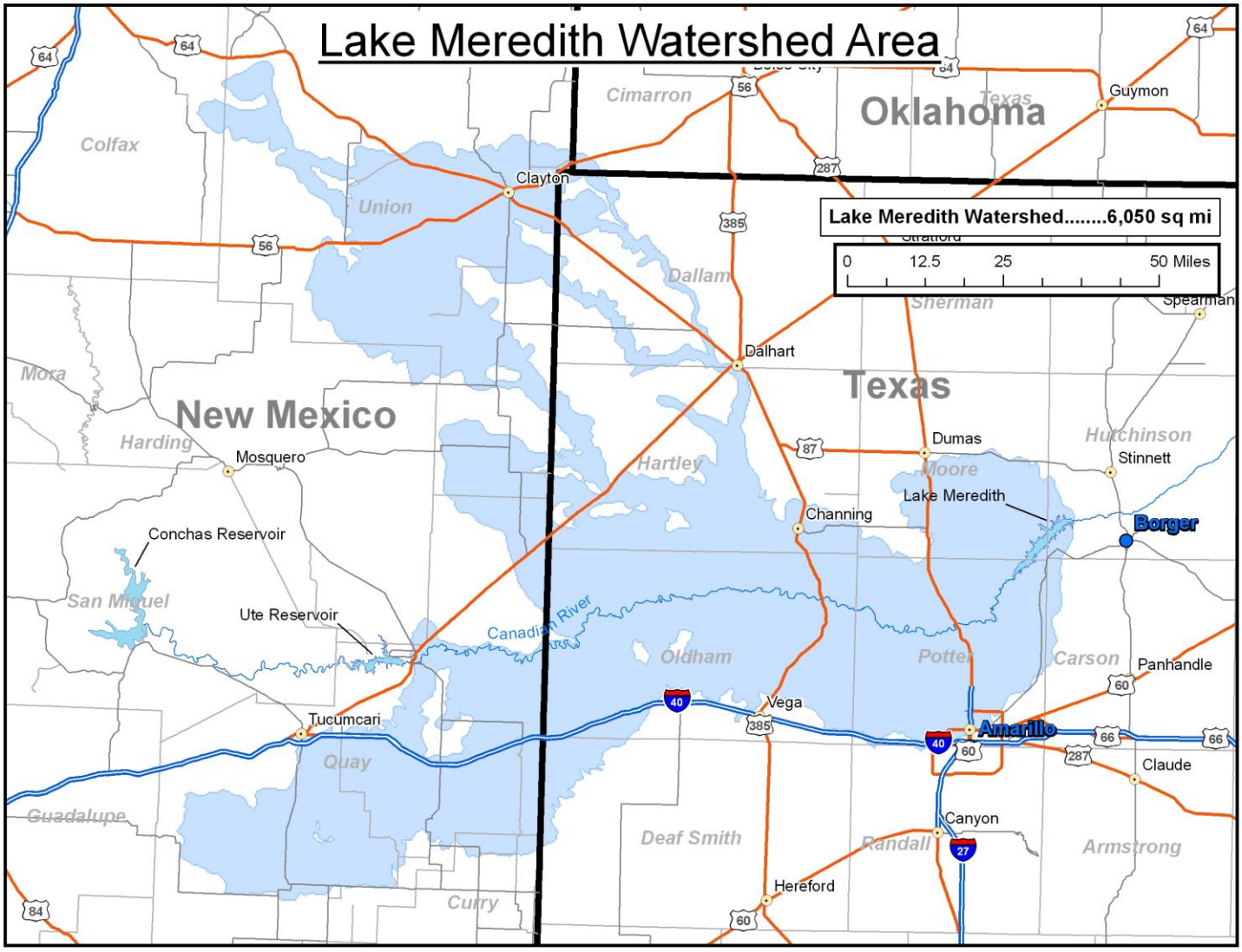
Source: Quarter 3 Form 941 - Employers Quarterly Federal Tax Return

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

LAKE MEREDITH WATERSHED AREA

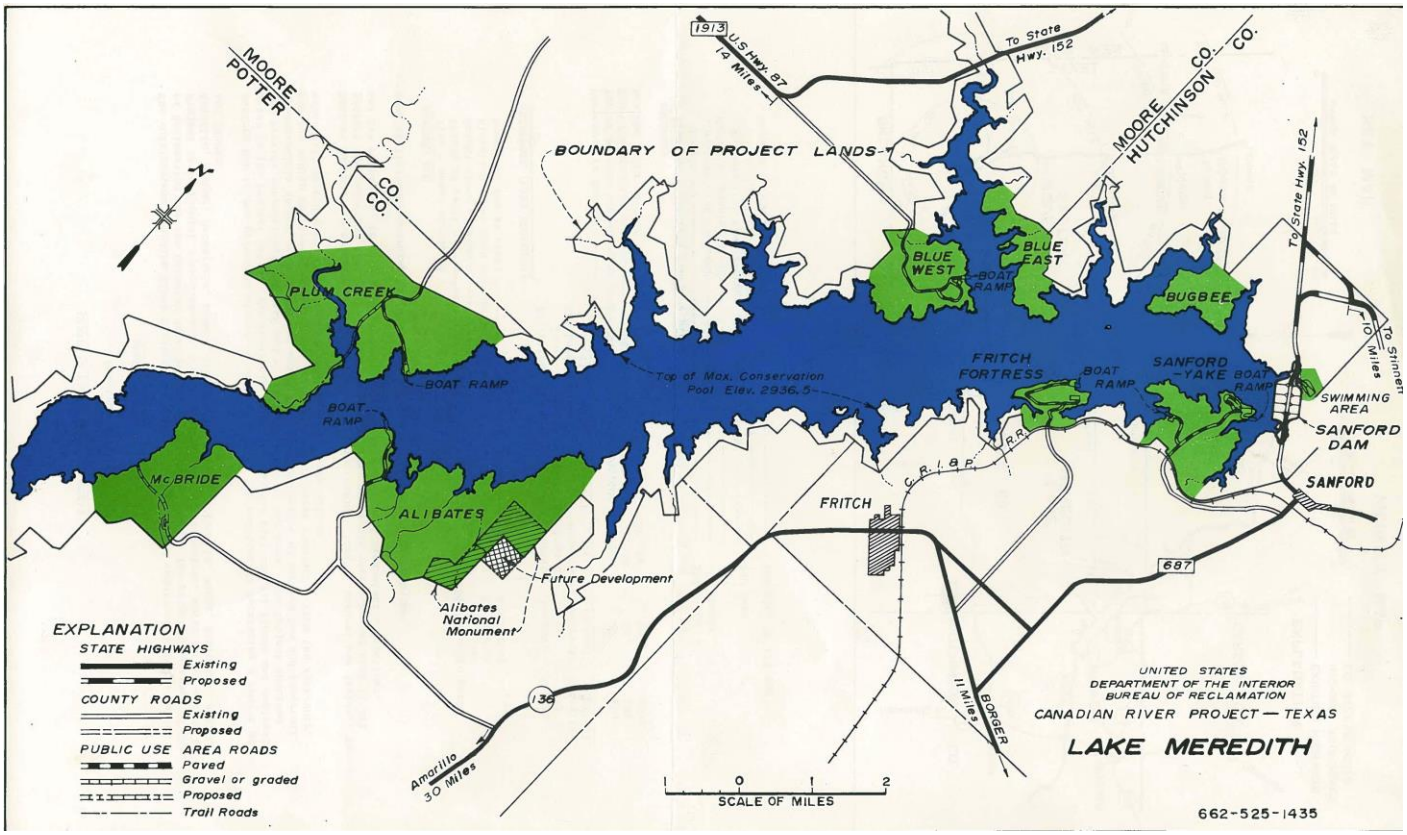


CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

LAKE MEREDITH



Location

Canadian River Mile 508.5

Project Purposes

Flood control, water supply, irrigation, recreation, fish and wildlife

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

LAKE MEREDITH ELEVATIONS AND STORAGES

Feature	Elevation	Reservoir Area (acres)	Original Reservoir Capacity (acre-feet)	Based on 1995 Survey Reservoir Capacity (acre feet)
Top of Dam	3011.0			
Maximum pool	3004.9	30,470	2,434,200	
Top of flood control pool	2965.0 (2)	21,640	1,407,600	
Bottom of flood control pool	2941.3	17,320	945,500	
Top of conservation pool (ultimate)	2941.3	17,320	945,500	
Top of conservation pool (initial)	2936.5	16,500	864,400	817,970
Top of inactive pool	2860.0	4,500	79,200	73,443
Top of dead pool	2850.0	2,770	43,000	38,414
Surcharge storage	2965.0 - 3004.9		1,026,600	
Flood control storage	2941.3 - 2965.0		462,100 (3)	
Conservation storage (initial)	2860.0 - 2941.3		866,300 (4)	
Storage between top of initial and ultimate conservation pools	2936.5 - 2941.3		81,100	
Dead and inactive storage	2813.0 - 2860.0		79,200	

(1) Spillway crest
(2) Contains 36,300 acre-feet for sediment storage
(3) Contains 366,300 acre-feet for sediment storage
(4) The initial top of the conservation pool at elevation 2936.5 provides 500,000 acre-feet of conservation capacity permitted under the terms of the Canadian River Compact with allowance for the portion of the 50-year sediment inflow expected to deposit below the top of the conservation pool. The top of the conservation pool will be raised, as necessary, to elevation 2941.3 to preserve the conservation capacity. Any water temporarily stored between elevations 2936.5 and 2941.3 will be released by the Bureau of Reclamation, or its designated agent, through the river outlet works. Such evacuations will be at rate of 2,800 cfs, or less.
(5) 1995 Volumetric Survey only went up to elevation 2936.50. Elevations above this are assumed to have changed by at least this same value.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

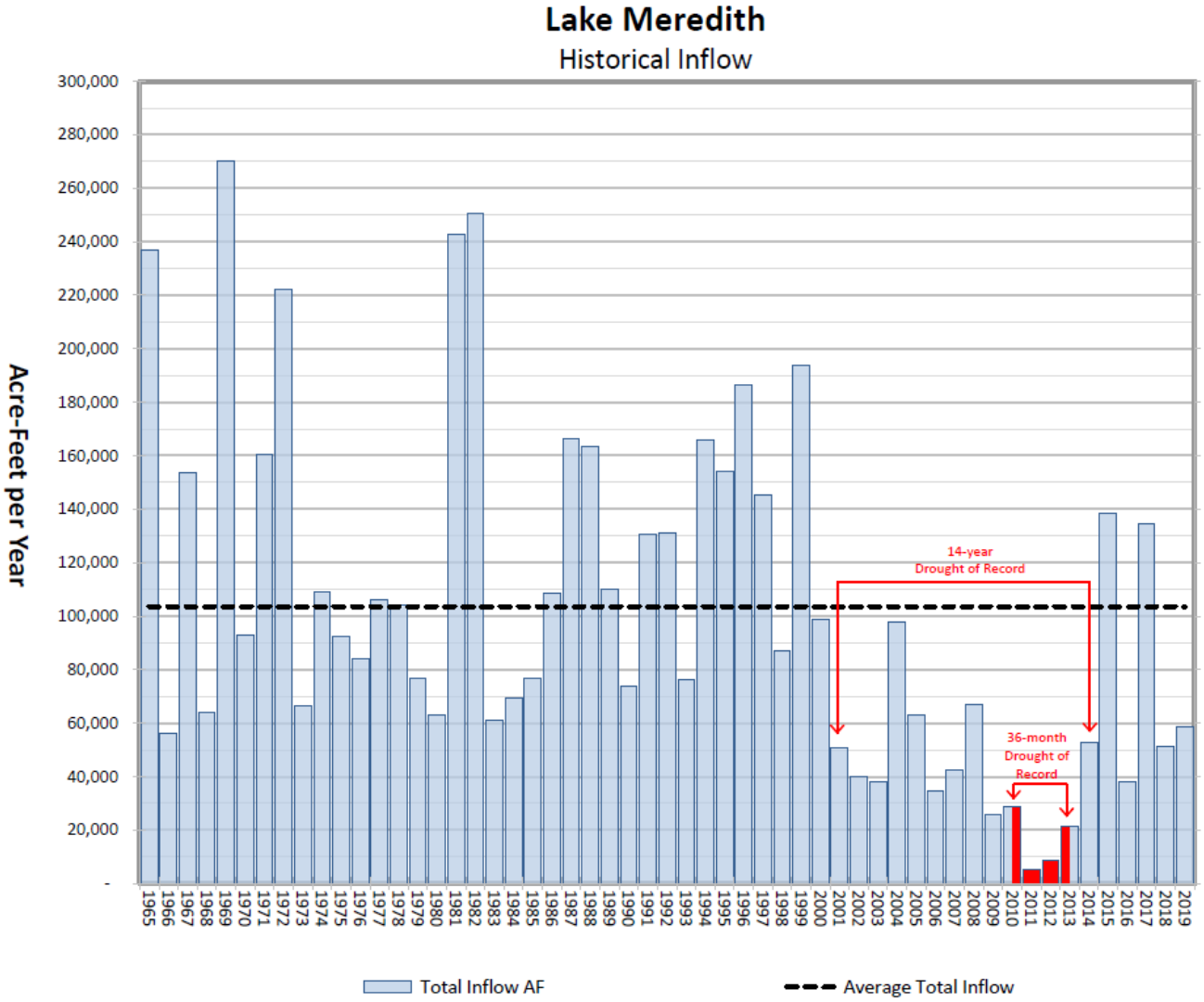
AQUEDUCT SYSTEM

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

HISTORICAL INFLOW (Calendar Year)



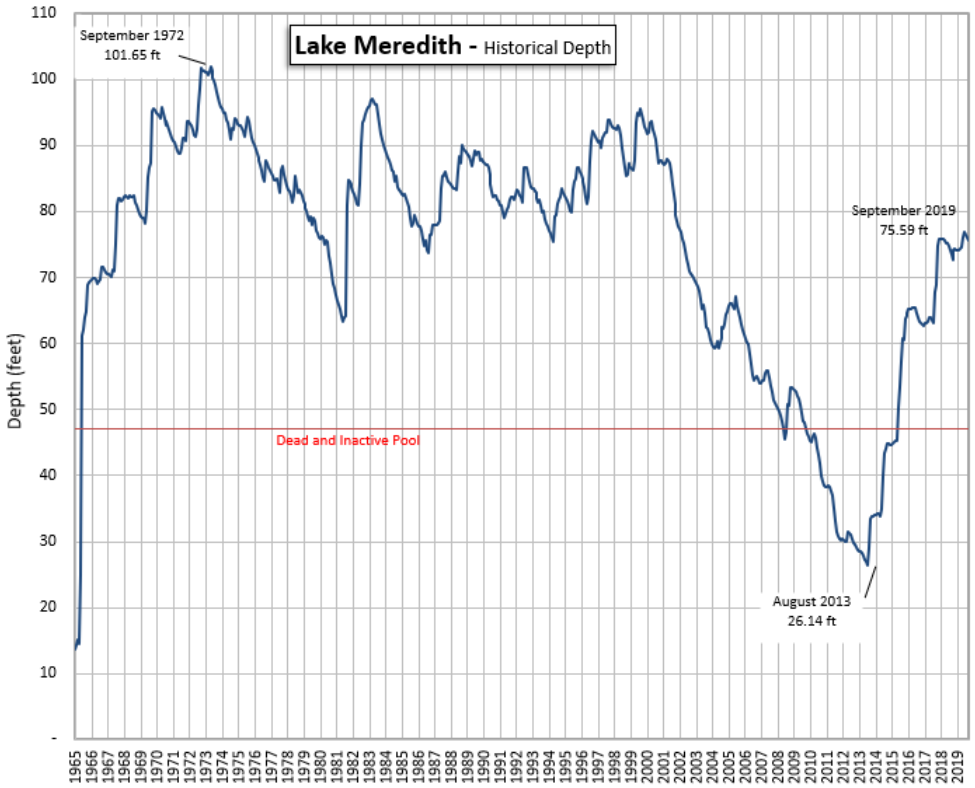
Historical Inflow					
Year	(Acre-Feet)	Year	(Acre-Feet)	Year	(Acre-Feet)
1965	236,666	1984	69,396	2002	40,078
1966	56,171	1985	76,871	2003	37,965
1967	153,525	1986	108,734	2004	97,616
1968	64,270	1987	166,609	2005	62,937
1969	270,416	1988	163,481	2006	34,843
1970	93,092	1989	110,295	2007	42,535
1971	160,553	1990	73,884	2008	66,781
1972	221,987	1991	130,696	2009	25,931
1973	66,422	1992	130,988	2010	28,745
1974	109,340	1993	76,324	2011	5,446
1975	92,222	1994	165,734	2012	8,827
1976	84,150	1995	154,054	2013	21,546
1977	106,319	1996	186,715	2014	52,933
1978	104,088	1997	145,566	2015	138,449
1980	63,060	1998	86,915	2016	38,317
1981	242,804	1999	193,741	2017	134,371
1982	250,560	2000	98,695	2018	51,394
1983	61,316	2001	51,073	as of 9/30/2019	58,516

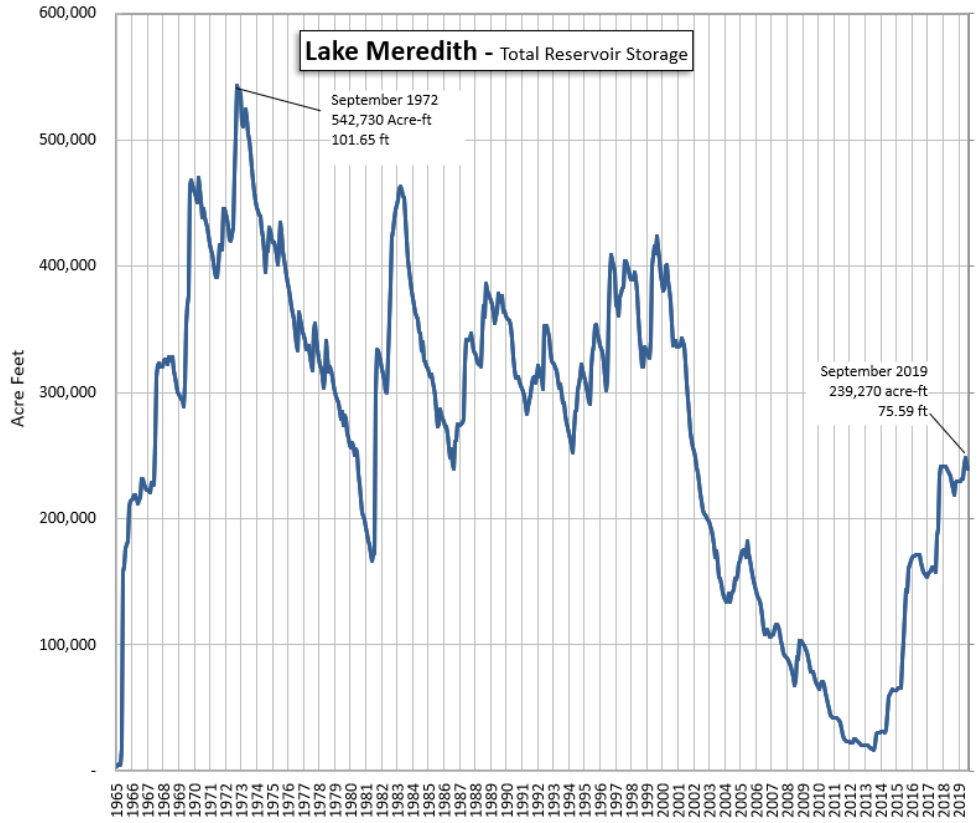
CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

HISTORICAL DEPTH / STORAGE (Calendar Year)





CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

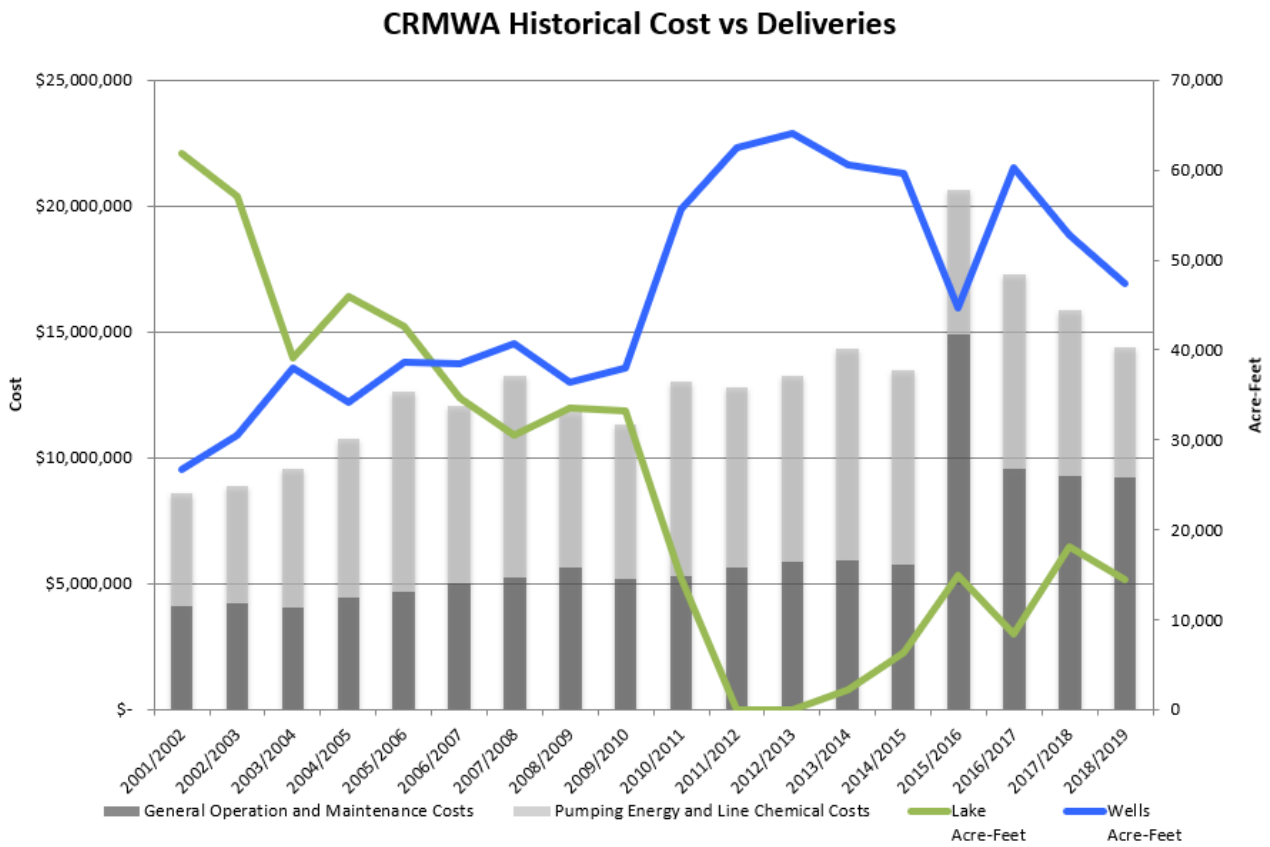
Historical Depth / Storage Levels						
As of September 30	Depth (ft)	Storage (Acre-Feet)		As of September 30	Depth (ft)	Storage (Acre-Feet)
1965	64.87	181898		1993	80.06	292,091
1966	71.60	231,676		1994	82.30	311,989
1967	81.95	322,750		1995	86.69	353,119
1968	81.37	317,224		1996	92.20	409,345
1969	95.16	462,991		1997	93.87	403,934
1970	93.02	438,305		1998	85.47	319,999
1971	91.10	416,842		1999	94.80	414,094
1972	101.65	542,730		2000	87.28	336,736
1973	98.13	477,964		2001	81.04	281,584
1974	92.37	411,876		2002	70.51	203,810
1975	92.38	411,985		2003	62.33	152,310
1976	87.78	364,003		2004	62.21	151,600
1977	86.84	354,724		2005	63.91	161,760
1978	83.23	320,421		2006	55.09	111,890
1979	78.53	278,800		2007	52.71	99,750
1980	70.61	216,208		2008	50.50	89,083
1981	84.73	334,407		2009	47.22	74,381
1982	93.88	427,646		2010	40.00	48,955
1983	91.79	404,961		2011	30.91	24,526
1984	83.76	325,355		2012	29.50	21,873
1985	78.07	275,030		2013	33.50	29,842
1986	76.39	261,078		2014	44.81	64,471
1987	86.05	346,947		2015	60.57	142,050
1988	90.04	386,610		2016	63.28	157,970
1989	89.07	376,692		2017	68.76	192,210
1990	82.34	312,351		2018	72.76	219,170
1991	82.22	311,266		2019	75.59	239,270
1992	85.69	343,502				

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

HISTORICAL COSTS (Fiscal Year)



Fiscal Year	Lake Acre-Feet	Wells Acre-Feet	Total Acre-Feet	Total KWHr	General Operation and Maintenance Costs	Pumping Energy and Line Chemical Costs	Bond Payments [1]	Total Member City Cost	Total Cost per Acre-Foot	Total Cost per 1,000 Gallons
2001/2002	61,867	26,763	88,630	118,501,731	$ 4,099,573	$ 4,483,588	$ 6,359,733	$14,942,894	$ 169	$ 0.52
2002/2003	57,079	30,576	87,654	124,393,081	$ 4,210,200	$ 4,653,083	$ 6,005,785	$14,869,067	$ 170	$ 0.52
2003/2004	39,041	38,043	77,084	120,176,204	$ 4,023,905	$ 5,564,344	$ 6,016,681	$15,604,930	$ 202	$ 0.62
2004/2005	45,915	34,162	80,077	121,047,125	$ 4,441,227	$ 6,309,561	$ 6,316,757	$17,067,545	$ 213	$ 0.65
2005/2006	42,635	38,669	81,304	126,888,698	$ 4,685,346	$ 7,942,665	$ 8,818,664	$21,446,675	$ 264	$ 0.81
2006/2007	34,648	38,392	73,040	119,338,682	$ 5,008,562	$ 7,046,193	$13,694,762	$25,749,517	$ 353	$ 1.08
2007/2008	30,508	40,706	71,215	118,579,357	$ 5,218,898	$ 8,035,218	$12,879,400	$26,133,515	$ 367	$ 1.13
2008/2009	33,552	36,406	69,959	116,086,293	$ 5,634,272	$ 6,181,500	$12,822,044	$24,637,816	$ 352	$ 1.08
2009/2010	33,230	38,018	71,247	123,969,388	$ 5,197,688	$ 6,127,440	$13,753,463	$25,078,591	$ 352	$ 1.08
2010/2011	14,601	55,695	70,297	145,467,623	$ 5,302,842	$ 7,702,444	$14,068,856	$27,074,143	$ 385	$ 1.18
2011/2012	-	62,562	62,562	146,264,706	$ 5,653,120	$ 7,124,401	$19,027,670	$31,805,190	$ 508	$ 1.56
2012/2013	-	64,030	64,030	146,184,719	$ 5,859,319	$ 7,369,273	$19,744,674	$32,973,266	$ 515	$ 1.58
2013/2014	2,131	60,549	62,680	145,272,690	$ 5,937,108	$ 8,392,506	$20,427,944	$34,757,559	$ 555	$ 1.70
2014/2015	6,300	59,676	65,976	145,511,467	$ 5,762,240	$ 7,702,843	$19,306,441	$32,771,524	$ 497	$ 1.52
2015/2016	14,948	44,724	59,672	118,559,009	$ 14,924,608	$ 5,734,395	$19,642,479	$40,301,482	$ 675	$ 2.07
2016/2017	8,408	60,195	68,604	142,272,373	$ 9,541,638	$ 7,769,111	$19,590,967	$36,901,716	$ 538	$ 1.65
2017/2018	18,036	52,860	70,896	141,406,653	$ 9,259,061	$ 6,603,580	$19,477,230	$35,339,871	$ 498	$ 1.53
2018/2019	14,453	47,337	61,790	124,346,198	$ 9,228,230	$ 5,157,602	$18,535,382	$32,921,214	$ 533	$ 1.64

NOTES:

1. Includes both interest and principal

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

MEMBER CITIES' WATER ALLOCATIONS (Fiscal Year)

Water Deliveries to Member Cities												
	Amarillo	Borger	Brownfield	Lamesa	Levelland	Lubbock	O'Donnell	Pampa	Plainview	Slaton	Tahoka	Acre-feet
ACRE-FEET												
FY01-02	35,493	3,597	1,597	1,629	2,005	36,706	147	2,263	3,892	959	342	88,630
FY02-03	35,399	3,799	1,534	1,787	2,024	35,042	146	2,752	3,844	994	333	87,654
FY03-04	32,100	3,966	1,309	1,474	1,580	29,982	141	2,107	3,050	1,056	319	77,084
FY04-05	33,350	3,534	1,260	1,491	1,763	32,981	113	1,297	3,006	1,000	282	80,077
FY05-06	32,967	3,241	1,513	1,729	1,903	32,809	149	2,505	3,052	1,184	252	81,304
FY06-07	31,409	3,731	1,197	1,778	1,545	29,096	115	1,668	1,330	914	257	73,040
FY07-08	26,034	3,383	1,259	1,644	1,565	30,766	126	2,450	2,597	1,093	298	71,215
FY08-09	24,772	3,606	1,363	1,665	1,780	29,764	113	2,485	3,121	959	331	69,959
FY09-10	27,794	3,666	1,334	1,658	1,740	29,367	103	2,632	1,879	785	289	71,247
FY10-11	27,724	4,159	1,496	1,756	1,860	26,943	130	2,306	2,569	1,036	318	70,297
FY11-12	26,862	2,667	1,415	1,219	1,511	23,232	114	2,133	2,237	899	274	62,562
FY12-13	26,810	3,230	1,450	1,090	1,660	23,920	104	2,110	2,370	986	300	64,030
FY13-14	26,969	2,873	1,383	1,040	1,725	22,506	108	2,201	2,607	942	326	62,680
FY14-15	28,861	2,863	1,409	1,081	1,816	24,205	103	1,950	2,587	786	316	65,976
FY15-16	26,815	3,688	1,360	1,212	1,695	19,522	107	2,401	1,790	786	297	59,673
FY16-17	29,660	3,589	1,365	1,193	1,859	24,331	119	2,557	2,704	878	348	68,604
FY17-18	31,046	3,568	1,466	1,145	1,760	25,591	123	2,296	2,592	1,001	308	70,896
FY18-19	25,884	3,132	1,350	1,086	1,707	22,702	109	2,242	2,408	899	270	61,790
Proposed FY19-20	32,982	4,939	1,956	1,939	2,483	32,982	247	6,375	3,285	1,403	409	89,000
FY18-19	41.9%	5.1%	2.2%	1.8%	2.8%	36.7%	0.2%	3.6%	3.9%	1.5%	0.4%	100.0%
Proposed FY19-20	37.1%	5.5%	2.2%	2.2%	2.8%	37.1%	0.3%	7.2%	3.7%	1.6%	0.5%	100.0%
5 yr avg	43.5%	5.2%	2.1%	1.7%	2.7%	35.6%	0.2%	3.5%	3.7%	1.3%	0.5%	100.0%
YTD avg	41.2%	4.8%	1.9%	2.0%	2.4%	38.8%	0.2%	3.1%	3.7%	1.3%	0.4%	100.0%

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2019

GENERAL OPERATION AND MAINTENANCE BUDGET COMPARISON

CRMWA (includes CORP)	2017 - 2018 Final Budget	2018 - 2019 Final Budget	2018/2019 Budget vs 2017/2018 Budget	
TOTAL PAYROLL EXPENSES	$ 4,243,583	$ 4,523,392	$ 279,809	6.59%
TOTAL PROFESSIONAL FEES	354,275	$ 244,375	$ (109,900)	(31.02%)
TOTAL CONTRACTED SERVICES	253,968	$ 370,016	$ 116,048	45.69%
TOTAL CONSUMABLE SUPPLIES	1,121,199	$ 1,223,105	$ 101,906	9.09%
TOTAL RECURRING EXPENSES	759,519	$ 678,305	$ (81,214)	(10.69%)
TOTAL CAPITAL OUTLAY	362,200	$ 100,000	$ (262,200)	(72.39%)
TOTAL RESERVE CONTRIBUTIONS	2,000,000	2,000,000	$ -	-
CRMWA CORP:				
OPERATING EXPENSES	428,546	449,689	$ 21,143	4.93%
RESERVE CONTRIBUTION	225,000	225,000	$ -	-
GRAND TOTAL O&M	**$ 9,748,290**	**$ 9,813,882**	**$ 65,592**	**0.67%**

Notes:

* Refer to page 56 for the reconciliation of the general operation and maintenance budget to the budget for operating expenses.

CRMWA BUDGET SUMMARY FY18/19

CITY	Estimated O&M	Estimated PEC	Bond Payments	TOTAL	Allocation 1,000 gal	Cost per 1,000 gal
AMARILLO	$ 3,128,183	$ 3,686,338	$ 8,348,036	$ 15,162,557	11,954,632	$ 1.27
BORGER	391,688	391,660	1,159,329	1,942,677	1,790,066	1.09
BROWNFIELD	322,108	325,801	451,706	1,099,615	709,058	1.55
LAMESA	293,164	221,693	447,804	962,661	702,929	1.37
LEVELLAND	390,592	452,162	498,332	1,341,086	900,033	1.49
LUBBOCK	4,043,890	3,770,303	5,717,632	13,531,825	11,954,632	1.13
O'DONNELL	39,584	28,284	41,725	109,593	89,681	1.22
PAMPA	525,366	649,252	693,861	1,868,479	2,310,730	0.81
PLAINVIEW	368,772	375,525	758,560	1,502,857	1,190,689	1.26
SLATON	182,538	160,343	323,867	666,748	508,406	1.31
TAHOKA	57,997	46,801	94,529	199,327	148,393	1.34
FY17/18 Budget Allocated to Member Cities	**$ 9,743,882**	**$10,108,162**	**$18,535,381**	**$ 38,387,425**	**32,259,249**	**$ 1.19**
BOR Share - Dam & Reservoir	70,000					
Total FY18/19 Original Budget	**$ 9,813,882**	**$10,108,162**	**$18,535,381**	**$ 38,387,425**		

NOTE:

Based on estimated usage of 99,000 AF (32 billion gallons). Approximately 69,000 AF Groundwater and 30,000 AF Lake water.

Canadian River Municipal Water Authority

Amarillo Borger Brownfield Lamesa Levelland Lubbock O'Donnell Pampa Plainview Slaton Tahoka

CRMWA

* Since 1953 *

DOSHIER, PICKENS & FRANCIS, LLC
CERTIFIED PUBLIC ACCOUNTANTS
301 S. Polk, Suite 800 P.O. Box 9938
Amarillo, TX 79105-5938 806.373.3011
Fax: 806.376.8126 www.dpfcpa.com

To the Board of Directors
Canadian River Municipal Water Authority
Sanford, Texas

Independent Auditors' 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*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Canadian River Municipal Water Authority (the Authority) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Canadian River Municipal Water Authority'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 opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority'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 our 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 Canadian River Municipal Water Authority'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 our 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 this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Doshier, Pickens & Francis, LLC

Doshier, Pickens & Francis, LLC
December 9, 2019

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