

**APPLICATION FOR FINANCIAL ASSISTANCE  
FOR WATER AND WASTEWATER INFRASTRUCTURE PROJECTS**

This application is comprehensive, covering all loan and grant assistance applications for water and wastewater infrastructure financing through the various Texas Water Development Board (TWDB) programs. The format of the application is intended to expedite the review process for both the applicant and TWDB staff. This application can be used by political subdivisions, including water supply corporations.

Please submit one double-sided original and one indexed, electronic copy, via electronic storage media such as CD or flash drive using MS Word, Excel and/or Adobe Acrobat.

Please submit your application to:

Texas Water Development Board  
Water Supply and Infrastructure-Regional Water Planning and Development  
P O Box 13231  
1700 N. Congress Avenue, 5<sup>th</sup> Floor  
Austin, Texas 78711-3231  
(78701 for courier deliveries)

A complete application consists of all of the applicable information and forms requested in this document. When preparing this application please review the Application and all Guidance and Forms, listed at the end.

For more information, please contact your Regional Project Implementation Team at:

[http://www.twdb.texas.gov/financial/programs/swift/regional\\_project\\_teams.asp](http://www.twdb.texas.gov/financial/programs/swift/regional_project_teams.asp)

Thank you.

**TWDB Use Only**

Name of Applicant: \_\_\_\_\_

Date application received: \_\_\_\_\_

Date administratively complete: \_\_\_\_\_

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

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Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

**Part A: General Information**

1. The legal authority under which the applicant was created and operates.
  - a)  TYPE A GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.001)
  - b)  TYPE B GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.002)
  - c)  TYPE C GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.003)
  - d)  HOME-RULE MUNICIPALITY (Texas Local Gov't Code Sec. 5.004)
  - e)  SPECIAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.005)
  - f)  NONPROFIT ORGANIZATION (Business Organization Code Chapter 22)
  - g)  NONPROFIT WATER SUPPLY OR SEWER SERVICE CORP. (Texas Water Code Chapter 67)
  - h)  ALL DISTRICTS (Texas Water Code Chapter 49)
  - i)  OTHER (attach)

2. Applicant Name and Contact Information:

<b>Name:</b>	Lone Star Regional Water Authority
<b>County:</b>	Bell and Williamson Counties
<b>Physical Address:</b>	113 Lime Stone Jarrell, Texas 76537
<b>Mailing Address:</b>	P.O. Box 554 Jarrell, Texas 76537
<b>Phone:</b>	512 571-8844
<b>Fax:</b>	512 218-1668
<b>Website:</b>	<a href="http://lonestarwater.org/about-us/">http://lonestarwater.org/about-us/</a>

3. Brief description of the project: The Brazos River Authority (BRA) has a 14 MGD water treatment plant (partially funded by the TWDB) on the south side of Lake Granger. BRA has a 36" potable water line from the plant heading west to Circleville. Lone Star Regional Water Authority (LSRWA) intends to buy treated water from BRA and tie into the existing 36" line and construct a portion of the EWCRWTS Pipeline from Circleville to Interstate 35 in Jarrell. Storage tanks and pump stations and 23 miles of 24" line will be constructed as a part of the project. Participants in the Project will become wholesale water customers of LSRWA. The participants are the City of Jarrell, Jarrell-Schwertner Water Supply Corporation, Central Texas Regional Water Supply Corporation, BMF Water Supply Corporation, Sonterra MUD, CL&L MUD and possibly Jonah Water Special Utility District.

4. Applicant's Officers and Members:

<b>Name</b>	<b>Office Held</b>
Landy Warren	President
David Marshall	Vice President
Sonny Kretzschmar	Board Secretary
Keith Odom	Assistant Board Secretary
Mike Fisher	Director
Ken Henroy	Director
Buck Jones	Director
Jeff Stockton	Director

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

5. Applicant's **primary contact person** for day-to-day project implementation.

<b>Name:</b>	Dan Dodson
<b>Title:</b>	General Manager
<b>Address:</b>	113 Lime Stone Jarrell, Texas 76537
<b>Phone:</b>	512 751-8844
<b>Fax:</b>	512 218-1668
<b>Email:</b>	danwaterauth@gmail.com

6. Applicant's Consultants (Attach copies of all draft and/or executed contracts for consultant services to be used by the Applicant in applying for financial assistance or constructing the proposed project.):

a) Applicant Engineer N/A

<b>Firm Name:</b>	S. D. Kallman, L.P.
<b>Contact:</b>	Steve Kallman
<b>Address:</b>	1106 S. Mays Suite 101 Round Rock, Texas 78664
<b>Phone:</b>	512 218-4404
<b>Fax:</b>	512 218-1668
<b>Email:</b>	steve@sdkallman.com

b) Bond Counsel N/A

<b>Firm Name:</b>	McCall Parkhurst & Horton L.L.P.
<b>Contact:</b>	Joe Bart Fowler
<b>Address:</b>	600 Congress Avenue Suite 1800 Austin, TX 78701
<b>Phone:</b>	512-478-3805
<b>Fax:</b>	512 472-0871
<b>Email:</b>	jbfowler@mphlegal.com

c) Financial Advisor N/A

<b>Firm Name:</b>	Specialized Public Finance Inc.
<b>Contact:</b>	Steven Adams, CFA
<b>Address:</b>	4925 Greenville Avenue, Suite 465 Dallas, Texas 75206
<b>Phone:</b>	214 373-39411
<b>Fax:</b>	214 373-39143
<b>Email:</b>	steven@spubfin.com

d) Certified Public Accountant (or other appropriate rep) N/A

<b>Firm Name:</b>	
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Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

<b>Contact:</b>	
<b>Address:</b>	
<b>Phone:</b>	
<b>Fax:</b>	
<b>Email:</b>	

e) Legal Counsel (if other than Bond Counsel) N/A

<b>Firm Name:</b>	
<b>Contact:</b>	
<b>Address:</b>	
<b>Phone:</b>	
<b>Fax:</b>	
<b>Email:</b>	

f) Any other consultant representing the Applicant before the Board N/A

<b>Firm Name:</b>	
<b>Contact:</b>	
<b>Address:</b>	
<b>Phone:</b>	
<b>Fax:</b>	
<b>Email:</b>	

7. List the counties within the Applicant's service area. Williamson and Bell Counties
8. Identify the Applicant's total service area population: Estimated Participant population – 8,200
9. Applicant is requesting funding from which programs? Check all that apply.

	PROGRAM	AMOUNT REQUESTED
a) <input type="checkbox"/>	Drinking Water State Revolving Fund (DWSRF)	\$ _____
b) <input type="checkbox"/>	Clean Water State Revolving Fund (CWSRF)	\$ _____
c) <input type="checkbox"/>	Texas Water Development Fund (DFund)	\$ _____
d) <input type="checkbox"/>	State Participation	\$ _____
e) <input type="checkbox"/>	Rural Water Assistance Fund (RWAFF)	\$ _____
f) <input checked="" type="checkbox"/>	State Water Implementation Fund for Texas (SWIFT)	\$ <u>\$27,700,000</u>
g) <input type="checkbox"/>	Economically Distressed Areas Program (EDAP)	\$ _____
h) <input type="checkbox"/>	If other please explain: _____	\$ _____

10. Other Funding Sources: Provide a list of any other funding source(s) being utilized to complete the project, including Applicant's local contribution, if any, or commitments applied for and/or received from any other funding agency for this project or any aspect of this project. **Provide commitment letters if available. Additional funding sources must be included within the Project Budget (TWDB-1201).**

Funding Source	Type of Funds (Loan/Grant)	Amount (\$)	Date Applied for Funding	Anticipated or Funding Secured Date

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

<b>Total Funding from All Sources</b>		\$		

Comments: \_\_\_\_\_

11. Applicant is requesting funding for which phase(s)? Check all that apply.

- X Planning
- X Acquisition
- X Design
- X Construction

12. Is Applicant requesting funding to refinance existing debt?

- Yes If yes, attach a copy of the document securing the debt to be refinanced.
- Attached document**
- X No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

**Part B: Legal Information**

13. Cite the legal authority under which the Applicant can issue the proposed debt including the authority to make a proposed pledge of revenues.

Article 16, Section 59, of the Texas Constitution; Special District Local Laws Code, Title 6, Subtitle F, Chapter 8364, as amended; and Chapters 49 and 54 of the Texas Water Code

14. What type of pledge will be used to repay the proposed debt?

- Systems Revenue
- Taxes
- Combination of systems revenues and taxes
- X Other (Contract Revenue, etc.)

15. Provide the full legal name of the security for the proposed debt issue(s). Lone Star Regional Water Authority Contract Revenue Bonds, Taxable Series 2015A, Lone Star Regional Water Authority Contract Revenue Bonds, Series 2015A, Lone Star Regional Water Authority Contract Revenue Bonds, Taxable, Series 2015B, Lone Star Regional Water Authority Contract Revenue Bonds, Series 2015B

16. Describe the pledge being offered and any existing rate covenants. Contract payments of participants as more fully defined in the attached Bond Resolution.

Bonds issued will be payable from and secured by a first lien on and pledge of all of the gross revenues or payments received by the Issuer from the Sponsoring Entities under the Contract.

17. Attach the resolution from the governing body requesting financial assistance.

TWDB-0201A (<http://www.twdb.texas.gov/financial/instructions/>)  
X **Attached Resolution**

18. Attach the Application Affidavit

TWDB-0201 (<http://www.twdb.texas.gov/financial/instructions/>)  
X **Attached Applicant Affidavit**

19. Attach the Certificate of Secretary

TWDB-201B (<http://www.twdb.texas.gov/financial/instructions/>)  
X **Attached Certificate of Secretary**

20. Is the applicant a Water Supply Corporation (WSC)?

- Yes If yes, attach each of the following:
  - Articles of Incorporation**
  - Certificate of Incorporation from the Texas Secretary of State evidencing that the current Articles of Incorporation are on file with the Secretary**
  - By-laws and any amendments**

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- Certificate of Status from the Texas Secretary of State (i.e. Certificate of Existence)**
- Certificate of Account Status from the Texas Comptroller of Public Accounts (certifies that the WSC is exempt from the franchise tax and that the WSC is in good standing).**

X No

21. Is the applicant proposing to issue revenue bonds?

- X Yes If yes, attach copies of the most recent resolution/ordinance(s) authorizing any outstanding parity debt. This is essential to insure outstanding bond covenants are consistent with covenants that might be required for TWDB financing.
- X **Attached resolution/ordinance(s)**

No

22. Does the applicant possess a Certificate of Convenience and Necessity (CCN)?

- Yes If yes, attach a copy of the CCN and service area map showing the areas the applicant is allowed to provide water or wastewater services.
- Attached CCN and service area map**
- No If no, indicate the status of the CCN. \_\_\_\_\_
- X N/A

23. Has the applicant been the subject of any enforcement action by the Texas Commission on Environmental Quality (TCEQ), the Environmental Protection Agency (EPA), or any other entity within the past three years?

- Yes If yes, attach a brief description of every enforcement action within the past three years and action(s) to address requirements.
- Attached**
- X No

24. Are any facilities to be constructed or the area to be served within the service area of a municipality or other public utility?

- Yes If yes, has the applicant obtained an affidavit stating that the utility does not object to the construction and operation of the services and facilities in its service area?
- If yes, attach a copy of the affidavit.
- Attached affidavit**
- If no, provide an explanation as to why not. \_\_\_\_\_

X No

25. If the assistance requested is more than \$500,000 a Water Conservation Plan (WCP) is required. The WCP cannot be more than **FIVE** years old and must have been adopted by the applicant. Has the applicant adopted a Board-approved WCP? (Check one and attach requested information, if any.)

- Yes Enter date of Applicant's WCP adoption: \_\_\_\_\_
- No If no, attach a copy of a draft Water Conservation Plan and Drought Contingency Plan prepared in accordance with the TWDB WCP Checklist (<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1968.pdf>)



Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- Attached Draft WCP and Drought Contingency Plan**
- Attached Utility Profile TWDB-1965**  
<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1965.pdf>  
(Request is \$500,000 or less per Water Code §§ 15.106(c), 17.125(c), 17.277(c), and 17.857(c))
- N/A

**Note:** If the applicant will utilize the project financed by the TWDB to furnish services to another entity that in turn will furnish services to the ultimate consumer, the requirements for the WCP may be met through contractual agreements between the applicant and the other entity providing for establishment of a water conservation plan. The provision requiring a WCP shall be included in the contract at the earliest of: the original execution, renewal or substantial amendment of that contract, or by other appropriate measures.

26. Does the applicant provide retail water services?
- Yes If yes, has the applicant already submitted to the TWDB the annual water use survey of groundwater and surface water for the last **THREE** years?
    - Yes
    - No If no, please download survey forms and attach a copy of the completed water use surveys to the application.  
<http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>  
 **Attached Water Use Survey**
  - X No
27. Is the applicant a retail public utility that provides potable water?
- Yes If yes, has the applicant already submitted the most recently required water loss audit to the TWDB?
    - Yes
    - No If no, and if applying for a water supply project, please complete the online TWDB Water Audit worksheet found at <http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp> and attach a copy to the application.  
 **Attached TWDB Water Audit worksheet**
  - X No
28. Does the Applicant provide wastewater services?
- Yes
  - X No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

**Part C: Financial Information**

**Regional or wholesale providers, complete questions 29-31.**

**Retail providers, complete questions 32-34.**

29. List top **TEN** customers of the system by annual usage in gallons and percentage of total usage, including whether any are in bankruptcy.

Customer Name	Annual Usage (gal)	Percent of Usage	Bankruptcy (Y/N)
Sonterra MUD	3.9 mgd	37.14%	no
CL&L MUD	2.3 mgd	21.90	no
Central Texas WSC	1.5 mgd	14.29	no
Jarrell-Schwertner WSC	1.5 mgd	14.29	no
City of Jarrell	1.0 mgd	9.52	no
Bell Milam Falls WSC	.3 mgd	2.86	no

Comments: \_\_\_\_\_

30. List the top TEN customers of the system by gross revenues and percent of total revenues, including whether any are in bankruptcy

System revenues will be bases on capacity and usage. The capacity charge will cover all fixed costs, including all debt service. The usage charge will be demand based and are not yet known at this time.

31. Provide a summary of the wholesale contracts with customers

See Number 29 above. All customers are wholesale.

32. List top **TEN** customers of the water and/or wastewater system by annual revenue with corresponding usage and percentage of total use, including whether any are in bankruptcy.

a. **WATER**

See number 29

b. **WASTEWATER**

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

NA

33. Current Average Residential Usage and Rate Information

Lone Star Regional Water Authority is a wholesale provider only.

34. Provide the number of customers for each of the past five years.

Lone Star Regional Water Authority is a newly created entity.

**All applicants complete questions 35-51 of the financial section, as applicable.**

**Not applicable**

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).

None

36. Has the applicant ever defaulted on any debt?

Yes If yes, disclose all circumstances surrounding prior default(s). \_\_\_\_\_  
 No

37. Does the applicant have taxing authority?

Yes  
 No

38. Provide the last five-years of data showing total taxable assessed valuation including net ad valorem taxes levied, corresponding tax rate (detailing debt service and general purposes), and tax collection rate.

NA

Comments: \_\_\_\_\_

39. Attach the last five-years of tax assessed values delineated by Classification (Residential, Commercial and Industrial). **If applicant does not have taxing authority, provide the assessed values of the county.**

a)  2014 attached  
b)  2013 attached  
c)  2012 attached

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- d)  2011 attached
- e)  2010 attached

40. Attach the direct and overlapping tax rate table:  
 Attached tax rate table

41. Provide the current top **TEN** taxpayers showing percentage of ownership to total assessed valuation. State if any are in bankruptcy and explain anticipated prospective impacts in the Comments blank, below. If any of these have changed in the past three years, please provide information on the changes to the top ten.

Comments: \_\_\_\_\_

42. Provide the maximum tax rate permitted by law per \$100 of property value. \_\_\_\_\_

43. Does the applicant collect sales tax?  
 Yes Provide the sales tax collection history for the past five years.

X No

44. Indicate the tax status of the proposed loan?

- X Tax-Exempt
- X Taxable

Project Costs	Taxable			Tax Exempt			Grand Total	
	Board Participation	Low Interest Rate Loan	Total	Board Participation	Low Interest Rate Loan	Total		
Construction Costs	\$ 20,689,850	\$ 4,965,564	\$ 1,241,391	\$ 6,206,955	\$ 11,586,316	\$ 2,896,579	\$ 14,482,895	\$ 20,689,850
Contingency	2,075,150	498,036	124,509	622,545	1,162,084	290,521	1,452,605	2,075,150
Engineering etc.	3,465,000	831,600	207,900	1,039,500	1,940,400	485,100	2,425,500	3,465,000
ROW, easement, etc.	600,000	144,000	36,000	180,000	336,000	84,000	420,000	600,000
Subtotal	\$ 26,830,000	\$ 6,439,200	\$ 1,609,800	\$ 8,049,000	\$ 15,024,800	\$ 3,756,200	\$ 18,781,000	\$ 26,830,000
COI	800,000	192,000	48,000	240,000	448,000	112,000	560,000	800,000
Total	\$ 27,630,000	\$ 6,631,200	\$ 1,657,800	\$ 8,289,000	\$ 15,472,800	\$ 3,868,200	\$ 19,341,000	\$ 27,630,000

45. Proforma (Select one of the four listed below) Please be sure the proforma reflects the schedule requested, including multi-phased funding options.
- a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding:
    - projected gross revenues
    - operating and maintenance expenditures
    - outstanding and proposed debt service requirements

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- X net revenues available for debt service and coverage of current and proposed debt paid from revenues
  
- b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:
  - outstanding and proposed debt service requirements
  - the tax rate necessary to repay current and proposed debt paid from taxes
  - list the assumed collection rate and tax base used to prepare the schedule
  
- c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:
  - projected gross revenues, operating and maintenance expenditures, net revenues available for debt service
  - outstanding and proposed debt service requirements
  - the tax rate necessary to pay the current and proposed debt
  - list the assumed collection rate and tax base used to prepare the schedule
  
- d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service.
  - Attached
  
- 46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.
  - Attached Operating Statement.**
  
- 47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.
  - Attached Annual Audit**
  - Attached Management Letter**
  - If applicable, attached interim financial information**
  
- 48. Does the applicant have any outstanding debt? (Check all that apply)
  - Yes, General obligation debt
  - Yes, Revenue debt
  - Yes, Authorized but unissued debt
  - X No
  
- 49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.
  - a. General Obligation Debt:
    - Yes
      - Attached schedule. The schedule should also identify the debt holder.**
    - X No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- b. Revenue:  
 Yes  
 **Attached schedule. The schedule should also identify the debt holder.**  
 No

- c. Authorized by Unissued Debt:  
 Yes  
 **Attached schedule. The schedule should also identify the debt holder.**  
 No

50. List the ten largest employers of the Applicant's service area:

Williamson County largest employers:

Name	Number of Employees
Dell Computer	14,000
Round Rock ISD	5,700
Leander ISD	3,984
Georgetown ISD	1,630
Williamson County	1,530
Sears (Teleserve)	1,500
HEB Grocery	939
Scott & White Hospital	913
City of Round Rock	824
Emerson Process Management	750

No anticipated changes, source, Williamson County.

51. Provide any current bond ratings with date received.

None

52. Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.

No.  **Attached**

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

### Part D: Project Information

53. Description of Project Need (for example, is the project needed to address a current compliance issue, avoid potential compliance issues, extend service, expand capacity, etc.):

Extend treated water service pursuant to strategy form the 2011 State Water Plan, Page 4B, 17-19 & 20. (Attached)

54. Description of Project, including a bulleted list of project elements/components, and alternatives considered (including existing facilities):

The Brazos River Authority (BRA) has a 14 MGD water treatment plant (partially funded by the TWDB) on the south side of Lake Granger. BRA has a 36" potable water line from the plant heading west to Circleville. Lone Star Regional Water Authority (LSRWA) intends to buy treated water from BRA and tie into the existing 36" line and construct a portion of the EWCRWTS Pipeline from Circleville to Interstate 35 in Jarrell. Storage tanks and pump stations and 23 miles of 24" line will be constructed as a part of the project. Participants in the Project will become wholesale water customers of LSRWA. The participants are the City of Jarrell, Jarrell-Schwertner Water Supply Corporation, Central Texas Regional Water Supply Corporation, BMF Water Supply Corporation, Sonterra MUD, CL&L MUD and possibly Jonah Water Special Utility District.

A complete preliminary engineering feasibility data must include:

- a. A description and purpose of the project, including existing facilities.
  - Note: CWSRF and DWSRF must address issues scored in Intended Use Plan submittal **Attached**
- b. **If project is for Construction only, then attach** the appropriate Engineering Feasibility Report:
  - a) **Water** (TWDB-0555 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0555.pdf>)  
 **Attached**
  - b) **Wastewater** (TWDB-0556 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0556.pdf>)  
 **Attached**
- c. DWSRF applicants must complete a Projected Draw Schedule (TWDB-1202 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-1202.xls>)

55. Water Made Available (For projects requesting a construction component):

- a. *New supply 5,880(August) to 11.760 (Peak) (acre-feet/year) \$27,700,000 (\$) capital cost*
  - o The **increase** in the total annual volume of water supply that will be made available to the recipient(s) by the proposed project.
  - o Water Plan project examples: new groundwater wells, reservoir development, pipelines to sources.



Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- b. *New Conservation savings* \_\_\_\_\_ (*acre-feet/year*) \_\_\_\_\_ (*\$*) *capital cost*
- Annual volume of anticipated water savings resulting from implementation of the proposed conservation project including water loss) and other conservation activities,
  - Water Plan project examples: municipal conservation, advanced Water Conservation, on-farm conservation, brush control, irrigation conservation.
- c. *New Reuse supply* \_\_\_\_\_ (*acre-feet/year*) \_\_\_\_\_ (*\$*) *capital cost*
- Increase in the annual volume of (direct or indirect) reuse water supply that will be made available to the recipient(s) by the proposed project.
  - Water Plan project examples: direct reuse, non-potable reuse, recycled water programs.
- d. *Maintenance of Current Supply* \_\_\_\_\_ (*acre-feet/year*) \_\_\_\_\_ (*\$*) *capital cost*
- Volume of recipients' current supplies that will be maintained by implementing the proposed project
  - Water Plan project examples: None. Not a water plan project. (Examples of these type projects: treatment rehabilitation, system storage facilities, system upgrades).

56. Project Location:

Attach a map of the service area and drawings as necessary to locate and describe the project. The map should show the project footprint and major project components.

X **Attached**

57. Attach the Census tract numbers in which the applicant's service area is within. The Census tracts within your area may be found at:

<http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>.

**Please follow these steps:**

- Select Advanced Search.
- Select the Geographies button located below Topics (left side of page).
- On the top of the window select the Name tab.
- In the text box, type "All Census Tracts within\_\_\_\_" (Fill in the blank with the name of a County Subdivision or a Place.) Select "Go".
- If your town is a County Subdivision, select the geography labeled "All Census Tracts (or parts) within City, County, State" from the Geography Results. If your town is a place select the geography labeled "All Census Tracts (or parts) full-or-partially within City, State" from the Geography Results.
- Close the Geographies Search window.
- Use the Topics on the left side of the page to further refine your search or to select a table(s) from your search results.

X **Attached Census tracts**

58. Project Schedule:

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- a) Requested loan closing date.  
November 1, 2015
- b) Estimated date to submit environmental planning documents.  
February 28, 2016
- c) Estimated date to submit engineering planning documents.  
February 28, 2016
- d) Estimated date for completion of design.  
April 30, 2016
- e) Estimated Construction start date for first contract.  
July 1, 2016
- f) Estimated Construction end date for last contract.  
December 31, 2017

59. **Attach** a copy of current and future populations and projected water use or wastewater flows. Include entities to be served.

X **Attached**

60. Attach the most current itemized project cost estimate (include all costs and funding sources). Utilize the budget format provided (TWDB-1201 at <http://www.twdb.texas.gov/financial/instructions/>). If applying for pre-construction costs only (i.e., P, A, D) then itemize only the relevant portions in the attached budget template

X **Attached**

61. Attach the appropriate Project Information Form:

**Wastewater:** Attached a completed Wastewater Project Information Form WRD-253a <http://www.twdb.texas.gov/financial/instructions/index.asp>

X **Water:** Attached a completed Water Project Information Form WRD-253d <http://www.twdb.texas.gov/financial/instructions/index.asp>

62. If the project is for Construction only, wastewater projects that involve the construction of a new plant or the expansion of an existing plant and/or associated facilities, attach evidence that an application for a new Texas Pollution Discharge Elimination System Permit or amendment to an existing permit related to the proposed project has been filed with the Texas Commission on Environmental Quality (TCEQ). Final permit authorization must be obtained from the TCEQ before funds can be released for construction activities.

**Attached**

No. Provide explanation:

63. If this project will result in: (a) an increase by the applicant in the use of groundwater, (b) drilling a new water well, or (c) an increase by the applicant in use of surface water, then the applicant must demonstrate that it has acquired – by contract, ownership or lease – the necessary property rights, groundwater permits, and/or surface water rights sufficient for the project before funds can be released for construction.

a) Does the applicant currently own all the property rights, groundwater permits and surface water rights needed for this project?

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- Yes If yes, please attach the completed, appropriate form.
1. WRD 208A (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Surface Water)  
 **Attached**
  2. WRD 208B (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Groundwater)  
 **Attached**
- No
- X N/A

b) If all property rights, groundwater permits, and surface water rights, needed for this project have not yet been acquired, identify the rights and/or permits that will need to be acquired and provide the anticipated date by which the applicant expects to have acquired such rights and/or permits.

Type of Permit Water Right	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	Permit / Water Right ID No.

c) List any major permits not identified elsewhere that are necessary for completion of project. Also, list any more necessary minor permits that may involve particular difficulty due to the nature of the proposed project.

Permit	Issuing Entity	Permit Acquired (Y/N)
Construction	TCEQ	N
Utility Installation	State of Texas	N
Utility Installation	Williamson County	N

64. Has the applicant obtained all necessary land and easements for the project?

- Yes. If yes, attach the site certificate (ED-101 at <http://www.twdb.texas.gov/financial/instructions/index.asp>)  
 **Attached**
- X No. If no, **fill out the table below** and describe the land or easements that will need to be acquired, provide the anticipated date by which the applicant expects to have the land or easements, and indicate if funding from TWDB is to be used for the acquisition.

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Description of Land or Easement Permit	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	To Be Funded by TWDB (Yes/No)
3 tank sites	Unknown – private	Ownership	January 31, 2016	Yes
Water line easements	Unkown – private	Permanent easement	April 30,2016	Yes

65. Has a Categorical Exclusion (CE), Determination of No Effect (DNE), Finding of No Significant Impact (FONSI), Record of Decision (ROD), or any other environmental determination been issued for this project?  
 Yes  
 Attach a copy of the finding.  
 No
66. Is the project potentially eligible for a Categorical Exclusion (CE)/ Determination of No Effect (DNE) because it involves only minor rehabilitation or the functional replacement of existing equipment?  
 Yes  
 No
67. Are there potentially adverse environmental or social impacts that may require mitigation or extensive regulatory agency or public coordination (e.g. known impacts to properties eligible for listing on the National Register of Historic Places; potentially significant public controversy; need for an individual permit from the U.S. Army Corps of Engineers)?  
 Yes  
 X If yes, attach additional information - Attached  
 No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

**Part E: State Water Implementation Fund for Texas (SWIFT) Applicants Only:**

68. Identify the type of SWIFT funding (If more than one funding option is being requested indicate the amount of funding for each):

- |                          |                     |              |
|--------------------------|---------------------|--------------|
| <input type="checkbox"/> | Deferred            | \$           |
| X                        | Low Interest Loan   | \$5,535,000  |
| X                        | Board Participation | \$22,165,000 |

69. For multi-year funding request or phased commitments, provide a schedule reflecting the closing dates for each loan requested.

**Attached**

70. **Notice to SWIFT Applicants:** Texas Water Code Sec. 15.435(h) requires all recipients of financial assistance from the SWIFT to acknowledge any applicable legal obligations in federal law, related to contracting with disadvantaged business enterprises, and state law, related to contracting with historically underutilized businesses. Checking the boxes below serves as this acknowledgement.

X As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with any applicable legal obligations in federal law related to contracting with disadvantaged business enterprises.

X As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with applicable legal obligations in state law (Texas Government Code Chapter 2161 and Texas Administrative Code Chapter 20, Subchapter B) related to contracting with historically underutilized businesses.

71. Provide drafts of the following documents:

- a. Proposed Bond Ordinance
- X **Attached**
- b. Private Placement Memorandum
- Attached**

**Please label each attachment with the number of the pertinent application section (i.e. "Part D5")**

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

**Part F: Economically Distressed Programs (EDAP) Applicants Only:**

In accordance with TWDB Rules (31 TAC Chapter 363), an application for EDAP will **not** be considered until the County has adopted and is enforcing the Model Subdivision Rules (MSRs) Texas Water Code § 16.343. If the proposed project is within a municipality or its extraterritorial jurisdiction (ETJ), or if the applicant is a municipality, the municipality must also have adopted and be enforcing MSRs.

72. Describe procedures for collecting monthly customer bills (include procedures for collection of delinquent accounts)  
\_\_\_\_\_
73. Is financing being requested for a **wastewater** project?  
 Yes If yes, does the applicant have the required resolution/ordinance establishing a mandatory hookup policy?  
 Yes. If yes, attach a copy of the resolution/ordinance.  
 **Attached**  
 No. If no, explain \_\_\_\_\_  
 No
74. Required documentation for the project area for Preliminary EDAP Eligibility (31 TAC Chapter 363)  
 **Attached** documentation of inadequacy of water and/or wastewater services.  
 **Attached** documentation regarding the financial resources of the residential users in the EDAP area. Census data or documentation regarding median household income should be provided.  
 **Attached** documentation demonstrating existence of a residence in the project area prior to **June 1, 2005**. This could include tax records of residence, dated aerial maps, or, other documentation demonstrating existence of a residence.
75. Has the Department of State Health Services issued a determination stating a public health nuisance exists in the project area?  
 Yes If yes, attach a copy of the determination.  
 **Attached**  
 No If no determination exists, attach documentation demonstrating a public health nuisance exists in the project area. (*Photographs may be submitted, but they **must** be labeled with location and date when taken. If the soil types are mentioned in the project area as an issue, include soil profile maps*) This documentation will be used by TWDB staff to request a determination from the Department of State Health Services  
 **Attached**
76. Is this project providing new service?  
 Yes If yes, attach plats of the affected subdivisions.  
 **Attached**  
 No
77. Attach an EDAP Facility Engineering Plan/Scope of Services report that complies with the requirements of WRD-023A. <http://www.twdb.texas.gov/financial/instructions/index.asp>  
 **Attached**

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

**Part G: CWSRF/DWSRF Applicants Only**

**Only applicants applying for funding from the CWSRF and DWSRF Programs must complete this section.**

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to obtain a DUNS number that will represent a universal identifier for all federal funding assistance. DUNS numbers can be obtained from Dun and Bradstreet at <http://fedgov.dnb.com/webform/>

78. Applicant's Data Universal Number System (DUNS) Number:  
DUNS \_\_\_\_\_

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to register with System for Award Management (SAM) and maintain current registration at all times during which the Board loan agreement is active or under consideration by the Board. Register at: <https://sam.gov>.

79. The applicant has registered and will maintain current SAM registration at all times during which a federal subaward is active or under consideration by the Board.  
 Yes  
 No

80. Federal Awards information:

1. Did applicant receive over 80% of their revenue from Federal Awards last year?

Yes  
 No

2. Did applicant receive over \$25 million in Federal Awards last year?

Yes  
 No

3. Public does not have access to executive compensation information via SEC or IRS reports?

Yes  
 No

81. If applicant checked **YES** to **ALL** three boxes in 3 above, applicant is required to disclose the name and compensation of the five most highly compensated officers.

Officer's Name	Officer's Compensation (\$)

82. Complete form WRD 213 (<http://www.twdb.texas.gov/financial/instructions/index.asp>) - Certification Regarding Lobbying

**Attached**  Yes  
 No  
 N/A



Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

83. If applying for CWSRF Equivalency or DWSRF, **attach** the Certification Regarding Debarment, Suspension and Other Responsibility. SRF-404  
(<http://www.twdb.texas.gov/financial/instructions/doc/SRF-404.pdf>)

**Attached**     Yes  
                   No  
                   N/A

84. If applying for CWSRF Equivalency or DWSRF, **attach** the Assurances – Construction Programs. EPA-424D (<http://www.twdb.texas.gov/financial/doc/EPA-424D.pdf>)

**Attached**     Yes  
                   No  
                   N/A

85. The applicant must comply with the Davis-Bacon Act regarding prevailing wage rates. The applicant acknowledges that they are aware of, and will abide by, the Davis-Bacon Act requirements.

Yes  
 No

Further information on the Davis-Bacon requirement is available through the TWDB Guidance document, DB-0156 (<http://www.twdb.texas.gov/financial/instructions/index.asp>)

All project costs funded by the TWDB through CWSRF Equivalency or DWSRF must comply with the federal Disadvantaged Business Enterprise (DBE) program rules and requirements. The federal DBE program requires a good faith effort to contract with DBE's for all procurements including: professional and non-professional consulting services, equipment, supplies and construction to be funded by federal equivalency dollars. Guidance and forms are found at:

TWDB-0210 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0210.pdf>)

86. **At a minimum, you must complete and attach** the Applicant Affirmative Steps Certification and Goals. This form is required to obtain a financial assistance commitment.

TWDB-0215 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0215.pdf>)

**Attached**     Yes  
                   No

87. If you have already solicited contractors, complete and attach the Affirmative Steps Solicitation Report. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-216 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0216.pdf>)

**Attached**     Yes  
                   No  
                   N/A

**Please label each attachment with the number of the pertinent application section (i.e. "Part D5")**

88. If you have awarded contracts to contractors, complete and attach the Loan/Grant Participation Summary. This form must be submitted for review prior to loan closing and release of funds. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-0373 (<http://www.twdb.texas.gov/financial/doc/TWDB-0373.pdf>)

**Attached**        Yes  
                      No  
                      N/A

89. All Contractors that have been awarded will need to complete and attach the Prime Contractor Affirmative Steps Certification and Goals This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-217 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0217.pdf>)

**Attached**        Yes  
                      No  
                      N/A

90. **All CWSRF applicants** must be a Designated Management Agency (DMA) for wastewater collection and treatment. Please complete and attach DMA resolutions. WRD-210 (<http://www.twdb.texas.gov/financial/doc/WRD-210.pdf>) is an example of this type of resolution.

   **Attached**  
    N/A

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

## Part H: Documentation of "Green" Projects and Project Components

CWSRF and DWSRF Applicants Only

All SRF applicants must complete this section if green benefits are all or part of the project (**more than an incidental benefit**). Project is defined as the entire project or a stand-alone component of the project. This section is required so that the TWDB may determine whether the project qualifies as "green" pursuant to Environmental Protection Agency (EPA) Guidance.

A project (or project component) is "green" if the primary purpose qualifies under EPA Guidance as one of the following:

- a. Green Infrastructure,
- b. Water Efficiency-related,
- c. Energy Efficiency-related, or
- d. Environmentally Innovative.

You must use the Green Project Reserve guidance to complete this section. Current guidance may be found at: **Green Project Reserve: Guidance for determining project eligibility**

TWDB-0161 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0161.pdf>)

91. Does your project or a component of your project qualify as Green, per EPA guidance?

- Yes  
 No

If Yes, Please complete the remainder of Section G.

92. Type of Green Project

- Water Efficiency       Energy Efficiency       Green Infrastructure       Environmentally Innovative

93. The correct worksheets must be completed.

**Green Project Reserve: CWSRF Green Project Worksheets**

TWDB-0162 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0162.pdf>)

- Attached**       Yes  
                          No  
                          N/A

**Green Project Reserve: DWSRF Green Project Worksheets**

TWDB-0163 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0163.pdf>)

- Attached**       Yes  
                          No  
                          N/A

TWDB will make the final determination whether your project (or project component) meets federal criteria as "green". You may be required to submit a **business case, utilizing the Green guidance**

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

## Part I: Summary of attachments to application

Following is a list of the documents that may be necessary in order to process this application. While not all of the listed information below may be required for all projects, an applicant should review the application carefully because incomplete applications will not be processed until all of this information has been provided. In addition, please make sure your entity system name appears on every attachment. **Label each attachment with the number of the pertinent application section (i.e. "Part B5").**

Check list for your convenience

### Part A

- No. 6
- No. 12

### General Information

Draft or executed consulting contracts (engineering, financial advisor, bond counsel)  
Existing security document for refinancing

### Part B

- No. 17
- No. 18
- No. 19
- No. 20

### Legal

Resolution (TWDB-0201A)  
Application Affidavit (TWDB-0201)  
Certificate of Secretary (TWDB-201B)  
Water Supply Corporations

- Articles of Incorporation
- Certificate of incorporation from the Texas Secretary of State
- By-laws and any amendments
- Certificate of status from the Texas Secretary of State
- Certificate of account status from Texas Comptroller

- No. 21
- No. 22
- No. 23
- No. 24
- No. 25
- No. 26

Resolution/ordinance authorizing the issuance of parity debt  
Certificate of Convenience & Necessity  
Enforcement Actions  
Affidavit of No Objection  
Two copies of the Water Conservation Plan (TWDB-1968 and TWDB-1965)  
Water use surveys

- No. 27

Water Loss Audit  
<http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>  
<http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp>

### Part C

- No. 39
- No. 40
- No. 45
- No. 46
- No. 47
- No. 49
- No. 52

### Financial

Assessed Values by Classifications  
Direct and Overlapping Tax Table  
Proforma for each year of debt outstanding  
Five year comparative system operating statement.  
Annual audit and management letter  
Outstanding debt schedule  
Service provider contracts

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

**Part D**

**Project Information**

- No. 54a Preliminary Engineering Feasibility Data (PEFD)
- No. 54b Engineering Feasibility Report
  - Water (TWDB-0555)
  - Wastewater (TWDB-0556)
- No. 54c Project Draw Schedule (TWDB-1202)
- No. 56 Project Map
- No. 57 Census Tract(s)
- No. 59 Current and future populations and projected water use or wastewater flows
- No. 60 Project Cost Estimate Budget (TWDB-1201)
- No. 61 Wastewater Project Information Form (WRD-253a)  
Water Project Information Form (WRD-253d)
- No. 62 Texas Pollution Discharge Elimination System Permit
- No. 63 If applicant has property rights and permits
  - a. WRD-208A (Surface Water)
  - b. WRD-208B (Groundwater)
- No. 63c Additional Permits
- No. 64 Site certificate, evidencing land ownership for the project. (ED-101)
- No. 65 Categorical Exclusion (CE), Finding of No Significant Impact (FONSI), Record of Decision or any other supporting document
- No. 67 Social or environmental issues

**Part E**

**State Water Implementation Fund for Texas**

- No. 69 Multi-year/phased commitment schedule
- No. 71a Draft Bond Ordinance
- No. 71b Private Placement Memorandum

**Part F**

**Economically Distressed Areas Program**

- No. 73 Resolution/ordinance establishing a mandatory hookup policy
- No. 74 EDAP applicants
  - Inadequacy documentation
  - Financial resources documentation
  - Existence of residences prior to 06/01/2005
- No. 75 Public health nuisance
- No. 76 Plats
- No. 77 EDAP Planning Phase – Facility Engineering Plan/Scope of Services (WRD-023A)

**Part G**

**CWSRF/DWSRF Applicants Only**

- No. 82 Lobbying Activities (WRD-213)
- No. 83 Certification Regarding Debarment, Suspension and Other Responsibility Requirements. (SRF-404)
- No. 84 Assurances – Construction Programs (EPA-424D)  
Disadvantaged Business Requirements Guidance (TWDB-0210)
- No. 86 Affirmative Steps Certification and Goals (TWDB-0215)
- No. 87 Affirmative Steps Solicitation Report (TWDB-216)
- No. 88 Loan/ Grant Participation Summary (TWDB-0373)
- No. 89 Prime Contractor Affirmative Steps Certification and Goals (TWDB-217)
- No. 90 Designated Management Agency (WRD-210)

**Part H**

**Green Projects**

- No. 93 Guidance (TWDB-0161)  
CWSRF Green Project Worksheets (TWDB-0162)  
DWSRF Green Project Worksheets (TWDB-0163)

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

## Part J: Guidance and Forms

### Part A

#### General Information

CWSRF – 31 TAC 375

DWSRF – 31 TAC 371

EDAP and SWIFT - 31 TAC 363

For more information visit, <http://www.twdb.texas.gov/about/rules/index.asp>.

### Part D

#### Project Information

[State Programs - 31 TAC 363](#)

[Drinking Water State Revolving Fund - 31 TAC 371](#)

[Clean Water State Revolving Fund / Equivalency - 31 TAC 375](#)

[Clean Water State Revolving Fund / Non-Equivalency - 31 TAC 375](#)

Guidelines for Environmental Assessment, Clean Water Non-Equivalency (ED-001A)

Clean Water EID Instructions (SRF-099)

Guidelines for Environmental Assessment, State Participation, DFund, RWAf and WIF,  
(ED-001B)

Guidelines for Environmental Assessment, EDAP (ED-001C)

Drinking Water EID Instructions (DW-001)

### Part H

#### Green Projects and Project Components

Green Project Reserve: Guidance for determining project eligibility  
(TWDB-0161)

# **AGREEMENT FOR ENGINEERING SERVICES**

MADE AND ENTERED INTO by and between **LONE STAR REGIONAL WATER AUTHORITY (LSRWA)**, hereinafter called the "Owner", and **S.D. KALLMAN, L.P. -- ENGINEERS AND ENVIRONMENTAL CONSULTANTS**, hereinafter called the "Engineer".

## **RECITALS**

Owner intends to construct **24 miles of 24" and 20" Water Lines, two High Service Pump Stations, two Ground Storage Tanks and one Standpipe Tank** known as the "**East Williamson County Regional Water Transmission System**". The Water Line will begin at the City of Circleville and extend northwest to the City of Jarrell at I.H. 35 in Williamson County, Texas. Such improvements are hereinafter referred to as the "Project".

## **CONTRACTUAL UNDERTAKINGS**

### **SECTION I** **EMPLOYMENT OF ENGINEER**

The Owner agrees to employ the Engineer and the Engineer agrees to perform professional engineering services in connection with the Project as stated in the Sections to follow, and for having rendered such services, the Owner agrees to pay to the Engineer compensation as stated in the sections to follow.

### **SECTION II** **CHARACTER AND EXTENT OF SERVICES**

The Engineer shall render the following professional services necessary for the development of the Project:

#### **A. PRELIMINARY PHASE**

1. Attend preliminary conference with the Owner regarding the Project.
2. Perform preliminary engineering services in connection with the Project in sufficient detail to indicate clearly the problems involved and the alternate solutions available to the Owner, to include preliminary layouts, sketches, and cost estimates for the Project, and to set forth clearly the Engineer's recommendations. Prepare a **Preliminary Engineering Feasibility Report** sufficient for submission to funding agencies (**Texas Water Development Board**) and regulatory authorities in support of the Project.

#### **B. DESIGN PHASE**

1. Furnish to the Owner, where required by the circumstances of the assignment, the engineering data necessary for applications for routine permits by local, state, and federal authorities (as distinguished from detailed applications and supporting documents for government grants-in-aid, state loan programs, planning advances or to meet the requirements of special programs of the federal government).

2. Field surveys shall be performed to collect information which in the opinion of the Engineer, is required in the design of the Project. Design surveys for the Construction Improvements are a "Special Service".

3. Prepare detailed specifications and AutoCAD contract drawings, in ink, for construction authorized by the Owner. These designs shall in all respects combine the application of sound engineering principles with a high degree of economy, and shall be submitted to the applicable state and federal agencies for approval.

4. Prepare detailed cost estimates and proposals of authorized construction, which shall include summaries of bid items and quantities which will be based, wherever practical, on the unit price system of bidding. The Engineer shall not be required to guarantee the accuracy of these estimates.

5. Furnish the Owner all necessary copies of approved plans, specifications, notices to bidders, and proposals.

6. Provide information on utilities to be relocated in connection with the project. Utilities to be relocated by others shall be noted on the plans. Corporation-owned utilities to be relocated also shall be noted on the plans.

#### C. CONSTRUCTION PHASE

1. Assist the Owner in the advertisement of the Project for bids.

2. Assist the Owner in the opening and tabulating of bids for construction of the Project, and recommend to the Owner as to the proper action on all proposals received.

3. Assist in the preparation of formal Contract Documents for the contracts in accordance with the requirements of the **Texas Water Code**.

4. Provide inspection services for the Project.

5. Consult and advise with the Owner; issue all instructions to the contractor requested by the Owner; and prepare routine change orders as required.

6. Review samples, catalog data, schedule, shop drawings, laboratory, shop and mill tests of materials and equipment and other data which the contractor is required to submit, only for conformance with the design concept of the Project and compliance with the information given by the Contract Documents; and assemble written guarantees which are required by the Contract Documents.

7. Construction staking shall be the responsibility of the construction contractor and shall be included in his bid proposal.

8. Review monthly and final estimates for payments to contractors, and furnish to the Owner any necessary certifications as to payments to contractors and suppliers.

9. Conduct, in company with the Owner, a final inspection of the Project for conformance with the design concept of the Project and compliance with the Contract Documents, and approve in writing final payment to the contractors.

10. Revise contract drawings, with the assistance of the resident Project Representative, or the Owners representative, to provide record drawings of the completed Project. Furnish one set of



reproducible drawings, one set of prints and one electronic AutoCAD file of these revised drawings to the Owner.

**SECTION III**  
**AUTHORIZATION OF SERVICES**

No professional services of any nature shall be undertaken by the Engineer under this Agreement until he has received written authorization on the Task Order Form from the Owner.

**SECTION IV**  
**PERIOD OF SERVICE**

This Agreement shall be effective upon execution by the Owner and the Engineer, and shall remain in force until terminated under the provisions hereinafter provided in Section X.

**SECTION V**  
**COORDINATION WITH THE OWNER**

The Engineer shall hold periodic conferences with the Owner, or its representatives to the end that the Project, as perfected, shall have full benefit of the Owner's experience and knowledge of existing needs and facilities, and be consistent with its current policies and construction standards. To implement this coordination, the Owner shall make available to the Engineer, for use in planning the Project, all existing plans, maps, field notes, statistics, computations, and other data in his possession relative to existing facilities and to the Project.

The Engineer shall attend meetings, when requested, to be available to the Client to report on the status of the Project.

**SECTION VI**  
**THE ENGINEER'S COMPENSATION**

For and in consideration of the services to be rendered by the Engineer, the Owner shall pay, and the Engineer shall receive the compensation hereinafter set forth, for the Preliminary, Design, and Construction Phases of the work and for Special Assignments and Services not included in these phases. All remittances by Owner of such compensation shall either be mailed or delivered to the Engineer's office in Round Rock, Williamson County, Texas.

A. **PRELIMINARY PHASE**

Payment for services in the Preliminary Phase, is based on a Lump Sum Fee as shown in Attachment No. 1.

B. **DESIGN PHASE**

Payment for services in the Design Phase is based on a Lump Sum Fee as shown in Attachment No. 1.

Payment for services authorized in the Design Phase shall be due monthly based upon the percentage completion of these services and upon the Owner's acceptance, which shall be within 30 days after submission.

C. CONSTRUCTION PHASE

Payment for services in the Construction Phase are based on a Lump Sum Fee as shown in Attachment No. 1.

This sum will be paid in monthly installments in proportion to the construction work completed, on the basis of the Engineer's estimates prepared for monthly payments to contractors. Upon completion of all work authorized in the Construction Phase the Engineer will be paid the remainder of the charge for this Phase.

D. SPECIAL ASSIGNMENTS AND SERVICES NOT INCLUDED IN ABOVE LUMP SUM CHARGES

The charges above described in the Preliminary, Design and Construction Phases shall provide compensation to the Engineer for all services called for under this Agreement to be performed by him, or under his direction, except the services set forth below. These excluded services and Special Assignments, and the compensation to be paid by the Owner to the Engineer for their performance, as required, are based on Lump Sum or Hourly Fees. For Hourly Services, refer to Attachment No. 2 – Hourly Rate Schedule.

1. Preparation of design surveys.
2. Preparation of property or easement descriptions.
3. Preparation of any special reports required for marketing of bonds.
4. Appearances before regulatory agencies.
5. Special investigations involving detailed consideration of operation, maintenance and overhead expenses; preparation of rate schedules; earnings and expense statements; special feasibility studies; appraisals; valuations; and material audits or inventories required for certification of force account construction performed by the Owner.
6. Preparation of applications and supporting documents for government grants, loans or planning advances for public works projects.
7. Assistance to the Owner as an expert witness in any litigation with third parties, arising from the development or construction of the Project.
8. Geotechnical investigation and report.
9. Environmental assessment and report.
10. Site and water line easement acquisition services.
11. Inspection services
12. Public Notice costs to advertise Project in appropriate newspapers.
13. Detailed mill, shop and/or laboratory inspection of materials or equipment.

Payments to the Engineer for authorized services not in the basic charges will be made by the Owner, upon presentation of statements by the Engineer for such services.

**SECTION VII**  
**REVISIONS TO DRAWINGS AND SPECIFICATIONS**

The Engineer will make, without expense to the Owner, such revisions of the preliminary drawings as may be required to meet the needs of the Owner, but after a definite plan has been approved by the Owner, if a decision is subsequently made by the Owner, which, for its proper execution, involves extra services and expenses for changes in, or addition to the drawings, specifications or other documents, or if the Engineer is put to labor or expense by delays imposed on him from cause not within his control, such as by (but not limited to) the readvertisement for bids or by the delinquency or insolvency of contractors, the Engineer shall be compensated for such extra services and expenses, which services and expenses shall not be considered as covered by the percentage fee stipulated in this Agreement. Compensation for such extra services shall be in accordance with Attachment No. 2 - Hourly Rate Schedule. However, no extra compensation will be granted to the Engineer for correcting errors in the plans or errors in the design of the Project or for revising design or plans when such design and plans prove not to be feasible for construction.

**SECTION VIII**  
**OWNERSHIP OF DOCUMENTS**

Engineer shall retain ownership of all original documents, plan designs, and survey notes on all projects that are not completed and for which Engineer is not compensated regardless of whether the instruments were copyrighted. Additionally, all such documents for which Engineer is not compensated Owner will not reuse for extensions of the original project or new projects unless Owner shall secure the permission of Engineer and Engineer shall be entitled to further compensation for the use of such documents.

All original documents, plan designs, and survey notes for completed or partially completed projects for which Engineer has been compensated shall be the property of Owner and Engineer and reproducible copies shall be furnished to the Owner upon request. The use by either party of such documents is unrestricted.

**SECTION IX**  
**ARBITRATION UNDER TEXAS GENERAL ARBITRATION ACT**

A. Any controversy hereafter arising between Owner and Engineer in connection with this Agreement and any liability or claimed liability created hereunder or incident hereto or pertaining to the enforcement of any provision, condition or covenant herein shall be submitted to arbitration under the terms of the Texas General Arbitration Act. Either party may invoke this provision for arbitration by giving the other party notice in writing demanding that such controversy be submitted to arbitration, which notice shall also contain the appointment of an arbitrator by the demanding party. The party receiving such notice of arbitration must, within five (5) days after receiving same, mail to the demanding party a notice of appointment of a second arbitrator. Such two arbitrators shall meet forthwith and agree in writing upon a third arbitrator, and shall immediately give the parties written notice of the third arbitrator's appointment.

B. If the party upon whom the demand for arbitration is served fails to give the demanding party the required notice of the appointment of the second arbitrator within the required five (5) days, the demanding party may apply to the court under Article 226, Revised Statutes of 1925, to appoint the second arbitrator. If the first two arbitrators fail to agree upon a third arbitrator

within ten (10) days from the date the second arbitrator was appointed, either party may apply to the court, under such Article 226, for the appointment of the third arbitrator.

C. The proceedings of the arbitrators, the award made by the arbitrators and the endorsement of such awards shall be governed by the Texas General Arbitration Act, Articles 224 through 238-6, inclusive, Revised Statutes of 1925, as amended.

D. This entire Section IX providing for arbitration shall survive the termination of this Agreement under any of its provisions, and any controversy between Owner and Engineer existing when the Agreement terminates shall continue to be subject to arbitration hereunder.

### **SECTION X** **TERMINATION**

Either party to this Agreement may terminate the Agreement by giving to the other thirty (30) days notice in writing. Upon delivery of such notice by the Owner to the Engineer, and upon expiration of the thirty-day period, the Engineer shall discontinue all services in connection with the performance of this Agreement and shall exceed to cancel promptly all existing orders and contracts insofar as such orders or contracts are chargeable to this Agreement. As soon as practicable after receipt of notice of termination, the Engineer shall submit a statement, shown in detail the services performed under this Agreement to the date of termination. The Owner shall then pay the Engineer promptly that portion of the prescribed charges which the services actually performed under this Agreement bear to the total services call for under this Agreement, less such payments on account of the charges as have been previously made. Copies of all completed or partially completed designs, plans and specifications prepared under this Agreement shall be delivered to the Owner and if this Agreement is terminated, but subject to the restrictions, as to their use, as set forth in Section VIII.

### **SECTION XI** **ADDRESS OF NOTICES AND COMMUNICATIONS**

All notices and communications under this Agreement shall be mailed or delivered to the Engineer at the following address:

**S.D. KALLMAN, L.P. --**  
**ENGINEERS & ENVIRONMENTAL CONSULTANTS**  
**1106 S. Mays St., Suite 101**  
**Round Rock, Texas 78664**

All notices and communications under this Agreement shall be mailed or delivered to the Owner at the following address:

**LONE STAR REGIONAL WATER AUTHORITY**  
**113 Limestone Terrace**  
**Jarrell, Texas 76537**

**SECTION XII**  
**SECTION CAPTIONS**

Each section under the Contractual Undertakings has been supplied with a caption to serve only as a guide to the contents. The caption does not control the meaning of any Section or in any way determine its interpretation or application.

**SECTION XIII**  
**SCHEDULE OF COMPLETION**

The Engineer will fulfill the scope of services included in the Project in a professional and timely manner. The Owner's wishes and requirements regarding the project will be conveyed through the City's designated representative, and the Engineer shall confer frequently with this individual throughout the project.

**SECTION XIV**  
**SUCCESSORS AND ASSIGNS**

The Owner and the Engineer each binds himself and his successors, executors, administrators and assigns to the other party of this Agreement and to the successors, executors, administrators and assigns of such other party, in respect to all covenants of this Agreement. Except as above, neither the Owner nor the Engineer shall assign, sublet or transfer his interest in this Agreement without the written consent of the other. Nothing herein shall be construed as creating any public body which may be a party hereto.

**SECTION XV**  
**ATTORNEY'S FEES**

In the event of any dispute and/or legal action arising from an interpretation and/or the performance of any of the provisions of this Agreement, the parties hereby agree that the prevailing party shall be awarded reasonable attorneys' fees and costs.

EXECUTED in two (2) counterparts (each of which is an original) on behalf of the Engineer by its President shown below, and on behalf of the Owner (thereunto duly authorized).

EXECUTED this, the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

BY: **LONE STAR REGIONAL WATER  
AUTHORITY**

\_\_\_\_\_  
Landy Warren  
President of the Board

BY: **S.D. KALLMAN, L.P. --  
ENGINEERS & ENVIRONMENTAL CONSULTANTS**

  
\_\_\_\_\_  
Steven D. Kallman, P.E., R.P.L.S.  
President/General Partner

## ATTACHMENT NO. 1

### ENGINEER'S COMPENSATION FOR THE "EAST WILLIAMSON COUNTY REGIONAL WATER TRANSMISSION SYSTEM"

The Owner shall compensate the Engineer in the following amounts for providing the **Basic and Special Services** (if required) described in this Agreement.

The **Basic Lump Sum Services** include Preliminary Phase services, Design Phase services for preparation of Plans and Specifications, governmental approvals, assistance in advertising (Owner pays publication costs) and receiving Bids, and Construction Phase services for Construction Administration, preparation of as-built drawings and attendance at meetings as requested.

The **Special Services** include items of work listed in Section VI D that may be required, when authorized by the Owner.

#### Payment Schedule - Basic Lump Sum Services:

Compensation for **Basic Lump Sum Services** is itemized as follows:

<u>TASK</u>	<u>COMPENSATION</u>
<b><u>PLANNING</u></b>	
PRELIMINARY ENGINEERING FEASIBILITY REPORT (PEFR) REQUIRED BY THE TWDB APPLICATION FOR FINANCIAL ASSISTANCE	\$52,500.00
<b><u>DESIGN</u></b>	
DESIGN PHASE – PLANS AND SPECIFICATIONS	\$2,028,000.00
BIDDING PHASE – BIDDING ADMINISTRATION	\$40,000.00
<b><u>CONSTRUCTION</u></b>	
CONSTRUCTION PHASE – CONSTRUCTION ADMINISTRATION	<u>\$406,000.00</u>
TOTAL COMPENSATION – BASIC LUMP SUM SERVICES	\$2,526,500.00

**Payment Schedule - Special Services:**  
 Compensation for **Special Lump Sum Services** is itemized as follows:

<u>TASK</u>	<u>COMPENSATION</u>
TWDB APPLICATION FOR FINANCIAL ASSISTANCE	\$7,500.00
DESIGN SURVEYS	\$243,000.00
GEOTECHNICAL INVESTIGATION AND REPORTS	\$20,000.00
ENVIRONMENTAL ASSESSMENT AND REPORT	\$70,000.00
SITE AND WATER LINE EASEMENT ACQUISITION SERVICES	\$300,000.00
INSPECTION SERVICES	<u>\$298,000.00</u>
TOTAL COMPENSATION – SPECIAL SERVICES	<u>\$938,500.00</u>
TOTAL COMPENSATION – BASIC LUMP SUM SERVICES AND SPECIAL SERVICES	\$3,465,000.00

**Terms:**

Invoices shall be submitted monthly based on percentage completion of services and upon the Owner's acceptance, which shall be within 30 days after submission.

**Payments shall not be expected until financing is secured.**

**ATTACHMENT NO. 2**  
**HOURLY RATE SCHEDULE**

	<b><i>Classification</i></b>	<b><i>Hourly Rate</i></b>
1.	Corporate Officer	\$ 180.00
2.	Registered Professional Engineer	\$ 150.00
3.	Project Manager	\$ 140.00
4.	AutoCAD Technician	\$ 100.00
5.	Secretarial Personnel, Including Word Processor	\$ 90.00
6.	Project Inspector	\$ 125.00
7.	Reimbursement for Direct Non-Labor Expense and Sub-Contract Expense	Cost
8.	Mileage at IRS approved rate – currently \$0.56 cents/mile	

Does not include any applicable sales taxes.



# **AGREEMENT FOR ENGINEERING SERVICES**

MADE AND ENTERED INTO by and between **LONE STAR REGIONAL WATER AUTHORITY (LSRWA)**, hereinafter called the "Owner", and **S.D. KALLMAN, L.P. -- ENGINEERS AND ENVIRONMENTAL CONSULTANTS**, hereinafter called the "Engineer".

## **RECITALS**

Owner intends to construct **24 miles of 24" and 20" Water Lines, two High Service Pump Stations, two Ground Storage Tanks and one Standpipe Tank** known as the "East Williamson County Regional Water Transmission System". The Water Line will begin at the City of Circleville and extend northwest to the City of Jarrell at I.H. 35 in Williamson County, Texas. Such improvements are hereinafter referred to as the "Project".

## **CONTRACTUAL UNDERTAKINGS**

### **SECTION I** **EMPLOYMENT OF ENGINEER**

The Owner agrees to employ the Engineer and the Engineer agrees to perform professional engineering services in connection with the Project as stated in the Sections to follow, and for having rendered such services, the Owner agrees to pay to the Engineer compensation as stated in the sections to follow.

### **SECTION II** **CHARACTER AND EXTENT OF SERVICES**

The Engineer shall render the following professional services necessary for the development of the Project:

#### **A. PRELIMINARY PHASE**

1. Attend preliminary conference with the Owner regarding the Project.
2. Perform preliminary engineering services in connection with the Project in sufficient detail to indicate clearly the problems involved and the alternate solutions available to the Owner, to include preliminary layouts, sketches, and cost estimates for the Project, and to set forth clearly the Engineer's recommendations. Prepare a **Preliminary Engineering Feasibility Report** sufficient for submission to funding agencies (**Texas Water Development Board**) and regulatory authorities in support of the Project.

#### **B. DESIGN PHASE**

1. Furnish to the Owner, where required by the circumstances of the assignment, the engineering data necessary for applications for routine permits by local, state, and federal authorities (as distinguished from detailed applications and supporting documents for government grants-in-aid, state loan programs, planning advances or to meet the requirements of special programs of the federal government).

2. Field surveys shall be performed to collect information which in the opinion of the Engineer, is required in the design of the Project. Design surveys for the Construction Improvements are a "Special Service".

3. Prepare detailed specifications and AutoCAD contract drawings, in ink, for construction authorized by the Owner. These designs shall in all respects combine the application of sound engineering principles with a high degree of economy, and shall be submitted to the applicable state and federal agencies for approval.

4. Prepare detailed cost estimates and proposals of authorized construction, which shall include summaries of bid items and quantities which will be based, wherever practical, on the unit price system of bidding. The Engineer shall not be required to guarantee the accuracy of these estimates.

5. Furnish the Owner all necessary copies of approved plans, specifications, notices to bidders, and proposals.

6. Provide information on utilities to be relocated in connection with the project. Utilities to be relocated by others shall be noted on the plans. Corporation-owned utilities to be relocated also shall be noted on the plans.

#### C. CONSTRUCTION PHASE

1. Assist the Owner in the advertisement of the Project for bids.

2. Assist the Owner in the opening and tabulating of bids for construction of the Project, and recommend to the Owner as to the proper action on all proposals received.

3. Assist in the preparation of formal Contract Documents for the contracts in accordance with the requirements of the Texas Water Code.

4. Provide inspection services for the Project.

5. Consult and advise with the Owner; issue all instructions to the contractor requested by the Owner; and prepare routine change orders as required.

6. Review samples, catalog data, schedule, shop drawings, laboratory, shop and mill tests of materials and equipment and other data which the contractor is required to submit, only for conformance with the design concept of the Project and compliance with the information given by the Contract Documents; and assemble written guarantees which are required by the Contract Documents.

7. Construction staking shall be the responsibility of the construction contractor and shall be included in his bid proposal.

8. Review monthly and final estimates for payments to contractors, and furnish to the Owner any necessary certifications as to payments to contractors and suppliers.

9. Conduct, in company with the Owner, a final inspection of the Project for conformance with the design concept of the Project and compliance with the Contract Documents, and approve in writing final payment to the contractors.

10. Revise contract drawings, with the assistance of the resident Project Representative, or the Owners representative, to provide record drawings of the completed Project. Furnish one set of

reproducible drawings, one set of prints and one electronic AutoCAD file of these revised drawings to the Owner.

**SECTION III**  
**AUTHORIZATION OF SERVICES**

No professional services of any nature shall be undertaken by the Engineer under this Agreement until he has received written authorization on the Task Order Form from the Owner.

**SECTION IV**  
**PERIOD OF SERVICE**

This Agreement shall be effective upon execution by the Owner and the Engineer, and shall remain in force until terminated under the provisions hereinafter provided in Section X.

**SECTION V**  
**COORDINATION WITH THE OWNER**

The Engineer shall hold periodic conferences with the Owner, or its representatives to the end that the Project, as perfected, shall have full benefit of the Owner's experience and knowledge of existing needs and facilities, and be consistent with its current policies and construction standards. To implement this coordination, the Owner shall make available to the Engineer, for use in planning the Project, all existing plans, maps, field notes, statistics, computations, and other data in his possession relative to existing facilities and to the Project.

The Engineer shall attend meetings, when requested, to be available to the Client to report on the status of the Project.

**SECTION VI**  
**THE ENGINEER'S COMPENSATION**

For and in consideration of the services to be rendered by the Engineer, the Owner shall pay, and the Engineer shall receive the compensation hereinafter set forth, for the Preliminary, Design, and Construction Phases of the work and for Special Assignments and Services not included in these phases. All remittances by Owner of such compensation shall either be mailed or delivered to the Engineer's office in Round Rock, Williamson County, Texas.

**A. PRELIMINARY PHASE**

Payment for services in the Preliminary Phase, is based on a Lump Sum Fee as shown in Attachment No. 1.

**B. DESIGN PHASE**

Payment for services in the Design Phase is based on a Lump Sum Fee as shown in Attachment No. 1.

Payment for services authorized in the Design Phase shall be due monthly based upon the percentage completion of these services and upon the Owner's acceptance, which shall be within 30 days after submission.

**C. CONSTRUCTION PHASE**

Payment for services in the Construction Phase are based on a Lump Sum Fee as shown in Attachment No. 1.

This sum will be paid in monthly installments in proportion to the construction work completed, on the basis of the Engineer's estimates prepared for monthly payments to contractors. Upon completion of all work authorized in the Construction Phase the Engineer will be paid the remainder of the charge for this Phase.

**D. SPECIAL ASSIGNMENTS AND SERVICES NOT INCLUDED IN ABOVE LUMP SUM CHARGES**

The charges above described in the Preliminary, Design and Construction Phases shall provide compensation to the Engineer for all services called for under this Agreement to be performed by him, or under his direction, except the services set forth below. These excluded services and Special Assignments, and the compensation to be paid by the Owner to the Engineer for their performance, as required, are based on Lump Sum or Hourly Fees. For Hourly Services, refer to Attachment No. 2 – Hourly Rate Schedule.

1. Preparation of design surveys.
2. Preparation of property or easement descriptions.
3. Preparation of any special reports required for marketing of bonds.
4. Appearances before regulatory agencies.
5. Special investigations involving detailed consideration of operation, maintenance and overhead expenses; preparation of rate schedules; earnings and expense statements; special feasibility studies; appraisals; valuations; and material audits or inventories required for certification of force account construction performed by the Owner.
6. Preparation of applications and supporting documents for government grants, loans or planning advances for public works projects.
7. Assistance to the Owner as an expert witness in any litigation with third parties, arising from the development or construction of the Project.
8. Geotechnical investigation and report.
9. Environmental assessment and report.
10. Site and water line easement acquisition services.
11. Inspection services
12. Public Notice costs to advertise Project in appropriate newspapers.
13. Detailed mill, shop and/or laboratory inspection of materials or equipment.

Payments to the Engineer for authorized services not in the basic charges will be made by the Owner, upon presentation of statements by the Engineer for such services.

**SECTION VII**  
**REVISIONS TO DRAWINGS AND SPECIFICATIONS**

The Engineer will make, without expense to the Owner, such revisions of the preliminary drawings as may be required to meet the needs of the Owner, but after a definite plan has been approved by the Owner, if a decision is subsequently made by the Owner, which, for its proper execution, involves extra services and expenses for changes in, or addition to the drawings, specifications or other documents, or if the Engineer is put to labor or expense by delays imposed on him from cause not within his control, such as by (but not limited to) the readvertisement for bids or by the delinquency or insolvency of contractors, the Engineer shall be compensated for such extra services and expenses, which services and expenses shall not be considered as covered by the percentage fee stipulated in this Agreement. Compensation for such extra services shall be in accordance with Attachment No. 2 - Hourly Rate Schedule. However, no extra compensation will be granted to the Engineer for correcting errors in the plans or errors in the design of the Project or for revising design or plans when such design and plans prove not to be feasible for construction.

**SECTION VIII**  
**OWNERSHIP OF DOCUMENTS**

Engineer shall retain ownership of all original documents, plan designs, and survey notes on all projects that are not completed and for which Engineer is not compensated regardless of whether the instruments were copyrighted. Additionally, all such documents for which Engineer is not compensated Owner will not reuse for extensions of the original project or new projects unless Owner shall secure the permission of Engineer and Engineer shall be entitled to further compensation for the use of such documents.

All original documents, plan designs, and survey notes for completed or partially completed projects for which Engineer has been compensated shall be the property of Owner and Engineer and reproducible copies shall be furnished to the Owner upon request. The use by either party of such documents is unrestricted.

**SECTION IX**  
**ARBITRATION UNDER TEXAS GENERAL ARBITRATION ACT**

A. Any controversy hereafter arising between Owner and Engineer in connection with this Agreement and any liability or claimed liability created hereunder or incident hereto or pertaining to the enforcement of any provision, condition or covenant herein shall be submitted to arbitration under the terms of the Texas General Arbitration Act. Either party may invoke this provision for arbitration by giving the other party notice in writing demanding that such controversy be submitted to arbitration, which notice shall also contain the appointment of an arbitrator by the demanding party. The party receiving such notice of arbitration must, within five (5) days after receiving same, mail to the demanding party a notice of appointment of a second arbitrator. Such two arbitrators shall meet forthwith and agree in writing upon a third arbitrator, and shall immediately give the parties written notice of the third arbitrator's appointment.

B. If the party upon whom the demand for arbitration is served fails to give the demanding party the required notice of the appointment of the second arbitrator within the required five (5) days, the demanding party may apply to the court under Article 226, Revised Statutes of 1925, to appoint the second arbitrator. If the first two arbitrators fail to agree upon a third arbitrator

within ten (10) days from the date the second arbitrator was appointed, either party may apply to the court, under such Article 226, for the appointment of the third arbitrator.

C. The proceedings of the arbitrators, the award made by the arbitrators and the endorsement of such awards shall be governed by the Texas General Arbitration Act, Articles 224 through 238-6, inclusive, Revised Statutes of 1925, as amended.

D. This entire Section IX providing for arbitration shall survive the termination of this Agreement under any of its provisions, and any controversy between Owner and Engineer existing when the Agreement terminates shall continue to be subject to arbitration hereunder.

**SECTION X**  
**TERMINATION**

Either party to this Agreement may terminate the Agreement by giving to the other thirty (30) days notice in writing. Upon delivery of such notice by the Owner to the Engineer, and upon expiration of the thirty-day period, the Engineer shall discontinue all services in connection with the performance of this Agreement and shall exceed to cancel promptly all existing orders and contracts insofar as such orders or contracts are chargeable to this Agreement. As soon as practicable after receipt of notice of termination, the Engineer shall submit a statement, shown in detail the services performed under this Agreement to the date of termination. The Owner shall then pay the Engineer promptly that portion of the prescribed charges which the services actually performed under this Agreement bear to the total services call for under this Agreement, less such payments on account of the charges as have been previously made. Copies of all completed or partially completed designs, plans and specifications prepared under this Agreement shall be delivered to the Owner and if this Agreement is terminated, but subject to the restrictions, as to their use, as set forth in Section VIII.

**SECTION XI**  
**ADDRESS OF NOTICES AND COMMUNICATIONS**

All notices and communications under this Agreement shall be mailed or delivered to the Engineer at the following address:

***S.D. KALLMAN, L.P. ~ ~***  
**ENGINEERS & ENVIRONMENTAL CONSULTANTS**  
**1106 S. Mays St., Suite 101**  
**Round Rock, Texas 78664**

All notices and communications under this Agreement shall be mailed or delivered to the Owner at the following address:

**LONE STAR REGIONAL WATER AUTHORITY**  
**113 Limestone Terrace**  
**Jarrell, Texas 76537**

**SECTION XII**  
**SECTION CAPTIONS**

Each section under the Contractual Undertakings has been supplied with a caption to serve only as a guide to the contents. The caption does not control the meaning of any Section or in any way determine its interpretation or application.

**SECTION XIII**  
**SCHEDULE OF COMPLETION**

The Engineer will fulfill the scope of services included in the Project in a professional and timely manner. The Owner's wishes and requirements regarding the project will be conveyed through the City's designated representative, and the Engineer shall confer frequently with this individual throughout the project.

**SECTION XIV**  
**SUCCESSORS AND ASSIGNS**

The Owner and the Engineer each binds himself and his successors, executors, administrators and assigns to the other party of this Agreement and to the successors, executors, administrators and assigns of such other party, in respect to all covenants of this Agreement. Except as above, neither the Owner nor the Engineer shall assign, sublet or transfer his interest in this Agreement without the written consent of the other. Nothing herein shall be construed as creating any public body which may be a party hereto.

**SECTION XV**  
**ATTORNEY'S FEES**

In the event of any dispute and/or legal action arising from an interpretation and/or the performance of any of the provisions of this Agreement, the parties hereby agree that the prevailing party shall be awarded reasonable attorneys' fees and costs.


EXECUTED in two (2) counterparts (each of which is an original) on behalf of the Engineer by its President shown below, and on behalf of the Owner (thereunto duly authorized).

EXECUTED this, the 20th day of May, 2015.

BY: **LONE STAR REGIONAL WATER  
AUTHORITY**

  
\_\_\_\_\_  
Landy Warren  
President of the Board

BY: **S.D. KALLMAN, L.P. --  
ENGINEERS & ENVIRONMENTAL CONSULTANTS**

  
\_\_\_\_\_  
Steven D. Kallman, P.E., R.P.L.S.  
President/General Partner

## ATTACHMENT NO. 1

### ENGINEER'S COMPENSATION FOR THE "EAST WILLIAMSON COUNTY REGIONAL WATER TRANSMISSION SYSTEM"

The Owner shall compensate the Engineer in the following amounts for providing the **Basic and Special Services** (if required) described in this Agreement.

The **Basic Lump Sum Services** include Preliminary Phase services, Design Phase services for preparation of Plans and Specifications, governmental approvals, assistance in advertising (Owner pays publication costs) and receiving Bids, and Construction Phase services for Construction Administration, preparation of as-built drawings and attendance at meetings as requested.

The **Special Services** include items of work listed in Section VI D that may be required, when authorized by the Owner.

#### Payment Schedule - Basic Lump Sum Services:

Compensation for **Basic Lump Sum Services** is itemized as follows:

<u>TASK</u>	<u>COMPENSATION</u>
<u>PLANNING</u>	
PRELIMINARY ENGINEERING FEASIBILITY REPORT (PEFR) REQUIRED BY THE TWDB APPLICATION FOR FINANCIAL ASSISTANCE	\$52,500.00
<u>DESIGN</u>	
DESIGN PHASE – PLANS AND SPECIFICATIONS	\$2,028,000.00
BIDDING PHASE – BIDDING ADMINISTRATION	\$40,000.00
<u>CONSTRUCTION</u>	
CONSTRUCTION PHASE – CONSTRUCTION ADMINISTRATION	<u>\$406,000.00</u>
TOTAL COMPENSATION – BASIC LUMP SUM SERVICES	\$2,526,500.00



**Payment Schedule - Special Services:**  
Compensation for Special Lump Sum Services is itemized as follows:

<b><u>TASK</u></b>	<b><u>COMPENSATION</u></b>
TWDB APPLICATION FOR FINANCIAL ASSISTANCE	\$7,500.00
DESIGN SURVEYS	\$243,000.00
GEOTECHNICAL INVESTIGATION AND REPORTS	\$20,000.00
ENVIRONMENTAL ASSESSMENT AND REPORT	\$70,000.00
SITE AND WATER LINE EASEMENT ACQUISITION SERVICES	\$300,000.00
INSPECTION SERVICES	<u>\$298,000.00</u>
TOTAL COMPENSATION – SPECIAL SERVICES	<u>\$938,500.00</u>
TOTAL COMPENSATION – BASIC LUMP SUM SERVICES AND SPECIAL SERVICES	\$3,465,000.00

**Terms:**

Invoices shall be submitted monthly based on percentage completion of services and upon the Owner's acceptance, which shall be within 30 days after submission.

**Payments shall not be expected until financing is secured.**

**ATTACHMENT NO. 2**  
**HOURLY RATE SCHEDULE**

	<b><i>Classification</i></b>	<b><i>Hourly Rate</i></b>
1.	Corporate Officer	\$ 180.00
2.	Registered Professional Engineer	\$ 150.00
3.	Project Manager	\$ 140.00
4.	AutoCAD Technician	\$ 100.00
5.	Secretarial Personnel, Including Word Processor	\$ 90.00
6.	Project Inspector	\$ 125.00
7.	Reimbursement for Direct Non-Labor Expense and Sub-Contract Expense	Cost
8.	Mileage at IRS approved rate – currently \$0.56 cents/mile	

Does not include any applicable sales taxes.

Addendum to Agreement for Engineering Services  
Project: East Williamson County Regional Water Transmission System  
(SWIFT)

Insurance Requirements

Engineer shall, at its expense, be responsible for assuring that Engineer and any person acting on Engineer's behalf under this Agreement carry the following insurance with one or more insurance carriers licensed by the Texas Department of Insurance at any and all times that Engineer is acting pursuant to this Agreement, in such amounts as shown below:

(a) Worker's Compensation Insurance (Statutory Coverage) and Employer's Liability Insurance with the following limits:


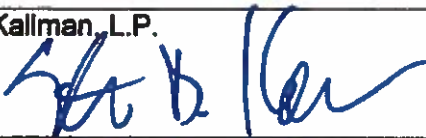
Bodily Injury by Accident	\$1,000,000 Each Accident
Bodily Injury by Disease	\$1,000,000 Each Employee
Bodily Injury by Disease	\$1,000,000 Policy Limit

(b) General Liability Insurance. Comprehensive General Liability or Commercial General Liability insurance covering all operations by or on behalf of Engineer, with coverage provided in amounts not less than \$1,000,000. The policy shall provide a deductible not exceeding \$0.00 per occurrence.

(c) Business Auto. Automobile or similar insurance covering claims of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle, owned, non-owned or hired, providing coverage in the amount of not less than \$1,000,000 per occurrence for bodily injury and property damage, or Combined Single Limit (bodily injury and property damage). The policy shall provide a deductible not exceeding \$1,000 per occurrence.

(d) Professional Liability Insurance. Professional liability insurance in the amount of \$1 million, \$10,000 deductible to pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages by reason of any act, malpractice, error or omission of the Engineer or any person employed or acting on the Engineer's behalf (including but not limited to sub-contractors). For policies written on a "claims-made" basis, Engineer agrees to maintain a retroactive date prior to or equal to the effective date of this contract and that continuous coverage will be maintained or a supplemental extended reporting period will be purchased with a minimum reporting period not less than two years after the completion of this contract. The Engineer is solely responsible for any additional premium for the supplemental extended reporting period.

The Engineer shall cause certificates of insurance evidencing the above coverage to be provided annually to Owner during the Term. The insurance policy required under (b) above, shall name the Owner as an additional insured with regard to the Project; shall reflect that Owner will receive thirty (30) days prior written notice of cancellation or material change in coverage; and shall reflect that the insurer has waived any right of subrogation against Owner.

Lone Star Regional Water Authority  By:  <del>Dan Dedson</del> <u>Landy Warren</u> <del>General Manager</del> <u>President</u>	S. D. Kallman, L.P.  By:  Steven D. Kallman, P.E., R.P.L.S. President
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LAW OFFICES  
**M<sup>c</sup>CALL, PARKHURST & HORTON L.L.P.**

717 NORTH HARWOOD  
SUITE 900  
DALLAS, TEXAS 75201-6587  
TELEPHONE: 214 754-9200  
FACSIMILE: 214 754-9250

600 CONGRESS AVENUE  
SUITE 1800  
AUSTIN, TEXAS 78701-3248  
TELEPHONE: 512 478-3805  
FACSIMILE: 512 472-0871

700 N. ST. MARY'S STREET  
SUITE 1525  
SAN ANTONIO, TEXAS 78205-3503  
TELEPHONE: 210 225-2800  
FACSIMILE: 210 225-2984

May 20, 2015

Lone Star Regional Water Authority  
Jarrell, Texas

Dear Ladies and Gentlemen:

This engagement letter will outline our proposed services as Bond Counsel to Lone Star Regional Water Authority (the "Authority") in connection with the issuance of bonds, notes or other obligations by the Authority for its proposed Surface Water Project (the "Project") and proposed financing through the Texas Water Development Board and our understanding of compensation therefor (the "Matter").

**SERVICES**

We will perform all usual and necessary legal services as Bond Counsel. Specifically, we will prepare and direct legal proceedings and perform other necessary legal services with reference to the authorization, sale, and delivery of approximately \$24,500,000 of the Authority's bonds, notes or other obligations issued for the Authority to finance the Project (for convenience hereafter collectively referred to as "bonds"), including the following:

1. consultation with the Authority, as appropriate, and any advisors in planning for the bond issue, including consultations concerning federal tax considerations;
2. preparation of all contracts, resolutions, trust indentures, and other instruments pursuant to which bonds will be authorized, secured, sold and delivered in consultation with the Authority, General Counsel, financial advisors, the underwriters and their counsel and any officials and consultants thereof;
3. prepare all election proceedings necessary in connection with the bonds;
4. attendance at meetings of the Authority, as appropriate, and with other representatives thereof to the extent required or requested with reference to the

authorization and issuance of the bonds;

5. preparation of all documents necessary to seek the approval of the Attorney General of Texas and the submission of such documents to the Attorney General for approval and to the Comptroller of Public Accounts for registration of the bonds as required by law;
6. supervision of the printing and execution of the bonds and the delivery thereof to the initial purchaser of the bonds;
7. rendering our nationally accepted opinions covering the validity of the bonds under Texas law and tax status of the interest thereon under federal income tax laws; and
8. preparation of a transcript of all proceedings in connection with the issuance of the bonds.

The foregoing legal services as Bond Counsel do not include any direct responsibility for litigation of any kind. However, if during the issuance of the bonds any litigation should develop regarding the issuance of the bonds or the provisions made for their payment or security, we will consult, advise and cooperate with General Counsel to the Board concerning any such litigation. Our fees for such services would be based upon an hourly rate of \$450 an hour.

In addition, our services as Bond Counsel do not include any direct responsibility for the "disclosure obligations" owed to the investing public under the federal securities laws and the various state securities laws. We will not be responsible for the preparation of any Official Statement and will not assume any responsibility with respect thereto nor undertake independently to verify any of the information therein, except that, in our capacity as bond counsel, we will review various statements in any Official Statement to verify that such statements conform to the provisions of the legal instruments and documents therein described.

The firm will undertake upon the request of the Authority such services as may be necessary to assist the Authority in satisfying the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission. Our fees for such services would be based upon an hourly billing rate of \$450 per hour. Should it be necessary for the firm to render a written opinion with respect to any matters relating to the compliance by the Authority with the ongoing disclosure or other compliance requirements of Rule 15c2-12, such fee for legal services provided in connection with the delivery of the opinion will be set at an amount agreed upon by us and the Authority.

Our services as Bond Counsel do not include any responsibility for investigating the financial condition and affairs of the Authority. Our approving legal opinion as Bond Counsel will contain a

paragraph substantially to the effect that we have acted as Bond Counsel for the Authority for the sole purpose of rendering an opinion with respect to the legality and validity of the bonds under the Constitution and laws of the State of Texas, and with respect to the exemption of the interest on the bonds from federal income taxes, and for no other reason or purpose. The paragraph will also disclose that we have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Authority, and have not assumed any responsibility with respect thereto.

At the request of the Authority, our firm will also serve as Disclosure Counsel in connection with the issuance of any bonds. As Disclosure Counsel we will assist in performing the due diligence investigation of the Authority, the securities, any obligated persons on the securities, the security for the offering and other information material to the offering. The investigation may include document and statutory review, conferences with Authority representatives including, accountants, engineers and counsel, the developers and other activities deemed appropriate to us. The amount and scope of due diligence depends on a number of factors related to the manner of offering, the type of security, appropriate reliance on particular sources of information, the presence of any "red flags," etc. It is understood that the scope of the due diligence investigation will appropriately vary widely among different transactions.

### **COOPERATION**

To enable us effectively to perform the services contemplated, it is essential that you disclose fully and accurately all facts and keep us apprised of all developments relating to the Matter. You have agreed to cooperate fully with us and to make your representatives available to attend meetings, conferences, hearings, and other proceedings.

### **CONFLICTS**

If a controversy arises between you and any other client of our firm, we, after taking into account the rules of professional ethics applicable to us, may decline to represent either you or such other client or both and such other client.

### **STANDARDS OF PROFESSIONALISM AND ATTORNEY COMPLAINT INFORMATION**

Pursuant to rules promulgated by the Texas Supreme Court and the State Bar of Texas, we are to advise clients that the State Bar of Texas investigates and prosecutes complaints of professional misconduct against attorneys licensed in Texas. A brochure entitled *Attorney Complaint Information* is available at all of our Texas offices and is likewise available upon request. A client that has any questions about State Bar's disciplinary process should call the Office of the General Counsel of the State Bar of Texas at 1-800-932-1900 toll free.

## **WAIVER OF CONFLICTS OF INTERESTS**

You understand that we represent many investment banking firms, commercial banks, and other parties to public finance transactions from time to time in connection with other issues, including the Authority's financial advisor and potential underwriters for your bonds, and you do not object to our continued representation (in connection with other issues) of any such firm with respect to which you choose to do business in connection with issuance of the bonds, since doing so is how we are able to gain the experience we need to represent you effectively. If a controversy arises between you and any other client of our firm, we, after taking into account the rules of professional ethics applicable to us, may decline to represent either you or such other client or both you and such other client.

## **COMPENSATION**

In connection with the issuance of bonds by the Authority, our firm will render a bond opinion and act as bond counsel on behalf of the Authority. The Authority will have primary responsibility for processing any bond applications required to be approved through the Texas Commission on Environmental Quality.

In connection with the authorization issuance and sale of any of the Authority's bonds for the Project, in addition to reimbursement for any out-of-pocket expenses, our fee will be based upon a sliding scale percentage of proceeds of sale from each issue or installment bonds calculated as follows:

- (i) an amount equal to 1.00% of the first \$1,000,000 in principal amount and premium of the bonds; plus,
- (ii) an amount equal to 0.75 % of the next \$4,000,000 in principal amount and premium of the bonds; plus,
- (iii) an amount equal to 0.50% of the next \$5,000,000 in principal amount and premium of the bonds; plus,
- (iv) an amount equal to 0.25% of the next \$10,000,000 in principal amount and premium of the bonds.

For an estimated \$24,500,000 of bonds for the Project, based upon the above scale, our fee will be \$101,250.00.

If requested, we propose a disclosure counsel fee of \$8,500 or such other amount as may be agreed to by the parties.

Our Bond Counsel fee is contingent upon issuance of bonds. We also expect to be reimbursed for all normal, actual out-of-pocket expenses incurred (such as travel, communications,

reproduction and delivery service) in connection with the services performed. Since the work for the Authority will be performed by attorneys in the Austin office, it is not anticipated that travel expenses will be incurred; however, in the event travel is necessary it will not be undertaken without prior approval by the Board. Copying charges are normally twenty cents a page. Large copying orders are sometimes subcontracted out, in which case the actual charges are billed.

**TERMINATION**

This engagement may be terminated by either party upon thirty (30) days written notice; provided, however, if the Authority exercises the early termination, the Authority shall pay Bond Counsel all fees and expenses accrued to the date of such termination from the proceeds of future bond issues. There shall not be individual liability on any member of the Board, or other official of the Authority, for the payment of any amounts due hereunder.

If the Authority finds this proposal to be satisfactory, we ask that a copy of this letter be signed and returned to us for our files. We look forward to working with the Authority.

Respectfully submitted,

McCall, Parkhurst & Horton L.L.P.

A handwritten signature in blue ink, appearing to read "J. Bart Fowler", is written over the typed name.

J. Bart Fowler



Lone Star Regional Water Authority  
May 20, 2015  
Page 6

The foregoing agreement is hereby accepted on behalf of Lone Star Regional Water Authority.

Date: \_\_\_\_\_.

By: \_\_\_\_\_

Title: \_\_\_\_\_

## **FINANCIAL ADVISORY SERVICES AGREEMENT**

This Financial Advisory Services Agreement (the “Agreement”) is made and entered into by and between the Lone Star Regional Water Authority (“Issuer”) and Specialized Public Finance Inc. (“SPFI”) effective as of the date executed by the Issuer as set forth on the signature page hereof.

### **WITNESSETH:**

WHEREAS, the Issuer is proceeding with a Contract Revenue Bonds Series 2015 and Taxable Series 2015; and Board Participation Agreement Series 2015 and Taxable Series 2015(combined, the “Bonds”),, in the combined amount of approximately \$27,630,000 to be sold to the Texas Water Development Board (TWDB); and

WHEREAS, the Issuer desires to obtain the professional services of SPFI to advise the Issuer regarding the issuance and sale of the Bonds to the TWDB ; and

WHEREAS, SPFI is willing to provide its professional services as financial advisor in connection with the issuance of the Bonds.

NOW, THEREFORE, the Issuer and SPFI, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, do hereby agree as follows:

### **SECTION I DESCRIPTION OF SERVICES**

Upon the request of the Issuer, SPFI agrees to perform the financial advisory services stated in the following provisions of this Section I; and for having rendered such services, the Issuer agrees to pay to SPFI the compensation as provided in Section VI hereof.

1. Financial Planning. Provide financial planning services related to Debt plans and programs.
2. Debt Elements. Provide recommendations regarding Debt under consideration, including such elements as timing, structure, security provisions, and such other provisions as may be appropriate.
3. Price Fairness. Advise the Issuer as to the fairness of the price offered by the TWDB.
4. Offering Documents/Application. Participate in and direct, as appropriate, the preparation of the offering documents and application and/or assist bond counsel with same.
5. Auditors. Coordinate verification by an independent auditor of any calculations incident to the Debt, as required.

6. Closing. Provide the Issuer a post sale/closing booklet or update for the Debt and other outstanding debt, as needed.

## **SECTION II TERM OF AGREEMENT**

This Agreement shall become effective as of the date executed by the Issuer as set forth on the signature page hereof and, unless terminated by either party pursuant to Section IV of this Agreement, shall remain in effect until the completion of the sale to the TWDB.

## **SECTION III TERMINATION**

This Agreement may be terminated with or without cause by the Issuer or SPFI upon the giving of at least thirty (30) days' prior written notice to the other party of its intention to terminate. In the event of such termination, it is understood and agreed that only the amounts due SPFI for services provided and expenses incurred to the date of termination will be due and payable. No penalty will be assessed for termination of this Agreement.

## **SECTION IV COMPENSATION AND EXPENSE REIMBURSEMENT**

The fees due to SPFI for the services set forth and described in Section I of this Agreement with respect to each issuance of Debt during the term of this Agreement shall be calculated in accordance with the schedule set forth on Appendix A attached hereto. Unless specifically provided otherwise on Appendix A or in a separate written agreement between Issuer and SPFI, such fees, together with any other fees as may have been mutually agreed upon and all expenses for which SPFI is entitled to reimbursement, shall become due and payable concurrently with the delivery of the Debt to the purchaser.

## **SECTION V MISCELLANEOUS**

1. Choice of Law; Form ADV. This Agreement shall be construed and given effect in accordance with the laws of the State of Texas. Proper venue for any legal action arising out of this Agreement shall be Williamson County, Texas. Issuer acknowledges receipt of SPFI Form ADV.
2. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Issuer and SPFI, their respective heirs, executors, personal representatives, successors and assigns; provided however, neither party hereto may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party.

3. Entire Agreement. This instrument contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. Any oral or written representations or modifications concerning this Agreement shall be of no force or effect except for a subsequent modification in writing signed by all parties hereto.

Specialized Public Finance Inc.

By: \_\_\_\_\_  
Managing Director

Lone Star Regional Water Authority, Texas

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Title

*The Issuer acknowledges that the decision to engage SPFI was reached based solely upon the expertise of SPFI to perform the duties outlined in this Agreement. The Issuer further acknowledges that no non-public information was relied upon in the decision to engage SPFI.*

## APPENDIX A

### Fee Schedule:

Up to	\$ 2,500,000 Bonds at 2.00% of par value
Next	\$ 5,000,000 Bonds at 1.75% of par value
Over	\$ 7,500,000 Bonds at 1.50% of par value

The above charges shall be multiplied by 1.25 times for the completion of an application to a federal or state government agency or for the issuance of revenue bonds or refunding bonds, reflecting the additional services required.

The charges for ancillary services, including computer structuring and official statement printing, shall be levied only for those services which are reasonably necessary in completing the transaction and which are reasonable in amount, unless such charges were incurred at the specified direction of the Issuer.

*The payment of charges for financial advisory services in Section I of the foregoing Agreement shall be contingent upon the delivery of bonds and shall be due at the time that bonds are delivered. The payment of charges for services described in Section II of the foregoing Agreement shall be due and payable in accordance with the mutual agreement therefor between SPFI and Issuer.*

The Issuer shall be responsible for the following expenses, if and when applicable:

- Bond counsel
- Bond ratings
- Computer structuring
- Continuing Disclosure, as per Section III
- Credit enhancement
- Verification agent
- Official statement preparation
- Official statement printing
- Paying agent/registrar/trustee
- Travel related expenses related to ratings or credit enhancement, with prior approval
- Underwriter and underwriters' counsel
- Delivery, copy, conference call charges and other miscellaneous charges

*The payment of reimbursable expenses that SPFI has assumed on behalf of the Issuer shall NOT be contingent upon the delivery of bonds and shall be due at the time that services are rendered and payable upon receipt of an invoice therefor submitted by SPFI.*

## CERTIFICATE FOR RESOLUTION

**THE STATE OF TEXAS** §  
**LONE STAR REGIONAL WATER AUTHORITY** §

We, the undersigned officers and members of the Board of Directors of the Lone Star Regional Water Authority ("LSRWA"), hereby certify as follows:

1. The Board of Directors of LSRWA convened in a REGULAR MEETING ON THE 20TH DAY OF MAY, 2015, at the designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to wit:

Landy Warren, President  
David Marshall, Vice President  
Gilbert E. Kretzschmar, Secretary  
Keith Odom, Director  
Mike Fisher, Director  
Jeff Stockton, Director  
Ken Heroy, Director  
Vacant, Director

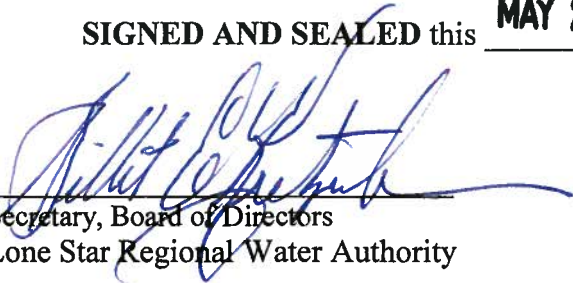
and all of said persons were present, except the following absentees: none, thus constituting a quorum. Whereupon, among other business, the attached resolution (the "Resolution") was duly introduced for the consideration of the Board. It was then separately and duly moved and seconded that the Resolution be adopted; and, after due discussion, the motion, carrying with it the adoption of the Resolution, prevailed and carried by the following votes:

AYES:           5                   NOES:           0                   ABSTAIN:       2

2. That true, full and correct copies of the Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said Meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that said Resolution would be introduced and considered for adoption at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose; that said Meeting was open to the public and public notice of the time, place and purpose of said Meeting was given, all as required by Chapter 551, Government Code.

3. The Resolution has not been modified, amended or repealed and is in full force and effect on and as of the date hereof.

SIGNED AND SEALED this MAY 20 2015.

  
Secretary, Board of Directors  
Lone Star Regional Water Authority

  
President, Board of Directors  
Lone Star Regional Water Authority







Engineer

---

Steve Kallman, P.E., President  
S.D. Kallman, L.P.  
1106 South Mays, Suite 101  
Round Rock, TX 78664

General Manager

---

Dan Dodson  
Lone Star Regional Water Authority  
113 Limestone Terrace, Suite 112  
Jarrell, Texas 76537

4. That this Resolution shall become effective immediately upon adoption.

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**APPLICATION AFFIDAVIT**

**THE STATE OF TEXAS** §

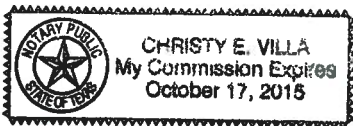
**LONE STAR REGIONAL WATER AUTHORITY** §

BEFORE ME, the undersigned Notary Public in and for the State of Texas, on this day personally appeared Dan Dodson, General Manager, of the Lone Star Regional Water Authority (the "Authority"), who being by me duly sworn, upon oath says that (1) to the best of his knowledge and belief, the facts and information contained in the Application to the Texas Water Development Board for financial assistance are true and correct, (ii) the Authority will comply with all representations in the Application to the Texas Water Development Board for financial assistance; all applicable federal laws, rules and regulations; all laws of the State of Texas; and all rules and published policies and regulations of the Texas Water Development Board, and (iii) to the best of his knowledge, there is no litigation or other proceeding pending or threatened against the Authority before any court, agency, or administrative body wherein an adverse decision would materially adversely affect the financial condition of the Authority or the ability of the Authority to issue debt and (iv) the Application to the Texas Water Development Board for financial assistance was approved by the Board of Directors in an open meeting in accordance with the Open Meetings Act.



Dan Dodson, General Manager

SUBSCRIBED AND SWORN TO BEFORE ME this 20<sup>th</sup> day of May, 2015.





Notary Public

[Notary Seal]

**APPLICATION AFFIDAVIT**

**THE STATE OF TEXAS** §

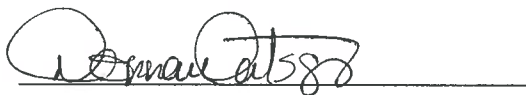
**LONE STAR REGIONAL WATER AUTHORITY** §

BEFORE ME, the undersigned Notary Public in and for the State of Texas, on this day personally appeared Dan Dodson, General Manager, of the Lone Star Regional Water Authority (the "Authority"), who being by me duly sworn, upon oath says that (1) to the best of his knowledge and belief, the facts and information contained in the Application to the Texas Water Development Board for financial assistance are true and correct, (ii) the Authority will comply with all representations in the Application to the Texas Water Development Board for financial assistance; all applicable federal laws, rules and regulations; all laws of the State of Texas; and all rules and published policies and regulations of the Texas Water Development Board, and (iii) to the best of his knowledge, there is no litigation or other proceeding pending or threatened against the Authority before any court, agency, or administrative body wherein an adverse decision would materially adversely affect the financial condition of the Authority or the ability of the Authority to issue debt and (iv) the Application to the Texas Water Development Board for financial assistance was approved by the Board of Directors in an open meeting in accordance with the Open Meetings Act.



Dan Dodson, General Manager

SUBSCRIBED AND SWORN TO BEFORE ME this 17 day of June, 2015.



Notary Public



[Notary Seal]

What is the basis for the amount of each participant?

**Sonterra Municipal Utility District-** Sonterra MUD is located in Northern Williamson County adjacent to I-35 with most of the development located in the City Limits or ETJ of the City of Jarrell. The Districts planned build out is 4000 lots and two Apartment Complexes and at least one Hotel. One apartment complex is built and another one is under construction. The District also has Commercial and Local Retail property in the district with several restaurants and two very prominent fueling station/and stores for long haul trucks. There are currently around 1200 lots with homes, and at least 95 percent occupied, and the Developer is currently laying out 600 more. The District has requested a capacity of 3.9 mgd from the East Williamson County Regional Water Project. Coupled with their well systems that are in place and one new well they will be drilling this fall they should have ample water supplies to sustain their build out with various peaking options. The Developer has mentioned that they may consider purchasing adjacent land and continuing the development, though that could be a number of years down the road. The City of Jarrell and the District are on good terms and both entities have discussed the future of the District as it relates to the City. Like most of these situations, the City will absorb the Districts assets and liabilities sometime in the future when their financial leverage will allow.

**City of Jarrell-** The City has an expansive amount of territory, limits and ETJ, in and adjacent to the I-35 corridor. The City also has a relatively new Sanitary Wastewater system that serves their citizens as well as the Sonterra MUD that is only operating at about half capacity. The City is located within the Jarrell-Schwertner WSC's CCN. The City wishes to operate their on Water System someday and have worked out an agreement with J-SWSC whereas the City will provide water to Commercial Operations and Public School in the Corporations CCN. In addition the J-SWSC has agreed to allow them to serve water to their newest residential development named Home Place. This development is a 300 lot subdivision that the developer built the water system for and is estimated to be able to serve water to at least 1200 homes. The Developer is discussing adding another 300 lots late fall or early spring. The City has purchased the water system and is currently operating the system to this development. In addition they are expanding the ground storage capability to the system in November. This operation is part of the negotiated terms with J-SWSC for the City to serve parts of the certificated area of J-SWSC. The City has requested a capacity of 1.5 mgd from the East Williamson County Regional Water Project. That number includes peaking.

**Jarrell-Schwertner WSC-** This WSC is predominantly rural in nature and very expansive in its certificated area. The City of Jarrell has had discussion with J-SWSC of purchasing a part of their system and certificated area, and in talking with both parties we believe it will be a reality in the not too distant future. When that does occur, the Corporation will still maintain the vast majority of their certificated territory. The area they will maintain has the potential to continue to grow either in a rural setting or perhaps even in an urban setting to some degree. J-SWSC is interested in a capacity of 1.5 mgd to supplement their water well systems. They also have a contract for 1000 acre feet of water from Stillhouse Hollow via the Central Texas System. They have recently drilled a new well, and the fluorides are on the high side, which incidentally is a problem with Edwards's wells in this area, and are planning to be able to use that water by blending the Granger water to achieve the approved permitted quality.

**Central Texas WSC-** Central Texas is a Water Wholesaler that has contracts with public and private entities in over a half a dozen counties. This includes Williamson and Bell Counties. They are requesting capacity for 1.5 mgd capacity in the project. In visiting with the Management of Central Texas, their current plans for this additional water would be for eastern Williamson County and southern Bell County. They specifically have indicated that they or perhaps even Bell-Milam WSC are working to assist the City of Holland and through J-SWSC the City of Bartlett with their future water supplies. This additional water supply will help with that. In addition, they have noted the significant growth south of Temple and curving around all most to Salado as an area that is requiring additional water supplies in the not too distant future.

**Bell-Milam Falls WSC-** Bell-Milam is requesting .3 mgd in the project. They buy water from Central Texas as well as utilize wells. Both Central Texas and Bell-Milam will play a role in assisting rural communities in eastern Williamson County and southern Bell County with future water supplies. Their situation is quite similar to what is noted above in the comments regarding Central Texas WSC except Bell-Milam will be the retailer and Central Texas will be helping supply the water to the retailer.

**CLL Municipal Utility District-** This district encompasses over 15,000 acres of property in Northern Williamson County and Southern Bell County. The District has organized as required by their enabling legislation; however they have not gone further in terms of voting bonds and starting a Development process. The owner of the property/ MUD Board President has only in just the last year started serious discussions regarding the District and developing some of or all of the property. The property has some good producing wells, but like other area wells, the fluoride counts are high or border line at best. They are interested in a little over 2 mgd and another instance of blending to conjunctively provide an ample supply of water. We do not expect the District to be in a position to use any assets of a currently dormant District to procure the capacity that they want. However, we do expect them to meet whatever requirement the Board would find satisfactory to achieve their end. That could take the form of a voted contract tax, the Property Owner/Developer contracting to pay or perhaps one of the other participating entities buying CLL's portion and CLL repaying them by contract.

**Lone Star Regional Water Authority  
Draft Pro Forma**

FYE 9/30	Water Cost (Per 1,000 Gallons)	Water Usage (MGD)	Contracted Fixed Revenues	Usage Revenues		Total Revenues	Cost of Water	Fixed Operating Expenses	Variable Operating Expenses	Total Expenses	Net Revenues	Debt Service	Coverage	Reserve Fund Contribution	Surplus Cash Flow	Coverage Ratio	Fixed Charge Per MGD	Variable Cost Per \$1,000	Total Participant Water Cost Per 1,000 Gallons
				From Participants	Total														
2016	-	-	293,876	\$ -	\$ 293,876	\$ -	\$ 85,000	\$ -	\$ 85,000	\$ 208,876	\$ 143,150	\$ 65,727	\$ 58,569	\$ 7,157	1.46	\$ 27,988	\$ -	0.08	
2017	-	-	321,376	-	321,376	-	112,500	-	112,500	208,876	143,150	65,727	58,569	7,157	1.46	30,607	-	0.08	
2018	2.00	3.00	766,154	2,474,700	3,240,854	2,190,000	226,500	284,700	2,701,200	539,654	458,176	81,478	58,569	22,909	1.18	72,967	2.26	2.46	
2019	2.06	3.50	767,957	2,976,575	3,744,532	2,631,650	229,898	344,925	3,206,473	538,060	456,658	81,402	58,569	22,833	1.18	73,139	2.33	2.53	
2020	2.12	4.00	858,672	3,504,000	4,362,672	3,095,200	233,346	408,800	3,737,346	625,326	539,768	85,558	58,569	26,988	1.16	81,778	2.40	2.62	
2021	2.18	5.00	895,852	4,507,750	5,403,602	3,978,500	236,846	529,250	4,744,596	659,006	627,625	31,381	58,569	31,381	1.05	85,319	2.47	2.70	
2022	2.25	6.00	1,035,954	5,584,500	6,620,454	4,927,500	240,399	657,000	5,824,899	795,555	757,671	37,884	58,569	37,884	1.05	98,662	2.55	2.82	
2023	2.32	7.00	1,170,521	6,719,650	7,890,171	5,927,600	244,005	792,050	6,963,655	926,516	882,397	44,120	58,569	44,120	1.05	111,478	2.63	2.94	
2024	2.39	8.00	1,310,132	7,913,200	9,223,332	6,978,800	247,665	934,400	8,160,865	1,062,467	1,011,873	50,594	58,569	50,594	1.05	124,774	2.71	3.05	
2025	2.46	9.00	1,444,272	9,165,150	10,609,422	8,081,100	251,380	1,084,050	9,416,530	1,192,892	1,136,088	56,804	58,569	56,804	1.05	137,550	2.79	3.17	
2026	2.53	10.00	1,449,700	10,475,500	11,925,200	9,234,500	255,151	1,241,000	10,730,651	1,194,550	1,137,667	56,883	58,569	56,883	1.05	138,067	2.87	3.25	
2027	2.61	10.50	1,454,824	11,344,200	12,799,024	10,002,825	258,978	1,341,375	11,603,178	1,195,847	1,138,902	56,945	58,569	56,945	1.05	138,555	2.96	3.34	
2028	2.69	10.50	2,199,301	11,689,125	13,888,426	10,309,425	262,863	1,379,700	11,951,988	1,936,439	1,844,227	92,211	58,569	92,211	1.05	209,457	3.05	3.62	
2029	2.77	10.50	2,198,663	12,034,050	14,232,713	10,616,025	266,805	1,418,025	12,300,855	1,931,858	1,839,865	91,993	58,569	91,993	1.05	209,397	3.14	3.71	
2030	2.85	10.50	2,208,425	12,378,975	14,587,400	10,922,625	270,808	1,456,350	12,649,783	1,937,617	1,845,350	92,267	58,569	92,267	1.05	210,326	3.23	3.81	
2031	2.94	10.50	2,207,343	12,762,225	14,969,568	11,267,550	274,870	1,494,675	13,037,095	1,932,474	1,840,451	92,023	58,569	92,023	1.05	210,223	3.33	3.91	
2032	3.03	10.50	2,211,360	13,145,475	15,356,835	11,612,475	278,993	1,533,000	13,424,468	1,932,368	1,840,350	92,018	58,569	92,018	1.05	210,606	3.43	4.01	
2033	3.12	10.50	2,220,503	13,528,725	15,749,228	11,957,400	283,178	1,571,325	13,811,903	1,937,326	1,845,072	92,254	58,569	92,254	1.05	211,477	3.53	4.11	
2034	3.21	10.50	2,218,837	13,911,975	16,130,812	12,302,325	287,425	1,609,650	14,199,400	1,931,412	1,839,440	91,972	58,569	91,972	1.05	211,318	3.63	4.21	
2035	3.31	10.50	2,674,577	14,333,550	17,008,127	12,685,575	291,737	1,647,975	14,625,287	2,382,840	2,269,372	113,469	58,569	113,469	1.05	254,722	3.74	4.44	
2036	3.41	10.50	2,671,460	14,755,125	17,426,585	13,068,825	296,113	1,686,300	15,051,238	2,375,347	2,262,236	113,112	58,569	113,112	1.05	254,425	3.85	4.55	
2037	3.51	10.50	2,686,837	15,176,700	17,863,537	13,452,075	300,554	1,724,625	15,477,254	2,386,283	2,272,651	113,633	58,569	113,633	1.05	255,889	3.96	4.66	
2038	3.62	10.50	2,684,083	15,636,600	18,320,683	13,873,650	305,063	1,762,950	15,941,663	2,379,021	2,265,734	113,287	58,569	113,287	1.05	255,627	4.08	4.78	
2039	3.73	10.50	2,689,818	16,096,500	18,786,318	14,295,225	309,639	1,801,275	16,406,139	2,380,179	2,266,838	113,342	58,569	113,342	1.05	256,173	4.20	4.90	

Taxable Board Participation

Year	Taxable Board Participation				Taxable Low Interest Rate Loan			
	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total
2016	-	-	305,820.00	305,820.00	-	-	52,757.00	52,757.00
2017	-	-	305,820.00	305,820.00	-	-	52,757.00	52,757.00
2018	-	-	305,820.00	305,820.00	40,000.00	1.17%	92,757.00	92,757.00
2019	-	-	305,820.00	305,820.00	40,000.00	1.66%	92,289.00	92,289.00
2020	-	-	305,820.00	305,820.00	40,000.00	1.90%	91,625.00	91,625.00
2021	-	-	305,820.00	305,820.00	40,000.00	2.14%	90,865.00	90,865.00
2022	-	-	305,820.00	305,820.00	45,000.00	2.25%	90,009.00	90,009.00
2023	-	-	305,820.00	305,820.00	45,000.00	2.46%	89,996.50	89,996.50
2024	-	-	305,820.00	305,820.00	45,000.00	2.54%	89,889.50	89,889.50
2025	-	-	305,820.00	305,820.00	45,000.00	2.62%	89,746.50	89,746.50
2026	-	-	305,820.00	305,820.00	45,000.00	2.82%	89,567.50	89,567.50
2027	-	-	305,820.00	305,820.00	50,000.00	2.93%	89,298.50	89,298.50
2028	-	-	305,820.00	305,820.00	50,000.00	3.05%	89,833.50	89,833.50
2029	-	-	305,820.00	305,820.00	50,000.00	3.13%	91,308.50	91,308.50
2030	-	-	305,820.00	305,820.00	55,000.00	3.21%	94,743.50	94,743.50
2031	-	-	305,820.00	305,820.00	55,000.00	3.46%	92,978.00	92,978.00
2032	-	-	305,820.00	305,820.00	55,000.00	3.46%	91,075.00	91,075.00
2033	-	-	305,820.00	305,820.00	60,000.00	3.46%	94,172.00	94,172.00
2034	-	-	305,820.00	305,820.00	60,000.00	3.46%	92,096.00	92,096.00
2035	320,000.00	4.42%	305,820.00	625,820.00	65,000.00	3.46%	90,020.00	90,020.00
2036	330,000.00	4.62%	291,676.00	621,676.00	65,000.00	3.62%	92,771.00	92,771.00
2037	350,000.00	4.57%	276,430.00	626,430.00	70,000.00	3.58%	95,418.00	95,418.00
2038	365,000.00	4.57%	260,435.00	625,435.00	70,000.00	3.58%	92,912.00	92,912.00
2039	380,000.00	4.57%	243,754.50	623,754.50	75,000.00	3.58%	95,406.00	95,406.00
2040	400,000.00	4.57%	226,388.50	626,388.50	75,000.00	3.58%	92,721.00	92,721.00
2041	415,000.00	4.57%	208,108.50	623,108.50	80,000.00	3.58%	95,036.00	95,036.00
2042	435,000.00	4.57%	189,143.00	624,143.00	80,000.00	3.58%	92,172.00	92,172.00
2043	455,000.00	4.57%	169,263.50	624,263.50	85,000.00	3.58%	94,308.00	94,308.00
2044	475,000.00	4.57%	148,470.00	623,470.00	85,000.00	3.58%	91,265.00	91,265.00
2045	495,000.00	4.57%	126,762.50	621,762.50	90,000.00	3.58%	93,222.00	93,222.00
2046	520,000.00	4.67%	104,141.00	624,141.00	-	-	-	-
2047	545,000.00	4.67%	79,857.00	624,857.00	-	-	-	-
2048	570,000.00	4.67%	54,405.50	624,405.50	-	-	-	-
2049	595,000.00	4.67%	27,786.50	622,786.50	-	-	-	-
	<u>6,690,000.00</u>		<u>8,523,021.50</u>	<u>15,173,021.50</u>			<u>1,773,756.00</u>	<u>23,242,320.00</u>

Taxable Low Interest Rate Loan

Year	Taxable Board Participation				Taxable Low Interest Rate Loan			
	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total
2016	-	-	52,757.00	52,757.00	-	-	52,757.00	52,757.00
2017	-	-	52,757.00	52,757.00	-	-	52,757.00	52,757.00
2018	-	-	92,757.00	92,757.00	40,000.00	1.17%	92,757.00	92,757.00
2019	-	-	92,289.00	92,289.00	40,000.00	1.66%	92,289.00	92,289.00
2020	-	-	91,625.00	91,625.00	40,000.00	1.90%	91,625.00	91,625.00
2021	-	-	90,865.00	90,865.00	40,000.00	2.14%	90,865.00	90,865.00
2022	-	-	90,009.00	90,009.00	45,000.00	2.25%	90,009.00	90,009.00
2023	-	-	89,996.50	89,996.50	45,000.00	2.46%	89,996.50	89,996.50
2024	-	-	89,889.50	89,889.50	45,000.00	2.54%	89,889.50	89,889.50
2025	-	-	89,746.50	89,746.50	45,000.00	2.62%	89,746.50	89,746.50
2026	-	-	89,567.50	89,567.50	45,000.00	2.82%	89,567.50	89,567.50
2027	-	-	89,298.50	89,298.50	50,000.00	2.93%	89,298.50	89,298.50
2028	-	-	89,833.50	89,833.50	50,000.00	3.05%	92,833.50	92,833.50
2029	-	-	91,308.50	91,308.50	50,000.00	3.13%	94,308.50	94,308.50
2030	-	-	94,743.50	94,743.50	55,000.00	3.21%	94,743.50	94,743.50
2031	-	-	92,978.00	92,978.00	55,000.00	3.46%	92,978.00	92,978.00
2032	-	-	91,075.00	91,075.00	55,000.00	3.46%	91,075.00	91,075.00
2033	-	-	94,172.00	94,172.00	60,000.00	3.46%	94,172.00	94,172.00
2034	-	-	92,096.00	92,096.00	60,000.00	3.46%	92,096.00	92,096.00
2035	810,000.00	3.33%	544,311.50	1,354,311.50	65,000.00	3.46%	90,020.00	90,020.00
2036	835,000.00	3.36%	517,338.50	1,352,338.50	65,000.00	3.62%	92,771.00	92,771.00
2037	865,000.00	3.39%	489,282.50	1,354,282.50	70,000.00	3.58%	95,418.00	95,418.00
2038	890,000.00	3.42%	459,959.00	1,349,959.00	70,000.00	3.58%	92,912.00	92,912.00
2039	925,000.00	3.44%	429,521.00	1,354,521.00	75,000.00	3.58%	95,406.00	95,406.00
2040	955,000.00	3.45%	397,701.00	1,352,701.00	75,000.00	3.58%	92,721.00	92,721.00
2041	990,000.00	3.46%	364,753.50	1,354,753.50	80,000.00	3.58%	95,036.00	95,036.00
2042	1,020,000.00	3.47%	330,499.50	1,350,499.50	80,000.00	3.58%	92,172.00	92,172.00
2043	1,055,000.00	3.48%	295,105.50	1,350,105.50	85,000.00	3.58%	94,308.00	94,308.00
2044	1,095,000.00	3.49%	258,391.50	1,353,391.50	85,000.00	3.58%	91,265.00	91,265.00
2045	1,130,000.00	3.50%	220,176.00	1,350,176.00	90,000.00	3.58%	93,222.00	93,222.00
2046	1,170,000.00	3.56%	180,626.00	1,350,626.00	-	-	-	-
2047	1,215,000.00	3.62%	138,974.00	1,353,974.00	-	-	-	-
2048	1,255,000.00	3.68%	94,991.00	1,349,991.00	-	-	-	-
2049	1,305,000.00	3.74%	48,807.00	1,353,807.00	-	-	-	-
	<u>15,515,000.00</u>		<u>15,112,356.00</u>	<u>30,627,356.00</u>			<u>(95,418.00)</u>	<u>2,615,597.00</u>

Tax Exempt Board Participation

Year	Tax Exempt Board Participation				Tax Exempt Low Interest Rate Loan			
	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total
2016	-	-	544,311.50	544,311.50	-	-	90,392.50	90,392.50
2017	-	-	544,311.50	544,311.50	-	-	90,392.50	90,392.50
2018	-	-	544,311.50	544,311.50	435,449.20	1.524,072.20	1,088,623.00	1,088,623.00
2019	-	-	544,311.50	544,311.50	435,449.20	1.959,521.40	89,342.50	89,342.50
2020	-	-	544,311.50	544,311.50	381,018.05	2,340,539.45	105,000.00	105,000.00
2021	-	-	544,311.50	544,311.50	326,586.90	2,667,126.35	110,000.00	110,000.00
2022	-	-	544,311.50	544,311.50	244,940.18	2,912,066.53	110,000.00	110,000.00
2023	-	-	544,311.50	544,311.50	163,293.45	3,075,359.98	110,000.00	110,000.00
2024	-	-	544,311.50	544,311.50	15%	81,646.73	3,157,006.70	3,157,006.70
2025	-	-	544,311.50	544,311.50	-	-	3,157,006.70	3,157,006.70
2026	-	-	544,311.50	544,311.50	-	-	3,157,006.70	3,157,006.70
2027	-	-	544,311.50	544,311.50	-	-	3,157,006.70	3,157,006.70
2028	-	-	544,311.50	544,311.50	-	-	3,157,006.70	3,157,006.70
2029	-	-	544,311.50	544,311.50	-	-	3,157,006.70	3,157,006.70
2030	-	-	544,311.50	544,311.50	-	-	3,157,006.70	3,157,006.70
2031	-	-	544,311.50	544,311.50	-	-	3,157,006.70	3,157,006.70
2032	-	-	544,311.50	544,311.50	-	-	3,157,006.70	3,157,006.70
2033	-	-	544,311.50	544,311.50	-	-	3,157,006.70	3,157,006.70
2034	-	-	544,311.50	544,311.50	-	-	3,157,006.70	3,157,006.70
2035	810,000.00	3.33%	544,311.50	1,354,311.50	65,000.00	3.46%	90,020.00	90,020.00
2036	835,000.00	3.36%	517,338.50	1,352,338.50	65,000.00	3.62%	92,771.00	92,771.00
2037	865,000.00	3.39%	489,282.50	1,354,282.50	70,000.00	3.58%	95,418.00	95,418.00
2038	890,000.00	3.42%	459,959.00	1,349,959.00	70,000.00	3.58%	92,912.00	92,912.00
2039	925,000.00	3.44%	429,521.00	1,354,521.00	75,000.00	3.58%	95,406.00	95,406.00
2040	955,000.00	3.45%	397,701.00	1,352,701.00	75,000.00	3.58%	92,721.00	92,721.00
2041	990,000.00	3.46%	364,753.50	1,354,753.50	80,000.00	3.58%	95,036.00	95,036.00
2042	1,020,000.00	3.47%	330,499.50	1,350,499.50	80,000.00	3.58%	92,172.00	92,172.00
2043	1,055,000.00	3.48%	295,105.50	1,350,105.50	85,000.00	3.58%	94,308.00	94,308.00
2044	1,095,000.00	3.49%	258,391.50	1,353,391.50	85			

**Lone Star Regional Water Authority  
Sources and Uses of Funds  
Taxable Board Participation**

<u>Item</u>	<u>Amount</u>
Par Amount of Bonds	\$6,635,000.00
Total Sources	<u>\$6,635,000.00</u>
Costs of Issuance	\$192,000.00
Construction Fund	6,439,200.00
Rounding	3,800.00
Total Uses	<u>\$6,635,000.00</u>

**Lone Star Regional Water Authority  
Sources and Uses of Funds  
Tax Exempt Board Participation**

<u>Item</u>	<u>Amount</u>	<u>Amount</u>
Par Amount of Bonds	\$15,475,000.00	\$22,110,000.00
Total Sources	<u>\$15,475,000.00</u>	<u>\$22,110,000.00</u>
Costs of Issuance	\$448,000.00	\$640,000.00
Construction Fund	15,024,800.00	21,464,000.00
Rounding	2,200.00	6,000.00
Total Uses	<u>\$15,475,000.00</u>	<u>\$22,110,000.00</u>

**Lone Star Regional Water Authority  
Sources and Uses of Funds  
Taxable Low Interest Rate Loan**

<u>Item</u>	<u>Amount</u>
Par Amount of Bonds	\$1,660,000.00
Total Sources	<u>\$1,660,000.00</u>
Costs of Issuance	\$48,000.00
Reserve Fund	-
Construction Fund	1,609,800.00
Rounding	2,200.00
Total Uses	<u>\$1,660,000.00</u>

**Lone Star Regional Water Authority  
Sources and Uses of Funds  
Tax Exempt Low Interest Rate Loan**

<u>Item</u>	<u>Amount</u>	<u>Amount</u>
Par Amount of Bonds	\$3,870,000.00	\$5,530,000.00
Total Sources	<u>\$3,870,000.00</u>	<u>\$5,530,000.00</u>
Costs of Issuance	\$112,000.00	\$160,000.00
Reserve Fund	-	-
Construction Fund	3,756,200.00	5,366,000.00
Rounding	1,800.00	4,000.00
Total Uses	<u>\$3,870,000.00</u>	<u>\$5,530,000.00</u>



## Lone Star Regional Water Authority Project Cost Allocation

Project Costs	Taxable			Tax Exempt			Grand Total	
	Board Participation	Low Interest Rate Loan	Total	Board Participation	Low Interest Rate Loan	Total		
Construction Costs	\$ 20,689,850	\$ 4,965,564	\$ 1,241,391	\$ 6,206,955	\$ 11,586,316	\$ 2,896,579	\$ 14,482,895	\$ 20,689,850
Contingency/Rounding	2,145,150	514,836	128,709	643,545	1,201,284	300,321	1,501,605	2,145,150
Engineering etc.	3,165,000	759,600	189,900	949,500	1,772,400	443,100	2,215,500	3,165,000
ROW , easement, etc.	900,000	216,000	54,000	270,000	504,000	126,000	630,000	900,000
<b>Subtotal</b>	<b>\$ 26,900,000</b>	<b>\$ 6,456,000</b>	<b>\$ 1,614,000</b>	<b>\$ 8,070,000</b>	<b>\$ 15,064,000</b>	<b>\$ 3,766,000</b>	<b>\$ 18,830,000</b>	<b>\$ 26,900,000</b>
COI	800,000	192,000	48,000	240,000	448,000	112,000	560,000	800,000
<b>Total</b>	<b>\$ 27,700,000</b>	<b>\$ 6,648,000</b>	<b>\$ 1,662,000</b>	<b>\$ 8,310,000</b>	<b>\$ 15,512,000</b>	<b>\$ 3,878,000</b>	<b>\$ 19,390,000</b>	<b>\$ 27,700,000</b>
		6,650,000	1,660,000	8,310,000	15,515,000	3,875,000	19,390,000	27,700,000
		6,458,000	1,612,000	8,070,000	15,067,000	3,763,000	18,830,000	26,900,000

## Lone Star Regional Water Authority Variable Costs Per 1,000 Gallons

Year	Inflation Rate	Electricity	Chemicals	Total
2016				
2017	-	\$ 0.20	\$ 0.05	\$ 0.25
2018	3.00%	0.21	0.05	0.26
2019	3.00%	0.22	0.05	0.27
2020	3.00%	0.23	0.05	0.28
2021	3.00%	0.24	0.05	0.29
2022	3.00%	0.25	0.05	0.30
2023	3.00%	0.26	0.05	0.31
2024	3.00%	0.27	0.05	0.32
2025	3.00%	0.28	0.05	0.33
2026	3.00%	0.29	0.05	0.34
2027	3.00%	0.30	0.05	0.35
2028	3.00%	0.31	0.05	0.36
2029	3.00%	0.32	0.05	0.37
2030	3.00%	0.33	0.05	0.38
2031	3.00%	0.34	0.05	0.39
2032	3.00%	0.35	0.05	0.40
2033	3.00%	0.36	0.05	0.41
2034	3.00%	0.37	0.05	0.42
2035	3.00%	0.38	0.05	0.43
2036	3.00%	0.39	0.05	0.44
2037	3.00%	0.40	0.05	0.45
2038	3.00%	0.41	0.05	0.46
2039	3.00%	0.42	0.05	0.47
2040	3.00%	0.43	0.05	0.48
2041	3.00%	0.44	0.05	0.49
2042	3.00%	0.45	0.05	0.50
2043	3.00%	0.46	0.05	0.51
2044	3.00%	0.47	0.05	0.52
2045	3.00%	0.48	0.05	0.53
2046	3.00%	0.49	0.05	0.54
2047	3.00%	0.50	0.05	0.55
2048	3.00%	0.52	0.05	0.57
2049	3.00%	0.54	0.05	0.59

## Lone Star Regional Water Authority Estimated Fixed Costs

Year	Inflation Rate	Wages & Benefits	Rent	Lab/TCEQ	Operator	Board Expenses	Misc.	Total
2016		\$ 75,000.00	\$ -	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	\$ 85,000.00
2017	-	100,000.00	-	-	-	5,000.00	7,500.00	112,500.00
2018	1.50%	175,000.00	12,000.00	12,000.00	12,500.00	5,000.00	10,000.00	226,500.00
2019	1.50%	177,625.00	12,180.00	12,180.00	12,687.50	5,075.00	10,150.00	229,897.50
2020	1.50%	180,289.38	12,362.70	12,362.70	12,877.81	5,151.13	10,302.25	233,345.97
2021	1.50%	182,993.72	12,548.14	12,548.14	13,070.98	5,228.40	10,456.78	236,846.16
2022	1.50%	185,738.63	12,736.36	12,736.36	13,267.04	5,306.83	10,613.63	240,398.85
2023	1.50%	188,524.71	12,927.41	12,927.41	13,466.05	5,386.43	10,772.83	244,004.84
2024	1.50%	191,352.58	13,121.32	13,121.32	13,668.04	5,467.23	10,934.42	247,664.91
2025	1.50%	194,222.87	13,318.14	13,318.14	13,873.06	5,549.24	11,098.44	251,379.89
2026	1.50%	197,136.21	13,517.91	13,517.91	14,081.16	5,632.48	11,264.92	255,150.59
2027	1.50%	200,093.25	13,720.68	13,720.68	14,292.38	5,716.97	11,433.89	258,977.85
2028	1.50%	203,094.65	13,926.49	13,926.49	14,506.77	5,802.72	11,605.40	262,862.52
2029	1.50%	206,141.07	14,135.39	14,135.39	14,724.37	5,889.76	11,779.48	266,805.46
2030	1.50%	209,233.19	14,347.42	14,347.42	14,945.24	5,978.11	11,956.17	270,807.55
2031	1.50%	212,371.69	14,562.63	14,562.63	15,169.42	6,067.78	12,135.51	274,869.66
2032	1.50%	215,557.27	14,781.07	14,781.07	15,396.96	6,158.80	12,317.54	278,992.71
2033	1.50%	218,790.63	15,002.79	15,002.79	15,627.91	6,251.18	12,502.30	283,177.60
2034	1.50%	222,072.49	15,227.83	15,227.83	15,862.33	6,344.95	12,689.83	287,425.26
2035	1.50%	225,403.58	15,456.25	15,456.25	16,100.26	6,440.12	12,880.18	291,736.64
2036	1.50%	228,784.63	15,688.09	15,688.09	16,341.76	6,536.72	13,073.38	296,112.67
2037	1.50%	232,216.40	15,923.41	15,923.41	16,586.89	6,634.77	13,269.48	300,554.36
2038	1.50%	235,699.65	16,162.26	16,162.26	16,835.69	6,734.29	13,468.52	305,062.67
2039	1.50%	239,235.14	16,404.69	16,404.69	17,088.23	6,835.30	13,670.55	309,638.60
2040	1.50%	242,823.67	16,650.76	16,650.76	17,344.55	6,937.83	13,875.61	314,283.18
2041	1.50%	246,466.03	16,900.52	16,900.52	17,604.72	7,041.90	14,083.74	318,997.43
2042	1.50%	250,163.02	17,154.03	17,154.03	17,868.79	7,147.53	14,295.00	323,782.40
2043	1.50%	253,915.47	17,411.34	17,411.34	18,136.82	7,254.74	14,509.43	328,639.14
2044	1.50%	257,724.20	17,672.51	17,672.51	18,408.87	7,363.56	14,727.07	333,568.72
2045	1.50%	261,590.06	17,937.60	17,937.60	18,685.00	7,474.01	14,947.98	338,572.25
2046	1.50%	265,513.91	18,206.66	18,206.66	18,965.28	7,586.12	15,172.20	343,650.83
2047	1.50%	269,496.62	18,479.76	18,479.76	19,249.76	7,699.91	15,399.78	348,805.59
2048	1.50%	273,539.07	18,756.96	18,756.96	19,538.51	7,815.41	15,630.78	354,037.69
2049	1.50%	277,642.16	19,038.31	19,038.31	19,831.59	7,932.64	15,865.24	359,348.25

## Lone Star Regional Water Authority Estimated Fixed Costs

FYE 9/30	Fixed Costs	Total MGD Available	Fixed Cost Per MGD	Fixed Cost (Per 1,000 Gallons)	Variable Cost	Total Cost (Per 1,000 Gallons)
					Including Water (Per 1,000 Gallons)	
2016	\$ 293,876	10.50	\$ 27,988	\$ 0.08	-	
2017	321,376	10.50	30,607	0.08		\$ 0.08
2018	766,154	10.50	72,967	0.20	2.26	2.46
2019	767,957	10.50	73,139	0.20	2.33	2.53
2020	858,672	10.50	81,778	0.22	2.40	2.62
2021	895,852	10.50	85,319	0.23	2.47	2.70
2022	1,035,954	10.50	98,662	0.27	2.55	2.82
2023	1,170,521	10.50	111,478	0.31	2.63	2.94
2024	1,310,132	10.50	124,774	0.34	2.71	3.05
2025	1,444,272	10.50	137,550	0.38	2.79	3.17
2026	1,449,700	10.50	138,067	0.38	2.87	3.25
2027	1,454,824	10.50	138,555	0.38	2.96	3.34
2028	2,199,301	10.50	209,457	0.57	3.05	3.62
2029	2,198,663	10.50	209,397	0.57	3.14	3.71
2030	2,208,425	10.50	210,326	0.58	3.23	3.81
2031	2,207,343	11.50	191,943	0.53	3.33	3.86
2032	2,211,360	12.50	176,909	0.48	3.43	3.91
2033	2,220,503	13.50	164,482	0.45	3.53	3.98
2034	2,218,837	14.50	153,023	0.42	3.63	4.05
2035	2,674,577	15.50	172,553	0.47	3.74	4.21
2036	2,671,460	16.50	161,907	0.44	3.85	4.29
2037	2,686,837	17.50	153,534	0.42	3.96	4.38
2038	2,684,083	18.50	145,086	0.40	4.08	4.48
2039	2,689,818	19.50	137,939	0.38	4.20	4.58
2040	2,693,246	20.50	131,378	0.36	4.32	4.68
2041	2,699,691	21.50	125,567	0.34	4.45	4.79
2042	2,698,519	22.50	119,934	0.33	4.58	4.91
2043	2,705,602	23.50	115,132	0.32	4.71	5.03
2044	2,710,081	24.50	110,616	0.30	4.85	5.15
2045	2,404,449	25.50	94,292	0.26	4.99	5.25
2046	2,417,156	26.50	91,213	0.25	5.13	5.38
2047	2,426,578	27.50	88,239	0.24	5.28	5.52
2048	2,427,154	28.50	85,163	0.23	5.44	5.67
2049	2,434,771	29.50	82,535	0.23	5.61	5.84

	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
<u>Operating Revenues:</u>					
Charges for Services	\$ 819,066	\$ 715,883	\$ 648,852	\$ 474,021	\$ 239,728
Other Revenue	-	-	-	-	-
Total Revenues	\$ 819,066	\$ 715,883	\$ 648,852	\$ 474,021	\$ 239,728
<u>Operating Expenses</u> <sup>(1)</sup>					
Purchased Professional & Technical Services	\$ 141,967	\$ 102,117	\$ 176,785	\$ 102,249	\$ 10,326
Salaries	61,869	79,118	28,251	91,224	-
Employee Benefits	-	10,572	2,955	13,353	-
Other Operating Costs	245,019	186,897	95,346	160,936	21,895
Total Expenditures	\$ 448,855	\$ 378,704	\$ 303,337	\$ 367,762	\$ 32,221
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ 370,211	\$ 337,179	\$ 345,515	\$ 106,259	\$ 207,507
Other Financing Sources (Uses):					
Other Non Operating Revenues (Expenses)	\$ 2,606	\$ 1,028	\$ (20,633)	\$ (20,633)	\$ (1,210,220)
Transfers In (Out)	589,732	870,421	559,460	1,297,494	1,430,230
Interest Expense	(52,962)	(55,072)	(56,763)	(54,758)	(29,337)
Total Other Financing Sources (Uses)	\$ 539,376	\$ 816,377	\$ 482,064	\$ 1,222,103	\$ 190,673
Net Income	\$ 909,587	\$ 1,153,556	\$ 827,579	\$ 1,328,362	\$ 398,180

(1) Excludes Depreciation.

	Fiscal Years Ended September 30,				
<u>OPERATING REVENUES</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Metered Water Sales	\$ 1,378,719	\$ 1,407,234	\$ 1,378,665	\$ 1,466,677	\$ 1,170,882
Tap and equity fees	104,525	109,950	80,975	77,350	65,850
Penalty, late reservice fees	88,520	45,518	44,926	44,814	40,115
Total Revenues	<u>\$ 1,571,764</u>	<u>\$ 1,562,702</u>	<u>\$ 1,504,566</u>	<u>\$ 1,588,841</u>	<u>\$ 1,276,847</u>
<u>EXPENSES</u> <sup>(1)</sup>					
Water Purchased	\$ 564,790	\$ 620,339	\$ 547,244	\$ 550,769	\$ 406,697
Bank Fees	9,052	7,715	5,990	5,474	4,732
Director Fees	6,491	4,735	3,789	3,413	3,177
Dues and subscriptions	8,212	10,493	12,045	10,336	12,077
Insurance	10,762	14,757	11,557	12,544	11,020
Outside services employed	-	-	6,482	7,844	5,075
System management	230,286	212,404	210,487	207,479	206,725
Miscellaneous	968	3,423	4,088	1,319	1,649
Office Supplies	22,628	24,201	27,265	21,624	20,441
Professional fees	7,531	6,700	-	-	-
System repairs and maintenance	232,829	311,668	258,332	219,809	187,266
Tank Maintenance	45,140	6,200	42,427	57,200	58,962
Travel	1,085	1,577	876	780	1,360
Telephone	4,810	4,388	4,594	4,254	3,742
Training	957	-	-	-	-
Utilities	56,463	56,008	65,902	67,331	61,890
Total Expenses	<u>\$ 1,202,004</u>	<u>\$ 1,284,608</u>	<u>\$ 1,201,078</u>	<u>\$ 1,170,176</u>	<u>\$ 984,813</u>
Increase in net position before Other Financing Sources (Uses)	\$ 369,760	\$ 278,094	\$ 303,488	\$ 418,665	\$ 292,034
Other Income/ (Expense)					
Investment gain	\$ 3,680	\$ 4,555	\$ 6,608	\$ 7,822	\$ 10,791
Unrealized gain (loss)	(125)	(549)			
Interest expense	(182,426)	(103,977)	(96,713)	(105,531)	(114,114)
Total Other Income/(Expense)	<u>(178,871)</u>	<u>(99,971)</u>	<u>(90,105)</u>	<u>(97,709)</u>	<u>(103,323)</u>
Net Assets	<u><u>\$ 190,889</u></u>	<u><u>\$ 178,123</u></u>	<u><u>\$ 213,383</u></u>	<u><u>\$ 320,956</u></u>	<u><u>\$ 188,711</u></u>

(1) Depretiation Excluded.

	Fiscal Years Ended December 31,				
	2014	2013	2012	2011	2010
<b>OPERATING REVENUES</b>					
Water Sales	\$ 3,369,983	\$ 3,189,140	\$ 3,315,720	\$ 3,646,884	\$ 2,886,879
KWSC-O and M receipts	406,755	402,547	372,430	305,098	550,839
Total Revenues	<u>\$ 3,776,738</u>	<u>\$ 3,591,687</u>	<u>\$ 3,688,150</u>	<u>\$ 3,951,982</u>	<u>\$ 3,437,718</u>
<b>EXPENSES <sup>(1)</sup></b>					
BRA Water purchased	\$ 245,472	\$ 237,984	\$ 231,695	\$ 340,430	\$ 339,007
Water treatment chemicals	255,568	149,938	112,022	188,657	170,498
Water treatment utilities	626,913	500,849	523,320	75,706	658,008
Vehicle expense	74,852	74,569	68,861	71,752	53,180
Due and Subscriptions	-	-	-	1,385	1,250
Salaries and wages	644,643	614,644	598,525	553,539	554,601
Employee benefits and taxes	132,531	120,531	132,195	120,900	125,203
Insurance expense	76,263	92,215	113,203	87,145	63,825
Materials and supplies	52,181	36,176	23,758	27,036	35,024
Office expense	1,339	1,770	1,879	1,934	1,612
Outside servies	48,644	28,228	37,379	24,662	30,611
System repair and maintenance	426,569	305,305	295,974	226,395	274,065
Telephone and sanitation	18,384	14,931	12,209	13,203	11,624
Miscellaneous	65,053	27,841	21,545	19,523	27,677
Total Expenses	<u>\$ 2,668,412</u>	<u>\$ 2,204,981</u>	<u>\$ 2,172,565</u>	<u>\$ 1,752,267</u>	<u>\$ 2,346,185</u>
Increase in net position before Other Financing Sources (Uses)	\$ 1,108,326	\$ 1,386,706	\$ 1,515,585	\$ 2,199,715	\$ 1,091,533
<b>Other Income/ (Expense)</b>					
KWSC debt service	\$ 11,268	\$ 11,268	\$ 11,268	\$ 11,268	\$ 11,268
Miscellaneous Income	165,538	88,822	60,747	65,796	40,083
Interest Income	23,157	28,942	27,025	25,677	25,157
Gain (Loss) on sale of assets and securites	(229,746)	(100)	-	1,557	(5,278)
Assessment income-.08/1,000	123,458	123,746	132,472	143,375	142,564
Assessment income-.30/1,000	-	-	-	-	-
Debt Service revenue	15,158	21,985	28,165	37,053	28,759
Interest expense	<u>(365,692)</u>	<u>(355,468)</u>	<u>(225,368)</u>	<u>(201,921)</u>	<u>(217,269)</u>
Total Other Income/(Expense)	<u>(256,859)</u>	<u>(80,805)</u>	<u>34,309</u>	<u>82,805</u>	<u>25,284</u>
Net Assests	<u>\$ 851,467</u>	<u>\$ 1,305,901</u>	<u>\$ 1,549,894</u>	<u>\$ 2,282,520</u>	<u>\$ 1,116,817</u>

(1) Depretiation

## Fiscal Years Ended October 31,

<u>OPERATING REVENUES</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Metered Water Sales	\$ 1,137,493	\$ 1,136,791	\$ 1,098,092	\$ 1,231,083	\$ 1,076,046
Tap and equity fees	11,610	92,700	51,562	-	-
Penalty, late reservice fees	27,057	23,986	23,132	-	-
Trip and Lock fees	13,579	14,501	6,720	-	-
Other	4,651	1,462	2,906	35,655	87,700
Total Revenues	<u>\$ 1,194,390</u>	<u>\$ 1,269,440</u>	<u>\$ 1,182,412</u>	<u>\$ 1,266,738</u>	<u>\$ 1,163,746</u>
<u>EXPENSES</u> <sup>(1)</sup>					
Water purchases and reserve payments	\$ 130,060	\$ 125,276	\$ 104,220	\$ 766,458	\$ 699,969
Wages, salaries and benefits	227,952	177,907	158,232	-	-
System repairs and maintenance	137,951	101,448	67,864	-	-
Service vehicles expense	45,885	46,282	36,439	-	-
Power purchased for pumping	75,368	74,359	69,152	-	-
Operating Expenses					
Insurance	24,007	22,356	20,812	20,198	21,288
Office and postage expense	11,464	14,830	12,603	13,534	15,890
Professional Services	19,295	27,183	9,666	13,164	11,045
Salaries, wages and benefits	160,335	142,285	122,246	119,376	118,956
Telephone	9,363	9,420	7,163	4,948	4,954
Compliance, meetings and training	12,326	5,919	2,838	4,384	4,384
Dues, Fees and subscriptions	8,203	9,208	10,749	11,187	9,787
Utilities	2,445	2,445	2,210	5,920	5,759
Maintenance and repairs	3,859	8,452	3,191	4,148	4,541
Miscellaneous	400	345	709	1,939	918
Bad debts	3,823	-	761	-	2,939
Total Expenses	<u>\$ 742,676</u>	<u>\$ 642,439</u>	<u>\$ 524,635</u>	<u>\$ 198,798</u>	<u>\$ 200,461</u>
Increase in net position before Other Financing Sources (Uses)	\$ 451,714	\$ 627,001	\$ 657,777	\$ 1,067,940	\$ 963,285
Other Income/ (Expense)					
Developer Contributions	\$ 62,900	\$ -	\$ -	\$ -	\$ -
Interest and dividend income	536	1498	2,575	3,991	10,219
Miscellaneous income	702	1,250	1,500	-	148
Interest expense	(218,268)	(213,596)	(214,514)	(219,236)	(221,189)
Total Other Income/(Expense)	<u>(154,130)</u>	<u>(212,346)</u>	<u>(210,439)</u>	<u>(215,245)</u>	<u>(210,822)</u>
Net Assests	<u>\$ 297,584</u>	<u>\$ 414,655</u>	<u>\$ 447,338</u>	<u>\$ 852,695</u>	<u>\$ 752,463</u>

(1) Depretiation



# Comptrollers Audit Report

Location: Appraisal Tax Year: 2014

As Of: Certification

7/20/2014

Page: 545

WCAD

Taxing Units: GWI(ARB Approved)

PROPERTY USE CATEGORY	**** BREAKDOWN OF APPRAISED VALUE ****		APPRAISED VALUE
	PRIOR NO. OF UNITS OR ACCOUNTS	NO. OF UNITS OR ACCOUNTS	
A: REAL, RESIDENTIAL, SINGLE-FAMILY	130410	133877	\$28,239,595,236
B: REAL, RESIDENTIAL, MULTI-FAMILY	2327	2313	\$2,795,335,927
C: REAL, VACANT PLATTED LOTS/TRACTS	9668	9237	\$877,007,805
D: REAL, ACREAGE (LAND ONLY)	532,428.05 (ACRES)	525,067.65 (ACRES)	\$4,587,233,643
E: REAL, FARM AND RANCH IMPROVEMENT	6673	6698	\$752,947,440
F: REAL, COMMERCIAL AND INDUSTRIAL	6063	6139	\$7,106,146,681
G: REAL, OIL, GAS, AND OTHER MINERAL RESERVES	206	118	\$20,299,274
H: TANGIBLE PERSONAL, VEHICLES	0	0	\$0
I: REAL & INTANGIBLE PERSONAL, BANKS	0	0	\$0
J: REAL & INTANGIBLE PERSONAL, UTILITIES	864	733	\$448,731,956
L: TANGIBLE PERSONAL, BUSINESS	10998	8778	\$1,449,564,183
M: TANGIBLE PERSONAL, OTHER	1480	1463	\$26,802,479
N: INTANGIBLE PERSONAL	0	0	\$0
O: REAL, INVENTORY	6157	6700	\$417,400,381
X: EXEMPT	468	38	\$4,628,573
S: SPECIAL INVENTORY	167	165	\$136,177,269
ERROR:	0	0	\$0
TOTAL APPRAISED VALUE			\$46,861,870,847
TOTAL EXEMPT PROPERTY	3416	3451	\$4,180,891,184
TOTAL MARKET VALUE ON ROLL TOTALS PAGE			\$51,042,762,031

# Comptrollers Audit Report

Location: Appraisal Tax Year: 2013

Taxing Units: GWM(ARB Approved)

As Of: Certification

7/15/2013

Page: 1  
Williamson County

\*\*\*\* BREAKDOWN OF APPRAISED VALUE \*\*\*\*

PROPERTY USE CATEGORY	PRIOR NO. OF UNITS OR ACCOUNTS	NO. OF UNITS OR PRIOR APPRAISED VALUE ACCOUNTS	APPRAISED VALUE
A: REAL, RESIDENTIAL, SINGLE-FAMILY	127249	130159	\$22,901,962,255
B: REAL, RESIDENTIAL, MULTI-FAMILY	2299	2310	\$2,188,280,119
C: REAL, VACANT PLATTED LOTS/TRACTS	9558	9418	\$891,369,888
D: REAL, ACREAGE (LAND ONLY)	536,585.41 (ACRES)	528,065.09 (ACRES)	\$4,307,049,357
E: REAL, FARM AND RANCH IMPROVEMENT	6547	6647	\$664,987,569
F: REAL, COMMERCIAL AND INDUSTRIAL	6007	5803	\$6,146,747,537
G: REAL, OIL, GAS, AND OTHER MINERAL RESERVES	114	124	\$2,169,268
H: TANGIBLE PERSONAL, VEHICLES	0	0	\$0
I: REAL & INTANGIBLE PERSONAL, BANKS	0	0	\$0
J: REAL & INTANGIBLE PERSONAL, UTILITIES	857	729	\$460,188,921
L: TANGIBLE PERSONAL, BUSINESS	10788	9522	\$2,103,542,239
M: TANGIBLE PERSONAL, OTHER	1501	1419	\$27,649,191
N: INTANGIBLE PERSONAL	0	0	\$0
O: REAL, INVENTORY	6551	6150	\$267,489,640
X: EXEMPT	0	104	\$0
S: SPECIAL INVENTORY	179	163	\$106,240,402
ERROR:	2	0	\$226,532
TOTAL APPRAISED VALUE			\$40,994,471,101
TOTAL EXEMPT PROPERTY	3426	3416	\$3,909,487,548
TOTAL MARKET VALUE ON ROLL TOTALS PAGE			\$45,034,896,808

# Comptrollers Audit Report

Location: Appraisal Tax Year: 2012

Taxing Units: GWI(ARB Approved)

As Of: Certification

7/16/2012

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Williamson County

PROPERTY USE CATEGORY	**** BREAKDOWN OF APPRAISED VALUE ****		PRIOR APPRAISED VALUE	APPRAISED VALUE
	PRIOR NO. OF UNITS OR ACCOUNTS	NO. OF UNITS OR ACCOUNTS		
A: REAL, RESIDENTIAL, SINGLE-FAMILY	124856	127090	\$22,373,409,960	\$22,875,293,610
B: REAL, RESIDENTIAL, MULTI-FAMILY	2288	2287	\$1,987,509,700	\$2,150,891,813
C: REAL, VACANT PLATTED LOTS/TRACTS	9904	9428	\$898,793,806	\$854,341,268
D: REAL, AGREAGE ( LAND ONLY)	538,129.40 (ACRES)	531,889.69 (ACRES)	\$4,361,173,250	\$4,230,541,598
E: REAL, FARM AND RANCH IMPROVEMENT	6469	6509	\$653,072,829	\$660,550,011
F: REAL, COMMERCIAL AND INDUSTRIAL	5921	5591	\$5,883,158,505	\$5,738,535,549
G: REAL, OIL, GAS, AND OTHER MINERAL RESERVES	99	114	\$1,370,476	\$2,169,268
H: TANGIBLE PERSONAL, VEHICLES	0	0	\$0	\$0
I: REAL & INTANGIBLE PERSONAL, BANKS	0	0	\$0	\$0
J: REAL & INTANGIBLE PERSONAL, UTILITIES	822	461	\$446,426,092	\$418,388,322
L: TANGIBLE PERSONAL, BUSINESS	10556	9051	\$1,933,231,416	\$1,753,921,460
M: TANGIBLE PERSONAL, OTHER	1481	1502	\$29,865,737	\$27,589,226
N: INTANGIBLE PERSONAL	0	0	\$0	\$0
O: REAL, INVENTORY	6664	6550	\$255,851,051	\$266,521,265
X: EXEMPT	0	0	\$0	\$0
S: SPECIAL INVENTORY	184	156	\$88,384,845	\$106,322,445
ERROR:	0	0	\$0	\$0
TOTAL APPRAISED VALUE			\$38,912,247,667	\$39,085,065,835
TOTAL EXEMPT PROPERTY	3317	3413	\$3,581,022,721	\$3,906,300,124
TOTAL MARKET VALUE ON ROLL TOTALS PAGE				\$42,991,365,959

# Comptrollers Audit Report

Location: Appraisal Tax Year: 2011

As Of: Certification

7/20/2011

Page: 1  
Williamson County

Taxing Units: GWIN/ARB Approved)

PROPERTY USE CATEGORY	**** BREAKDOWN OF APPRAISED VALUE ****		PRIOR APPRAISED VALUE	APPRAISED VALUE
	PRIOR NO. OF UNITS OR ACCOUNTS	NO. OF UNITS OR ACCOUNTS		
A: REAL, RESIDENTIAL, SINGLE-FAMILY	122123	124308	\$21,774,275,562	\$22,284,842,888
B: REAL, RESIDENTIAL, MULTI-FAMILY	2286	2235	\$1,912,738,294	\$1,900,569,071
C: REAL, VACANT PLATTED LOTS/TRACTS	9569	9722	\$958,605,259	\$889,661,298
D: REAL, ACREAGE ( LAND ONLY)	539,117.35 (ACRES)	531,767.68 (ACRES)	\$4,486,014,711	\$4,222,742,436
E: REAL, FARM AND RANCH IMPROVEMENT	6335	6432	\$651,433,182	\$649,658,352
F: REAL, COMMERCIAL AND INDUSTRIAL	5795	5414	\$5,734,060,220	\$5,135,629,111
G: REAL, OIL, GAS, AND OTHER MINERAL RESERVES	78	99	\$1,104,811	\$1,370,476
H: TANGIBLE PERSONAL, VEHICLES	0	0	\$0	\$0
I: REAL & INTANGIBLE PERSONAL, BANKS	0	0	\$0	\$0
J: REAL & INTANGIBLE PERSONAL, UTILITIES	730	464	\$416,435,984	\$393,857,306
L: TANGIBLE PERSONAL, BUSINESS	10374	7272	\$1,864,356,620	\$1,422,371,978
M: TANGIBLE PERSONAL, OTHER	1420	1490	\$28,804,902	\$30,168,692
N: INTANGIBLE PERSONAL	0	0	\$0	\$0
O: REAL, INVENTORY	8275	6494	\$334,953,318	\$250,914,276
X: EXEMPT	0	0	\$0	\$0
S: SPECIAL INVENTORY	160	163	\$75,136,244	\$88,369,869
ERROR:	1	0	\$72,942	\$0
TOTAL APPRAISED VALUE			\$38,237,992,049	\$37,270,155,753
TOTAL EXEMPT PROPERTY	3244	3315	\$3,247,887,633	\$3,555,455,480
TOTAL MARKET VALUE ON ROLL TOTALS PAGE				\$40,825,611,233

# Comptrollers Audit Report

Location: Appraisal Tax Year: 2010

Taxing Units: GWI(ARB Approved)

As Of: Certification

7/18/2010

Page: 1  
Williamson County

\*\*\*\* BREAKDOWN OF APPRAISED VALUE \*\*\*\*

PROPERTY USE CATEGORY	PRIOR NO. OF UNITS OR ACCOUNTS	NO. OF UNITS OR PRIOR APPRAISED VALUE ACCOUNTS	APPRAISED VALUE
A: REAL, RESIDENTIAL, SINGLE-FAMILY	119382	120458	\$21,540,918,584
B: REAL, RESIDENTIAL, MULTI-FAMILY	2274	2086	\$1,767,463,381
C: REAL, VACANT PLATTED LOTS/TRACTS	9132	9262	\$879,313,764
D: REAL, ACREAGE (LAND ONLY)	540,703.87 (ACRES)	528,939.11 (ACRES)	\$4,328,494,652
E: REAL, FARM AND RANCH IMPROVEMENT	6268	6211	\$638,223,323
F: REAL, COMMERCIAL AND INDUSTRIAL	5715	5222	\$5,006,531,627
G: REAL, OIL, GAS, AND OTHER MINERAL RESERVES	83	72	\$1,101,871
H: TANGIBLE PERSONAL, VEHICLES	0	0	\$0
I: REAL & INTANGIBLE PERSONAL, BANKS	0	0	\$0
J: REAL & INTANGIBLE PERSONAL, UTILITIES	676	413	\$352,568,162
L: TANGIBLE PERSONAL, BUSINESS	10216	5543	\$1,404,694,387
M: TANGIBLE PERSONAL, OTHER	1417	1374	\$28,120,892
N: INTANGIBLE PERSONAL	0	0	\$0
O: REAL, INVENTORY	9865	7769	\$315,698,800
X: EXEMPT	0	0	\$0
S: SPECIAL INVENTORY	160	142	\$74,825,621
ERROR:	0	0	\$0
TOTAL APPRAISED VALUE			\$38,713,999,716
TOTAL EXEMPT PROPERTY	3128	3135	\$3,071,054,087
TOTAL MARKET VALUE ON ROLL TOTALS PAGE			\$39,409,009,151



## ANNUAL FINANCIAL REPORT

Of

District Name	CLL Municipal Utility District No. 1		
Mailing Address:	102 N. Railroad Ave., Pflugerville, TX 78660		
For the Fiscal year ended:	December 31, 2013		
Preparer:	Jimmy Schwertner		
Title:	Bookkeeper	Date:	02/13/2014
Telephone Number: (AC)	254-527-3342		

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### AUDIT REPORT EXEMPTION

Texas Water Code Section 49.198 (effective September 1, 2011)

- (a) A district may elect to file annual financial reports with the executive director in lieu of the district's compliance with Section 49.191 provided:
  - (1) the district had no bonds or other long-term (more than one year) liabilities outstanding during the fiscal period;
  - (2) the district did not have gross receipts from operations, loans, taxes, or contributions in excess of \$250,000 during the fiscal period; and
  - (3) the district's cash and temporary investments were not in excess of \$250,000 at any time during the fiscal period.
- (b) The annual financial report must be accompanied by an affidavit attesting to the accuracy and authenticity of the financial report signed by a duly authorized representative of the district.
- (c) The annual financial report and affidavit in a format prescribed by the executive director must be on file with the executive director within 45 days after the close of the district's fiscal year.
- (d) Districts governed by this section are subject to periodic audits by the executive director.

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If the accompanying financial statements are compiled by a certified public accountant, see SSARS-1 and SSARS-7 for the applicable standards for reporting on compiled financial statements.

**FILING AFFIDAVIT**

To: Texas Commission on Environmental Quality

Under the penalties of perjury, I certify that I have inspected the attached balance sheet, statement of receipts and disbursements, including the accompanying schedules and statements, and to the best of my knowledge and belief, they are a true, correct, and complete representation of the financial condition of:

CLL Municipal Utility District No. 1 as of  
*(Name of District)*

December 31, 2013 I also certify that the above district has complied in full  
*(Date of Fiscal Year End)*

with all filing of audits, affidavits, and financial reports requirements of Section 49.194 of the Texas Water Code by filing copies of this Annual Financial Report in the district's office, located at:

102 N. Railroad Ave., Pflugerville, TX 78660  
*(Address of District)*

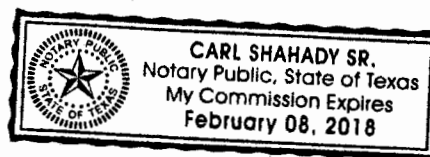
Richard Hamala, Attorney  
*(Typed Name and Title)*

Richard Hamala 02/13/2014  
*(Signature of Affiant)* *(Date)*

Subscribed and Sworn to before me by this 13th day of February, 2014

Carl Shahady, Sr. In and For Travis County, Texas

Carl Shahady, Sr. 2-8-2018  
*(Typed Name of Notary)* *(My Commission Expires On)*



District Name: CLL Municipal Utility District No. 1

**MISCELLANEOUS DISCLOSURES AND MAILING INFORMATION**

as of the District's Fiscal Year-End

**A. Disclosures to comply with Rule 30 TAC 293.95(b)**

- (1) Was there any developer activity to prepare for residential or commercial development? "Developer activity" means construction performed or actions taken in preparation for construction (i.e., plans, permits) to provide services for or access to present or future residential or commercial water, sewer or drainage facilities.  Yes  No

If yes, have payments for these facilities been made by (an) other party (ies) on behalf of the district?  Yes  No

These payments are estimated to cumulatively be:

Organization Costs	<u>163,506.32</u>
Construction Costs	_____
Administration Cost	_____
Total Costs	<u>163,506.32</u>

- (2) Was the Board aware of any other types of contingent or actual liabilities (e.g., claims, lawsuits) which are not disclosed elsewhere in this report?  Yes  No

If yes, explain: \_\_\_\_\_

**B. Disclosures to comply with V.T.C.A. Water Code §49.054(e) and §49.455(j).** The Texas Commission on Environmental Quality must be notified of any changes in boundaries, board members, board terms, and addresses. Guidance for filing this information and a District Registration Form may be obtained by calling 512/239-4691.

**C. Additional Information.** This report should be sent to:

District Creation Review Team, MC-152  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, TX 78711-3087

Phone Number: (512) 239-4691 Facsimile Number: (512) 239-6190



**BALANCE SHEET – CASH BASIS**

**ASSETS**

Cash on Hand	_____
Cash in Bank (Schedule A)	973.20
Investment (Schedule B)	_____
Total Cash and Investments (1)	973.20
Accrued Interest Receivable – Optional (Schedule B)	_____
Inventory	_____
General Fixed Assets	_____
Other Assets	_____
(Explain):	_____
	_____
TOTAL ASSETS (2)	973.20

**LIABILITIES AND EXCESS**

Notes Payable	_____
Refundable Deposits	_____
Developer Advances	29,052.72
Other Liabilities	_____
(Explain):	_____
	_____

**TOTAL LIABILITIES**

Excess Assets Over Liabilities	(28079.52)
Total Liabilities and Excess (3)	973.20

**Note to Preparer: “TOTAL CASH AND INVESTMENTS” (1) must equal “CASH AND INVESTMENTS – End of Year “on the Statement of Receipts and Disbursement, page 5.**

**“TOTAL LIABILITIES AND EXCESS” (3) must equal “TOTAL ASETS” (2).**

**STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS**

**RECEIPTS**

Service Revenues	_____
Tax Receipts	_____
Penalty and Interest Received	_____
Interest Received on Investments	_____
Loans or Advances	29,052.72
All Other Receipts	_____
(Explain):	_____

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<b>TOTAL RECEIPTS</b>	<b>29,052.72</b>
-----------------------	------------------

**LESS DISBURSEMENTS**

Purchased Services for Resale	_____
Payroll	_____
Legal, Accounting, or Contract Service	_____
Supplies and Materials	_____
Maintenance	_____
Note Payments and Repayment of Advances	_____
All other Disbursements (Schedule C)	28,079.52
Total Disbursements	_____
Excess of Receipts Over (Under) Disbursements	_____
Cash and Investments – Beginning of Year	0.00
Cash and Investments – End of Year	973.20

(See Note, Page 4)

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**Note to Preparer:** In addition to all disbursements related to the purchase of consumable supplies and materials, certain assets of insignificant value may be considered consumable and accordingly recognized under the account classification "Supplies and Materials." Please refer to **EXPLANATION OF TERMS**, General Fixed Assets, pages 7 and 8 of this report, for additional clarification.

**SCHEDULE 1 – CASH IN BANK (1)**

Name of Bank	Account Number	Purpose of Account	Balance
Schwertner State Bank	03301648	MUD General Account	973.20
TOTAL			

**SCHEDULE B – INVESTMENTS (2)**

Type of Investment	Name of Bank	Certificate Number	Interest Rate	Maturity Date	Principal Balance	(Optional) Accrued Interest
none						
TOTALS						

**SCHEDULE C – SCHEDULE OF ALL OTHER DISBURSEMENTS (3)**

Description of Disbursements (4)	Amount
Payments in support of Lone Star Regional Water Authority	27,500.00
Insurance	552.72
Bank Fees	26.80
TOTAL	28,079.52

- (1) Please refer to Explanation of Terms, Cash in Bank, page 7 of this report, for proper reporting.
- (2) Please refer to Explanation of Terms, Investments, page 8 of this report, for proper reporting of “Principal Balance” and “Accrued Interest.”
- (3) Please refer to Explanation of Terms, All Other Disbursements, page 7 of this report, for proper reporting of “All Other Disbursements.”
- (4) A description should be given for each type of transaction and the amount of payments attributable to this type of disbursement. It may not be necessary to list each transaction separately.

## EXPLANTATION OF TERMS

**All Other Disbursements** - This classification should be used only for payments, which cannot be classified properly in the six remaining accounts listed on the Statement of Receipts and Disbursements. Schedule C, page 6, should be completed for any report, which utilizes the "All Other Disbursements" classification.

**Cash Basis** - The financial statements contained in this report are to be prepared on the cash basis of accounting. They are not intended to be in conformity with Generally Accepted Accounting Principles (GAAP). Only transactions involving the exchange of cash should be included in these statements. No liabilities should be recorded unless they arise from the transfer of money. Exceptions to this rule are listed in "Investments" and "General Fixed Assets" below. Receipts and disbursements should not be recorded until payment is made. For the purpose of the Statement of Receipts and Disbursements, movement of funds between checking accounts and investments should not be considered as receipts or disbursements.

**Cash on Hand** - Petty cash, checks, money orders, and bank drafts not on deposit.

**Cash in Bank** - (From Schedule A) - Cash deposited in the district's checking account(s). The reserves, restrictions, or limitations as to its availability should be so stated. The total amount shown on Schedule A must reflect the reconciled balance as of the fiscal year end and reported under the account classification "Cash in Bank" on the Balance Sheet.

**Developer Advances** - Amounts owed to a developer for cash placed in the district's account or otherwise paid to the district. However, amounts payable to a developer for which repayment is contingent upon a bond sale (or some other event) should not be included as a liability of the district. Please see the Miscellaneous Disclosures, page 3 of this report, for disclosure of these contingent liabilities.

**Disbursements** - All transactions involving the disbursement of the district's fund should be included in the disbursements section. Payments made on behalf of the district by a third party should not be listed as a disbursement for the purpose of this statement. See the Miscellaneous Disclosures, page 3, of this report, for disclosures of these payments.

**Excess Assets Over Liabilities** - The difference between "Total Assets" and "Total Liabilities." If liabilities exceed assets, this number should be shown as a negative amount.

**General Fixed Assets** - A fixed asset is one which the cost exceeds \$50 and has a productive life longer than one year. "Fixed" denotes the intent to continue use or possession; it does not indicate the immobility of the asset. An asset of cost not in excess of \$50 should be considered consumable and accordingly recognized under the account classification "Supplies and Materials" on the Statement of Receipts and Disbursements. A fixed asset purchased through the issuance of a short-term note payable should be reported as an asset at its full cost even though no cash transaction may have taken place. Likewise, the corresponding note payable should be reported in the liability section of the Balance Sheet. Fixed assets donated to the district by a

developer should be included as "General Fixed Assets" on the Balance Sheet. However, no amounts should be recorded on the Statement of Receipts and Disbursements for this type of transaction. The Credit offset to the fixed asset will be included in "Excess Assets over Liabilities" on the Balance Sheet.

**Investments (From Schedule B)** - List the types of investments (certificates of deposit, savings accounts, securities) which generate income in the form of interest. This should not include any amounts listed on Schedule A as "Cash in Bank." The total amount shown on Schedule B for "Principal Balance" must be reported under the account classification "Investments" on the Balance Sheet. At the option of the preparer, any interest earned on investments but not yet received may be reported as "Accrued Interest" on Schedule B and in the Asset section of the Balance Sheet. Under no circumstance should accrued interest be included in "Interest Received on Investments" under "Receipts" on page 5. "Interest Received on Investments" should include only amounts actually received during the fiscal year.

**Inventories** - The cost of materials and other items purchased for use during the fiscal year by which are not completely consumed by the end of the fiscal year.

**Notes Payable** - The total outstanding principal of short-term loans, which mature within one year of their issuance.

**Other Liabilities** - Only liabilities arising from the receipt of cash which cannot be properly classified in one of the other liability accounts should be listed in this classification along with a brief explanation of this liability. Accounts payable, accrued interest, and contracts payable should not be listed as liabilities in this report.

**Receipts** - All transactions involving the receipt of cash during the fiscal year should be included in the Receipts section. Only those amounts actually received during the fiscal year should be included. Amounts received for which repayment is contingent upon a bond sale (or some other event) should be included here. (See "Developer Advances" above for treatment of the contingent liability.)

**Refundable Deposits** - This amount reflects a liability arising from the receipt of deposits from customers, which will be refunded to the customer at some future date, based on the terms and conditions of the deposit agreement.

**Rounding Instructions** - Please round to the nearest whole dollar amount. For example: \$467.50 should be rounded up to \$468 and \$3,678.49 should be rounded down to \$3,678.

SONTERRA MUNICIPAL UTILITY DISTRICT

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR  
ENDED SEPTEMBER 30, 2014*

# ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }  
COUNTY OF WILLIAMSON }

I, \_\_\_\_\_ of the Sonterra Municipal Utility District hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 19th day of January, 2015, its annual audit report for the year ended September 30, 2014, and that copies of the annual report have been filed in the district office, located at 8500 Bluffstone Cove, Suite B-104, Austin, Texas 78759.

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

Date: \_\_\_\_\_

By: \_\_\_\_\_

(Signature of District Representative)

\_\_\_\_\_  
(Typed Name & Title of above District Representative)

Sworn to and subscribed to before me this 19th day of January, 2015.

(SEAL)

\_\_\_\_\_  
(Signature of Notary)

My Commission Expires On: \_\_\_\_\_, \_\_\_\_\_.

Notary Public in and for the State of Texas.

# **SONTERRA MUNICIPAL UTILITY DISTRICT**

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## **FINANCIAL SECTION**

# WEST, DAVIS & COMPANY

A LIMITED LIABILITY PARTNERSHIP

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## **Independent Auditor's Report**

Board of Directors  
Sonterra Municipal Utility District  
Jarrell, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Sonterra Municipal Utility District (the District) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable 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 governmental activities and each major fund of the District at September 30, 2014, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing 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 Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedules required by the Texas Commission on Environmental Quality are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules required by the Texas Commission on Environmental Quality are the responsibility of management and were derived from and relate 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 our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules required by the Texas Commission on Environmental Quality are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*West, Davis and Company*

Austin, Texas  
December 31, 2014

# SONTERRA MUNICIPAL UTILITY DISTRICT

## Management Discussion and Analysis For the Year Ended September 30, 2014

In accordance with Governmental Accounting Standards Board Statement 34 (“GASB 34”), the management of Sonterra Municipal Utility District (the “District”) offers the following discussion and analysis to provide an overview of the District’s financial activities for the year ended September 30, 2014. Since this information is designed to focus on current year’s activities, resulting changes, and currently known facts, it should be read in conjunction with the District’s financial statements that follow.

### FINANCIAL HIGHLIGHTS

- **General Fund:** The unassigned fund balance at the end of the year was approximately \$1.1 million which was an increase of \$248 thousand from the end of the previous year end. Revenue increased from \$1.8 million in the previous fiscal year to \$2.0 million in the current fiscal year primarily due to increased service account revenue as the result of growth within the District.
- **Debt Service Fund:** The fund balance restricted for debt service increased from \$61 thousand at the end of the previous fiscal year to \$76 thousand at the end of the current fiscal year. Revenue increased by \$210 thousand over the previous fiscal year primarily due to growth in the property tax base. The District made bond principal payments of \$310 thousand and bond interest payments of \$430 thousand during the fiscal year.
- **Capital Projects Fund:** The fund balance remained at \$-0- and was inactive during the year.
- **Governmental Activities:** On a Government-wide basis for governmental activities, the District had revenues net of expenses of approximately \$472 thousand. Net assets increased from a negative \$561 thousand to a negative \$89. This increase is primarily due to growth within the District.

### OVERVIEW OF THE DISTRICT

The District, a political subdivision of the State of Texas, was created by an Act of the 75<sup>th</sup> Texas Legislature effective September 1, 2005. The District was created and organized for the purpose of constructing water, sewer, and drainage facilities and providing water and sewer services to residential and commercial establishments within the District and solid waste collection services. The District is also authorized to provide recreational facilities. The District is located entirely within Williamson County.

# SONTERRA MUNICIPAL UTILITY DISTRICT

## Management Discussion and Analysis For the Year Ended September 30, 2014

### USING THIS ANNUAL REPORT

The District's reporting is comprised of five parts:

- Management's Discussion and Analysis (this section)
- Basic Financial Statements
  - Statement of Net Assets and Reconciliation to Governmental Funds Balance Sheet
  - Statement of Activities and Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
- Notes to the Financial Statements
- Required Supplementary Information
- Texas Supplementary Information (required by the Texas Commission on Environmental Quality)

The Government-wide statements are reported using the flow of economic resources measurement focus and the full accrual basis of accounting. The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

For purposes of GASB 34, the District is considered a special purpose government. This allows the District to present the newly required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Governmental Funds Total" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Assets and the Statement of Activities.

### OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

**The Statement of Net Assets and Governmental Funds Balance Sheet** includes a column (titled "Governmental Funds Total") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net assets will indicate financial health.

**The Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances** includes a column (titled "Governmental Funds Total") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**Management Discussion and Analysis  
For the Year Ended September 30, 2014**

**The Notes to the Financial Statements** provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Assets and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*.

**The Required Supplementary Information** presents a comparison statement between the District's adopted budget and its actual results.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Summary Statement of Net Assets**

	Governmental Activities (in thousands)		Increase (Decrease)
	September 2014	September 2013	
Current and Other Assets	\$ 1,538	\$ 1,237	301
Capital and Non-Current Assets	7,304	7,448	(144)
<b>Total Assets</b>	<b>8,842</b>	<b>8,685</b>	<b>157</b>
Current Liabilities	659	315	344
Long-Term Liabilities	8,272	8,931	(659)
<b>Total Liabilities</b>	<b>8,931</b>	<b>9,246</b>	<b>(315)</b>
Invested in Capital Assets, Net of Related Debt	(1,340)	(1,530)	190
Nonspendable	56	38	18
Restricted	1,115	64	1,051
Unassigned	80	867	(787)
<b>Total Net Assets</b>	<b>\$ (89)</b>	<b>\$ (561)</b>	<b>\$ 472</b>

The District's total assets were approximately \$8.8 million as of September 30, 2014. Of this amount, approximately \$1.3 million is accounted for by cash and short term investments. The District had outstanding liabilities of approximately \$8.9 million. The District's unassigned net assets, which can be used to finance day to day operations, totaled \$1.1 million.

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**Management Discussion and Analysis  
For the Year Ended September 30, 2014**

**Summary Statement of Activities**

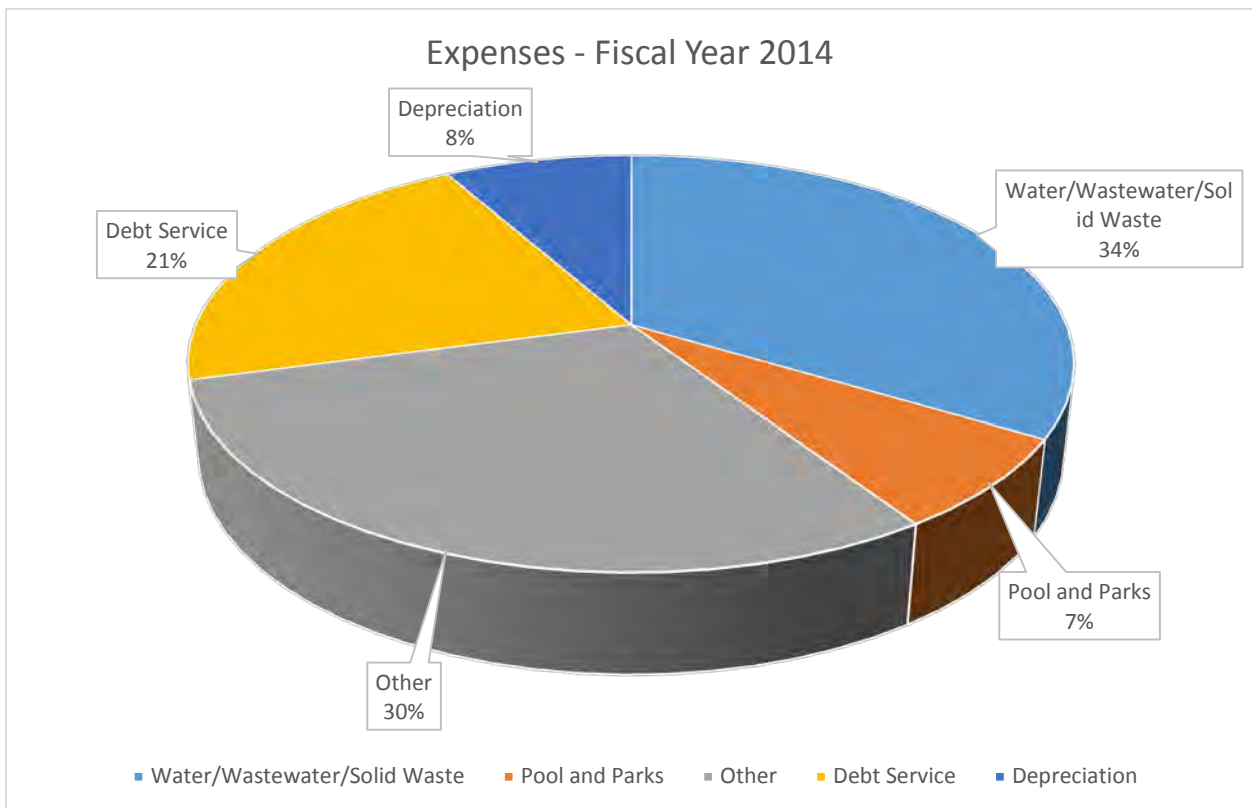
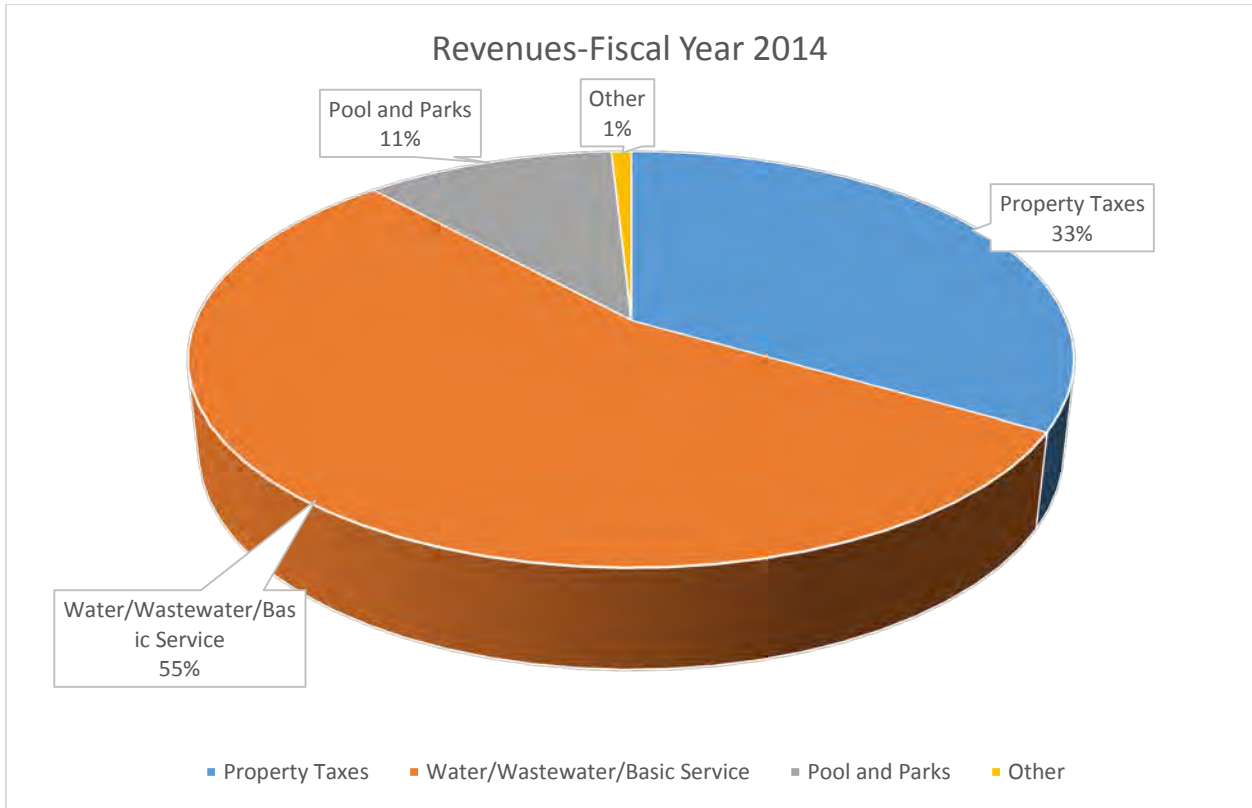
	Governmental Activities (in thousands)		Increase (Decrease)
	2014	2013	
Property Taxes	\$ 918	\$ 776	\$ 142
Water/Wastewater/Basic Service	1,508	1,280	228
Pool and Parks	299	255	44
Other	24	35	(11)
<b>Total Revenues</b>	<b>2,749</b>	<b>2,346</b>	<b>403</b>
Water/Wastewater/Solid Waste	765	752	13
Pool and Parks	162	151	11
Other	685	516	169
Debt Service	479	468	11
Depreciation	186	182	4
<b>Total Expenses</b>	<b>2,277</b>	<b>2,069</b>	<b>208</b>
Other Financing Sources (Uses)	-	2	(2)
<b>Change In Net Assets</b>	<b>472</b>	<b>279</b>	<b>193</b>
Prior Period Adjustment	-	(672)	672
<b>Beginning Net Assets</b>	<b>(561)</b>	<b>(168)</b>	<b>(393)</b>
<b>Ending Net Assets</b>	<b>\$ (89)</b>	<b>\$ (561)</b>	<b>\$ 472</b>

Revenues and Other Financing Sources were approximately \$2.7 million for the year ended September 30, 2014. Expenses were approximately \$2.3 million for the year ended September 30, 2014. Net assets increased about \$472 thousand primarily due to growth within the District. The following charts summarize the sources of revenue and areas of expenses.



# SONTERRA MUNICIPAL UTILITY DISTRICT

## Management Discussion and Analysis For the Year Ended September 30, 2014



**SONTERRA MUNICIPAL UTILITY DISTRICT**

**Management Discussion and Analysis  
For the Year Ended September 30, 2014**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUND LEVEL STATEMENTS**

In comparison to the Government-wide statements, the Fund-level statements focus on the key funds of the District. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District reports the following types of Governmental funds: General Fund, Debt Service Fund and Capital Projects Fund. The focus of the District's Governmental funds is to provide information on near-term inflows, outflows, and available resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year.

**Summary Balance Sheet**

	Governmental Activities (in thousands)		
	September 2014	September 2013	Increase (Decrease)
Cash and Investments	\$ 1,322	\$ 1,066	256
Accounts Receivable	161	133	28
Prepaid Expenses	55	38	17
<b>Total Assets</b>	<b>1,538</b>	<b>1,237</b>	<b>301</b>
Accounts Payable	141	145	(4)
Customer Deposits	147	122	25
Deferred Revenue	6	6	-
<b>Total Liabilities</b>	<b>294</b>	<b>273</b>	<b>21</b>
Nonspendable	56	38	18
Restricted For Debt Service	75	61	14
Restricted For Capital Projects	-	-	-
Unassigned	1,113	865	248
<b>Total Fund Balances</b>	<b>1,244</b>	<b>964</b>	<b>280</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,538</b>	<b>\$ 1,237</b>	<b>\$ 301</b>

**The General Operating Fund**, which pays for daily operating expenses, has a balance of \$1.169 million at the end of the current fiscal year. This is an increase of \$266 thousand over the prior fiscal year.

# SONTERRA MUNICIPAL UTILITY DISTRICT

## Management Discussion and Analysis For the Year Ended September 30, 2014

The **Debt Service Fund** decreased by \$14 thousand during the current fiscal year. This fund remitted bond principal of \$310 thousand and bond interest of \$430 thousand during the year.

The **Capital Projects Fund** was inactive during the year and has an ending balance of zero.

### BUDGETARY HIGHLIGHTS

The Board of Directors adopted the fiscal year 2014 annual budget for the General Fund on September 16, 2013. The budget included revenues of \$1.8 million and expenditures of \$1.8 million. Actual revenue amounted to \$2.0 million and actual expenditures amounted to \$1.7 million. More detailed information about the District's budgetary comparison is presented in the Required Supplementary Information section.

### CAPITAL ASSETS

The District has invested \$8.3 million in land, infrastructure and equipment. A summary of these assets is listed below:

#### Summary of Capital Assets

	Governmental Activities (in thousands)		Increase (Decrease)
	September 2014	September 2013	
Land	\$ 169	\$ 169	-
Water and Wastewater System	7,253	7,228	25
Office Building	465	465	-
Pool and Clubhouse Improvements	384	368	16
Maintenance Equipment	38	38	-
Accumulated Depreciation	(1,006)	(820)	(186)
<b>Total Capital Assets (Net)</b>	<b>7,303</b>	<b>7,448</b>	<b>(145)</b>

# **SONTERRA MUNICIPAL UTILITY DISTRICT**

## **Management Discussion and Analysis For the Year Ended September 30, 2014**

### **LONG TERM DEBT**

The District issued no new bond during the year. Bonded indebtedness of the District at year end was \$7.825 million. More detailed information about the District's long-term debt is presented in the Notes to the Basic Financial Statements.

### **ECONOMIC FACTORS**

The taxable assessed value of property within the District as of January 1, 2014 has been fixed by the Williamson County Appraisal District at \$137 million. The tax rates adopted by the District on September 15, 2014 for the coming fiscal year are \$0.14 for maintenance and operations and \$0.81 for debt service. The District expects this to produce \$1.3 million in total property tax revenue for next year. The adopted budget for fiscal year 2015 projects no change to the operating fund balance.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Freeman & Corbett, 8500 Bluffstone Cove, Suite B-104, Austin, Texas 78759.

## **BASIC FINANCIAL STATEMENTS**

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**STATEMENT OF NET ASSETS  
AND GOVERNMENTAL FUNDS BALANCE SHEET  
SEPTEMBER 30, 2014**

	GOVERNMENTAL FUNDS				ADJUSTMENTS	STATEMENT OF NET ASSETS
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL		
<b>ASSETS</b>						
Cash	\$ 202,711	\$ -	\$ -	\$ 202,711	\$ -	\$ 202,711
Investments	1,042,939	76,233	-	1,119,172	-	1,119,172
Accounts Receivable, net of allowance	155,093	59	-	155,152	-	155,152
Property Taxes Receivable	1,295	4,585	-	5,880	-	5,880
Due From Other Funds	398	-	-	398	(398)	-
Prepaid Items	55,269	-	-	55,269	-	55,269
Water, Sewer & Drainage System (Net)	-	-	-	-	7,303,520	7,303,520
Capitalized Bond Issuance Costs (Net)	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,457,705</b>	<b>\$ 80,877</b>	<b>\$ -</b>	<b>\$ 1,538,582</b>	<b>\$ 7,303,122</b>	<b>\$ 8,841,704</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 140,743	\$ 212	\$ -	\$ 140,955	46,011	\$ 186,966
Customer Deposits	147,066	-	-	147,066	-	147,066
Deferred Inflow of Resources-Taxes	1,295	4,585	-	5,880	(5,880)	-
Due To Other Funds	-	398	-	398	(398)	-
Capital Leases Payable	-	-	-	-	772,149	772,149
Bonds Payable in less than one year	-	-	-	-	325,000	325,000
Bonds Payable in more than one year	-	-	-	-	7,500,000	7,500,000
<b>Total Liabilities</b>	<b>289,104</b>	<b>5,195</b>	<b>-</b>	<b>294,299</b>	<b>8,636,882</b>	<b>8,931,181</b>
<b>Fund Equity:</b>						
Nonspendable	55,269	1,060	-	56,329	(56,329)	-
Restricted For Debt Service	-	74,622	-	74,622	(74,622)	-
Restricted For Capital Projects	-	-	-	-	-	-
Unassigned	1,113,332	-	-	1,113,332	(1,113,332)	-
<b>Total Fund Equity</b>	<b>1,168,601</b>	<b>75,682</b>	<b>-</b>	<b>1,244,283</b>	<b>(1,244,283)</b>	<b>-</b>
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$ 1,457,705</b>	<b>\$ 80,877</b>	<b>\$ -</b>	<b>\$ 1,538,582</b>		
<b>Net Position:</b>						
Invested in General Fixed Assets net of Related Debt					(1,339,640)	(1,339,640)
Nonspendable					56,329	56,329
Unassigned					1,114,627	1,114,627
Restricted for Debt Service					79,207	79,207
<b>Total Net Position</b>					<b>\$ (89,477)</b>	<b>\$ (89,477)</b>

See notes to financial statements.

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	GOVERNMENTAL FUNDS				ADJUSTMENTS	STATEMENT OF ACTIVITIES
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL		
<b>REVENUES</b>						
Property Tax	\$ 162,650	755,235	-	\$ 917,885	\$ (58)	\$ 917,827
Water Service	519,474	-	-	519,474	-	519,474
Wastewater Service	533,766	-	-	533,766	-	533,766
Transfer and Late Fees	41,805	-	-	41,805	-	41,805
Inspection and Tap Fees	199,975	-	-	199,975	-	199,975
Basic Service	212,751	-	-	212,751	-	212,751
Park and Recreation Fees	298,618	-	-	298,618	-	298,618
Interest	4,955	920	-	5,875	-	5,875
Miscellaneous	18,547	-	-	18,547	-	18,547
<b>TOTAL REVENUES</b>	<b>1,992,541</b>	<b>756,155</b>	<b>-</b>	<b>2,748,696</b>	<b>(58)</b>	<b>2,748,638</b>
<b>EXPENDITURES</b>						
Current:						
Water Service Fees	126,664	-	-	126,664	-	126,664
Wastewater Services	462,937	-	-	462,937	-	462,937
Solid Waste Disposal	175,862	-	-	175,862	-	175,862
Pool Salaries and Maintenance	161,668	-	-	161,668	-	161,668
Tax Assessor -Collector	6,763	312	-	7,075	-	7,075
Director Salaries	22,653	-	-	22,653	-	22,653
Legal Fees	72,356	-	-	72,356	-	72,356
Audit Fees	12,500	-	-	12,500	-	12,500
Accounting	34,472	-	-	34,472	-	34,472
Insurance	10,647	-	-	10,647	-	10,647
Management and Consulting Fees	221,340	-	-	221,340	-	221,340
Engineering Fees	91,358	-	-	91,358	-	91,358
Laboratory Expenses	2,128	-	-	2,128	-	2,128
Printing and Office Supplies	4,491	-	-	4,491	-	4,491
Utilities	65,925	-	-	65,925	-	65,925
Other Operating Expenses	132,615	-	-	132,615	-	132,615
Miscellaneous	6,233	1,550	-	7,783	-	7,783
Debt Service:						
Interest	50,262	429,776	-	480,038	(1,517)	478,521
Principal	23,533	310,000	-	333,533	(333,533)	-
Depreciation	-	-	-	-	186,029	186,029
Capital Expenditures	41,660	-	-	41,660	(41,660)	-
<b>TOTAL EXPENDITURES</b>	<b>1,726,067</b>	<b>741,638</b>	<b>-</b>	<b>2,467,705</b>	<b>(190,681)</b>	<b>2,277,024</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond Proceeds	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Transfers (To) From Other Funds	-	-	-	-	-	-
<b>TOTAL OTHER SOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures	266,474	14,517	-	280,991	(280,991)	-
Change in Net Position					471,614	471,614
Fund Balance/Net Position - Beginning	902,127	61,165	-	963,292	(1,524,383)	(561,091)
Fund Balance/Net Position - Ending	<b>\$ 1,168,601</b>	<b>\$ 75,682</b>	<b>\$ -</b>	<b>\$ 1,244,283</b>	<b>(1,333,760)</b>	<b>\$ (89,477)</b>

See notes to financial statements.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**At and For the Year Ended September 30, 2014**

**1. Summary of Significant Accounting Policies**

The basic financial statements of Sonterra Municipal Utility District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

Sonterra Municipal Utility District (the District), a political subdivision of the State of Texas, was created by an Act of the 75<sup>th</sup> Texas Legislature effective September 1, 2005. The District was created and organized for the purpose of constructing water, sewer, and drainage facilities and providing water and sewer services to residential and commercial establishments within the District and solid waste collection services. The District is also authorized to provide recreational facilities.

These financial statements report the financial activity of Sonterra Municipal Utility District. The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the Board) that has been elected by District residents. The funds and account groups presented in this report are within the oversight responsibility of the Board, in accordance with Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting. There are no component units of the District, nor is the District a component unit of any other entity.

**A. Basis of Presentation, Basis of Accounting**

In accordance with GASB Statement No. 34, the District has elected to combine their Government-wide and Governmental Fund Financial Statements into one set of financial statements with a reconciliation of the individual line items in a separate column on the financial statements.

**Government-wide Financial Statements:**

The **Statement of Net Assets** and the **Statement of Activities** include the financial activities of the overall government. Governmental activities are generally financed through property taxes and utility service revenue.

The **Statement of Activities** presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.



**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**At and For the Year Ended September 30, 2014**

**1. Summary of Significant Accounting Policies (continued)**

**Fund Financial Statements:**

The governmental fund financial statement columns are labeled **Governmental Funds Balance Sheet** and **Governmental Funds Revenue, Expenditures and Changes in Fund Balance**. In the fund financial statements, the accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

**General Fund:** This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

**Debt Service Fund:** The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, general long term debt principal and interest.

**Capital Projects Fund:** The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. Principal sources of revenue are municipal long-term debt proceeds and interest income.

**B. Measurement Focus, Basis of Accounting**

The Government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

**Governmental Fund Financial Statements:** Governmental funds are reported using the current financial resources management focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year end to be available in the current period. Revenues from local sources consist primarily of property taxes. Miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long term debt, which is recognized as an expenditure to the extent that it has matured. General capital asset acquisitions are reported as expenditures in major governmental funds. Proceeds of general long term debt are reported as other financing sources.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**At and For the Year Ended September 30, 2014**

**1. Summary of Significant Accounting Policies (continued)**

**C. Fund Balances**

The District has adopted GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Those fund balance classifications are described below.

Nonspendable – Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned – For the General Fund, amounts that are appropriated by the Board or Board designee, if any, that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned – Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has not delegated the authority to assign fund balance.

**D. Budget**

The Board adopted an annual budget for the General Fund on the basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. All annual appropriations lapse at fiscal year end.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**At and For the Year Ended September 30, 2014**

**1. Summary of Significant Accounting Policies (continued)**

**E. Pensions**

The District has not established a pension plan.

**F. Cash and Cash Equivalents**

These include cash on deposit as well as investments with maturities of three months or less. The investments, consisting of common trust funds, money market funds, and obligations in the State Treasurer's Investment Pool are recorded at cost, which approximates fair market value.

**G. Capital Assets**

Capital assets, which include Administrative Facilities and Equipment, Common and Recreation Areas, Water Production and Distribution System, Wastewater Collection System, Water Quality Ponds and Organizational Costs are reported in the Government-wide column in the Statement of Net Assets. Public domain ("infrastructure") capital assets including water, wastewater and drainage systems, are capitalized as acquired. Items purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded as capital assets at estimated fair market value at the time received.

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

<u>Asset</u>	<u>Years</u>
Equipment	10
Building and Pool	30
Water/Wastewater/Drainage System	50

**H. Interfund Transactions**

Transfers from one fund to another fund are reported as interfund receivable and payables if there is intent to repay that amount and if the debtor fund has the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**At and For the Year Ended September 30, 2014**

**1. Summary of Significant Accounting Policies (continued)**

**I. Long-Term Debt**

Unlimited Tax & Revenue Bonds, which have been issued to acquire capital assets, are to be repaid from tax revenues of the District.

In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs are expensed as incurred.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**J. Deferred Outflows and Inflows of Resources**

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period. GASB Statement No. 63 became effective for fiscal years beginning after December 15, 2011 and has been implemented in the financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 is effective for fiscal years beginning after December 15, 2012 but has been early implemented in these financial statements.

**2. Cash and Investments**

The investment policies of the District are governed by State statute and an adopted District Investment Policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's Investment Policy include: depositories must be FDIC-insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; securities collateralizing time deposits are held by independent third party trustees.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**At and For the Year Ended September 30, 2014**

**2. Cash and Investments (continued)**

**Cash** – At year end, deposits were held by the District’s depository bank in accounts that were secured at the balance sheet date by Federal Deposit Insurance Corporation (FDIC) coverage or by pledged collateral held by the District’s agent bank in the District’s name.

**Investments** - The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity’s funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act (“Act”) requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirement of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restriction, (1) obligations of the US Treasury, certain US Agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The District’s investments at year end are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool	1 Days Average	\$ 84,172
Certificates of Deposit	120 Days Average	\$1,035,000

**Analysis of Specific Cash and Investment Risks** – GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures.

*Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At year end, the District’s investments, other than those which are obligations of or guaranteed by the US Government, are rated as to credit quality as follows:

TexPool	<u>Rating</u> AAA-m
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**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**At and For the Year Ended September 30, 2014**

**2. Cash and Investments (continued)**

*Custodial Credit Risk* – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterpart or the counterpart’s trust department or agent but not in the District’s name. At year end, the District was not exposed to custodial credit risk.

*Concentration of Credit Risk* – This risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

*Interest Rate Risk* – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

*Foreign Currency Risk* – This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

**Investment Accounting Policy** – The District’s general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term “short-term” refers to investments which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

**Public Funds Investment Pools** – Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other person who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least on nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio with one half of one percent of the value of its shares.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**At and For the Year Ended September 30, 2014**

**2. Cash and Investments (continued)**

The District's investments in Pools are reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like Pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**3. Property Taxes**

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the levy date. Taxes are due if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs. Property taxes were levied by the District for the 2013-14 fiscal year at the rate of \$0.85 per hundred assessed value (\$0.15 for maintenance and \$0.70 for debt service). Uncollected property taxes amounted to \$5,880 at the end of the year.

**4. Capital Assets**

During the year, the District acquired no new capital assets but made improvements to Water System at a cost of \$25,473 using general operating funds. In previous years it acquired \$7,396,960 of land and improvements for its Water, Wasterwater and Drainage Systems serving the District's residents. These assets were acquired using the proceeds of the District's Series 2008, 2009 and 2011 bond issues and \$435,051 of General Fund revenues. The Systems are being depreciated over their estimated useful life of 50 years. Depreciation in the amount of \$151,702 has been charged to system operations for the year.

Also during previous years, the District acquired \$870,402 of office building, recreational and landscape maintenance assets. These assets were acquired using the proceeds of long-term capital leases and \$17,747 of general operating funds. During the year, the District made improvements to the recreational facilities at a cost of \$16,187 using general operating funds. These assets are being depreciated over the life of the capital leases which results in estimated useful lives of 10-30 years. Depreciation in the amount of \$34,327 has been charged to system operations for the year for these assets.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**At and For the Year Ended September 30, 2014**

**4. Capital Assets (continued)**

A summary of changes in capital assets follows:

	<b>Balance</b>			<b>Balance</b>
<u>Capital Assets:</u>	<u>10/1/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2014</u>
Land	168,876	-	-	168,876
Water and Wastewater System	7,228,084	25,473	-	7,253,557
Office Building	465,000	-	-	465,000
Pool and Clubhouse Improvements	367,747	16,187	-	383,934
Maintenance Equipment	37,655	-	-	37,655
Total	<u>8,267,362</u>	<u>41,660</u>	<u>-</u>	<u>8,309,022</u>
<u>Accumulated Depreciation:</u>				
Land	-	-	-	-
Water and Wastewater System	(724,901)	(151,702)	-	(876,603)
Office Building	(46,500)	(15,500)	-	(62,000)
Pool and Clubhouse Improvements	(36,775)	(15,061)	-	(51,836)
Maintenance Equipment	(11,297)	(3,766)	-	(15,063)
Total	<u>(819,473)</u>	<u>(186,029)</u>	<u>-</u>	<u>(1,005,502)</u>
<b>Total Capital Assets (Net)</b>	<b><u>7,447,889</u></b>	<b><u>(144,369)</u></b>	<b><u>-</u></b>	<b><u>7,303,520</u></b>

**5. Bonds**

At an election held within the District on November 8, 2005, voters authorized a total of \$71,480,000 unlimited tax bonds for the purpose of purchasing, constructing, acquiring, owning, improving, extending, maintaining, repairing, or operating a waterworks system, a sanitary sewer system, and a drainage and storm water system for the District.

The District has issued unlimited tax bonds in previous years to finance the acquisition of the water, wastewater and drainage infrastructure from developers. In August, 2013 the District issued \$3,624,933 in unlimited tax and revenue refunding bonds and used the proceeds to defease a portion of the Series 2008 bonds. These bonds are described as follows:

<u>Issue</u>	<u>Original</u>	<u>Installments</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Outstanding</u>
	<u>Issue Amount</u>	<u>(In Thousands)</u>			
Series 2008	\$4,190,000	\$100 to 130	2018	5.75 – 6.75%	\$ 475,000
Series 2009	\$3,100,000	\$55 to 1,740	2034	5.50 – 6.40%	\$2,855,000
Series 2011	\$1,490,000	\$35 to 585	2036	4.75 – 5.50%	\$1,455,000
Series 2013R	\$3,264,994	\$30 to 935	2033	1.50 – 5.00%	\$3,040,000



**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**At and For the Year Ended September 30, 2014**

**5. Bonds (continued)**

Redemption

- Series 2008      Bonds maturing on or after August 15, 2017, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on August 15, 2016, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The District has issued Series 2013R bonds and deposited sufficient proceeds in escrow in order to advance refund and defease the bonds maturing on or after August 15, 2017. The remaining Series 2008 bonds outstanding total \$575,000.
- Series 2009      Bonds maturing on or after August 15, 2019, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on August 15, 2018, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on August 15 in the years 2022, 2025, and 2034 are subject to mandatory sinking fund redemption.
- Series 2011      Bonds maturing on or after August 15, 2021, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on August 15, 2020, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on August 15 in the years 2023, 2030, and 2036 are subject to mandatory sinking fund redemption.
- Series 2013R      Bonds maturing on or after August 15, 2026, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on August 15, 2020, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on August 15 in the years 2026, 2028, 2030, and 2033 are subject to mandatory sinking fund redemption.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**At and For the Year Ended September 30, 2014**

**5. Bonds (continued)**

Debt Service Requirements

Debt service requirements on long-term bond debt as of the end of the year are as follows:

Ending September 30,	Principal	Interest	Totals
2015	\$ 325,000	\$ 416,864	\$ 741,864
2016	335,000	402,277	737,277
2017	355,000	386,552	741,552
2018	375,000	369,289	744,289
2019	172,540	577,696	750,236
2020-2024	827,460	2,888,206	3,715,666
2025-2029	2,450,000	1,232,608	3,682,608
2030-2034	2,770,000	509,828	3,279,828
2035-2039	<u>215,000</u>	<u>17,875</u>	<u>232,875</u>
Totals	\$ <u>7,825,000</u>	\$ <u>6,801,195</u>	\$ <u>14,626,195</u>

Advance Refunding of Debt

GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, provides that refunded Debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of September 30, 2014 outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows:

<u>Bond Issue</u>	<u>Amount</u>
Series 2008	\$3,265,000

**6. Capital Leases**

The District has entered into three lease purchase agreements during prior years to facilitate the acquisition of certain capital assets. Although the payments required under the terms of these agreements are subject to annual appropriation by the Board, it is the District's stated intention to abide by the terms of the agreements in order to complete the acquisition of the subject capital assets. These agreements have terms of 5 – 30 years and require that all payments are made in order for title to the assets to be conveyed to the District.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**At and For the Year Ended September 30, 2014**

**6. Capital Leases (continued)**

Debt Service Requirements

Debt service requirements on long-term capital leases as of the end of the year are as follows:

Ending September 30,	Principal	Interest	Totals
2015	\$ 25,046	\$ 48,748	\$ 73,794
2016	23,387	47,168	70,555
2017	20,219	45,799	66,018
2018	294,612	36,364	330,976
2019	9,171	24,284	33,455
2020-2024	55,073	112,202	167,275
2025-2029	74,285	92,990	167,275
2030-2034	100,198	67,076	167,274
2035-2039	135,152	32,122	167,274
2040-2044	<u>35,006</u>	<u>1,238</u>	<u>36,244</u>
Totals	\$ <u>772,149</u>	\$ <u>507,991</u>	\$ <u>1,280,140</u>

**7. Risk Management**

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the year, the District obtained liability coverage.

**8. Contingencies**

The District has an obligation to reimburse developers of property in the District costs expended on behalf of the District for the construction of water, sewer and drainage systems designed to serve the District. Since the construction of these facilities is not yet complete, the ultimate amount of the future reimbursements cannot be determined at this time.

**9. Estimates**

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**At and For the Year Ended September 30, 2014**

**10. Subsequent Events**

The District has evaluated subsequent events as of December 31, 2014, the date the financial statements were available to be issued.

Subsequent to the end of this fiscal year, on December 16, 2014, the District issued \$7,500,000 of Unlimited Tax & Revenue Bonds, Series 2014 and used the proceeds to acquire additional utility system facilities. In connection with this issuance, the District was assigned a Baa1 Bond Rating by Moody's Investors Service.

**11. Reconciliation of Government-wide and Fund Financial Statements**

Adjustments to convert the Governmental Funds Balance Sheet to the Statement of Net Assets are as follows:

<b>Governmental Funds Total Fund Balances</b>	<b>\$ 1,244,283</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	7,303,520
Long-term liabilities (capital leases) are not due and payable in the current period and, therefore, are not reported in the funds	(772,149)
Long-term liabilities (bonds payable) are not due and payable in the current period and, therefore, are not reported in the funds	(7,825,000)
Interest is accrued on outstanding debt in the government-wide statements, whereas in the governmental funds, an interest expenditure is reported when made and not accrued in the funds	(46,011)
Deferred tax revenue is not available to pay for current period expenditures and, therefore, is deferred in the funds	<u>5,880</u>
<b>Total Net Assets</b>	<b><u><u>\$ (89,477)</u></u></b>

**SONTERRA MUNICIPAL UTILITY DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**At and For the Year Ended September 30, 2014**

**11. Reconciliation of Government-wide and Fund Financial Statements (continued)**

Adjustments to convert the Governmental Funds, Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities are as follows:

<b>Governmental Funds Excess of Revenues over Expenditures</b>	<b>\$ 280,991</b>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	
Change in Deferred Tax Revenue	(58)
Governmental funds report capital outlays as expenditures however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense	
Capital Outlay	41,660
Depreciation Expense	(186,029)
Governmental funds report principal payments as expenditures however, in the Statement of Activities, these payments are not reported as operating expenses	
Capital Lease and Bond Principal	333,533
Governmental funds do not report the change in accrued interest as an expenditure, however, in the Statement of Activities, this change in the amount accrued is reported as an expense	
Accrued Interest	1,517
Bond Proceeds are reported as other financing sources in the governmental funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Net Assets	-
Bond disbursements are reported as other financing uses in the governmental funds and thus reduce the change in fund balance. In the Statement of Net Assets, however, bond refunding payments decrease long-term liabilities and do not affect the Statement of Net Assets	-
Bond issuance costs are reported as other financing uses in the governmental funds and thus reduce the change in fund balance. In the Statement of Net Assets, however, advance refunding bond proceed in excess of amounts transferred to the bond refunding agent in excess of bond issuance costs are recognized to offset bond issuance costs	-
	-
<b>Change in Net Assets</b>	<b>\$ 471,614</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - GENERAL FUND  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Property Tax	\$ 174,500	\$ 162,650	\$ (11,850)
Water Service	468,500	519,474	50,974
Wastewater Service	522,000	533,766	11,766
Transfer and Late Fees	30,250	41,805	11,555
Inspection and Tap Fees	134,000	199,975	65,975
Basic Service	230,500	212,751	(17,749)
Park and Recreation Fees	289,750	298,618	8,868
Interest	3,000	4,955	1,955
Miscellaneous	5,925	18,547	12,622
<b>TOTAL REVENUES</b>	<u>1,858,425</u>	<u>1,992,541</u>	<u>134,116</u>
<u>EXPENDITURES</u>			
Current:			
Water Service Fees	151,100	126,664	24,436
Wastewater Services	499,500	462,937	36,563
Solid Waste Disposal	186,600	175,862	10,738
Pool Salaries and Maintenance	288,850	161,668	127,182
Tax Assessor -Collector	2,000	6,763	(4,763)
Director Salaries	38,300	22,653	15,647
Legal Fees	50,000	72,356	(22,356)
Audit Fees	12,500	12,500	-
Accounting	35,750	34,472	1,278
Insurance	10,100	10,647	(547)
Management and Consulting Fees	199,300	221,340	(22,040)
Engineering Fees	50,000	91,358	(41,358)
Laboratory Expenses	1,250	2,128	(878)
Printing and Office Supplies	5,250	4,491	759
Utilities	56,000	65,925	(9,925)
Other Operating Expenses	109,500	132,615	(23,115)
Miscellaneous	21,000	6,233	14,767
Interest	-	50,262	(50,262)
Principal	-	23,533	(23,533)
Capital Expenditures	72,776	41,660	31,116
<b>TOTAL EXPENDITURES</b>	<u>1,789,776</u>	<u>1,726,067</u>	<u>63,709</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers From Other Funds	-	-	-
<b>TOTAL OTHER SOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficit) of Revenues over Expenditures	68,649	266,474	197,825
Fund Balance - Beginning of Year	902,127	902,127	-
Fund Balance - End of Year	<u>\$ 970,776</u>	<u>\$ 1,168,601</u>	<u>\$ 197,825</u>

See notes to financial statements.

**OTHER SUPPLEMENTARY INFORMATION**



**SONTERRA MUNICIPAL UTILITY DISTRICT**

**INDEX OF SUPPLEMENTAL SCHEDULES REQUIRED  
BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

(Schedules included are checked; explanatory notes are provided for omitted schedules).

- Schedule of Services and Rates
- Schedule of General Fund Expenditures
- Temporary Investments
- Analysis of Taxes Levied and Receivable
- General Long Term Debt Service Requirements by Years
- Analysis of Changes in General Long Term Debt
- Comparative Schedule of Revenues and Expenditures - General Fund
- Board Members, Key Personnel, and Consultants
- Principal Taxpayers

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**SERVICES AND RATES  
SEPTEMBER 30, 2014**

**1. Services Provided by the District:**

Retail Water                      Drainage  
Retail Wastewater                  Parks  
Solid Waste

**2. Retail Rates Based on 5/8” Meter**

			<b>Flat</b>	<b>Rate per first</b>	<b>Rate per add'l</b>
	<b>Minimum</b>	<b>Minimum</b>	<b>Rate</b>	<b>1000 Gallons</b>	<b>1000 Gallons</b>
	<b>Charge</b>	<b>Usage</b>	<b>Y/N</b>	<b>Over Minimum</b>	<b>Over Minimum</b>
Water:	\$ 44.00	-0- gallons	N	\$ 2.15 Winter \$ 2.50 Summer	\$2.15-\$5.00 Winter \$2.50-\$5.50 Summer
Wastewater:	\$ 25.00	-0- gallons	N	\$ 3.25	\$3.25-\$7.62
Surcharge:	-0-				

The District employs winter averaging for wastewater usage calculation.

Total water and wastewater charges per 10,000 gallons usage: \$ 123.30

**3. Retail Service Provided:** Number of retail water and/or wastewater connections.

			<b>Inactive</b>
	<b>Active</b>	<b>Active</b>	<b>Connections</b>
	<b>Connections</b>	<b>EFSC</b>	<b>(EFSC)</b>
Single Family & Total			
Water	1,035	1,035	6
Wastewater	1,035	1,035	6

**4. Total Water Consumption (in thousands) During the Year:**

Gallons pumped into system: 80,514  
Gallons billed to customers: 74,940

**5. Standby Fees:** The District does not assess standby fees.

**6. Anticipated sources of funds to be used for debt service payments:** Ad Valorem taxes

**7. Location of District:**

The District is located entirely within Williamson County.  
Part of the District is overlapped by the City limits of Jarrell, Texas.  
The general membership of the Board is not appointed by an office outside the District.

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**SCHEDULE OF GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Current:**

**Purchased Services for Resale**

Water	\$ 126,664
Wastewater	462,937
	<b>589,601</b>

**Professional Fees**

Audit	12,500
Engineering	91,358
Legal	72,356
	<b>176,214</b>

**Contracted Services**

Accounting	34,472
Management	221,340
Tax Appraisal/Collection	6,763
	<b>262,575</b>

**Utilities**

Electricity	65,925
Laboratory	2,128
Solid Waste Disposal	175,862
	<b>243,915</b>

**Administrative**

Director Salaries and Payroll Taxes	22,653
Insurance	10,647
Printing and Office Supplies	4,491
Other	132,615
Miscellaneous	6,233
	<b>176,639</b>

**Maintenance**

Pool Operations and Maintenance	161,668
	<b>161,668</b>

**Debt Service:**

Interest	50,262
Principal	23,533
	<b>73,795</b>

**Capital Expenditures**

**41,660**

**TOTAL EXPENDITURES**

**\$ 1,726,067**

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**TEMPORARY INVESTMENTS  
SEPTEMBER 30, 2014**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<b><u>GENERAL FUND</u></b>					
Certificate of Deposit-Green Bank	9009010119	0.4000%	3/13/2015	\$ 50,000	\$ 110
Certificate of Deposit-Green Bank	9009010150	0.4000%	10/10/2014	50,000	195
Certificate of Deposit-Green Bank	9009010404	0.4000%	4/2/2015	50,000	99
Certificate of Deposit-Icon Bank	251439	0.6900%	3/8/2015	100,000	389
Certificate of Deposit-Icon Bank	268839	0.6500%	5/22/2015	50,000	117
Certificate of Deposit-Icon Bank	209932	0.6900%	10/3/2014	45,000	307
Certificate of Deposit-Independent Bank	530875	0.5000%	1/2/2015	100,000	370
Certificate of Deposit-Independent Bank	531474	0.5000%	2/6/2015	120,000	388
Certificate of Deposit-Patriot Bank	5000297547	0.7000%	11/143/14	100,000	615
Certificate of Deposit-Patriot Bank	5000298098	0.7000%	12/10/2014	100,000	563
Certificate of Deposit-Bank of River Oaks	8219	0.5000%	8/14/2015	100,000	63
Certificate of Deposit-United Texas Bank	5008	0.4500%	6/6/2015	50,000	72
Certificate of Deposit-United Texas Bank	5055	0.4500%	7/24/2015	50,000	42
State Investment Pool	7923600003	0.0300%	N/A	77,939	-
Total				1,042,939	3,330
<b><u>DEBT SERVICE FUND</u></b>					
Certificate of Deposit-United Texas Bank	5054	0.4500%	7/24/2015	\$ 70,000	\$ 59
State Investment Pool	7923600002	0.0300%	N/A	3,764	-
State Investment Pool	7923600004	0.0300%	N/A	2,469	-
Total				76,233	59
<b><u>CAPITAL PROJECTS FUND</u></b>					
State Investment Pool	7923600001	0.0362%	N/A	-	-
Total				-	-
<b>TOTALS - ALL FUNDS</b>				<b>\$ 1,119,172</b>	<b>\$ 3,389</b>

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**ANALYSIS OF TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>MAINTENANCE TAXES</b>	<b>DEBT SERVICE TAXES</b>
Taxes Receivable, Beginning of Period	\$ 1,850	\$ 4,088
2013 Original Levy	161,660	754,413
Adjustments	(181)	(800)
Add: Penalty & Interest	616	2,119
	<hr/>	<hr/>
Total to be accounted for	163,945	759,820
Tax collections:		
Current year	160,975	751,216
Prior years	1,675	4,019
Total Collections	<hr/>	<hr/>
	162,650	755,235
	<hr/>	<hr/>
Taxes Receivable, End of Period	<u>\$ 1,295</u>	<u>\$ 4,585</u>

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Property Valuations:					
Land & Improvements	<u>107,539,683</u>	<u>91,015,412</u>	<u>85,957,969</u>	<u>77,936,221</u>	<u>76,771,530</u>
Tax Rates Per \$100 Valuation:					
Debt Service tax rates	\$ 0.7000	\$ 0.6000	\$ 0.5000	\$ 0.4233	\$ 0.2000
Maintenance tax rates	\$ 0.1500	\$ 0.2500	\$ 0.3500	\$ 0.3500	\$ 0.5733
Totals	<u>\$ 0.8500</u>	<u>\$ 0.8500</u>	<u>\$ 0.8500</u>	<u>\$ 0.7733</u>	<u>\$ 0.7733</u>
Original Tax Levy	<u>\$ 914,087</u>	<u>\$ 773,631</u>	<u>\$ 730,643</u>	<u>\$ 602,681</u>	<u>\$ 593,674</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

DUE DURING FISCAL YEARS ENDING	SERIES 2008		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2015	110,000	30,362	140,362
2016	115,000	23,762	138,762
2017	120,000	16,575	136,575
2018	130,000	8,775	138,775
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
	<u>\$ 475,000</u>	<u>\$ 79,474</u>	<u>\$ 554,474</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

DUE DURING FISCAL YEARS ENDING	SERIES 2009		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2015	70,000	177,554	247,554
2016	75,000	173,704	248,704
2017	80,000	169,579	249,579
2018	85,000	165,179	250,179
2019	95,000	160,398	255,398
2020	100,000	154,935	254,935
2021	105,000	148,935	253,935
2022	115,000	142,635	257,635
2023	120,000	135,735	255,735
2024	130,000	128,235	258,235
2025	140,000	120,110	260,110
2026	145,000	111,360	256,360
2027	155,000	102,080	257,080
2028	170,000	92,160	262,160
2029	180,000	81,280	261,280
2030	190,000	69,760	259,760
2031	205,000	57,600	262,600
2032	215,000	44,480	259,480
2033	230,000	30,720	260,720
2034	250,000	16,000	266,000
2035	-	-	-
2036	-	-	-
	<u>\$ 2,855,000</u>	<u>\$ 2,282,439</u>	<u>\$ 5,137,439</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

DUE DURING FISCAL YEARS ENDING	SERIES 2011		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2015	35,000	76,385	111,385
2016	35,000	74,723	109,723
2017	40,000	73,060	113,060
2018	40,000	71,160	111,160
2019	45,000	69,260	114,260
2020	45,000	67,123	112,123
2021	50,000	64,985	114,985
2022	50,000	62,610	112,610
2023	55,000	60,110	115,110
2024	55,000	57,360	112,360
2025	60,000	54,555	114,555
2026	65,000	51,435	116,435
2027	70,000	47,958	117,958
2028	70,000	44,213	114,213
2029	75,000	40,468	115,468
2030	80,000	36,455	116,455
2031	85,000	32,175	117,175
2032	90,000	27,500	117,500
2033	95,000	22,550	117,550
2034	100,000	17,325	117,325
2035	105,000	11,825	116,825
2036	110,000	6,050	116,050
	<u>\$ 1,455,000</u>	<u>\$ 1,069,285</u>	<u>\$ 2,524,285</u>



**SONTERRA MUNICIPAL UTILITY DISTRICT**

**GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

DUE DURING FISCAL YEARS ENDING	SERIES 2013R		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2015	110,000	132,563	242,563
2016	110,000	130,088	240,088
2017	115,000	127,338	242,338
2018	120,000	124,175	244,175
2019	32,537	348,038	380,575
2020	1,329	373,271	374,600
2021	627	373,973	374,600
2022	296	374,304	374,600
2023	140	374,460	374,600
2024	65	369,535	369,600
2025	250,000	119,600	369,600
2026	255,000	108,975	363,975
2027	265,000	98,138	363,138
2028	270,000	86,213	356,213
2029	280,000	74,063	354,063
2030	295,000	60,763	355,763
2031	300,000	46,750	346,750
2032	315,000	31,750	346,750
2033	320,000	16,000	336,000
2034	-	-	-
2035	-	-	-
2036	-	-	-
	<u>\$ 3,039,994</u>	<u>\$ 3,369,997</u>	<u>\$ 6,409,991</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

DUE DURING FISCAL YEARS ENDING	ALL SERIES		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2015	325,000	416,864	741,864
2016	335,000	402,277	737,277
2017	355,000	386,552	741,552
2018	375,000	369,289	744,289
2019	172,537	577,696	750,233
2020	146,329	595,329	741,658
2021	155,627	587,893	743,520
2022	165,296	579,549	744,845
2023	175,140	570,305	745,445
2024	185,065	555,130	740,195
2025	450,000	294,265	744,265
2026	465,000	271,770	736,770
2027	490,000	248,176	738,176
2028	510,000	222,586	732,586
2029	535,000	195,811	730,811
2030	565,000	166,978	731,978
2031	590,000	136,525	726,525
2032	620,000	103,730	723,730
2033	645,000	69,270	714,270
2034	350,000	33,325	383,325
2035	105,000	11,825	116,825
2036	110,000	6,050	116,050
	<u>\$ 7,824,994</u>	<u>\$ 6,801,195</u>	<u>\$ 14,626,189</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**ANALYSIS OF CHANGES IN GENERAL LONG TERM DEBT  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>SERIES 2008</u>	<u>SERIES 2009</u>	<u>SERIES 2011</u>	<u>SERIES 2013R</u>	<u>TOTALS</u>
Interest Rate	5.75 - 6.75%	4.30 - 4.70%	4.75 - 5.50%	1.50 - 5.00%	
Dates Interest Payable	2/15 : 8/15	2/15 : 8/15	2/15 : 8/15	2/15 : 8/15	
Maturity Dates	8/15/11 to 8/15/18	8/15/11 to 8/15/34	8/15/11 to 8/15/34	8/15/13 to 8/15/33	
Bonds Outstanding at Beginning of Year	\$ 575,000	\$ 2,920,000	\$ 1,490,000	\$ 3,149,994	\$ 8,134,994
Bonds Sold During the Current Year	-	-	-	-	-
Bonds Defeased During the Current Year	-	-	-	-	-
Retirements During the Current Year	<u>(100,000)</u>	<u>(65,000)</u>	<u>(35,000)</u>	<u>(110,000)</u>	<u>(310,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 475,000</u>	<u>\$ 2,855,000</u>	<u>\$ 1,455,000</u>	<u>\$ 3,039,994</u>	<u>\$ 7,824,994</u>
Interest Paid During the Current Year	\$ 36,112	\$ 181,129	\$ 78,048	\$ 134,487	\$ 429,776
Accrued Interest Payable-Beginning of Year	(4,514)	(16,447)	(9,756)	(16,811)	(47,528)
Accrued Interest Payable-End of Year	<u>3,795</u>	<u>16,098</u>	<u>9,548</u>	<u>16,570</u>	<u>46,011</u>
Interest on Financial Statements	<u>\$ 35,393</u>	<u>\$ 180,780</u>	<u>\$ 77,840</u>	<u>\$ 134,246</u>	<u>\$ 428,259</u>
Paying Agent:	Wells Fargo Bank, NA	Wells Fargo Bank, NA	Wells Fargo Bank, NA	Bank of Texas	
	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>	<u>Refunding Bonds</u>	
Bond Authority:					
Amount Authorized By Voters	\$ 71,480,000	\$ -	\$ -	\$ -	
Amount Issued	\$ 8,780,000	\$ -	\$ -	\$ 3,264,994	
Remaining To Be Issued	\$ 62,700,000	\$ -	\$ -	\$ -	
Debt Service Fund Cash and Temporary Investments balances as of September 30, 2014					<u>\$ 76,233</u>
Average annual debt service payment (principal & interest) for remaining term of all bond debt					<u>\$ 664,827</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	AMOUNTS					PERCENT OF REVENUES				
	9/30/2014	9/30/2013	9/30/2012	9/30/2011	9/30/2010	9/30/2014	9/30/2013	9/30/2012	9/30/2011	9/30/2010
<u>REVENUES</u>										
Property Tax	\$ 162,650	\$ 227,336	\$ 304,476	\$ 285,531	\$ 438,181	8%	13%	17%	20%	28%
Water Service	519,474	444,363	409,726	351,491	322,523	26%	25%	23%	25%	21%
Wastewater Service	533,766	471,690	414,470	373,598	251,658	27%	26%	24%	26%	16%
Transfer and Late Fees	41,805	31,066	44,592	46,435	34,720	2%	2%	3%	3%	2%
Inspection and Tap Fees	199,975	159,385	189,285	114,120	155,688	10%	9%	11%	8%	10%
Solid Waste	212,751	173,569	145,625	134,047	117,333	11%	10%	8%	9%	8%
Park and Recreation Fees	298,618	255,084	188,038	56,344	-	15%	14%	11%	4%	0%
Interest	4,955	4,671	2,498	1,917	329	0%	0%	0%	0%	0%
Miscellaneous	18,547	30,020	52,660	43,875	18,511	1%	2%	3%	3%	1%
Litigation Recoveries	-	-	-	12,500	207,642	0%	0%	0%	1%	13%
<b>TOTAL REVENUES</b>	<b>1,992,541</b>	<b>1,797,184</b>	<b>1,751,370</b>	<b>1,419,858</b>	<b>1,546,585</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<u>EXPENDITURES</u>										
Current:										
Water Service Fees	126,664	133,268	111,046	107,402	104,088	6%	7%	6%	8%	7%
Wastewater Services	462,937	434,473	377,451	257,132	251,485	23%	24%	22%	18%	16%
Solid Waste Disposal	175,862	180,409	124,440	117,525	107,413	9%	10%	7%	8%	7%
Pool Salaries and Maintenance	161,668	151,186	150,722	39,061	-	8%	8%	9%	3%	0%
Tax Assessor-Collector	6,763	2,045	2,461	5,131	3,675	0%	0%	0%	0%	0%
Director Salaries	22,653	26,921	22,601	22,200	25,971	1%	1%	1%	2%	2%
Legal Fees	72,356	44,929	36,579	38,166	191,184	4%	2%	2%	3%	12%
Audit Fees	12,500	12,500	12,500	12,700	9,500	1%	1%	1%	1%	1%
Accounting	34,472	34,167	26,867	22,228	12,045	2%	2%	2%	2%	1%
Insurance	10,647	5,799	-	9,750	8,127	1%	0%	0%	1%	1%
Management Fees	221,340	167,593	194,519	196,605	146,160	11%	9%	11%	14%	9%
Engineering Fees	91,358	33,957	23,969	36,019	104,654	5%	2%	1%	3%	7%
Laboratory Expenses	2,128	619	2,488	1,570	4,509	0%	0%	0%	0%	0%
Printing and Office Supplies	4,491	6,316	3,873	7,265	28,969	0%	0%	0%	1%	2%
Utilities	65,925	53,889	55,675	59,313	58,535	3%	3%	3%	4%	4%
Other Operating Expenses	132,615	120,960	78,427	57,065	30,458	7%	7%	4%	4%	2%
Miscellaneous	6,233	6,671	7,477	15,987	28,027	0%	0%	0%	1%	2%
Interest	50,262	51,681	52,873	34,475	-	3%	3%	3%	2%	0%
Principal	23,533	22,113	20,273	14,585	-	1%	1%	1%	1%	0%
Capital Expenditures	41,660	75,181	-	1,230,272	57,306	2%	4%	0%	87%	4%
<b>TOTAL EXPENDITURES</b>	<b>1,726,067</b>	<b>1,564,677</b>	<b>1,304,241</b>	<b>2,284,451</b>	<b>1,172,106</b>	<b>87%</b>	<b>87%</b>	<b>74%</b>	<b>161%</b>	<b>76%</b>
<u>OTHER FINANCING SOURCES</u>										
Capital Lease Proceeds	-	-	-	852,655	-	0%	0%	0%	60%	0%
Transfers (To) From Other Funds	-	(153,678)	(42,500)	24,228	-	0%	-9%	-2%	2%	0%
<b>TOTAL OTHER SOURCES</b>	<b>-</b>	<b>(153,678)</b>	<b>(42,500)</b>	<b>876,883</b>	<b>-</b>	<b>0%</b>	<b>-9%</b>	<b>-2%</b>	<b>62%</b>	<b>0%</b>
Excess (Deficit) of Revenues & Other Sources over Expenditures	\$ 266,474	\$ 78,829	\$ 404,629	\$ 12,290	\$ 374,479	13%	4%	23%	1%	24%
<u>TOTAL ACTIVE</u>										
WATER RETAIL CONNECTIONS	1,041	891	761	679	615	1,041	891	761	679	615
WW RETAIL CONNECTIONS	1,041	891	761	679	615	1,041	891	761	679	615

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>AMOUNTS</u>					<u>PERCENT OF REVENUES</u>				
	<u>9/30/2014</u>	<u>9/30/2013</u>	<u>9/30/2012</u>	<u>9/30/2011</u>	<u>9/30/2010</u>	<u>9/30/2014</u>	<u>9/30/2013</u>	<u>9/30/2012</u>	<u>9/30/2011</u>	<u>9/30/2010</u>
<u>REVENUES</u>										
Property Tax	\$ 755,235	\$ 545,843	\$ 434,589	\$ 340,726	\$ 152,361	100%	100%	100%	99%	99%
Interest	920	453	582	2,335	1,272	0%	0%	0%	1%	1%
<b>TOTAL REVENUES</b>	<b>756,155</b>	<b>546,296</b>	<b>435,171</b>	<b>343,061</b>	<b>153,633</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<u>EXPENDITURES</u>										
Debt Service:										
Tax Assessor-Collector	312	4,315	3,400	2,028	-	0%	1%	1%	1%	0%
Interest	429,776	431,415	561,683	517,789	527,160	57%	79%	129%	151%	343%
Principal	310,000	275,000	150,000	140,000	80,000	41%	50%	34%	41%	52%
Fiscal Agent Fees	1,550	-	1,350	800	400	0%	0%	0%	0%	0%
<b>TOTAL EXPENDITURES</b>	<b>741,638</b>	<b>710,730</b>	<b>716,433</b>	<b>660,617</b>	<b>607,560</b>	<b>98%</b>	<b>129%</b>	<b>164%</b>	<b>192%</b>	<b>395%</b>
Bond Proceeds & Transfers In (Out)	-	159,857	42,500	164,600	-	0%	29%	10%	48%	0%
Excess (Deficit) of Revenues and Transfers Over Expenditures	<u>\$ 14,517</u>	<u>\$ (4,577)</u>	<u>\$ (238,762)</u>	<u>\$ (152,956)</u>	<u>\$ (453,927)</u>	<u>2%</u>	<u>0%</u>	<u>-54%</u>	<u>-44%</u>	<u>-295%</u>

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

DISTRICT MAILING ADDRESS: c/o Freeman & Corbett, 8500 Bluffstone CV #B-104, Austin, TX 78759

DISTRICT BUSINESS TELEPHONE NUMBER: (512) 451-6689

LIMITS ON FEES OF OFFICERS THAT A DIRECTOR MAY RECEIVE DURING A FISCAL YEAR: \$7,200

<u>NAMES AND ADDRESSES</u>	<u>TERM OF OFFICE</u>	<u>SALARY FYE 9/30/14</u>	<u>REIMBURSEMENTS FYE 9/30/14</u>	<u>TITLE AT YEAR END</u>
<b><u>DIRECTORS</u></b>				
John Faske	Elected 5/12-5/17	\$ 3,900	\$ -	President
David Chandos	Elected 5/10-5/15	4,500	-	Asst Sec/Treas
Darrell Goldman	Elected 5/10-5/15	2,850	-	Secretary
Valorie Allen	Elected 5/12-5/17	3,300	-	Treasurer
Dale Thornton	Elected 5/10-5/15	2,700	-	Asst Sec/Treas
		<u>\$ 17,250</u>	<u>\$ -</u>	
<b><u>CONSULTANTS</u></b>				
Freeman & Corbett		\$ 68,132	\$ -	Attorneys
Blazier Christensen Bigelow & Virr		\$ 1,440	\$ -	Attorneys-Special
Dietz & Jarrard		\$ 1,854	\$ -	Attorneys-Special
Judy Osborn		\$ 930	\$ -	Attorneys-Special
West, Davis & Company		\$ 12,500	\$ -	Auditor
Municipal Accounts & Consulting		\$ 34,472	\$ -	Accountants
Crossroads Utility Services		\$ 64,680	\$ -	Operator
Vecindario Management		\$ 35,627	\$ -	Manager
Sheila Cunningham		\$ 47,833	\$ -	Former Manager
Jones-Heroy & Associates		\$ 82,748	\$ -	Engineers
Baker-Aicklen & Associates		\$ 8,610	\$ -	Former Engineers

**SONTERRA MUNICIPAL UTILITY DISTRICT**

**PRINCIPAL TAXPAYERS  
SEPTEMBER 30, 2014**

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>% of 2014 Certified Taxable Assessed Value</u>
Sonterra Apartments Partners	\$ 7,360,027	5.38%
Leemak Jarrell, LLC	6,926,988	5.06%
Rvest, LP*	5,048,223	3.69%
Big Red Barn V, Ltd	1,905,194	1.39%
First National Bank of Fort Stockton	1,442,733	1.05%
SonWest Co*	1,357,830	0.99%
Fikes Wholesale, Inc. #74	1,280,784	0.94%
Sonterra Center Partners	1,013,538	0.74%
McDonalds Real Estate Company	988,916	0.72%
Walters Cougar Plaza, Ltd	840,000	0.61%
<b>Total</b>	<b>\$ 28,164,233</b>	<b>20.57%</b>

\* Project Developer and related entities.

**CITY OF JARRELL, TEXAS**  
**Annual Financial Report**

For the Year Ended  
September 30, 2014

**WEST, DAVIS & COMPANY, LLP**  
*Certified Public Accountants*  
Austin, Texas



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**CITY OF JARRELL, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**  
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# WEST, DAVIS & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
11824 JOLLYVILLE ROAD, SUITE 100  
AUSTIN, TEXAS 78759  
TELEPHONE 512-922-8809

GARY W. DAVIS, C.P.A.  
ROBERT H. WEST, C.P.A.  
ROBERT H. WEST, JR., C.P.A.

gary@westdavis.com  
bob@westdavis.com  
rob@westdavis.com

## **Independent Auditors' Report**

Honorable Mayor and City Council Members  
City of Jarrell, Texas  
161 Town Center Blvd  
Jarrell, Texas 76537

Honorable Mayor and City Council Members:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jarrell, Texas, (the "City") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Jarrell, Texas, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6-11 and 40-41 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 opinions on the financial statements that collectively comprise the City of Jarrell, Texas' basic financial statements. The accompanying combining schedules of non-major governmental funds as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of non-major governmental funds as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of non-major governmental funds as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 24, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control

over financial reporting and compliance with the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*West, Davis and Company*

February 24, 2015  
Austin, Texas

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**CITY OF JARRELL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the City of Jarrell's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2014. Please read it in conjunction with the City of Jarrell's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- For the year ended September 30, 2014, the General Fund of the City of Jarrell experienced a fund balance increase of \$394,805 from current operations to end at \$1,204,715.
- Total governmental-type funds (the General Fund plus all Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund) of the City of Jarrell reported an overall fund balance increase of \$555,898 to end at \$2,447,019. The primary reason for this was increased sales tax collections.
- The total cost of the City of Jarrell's governmental activities was \$1,148,453.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial* statements, and *required supplementary information*. The basic financial statements include two types of statements that present different views of the City of Jarrell:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Jarrell's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City of Jarrell's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.



## Government-Wide Statements

The government-wide statements report information about the City of Jarrell as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the City of Jarrell's net position and how they have changed. Net position - the difference between the City of Jarrell's assets and liabilities - are one way to measure the City of Jarrell's financial health or position. Over time, increases or decreases in the City of Jarrell's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the City of Jarrell include the *governmental activities* and *business-type activities*. *Governmental activities* are activities supported primarily by taxes and user charges. Most of the City of Jarrell's basic services are included here, such as public safety, highways and streets, parks and recreation, planning, economic development, and general administration. *Business-type activities* are activities undertaken by the City that are operated much like a private business.

## FINANCIAL ANALYSIS OF THE CITY OF JARRELL AS A WHOLE

Our analysis here focuses on the net position (Table I) and changes in net position (Table II) of the City's governmental and business-type activities.

**Table I**  
**Net Position - Governmental and Business-Type Activities**

	Governmental Activities			Business-Type Activities		
	2014	2013	Change	2014	2013	Change
<b>Assets:</b>						
Current & Other Assets	\$2,491,894	\$2,173,726	\$ 318,168	\$ 896,448	\$ 588,421	\$ 308,027
Capital Assets	1,099,052	928,016	171,036	11,464,012	11,567,582	(103,570)
Total Assets	<u>\$3,590,946</u>	<u>\$3,101,742</u>	<u>\$ 489,204</u>	<u>\$12,360,460</u>	<u>\$12,156,003</u>	<u>\$ 204,457</u>
<b>Liabilities:</b>						
Current Liabilities	\$ 40,949	\$ 284,182	\$ (243,233)	\$ 26,712	\$ 22,781	\$ 3,931
Long-term Liabilities	563,894	632,965	(69,071)	9,176,684	9,564,144	(387,460)
Total Liabilities	<u>604,843</u>	<u>917,147</u>	<u>\$ (312,304)</u>	<u>9,203,396</u>	<u>9,586,925</u>	<u>\$ (383,529)</u>
<b>Net Position:</b>						
Invested in Capital						
Assets, Net of Debt	548,622	312,154	236,468	2,287,328	2,003,438	283,890
Restricted	1,248,595	1,082,587	166,008	-	-	-
Unrestricted	1,188,886	789,854	399,032	869,736	565,640	304,096
Total Net Position	<u>\$2,986,103</u>	<u>\$2,184,595</u>	<u>\$ 801,508</u>	<u>\$ 3,157,064</u>	<u>\$ 2,569,078</u>	<u>\$ 587,986</u>

**Table II**  
**Statement of Activities - Governmental and Business-Type Activities**

	Governmental Activities			Business-Type Activities		
	2014	2013	Change	2014	2013	Change
Revenues:						
Program Revenues:						
Charges for services	\$ 270,748	\$ 207,595	\$ 63,153	\$ 819,066	\$ 715,883	\$103,183
Operating grants & contributions	97,892	631,869	(533,977)	-	-	-
General Revenues:						
Property taxes	433,278	407,835	25,443	-	-	-
Sales taxes	1,416,454	1,370,166	46,288	-	-	-
Franchise taxes	75,597	69,278	6,319	-	-	-
Grants & contributions not restricted	-	-	-	-	-	-
Investment earnings	2,580	2,660	(80)	2,606	1,028	1,578
Other	2,136	4,717	(2,581)	-	-	-
<b>Total Revenues</b>	<u>2,298,685</u>	<u>2,694,120</u>	<u>(395,435)</u>	<u>821,672</u>	<u>716,911</u>	<u>104,761</u>
Expenses:						
General government	689,978	440,345	249,633	-	-	-
Public safety	93,711	287,140	(193,429)	-	-	-
Highways & streets	42,198	59,174	(16,976)	-	-	-
Parks and recreation	26,804	31,488	(4,684)	-	-	-
Economic development	33,950	44,165	(10,215)	-	-	-
Water/wastewater	-	-	-	823,418	735,153	88,265
Debt service - interest	18,298	17,596	702	-	-	-
Debt service - fees	2,506	4,541	(2,035)	-	-	-
<b>Total Expenses</b>	<u>907,445</u>	<u>884,449</u>	<u>22,996</u>	<u>823,418</u>	<u>735,153</u>	<u>88,265</u>
Increase in net position before Other Financing Sources (Uses)	<u>1,391,240</u>	<u>1,809,671</u>	<u>(418,431)</u>	<u>(1,746)</u>	<u>(18,242)</u>	<u>16,496</u>
Other Financing Sources (Uses)						
Bond proceeds	-	500,000	(500,000)	-	-	-
Transfers in (out)	(589,732)	(1,370,421)	780,689	589,732	870,421	(280,689)
<b>Total Other Financing Sources (Uses)</b>	<u>(589,732)</u>	<u>(870,421)</u>	<u>280,689</u>	<u>589,732</u>	<u>870,421</u>	<u>(280,689)</u>
Change in net position	801,508	939,250	(137,742)	587,986	852,179	(264,193)
Beginning net position	2,184,595	1,250,381	934,214	2,569,078	2,002,886	566,192
Change in accounting principle	-	(5,036)	5,036	-	(285,987)	285,987
<b>Ending Net Position</b>	<u>\$2,986,103</u>	<u>\$2,184,595</u>	<u>\$801,508</u>	<u>\$3,157,064</u>	<u>\$2,569,078</u>	<u>\$587,986</u>

## Governmental Activities

The City of Jarrell's primary revenue sources are sales taxes, property taxes, and franchise taxes. These revenue sources made up approximately 62% of overall revenues for fiscal year 2013/2014. Other significant revenue sources were charges for water and wastewater services.

The City of Jarrell's various departmental expenditures totaled \$907,445 for the year ended September 30, 2014. The majority of the costs for the City's governmental activities were related to public safety, including police department expenditures, and other general governmental costs.

## Business-Type Activities

During Fiscal Year 2010, the City established a Water/Wastewater Fund, a proprietary fund, to account for the revenue and expenses related to providing water/wastewater services to customers connected to the newly completed sewer system. Fiscal Year 2014 represents the fourth full year of operations for this fund. Revenues for water and wastewater services increased 14% during the year as new customers continued to connect to the system.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At year end, the City of Jarrell had invested \$1,099,052 in a broad range of capital assets for its governmental activities, including land, equipment and buildings (see Table III below). This amount is net of accumulated depreciation and represents an increase of approximately \$171,037 over the prior year. The increase primarily reflects paving improvements made as well as remodeling of the City's community center in 2014. Business-type activities had invested \$11,464,012 in land and water/wastewater system infrastructure, net of accumulated depreciation. The decrease of \$103,570 reflects depreciation expense of the water/wastewater system.

**Table III**  
**Summary of Capital Assets**  
**Governmental Activities**

	Governmental Activities		
	2014	2013	Change
Land	\$ 289,131	\$ 289,131	\$ -
Infrastructure	314,939	186,556	128,383
Buildings & improvements	624,761	568,661	56,100
Machinery & equipment	115,924	78,511	37,413
Totals at historical cost	1,344,755	1,122,859	221,896
Less accumulated depreciation	(245,703)	(194,844)	(50,859)
Capital assets, net of depreciation	\$ 1,099,052	\$ 928,015	\$ 171,037

**Table III**  
**Summary of Capital Assets**  
**Business-Type Activities**

	Business-Type Activities		
	2014	2013	Change
Land	\$ 199,067	\$ 160,394	\$ 38,673
Infrastructure	12,741,411	12,562,053	179,358
Totals at historical cost	12,940,478	12,722,447	218,031
Less accumulated depreciation	(1,476,466)	(1,154,865)	(321,601)
Capital assets, net of depreciation	<u>\$ 11,464,012</u>	<u>\$ 11,567,582</u>	<u>\$ (103,570)</u>

**Long Term Debt**

Long-term debt at year end for governmental activities consisted of maintenance tax notes and compensated absences totaling \$563,894. Business-type activities long-term debt consisted of bonds payable totaling \$9,176,684 which are related to the construction of the City's water/wastewater treatment system. A summary of long-term debt is as follows:

**Table IV**  
**Summary of Long-Term Debt**  
**Governmental Activities**

	Governmental Activities		
	2014	2013	Change
Maintenance Tax Notes	\$ 550,431	\$ 615,862	\$ (65,431)
Compensated Absences	13,463	17,103	(3,639)
Totals	<u>\$ 563,894</u>	<u>\$ 632,965</u>	<u>\$ (69,070)</u>

**Table IV**  
**Summary of Long-Term Debt**  
**Business-Type Activities**

	Business-Type Activities		
	2014	2013	Change
Bonds Payable	\$ 9,176,684	\$ 9,564,144	\$ (387,460)
Totals	<u>\$ 9,176,684</u>	<u>\$ 9,564,144</u>	<u>\$ (387,460)</u>

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

The City of Jarrell has adopted an overall expenditure budget for FY2014/2015 totaling \$3,728,300. Property tax rates for FY2014/2015 per \$100 property valuation are \$0.084209 for maintenance and operations and \$0.347024 for interest and sinking for a total rate of \$0.431233.

## **CONTACTING THE CITY OF JARRELL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Jarrell's finances and to demonstrate the City of Jarrell's accountability for the money it receives. If you have questions about this report or need additional financial information contact the City of Jarrell's City Secretary, Melissa Perry at 512-746-4593.

**GOVERNMENT-WIDE STATEMENTS**

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CITY OF JARRELL, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,945,772	\$ 564,606	\$ 2,510,378
Investments - Current	284,701	302,712	587,413
Receivables (net of allowance for uncollectibles)	261,421	29,130	290,551
Capitalized Debt Issuance Cost	-	-	-
Capital Assets:			
Land	289,131	160,394	449,525
Infrastructure, net	216,090	11,303,618	11,519,708
Improvements other than Buildings, net	558,602	-	558,602
Machinery and Equipment, net	35,229	-	35,229
Total Assets	<u>\$ 3,590,946</u>	<u>\$ 12,360,460</u>	<u>\$ 15,951,406</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 34,028	\$ 9,585	\$ 43,613
Customer Deposits Payable	-	8,565	8,565
Accrued Interest Payable	5,842	8,562	14,404
Deferred Revenues	1,079	-	1,079
Noncurrent Liabilities:			
Due Within One Year	75,000	493,000	568,000
Due In More Than One Year	488,894	8,683,684	9,172,578
Total Liabilities	<u>604,843</u>	<u>9,203,396</u>	<u>9,808,239</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	548,622	2,287,328	2,835,950
Restricted for:			
Restricted for Debt Service	592,712	-	592,712
Restricted for Economic Development	194,545	-	194,545
Restricted for Streets Improvements	418,851	-	418,851
Restricted for Capital Projects	42,487	-	42,487
Unrestricted	1,188,886	869,736	2,058,622
Total Net Position	<u>\$ 2,986,103</u>	<u>\$ 3,157,064</u>	<u>\$ 6,143,167</u>

The notes to the Financial Statements are an integral part of this statement.



CITY OF JARRELL, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Program Revenues		
	Expenses	Charges for Services	Capital Grants and Contributions
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
General Government	\$ 689,978	\$ 203,838	\$ -
Public Safety	93,711	66,910	-
Highways and Streets	42,198	-	-
Parks and Recreation	26,804	-	-
Economic Development	33,950	-	-
Interest	18,298	-	-
Fees	2,506	-	-
Capital Outlay	-	-	97,892
Total Governmental Activities:	907,445	270,748	97,892
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Water/Wastewater Fund	823,418	819,066	-
Total Business-Type Activities:	823,418	819,066	-
<b>Total Primary Government:</b>	\$ 1,730,863	\$ 1,089,814	\$ 97,892

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Sales Taxes

Franchise Taxes

Miscellaneous Revenue

Investment Earnings

Transfers In/(Out)

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (486,140)	\$ -	\$ (486,140)
(26,801)	-	(26,801)
(42,198)	-	(42,198)
(26,804)	-	(26,804)
(33,950)	-	(33,950)
(18,298)	-	(18,298)
(2,506)	-	(2,506)
97,892	-	97,892
<u>(538,805)</u>	<u>-</u>	<u>(538,805)</u>
-	(4,352)	(4,352)
-	(4,352)	(4,352)
<u>(538,805)</u>	<u>(4,352)</u>	<u>(543,157)</u>
49,933	-	49,933
383,345	-	383,345
1,416,454	-	1,416,454
75,597	-	75,597
2,136	-	2,136
2,580	2,606	5,186
<u>(589,732)</u>	<u>589,732</u>	<u>-</u>
<u>1,340,313</u>	<u>592,338</u>	<u>1,932,651</u>
801,508	587,986	1,389,494
2,184,595	2,569,078	4,753,673
<u>\$ 2,986,103</u>	<u>\$ 3,157,064</u>	<u>\$ 6,143,167</u>

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## **FUND FINANCIAL STATEMENTS**

CITY OF JARRELL, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,042,367	\$ 380,726	\$ 51,037	\$ 471,642	\$ 1,945,772
Investments - Current	-	201,808	-	82,893	284,701
Taxes Receivable	1,634	9,212	-	-	10,846
Allowance for Uncollectible Taxes	-	-	-	-	-
Sales Tax Receivable	184,527	-	-	61,510	246,037
Accounts Receivable	3,846	692	-	-	4,538
Due from Other Funds	550	3,195	-	-	3,745
<b>Total Assets</b>	<b><u>\$ 1,232,924</u></b>	<b><u>\$ 595,633</u></b>	<b><u>\$ 51,037</u></b>	<b><u>\$ 616,045</u></b>	<b><u>\$ 2,495,639</u></b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 16,536	\$ -	\$ 8,550	\$ 2,099	\$ 27,185
Wages and Salaries Payable	6,844	-	-	-	6,844
Due to Other Funds	3,195	-	-	550	3,745
Deferred Revenues	1,634	9,212	-	-	10,846
<b>Total Liabilities</b>	<b><u>28,209</u></b>	<b><u>9,212</u></b>	<b><u>8,550</u></b>	<b><u>2,649</u></b>	<b><u>48,620</u></b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Projects	-	-	42,487	-	42,487
Economic Development	-	-	-	194,545	194,545
Streets Improvements	-	-	-	418,851	418,851
Debt Service	-	586,421	-	-	586,421
<b>Unassigned:</b>					
Reported in the General Fund	1,204,715	-	-	-	1,204,715
<b>Total Fund Balances</b>	<b><u>1,204,715</u></b>	<b><u>586,421</u></b>	<b><u>42,487</u></b>	<b><u>613,396</u></b>	<b><u>2,447,019</u></b>
<b>Total Liabilities &amp; Fund Balances</b>	<b><u>\$ 1,232,924</u></b>	<b><u>\$ 595,633</u></b>	<b><u>\$ 51,037</u></b>	<b><u>\$ 616,045</u></b>	<b><u>\$ 2,495,639</u></b>

The notes to the Financial Statements are an integral part of this statement.

CITY OF JARRELL, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2014

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 2,447,019</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of recording the beginning of the year value of \$1,122,859 for capital assets and \$194,843 for accumulated depreciation to the Statement of Net Position was an increase in net position.	928,016
Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Position. The net effect of capitalizing current expenditures for capital outlays during the year was an increase in net position.	221,895
Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The net effect of recording depreciation expense to the Statement of Net Position is a decrease in net position.	(50,859)
Long-term debt issued by governmental activities is not a current financial liability and therefore not reported in governmental funds. The net effect of recording the beginning of the year value for all long-term debt outstanding is a decrease in net position.	(632,965)
Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Position. The net effect of reducing long-term debt is an increase in net position.	65,000
Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. The net effect of this difference in property tax revenue recognition is an increase in net position.	4,171
Other miscellaneous differences in accounting treatments between the governmental funds and the Statement of Net Position or Statement of Activities resulted in an increase (decrease) in net position.	<u>3,826</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 2,986,103</u></u></b>

The notes to the Financial Statements are an integral part of this statement.

CITY OF JARRELL, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes:					
Property Taxes	\$ 50,011	\$ 379,097	\$ -	\$ -	\$ 429,108
General Sales and Use Taxes	1,062,340	-	-	354,115	1,416,455
Franchise Tax	75,597	-	-	-	75,597
Licenses and Permits	203,838	-	-	-	203,838
Intergovernmental Rev. & Grants	-	-	97,892	-	97,892
Charges for Services	37,441	-	-	-	37,441
Fines and Court Costs	29,469	-	-	-	29,469
Investment Earnings	228	1,814	-	538	2,580
Other Revenue	1,703	-	-	-	1,703
<b>Total Revenues</b>	<b>1,460,627</b>	<b>380,911</b>	<b>97,892</b>	<b>354,653</b>	<b>2,294,083</b>
<b>EXPENDITURES</b>					
Current:					
General Government	643,424	-	-	-	643,424
Public Safety	93,711	-	-	-	93,711
Highways and Streets	-	-	-	42,199	42,199
Parks and Recreation	26,804	-	-	-	26,804
Conservation and Development:					
Economic Development	-	-	-	33,950	33,950
Debt Service:					
Principal	-	65,000	-	-	65,000
Interest	-	18,963	-	-	18,963
Fees	-	2,507	-	-	2,507
Capital Outlay:					
Capital Outlay	-	-	88,478	133,417	221,895
<b>Total Expenditures</b>	<b>763,939</b>	<b>86,470</b>	<b>88,478</b>	<b>209,566</b>	<b>1,148,453</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	696,688	294,441	9,414	145,087	1,145,630
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond Proceeds	-	-	-	-	-
Transfers In	-	125,000	146,014	-	271,014
Transfers Out (Use)	(301,883)	(340,833)	(158,330)	(59,700)	(860,746)
<b>Total Other Financing Sources (Uses)</b>	<b>(301,883)</b>	<b>(215,833)</b>	<b>(12,316)</b>	<b>(59,700)</b>	<b>(589,732)</b>
Net Change in Fund Balances	394,805	78,608	(2,902)	85,387	555,898
Fund Balances - Beginning	809,910	507,813	45,389	528,009	1,891,121
<b>Fund Balances - Ending</b>	<b>\$ 1,204,715</b>	<b>\$ 586,421</b>	<b>\$ 42,487</b>	<b>\$ 613,396</b>	<b>\$ 2,447,019</b>

The notes to the Financial Statements are an integral part of this statement.

CITY OF JARRELL, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 555,898</b>
Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Position. The net effect of capitalizing current expenditures for capital outlays during the year was an increase in the change in net position.	221,895
Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The net effect of recording depreciation expense to the Statement of Net Position is a decrease in the change in net position.	(50,859)
Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Position. The net effect of reducing long-term debt is an increase in the change in net position.	65,000
Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. The net effect of this difference in property tax revenue recognition is an increase (decrease) in the change in net position.	4,171
Other miscellaneous differences in accounting treatments between the governmental funds and the Statement of Net Position or Statement of Activities resulted in an increase (decrease) in the change in net position.	<u>5,403</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 801,508</u></u></b>

The notes to the Financial Statements are an integral part of this statement.



CITY OF JARRELL, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2014

	Water/ Wastewater Fund
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 564,606
Investments - Current	302,712
Accounts Receivable	29,130
Total Current Assets	896,448
Noncurrent Assets:	
Capital Assets:	
Land Purchase and Improvements	160,394
Utilities Infrastructure	12,780,083
Accumulated Depreciation - Utilities Infrastructure	(1,476,465)
Total Noncurrent Assets	11,464,012
Total Assets	\$ 12,360,460
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 9,585
Customer Deposits Payable	8,565
Accrued Interest Payable	8,562
Total Current Liabilities	26,712
Noncurrent Liabilities:	
Due Within One Year	493,000
Due in More Than One Year	8,683,684
Total Noncurrent Liabilities	9,176,684
Total Liabilities	9,203,396
<b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	2,287,328
Restricted for:	
Capital Projects	-
Unrestricted	869,736
Total Net Position	\$ 3,157,064

The notes to the Financial Statements are an integral part of this statement.

CITY OF JARRELL, TEXAS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Water/ Wastewater Fund
<b>OPERATING REVENUES:</b>	
Charges for Services	\$ 819,066
Total Operating Revenues	819,066
<b>OPERATING EXPENSES:</b>	
Salaries	61,869
Employee Benefits	-
Purchased Professional & Technical Services	141,967
Other Operating Costs	245,019
Depreciation Expense	321,601
Total Operating Expenses	770,456
Operating Income (Loss)	48,610
<b>NON-OPERATING REVENUE (EXPENSES):</b>	
Transfers In	589,732
Investment Earnings	2,606
Interest Expense - Non-Operating	(52,962)
Total Non-Operating Revenue (Expenses)	539,376
Change in Net Position	587,986
Total Net Position - October 1 (Beginning)	2,569,078
Total Net Position - September 30 (Ending)	\$ 3,157,064

The notes to the Financial Statements are an integral part of this statement.

CITY OF JARRELL, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Water/ Wastewater Fund
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Received from User Charges	\$ 805,459
Cash Payments to Employees for Services	(61,869)
Cash Payments for Purchased Professional & Technical Services	(141,967)
Cash Payments for Other Operating	(241,088)
Net Cash Provided by Operating Activities	360,535
<b><u>Cash Flows from Capital &amp; Related Financing Activities:</u></b>	
Acquisition of Capital Assets	(218,030)
Interest Expense	(53,529)
Change in Long-Term Debt	(387,000)
Operating Transfers In (Out)	589,732
Net Cash Provided by (Used for) Capital & Related Financing Activities	(68,827)
<b><u>Cash Flows from Investing Activities:</u></b>	
Acquisition of Investments	-
Net Cash Provided by (Used for) Capital & Related Financing Activities	-
Net Increase (Decrease) in Cash and Cash Equivalents	291,708
Cash and Cash Equivalents at Beginning of the Year:	272,898
Cash and Cash Equivalents at End of the Year:	\$ 564,606
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u></b>	
Operating Income:	\$ 48,610
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	321,601
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(13,607)
Increase (decrease) in Accounts Payable	(2,849)
Increase (decrease) in Other Liabilities	6,780
Net Cash Provided by Operating Activities	\$ 360,535

The notes to the Financial Statements are an integral part of this statement.

## **NOTES TO THE FINANCIAL STATEMENTS**

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The City of Jarrell, Texas (the "City") is a general law municipal corporation organized and existing under the provisions of the Constitution of the State of Texas. The City operates under a Mayor and City Council ("Council") form of government and provides the following services: public safety, highways and streets, parks and recreation, planning, economic development, wastewater and general administrative services.

The accompanying financial statements include one component unit: the Jarrell Economic Development Corporation ("4A"). Fulfillment of their corporate purposes is all to be done and accomplished on behalf of the City and for its benefit.

4A is a non-profit corporation whose purpose is to conduct all matters for any and all lawful purposes for which a corporation may be organized under Section 4A of the Development Corporation Act of 1979.

4A is a component unit of the City because the City appoints the Board of Directors of 4A and can remove appointed members of the Board at will.

The component unit is accounted for as special revenue blended component unit of the City.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City's and EDC's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes and permits, licenses and donations. Business-type activities include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment were offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and proprietary funds are not eliminated and appear on the government-wide Statement of Net Position, the Governmental Fund Balance Sheet, and Proprietary Fund Statement of Net Position as due to/due from other.

The fund statements provide reports on the financial condition and results of operations for three fund categories; governmental funds, proprietary funds, and fiduciary funds, although the City currently has no fiduciary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's ongoing operations. All other revenues are non-operating.

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the City.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

**D. FUND ACCOUNTING**

The City reports the following major governmental funds:

- **General Fund** – The General Fund is the City’s primary operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.
- **Debt Service Fund** – The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due.
- **Capital Projects Fund** – The Capital Projects Fund is used to account for the City’s capital projects, including the construction of the City’s water/wastewater collection and treatment system.

The City reports the following major proprietary/enterprise fund:

- **Water/Wastewater Fund** – The City accounts for water and wastewater services provided to customers in the Water/Wastewater Fund.

**E. OTHER ACCOUNTING POLICIES**

**Accrued Compensated Absences** - The City has recorded the value of earned but unused compensated absences (vacation and comp time) from its governmental fund activities by employees as an accrued liability in the Statement of Net Position. The annual budgets of the operating funds provide funding for these benefits as they become payable and costs are expensed as the liability is liquidated. There was a balance of \$13,463 in accrued compensated absences at September 30, 2014 related to the City’s governmental fund activities. There was no compensated absences liability for proprietary fund activities at September 30, 2014.

**Deposits and Investments** - State statutes authorize the City to invest in U.S Treasury and agency securities, commercial paper, money market mutual funds, bankers’ acceptances, repurchase agreements, and government investment pools. The City’s local investment policy allows the City to invest in obligations of the United States government, certificates of deposit, certain mutual funds, and certain statewide investment pools. Investments for the City are reported at fair value. Investments at September 30, 2014 all consisted of certificates of deposit at local banks.

**Receivables and Payables** – All outstanding balances between funds are reported as “due to/from other funds.” All accounts receivable are shown net of an allowance for uncollectibles.

**Inventories** – The City generally does not report inventories of supplies such as consumable maintenance and operating items due to the value of these items on hand at any given date being deemed immaterial to the financial statements.

**Property Taxes** – Property taxes are levied by October 1st on the assessed value listed as of the prior January 1st for all real and business personal property in conformity with the Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. On January 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

Property tax revenues are considered available when they become due or past due and receivable within the current period.

**Capital Assets** – Capital assets which include leasehold improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The City chose not to report the initial capitalization of general infrastructure assets retroactive to October 1, 2003, as permitted by GASB Statement No. 34, *Basic Financial Statements for State and Local Governments* for smaller governments. The City reports acquired or constructed general infrastructure assets in the Statement of Net Position subsequent to October 1, 2003 in the period they acquire or construct those assets.

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

<u>Assets</u>	<u>Years</u>
Buildings	30-40
Improvements other than Buildings	2-20
Equipment	7-10
Infrastructure	5-40
Vehicles	5

**Long-term Obligations** – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. In the fund financial statements, governmental fund types recognize proceeds and repayments during the current period. The face amount of debt issued is reported as other financing sources. Principal and interest payments are reported as expenditures.

**Fund Equity** – In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments of fund balance are recorded to denote required usage of fund balance amounts as determined by the City Council. Assignments of fund balance are made by the City Council or the City Manager and reflect planned usages of fund balance amounts.

**Recently Issued and Adopted Accounting Pronouncements** – GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources; Deferred Inflows of Resources, and Net Position*, provides guidance for reporting the financial statement elements of deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: easements, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. GASB Statement No. 63 became effective for fiscal years beginning after December 15, 2011 and was implemented in fiscal year 2013.



**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 is effective for fiscal years beginning after December 15, 2012 and was implemented in fiscal year 2013.

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

**Subsequent Events** –The City has evaluated subsequent events through February 24, 2015, the date on which the financial statements were available to be issued.

## **II. DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk** – For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy requires that deposits with banks be insured by the Federal Deposit Insurance Corporation (“FDIC”) or fully collateralized as required by the Public Funds Investment Act. At September 30, 2014, the City’s deposits with financial institutions were entirely covered by FDIC insurance or pledged collateral held by the agent bank in the City’s name.

**Interest Rate Risk** – To limit the City’s exposure to interest rate risk, the City’s investment policy limits the maximum allowable stated maturities as follows:

Certificates of Deposit	90 days
No-load money market mutual funds	90 days
United States treasury securities	3 years

Also, the maximum weighted average maturity for the portfolio as a whole cannot exceed 365 days.

**Credit Risk** – The City’s general investments policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to see reasonable income, preserve capital, and, in general, avoid speculative investments. Further, the City’s investment policy limits authorized investments to the following: (a) direct obligations of the United States government, (b) mutual funds offered by the City’s depository bank rated no lower than MA or at an equivalent rating by at least one nationally recognized rating service, and (c) statewide investment pools rated no lower than MA or MA-m or at an equivalent rating by at least one nationally recognized rating service.

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

**III. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables as of September 30, 2014, including the applicable allowances for uncollectible accounts, are as follows:

	Property Taxes (net)	Sales Taxes (net)	Customer Receivables (net)	Accounts Receivable (net)	Total Receivables
Governmental Activities:					
General Fund	\$ 1,634	\$184,527	\$ -	\$ 3,846	\$ 190,007
Debt Service Fund	9,212	-	-	692	9,904
Capital Projects Fund	-	-	-	-	-
Non-Major Governmental Funds	-	61,510	-	-	61,510
Total	<u>\$10,846</u>	<u>\$246,037</u>	<u>\$ -</u>	<u>\$ 4,538</u>	<u>\$ 261,421</u>
Proprietary Activities:					
Water/Wastewater Fund	\$ -	\$ -	\$ 29,130	\$ -	\$ 29,130
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,130</u>	<u>\$ -</u>	<u>\$ 29,130</u>

Payables as of September 30, 2014 consisted of the following:

	Accounts Payable	Salaries Payable	Accrued Interest Payable	Deferred Revenues	Other Payables	Total Payables
Governmental Activities:						
General Fund	\$16,536	\$ 6,844	\$ -	\$ 1,634	\$ -	\$25,014
Debt Service Fund	-	-	-	9,212	-	9,212
Capital Projects Fund	8,550	-	-	-	-	8,550
Non-Major Governmental Funds	2,099	-	-	-	-	2,099
Total	<u>\$27,185</u>	<u>\$ 6,844</u>	<u>\$ -</u>	<u>\$ 10,846</u>	<u>\$ -</u>	<u>\$44,875</u>
Proprietary Activities:						
Water/Wastewater Fund	\$ 9,585	\$ -	\$ 8,562	\$ -	\$ 8,565	\$26,712
Total	<u>\$ 9,585</u>	<u>\$ -</u>	<u>\$ 8,562</u>	<u>\$ -</u>	<u>\$ 8,565</u>	<u>\$26,712</u>

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

**IV. INTERFUND RECEIVABLES AND PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered, or interfund borrowings. These transactions are classified as “due from other funds” or “due to other funds”. The composition of interfund balances as of September 30, 2014 is as follows:

Fund	Due From	Due To
General Fund		
Debt Service Fund	\$ -	\$ 3,195
Economic Development Fund - 4A	550	-
Total General Fund	<u>550</u>	<u>3,195</u>
Debt Service Fund		
General Fund	3,195	-
Total Debt Service Fund	<u>3,195</u>	<u>-</u>
Economic Development Fund - 4A		
General Fund	-	550
Total Economic Development Fund	<u>-</u>	<u>550</u>
Grand Totals	<u>\$ 3,745</u>	<u>\$ 3,745</u>

**V. INTERFUND TRANSFERS**

Operating transfers are transactions of cash or other assets between funds that are intended to be permanent, or not repaid, and serve the financing needs of the receiving fund. During the year, several interfund transfers were made. A summary of transfer activity is shown below:

Fund	Transfer In From	Transfer Out To
General Fund		
Debt Service Fund	\$ -	\$ 125,000
Economic Development Fund - 4A	-	-
Capital Projects Fund	-	146,014
Water/Wastewater Fund	-	30,869
Total General Fund	<u>-</u>	<u>301,883</u>
Debt Service Fund		
General Fund	125,000	-
Water/Wastewater Fund	-	340,833
Total Debt Service Fund	<u>125,000</u>	<u>340,833</u>
Capital Projects Fund		
General Fund	146,014	-
Water/Wastewater Fund	-	158,330
Total Capital Projects Fund	<u>146,014</u>	<u>158,330</u>

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

Fund	Transfer In From	Transfer Out To
Economic Development Fund - 4A		
Water/Wastewater Fund	-	59,700
Total Economic Development Fund	-	59,700
Water/Wastewater Fund		
General Fund	30,869	-
Debt Service Fund	340,833	-
Economic Development - 4A	59,700	-
Capital Projects Fund	158,330	-
Total Water/Wastewater Fund	589,732	-
Grand Totals	<u>\$ 860,746</u>	<u>\$ 860,746</u>

**VI. FIXED ASSETS**

Capital asset activity for the City of Jarrell for the year ended September 30, 2014, was as follows:

	Balance 9/30/2013	Additions	Retirements	Balance 9/30/2014
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital assets, not depreciated:				
Land	\$ 289,131	\$ -	\$ -	\$ 289,131
Total capital assets, not depreciated	289,131	-	-	289,131
Capital assets, depreciated:				
Infrastructure	186,556	128,383	-	314,939
Buildings and improvements	568,661	56,100	-	624,761
Vehicles and equipment	78,511	37,413	-	115,924
Total capital assets, depreciated	833,728	221,896	-	1,055,624
Less accumulated depreciation:				
Infrastructure	72,179	26,670	-	98,849
Buildings and improvements	48,710	17,449	-	66,159
Vehicles and equipment	73,955	6,740	-	80,695
Total accumulated depreciation	194,844	50,859	-	245,703
Total capital assets, depreciated, net	638,884	171,037	-	809,921
Total capital assets, net	<u>\$ 928,015</u>	<u>\$ 171,037</u>	<u>\$ -</u>	<u>\$ 1,099,052</u>

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>Balance</u> <u>9/30/2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/2014</u>
<b>PROPRIETARY ACTIVITIES:</b>				
Capital assets, not depreciated:				
Land	\$ 160,394	\$ 38,673	\$ -	\$ 199,067
Total capital assets, not depreciated	<u>160,394</u>	<u>38,673</u>	<u>-</u>	<u>199,067</u>
Capital assets, depreciated:				
Infrastructure	12,562,053	179,358	-	12,741,411
Total capital assets, depreciated	<u>12,562,053</u>	<u>179,358</u>	<u>-</u>	<u>12,741,411</u>
Less accumulated depreciation:				
Infrastructure	1,154,865	321,601	-	1,476,466
Total accumulated depreciation	<u>1,154,865</u>	<u>321,601</u>	<u>-</u>	<u>1,476,466</u>
Total capital assets, depreciated, net	<u>11,407,188</u>	<u>(142,243)</u>	<u>-</u>	<u>11,264,945</u>
Total capital assets, net	<u>\$11,567,582</u>	<u>\$ (103,570)</u>	<u>\$ -</u>	<u>\$11,464,012</u>

Depreciation expense was charged to the functions/programs of the City as follows:

<u>Function</u>	<u>Allocated</u> <u>Depreciation</u>
General Government	\$ 21,191
Public Safety	2,359
Highways & Streets	-
Parks & Recreation	16,677
Economic Development	<u>10,632</u>
Total	<u>\$ 50,859</u>

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

**VII. LONG-TERM DEBT**

The Tax & Revenue Certificates of Obligation, Series 2006, originally issued for \$7,895,000, are due in annual installments of \$50,000 to \$675,000 through August 2026 with a 0.0% interest rate. Funds received with this issue are being utilized for the ongoing construction of the City's wastewater collection and treatment system.

The Tax & Revenue Refunding Bonds, Series 2008, originally issued for \$330,000 with interest at 5.15%, were issued to payoff certain outstanding obligations of the City scheduled to mature during fiscal years 2008 through 2012. This issue is scheduled to be repaid in annual installments of \$7,000 to \$50,000 through February 2022.

The Tax & Revenue Certificates of Obligation, Series 2008, originally issued for \$1,520,000, are due in installments ranging from \$5,000 to \$95,000 annually through August 2038 with a 0.0% interest rate. Funds received for these certificates of obligation were received entirely from the Texas Water Development Board to provide additional funds for constructing a new City sewer system and sewer system improvements.

The Limited Tax Notes, Series 2008A, were originally issued at \$220,000 with interest of 4.5%. Repayment of this note is scheduled to occur with principal payments of \$5,000 to \$60,000 annually each January through 2015. The purpose of this note was to obtain funds for the purpose of paying contractual obligations to be incurred for the purpose of purchasing easements, rights-of-way, or other real property interests and payment for related professional services related to the installation of a new City sewer system.

The Tax & Revenue Refunding Bonds, Series 2011, originally issued for \$1,015,000, are due in installments ranging from \$25,000 to \$205,000 annually through August 2020 with an interest rate of 4.2%. These bonds were issued to payoff certain outstanding obligations of the City scheduled to mature during fiscal years 2011 through 2020.

The Limited Tax Notes, Series 2012, were issued during 2013 at \$500,000 with interest of 2.75%. Repayment of this note is scheduled to occur with principal payments of \$10,000 to \$30,000 annually each August through 2032. The purpose of this note was to obtain funds to construct the new city hall.

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

Long-term debt for governmental activities for the year ended September 30, 2014 is as follows:

Governmental Activities	Interest Rate Payable	Original Issue Amount	Interest Current Year	Amounts Outstanding 9/30/2013	Additions	Deletions	Balance 9/30/2014	Due In One Year
Notes Payable:								
Limited Tax Notes, Series 2008A	4.50%	220,000	\$ 5,175	\$ 115,000	\$ -	\$ (55,000)	\$ 60,000	\$ 60,000
Issue Prem. - LTN, Series 2008A		3,022	-	862	-	(431)	431	-
Limited Tax Notes, Series 2012	2.75%	500,000	13,788	500,000	-	(10,000)	490,000	15,000
Total Notes Payable			<u>18,963</u>	<u>615,862</u>	<u>-</u>	<u>(65,431)</u>	<u>550,431</u>	<u>75,000</u>
Other:								
Compensated Absences			-	\$ 17,103	(3,640)	-	13,463	-
Total Other			<u>-</u>	<u>17,103</u>	<u>(3,640)</u>	<u>-</u>	<u>13,463</u>	<u>-</u>
Total Long-Term Debt			<u>\$ 18,963</u>	<u>\$ 632,965</u>	<u>\$ (3,640)</u>	<u>\$ (65,431)</u>	<u>\$ 563,894</u>	<u>\$ 75,000</u>

Long-term debt for proprietary activities for the year ended September 30, 2014 is as follows:

Proprietary Activities	Interest Rate Payable	Original Issue Amount	Interest Current Year	Amounts Outstanding 9/30/2013	Additions	Deletions	Balance 9/30/2014	Due In One Year
Bonds Payable:								
Tax & Revenue Cert. Of Oblig., Srs. 2006	0.00%	\$ 7,895,000	\$ -	\$6,920,000	\$ -	\$ (300,000)	\$ 6,620,000	\$ 375,000
Tax & Revenue Ref. Bonds, Srs. 2008	5.15%	330,000	15,193	295,000	-	(7,000)	288,000	8,000
Issue Prem-Tax & Rev. Ref. Bonds, Srs. 2008		6,448	-	4,144	-	(460)	3,684	-
Tax & Revenue Cert. Of Oblig., Srs. 2008	0.00%	1,520,000	-	1,425,000	-	(30,000)	1,395,000	30,000
Tax & Revenue Ref. Bonds, Srs. 2011	4.20%	1,015,000	38,640	920,000	-	(50,000)	870,000	80,000
Total Bonds Payable			<u>53,833</u>	<u>9,564,144</u>	<u>-</u>	<u>(387,460)</u>	<u>9,176,684</u>	<u>493,000</u>
Total Long-Term Debt			<u>\$ 53,833</u>	<u>\$9,564,144</u>	<u>\$ -</u>	<u>\$ (387,460)</u>	<u>\$ 9,176,684</u>	<u>\$ 493,000</u>

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

Future debt service requirements for governmental activities are as follows:

Year Ended September 30,	Principal	Interest	Total Requirements
2015	75,000	16,175	91,175
2016	20,000	13,063	33,063
2017	20,000	12,512	32,512
2018	25,000	11,962	36,962
2019-2023	125,000	49,500	174,500
2024-2028	150,000	30,938	180,938
2029-2033	135,000	9,488	144,488
Total	<u>\$ 550,000</u>	<u>\$ 143,638</u>	<u>\$ 693,638</u>

Future debt service requirements for proprietary activities are as follows:

Year Ended September 30,	Principal	Interest	Total Requirements
2015	493,000	51,372	544,372
2016	600,000	47,600	647,600
2017	645,000	41,225	686,225
2018	725,000	33,963	758,963
2019-2023	3,590,000	48,727	3,638,727
2024-2028	2,215,000	-	2,215,000
2029-2033	430,000	-	430,000
2034-2038	475,000	-	475,000
Total	<u>\$ 9,173,000</u>	<u>\$ 222,887</u>	<u>\$ 9,395,887</u>

**VIII. COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.



**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

**IX. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission, injuries to employees; and natural disasters. The City has joined together with governments in the State of Texas to form the Texas Municipal League Intergovernmental Risk Pool (the "Pool"), a public entity risk pool currently operating as a common risk management insurance program for liability, property and workers' compensation coverages. The City pays a quarterly contribution to the pool for its insurance coverage. The agreement for formation of the Pool provides that the Pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of specific limits. The Pool has published its own financial report, which can be obtained by writing the Texas Municipal League Intergovernmental Risk Pool, 1821 Rutherford Lane, Austin, Texas 78754-5128.

**X. LITIGATION**

As of September 30, 2014, the City was not a party to any litigation.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF JARRELL, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts (Final)	Actual Amounts (GAAP Basis)	Variance With Final Budget
<b>REVENUES</b>			
Taxes:			
Property Taxes	\$ 49,500	\$ 50,011	\$ 511
General Sales and Use Taxes	930,000	1,062,340	132,340
Franchise Tax	80,000	75,597	(4,403)
Licenses and Permits	125,000	203,838	78,838
Charges for Services	32,800	37,441	4,641
Fines and Court Costs	20,500	29,469	8,969
Investment Earnings	1,000	228	(772)
Other Revenue	11,000	1,703	(9,297)
Total Revenues	<u>1,249,800</u>	<u>1,460,627</u>	<u>210,827</u>
<b>EXPENDITURES</b>			
Current:			
General Government	1,138,860	643,424	495,436
Public Safety	89,400	93,711	(4,311)
Parks and Recreation	57,100	26,804	30,296
Total Expenditures	<u>1,285,360</u>	<u>763,939</u>	<u>521,421</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(35,560)</u>	<u>696,688</u>	<u>732,248</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	(301,883)	(301,883)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(301,883)</u>	<u>(301,883)</u>
Net Change in Fund Balances	(35,560)	394,805	430,365
Fund Balances - Beginning	<u>187,879</u>	<u>809,910</u>	<u>622,031</u>
Fund Balances - Ending	<u>\$ 152,319</u>	<u>\$ 1,204,715</u>	<u>\$ 1,052,396</u>

See Notes to Required Supplementary Information

**CITY OF JARRELL, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2014**

**NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to the beginning of each fiscal year, the Mayor submits to the City Council a proposed budget for the fiscal year beginning on the following October 1st. The operating budget includes proposed expenditures and the means of financing those expenditures.
- Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
- The budget is legally enacted by the City Council. Budgetary control is maintained at the fund level.
- Budget revisions are made during the year.

An annual budget in accordance with generally accepted accounting principles is adopted for the general fund. Actual expenditures and operating transfers out may not legally exceed budget appropriations at the individual fund level. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended or encumbered.

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## **OTHER INFORMATION**

CITY OF JARRELL, TEXAS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2014

	Economic Development Corp (4A)	Sales Tax Street Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 81,697	\$ 389,945	\$ 471,642
Investments - Current	82,893	-	82,893
Sales Tax Receivable	30,755	30,755	61,510
Total Assets	<u>\$ 195,345</u>	<u>\$ 420,700</u>	<u>\$ 616,045</u>
<b>LIABILITIES &amp; FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 250	\$ 1,849	\$ 2,099
Due to Other Funds	550	-	550
Total Liabilities	<u>800</u>	<u>1,849</u>	<u>2,649</u>
Fund Balances:			
Restricted for:			
Economic Development	194,545	-	194,545
Streets Improvements	-	418,851	418,851
Total Fund Balances	<u>194,545</u>	<u>418,851</u>	<u>613,396</u>
Total Liabilities & Fund Balances	<u>\$ 195,345</u>	<u>\$ 420,700</u>	<u>\$ 616,045</u>

CITY OF JARRELL, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Economic Development Corp (4A)	Sales Tax Street Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Taxes:			
General Sales and Use Taxes	\$ 177,057	\$ 177,058	\$ 354,115
Investment Earnings	538	-	538
Total Revenues	<u>177,595</u>	<u>177,058</u>	<u>354,653</u>
<b>EXPENDITURES</b>			
Current:			
Highways and Streets	-	42,199	42,199
Conservation and Development:			
Economic Development	33,950	-	33,950
Capital Outlay:			
Capital Outlay	<u>133,417</u>	<u>-</u>	<u>133,417</u>
Total Expenditures	<u>167,367</u>	<u>42,199</u>	<u>209,566</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,228</u>	<u>134,859</u>	<u>145,087</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out (Use)	<u>(59,700)</u>	<u>-</u>	<u>(59,700)</u>
Total Other Financing Sources (Uses)	<u>(59,700)</u>	<u>-</u>	<u>(59,700)</u>
Net Change in Fund Balances	(49,472)	134,859	85,387
Fund Balances - Beginning	<u>244,017</u>	<u>283,992</u>	<u>528,009</u>
Fund Balances - Ending	<u>\$ 194,545</u>	<u>\$ 418,851</u>	<u>\$ 613,396</u>



**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

# WEST, DAVIS & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
11824 JOLLYVILLE ROAD, SUITE 100  
AUSTIN, TEXAS 78759  
TELEPHONE 512-922-8809

GARY W. DAVIS, C.P.A.  
ROBERT H. WEST, C.P.A.  
ROBERT H. WEST, JR., C.P.A.

gary@westdavis.com  
bob@westdavis.com  
rob@westdavis.com

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council Members  
City of Jarrell, Texas  
161 Town Center Blvd  
Jarrell, Texas 76537

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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jarrell, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 24, 2015.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Jarrell, Texas' 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Jarrell, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jarrell, Texas' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during 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 the the City of Jarrell, Texas' 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**

The purpose of this report is 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*West, Davis and Company*

February 24, 2015  
Austin, Texas

**BELL-MILAM-FALLS WATER SUPPLY CORPORATION**

**Audited Financial Statements**

**For the Years Ended September 30, 2014 and 2013**

**and Independent Auditor's Report**

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**BELL MILAM FALLS WATER SUPPLY CORPORATION**

## Statements of Financial Position

September 30, 2014 and 2013

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	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 233,700	\$ 435,689
Cash - restricted	182,280	55,620
Invested funds - Note 4	225,334	159,686
Accounts receivable	86,976	92,509
Prepaid expenses	<u>10,346</u>	<u>10,066</u>
Total Current Assets	<u>738,636</u>	<u>753,570</u>
<b>Fixed Assets - Note 7</b>		
Fixed assets	9,622,821	8,538,245
Less accumulated depreciation	<u>(4,458,598)</u>	<u>(4,186,947)</u>
Total Fixed Assets	<u>5,164,223</u>	<u>4,351,298</u>
<b>Other Assets</b>		
Invested Funds - Reserved - Note 4	239,351	238,269
Investment-Central Texas WSC - Note 3	500	500
Utility deposits	40	40
Construction period interest	15,452	15,452
Less accumulated amortization	<u>(6,265)</u>	<u>(5,235)</u>
Total Other Assets	<u>249,078</u>	<u>249,026</u>
Total Assets	<u>\$ 6,151,937</u>	<u>\$ 5,353,894</u>

---

	<u>2014</u>	<u>2013</u>
<b>Liabilities &amp; Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable - trade	\$ 110,144	\$ 120,095
Accrued interest payable	4,958	2,833
TCEQ assessment payable	5,292	5,560
Current portion of long-term debt	<u>140,202</u>	<u>109,735</u>
Total Current Liabilities	<u>260,596</u>	<u>238,223</u>
<b>Long Term Liabilities</b>		
Notes payable	4,355,705	3,470,776
Less current portion - Note 6	<u>(140,202)</u>	<u>(109,735)</u>
Total Long Term Liabilities	<u>4,215,503</u>	<u>3,361,041</u>
Total Liabilities	<u>4,476,099</u>	<u>3,599,264</u>
<b>Net Assets</b>		
Membership investment - Note 2	198,350	195,350
Donated investment	685,070	685,070
Retained earnings		
Appropriated - Note 5	239,351	238,269
Unappropriated	<u>553,067</u>	<u>635,941</u>
Total Net Assets	<u>1,675,838</u>	<u>1,754,630</u>
Total Liabilities & Net Assets	<u>\$ 6,151,937</u>	<u>\$ 5,353,894</u>

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

**BELL MILAM FALLS WATER SUPPLY CORPORATION**

## Statements of Activities

For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenue		
Water sales	\$ 1,378,719	\$ 1,407,234
Meter tap and equity fees	104,525	109,950
Late fees	13,310	14,055
Reconnects	<u>75,210</u>	<u>31,463</u>
Total Revenue	<u>1,571,764</u>	<u>1,562,702</u>
Operating Expenses		
Water purchases	564,790	620,339
Bank and credit card fees	9,052	7,715
Depreciation and amortization	272,681	176,080
Directors fees	6,491	4,735
Dues and subscriptions	8,212	10,493
Insurance	10,762	14,757
Miscellaneous	968	3,423
Office expense	22,628	24,201
Professional fees	7,531	6,700
System management	230,286	212,404
System repairs and maintenance	232,829	311,668
Tank maintenance	45,140	6,200
Telephone	4,810	4,388
Training	957	-
Travel	1,085	1,577
Utilities	<u>56,463</u>	<u>56,008</u>
Total Operating Expenses	<u>1,474,685</u>	<u>1,460,688</u>
Change in Operating Net Assets	<u>97,079</u>	<u>102,014</u>
Other Income and Expense		
Interest expense	(182,426)	(103,977)
Interest income	3,680	4,555
Unrealized gain (loss) - Note 4	<u>(125)</u>	<u>(549)</u>
Total Other Income and Expense	<u>(178,871)</u>	<u>(99,971)</u>
Net increase (decrease) in net assets	<u>\$ (81,792)</u>	<u>\$ 2,043</u>

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



**BELL-MILAM-FALLS WATER SUPPLY CORPORATION**

## Statements of Net Assets

For the Years Ended September 30, 2014 and 2013

	<u>Total Members</u>	<u>Membership Investment</u>	<u>Donated Investment</u>	<u>Retained Earnings</u>		<u>Total</u>
				<u>Appropriated</u>	<u>Unappropriated</u>	
Balance 9/30/2012	1,848	\$ 192,450	\$ 2,819	\$ 236,573	\$ 635,594	\$ 1,067,436
Additions 2013	29	2,900	682,251	-	-	685,151
Reductions 2013	7	-	-	-	-	-
Increase in net assets 2013		<u>-</u>	<u>-</u>	<u>1,696</u>	<u>347</u>	<u>2,043</u>
Balance 9/30/2013	1,870	195,350	685,070	238,269	635,941	1,754,630
Additions 2014	30	3,000	-	-	-	3,000
Reductions 2014	18	-	-	-	-	-
Decrease in net assets 2014		<u>-</u>	<u>-</u>	<u>1,082</u>	<u>(82,874)</u>	<u>(81,792)</u>
Balance 9/30/2014	<u>1,882</u>	<u>\$ 198,350</u>	<u>\$ 685,070</u>	<u>\$ 239,351</u>	<u>\$ 553,067</u>	<u>\$ 1,675,838</u>

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

**BELL-MILAM-FALLS WATER SUPPLY CORP****Statements of Cash Flows**

For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ (81,792)	\$ 2,043
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	272,681	176,080
Unrealized loss on invested funds	125	549
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	5,533	5,192
Decrease (increase) in prepaid expenses	(280)	4,014
(Decrease) increase in accounts payable	(9,951)	27,003
(Decrease) increase in accrued interest payable	2,125	(50)
(Decrease) increase in TCEQ assessment payable	(268)	-
Net cash provided by operating activities	<u>188,173</u>	<u>214,831</u>
Cash Flows from Investing Activities		
Reinvestment of income	(2,551)	(3,428)
Cash paid for additional invested funds	(64,304)	(39,166)
Purchase of land	-	(10,122)
Purchase of plant, building, and improvements	(1,084,576)	(1,259,062)
Net cash used by investing activities	<u>(1,151,431)</u>	<u>(1,311,778)</u>
Cash Flows from Financing Activities		
New borrowings	995,700	1,232,700
Repayment of long-term debt	(110,771)	(74,841)
Increase in membership investment	3,000	2,900
Net cash provided by financing activities	<u>887,929</u>	<u>1,160,759</u>
Net increase (decrease) in cash	(75,329)	63,812
Cash, October 1, 2013 and 2012	<u>491,309</u>	<u>427,497</u>
Cash, September 30, 2014 and 2013	<u>\$ 415,980</u>	<u>\$ 491,309</u>
Supplemental information: Interest paid	<u>\$ 180,301</u>	<u>\$ 104,027</u>

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

## **BELL-MILAM-FALLS WATER SUPPLY CORPORATION**

Notes to Financial Statements

For the Years Ended September 30, 2014 and 2013

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

#### Nature of Operations

Bell-Milam-Falls Water Supply Corporation is a member-owned tax exempt organization, which incorporated pursuant to Chapter 67 of the Texas Water Code for the purpose of providing potable water to its' members in Bell, Falls, and Milam counties in Texas. Operating policies, rates, tariffs and regulations are formulated by a Board of Directors, duly elected by the members of Bell-Milam-Falls Water Supply Corporation.

#### Basis of Accounting

The accrual basis of accounting is used to maintain the books of the Corporation. Revenues are recognized as billed on a cycle basis.

#### Cash Equivalents

For purposes of the statement of cash flow, cash deposits and all liquid investments purchased with an initial maturity of three months or less, and not designated as a component of the reserve fund, are considered to be cash equivalents.

#### Accounts Receivable

Accounts receivable is recorded at the amount the Corporation expects to collect on balances outstanding at year-end. Uncollectible amounts are periodically reviewed, based on historical performance the Corporation decides whether or not to write-off. Past due balances (over 60 days) as of September 30, 2014 and 2013 was \$10,099 and \$9,308, respectively.

#### Fixed Assets

Property and equipment are carried at cost. If an asset is donated, it is recorded at its fair market value at the time of donation. Depreciation on assets is computed by the straight-line method based on expected service life.

#### Investments

Certain marketable securities are held at fair market value. Investment income and gains and losses on the investments increase or decrease unrestricted net assets unless there is a restriction on its use.

#### Tax Exempt Status

The Corporation qualifies as an exempt organization under state franchise tax regulations. Exempt status has been granted by the Internal Revenue Service under IRC Section 501(c)(12). A required information return is filed annually.

#### Use of Estimates

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

### **NOTE 2 - MEMBERSHIP INVESTMENT**

Members are required to purchase one share of stock per meter in order to use the system. The membership fee is \$100 per meter. The stock is non-refundable; however, it is transferable.

**BELL-MILAM-FALLS WATER SUPPLY CORPORATION**

Notes to Financial Statements

For the Years Ended September 30, 2014 and 2013

**NOTE 3 - INVESTMENT IN CENTRAL TEXAS WATER SUPPLY CORPORATION**

Central Texas Water Supply Corporation is a consortium of area water supply corporations and small municipal water systems formed to provide surface water to each individual corporation's customers. Membership requires a \$500 investment in order to use the surface water system. Each member organization elects one director to the board of directors of Central Texas Water Supply Corporation.

**NOTE 4 – INVESTED FUNDS**

The Corporation has invested funds with various institutions as follows:

	<u>2014</u>	<u>2013</u>
Money Market:		
Citizens National Bank, 0.30% and 0.30%, respectively	\$ 204,336	\$ 139,519
Edward Jones	5,300	3,344
Edward Jones	3,494	2,494
Securities:		
Structured Mortgage Asset, 8.15%	905	910
Structured Mortgage Asset, 8.15%	905	910
Federal National Mortgage Assoc, 7.5%	9,360	10,400
Federal Home Loan Mtg Corp, 6.25%	1,034	2,109
Total Invested Funds	<u>\$ 225,334</u>	<u>\$ 159,686</u>
Certificate of Deposit:		
Citizens National Bank, .50% and .75%, respectively	\$ 239,351	\$ 238,269
Total Invested Funds, Reserved	<u>\$ 239,351</u>	<u>\$ 238,269</u>

Investment values for securities are stated at fair market value, which is determined by the quoted prices in an active market for identical or similar assets. There is an unrealized loss of \$125 and \$549 for the years ended September 30, 2014 and 2013, respectively.

**NOTE 5 – APPROPRIATED RETAINED EARNINGS**

In February 2001, a loan agreement was entered into with the United States Department of Agriculture (USDA) for \$1,505,400 at an interest rate of 5%. An amount of \$88,472 is required to be held in reserve account for this loan.

An additional loan agreement was entered into with the USDA in March 2013. This loan was for \$2,782,000 at an interest rate of 3.125%. A monthly payment of \$1,029 is to be made to a reserve account until the sum of \$12,353 is reached. As of September 30, 2014 and 2013, restricted cash in the amount of \$182,280 and \$55,620, respectively, is held in a construction account for the use of additional improvements.

**BELL-MILAM-FALLS WATER SUPPLY CORPORATION**  
Notes to Financial Statements  
For the Years Ended September 30, 2014 and 2013

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**NOTE 5 – APPROPRIATED RETAINED EARNINGS (Continued)**

In April 2007, the Texas Water Development Board approved a loan in the amount of \$1,225,000 from the Rural Water Assistance Fund, with an annual interest rate of 2.358%. The Corporation is to use the loan proceeds for acquisition, construction, improvements and/or extensions to the water system. The loan is secured by all gross revenue of the waterworks system and the distribution system assets. The loan is to mature on August 15, 2027. A provision of the loan requires the Corporation to establish and maintain a specific fund to service its annual debt service requirements. A monthly deposit, no less than 1/60<sup>th</sup> of the average annual debt service requirement, is to be made to a reserve account until 100% of the average annual debt service requirement is met.

As of September 30, 2014 and 2013, the total balance of the reserve accounts is \$239,351 and \$238,269, respectively. Reserved funds are held at a financial institution and a brokerage account. Funds held at the financial institution are insured by the FDIC up to \$250,000 and bond coverage of \$300,000. Also see Note 4 and Note 9. As of September 30, 2014 and 2013, the required reserve has been met.

**NOTE 6 - NOTES PAYABLE**

Long-term debt at September 30, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Note payable to USDA, interest at 5%, monthly payments including interest of \$7,332, secured by water system assets and revenues.	\$ 1,268,674	\$ 1,292,576
Note payable to USDA, interest at 3.125%, monthly payments including interest of \$10,294, secured by water system assets and revenues.	2,199,631	1,232,700
Note payable to TWDB, interest at 2.358%, varying monthly payments averaging \$7,796, secured by water system assets and revenues.	<u>887,400</u>	<u>945,500</u>
	4,355,705	3,470,776
Less: current portion	<u>(140,202)</u>	<u>(109,735)</u>
Total long-term debt	<u>\$ 4,215,503</u>	<u>\$ 3,361,041</u>

**BELL-MILAM-FALLS WATER SUPPLY CORPORATION**  
Notes to Financial Statements  
For the Years Ended September 30, 2014 and 2013

**NOTE 6 - NOTES PAYABLE (Continued)**

Aggregate maturities required on long-term debt at September 30, 2014 are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 140,202
2016	144,649
2017	149,318
2018	154,114
2019	159,041
Thereafter	3,608,381
	<u>\$ 4,355,705</u>

**NOTE 7 - FIXED ASSETS**

Fixed assets, together with estimated useful lives, consisted of the following:

	September 30		Useful lives in Years
	<u>2014</u>	<u>2013</u>	
Land	\$ 91,803	\$ 91,803	
Distribution system and improvements	9,162,040	6,633,283	5 - 50
Equipment	292,742	292,742	5 - 25
Construction in progress	76,236	1,520,417	
	<u>9,622,821</u>	<u>8,538,245</u>	
Less accumulated depreciation	(4,458,598)	(4,186,947)	
Total fixed assets	<u>\$ 5,164,223</u>	<u>\$ 4,351,298</u>	

Depreciation expense for the years ended September 30, 2014 and 2013 was \$271,651 and \$175,050, respectively.

Construction period interest of \$15,452 is being amortized over a period of 15 years. Amortization expense totaled \$1,030 for each of the years ended September 30, 2014 and 2013.

**NOTE 8 - WATER PURCHASE CONTRACT**

Bell-Milam-Falls Water Supply Corporation has entered into a contract with Central Texas Water Supply Corporation for treated lake water. As of September 30, 2014 and 2013, rates were \$3.0598 and \$2.7098 per thousand gallons based on a monthly minimum of 12,508,000 gallons, respectively.

**BELL-MILAM-FALLS WATER SUPPLY CORPORATION**

Notes to Financial Statements

For the Years Ended September 30, 2014 and 2013

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**NOTE 8 – WATER PURCHASE CONTRACT (Continued)**

The Corporation also has an agreement to have available 1,281.19 (Option) and 600 (Election) acre feet of water per fiscal year. To preserve these allocations of future water, an annual payment of \$13.36 and \$13.30 (Option) and \$69.50 and \$65.65 (Election) per acre foot is paid to Central Texas Water Supply Corporation for September 30, 2014 and 2013, respectively.

The Corporation acquires additional water from the Town of Buckholts for a base rate of \$3.2048 per 1,000 gallons. A minimum take or pay and maximum amount was instituted of 250,000 gallons per month at the base rate. Water taken in excess of the maximum is charged at one and one half of the base rate (\$4.8072) per thousand gallons over the 250,000.

Additional water is provided from two wells located within the Corporation's operating boundaries. A groundwater conservation fee of \$.025 per thousand gallons is paid for water pumped from these two wells, and exported to adjacent counties to the Clearwater Underground Water Conservation District. This transport fee is reflected under dues expense.

For the years ended September 30, 2014 and 2013, water purchases were \$564,790 and \$620,339, respectively.

**NOTE 9 – DEPOSITS IN EXCESS OF FDIC LIMIT**

As of September 30, 2014, the Corporation has \$321,009 of cash deposits in excess of the FDIC insured limit of \$250,000 and bond coverage of \$300,000.

**NOTE 10 – CONSTRUCTION PERIOD INTEREST RECLASSIFICATION**

Construction period interest had balance of \$15,452 as of September 30, 2012. An entry of \$9,142 was made during the 2013 fiscal year, which increased construction period interest and accrued interest payable. The additional \$9,142 was never setup to be amortized. The entry overstated the assets and liabilities; therefore, construction period interest and accrued interest payable were reduced by \$9,142.

**NOTE 11 – RECLASSIFICATION**

Certain amounts in 2013 have been reclassified to conform with the 2014 presentation.

**NOTE 12 – EVALUATION OF SUBSEQUENT EVENTS**

The Corporation has evaluated subsequent events through January 5, 2015, the date which the financial statements were available to be issued. No subsequent items require disclosure to the financial statements.

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS  
AND OMB CIRCULAR A-133 AND THE STATE OF TEXAS AUDIT CIRCULAR



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
Bell-Milam-Falls Water Supply Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bell-Milam-Falls Water Supply Corporation (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 5, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bell-Milam-Falls Water Supply Corporation'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bell-Milam-Falls Water Supply Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Bell-Milam-Falls Water Supply Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during 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 Bell-Milam-Falls Water Supply Corporation's financial statements are free from 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**

The purpose of this report is 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ludwick, Temple, Montgomery, & Stapp  
P.C.

Temple, TX  
January 5, 2015

**BELL-MILAM-FALLS WATER SUPPLY CORPORATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES**  
For the Year Ended September 30, 2014

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture Rural Development:			
Direct programs:			
Water and Waste Disposal Systems for Rural Communities (Loan# 91-03)	10.760		\$ 869,039
Total direct programs			<u>869,039</u>
Total expenditures of federal awards			<u>\$ 869,039</u>

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (schedule) include federal loan activities of Bell-Milam-Falls Water Supply Corporation under programs of the USDA-RDS for the year ended September 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule present only a selected portion of the operations of Bell-Milam-Falls Water Supply Corporation, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of Bell-Milam-Falls Water Supply Corporation.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in OMB Circular A-122, *Cost of Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**NOTE 3 – COMMITMENTS AND CONTINGENCIES**

Federal loan proceeds received by Bell-Milam-Falls Water Supply Corporation are subject to review and audit by grantor agencies. Bell-Milam-Falls Water Supply Corporation’s management believes the results of such audits will not have a material effect on the schedule.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of  
Bell-Milam-Falls Water Supply Corporation

**Report on Compliance for Each Major Federal Program**

We have audited Bell-Milam-Falls Water Supply Corporation's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Bell-Milam-Falls Water Supply Corporation's major federal programs for the year ended September 30, 2014. Bell-Milam-Falls Water Supply Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Bell-Milam-Falls Water Supply Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bell-Milam-Falls Water Supply Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bell-Milam-Falls Water Supply Corporation's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Bell-Milam-Falls Water Supply Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

## Report on Internal Control Over Compliance

Management of Bell-Milam-Falls Water Supply Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bell-Milam-Falls Water Supply Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bell-Milam-Falls Water Supply Corporation's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Sudwick, Tenzel, Montgomery, & Stupp*  
P. C.

Temple, TX  
January 5, 2015

**BELL-MILAM-FALLS WATER SUPPLY CORPORATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 For the Year Ended September 30, 2014

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**Section 1 - Summary of Audit Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified:        Yes   x   No

Significant deficiency(ies) identified:        Yes   x   No

Noncompliance material to the financial statements noted?        Yes   x   No

**Federal/State Awards**

Internal control over major programs:

Material weakness(es) identified:        Yes   x   No

Significant deficiency(ies) identified:        Yes   x   No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?        Yes   x   No

Identification of major programs:

Federal:

United States Department of Agriculture, Rural Development  
 Water and Waste Disposal Systems for Rural Communities  
 (CFDA Number 10.760)

State:

N/A

Dollar threshold considered between Type A and Type B Federal Programs   \$ 300,000  

Auditee qualified as low-risk auditee        Yes   x   No

**Section 2 - Financial Statement Findings**

None

**Section 3 - Federal/State Award Findings and Questioned Costs**

None

**BELL-MILAM-FALLS WATER SUPPLY CORPORATION**  
**SCHEDULE OF FINDINGS AND QUESTIONEND COSTS (Continued)**  
**For the Year Ended September 30, 2014**

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**Section 4 - Prior Year**

<u>Findings/Noncompliance</u>	<u>Status of Prior Year's Findings/Noncompliance</u>
Issuance of Form 1099-Misc's	Corporation has corrected this item.
RVS Memberships Balance	Corporation is working to correct this item, not considered a significant deficiency.
Capitalization Policy	Corporation is working to correct this item, not considered a significant deficiency.

**CENTRAL TEXAS WATER SUPPLY CORPORATION**

**AUDITED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2014**



# CENTRAL TEXAS WATER SUPPLY CORPORATION

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# **ALTON D. THIELE, P.C.**

Certified Public Accountant  
300 East Avenue C  
P.O. Box 808  
Belton, TX 76513-0808

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Central Texas Water Supply Corporation  
Harker Heights, TX 76548

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Central Texas Water Supply Corporation, which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Texas Water Supply Corporation as of December 31, 2014 and 2013 and the results of their activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State of Texas Single Audit Circular* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015 on our consideration of Central Texas Water Supply Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Texas Water Supply Corporation's internal control over financial reporting and compliance.



Belton, Texas  
March 31, 2015

**Central Texas Water Supply Corporation**  
**STATEMENT OF FINANCIAL POSITION**

December 31, 2014 and 2013

**ASSETS**

	<b>2014</b>	<b>2013</b>
<b>CURRENT ASSETS</b>		
Cash on hand and in banks	\$ 316,003	\$ 531,315
Accounts receivable	315,248	274,122
Insurance claim receivable	-	75,274
Prepaid expenses	15,453	12,161
Cash held in escrow - construction account	-	383,118
Total Current Assets	646,704	1,275,990
<b>PROPERTY AND EQUIPMENT (net of accumulated depreciation)</b>	34,046,218	34,134,446
<b>OTHER ASSETS</b>		
Reserved funds for system improvements	-	290,987
Reserved funds per loan agreements	1,396,452	1,883,319
Utility deposits	200	200
Prepaid lease	1,400	1,500
Total Other Assets	1,398,052	2,176,006
<b>TOTAL ASSETS</b>	<b>\$ 36,090,974</b>	<b>\$ 37,586,441</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 359,377	\$ 305,162
Accrued expenses	1,874	2,223
Accrued interest payable	30,097	16,649
Current portion long-term debt	1,249,671	1,242,853
Total Current Liabilities	1,641,019	1,566,887
<b>LONG-TERM DEBT (net of current portion)</b>	23,303,351	24,553,022
<b>TOTAL LIABILITIES</b>	24,944,370	26,119,910
<b>NET ASSETS</b>		
Member investment (19 members)	9,500	9,500
Donated capital	6,590,200	6,590,200
Appropriated	1,396,452	2,174,306
Unappropriated	3,150,452	2,692,526
Total Unrestricted Net Assets	11,146,604	11,466,532
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 36,090,974</b>	<b>\$ 37,586,441</b>

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report

**Central Texas Water Supply Corporation**  
**STATEMENT OF ACTIVITIES**  
For the Years Ended December 31, 2014 and 2013

	<b>2014</b>	<b>2013</b>
<b>UNRESTRICTED NET ASSETS</b>		
<b>OPERATING REVENUES</b>		
Water sales	\$ 3,369,983	\$ 3,189,140
Kempner WSC - Operations and Maintenance receipts	406,755	402,547
Total Operating Revenues	3,776,738	3,591,687
<b>OPERATING EXPENSES</b>		
BRA water purchased	245,472	237,984
Water treatment chemicals	255,568	149,938
Water treatment utilities	626,913	500,849
Vehicle expense	74,852	74,569
Depreciation and amortization	1,171,395	1,134,315
Salaries and wages	644,643	614,644
Employee benefits and taxes	132,531	120,531
Insurance expense	76,263	92,215
Materials and supplies	52,181	36,176
Office expense	1,339	1,770
Outside services	48,644	28,228
System repair and maintenance	426,569	305,305
Telephone and sanitation	18,384	14,931
Miscellaneous	65,053	27,841
Total Operating Expenses	3,839,807	3,339,295
Increase / (Decrease) in Operating Revenue over Operating Expenses	(63,069)	252,392
<b>OTHER REVENUE (EXPENSE)</b>		
Kempner WSC debt service	11,268	11,268
Miscellaneous revenue	165,538	88,822
Interest earned	23,157	28,942
Unrealized Gain (Loss) on securities	(4,300)	(100)
Gain (Loss) on retirement of assets	(225,446)	-
Assessment revenue - .08/1,000	123,458	123,746
Debt service revenue	15,158	21,985
Interest expense	(365,692)	(355,468)
Change in Net Assets from Operations	(319,928)	171,588
<b>CHANGE IN NET ASSETS</b>	(319,928)	171,588
<b>NET ASSETS, BEGINNING OF YEAR</b>	11,466,532	11,294,943
<b>NET ASSETS, END OF YEAR</b>	\$ 11,146,604	\$ 11,466,532

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report

**Central Texas Water Supply Corporation**  
**STATEMENT OF CASH FLOWS**  
For the Years Ended December 31, 2014 and 2013

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets from operations	\$ (319,928)	\$ 171,588
Adjustments to reconcile the change in net assets from operations to net cash from operations		
Depreciation and amortization	1,171,395	1,134,315
(Gain) loss on retirement of assets	225,446	-
(Increase) decrease in trade accounts receivable	(41,125)	20,442
(Increase) decrease in insurance claim receivable	75,274	(75,274)
(Increase) decrease in prepaid expenses	(3,292)	32,601
(Increase) decrease in escrow funds	383,118	3,150,131
Increase (decrease) in other assets	-	(100)
Increase (decrease) in trade accounts payable	54,213	192,631
Increase (decrease) in accrued interest	13,448	(312)
Increase (decrease) in accrued payroll items	(350)	177
	1,878,127	4,454,611
Total Adjustments		
Net cash provided by (used in) operating activities	1,558,199	4,626,199
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash proceeds from the redemption of invested funds	896,551	-
Cash payments for the purchase of invested funds	(118,697)	(161,576)
Cash payments for the purchase of property and equipment - TWDB	(606,457)	(2,756,916)
Cash payments for the purchase of property and equipment - other	(702,055)	(484,074)
	(530,658)	(3,402,566)
Net cash provided by (used in) investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash payments for the principal reduction of long term debt	(1,242,853)	(1,236,108)
Cash proceeds from the issuance of long term debt	-	-
	(1,242,853)	(1,236,108)
Net cash provided by (used in) financing activities		
<b>NET INCREASE (DECREASE) IN CASH</b>	(215,312)	(12,475)
<b>CASH AT BEGINNING OF PERIOD</b>	531,315	543,790
<b>CASH AT END OF PERIOD</b>	\$ 316,003	\$ 531,315
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest expense	\$ 352,244	\$ 355,770

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report.

# CENTRAL TEXAS WATER SUPPLY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Line of Business:**

Central Texas Water Supply Corporation is a member-owned, non-profit organization incorporated, pursuant to Chapter 67 of the Texas Revised Civil Statutes and the Texas Business Organizations Code, for the purpose of providing a potable water utility service, under a valid Certificate of Convenience and Necessity (CCN) number 11492, to members of the water utility. The Corporation's operating policies, rates, tariffs and regulations are formulated by a Board of Directors, duly elected by the members of the organization.

#### **Basis of Accounting:**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenue is recognized when earned regardless of when collected and expenses are recognized when the obligation is incurred regardless of when paid.

#### **Financial statement presentation:**

Central Texas Water Supply Corporation is required to present its financial statements in accordance with ASC 958–205 Financial Statement Presentation for Not for Profit Entities. Under ASC 958–205 the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. All of Central Texas Water Supply Corporation's net assets were unrestricted at December 31, 2014.

#### **Cash and Cash Equivalents:**

The Corporation considers all liquid investments purchased with an initial maturity of three months or less, and not designated as a component of the Reserve Fund, to be cash equivalents.

#### **Trade accounts receivable:**

The Corporation records its accounts receivable at the value of the revenue earned and requires payment within thirty days. Account balances with charges over thirty days old are considered delinquent and collection efforts begin at this time. Accounts receivable are shown net of an allowance for uncollectible amounts if applicable.

#### **Concentration of Credit Risk:**

The Corporation regularly extends credit terms to members, on a month-to-month basis. All accounts are net, 15<sup>th</sup> of the month. No member may carry a balance beyond the next billing date. Generally, four members make up over 50% of each monthly billing.

#### **Revenue recognition:**

The Corporation generally sells water utility services under short-term, monthly billing cycles, using a tariff schedule approved by the Board of Directors. Revenues are recognized monthly, based on metered readings located at access points on each member's system.

#### **Invested Funds:**

The Corporation invests its excess and reserve funds in FDIC/FSLIC insured money market, or other time deposit securities, which may fall outside the scope of FDIC/FSLIC coverage. The Board of Directors establishes guidelines, relative to diversification and maturity, which maintain safety and liquidity. These guidelines are reviewed periodically and modified to take advantage of trends in yields and maturities.

#### **Appropriated Net Assets:**

Certain investment and escrow accounts are classified as appropriated by Board designation on the Statement of Financial Position because their use is limited to debt service and specific construction projects.

**CENTRAL TEXAS WATER SUPPLY CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Property & Equipment:**

Property and equipment is recorded at cost. Depreciation is provided for using the straight-line method in amounts sufficient to amortize the cost of depreciable assets over their estimated useful lives of 3-40 years, as follows:

Description	Life (Years)	Cost	Depreciation	
			Current	Accumulated
Land	-	\$ 512,104	\$ -	\$ -
Treatment plant	40	2,241,245	56,031	1,890,337
Distribution system	25 - 40	18,786,482	472,660	7,945,573
Equipment	3 - 10	494,836	14,353	321,341
Automobiles	5	306,918	15,308	266,891
System expansion	40	382,136	9,537	158,013
Buildings	10 - 40	246,950	7,907	112,819
WTP No. 3	40	19,406,476	485,411	1,811,941
Raw intake and lines	40	4,130,955	110,088	407,305
Work in progress	-	452,335	-	-
		<u>\$ 46,960,437</u>	<u>\$ 1,171,295</u>	<u>\$ 12,914,220</u>

**Exempt Status:**

The Corporation qualifies under state franchise tax regulations as an exempt organization. The Internal Revenue Service, under IRC Section 501 (c) (12), has granted exempt status. A required information return (Form 990) is filed annually on or before the May 15<sup>th</sup> due date. The Corporation has not been examined by any major tax jurisdictions for the open fiscal years 2011-2014.

**Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported period. Actual results could differ from those estimates.

**NOTE B – RESERVE FOR EMERGENCY REPAIRS AND DEBT RETIREMENT**

The Corporation entered into multiple loan agreements with the Texas Water Development Board (TWDB) to finance a new treatment plant and distribution system, system improvements and to refinance existing USDA-RD debt. The agreements require the establishment of a reserve fund equal to the average annual debt service amount. The Corporation applied to and received approval from TWDB to fully fund the reserve account associated with American Recovery and Reinvestment Act (ARRA) debt at the beginning of the project. Withdrawals are limited to debt service payments in case of revenue deficiencies.

At December 31, the reserve account consisted of the following:

	2014		2013	
	TWDB ARRA	TWDB Loans	TWDB ARRA	TWDB Loans
Invested funds	\$ 1,134,552	\$ 261,900	\$ 1,214,599	\$ 668,720
Required fund balance	1,117,000	229,808	1,117,000	134,715
Funds in excess (deficit) of required balance	<u>\$ 17,552</u>	<u>\$ 32,092</u>	<u>\$ 97,599</u>	<u>\$ 534,005</u>



**CENTRAL TEXAS WATER SUPPLY CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

The Corporation has a program of collecting designated revenue from members over a period of time to replenish the reserve accounts to meet reserve requirements.

**NOTE C – MEMBER INVESTMENT**

Membership in the Corporation is sold for \$500 per member and allows each member to draw water, based on its contract, from the reservoir pool of water available. The membership cost is not refundable. There are currently 19 members.

**NOTE D – PREPAID LEASE**

The Corporation has contracted with the U.S. Army Corp of Engineers to lease land upon which the treatment plant is located for \$5,000, beginning January 16, 1979, for 50 years. The remaining balance for the years ended December 31, 2014 and 2013 is \$1,400 and \$1,500, respectively, and the provision for amortization is \$100 each year.

**NOTE E – NOTES PAYABLE**

The Corporation is indebted to the Texas Water Development Board (TWDB) for system improvement and expansion projects. Deeds of Trust on the entire water system assets and revenues are used as collateral. TWDB Note No. L120024 was for continued improvements to the system. This note was in the amount of \$3,945,000 payable in 469 monthly principal and interest payments, maturing in November 2051. TWDB Note No. L120025 was used to refinance the Corporation's debt with the United States Department of Agriculture - Rural Development. The note was for \$3,605,000 payable annually beginning in May 2013 and maturing May 2036. Annual payments begin at \$75,000 increasing annually to \$265,000 at maturity. Interest on the note is payable biannually. The Corporation entered into an interest free note (Note No. L100025) with the TWDB, through the Drinking Water State Revolving Fund with American Recovery and Reinvestment Act funding, for a water treatment plant, transmission line and raw water intake. The note was for \$22,340,000 payable in 240 monthly payments which matures February 15, 2030.

<u>Note No.</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Monthly Payment</u>	<u>Note Balance</u>	
				<u>Due Within 12 Months</u>	<u>Total</u>
L120024	3.89%	5/1/2051	\$ 16,385	\$ 47,675	\$ 3,847,844
L120025	5.7257%	5/1/2036	N/A	85,000	3,450,000
L100025 (ARRA)	0.00%	2/15/2030	93,083	1,116,996	17,255,178
				<u>\$ 1,249,671</u>	<u>\$ 24,553,022</u>

(Monthly payments for note no. L100025 (ARRA) are \$80,000 for the first two years, \$93,083 for the next sixteen years and \$106,166 for the remaining two years.)

Maturities for long-term debt are listed below:

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Subsequent Years</u>
\$ 1,249,671	\$ 1,251,560	\$ 1,258,526	\$ 1,265,566	\$ 1,272,689	\$ 18,255,010

Interest payments on long-term debt are listed below:

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Subsequent Years</u>
\$ 342,524	\$ 336,231	\$ 329,646	\$ 322,350	\$ 315,257	\$ 4,533,184

**CENTRAL TEXAS WATER SUPPLY CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE F – COMMITMENTS AND CONTINGENCIES**

Central Texas Water Supply Corporation is under contract for 40 years with the Brazos River Authority to purchase water from the Stillhouse Hollow reservoir. The Corporation has rights to 4,700 acre feet of base water annually, currently at \$1.259 per acre foot per month (\$71,017 for the year ending December 31, 2014). This rate is negotiable every five years. Any rate change is based on changes in the Consumer Price Index.

In addition, the Corporation is under contract for 3,200 acre feet of option water annually, currently at \$13.30 per acre foot and 1,895 acre feet of election water annually, currently at \$65.65 per acre foot. The cost for the additional water was, option water of \$42,752 and election water of \$131,703, respectively for the year ending December 31, 2014.

**NOTE G – INVESTED FUNDS**

The Corporation has invested with various financial institutions as follows:

	Interest Rate	Maturity	2014	2013
Money market accounts and CDs	Various	Various	\$1,396,452	\$2,174,306

Considerable judgment is required to develop estimates of fair value. Accordingly, the estimates are not necessarily indicative of the amounts the Corporation could realize in a current market exchange. The use of different assumptions or estimation methodologies may have a material effect on the estimated fair value amounts.

**NOTE H – DONATED INVESTMENT**

During the formation of the Corporation, and in subsequent years, the Government and certain individuals have contributed cash and property.

Farm and Home Administration	\$ 6,590,200
Member Investment	9,500
	\$ 6,599,700

**NOTE I – CONCENTRATION OF INVESTMENT RISK**

Central Texas Water Supply Corporation maintains cash balances in many financial institutions located in Harker Heights, Texas and the surrounding area. The balances in these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and/or guaranteed by pledged securities for interest bearing accounts.

**CENTRAL TEXAS WATER SUPPLY CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE K – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 31, 2015, the date the financial statements were available to be issued. As a result of this evaluation and the Corporation's ongoing capital improvements and expansion, disclosure must be made of the Corporation's efforts to seek additional debt from the Texas Water Development Board (TWDB). A loan application was submitted subsequent to fiscal year end, February 29, 2015; TWDB approved the financial assistance request of \$5,000,000. Execution of this encumbrance is pending.

No change to the financial statements for the fiscal year ending December 31, 2014 is deemed necessary as a result of this evaluation.

# **ALTON D. THIELE, P.C.**

Certified Public Accountant  
300 East Avenue C  
P.O. Box 808  
Belton, TX 76513-0808

## **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**

### **Independent Auditors' Report**

To the Board of Directors of  
Central Texas Water Supply Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *State of Texas Single Audit Circular*, the financial statements of Central Texas Water Supply Corporation, which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2015.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Central Texas Water Supply Corporation'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Texas Water Supply Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Texas Water Supply Corporation's internal control.

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

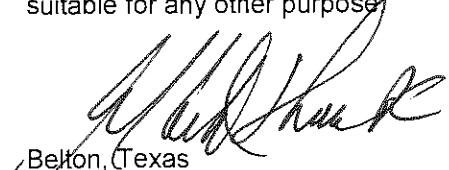
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Central Texas Water Supply Corporation's financial statements are free from 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* and the *State of Texas Single Audit Circular*.

**Purpose of this Report**

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



Belton, Texas  
March 31, 2015

## **SINGLE AUDIT SECTION**

**CENTRAL TEXAS WATER SUPPLY CORPORATION**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>State Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Federal/State Expenditures</u>
<b>State Assistance:</b>			
<i>Texas Water Development Board:</i>			
Rural Water Assistance Fund	-	L120024	\$ 866,816
Total for Texas Water Development Board			<u>866,816</u>
Total Expenditures of State Awards			<u>\$ 866,816</u>

(note: the amount of expenditures reported in the previous audit was overstated by \$77,002.)

See Accompanying Notes to Schedule of Expenditures of Federal and State Awards

**CENTRAL TEXAS WATER SUPPLY CORPORATION**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**1. Basis of Presentation:**

The accompanying Schedule of Expenditures of State Awards (Schedule) include Texas Water Development Board – Rural Water Assistance Fund activities of Central Texas Water Supply Corporation (the Corporation) under programs of the state government for the year ended December 31, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the *State of Texas Single Audit Circular*. Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, results of activities, or cash flows of Central Texas Water Supply Corporation.

**2. Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**3. Commitments and Contingencies:**

State funds received by the Corporation are subject to review and audit by grantor agencies. Central Texas Water Supply Corporation's management believes that the results of such audits will not have a material effect on this Schedule.



# **ALTON D. THIELE, P.C.**

Certified Public Accountant  
300 East Avenue C  
P.O. Box 808  
Belton, TX 76513-0808

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL OR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

### **Independent Auditor's Report**

To the Board of Directors of  
Central Texas Water Supply Corporation  
Harker Heights, Texas

#### **Report on Compliance for Each Major Federal Program**

We have audited Central Texas Water Supply Corporation's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and in the *State of Texas Single Audit Circular* that could have a direct and material effect on each of Central Texas Water Supply Corporation's major federal programs for the year ended December 31, 2014. Central Texas Water Supply Corporation's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

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

Our responsibility is to express an opinion on compliance for each of Central Texas Water Supply Corporation's major federal or state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Single Audit Circular*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Texas Water Supply Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Central Texas Water Supply Corporation's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, Central Texas Water Supply Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.


## Report on Internal Control Over Compliance

Management of Central Texas Water Supply Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Central Texas Water Supply Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central Texas Water Supply Corporation's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133* and the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.



Belton, Texas  
March 31, 2015

**Central Texas Water Supply Corporation**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year End December 31, 2014

**Section I- Summary of Audit Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified:	_____	Yes	_____	X	No
Significant deficiency(ies) identified:	_____	Yes	_____	X	None reported
Noncompliance material to the financial statements noted?	_____	Yes	_____	X	No

**Federal/State Awards**

Internal control over major programs:

Material weakness(es) identified:	_____	Yes	_____	X	No
Significant deficiency(ies) identified:	_____	Yes	_____	X	None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of *OMB Circular A-133* and *State of Texas Single Audit Circular*

	_____	Yes	_____	X	No
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Identification of major programs:

State:  
Texas Water Development Board - Rural Water Assistance Fund (RWAF)

Dollar threshold considered between Type A and Type B Federal Programs \$ 300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes \_\_\_\_\_ X No

**Section II- Financial Statement Findings**

None

**Section III- Federal/State Award Findings and Questioned Costs**

No matters were reported

**CENTRAL TEXAS  
WATER SUPPLY CORPORATION**

**COMMUNICATION OF SIGNIFICANT DEFICIENCIES  
AND MATERIAL WEAKNESSES AS REQUIRED BY  
AU-C SECTION 265**

**DECEMBER 31, 2014**

# **ALTON D. THIELE, P.C.**

CERTIFIED PUBLIC ACCOUNTANT

300 E. AVENUE C

P.O. BOX 808

BELTON, TX 76513-0808

Central Texas Water Supply Corporation  
4020 Lakecliffe Dr.  
Harker Heights, TX 76548

In planning and performing our audit of the financial statements of Central Texas Water Supply Corporation as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Central Texas Water Supply Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

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



Belton, Texas  
March 31, 2015

**CENTRAL TEXAS  
WATER SUPPLY CORPORATION**

**COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE**

**DECEMBER 31, 2014**

**ALTON D. THIELE, P.C.**  
Certified Public Accountant  
300 East Avenue C  
P.O. Box 808  
Belton, TX 76513-0808

March 31, 2015

To the Board of Directors  
Central Texas Water Supply Corporation

We have audited the financial statements of Central Texas Water Supply Corporation for the year ended December 31, 2014, and have issued our report thereon dated March 31, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 24, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Central Texas Water Supply Corporation are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2014. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the useful lives of fixed assets is based on historical experience. We evaluated the key factors and assumptions used to develop the useful lives of fixed assets in determining that it is reasonable in relation to the financial statements taken as a whole.

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

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 31, 2015.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. Following are matters we would like to make mention to the Board:

#### **Capitalization Policy**

Efforts by the Internal Revenue Service to standardize procedures to determine a capital item (to be depreciated) versus an expense (written off in year of payment) has created a rigid set of rules which requires all entities, whether subject to tax or not, to examine its policies and consider adopting a capitalization policy. As the regulations exist today, entities with "*audited financial statements*" are permitted to enact a capitalization policy of up to \$5,000 for any one "Unit of Property" and expense these as paid, rather than depreciating over its useful life of up to 40 years. Electing to not adopt any policy will create a de facto capitalization policy, for tax purposes, of \$500. These tax rules are quite complex and encompassing, requiring significantly greater detail in performing fixed asset accounting. We are mindful this ("tax" policy) may be different than a policy more closely aligned with generally accepted accounting principles (GAAP), which has no floor or entry-level dollar value. It is our intention to combine these two policies to achieve a workable means to comply with GAAP first and foremost.

Since the current capital policy exists as part of a contractual agreement and does not specify a dollar value, we recommend the Board take steps to revise the current policy and adopt a level of capitalization of up to \$5,000, for tax reporting purposes, while maintaining a policy that will continue to be GAAP-compliant.

The amount recommended above is not related to the spending limit allowed without board approval of \$5,000.

This information is intended solely for the use of the Board of Directors and management of Central Texas Water Supply Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Alton D. Thiele, P.C.



JARRELL-SCHWERTNER  
WATER SUPPLY CORPORATION

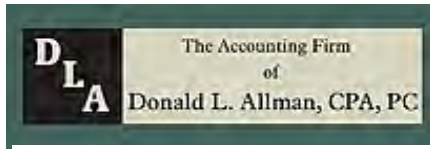
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

OCTOBER 31, 2014

JARRELL-SCHWERTNER WATER SUPPLY CORPORATION

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Donald L Allman, CPA, PC  
205 East University Ave., Ste. 165  
Georgetown, Texas 78626

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CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Jarrell-Schwertner Water Supply Corporation  
Jarrell, TX 76537

### Report on the Financial Statements

We have audited the accompanying statement of financial position of the Jarrell-Schwertner Water Supply Corporation (a non-profit corporation) as of October 31, 2014 and the related statements of activities, unrestricted net assets, and cash flows for the year then ended, which collectively comprise the Company's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Jarrell-Schwertner Water Supply Corporation, as of October 31, 2014, and the results of its activities, changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2015, on our consideration of the Jarrell-Schwertner Water Supply Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jarrell-Schwertner Water Supply Corporation's internal control over financial reporting and compliance.

Donald L. Allman, CPA, PC

Georgetown, TX  
January 31, 2015

**JARRELL-SCHWERTNER WATER SUPPLY CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**OCTOBER 31, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash in bank and on hand	\$ 293,440	\$ 365,440
Invested funds	276,320	265,080
Trade accounts receivable, net of allowance	99,278	93,733
Deferred charges	4,437	4,017
Inventory	46,540	46,223
<b>Total Current Assets</b>	720,015	774,493
<b>PROPERTY AND EQUIPMENT (NET)</b>	4,063,966	3,974,334
<b>OTHER ASSETS</b>		
Invested funds - Reserve	948,020	934,619
	948,020	934,619
<b>TOTAL ASSETS</b>	<b>5,732,001</b>	<b>5,683,446</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	\$ 12,341	\$ 16,753
Payroll taxes payable	9,771	2,643
Accrued liabilities	11,755	14,626
Accrued compensated absences and wages	15,289	15,289
Grant reimbursement	-	-
Current portion long term debt	66,228	77,751
<b>Total Current Liabilities</b>	115,384	127,062
<b>LONG TERM DEBT</b>		
Notes Payable-Co Bank	260,000	-
Notes payable - USDA Rural Development	221,745	231,838
Notes payable - Texas Water Development Board	3,737,794	3,783,690
Notes payable - Vendors	26,239	45,382
Less current portion	(66,228)	(77,751)
	4,179,550	3,983,159
<b>NET ASSETS</b>		
Member investment	228,916	217,850
Net Assets		
Restricted	948,020	934,619
Unrestricted	260,131	420,756
	1,437,067	1,573,225
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,732,001</b>	<b>\$ 5,683,446</b>

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

See Independent Auditors' Report

**JARRELL-SCHWERTNER WATER SUPPLY CORPORATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED OCTOBER 31, 2014 AND 2013**

	2014	2013
<b>Operating Revenues</b>		
Metered water sales	\$ 1,137,493	\$1,136,791
Tap and equity fees	11,610	92,700
Penalty, late and reservice fees	27,057	23,986
Trip and lock fees	13,579	14,501
Other fees	4,651	1,462
Total Operating Revenues	1,194,390	1,269,440
<b>Costs of Water Delivery</b>		
Depreciation expense	301,201	316,554
Water purchases and reserve payments	130,060	125,276
Wages, salaries and benefits	227,952	177,907
System repairs and maintenance	137,951	101,448
Service vehicles expense	45,885	46,282
Power purchased for pumping	75,368	74,359
	918,417	841,826
<b>Operating Expenses</b>		
Insurance	24,007	22,356
Office and postage expense	11,464	14,830
Professional services	19,295	27,183
Salaries, wages and benefits	160,335	142,285
Telephone	9,363	9,420
Compliance, meetings and training	12,326	5,919
Depreciation	2,481	2,502
Dues, fees and subscriptions	8,203	9,208
Utilities	2,445	2,445
Maintenance and repairs	3,859	8,452
Miscellaneous	400	345
Bad debts	3,823	-
Total Operating Expenses	258,001	244,945
Increase (Decrease) in Net Assets from Operations	17,972	182,669
<b>Other Income / (Expense)</b>		
Developer contributions	62,900	-
Interest and dividend income	536	1,498
Miscellaneous income	702	1,250
Interest expense	(218,268)	(213,596)
Total Other Income / (Expense)	(154,130)	(210,848)
Increase (Decrease) in Unrestricted Net assets	\$ (136,158)	\$ (28,179)

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report

**JARRELL-SCHWERTNER WATER SUPPLY CORPORATION**  
**STATEMENT OF UNRESTRICTED NET ASSETS**  
**FOR THE YEARS ENDED**  
**OCTOBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>MEMBERSHIPS</b>		
Balance, November 1,	\$ 217,850	\$ 209,575
Member Investment - Current Year	11,610	11,000
Memberships Forfeited - Current Year	(544)	(2,725)
Balance, October 31	<u>\$ 228,916</u>	<u>\$ 217,850</u>
 <b>NET ASSETS</b>		
<b>RESTRICTED</b>		
Balance, November 1,	934,619	1,073,360
Additions during the year	13,401	522,536
Withdrawals during the year	-	(661,277)
Balance, October 31,	<u>948,020</u>	<u>934,619</u>
 <b>UNRESTRICTED</b>		
Balance, November 1,	420,756	318,469
Allocations during the year (net) - appropriated	-	130,466
Increase (Decrease) in unrestricted net assets	(160,625)	(28,179)
Balance, October 31,	<u>260,131</u>	<u>420,756</u>
 <b>TOTAL NET ASSETS</b>	 <u>\$ 1,437,067</u>	 <u>\$ 1,573,225</u>

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report





**JARRELL-SCHWERTNER WATER SUPPLY CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED**  
**OCTOBER 31, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Increase (Decrease) in Unrestricted Net Assets	\$ (136,158)	\$ (28,179)
Adjustments to reconcile net assets to net cash flows provided by operating activities:		
Depreciation and amortization	303,682	319,056
(Increase) decrease in accounts receivable	(5,545)	(1,525)
(Increase) decrease in invested funds	(11,240)	74,640
(Increase) decrease in deferred charges	(420)	(406)
(Increase) decrease in inventory	(317)	3,938
Increase (decrease) in accounts payable	2,896	4,854
Increase (decrease) in accrued liabilities	(2,871)	9,819
Increase (decrease) in grant reimbursements	-	-
Total Adjustments	286,185	410,376
Net Cash Provided by (Used In) Operating Activities	150,027	382,197
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Cash payments for the purchase of capital assets	(390,875)	(402,988)
Increase in Restricted Cash	(13,401)	138,741
Cash proceeds from (payments to) redemption or purchase invested funds	-	-
Net Cash Provided By (Used In) Investing Activities	(404,276)	(264,247)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from the issue of memberships	-	11,000
Proceeds from borrowing	260,000	34,701
Principal payments on long term debt	(77,751)	(80,194)
Net Cash Provided By (Used In) Financing Activities	182,249	(34,493)
NET INCREASE (DECREASE) IN CASH	(72,000)	83,457
CASH, NOVEMBER 1,	365,440	281,983
CASH, OCTOBER 31,	\$ 293,440	\$ 365,440
Supplemental disclosures of cash flow information:		
Cash paid during the year for -		
Interest expense	\$ 218,268	\$ 213,596

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report

JARRELL-SCHWERTNER WATER SUPPLY CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Line of business:** Jarrell-Schwertner Water Supply Corporation is a member owned, tax-exempt organization, incorporated pursuant to Chapter 67 of the Texas Water Code and the Texas Business Organizations Code, for the purpose of providing a potable water utility service to rural members in Bell and Williamson Counties, Texas. Operating policies, rates tariffs and regulations are formulated by a Board of Directors, duly elected by the members of Jarrell-Schwertner Water Supply Corporation.

**Basis of accounting:** The accrual method of accounting is used to maintain the books of the Corporation. Such method recognizes income when billed and expenses when incurred.

**Cash flows:** The Corporation considers all liquid investments purchased with an initial maturity of three months or less, and not designated as a component of an in-house reserve fund or lender covenant required reserve fund, to be cash equivalents.

**Revenue recognition:** The Corporation generally sells water utility services under short-term, monthly billing cycles, using a tariff schedule approved by the Board of Directors. Revenues are recognized monthly, based on metered readings located at each member's place of residence or business. Account balances with charges over thirty days old are considered delinquent and collection efforts begin at this time. Receivables are shown, net of a \$7,000 allowance for uncollectible accounts reserve.

**Concentration of investment risk:** The Corporation invests its excess and Reserve Funds in FDIC/FSLIC coverage. Guidelines are established by the Board of Directors relative to diversification and maturities that maintain safety and liquidity. Guidelines are reviewed periodically and modified to take advantage of trends in yields and interest rates.

**Invested funds:** The Corporation carries certain marketable securities, more fully described in NOTE E, at fair market value (FMV) in accordance with FASB 115. All increases or decreases in the FMV of the investments are recognized in the Statement of Activities as an unrealized holding gain/loss.

**Inventory:** Inventory consists of meters, valves, pipe and other supplies needed to maintain the distribution system efficiently and are carried at historical cost.

JARRELL-SCHWERTNER WATER SUPPLY CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE A (Continued)**

**Property and equipment:** Property and equipment is recorded at cost. Depreciation is provided using the straight-line method in amounts sufficient to amortize the cost over their estimated useful lives of 3-30 years, as follows:

<u>Description</u>	<u>Life (Years)</u>	<u>Cost</u>	<u>Depreciation</u>	
			<u>Current</u>	<u>Accumulated</u>
Land	N/A	\$ 234,221	N/A	N/A
Buildings	7-30	51,764	\$ 1,946	\$ 31,851
Distribution system and improvements	3-30	6,560,349	266,909	3,258,071
Furniture & fixtures	3-7	24,827	1,285	17,813
Equipment & vehicles	5-10	492,927	33,541	288,357
Construction projects	N/A	295,970	-	-
		<u>\$ 7,660,058</u>	<u>\$ 303,681</u>	<u>\$ 3,596,092</u>

**Compensated absences:** The Corporation accrues employee vacation time off in the year earned. Upon termination, the employee is compensated for any accrued, but unused, vacation time, based on years of service.

**Exempt status:** The Corporation qualifies under state franchise tax regulations as an exempt organization. Exempt status has been granted by the Internal Revenue Service under IRC Section 501(c) (12). A required information return (Form 990), sections of which are open to public inspection, is filed annually on or before the March 15 due date. The Corporation has not been examined by any major tax jurisdictions for the open fiscal years 2009-2013.

**Use of estimates in preparation of the financial statements:** 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 disclosures 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 B – RESERVE FOR EMERGENCY REPAIRS AND DEBT RETIREMENT**

The Corporation is required, as long as indebted to USDA-RDS, to deposit from its revenues, one-tenth of its total mortgage payments (including interest) in a Reserve Fund in an insured Texas Bank, or in U.S. Government-backed securities. Such deposits continue until the account balance equals one year's mortgage payments (including interest). Withdrawals may be made only for emergency repairs, equipment obsolescence and revenue deficiencies during periods when water is not available.

JARRELL-SCHWERTNER WATER SUPPLY CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE B – RESERVE FOR EMERGENCY REPAIRS AND DEBT RETIREMENT (continued)**

The corporation is required, as long as indebted to the Texas Water Development Board (TWDB), to deposit from its revenues, one-fifth of its total mortgage payments (including interest) in a Reserve Fund in an insured Texas Bank, or in U.S. Government-backed securities. Such deposits continue until the account balance equals one year’s mortgage payments (including interest). Withdrawals may be made only for emergency repairs, equipment obsolescence and revenue deficiencies during periods when water is not available, with the approval of TWDB.

Additionally, TWDB requires a three-month operating budget reserve, to accumulate in the same manner as the indebtedness Reserve Fund. The corporation is required, as long as indebted to CoBank, to retain \$115,000 in a Reserve Fund in an insured Texas Bank or in U.S. Government-backed securities.

At October 31, the Reserve Accounts consisted of the following:

	<b>2014</b>	<b>2013</b>
Invested funds	\$ 832,639	\$ 758,377
Required fund balances - Co Bank	115,000	115,000
USDA	26,100	26,100
TWDB-Loan	238,956	239,014
TWDB-Budget	218,184	191,929
	483,240	457,043
Funds in excess (deficit) of loan agreement	\$ 349,399	\$ 301,334

**NOTE C – MEMBER INVESTMENT**

Membership in the Corporation is currently sold for \$300. Prior to November, 2006 memberships were sold for \$275 to \$100 per member. One membership must be purchased to use system facilities. The membership cost is refundable, as well as transferable. At October 31, 2014 and 2013 there were 1,484 and 1,474 active memberships, respectively.

**NOTE D – NOTES PAYABLE**

The Corporation is indebted to USDA-RDS (formerly FmHA) to fund major water system infrastructure and improvements. Deeds of trust on water system assets and security interests in revenues are used as collateral.

The Corporation is indebted to the Texas Water Development Board (TWDB) to fund major water system infrastructure and improvements. Deeds of trust on water system assets and security interests in revenues are used as collateral.

The indebtedness to the Vendor is secured with security interests in the vehicles. Note details are on the following page.

The Corporation established a reserve with Co Bank for a loan with \$260,000 disbursed as of October 31, 2014. The Corporation is indebted to CoBank to fund major water system infrastructure and improvements. At this time \$260,000 has been received from CoBank however no principle payments on the loan have been paid.

JARRELL-SCHWERTNER WATER SUPPLY CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE D – NOTES PAYABLE (continued)**

Note No.	Interest Rate	Maturity Date	Monthly Payment	Note Current	Balances Total
<b>2014</b>					
<b>USDA-RDS</b>					
91 - 03	6.750	12/20/14	\$ 2,175	12,887	221,745
			<u>\$ 2,175</u>	<u>\$ 12,887</u>	<u>\$ 221,745</u>
<b>T W D B</b>					
L060015	5.090	03/01/48	\$ 7,470	\$ 16,057	\$ 1,436,363
L080026	5.090	06/01/49	8,367	16,861	1,632,233
L090077	5.090	06/01/49	1,320	2,311	244,739
1722	5.212	02/01/38	2,756	10,608	424,459
			<u>\$ 19,913</u>	<u>\$ 45,837</u>	<u>\$ 3,737,794</u>
<b>Holt Texas, Ltd.</b>					
1891189	0.000	10/01/14	\$ 1,081	\$ 1,081	\$ 1,081
<b>Ally Bank</b>					
Chevy 3500	4.94	7/1/2018	\$ 627	\$ 6,423	\$ 25,158
<b>CoBank</b>					
					<u>\$ 260,000</u>
Total Current Position				<u>\$ 66,228</u>	

Maturities of long-term debt are as follows:

2015	2016	2017	2018	2019	Subseq. Years
\$ 66,228	\$ 70,007	\$ 73,882	\$ 77,857	\$ 77,857	\$ 3,879,947

**2013**

**USDA-RDS**

91 - 02	5.000	12/20/14	Paid off	\$ -	\$ -
91 - 03	6.750	12/20/14	\$ 2,175	11,689	231,838
			<u>\$ 2,175</u>	<u>\$ 11,689</u>	<u>\$ 231,838</u>

**T W D B**

L060015	5.090	03/01/48	\$ 7,470	\$ 16,057	\$ 1,452,433
L080026	5.090	06/01/49	8,367	16,861	1,649,093
L090077	5.090	06/01/49	1,320	2,311	247,054
1722	5.212	02/01/38	2,756	10,608	435,110
			<u>\$ 19,913</u>	<u>\$ 45,837</u>	<u>\$ 3,783,690</u>

**Holt Texas, Ltd.**

1891189	0.000	10/01/14	\$ 1,081	\$ 14,111	\$ 14,111
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**Ally Bank**

Chevy 3500	4.94	7/1/2018	\$ 627	\$ 6,114	\$ 31,271
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Total Current Position

\$ 77,751

Maturities of long-term debt are as follows:

2014	2015	2016	2017	2018	Subseq. Years
\$ 77,751	\$ 66,228	\$ 70,007	\$ 73,882	\$ 77,857	\$ 3,695,185

JARRELL-SCHWERTNER WATER SUPPLY CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE E – INVESTED FUNDS**

The Corporation has invested funds, stated at market value (which approximates cost), with various financial institutions as follows:

**2014**

<u>2014</u>	<b>Interest</b>		
<u>In-House Reserve</u>	<b>Rate</b>	<b>Maturity</b>	<b>Amount</b>
TexStar	0.2257%	Demand	\$ 554,857
Co Bank			<u>\$ 115,068</u>
Round Top State Bank	0.1500%	Demand	\$ 8,500
ExtraCo Banks	0.2000%	Demand	39,486
USDA and TWDB Reserve	0.2570%	Demand	<u>506,428</u>
			1,224,339
Less Amounts For In-House			<u>(276,320)</u>
			<u>\$ 948,019</u>

**2013**

<u>In-House Reserve</u>			
TexStar	0.2257%	Demand	\$ 454,570
Co Bank			<u>\$ 116,028</u>
Round Top State Bank	0.1500%	Demand	\$ 67,002
ExtraCo Banks	0.2000%	Demand	78,076
USDA and TWDB Reserve	0.2570%	Demand	<u>484,023</u>
			1,199,699
Less Amounts For In-House			<u>(265,080)</u>
			<u>\$ 934,619</u>

**In house**

CIAC	\$190,686	
Members	\$228,916	
MO&R	\$87,870	
General	\$47,385	
		\$554,857

**Round Top State Bank**

Construction	\$8,500
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**Extraco Banks**

	\$39,486
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**USDA & TWDB Reserve**

USDA - FS	\$11,469	
Repair & r	\$255,862	
Reserve F	\$239,097	
		\$506,428

**CoBank**

	\$115,068
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**JARRELL-SCHWERTNER WATER SUPPLY CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE F – EMPLOYEE RETIREMENT PLAN**

The Corporation sponsors a defined contribution (SIMPLE IRA) retirement plan covering substantially all employees, after attaining two years of service. Participants may elect to contribute to the plan through payroll deductions. The employer matches 100% of employee contributions up to a maximum of 3% of an employee’s salary. The Corporation contributed \$3,945 and \$2,930 for the years ending October 31, 2014 and 2013.

**NOTE G – ADDITIONAL WATER SOURCES**

The Corporation has established a business relationship with the Brazos River Authority and contracted to purchase up to 1,000 acre feet (AF) of water at an initial rate of \$62.50 per AF within the Stillhouse Hollow Reservoir. Payments are due quarterly. The annual payments for this water may be adjusted as permitted by the contract by the Board of Directors of the Brazos River Authority.

The Corporation has contracted for potable water supplies from two regional water supply corporations. Central Texas and Salado Water Supply Corporations (WSC) treat and deliver water to points located within the Corporations’ distribution system. The source of water from Central Texas WSC is surface water and the source from Salado is ground water. These waters are used to supplement the Corporations’ current supply of ground water.

The Central Texas WSC supplies 600,000 gallons per month under a take or pay clause at a rate of \$2.62 per 1,000 gallons plus a Capital Investment rate of \$.0898 per 1,000 gallons for a total of \$2.7098 per 1,000 gallons. The rate per 1,000 gallons may be adjusted as approved by the Board of Directors of Central Texas WSC.

The Salado WSC supplies 1,500,000 gallons per month under a take or pay clause at a rate of \$2,325.00 per month or \$1.55 per 1,000 gallons. The Corporation may draft more potable water per month however there is an escalating rate after exceeding the initial 1,500,000 gallons. Rates may be adjusted as the term of the contract is reached. The rate will be the current rate in affect by Salado WSC to their other wholesale customers.

The Corporation does have an Emergency Interconnect Agreement with Sonterra Municipal Utility District. This is not a constant use water supply as stated in the Agreement and flow of water may be in either direction. The rate is \$3.75 per 1,000 gallons.

Water withdrawn for the years ending in October 31, 2014 and 2013 are noted below:

	<b>2014</b>	<b>2013</b>
Gallons pumped from wells	219,863,800	225,190,800
Gallons sold to members	109,870,809	119,707,800

JARRELL-SCHWERTNER WATER SUPPLY CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE I – SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated subsequent events and transactions for potential recognition or disclosure through February 6, 2015, the date the financial statements were available to be issued.







ExtraCo - Bi Annually  
BRA/TWDB  
Gemas

Nov - Int only

May - Int and Principal

September 27, 2012

Mr. Lee Kelley, General Manager  
Central Texas Water Supply Corporation  
P. O. Box 2393  
Harker Heights, Texas 76548

Acct 2503

P.O. Box 13231, 1700 N. Congress Ave.  
Austin, TX 78711-3231, www.twdb.texas.gov  
Phone (512) 463-7847, Fax (512) 475-2053

# RECEIVED OCT 01 2012

## Texas Water Development Board

USDH KD  
Payoff

4yrs  
\$275,000.00  
wire/max

payments  
From  
ExtraCo  
Acct  
1016

RE: Loan Agreement for \$3,605,000 with the Texas Water Development Board

Dear Mr. Kelley:

D Fund II

According to the Board's record (see attached debt service schedule), your monthly payment begins on November 1, 2012.

ESCROW 2010386 Quickbooks #1089 This Paid off USDARD

Loan #	Principal	Interest	TOTAL
L120025	\$0	\$39,574.60	\$39,574.60

In order to receive and credit your payment to your account, we request that you wire your payment by **10:00 A.M.** on the due date. This will insure receipt of payment in a timely manner.

Please remit November 2012 debt service of **\$39,574.60** and all future payments to: ← 1 @

Texas Comptroller - Austin; ABA# 114 900 164  
BNF = ACCT #463-6005-80; Fund # 371 - Central Texas WSC- Loan #L120025  
ATTN: TWDB - Johnny Greenwood (512) 463-6251

In the event that wire payments are not feasible, payments by check may be mailed to:

Texas Water Development Board; Attn: J. Greenwood  
P. O. Box 13185; Austin, Texas 78711-3185

\$23,000.00

If you have any questions, please call me at (512) 463-6251.

deposited  
to acct 1016  
from 1005  
each month

Sincerely,

J. Greenwood

25 year  
loan

Johnny Greenwood  
Revenue Accountant, Finance

### Our Mission

To provide leadership, planning, financial assistance, information, and education for the conservation and responsible development of water for Texas

### Board Members

Billy R. Bradford Jr., Chairman  
Joe M. Crutcher, Vice Chairman

Lewis H. McMahan, Member  
Edward G. Vaughan, Member

Monte Cluck, Member  
F.A. "Rick" Rylander, Member

Melanie Callahan, Executive Administrator

# Loan Register - Principal Commitment L120025

*May Only*

Maturity Date	Seq Num	CUS IP Number	Interest Rate	Principal Amount	Principal Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
05/01/2013	1		0.0498	75,000.00	0.00				
05/01/2014	2		0.0503	80,000.00	0.00				
05/01/2015	3		0.0513	85,000.00	0.00				
05/01/2016	4		0.0523	85,000.00	0.00				
05/01/2017	5		0.0533	90,000.00	0.00				
05/01/2018	6		0.0538	95,000.00	0.00				
05/01/2019	7		0.0543	100,000.00	0.00				
05/01/2020	8		0.0543	110,000.00	0.00				
05/01/2021	9		0.0548	115,000.00	0.00				
05/01/2022	10		0.0553	120,000.00	0.00				
05/01/2023	11		0.0558	125,000.00	0.00				
05/01/2024	12		0.0563	135,000.00	0.00				
05/01/2025	13		0.0563	140,000.00	0.00				
05/01/2026	14		0.0568	150,000.00	0.00				
05/01/2027	15		0.0573	160,000.00	0.00				
05/01/2028	16		0.0573	170,000.00	0.00				
05/01/2029	17		0.0578	180,000.00	0.00				
05/01/2030	18		0.0578	190,000.00	0.00				
05/01/2031	19		0.0578	200,000.00	0.00				
05/01/2032	20		0.0578	215,000.00	0.00				
05/01/2033	21		0.0578	225,000.00	0.00				
05/01/2034	22		0.0578	240,000.00	0.00				
05/01/2035	23		0.0588	255,000.00	0.00				
05/01/2036	24		0.0588	265,000.00	0.00				
				3,605,000.00	0.00				

*#2503 Three 100 PAB*

# Loan Register - Interest Commitment L120025

1 of 2  
and Principal

Transaction Description

Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id
11/01/2012	1	39,574.60 ✓	0.00			
05/01/2013	2	101,763.25 ✓	0.00			
11/01/2013	3	99,895.75 ✓	0.00			
05/01/2014	4	99,895.75 ✓	0.00			
11/01/2014	5	97,883.75 ✓	0.00			
05/01/2015	6	97,883.75 ✓	0.00			
11/01/2015	7	95,703.50 ✓	0.00			
05/01/2016	8	95,703.50 ✓	0.00			
11/01/2016	9	93,480.75 ✓	0.00			
05/01/2017	10	93,480.75 ✓	0.00			
11/01/2017	11	91,082.25 ✓	0.00			
05/01/2018	12	91,082.25 ✓	0.00			
11/01/2018	13	88,526.75 ✓	0.00			
05/01/2019	14	88,526.75 ✓	0.00			
11/01/2019	15	85,811.75 ✓	0.00			
05/01/2020	16	85,811.75 ✓	0.00			
11/01/2020	17	82,825.25 ✓	0.00			
05/01/2021	18	82,825.25 ✓	0.00			
11/01/2021	19	79,674.25 ✓	0.00			
05/01/2022	20	79,674.25 ✓	0.00			
11/01/2022	21	76,356.25 ✓	0.00			
05/01/2023	22	76,356.25 ✓	0.00			
11/01/2023	23	72,868.75 ✓	0.00			
05/01/2024	24	72,868.75 ✓	0.00			
11/01/2024	25	69,068.50 ✓	0.00			
05/01/2025	26	69,068.50 ✓	0.00			
11/01/2025	27	65,127.50 ✓	0.00			
05/01/2026	28	65,127.50 ✓	0.00			
11/01/2026	29	60,867.50 ✓	0.00			
05/01/2027	30	60,867.50 ✓	0.00			
11/01/2027	31	56,283.50 ✓	0.00			
05/01/2028	32	56,283.50 ✓	0.00			
11/01/2028	33	51,413.00 ✓	0.00			
05/01/2029	34	51,413.00 ✓	0.00			

#2350 Accrued Int.

# Loan Register - Interest

## Commitment L120025

Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
11/01/2029	35	46,211.00	0.00				
05/01/2030	36	46,211.00	0.00				
11/01/2030	37	40,720.00	0.00				
05/01/2031	38	40,720.00	0.00				
11/01/2031	39	34,940.00	0.00				
05/01/2032	40	34,940.00	0.00				
11/01/2032	41	28,726.50	0.00				
05/01/2033	42	28,726.50	0.00				
11/01/2033	43	22,224.00	0.00				
05/01/2034	44	22,224.00	0.00				
11/01/2034	45	15,288.00	0.00				
05/01/2035	46	15,288.00	0.00				
11/01/2035	47	7,791.00	0.00				
05/01/2036	48	7,791.00	0.00				
		3,066,876.85	0.00				

ARRA Loan  
2501

TEXAS WATER DEVELOPMENT BOARD  
Central Texas Water Supply Corporation  
American Recovery and Reinvestment Act  
Loan # L000025

\$22,340,000

20 Years

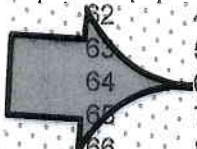
Principal \$22,340,000.00  
Interest 0.0000%  
# Periods 240  
Dated Date 2/1/2010  
1st Interest 3/15/2010  
1st Princ 3/15/2010  
Final Princ 2/15/2030  
Periodic Interest Rate 0.00000  
Source Series 2010

ARRA

Period	Date	Principal	Rate	Interest	Total
		<i>Quid pro quo</i>	<i>2501</i>	<i>ARRA Loan</i>	
0	2/1/2010-				
1	3/15/2010 ✓	80,000.00	0.0000%	\$0.00	\$80,000.00
2	4/15/2010 ✓	80,000.00	0.0000%	-	80,000.00
3	5/15/2010 ✓	80,000.00	0.0000%	-	80,000.00
4	6/15/2010 ✓	80,000.00	0.0000%	-	80,000.00
5	7/15/2010 ✓	80,000.00	0.0000%	-	80,000.00
6	8/15/2010 ✓	80,000.00	0.0000%	-	80,000.00
7	9/15/2010 ✓	80,000.00	0.0000%	-	80,000.00
8	10/15/2010 ✓	80,000.00	0.0000%	-	80,000.00
9	11/15/2010 ✓	80,000.00	0.0000%	-	80,000.00
10	12/15/2010 ✓	80,000.00	0.0000%	-	80,000.00
11	1/15/2011 ✓	80,000.00	0.0000%	-	80,000.00
12	2/15/2011 ✓	80,000.00	0.0000%	-	80,000.00
13	3/15/2011 ✓	80,000.00	0.0000%	-	80,000.00
14	4/15/2011 ✓	80,000.00	0.0000%	-	80,000.00
15	5/15/2011 ✓	80,000.00	0.0000%	-	80,000.00
16	6/15/2011 ✓	80,000.00	0.0000%	-	80,000.00
17	7/15/2011 ✓	80,000.00	0.0000%	-	80,000.00
18	8/15/2011 ✓	80,000.00	0.0000%	-	80,000.00
19	9/15/2011 ✓	80,000.00	0.0000%	-	80,000.00
20	10/15/2011 ✓	80,000.00	0.0000%	-	80,000.00
21	11/15/2011 ✓	80,000.00	0.0000%	-	80,000.00
22	12/15/2011 ✓	80,000.00	0.0000%	-	80,000.00
23	1/15/2012 ✓	80,000.00	0.0000%	-	80,000.00
24	2/15/2012 ✓	80,000.00	0.0000%	-	80,000.00
25	3/15/2012 ✓	93,083.00	0.0000%	-	93,083.00
26	4/15/2012 ✓	93,083.00	0.0000%	-	93,083.00
27	5/15/2012 ✓	93,083.00	0.0000%	-	93,083.00
28	6/15/2012 ✓	93,083.00	0.0000%	-	93,083.00
29	7/15/2012 ✓	93,083.00	0.0000%	-	93,083.00
30	8/15/2012 ✓	93,083.00	0.0000%	-	93,083.00

*\$80,000.00*  
*until*  
*3.15.2012*  
*\$93,083.00*  
*until*  
*3.15.2028*

31	9/15/2012 ✓	93,083.00	0.0000%	-	93,083.00
32	10/15/2012 ✓	93,083.00	0.0000%	-	93,083.00
33	11/15/2012 ✓	93,083.00	0.0000%	-	93,083.00
34	12/15/2012 ✓	93,083.00	0.0000%	-	93,083.00
35	1/15/2013 ✓	93,083.00	0.0000%	-	93,083.00
36	2/15/2013 ✓	93,083.00	0.0000%	-	93,083.00
37	3/15/2013 ✓	93,083.00	0.0000%	-	93,083.00
38	4/15/2013 ✓	93,083.00	0.0000%	-	93,083.00
39	5/15/2013 ✓	93,083.00	0.0000%	-	93,083.00
40	6/15/2013 ✓	93,083.00	0.0000%	-	93,083.00
41	7/15/2013 ✓	93,083.00	0.0000%	-	93,083.00
42	8/15/2013 ✓	93,083.00	0.0000%	-	93,083.00
43	9/15/2013 ✓	93,083.00	0.0000%	-	93,083.00
44	10/15/2013 ✓	93,083.00	0.0000%	-	93,083.00
45	11/15/2013 ✓	93,083.00	0.0000%	-	93,083.00
46	12/15/2013 ✓	93,083.00	0.0000%	-	93,083.00
47	1/15/2014 ✓	93,083.00	0.0000%	-	93,083.00
48	2/15/2014 ✓	93,083.00	0.0000%	-	93,083.00
49	3/15/2014 ✓	93,083.00	0.0000%	-	93,083.00
50	4/15/2014 ✓	93,083.00	0.0000%	-	93,083.00
51	5/15/2014 ✓	93,083.00	0.0000%	-	93,083.00
52	6/15/2014 ✓	93,083.00	0.0000%	-	93,083.00
53	7/15/2014 ✓	93,083.00	0.0000%	-	93,083.00
54	8/15/2014 ✓	93,083.00	0.0000%	-	93,083.00
55	9/15/2014 ✓	93,083.00	0.0000%	-	93,083.00
56	10/15/2014 ✓	93,083.00	0.0000%	-	93,083.00
57	11/15/2014 ✓	93,083.00	0.0000%	-	93,083.00
58	12/15/2014 ✓	93,083.00	0.0000%	-	93,083.00
59	1/15/2015 ✓	93,083.00	0.0000%	-	93,083.00
60	2/15/2015 ✓	93,083.00	0.0000%	-	93,083.00
61	3/15/2015 ✓	93,083.00	0.0000%	-	93,083.00
62	4/15/2015 ✓	93,083.00	0.0000%	-	93,083.00
63	5/15/2015 ✓	93,083.00	0.0000%	-	93,083.00
64	6/15/2015 ✓	93,083.00	0.0000%	-	93,083.00
65	7/15/2015 ✓	93,083.00	0.0000%	-	93,083.00
66	8/15/2015 ✓	93,083.00	0.0000%	-	93,083.00
67	9/15/2015 ✓	93,083.00	0.0000%	-	93,083.00
68	10/15/2015 ✓	93,083.00	0.0000%	-	93,083.00
69	11/15/2015 ✓	93,083.00	0.0000%	-	93,083.00
70	12/15/2015 ✓	93,083.00	0.0000%	-	93,083.00
71	1/15/2016 ✓	93,083.00	0.0000%	-	93,083.00
72	2/15/2016 ✓	93,083.00	0.0000%	-	93,083.00
73	3/15/2016 ✓	93,083.00	0.0000%	-	93,083.00
74	4/15/2016 ✓	93,083.00	0.0000%	-	93,083.00
75	5/15/2016 ✓	93,083.00	0.0000%	-	93,083.00
76	6/15/2016 ✓	93,083.00	0.0000%	-	93,083.00
77	7/15/2016 ✓	93,083.00	0.0000%	-	93,083.00
78	8/15/2016 ✓	93,083.00	0.0000%	-	93,083.00
79	9/15/2016 ✓	93,083.00	0.0000%	-	93,083.00
80	10/15/2016 ✓	93,083.00	0.0000%	-	93,083.00
81	11/15/2016 ✓	93,083.00	0.0000%	-	93,083.00
82	12/15/2016 ✓	93,083.00	0.0000%	-	93,083.00





83	1/15/2017	93,083.00	0.0000%	-	93,083.00
84	2/15/2017	93,083.00	0.0000%	-	93,083.00
85	3/15/2017	93,083.00	0.0000%	-	93,083.00
86	4/15/2017	93,083.00	0.0000%	-	93,083.00
87	5/15/2017	93,083.00	0.0000%	-	93,083.00
88	6/15/2017	93,083.00	0.0000%	-	93,083.00
89	7/15/2017	93,083.00	0.0000%	-	93,083.00
90	8/15/2017	93,083.00	0.0000%	-	93,083.00
91	9/15/2017	93,083.00	0.0000%	-	93,083.00
92	10/15/2017	93,083.00	0.0000%	-	93,083.00
93	11/15/2017	93,083.00	0.0000%	-	93,083.00
94	12/15/2017	93,083.00	0.0000%	-	93,083.00
95	1/15/2018	93,083.00	0.0000%	-	93,083.00
96	2/15/2018	93,083.00	0.0000%	-	93,083.00
97	3/15/2018	93,083.00	0.0000%	-	93,083.00
98	4/15/2018	93,083.00	0.0000%	-	93,083.00
99	5/15/2018	93,083.00	0.0000%	-	93,083.00
100	6/15/2018	93,083.00	0.0000%	-	93,083.00
101	7/15/2018	93,083.00	0.0000%	-	93,083.00
102	8/15/2018	93,083.00	0.0000%	-	93,083.00
103	9/15/2018	93,083.00	0.0000%	-	93,083.00
104	10/15/2018	93,083.00	0.0000%	-	93,083.00
105	11/15/2018	93,083.00	0.0000%	-	93,083.00
106	12/15/2018	93,083.00	0.0000%	-	93,083.00
107	1/15/2019	93,083.00	0.0000%	-	93,083.00
108	2/15/2019	93,083.00	0.0000%	-	93,083.00
109	3/15/2019	93,083.00	0.0000%	-	93,083.00
110	4/15/2019	93,083.00	0.0000%	-	93,083.00
111	5/15/2019	93,083.00	0.0000%	-	93,083.00
112	6/15/2019	93,083.00	0.0000%	-	93,083.00
113	7/15/2019	93,083.00	0.0000%	-	93,083.00
114	8/15/2019	93,083.00	0.0000%	-	93,083.00
115	9/15/2019	93,083.00	0.0000%	-	93,083.00
116	10/15/2019	93,083.00	0.0000%	-	93,083.00
117	11/15/2019	93,083.00	0.0000%	-	93,083.00
118	12/15/2019	93,083.00	0.0000%	-	93,083.00
119	1/15/2020	93,083.00	0.0000%	-	93,083.00
120	2/15/2020	93,083.00	0.0000%	-	93,083.00
121	3/15/2020	93,083.00	0.0000%	-	93,083.00
122	4/15/2020	93,083.00	0.0000%	-	93,083.00
123	5/15/2020	93,083.00	0.0000%	-	93,083.00
124	6/15/2020	93,083.00	0.0000%	-	93,083.00
125	7/15/2020	93,083.00	0.0000%	-	93,083.00
126	8/15/2020	93,083.00	0.0000%	-	93,083.00
127	9/15/2020	93,083.00	0.0000%	-	93,083.00
128	10/15/2020	93,083.00	0.0000%	-	93,083.00
129	11/15/2020	93,083.00	0.0000%	-	93,083.00
130	12/15/2020	93,083.00	0.0000%	-	93,083.00
131	1/15/2021	93,083.00	0.0000%	-	93,083.00
132	2/15/2021	93,083.00	0.0000%	-	93,083.00
133	3/15/2021	93,083.00	0.0000%	-	93,083.00
134	4/15/2021	93,083.00	0.0000%	-	93,083.00

135	5/15/2021	93,083.00	0.0000%	-	93,083.00
136	6/15/2021	93,083.00	0.0000%	-	93,083.00
137	7/15/2021	93,083.00	0.0000%	-	93,083.00
138	8/15/2021	93,083.00	0.0000%	-	93,083.00
139	9/15/2021	93,083.00	0.0000%	-	93,083.00
140	10/15/2021	93,083.00	0.0000%	-	93,083.00
141	11/15/2021	93,083.00	0.0000%	-	93,083.00
142	12/15/2021	93,083.00	0.0000%	-	93,083.00
143	1/15/2022	93,083.00	0.0000%	-	93,083.00
144	2/15/2022	93,083.00	0.0000%	-	93,083.00
145	3/15/2022	93,083.00	0.0000%	-	93,083.00
146	4/15/2022	93,083.00	0.0000%	-	93,083.00
147	5/15/2022	93,083.00	0.0000%	-	93,083.00
148	6/15/2022	93,083.00	0.0000%	-	93,083.00
149	7/15/2022	93,083.00	0.0000%	-	93,083.00
150	8/15/2022	93,083.00	0.0000%	-	93,083.00
151	9/15/2022	93,083.00	0.0000%	-	93,083.00
152	10/15/2022	93,083.00	0.0000%	-	93,083.00
153	11/15/2022	93,083.00	0.0000%	-	93,083.00
154	12/15/2022	93,083.00	0.0000%	-	93,083.00
155	1/15/2023	93,083.00	0.0000%	-	93,083.00
156	2/15/2023	93,083.00	0.0000%	-	93,083.00
157	3/15/2023	93,083.00	0.0000%	-	93,083.00
158	4/15/2023	93,083.00	0.0000%	-	93,083.00
159	5/15/2023	93,083.00	0.0000%	-	93,083.00
160	6/15/2023	93,083.00	0.0000%	-	93,083.00
161	7/15/2023	93,083.00	0.0000%	-	93,083.00
162	8/15/2023	93,083.00	0.0000%	-	93,083.00
163	9/15/2023	93,083.00	0.0000%	-	93,083.00
164	10/15/2023	93,083.00	0.0000%	-	93,083.00
165	11/15/2023	93,083.00	0.0000%	-	93,083.00
166	12/15/2023	93,083.00	0.0000%	-	93,083.00
167	1/15/2024	93,083.00	0.0000%	-	93,083.00
168	2/15/2024	93,083.00	0.0000%	-	93,083.00
169	3/15/2024	93,083.00	0.0000%	-	93,083.00
170	4/15/2024	93,083.00	0.0000%	-	93,083.00
171	5/15/2024	93,083.00	0.0000%	-	93,083.00
172	6/15/2024	93,083.00	0.0000%	-	93,083.00
173	7/15/2024	93,083.00	0.0000%	-	93,083.00
174	8/15/2024	93,083.00	0.0000%	-	93,083.00
175	9/15/2024	93,083.00	0.0000%	-	93,083.00
176	10/15/2024	93,083.00	0.0000%	-	93,083.00
177	11/15/2024	93,083.00	0.0000%	-	93,083.00
178	12/15/2024	93,083.00	0.0000%	-	93,083.00
179	1/15/2025	93,083.00	0.0000%	-	93,083.00
180	2/15/2025	93,083.00	0.0000%	-	93,083.00
181	3/15/2025	93,083.00	0.0000%	-	93,083.00
182	4/15/2025	93,083.00	0.0000%	-	93,083.00
183	5/15/2025	93,083.00	0.0000%	-	93,083.00
184	6/15/2025	93,083.00	0.0000%	-	93,083.00
185	7/15/2025	93,083.00	0.0000%	-	93,083.00
186	8/15/2025	93,083.00	0.0000%	-	93,083.00

187	9/15/2025	93,083.00	0.0000%	-	93,083.00
188	10/15/2025	93,083.00	0.0000%	-	93,083.00
189	11/15/2025	93,083.00	0.0000%	-	93,083.00
190	12/15/2025	93,083.00	0.0000%	-	93,083.00
191	1/15/2026	93,083.00	0.0000%	-	93,083.00
192	2/15/2026	93,083.00	0.0000%	-	93,083.00
193	3/15/2026	93,083.00	0.0000%	-	93,083.00
194	4/15/2026	93,083.00	0.0000%	-	93,083.00
195	5/15/2026	93,083.00	0.0000%	-	93,083.00
196	6/15/2026	93,083.00	0.0000%	-	93,083.00
197	7/15/2026	93,083.00	0.0000%	-	93,083.00
198	8/15/2026	93,083.00	0.0000%	-	93,083.00
199	9/15/2026	93,083.00	0.0000%	-	93,083.00
200	10/15/2026	93,083.00	0.0000%	-	93,083.00
201	11/15/2026	93,083.00	0.0000%	-	93,083.00
202	12/15/2026	93,083.00	0.0000%	-	93,083.00
203	1/15/2027	93,083.00	0.0000%	-	93,083.00
204	2/15/2027	93,083.00	0.0000%	-	93,083.00
205	3/15/2027	93,083.00	0.0000%	-	93,083.00
206	4/15/2027	93,083.00	0.0000%	-	93,083.00
207	5/15/2027	93,083.00	0.0000%	-	93,083.00
208	6/15/2027	93,083.00	0.0000%	-	93,083.00
209	7/15/2027	93,083.00	0.0000%	-	93,083.00
210	8/15/2027	93,083.00	0.0000%	-	93,083.00
211	9/15/2027	93,083.00	0.0000%	-	93,083.00
212	10/15/2027	93,083.00	0.0000%	-	93,083.00
213	11/15/2027	93,083.00	0.0000%	-	93,083.00
214	12/15/2027	93,083.00	0.0000%	-	93,083.00
215	1/15/2028	93,083.00	0.0000%	-	93,083.00
216	2/15/2028	93,083.00	0.0000%	-	93,083.00
217	3/15/2028	106,166.00	0.0000%	-	93,083.00
218	4/15/2028	106,166.00	0.0000%	-	106,166.00
219	5/15/2028	106,166.00	0.0000%	-	106,166.00
220	6/15/2028	106,166.00	0.0000%	-	106,166.00
221	7/15/2028	106,166.00	0.0000%	-	106,166.00
222	8/15/2028	106,166.00	0.0000%	-	106,166.00
223	9/15/2028	106,166.00	0.0000%	-	106,166.00
224	10/15/2028	106,166.00	0.0000%	-	106,166.00
225	11/15/2028	106,166.00	0.0000%	-	106,166.00
226	12/15/2028	106,166.00	0.0000%	-	106,166.00
227	1/15/2029	106,166.00	0.0000%	-	106,166.00
228	2/15/2029	106,166.00	0.0000%	-	106,166.00
229	3/15/2029	106,166.00	0.0000%	-	106,166.00
230	4/15/2029	106,166.00	0.0000%	-	106,166.00
231	5/15/2029	106,166.00	0.0000%	-	106,166.00
232	6/15/2029	106,166.00	0.0000%	-	106,166.00
233	7/15/2029	106,166.00	0.0000%	-	106,166.00
234	8/15/2029	106,166.00	0.0000%	-	106,166.00
235	9/15/2029	106,166.00	0.0000%	-	106,166.00
236	10/15/2029	106,166.00	0.0000%	-	106,166.00
237	11/15/2029	106,166.00	0.0000%	-	106,166.00
238	12/15/2029	106,166.00	0.0000%	-	106,166.00

2028.

239	1/15/2030	106,166.00	0.0000%	-	106,166.00
240	2/15/2030	106,246.00	0.0000%	-	106,246.00
		<u>22,340,000.00</u>		<u>\$0.00</u>	<u>\$22,340,000.00</u>

"16500.00/  
Nat Bank

# Texas Water Development Board

new work  
2502  
new  
Constructio

P.O. Box 13231, 1700 N. Congress Ave.  
Austin, TX 78711-3231, www.twdb.texas.gov  
Phone (512) 463-7847, Fax (512) 475-2053

Acct 2502

4yr @  
#16500.00  
then adjust  
amount

September 27, 2012

Mr. Lee Kelley, General Manager  
Central Texas Water Supply Corporation  
P. O. Box 2393  
Harker Heights, Texas 76548

Rockin H Ranch  
Shanklin Road

RE: Loan Agreement for \$3,945,000 with the Texas Water Development Board

Dear Mr. Kelley:

RWAF

According to the Board's record (see attached debt service schedule), your monthly payment begins on November 1, 2012.

Escrow 2010394 Quickbooks # 1090 This is new loan for new construction

Loan #	Principal	Interest	TOTAL
L120024	\$3,588.00	\$29,859.50	\$33,447.50

In order to receive and credit your payment to your account, we request that you wire your payment by **10:00 A.M.** on the due date. This will insure receipt of payment in a timely manner

Please remit November 2012 debt service of **\$33,447.50** and all future payments to:

Texas Comptroller – Austin; ABA# 114 900 164  
BNF = ACCT #463-6005-80; Fund # 3010 – Central Texas WSC– Loan #L120024  
ATTN: TWDB - Johnny Greenwood (512) 463-6251

In the event that wire payments are not feasible, payments by check may be mailed to:

Texas Water Development Board; Attn: J. Greenwood  
P. O. Box 13185; Austin, Texas 78711-3185

If you have any questions, please call me at (512) 463-6251.

Sincerely,

40 year loan

Johnny Greenwood  
Revenue Accountant, Finance

# Loan Register - Principal

## Commitment L120024

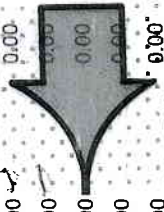
Transaction Description

2502

9/27/2012  
8:20:48 AM

Maturity Date	Seq Num	CUS IP Number	Interest Rate	Principal Amount	Principal Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
11/01/2012	1		0.0389	3,588.00 ✓	0.00				
12/01/2012	2		0.0389	3,599.00 ✓	0.00				
01/01/2013	3		0.0389	3,611.00 ✓	0.00				
02/01/2013	4		0.0389	3,622.00 ✓	0.00				
03/01/2013	5		0.0389	3,634.00 ✓	0.00				
04/01/2013	6		0.0389	3,646.00 ✓	0.00				
05/01/2013	7		0.0389	3,658.00 ✓	0.00				
06/01/2013	8		0.0389	3,670.00 ✓	0.00				
07/01/2013	9		0.0389	3,682.00 ✓	0.00				
08/01/2013	10		0.0389	3,693.00 ✓	0.00				
09/01/2013	11		0.0389	3,705.00 ✓	0.00				
10/01/2013	12		0.0389	3,718.00 ✓	0.00				
11/01/2013	13		0.0389	3,730.00 ✓	0.00				
12/01/2013	14		0.0389	3,742.00 ✓	0.00				
01/01/2014	15		0.0389	3,754.00 ✓	0.00				
02/01/2014	16		0.0389	3,766.00 ✓	0.00				
03/01/2014	17		0.0389	3,778.00 ✓	0.00				
04/01/2014	18		0.0389	3,790.00 ✓	0.00				
05/01/2014	19		0.0389	3,803.00 ✓	0.00				
06/01/2014	20		0.0389	3,815.00 ✓	0.00				
07/01/2014	21		0.0389	3,827.00 ✓	0.00				
08/01/2014	22		0.0389	3,840.00 ✓	0.00				
09/01/2014	23		0.0389	3,852.00 ✓	0.00				
10/01/2014	24		0.0389	3,865.00 ✓	0.00				
11/01/2014	25		0.0389	3,877.00 ✓	0.00				
12/01/2014	26		0.0389	3,890.00 ✓	0.00				
01/01/2015	27		0.0389	3,903.00 ✓	0.00				
02/01/2015	28		0.0389	3,915.00 ✓	0.00				
03/01/2015	29		0.0389	3,928.00 ✓	0.00				
04/01/2015	30		0.0389	3,941.00 ✓	0.00				
05/01/2015	31		0.0389	3,953.00 ✓	0.00				
06/01/2015	32		0.0389	3,966.00 ✓	0.00				
07/01/2015	33		0.0389	3,979.00 ✓	0.00				
08/01/2015	34		0.0389	3,992.00 ✓	0.00				

**SIGN  
HERE**



# Loan Register - Principal Commitment L120024

Maturity Date	Seq Num	CUS IP Number	Interest Rate	Principal Amount	Principal Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
09/01/2015	35		0.0389	4,005.00	0.00				
10/01/2015	36		0.0389	4,018.00	0.00				
11/01/2015	37		0.0389	4,031.00	0.00				
12/01/2015	38		0.0389	4,044.00	0.00				
01/01/2016	39		0.0389	4,057.00	0.00				
02/01/2016	40		0.0389	4,070.00	0.00				
03/01/2016	41		0.0389	4,084.00	0.00				
04/01/2016	42		0.0389	4,097.00	0.00				
05/01/2016	43		0.0389	4,110.00	0.00				
06/01/2016	44		0.0389	4,123.00	0.00				
07/01/2016	45		0.0389	4,137.00	0.00				
08/01/2016	46		0.0389	4,150.00	0.00				
09/01/2016	47		0.0389	4,164.00	0.00				
10/01/2016	48		0.0389	4,177.00	0.00				
11/01/2016	49		0.0389	4,191.00	0.00				
12/01/2016	50		0.0389	4,204.00	0.00				
01/01/2017	51		0.0389	4,218.00	0.00				
02/01/2017	52		0.0389	4,232.00	0.00				
03/01/2017	53		0.0389	4,245.00	0.00				
04/01/2017	54		0.0389	4,259.00	0.00				
05/01/2017	55		0.0389	4,273.00	0.00				
06/01/2017	56		0.0389	4,287.00	0.00				
07/01/2017	57		0.0389	4,301.00	0.00				
08/01/2017	58		0.0389	4,315.00	0.00				
09/01/2017	59		0.0389	4,329.00	0.00				
10/01/2017	60		0.0389	4,343.00	0.00				
11/01/2017	61		0.0389	4,357.00	0.00				
12/01/2017	62		0.0389	4,371.00	0.00				
01/01/2018	63		0.0389	4,385.00	0.00				
02/01/2018	64		0.0389	4,399.00	0.00				
03/01/2018	65		0.0389	4,414.00	0.00				
04/01/2018	66		0.0389	4,428.00	0.00				
05/01/2018	67		0.0389	4,442.00	0.00				
06/01/2018	68		0.0389	4,457.00	0.00				

# Loan Register - Principal

## Commitment L120024

Maturity Date	Seq Num	CUS IP Number	Interest Rate	Principal Amount	Principal Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
07/01/2018	69		0.0389	4,471.00	0.00				
08/01/2018	70		0.0389	4,486.00	0.00				
09/01/2018	71		0.0389	4,500.00	0.00				
10/01/2018	72		0.0389	4,515.00	0.00				
11/01/2018	73		0.0389	4,529.00	0.00				
12/01/2018	74		0.0389	4,544.00	0.00				
01/01/2019	75		0.0389	4,559.00	0.00				
02/01/2019	76		0.0389	4,574.00	0.00				
03/01/2019	77		0.0389	4,589.00	0.00				
04/01/2019	78		0.0389	4,603.00	0.00				
05/01/2019	79		0.0389	4,618.00	0.00				
06/01/2019	80		0.0389	4,633.00	0.00				
07/01/2019	81		0.0389	4,648.00	0.00				
08/01/2019	82		0.0389	4,663.00	0.00				
09/01/2019	83		0.0389	4,679.00	0.00				
10/01/2019	84		0.0389	4,694.00	0.00				
11/01/2019	85		0.0389	4,709.00	0.00				
12/01/2019	86		0.0389	4,724.00	0.00				
01/01/2020	87		0.0389	4,740.00	0.00				
02/01/2020	88		0.0389	4,755.00	0.00				
03/01/2020	89		0.0389	4,770.00	0.00				
04/01/2020	90		0.0389	4,786.00	0.00				
05/01/2020	91		0.0389	4,801.00	0.00				
06/01/2020	92		0.0389	4,817.00	0.00				
07/01/2020	93		0.0389	4,833.00	0.00				
08/01/2020	94		0.0389	4,848.00	0.00				
09/01/2020	95		0.0389	4,864.00	0.00				
10/01/2020	96		0.0389	4,880.00	0.00				
11/01/2020	97		0.0389	4,896.00	0.00				
12/01/2020	98		0.0389	4,911.00	0.00				
01/01/2021	99		0.0389	4,927.00	0.00				
02/01/2021	100		0.0389	4,943.00	0.00				
03/01/2021	101		0.0389	4,959.00	0.00				
04/01/2021	102		0.0389	4,976.00	0.00				



# Loan Register - Principal

## Commitment L120024

Maturity Date	Seq Num	CUS IP Number	Interest Rate	Principal Amount	Principal Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
05/01/2021	103		0.0389	4,992.00	0.00				
06/01/2021	104		0.0389	5,008.00	0.00				
07/01/2021	105		0.0389	5,024.00	0.00				
08/01/2021	106		0.0389	5,040.00	0.00				
09/01/2021	107		0.0389	5,057.00	0.00				
10/01/2021	108		0.0389	5,073.00	0.00				
11/01/2021	109		0.0389	5,090.00	0.00				
12/01/2021	110		0.0389	5,106.00	0.00				
01/01/2022	111		0.0389	5,123.00	0.00				
02/01/2022	112		0.0389	5,139.00	0.00				
03/01/2022	113		0.0389	5,156.00	0.00				
04/01/2022	114		0.0389	5,173.00	0.00				
05/01/2022	115		0.0389	5,189.00	0.00				
06/01/2022	116		0.0389	5,206.00	0.00				
07/01/2022	117		0.0389	5,223.00	0.00				
08/01/2022	118		0.0389	5,240.00	0.00				
09/01/2022	119		0.0389	5,257.00	0.00				
10/01/2022	120		0.0389	5,274.00	0.00				
11/01/2022	121		0.0389	5,291.00	0.00				
12/01/2022	122		0.0389	5,308.00	0.00				
01/01/2023	123		0.0389	5,326.00	0.00				
02/01/2023	124		0.0389	5,343.00	0.00				
03/01/2023	125		0.0389	5,360.00	0.00				
04/01/2023	126		0.0389	5,378.00	0.00				
05/01/2023	127		0.0389	5,395.00	0.00				
06/01/2023	128		0.0389	5,413.00	0.00				
07/01/2023	129		0.0389	5,430.00	0.00				
08/01/2023	130		0.0389	5,448.00	0.00				
09/01/2023	131		0.0389	5,465.00	0.00				
10/01/2023	132		0.0389	5,483.00	0.00				
11/01/2023	133		0.0389	5,501.00	0.00				
12/01/2023	134		0.0389	5,519.00	0.00				
01/01/2024	135		0.0389	5,537.00	0.00				
02/01/2024	136		0.0389	5,555.00	0.00				

# Loan Register - Principal

## Commitment L120024

Maturity Date	Seq Num	CUS IP Number	Interest Rate	Principal Amount	Principal Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
03/01/2024	137		0.0389	5,573.00	0.00				
04/01/2024	138		0.0389	5,591.00	0.00				
05/01/2024	139		0.0389	5,609.00	0.00				
06/01/2024	140		0.0389	5,627.00	0.00				
07/01/2024	141		0.0389	5,645.00	0.00				
08/01/2024	142		0.0389	5,664.00	0.00				
09/01/2024	143		0.0389	5,682.00	0.00				
10/01/2024	144		0.0389	5,700.00	0.00				
11/01/2024	145		0.0389	5,719.00	0.00				
12/01/2024	146		0.0389	5,738.00	0.00				
01/01/2025	147		0.0389	5,756.00	0.00				
02/01/2025	148		0.0389	5,775.00	0.00				
03/01/2025	149		0.0389	5,794.00	0.00				
04/01/2025	150		0.0389	5,812.00	0.00				
05/01/2025	151		0.0389	5,831.00	0.00				
06/01/2025	152		0.0389	5,850.00	0.00				
07/01/2025	153		0.0389	5,869.00	0.00				
08/01/2025	154		0.0389	5,888.00	0.00				
09/01/2025	155		0.0389	5,907.00	0.00				
10/01/2025	156		0.0389	5,926.00	0.00				
11/01/2025	157		0.0389	5,946.00	0.00				
12/01/2025	158		0.0389	5,965.00	0.00				
01/01/2026	159		0.0389	5,984.00	0.00				
02/01/2026	160		0.0389	6,004.00	0.00				
03/01/2026	161		0.0389	6,023.00	0.00				
04/01/2026	162		0.0389	6,043.00	0.00				
05/01/2026	163		0.0389	6,062.00	0.00				
06/01/2026	164		0.0389	6,082.00	0.00				
07/01/2026	165		0.0389	6,102.00	0.00				
08/01/2026	166		0.0389	6,121.00	0.00				
09/01/2026	167		0.0389	6,141.00	0.00				
10/01/2026	168		0.0389	6,161.00	0.00				
11/01/2026	169		0.0389	6,181.00	0.00				
12/01/2026	170		0.0389	6,201.00	0.00				

# Loan Register - Principal

## Commitment L120024

Maturity Date	Seq Num	CUS IP Number	Interest Rate	Principal Amount	Principal Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
01/01/2027	171		0.0389	6,221.00	0.00				
02/01/2027	172		0.0389	6,242.00	0.00				
03/01/2027	173		0.0389	6,262.00	0.00				
04/01/2027	174		0.0389	6,282.00	0.00				
05/01/2027	175		0.0389	6,303.00	0.00				
06/01/2027	176		0.0389	6,323.00	0.00				
07/01/2027	177		0.0389	6,343.00	0.00				
08/01/2027	178		0.0389	6,364.00	0.00				
09/01/2027	179		0.0389	6,385.00	0.00				
10/01/2027	180		0.0389	6,405.00	0.00				
11/01/2027	181		0.0389	6,426.00	0.00				
12/01/2027	182		0.0389	6,447.00	0.00				
01/01/2028	183		0.0389	6,468.00	0.00				
02/01/2028	184		0.0389	6,489.00	0.00				
03/01/2028	185		0.0389	6,510.00	0.00				
04/01/2028	186		0.0389	6,531.00	0.00				
05/01/2028	187		0.0389	6,552.00	0.00				
06/01/2028	188		0.0389	6,574.00	0.00				
07/01/2028	189		0.0389	6,595.00	0.00				
08/01/2028	190		0.0389	6,616.00	0.00				
09/01/2028	191		0.0389	6,638.00	0.00				
10/01/2028	192		0.0389	6,659.00	0.00				
11/01/2028	193		0.0389	6,681.00	0.00				
12/01/2028	194		0.0389	6,702.00	0.00				
01/01/2029	195		0.0389	6,724.00	0.00				
02/01/2029	196		0.0389	6,746.00	0.00				
03/01/2029	197		0.0389	6,768.00	0.00				
04/01/2029	198		0.0389	6,790.00	0.00				
05/01/2029	199		0.0389	6,812.00	0.00				
06/01/2029	200		0.0389	6,834.00	0.00				
07/01/2029	201		0.0389	6,856.00	0.00				
08/01/2029	202		0.0389	6,878.00	0.00				
09/01/2029	203		0.0389	6,901.00	0.00				
10/01/2029	204		0.0389	6,923.00	0.00				

# Loan Register - Principal

## Commitment L120024

Maturity Date	Seq Num	CUSIP Number	Interest Rate	Principal Amount	Principal Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
11/01/2029	205		0.0389	6,946.00	0.00				
12/01/2029	206		0.0389	6,968.00	0.00				
01/01/2030	207		0.0389	6,991.00	0.00				
02/01/2030	208		0.0389	7,013.00	0.00				
03/01/2030	209		0.0389	7,036.00	0.00				
04/01/2030	210		0.0389	7,059.00	0.00				
05/01/2030	211		0.0389	7,082.00	0.00				
06/01/2030	212		0.0389	7,105.00	0.00				
07/01/2030	213		0.0389	7,128.00	0.00				
08/01/2030	214		0.0389	7,151.00	0.00				
09/01/2030	215		0.0389	7,174.00	0.00				
10/01/2030	216		0.0389	7,197.00	0.00				
11/01/2030	217		0.0389	7,221.00	0.00				
12/01/2030	218		0.0389	7,244.00	0.00				
01/01/2031	219		0.0389	7,268.00	0.00				
02/01/2031	220		0.0389	7,291.00	0.00				
03/01/2031	221		0.0389	7,315.00	0.00				
04/01/2031	222		0.0389	7,339.00	0.00				
05/01/2031	223		0.0389	7,362.00	0.00				
06/01/2031	224		0.0389	7,386.00	0.00				
07/01/2031	225		0.0389	7,410.00	0.00				
08/01/2031	226		0.0389	7,434.00	0.00				
09/01/2031	227		0.0389	7,458.00	0.00				
10/01/2031	228		0.0389	7,483.00	0.00				
11/01/2031	229		0.0389	7,507.00	0.00				
12/01/2031	230		0.0389	7,531.00	0.00				
01/01/2032	231		0.0389	7,556.00	0.00				
02/01/2032	232		0.0389	7,580.00	0.00				
03/01/2032	233		0.0389	7,605.00	0.00				
04/01/2032	234		0.0389	7,629.00	0.00				
05/01/2032	235		0.0389	7,654.00	0.00				
06/01/2032	236		0.0389	7,679.00	0.00				
07/01/2032	237		0.0389	7,704.00	0.00				
08/01/2032	238		0.0389	7,729.00	0.00				

# Loan Register - Principal

## Commitment L120024

Maturity Date	Seq Num	CUS IP Number	Interest Rate	Principal Amount	Principal Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
09/01/2032	239		0.0389	7,754.00	0.00				
10/01/2032	240		0.0389	7,779.00	0.00				
11/01/2032	241		0.0389	7,804.00	0.00				
12/01/2032	242		0.0389	7,830.00	0.00				
01/01/2033	243		0.0389	7,855.00	0.00				
02/01/2033	244		0.0389	7,881.00	0.00				
03/01/2033	245		0.0389	7,906.00	0.00				
04/01/2033	246		0.0389	7,932.00	0.00				
05/01/2033	247		0.0389	7,958.00	0.00				
06/01/2033	248		0.0389	7,983.00	0.00				
07/01/2033	249		0.0389	8,009.00	0.00				
08/01/2033	250		0.0389	8,035.00	0.00				
09/01/2033	251		0.0389	8,061.00	0.00				
10/01/2033	252		0.0389	8,087.00	0.00				
11/01/2033	253		0.0389	8,114.00	0.00				
12/01/2033	254		0.0389	8,140.00	0.00				
01/01/2034	255		0.0389	8,166.00	0.00				
02/01/2034	256		0.0389	8,193.00	0.00				
03/01/2034	257		0.0389	8,219.00	0.00				
04/01/2034	258		0.0389	8,246.00	0.00				
05/01/2034	259		0.0389	8,273.00	0.00				
06/01/2034	260		0.0389	8,300.00	0.00				
07/01/2034	261		0.0389	8,327.00	0.00				
08/01/2034	262		0.0389	8,354.00	0.00				
09/01/2034	263		0.0389	8,381.00	0.00				
10/01/2034	264		0.0389	8,408.00	0.00				
11/01/2034	265		0.0389	8,435.00	0.00				
12/01/2034	266		0.0389	8,463.00	0.00				
01/01/2035	267		0.0389	8,490.00	0.00				
02/01/2035	268		0.0389	8,518.00	0.00				
03/01/2035	269		0.0389	8,545.00	0.00				
04/01/2035	270		0.0389	8,573.00	0.00				
05/01/2035	271		0.0389	8,601.00	0.00				
06/01/2035	272		0.0389	8,629.00	0.00				

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# Loan Register - Principal

## Commitment L120024

Maturity Date	Seq Num	CUS IP Number	Interest Rate	Principal Amount	Principal Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
07/01/2035	273		0.0389	8,657.00	0.00				
08/01/2035	274		0.0389	8,685.00	0.00				
09/01/2035	275		0.0389	8,713.00	0.00				
10/01/2035	276		0.0389	8,741.00	0.00				
11/01/2035	277		0.0389	8,769.00	0.00				
12/01/2035	278		0.0389	8,798.00	0.00				
01/01/2036	279		0.0389	8,826.00	0.00				
02/01/2036	280		0.0389	8,855.00	0.00				
03/01/2036	281		0.0389	8,884.00	0.00				
04/01/2036	282		0.0389	8,913.00	0.00				
05/01/2036	283		0.0389	8,942.00	0.00				
06/01/2036	284		0.0389	8,971.00	0.00				
07/01/2036	285		0.0389	9,000.00	0.00				
08/01/2036	286		0.0389	9,029.00	0.00				
09/01/2036	287		0.0389	9,058.00	0.00				
10/01/2036	288		0.0389	9,088.00	0.00				
11/01/2036	289		0.0389	9,117.00	0.00				
12/01/2036	290		0.0389	9,147.00	0.00				
01/01/2037	291		0.0389	9,176.00	0.00				
02/01/2037	292		0.0389	9,206.00	0.00				
03/01/2037	293		0.0389	9,236.00	0.00				
04/01/2037	294		0.0389	9,266.00	0.00				
05/01/2037	295		0.0389	9,296.00	0.00				
06/01/2037	296		0.0389	9,326.00	0.00				
07/01/2037	297		0.0389	9,356.00	0.00				
08/01/2037	298		0.0389	9,387.00	0.00				
09/01/2037	299		0.0389	9,417.00	0.00				
10/01/2037	300		0.0389	9,448.00	0.00				
11/01/2037	301		0.0389	9,478.00	0.00				
12/01/2037	302		0.0389	9,509.00	0.00				
01/01/2038	303		0.0389	9,540.00	0.00				
02/01/2038	304		0.0389	9,571.00	0.00				
03/01/2038	305		0.0389	9,602.00	0.00				
04/01/2038	306		0.0389	9,633.00	0.00				

# Loan Register - Principal

## Commitment L120024

Maturity Date	Seq Num	CUS IP Number	Interest Rate	Principal Amount	Principal Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
05/01/2038	307		0.0389	9,664.00	0.00				
06/01/2038	308		0.0389	9,696.00	0.00				
07/01/2038	309		0.0389	9,727.00	0.00				
08/01/2038	310		0.0389	9,759.00	0.00				
09/01/2038	311		0.0389	9,790.00	0.00				
10/01/2038	312		0.0389	9,822.00	0.00				
11/01/2038	313		0.0389	9,854.00	0.00				
12/01/2038	314		0.0389	9,886.00	0.00				
01/01/2039	315		0.0389	9,918.00	0.00				
02/01/2039	316		0.0389	9,950.00	0.00				
03/01/2039	317		0.0389	9,982.00	0.00				
04/01/2039	318		0.0389	10,015.00	0.00				
05/01/2039	319		0.0389	10,047.00	0.00				
06/01/2039	320		0.0389	10,080.00	0.00				
07/01/2039	321		0.0389	10,113.00	0.00				
08/01/2039	322		0.0389	10,145.00	0.00				
09/01/2039	323		0.0389	10,178.00	0.00				
10/01/2039	324		0.0389	10,211.00	0.00				
11/01/2039	325		0.0389	10,244.00	0.00				
12/01/2039	326		0.0389	10,278.00	0.00				
01/01/2040	327		0.0389	10,311.00	0.00				
02/01/2040	328		0.0389	10,344.00	0.00				
03/01/2040	329		0.0389	10,378.00	0.00				
04/01/2040	330		0.0389	10,412.00	0.00				
05/01/2040	331		0.0389	10,445.00	0.00				
06/01/2040	332		0.0389	10,479.00	0.00				
07/01/2040	333		0.0389	10,513.00	0.00				
08/01/2040	334		0.0389	10,547.00	0.00				
09/01/2040	335		0.0389	10,582.00	0.00				
10/01/2040	336		0.0389	10,616.00	0.00				
11/01/2040	337		0.0389	10,650.00	0.00				
12/01/2040	338		0.0389	10,685.00	0.00				
01/01/2041	339		0.0389	10,720.00	0.00				
02/01/2041	340		0.0389	10,754.00	0.00				

# Loan Register - Principal

## Commitment L120024

Maturity Date	Seq Num	CUS IP Number	Interest Rate	Principal Amount	Principal Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
03/01/2041	341		0.0389	10,789.00	0.00				
04/01/2041	342		0.0389	10,824.00	0.00				
05/01/2041	343		0.0389	10,859.00	0.00				
06/01/2041	344		0.0389	10,895.00	0.00				
07/01/2041	345		0.0389	10,930.00	0.00				
08/01/2041	346		0.0389	10,965.00	0.00				
09/01/2041	347		0.0389	11,001.00	0.00				
10/01/2041	348		0.0389	11,037.00	0.00				
11/01/2041	349		0.0389	11,072.00	0.00				
12/01/2041	350		0.0389	11,108.00	0.00				
01/01/2042	351		0.0389	11,144.00	0.00				
02/01/2042	352		0.0389	11,181.00	0.00				
03/01/2042	353		0.0389	11,217.00	0.00				
04/01/2042	354		0.0389	11,253.00	0.00				
05/01/2042	355		0.0389	11,290.00	0.00				
06/01/2042	356		0.0389	11,326.00	0.00				
07/01/2042	357		0.0389	11,363.00	0.00				
08/01/2042	358		0.0389	11,400.00	0.00				
09/01/2042	359		0.0389	11,437.00	0.00				
10/01/2042	360		0.0389	11,474.00	0.00				
11/01/2042	361		0.0389	11,511.00	0.00				
12/01/2042	362		0.0389	11,549.00	0.00				
01/01/2043	363		0.0389	11,586.00	0.00				
02/01/2043	364		0.0389	11,624.00	0.00				
03/01/2043	365		0.0389	11,661.00	0.00				
04/01/2043	366		0.0389	11,699.00	0.00				
05/01/2043	367		0.0389	11,737.00	0.00				
06/01/2043	368		0.0389	11,775.00	0.00				
07/01/2043	369		0.0389	11,813.00	0.00				
08/01/2043	370		0.0389	11,852.00	0.00				
09/01/2043	371		0.0389	11,890.00	0.00				
10/01/2043	372		0.0389	11,929.00	0.00				
11/01/2043	373		0.0389	11,967.00	0.00				
12/01/2043	374		0.0389	12,006.00	0.00				



# Loan Register - Principal

## Commitment L120024

Maturity Date	Seq Num	CUS IP Number	Interest Rate	Principal Amount	Principal Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
01/01/2044	375		0.0389	12,045.00	0.00				
02/01/2044	376		0.0389	12,084.00	0.00				
03/01/2044	377		0.0389	12,123.00	0.00				
04/01/2044	378		0.0389	12,163.00	0.00				
05/01/2044	379		0.0389	12,202.00	0.00				
06/01/2044	380		0.0389	12,242.00	0.00				
07/01/2044	381		0.0389	12,281.00	0.00				
08/01/2044	382		0.0389	12,321.00	0.00				
09/01/2044	383		0.0389	12,361.00	0.00				
10/01/2044	384		0.0389	12,401.00	0.00				
11/01/2044	385		0.0389	12,442.00	0.00				
12/01/2044	386		0.0389	12,482.00	0.00				
01/01/2045	387		0.0389	12,522.00	0.00				
02/01/2045	388		0.0389	12,563.00	0.00				
03/01/2045	389		0.0389	12,604.00	0.00				
04/01/2045	390		0.0389	12,645.00	0.00				
05/01/2045	391		0.0389	12,686.00	0.00				
06/01/2045	392		0.0389	12,727.00	0.00				
07/01/2045	393		0.0389	12,768.00	0.00				
08/01/2045	394		0.0389	12,810.00	0.00				
09/01/2045	395		0.0389	12,851.00	0.00				
10/01/2045	396		0.0389	12,893.00	0.00				
11/01/2045	397		0.0389	12,935.00	0.00				
12/01/2045	398		0.0389	12,977.00	0.00				
01/01/2046	399		0.0389	13,019.00	0.00				
02/01/2046	400		0.0389	13,061.00	0.00				
03/01/2046	401		0.0389	13,103.00	0.00				
04/01/2046	402		0.0389	13,146.00	0.00				
05/01/2046	403		0.0389	13,188.00	0.00				
06/01/2046	404		0.0389	13,231.00	0.00				
07/01/2046	405		0.0389	13,274.00	0.00				
08/01/2046	406		0.0389	13,317.00	0.00				
09/01/2046	407		0.0389	13,360.00	0.00				
10/01/2046	408		0.0389	13,404.00	0.00				

# Loan Register - Principal

## Commitment L120024

Maturity Date	Seq Num	CUS IP Number	Interest Rate	Principal Amount	Principal Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
11/01/2046	409		0.0389	13,447.00	0.00				
12/01/2046	410		0.0389	13,491.00	0.00				
01/01/2047	411		0.0389	13,535.00	0.00				
02/01/2047	412		0.0389	13,579.00	0.00				
03/01/2047	413		0.0389	13,623.00	0.00				
04/01/2047	414		0.0389	13,667.00	0.00				
05/01/2047	415		0.0389	13,711.00	0.00				
06/01/2047	416		0.0389	13,756.00	0.00				
07/01/2047	417		0.0389	13,800.00	0.00				
08/01/2047	418		0.0389	13,845.00	0.00				
09/01/2047	419		0.0389	13,890.00	0.00				
10/01/2047	420		0.0389	13,935.00	0.00				
11/01/2047	421		0.0389	13,980.00	0.00				
12/01/2047	422		0.0389	14,025.00	0.00				
01/01/2048	423		0.0389	14,071.00	0.00				
02/01/2048	424		0.0389	14,117.00	0.00				
03/01/2048	425		0.0389	14,162.00	0.00				
04/01/2048	426		0.0389	14,208.00	0.00				
05/01/2048	427		0.0389	14,254.00	0.00				
06/01/2048	428		0.0389	14,301.00	0.00				
07/01/2048	429		0.0389	14,347.00	0.00				
08/01/2048	430		0.0389	14,394.00	0.00				
09/01/2048	431		0.0389	14,440.00	0.00				
10/01/2048	432		0.0389	14,487.00	0.00				
11/01/2048	433		0.0389	14,534.00	0.00				
12/01/2048	434		0.0389	14,581.00	0.00				
01/01/2049	435		0.0389	14,629.00	0.00				
02/01/2049	436		0.0389	14,676.00	0.00				
03/01/2049	437		0.0389	14,724.00	0.00				
04/01/2049	438		0.0389	14,771.00	0.00				
05/01/2049	439		0.0389	14,819.00	0.00				
06/01/2049	440		0.0389	14,867.00	0.00				
07/01/2049	441		0.0389	14,916.00	0.00				
08/01/2049	442		0.0389	14,964.00	0.00				

# Loan Register - Principal

## Commitment L120024

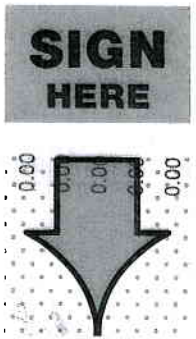
Maturity Date	Seq Num	CUS IP Number	Interest Rate	Principal Amount	Principal Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
09/01/2049	443		0.0389	15,013.00	0.00				
10/01/2049	444		0.0389	15,061.00	0.00				
11/01/2049	445		0.0389	15,110.00	0.00				
12/01/2049	446		0.0389	15,159.00	0.00				
01/01/2050	447		0.0389	15,208.00	0.00				
02/01/2050	448		0.0389	15,258.00	0.00				
03/01/2050	449		0.0389	15,307.00	0.00				
04/01/2050	450		0.0389	15,357.00	0.00				
05/01/2050	451		0.0389	15,407.00	0.00				
06/01/2050	452		0.0389	15,457.00	0.00				
07/01/2050	453		0.0389	15,507.00	0.00				
08/01/2050	454		0.0389	15,557.00	0.00				
09/01/2050	455		0.0389	15,607.00	0.00				
10/01/2050	456		0.0389	15,658.00	0.00				
11/01/2050	457		0.0389	15,709.00	0.00				
12/01/2050	458		0.0389	15,760.00	0.00				
01/01/2051	459		0.0389	15,811.00	0.00				
02/01/2051	460		0.0389	15,862.00	0.00				
03/01/2051	461		0.0389	15,914.00	0.00				
04/01/2051	462		0.0389	15,965.00	0.00				
05/01/2051	463		0.0389	16,017.00	0.00				
06/01/2051	464		0.0389	16,069.00	0.00				
07/01/2051	465		0.0389	16,121.00	0.00				
08/01/2051	466		0.0389	16,173.00	0.00				
09/01/2051	467		0.0389	16,226.00	0.00				
10/01/2051	468		0.0389	16,279.00	0.00				
11/01/2051	469		0.0389	16,331.00	0.00				
				3,945,000.00					
									0.00

# Loan Register - Interest Commitment L120024

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Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
11/01/2012	1	29,859.50 ✓	0.00				
12/01/2012	2	12,785.29 ✓	0.00				
01/01/2013	3	12,773.62 ✓	0.00				
02/01/2013	4	12,761.91 ✓	0.00				
03/01/2013	5	12,750.16 ✓	0.00				
04/01/2013	6	12,738.37 ✓	0.00				
05/01/2013	7	12,726.54 ✓	0.00				
06/01/2013	8	12,714.67 ✓	0.00				
07/01/2013	9	12,702.77 ✓	0.00				
08/01/2013	10	12,690.83 ✓	0.00				
09/01/2013	11	12,678.85 ✓	0.00				
10/01/2013	12	12,666.83 ✓	0.00				
11/01/2013	13	12,654.77 ✓	0.00				
12/01/2013	14	12,642.67 ✓	0.00				
01/01/2014	15	12,630.53 ✓	0.00				
02/01/2014	16	12,618.35 ✓	0.00				
03/01/2014	17	12,606.13 ✓	0.00				
04/01/2014	18	12,593.87 ✓	0.00				
05/01/2014	19	12,581.58 ✓	0.00				
06/01/2014	20	12,569.24 ✓	0.00				
07/01/2014	21	12,556.86 ✓	0.00				
08/01/2014	22	12,544.45 ✓	0.00				
09/01/2014	23	12,531.99 ✓	0.00				
10/01/2014	24	12,519.49 ✓	0.00				
11/01/2014	25	12,506.95 ✓	0.00				
12/01/2014	26	12,494.37 ✓	0.00				
01/01/2015	27	12,481.75 ✓	0.00				
02/01/2015	28	12,469.09 ✓	0.00				
03/01/2015	29	12,456.39 ✓	0.00				
04/01/2015	30	12,443.65 ✓	0.00				
05/01/2015	31	12,430.87 ✓	0.00				
06/01/2015	32	12,418.05 ✓	0.00				
07/01/2015	33	12,405.18 ✓	0.00				
08/01/2015	34	12,392.27 ✓	0.00				

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# Loan Register - Interest

## Commitment L120024

Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
09/01/2015	35	12,379.32	0.00				
10/01/2015	36	12,366.33	0.00				
11/01/2015	37	12,353.30	0.00				
12/01/2015	38	12,340.22	0.00				
01/01/2016	39	12,327.10	0.00				
02/01/2016	40	12,313.94	0.00				
03/01/2016	41	12,300.74	0.00				
04/01/2016	42	12,287.49	0.00				
05/01/2016	43	12,274.20	0.00				
06/01/2016	44	12,260.87	0.00				
07/01/2016	45	12,247.50	0.00				
08/01/2016	46	12,234.08	0.00				
09/01/2016	47	12,220.62	0.00				
10/01/2016	48	12,207.11	0.00				
11/01/2016	49	12,193.56	0.00				
12/01/2016	50	12,179.97	0.00				
01/01/2017	51	12,166.33	0.00				
02/01/2017	52	12,152.65	0.00				
03/01/2017	53	12,138.92	0.00				
04/01/2017	54	12,125.15	0.00				
05/01/2017	55	12,111.33	0.00				
06/01/2017	56	12,097.47	0.00				
07/01/2017	57	12,083.56	0.00				
08/01/2017	58	12,069.61	0.00				
09/01/2017	59	12,055.61	0.00				
10/01/2017	60	12,041.57	0.00				
11/01/2017	61	12,027.48	0.00				
12/01/2017	62	12,013.35	0.00				
01/01/2018	63	11,999.17	0.00				
02/01/2018	64	11,984.95	0.00				
03/01/2018	65	11,970.68	0.00				
04/01/2018	66	11,956.36	0.00				
05/01/2018	67	11,942.00	0.00				
06/01/2018	68	11,927.59	0.00				

# Loan Register - Interest

## Commitment L120024

Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
07/01/2018	69	11,913.13	0.00				
08/01/2018	70	11,898.63	0.00				
09/01/2018	71	11,884.08	0.00				
10/01/2018	72	11,869.48	0.00				
11/01/2018	73	11,854.83	0.00				
12/01/2018	74	11,840.14	0.00				
01/01/2019	75	11,825.40	0.00				
02/01/2019	76	11,810.61	0.00				
03/01/2019	77	11,795.77	0.00				
04/01/2019	78	11,780.88	0.00				
05/01/2019	79	11,765.95	0.00				
06/01/2019	80	11,750.97	0.00				
07/01/2019	81	11,735.94	0.00				
08/01/2019	82	11,720.86	0.00				
09/01/2019	83	11,705.73	0.00				
10/01/2019	84	11,690.55	0.00				
11/01/2019	85	11,675.32	0.00				
12/01/2019	86	11,660.04	0.00				
01/01/2020	87	11,644.72	0.00				
02/01/2020	88	11,629.34	0.00				
03/01/2020	89	11,613.92	0.00				
04/01/2020	90	11,598.45	0.00				
05/01/2020	91	11,582.93	0.00				
06/01/2020	92	11,567.36	0.00				
07/01/2020	93	11,551.73	0.00				
08/01/2020	94	11,536.05	0.00				
09/01/2020	95	11,520.32	0.00				
10/01/2020	96	11,504.54	0.00				
11/01/2020	97	11,488.71	0.00				
12/01/2020	98	11,472.83	0.00				
01/01/2021	99	11,456.90	0.00				
02/01/2021	100	11,440.92	0.00				
03/01/2021	101	11,424.89	0.00				
04/01/2021	102	11,408.80	0.00				

# Loan Register - Interest

## Commitment L120024

Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
05/01/2021	103	11,392.66	0.00				
06/01/2021	104	11,376.47	0.00				
07/01/2021	105	11,360.22	0.00				
08/01/2021	106	11,343.92	0.00				
09/01/2021	107	11,327.57	0.00				
10/01/2021	108	11,311.17	0.00				
11/01/2021	109	11,294.71	0.00				
12/01/2021	110	11,278.20	0.00				
01/01/2022	111	11,261.64	0.00				
02/01/2022	112	11,245.02	0.00				
03/01/2022	113	11,228.35	0.00				
04/01/2022	114	11,211.62	0.00				
05/01/2022	115	11,194.84	0.00				
06/01/2022	116	11,178.01	0.00				
07/01/2022	117	11,161.12	0.00				
08/01/2022	118	11,144.18	0.00				
09/01/2022	119	11,127.18	0.00				
10/01/2022	120	11,110.13	0.00				
11/01/2022	121	11,093.02	0.00				
12/01/2022	122	11,075.86	0.00				
01/01/2023	123	11,058.64	0.00				
02/01/2023	124	11,041.36	0.00				
03/01/2023	125	11,024.03	0.00				
04/01/2023	126	11,006.64	0.00				
05/01/2023	127	10,989.19	0.00				
06/01/2023	128	10,971.69	0.00				
07/01/2023	129	10,954.13	0.00				
08/01/2023	130	10,936.52	0.00				
09/01/2023	131	10,918.85	0.00				
10/01/2023	132	10,901.12	0.00				
11/01/2023	133	10,883.33	0.00				
12/01/2023	134	10,865.49	0.00				
01/01/2024	135	10,847.59	0.00				
02/01/2024	136	10,829.63	0.00				

# Loan Register - Interest

## Commitment L120024

Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
03/01/2024	137	10,811.61	0.00				
04/01/2024	138	10,793.53	0.00				
05/01/2024	139	10,775.39	0.00				
06/01/2024	140	10,757.20	0.00				
07/01/2024	141	10,738.95	0.00				
08/01/2024	142	10,720.64	0.00				
09/01/2024	143	10,702.27	0.00				
10/01/2024	144	10,683.84	0.00				
11/01/2024	145	10,665.35	0.00				
12/01/2024	146	10,646.80	0.00				
01/01/2025	147	10,628.19	0.00				
02/01/2025	148	10,609.52	0.00				
03/01/2025	149	10,590.79	0.00				
04/01/2025	150	10,572.00	0.00				
05/01/2025	151	10,553.15	0.00				
06/01/2025	152	10,534.24	0.00				
07/01/2025	153	10,515.26	0.00				
08/01/2025	154	10,496.22	0.00				
09/01/2025	155	10,477.12	0.00				
10/01/2025	156	10,457.96	0.00				
11/01/2025	157	10,438.74	0.00				
12/01/2025	158	10,419.45	0.00				
01/01/2026	159	10,400.10	0.00				
02/01/2026	160	10,380.69	0.00				
03/01/2026	161	10,361.21	0.00				
04/01/2026	162	10,341.67	0.00				
05/01/2026	163	10,322.07	0.00				
06/01/2026	164	10,302.41	0.00				
07/01/2026	165	10,282.68	0.00				
08/01/2026	166	10,262.89	0.00				
09/01/2026	167	10,243.03	0.00				
10/01/2026	168	10,223.11	0.00				
11/01/2026	169	10,203.12	0.00				
12/01/2026	170	10,183.07	0.00				



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# Loan Register - Interest

## Commitment L120024

Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
01/01/2027	171	10,162.95	0.00				
02/01/2027	172	10,142.77	0.00				
03/01/2027	173	10,122.52	0.00				
04/01/2027	174	10,102.21	0.00				
05/01/2027	175	10,081.83	0.00				
06/01/2027	176	10,061.38	0.00				
07/01/2027	177	10,040.87	0.00				
08/01/2027	178	10,020.29	0.00				
09/01/2027	179	9,999.65	0.00				
10/01/2027	180	9,978.94	0.00				
11/01/2027	181	9,958.16	0.00				
12/01/2027	182	9,937.32	0.00				
01/01/2028	183	9,916.41	0.00				
02/01/2028	184	9,895.43	0.00				
03/01/2028	185	9,874.38	0.00				
04/01/2028	186	9,853.26	0.00				
05/01/2028	187	9,832.07	0.00				
06/01/2028	188	9,810.82	0.00				
07/01/2028	189	9,789.50	0.00				
08/01/2028	190	9,768.11	0.00				
09/01/2028	191	9,746.65	0.00				
10/01/2028	192	9,725.12	0.00				
11/01/2028	193	9,703.52	0.00				
12/01/2028	194	9,681.85	0.00				
01/01/2029	195	9,660.11	0.00				
02/01/2029	196	9,638.30	0.00				
03/01/2029	197	9,616.42	0.00				
04/01/2029	198	9,594.47	0.00				
05/01/2029	199	9,572.44	0.00				
06/01/2029	200	9,550.34	0.00				
07/01/2029	201	9,528.17	0.00				
08/01/2029	202	9,505.93	0.00				
09/01/2029	203	9,483.62	0.00				
10/01/2029	204	9,461.23	0.00				

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# Loan Register - Interest

## Commitment L120024

Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
11/01/2029	205	9,438.77	0.00				
12/01/2029	206	9,416.24	0.00				
01/01/2030	207	9,393.64	0.00				
02/01/2030	208	9,370.96	0.00				
03/01/2030	209	9,348.21	0.00				
04/01/2030	210	9,325.39	0.00				
05/01/2030	211	9,302.49	0.00				
06/01/2030	212	9,279.52	0.00				
07/01/2030	213	9,256.47	0.00				
08/01/2030	214	9,233.35	0.00				
09/01/2030	215	9,210.15	0.00				
10/01/2030	216	9,186.88	0.00				
11/01/2030	217	9,163.53	0.00				
12/01/2030	218	9,140.11	0.00				
01/01/2031	219	9,116.61	0.00				
02/01/2031	220	9,093.03	0.00				
03/01/2031	221	9,069.38	0.00				
04/01/2031	222	9,045.65	0.00				
05/01/2031	223	9,021.84	0.00				
06/01/2031	224	8,997.96	0.00				
07/01/2031	225	8,974.00	0.00				
08/01/2031	226	8,949.96	0.00				
09/01/2031	227	8,925.85	0.00				
10/01/2031	228	8,901.66	0.00				
11/01/2031	229	8,877.39	0.00				
12/01/2031	230	8,853.04	0.00				
01/01/2032	231	8,828.61	0.00				
02/01/2032	232	8,804.10	0.00				
03/01/2032	233	8,779.51	0.00				
04/01/2032	234	8,754.84	0.00				
05/01/2032	235	8,730.09	0.00				
06/01/2032	236	8,705.26	0.00				
07/01/2032	237	8,680.35	0.00				
08/01/2032	238	8,655.36	0.00				

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# Loan Register - Interest Commitment L120024

Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
09/01/2032	239	8,630.29	0.00				
10/01/2032	240	8,605.14	0.00				
11/01/2032	241	8,579.91	0.00				
12/01/2032	242	8,554.60	0.00				
01/01/2033	243	8,529.20	0.00				
02/01/2033	244	8,503.72	0.00				
03/01/2033	245	8,478.16	0.00				
04/01/2033	246	8,452.51	0.00				
05/01/2033	247	8,426.78	0.00				
06/01/2033	248	8,400.97	0.00				
07/01/2033	249	8,375.07	0.00				
08/01/2033	250	8,349.09	0.00				
09/01/2033	251	8,323.03	0.00				
10/01/2033	252	8,296.88	0.00				
11/01/2033	253	8,270.65	0.00				
12/01/2033	254	8,244.33	0.00				
01/01/2034	255	8,217.93	0.00				
02/01/2034	256	8,191.44	0.00				
03/01/2034	257	8,164.86	0.00				
04/01/2034	258	8,138.20	0.00				
05/01/2034	259	8,111.45	0.00				
06/01/2034	260	8,084.61	0.00				
07/01/2034	261	8,057.69	0.00				
08/01/2034	262	8,030.68	0.00				
09/01/2034	263	8,003.58	0.00				
10/01/2034	264	7,976.39	0.00				
11/01/2034	265	7,949.12	0.00				
12/01/2034	266	7,921.76	0.00				
01/01/2035	267	7,894.31	0.00				
02/01/2035	268	7,866.77	0.00				
03/01/2035	269	7,839.14	0.00				
04/01/2035	270	7,811.42	0.00				
05/01/2035	271	7,783.61	0.00				
06/01/2035	272	7,755.71	0.00				

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# Loan Register - Interest

## Commitment L120024

Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
07/01/2035	273	7,727.72	0.00				
08/01/2035	274	7,699.64	0.00				
09/01/2035	275	7,671.47	0.00				
10/01/2035	276	7,643.21	0.00				
11/01/2035	277	7,614.86	0.00				
12/01/2035	278	7,586.41	0.00				
01/01/2036	279	7,557.87	0.00				
02/01/2036	280	7,529.24	0.00				
03/01/2036	281	7,500.52	0.00				
04/01/2036	282	7,471.70	0.00				
05/01/2036	283	7,442.79	0.00				
06/01/2036	284	7,413.78	0.00				
07/01/2036	285	7,384.68	0.00				
08/01/2036	286	7,355.49	0.00				
09/01/2036	287	7,326.20	0.00				
10/01/2036	288	7,296.82	0.00				
11/01/2036	289	7,267.34	0.00				
12/01/2036	290	7,237.77	0.00				
01/01/2037	291	7,208.10	0.00				
02/01/2037	292	7,178.33	0.00				
03/01/2037	293	7,148.47	0.00				
04/01/2037	294	7,118.51	0.00				
05/01/2037	295	7,088.45	0.00				
06/01/2037	296	7,058.30	0.00				
07/01/2037	297	7,028.05	0.00				
08/01/2037	298	6,997.70	0.00				
09/01/2037	299	6,967.25	0.00				
10/01/2037	300	6,936.70	0.00				
11/01/2037	301	6,906.05	0.00				
12/01/2037	302	6,875.30	0.00				
01/01/2038	303	6,844.45	0.00				
02/01/2038	304	6,813.50	0.00				
03/01/2038	305	6,782.45	0.00				
04/01/2038	306	6,751.30	0.00				

# Loan Register - Interest

## Commitment L120024

Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
05/01/2038	307	6,720.05	0.00				
06/01/2038	308	6,688.70	0.00				
07/01/2038	309	6,657.25	0.00				
08/01/2038	310	6,625.70	0.00				
09/01/2038	311	6,594.04	0.00				
10/01/2038	312	6,562.28	0.00				
11/01/2038	313	6,530.42	0.00				
12/01/2038	314	6,498.46	0.00				
01/01/2039	315	6,466.39	0.00				
02/01/2039	316	6,434.22	0.00				
03/01/2039	317	6,401.94	0.00				
04/01/2039	318	6,369.56	0.00				
05/01/2039	319	6,337.07	0.00				
06/01/2039	320	6,304.48	0.00				
07/01/2039	321	6,271.78	0.00				
08/01/2039	322	6,238.98	0.00				
09/01/2039	323	6,206.07	0.00				
10/01/2039	324	6,173.05	0.00				
11/01/2039	325	6,139.93	0.00				
12/01/2039	326	6,106.70	0.00				
01/01/2040	327	6,073.36	0.00				
02/01/2040	328	6,039.91	0.00				
03/01/2040	329	6,006.36	0.00				
04/01/2040	330	5,972.70	0.00				
05/01/2040	331	5,938.93	0.00				
06/01/2040	332	5,905.05	0.00				
07/01/2040	333	5,871.06	0.00				
08/01/2040	334	5,836.96	0.00				
09/01/2040	335	5,802.75	0.00				
10/01/2040	336	5,768.42	0.00				
11/01/2040	337	5,733.98	0.00				
12/01/2040	338	5,699.43	0.00				
01/01/2041	339	5,664.77	0.00				
02/01/2041	340	5,630.00	0.00				

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# Loan Register - Interest

## Commitment L120024

Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
03/01/2041	341	5,595.12	0.00				
04/01/2041	342	5,560.12	0.00				
05/01/2041	343	5,525.01	0.00				
06/01/2041	344	5,489.79	0.00				
07/01/2041	345	5,454.45	0.00				
08/01/2041	346	5,418.99	0.00				
09/01/2041	347	5,383.42	0.00				
10/01/2041	348	5,347.73	0.00				
11/01/2041	349	5,311.93	0.00				
12/01/2041	350	5,276.01	0.00				
01/01/2042	351	5,239.98	0.00				
02/01/2042	352	5,203.83	0.00				
03/01/2042	353	5,167.56	0.00				
04/01/2042	354	5,131.17	0.00				
05/01/2042	355	5,094.67	0.00				
06/01/2042	356	5,058.05	0.00				
07/01/2042	357	5,021.31	0.00				
08/01/2042	358	4,984.45	0.00				
09/01/2042	359	4,947.47	0.00				
10/01/2042	360	4,910.37	0.00				
11/01/2042	361	4,873.15	0.00				
12/01/2042	362	4,835.81	0.00				
01/01/2043	363	4,798.35	0.00				
02/01/2043	364	4,760.77	0.00				
03/01/2043	365	4,723.06	0.00				
04/01/2043	366	4,685.23	0.00				
05/01/2043	367	4,647.28	0.00				
06/01/2043	368	4,609.21	0.00				
07/01/2043	369	4,571.01	0.00				
08/01/2043	370	4,532.69	0.00				
09/01/2043	371	4,494.24	0.00				
10/01/2043	372	4,455.67	0.00				
11/01/2043	373	4,416.97	0.00				
12/01/2043	374	4,378.15	0.00				

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# Loan Register - Interest

## Commitment L120024

Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
01/01/2044	375	4,339.20	0.00				
02/01/2044	376	4,300.13	0.00				
03/01/2044	377	4,260.93	0.00				
04/01/2044	378	4,221.61	0.00				
05/01/2044	379	4,182.16	0.00				
06/01/2044	380	4,142.58	0.00				
07/01/2044	381	4,102.87	0.00				
08/01/2044	382	4,063.03	0.00				
09/01/2044	383	4,023.06	0.00				
10/01/2044	384	3,982.96	0.00				
11/01/2044	385	3,942.73	0.00				
12/01/2044	386	3,902.37	0.00				
01/01/2045	387	3,861.88	0.00				
02/01/2045	388	3,821.26	0.00				
03/01/2045	389	3,780.51	0.00				
04/01/2045	390	3,739.62	0.00				
05/01/2045	391	3,698.60	0.00				
06/01/2045	392	3,657.45	0.00				
07/01/2045	393	3,616.17	0.00				
08/01/2045	394	3,574.75	0.00				
09/01/2045	395	3,533.20	0.00				
10/01/2045	396	3,491.51	0.00				
11/01/2045	397	3,449.69	0.00				
12/01/2045	398	3,407.73	0.00				
01/01/2046	399	3,365.63	0.00				
02/01/2046	400	3,323.40	0.00				
03/01/2046	401	3,281.03	0.00				
04/01/2046	402	3,238.53	0.00				
05/01/2046	403	3,195.89	0.00				
06/01/2046	404	3,153.11	0.00				
07/01/2046	405	3,110.19	0.00				
08/01/2046	406	3,067.13	0.00				
09/01/2046	407	3,023.93	0.00				
10/01/2046	408	2,980.59	0.00				

# Loan Register - Interest

## Commitment L120024

Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
11/01/2046	409	2,937.11	0.00				
12/01/2046	410	2,893.49	0.00				
01/01/2047	411	2,849.73	0.00				
02/01/2047	412	2,805.82	0.00				
03/01/2047	413	2,761.77	0.00				
04/01/2047	414	2,717.58	0.00				
05/01/2047	415	2,673.25	0.00				
06/01/2047	416	2,628.77	0.00				
07/01/2047	417	2,584.15	0.00				
08/01/2047	418	2,539.39	0.00				
09/01/2047	419	2,494.48	0.00				
10/01/2047	420	2,449.42	0.00				
11/01/2047	421	2,404.22	0.00				
12/01/2047	422	2,358.87	0.00				
01/01/2048	423	2,313.38	0.00				
02/01/2048	424	2,267.74	0.00				
03/01/2048	425	2,221.95	0.00				
04/01/2048	426	2,176.01	0.00				
05/01/2048	427	2,129.92	0.00				
06/01/2048	428	2,083.68	0.00				
07/01/2048	429	2,037.29	0.00				
08/01/2048	430	1,990.75	0.00				
09/01/2048	431	1,944.06	0.00				
10/01/2048	432	1,897.22	0.00				
11/01/2048	433	1,850.23	0.00				
12/01/2048	434	1,803.08	0.00				
01/01/2049	435	1,755.78	0.00				
02/01/2049	436	1,708.33	0.00				
03/01/2049	437	1,660.72	0.00				
04/01/2049	438	1,612.96	0.00				
05/01/2049	439	1,565.05	0.00				
06/01/2049	440	1,516.98	0.00				
07/01/2049	441	1,468.75	0.00				
08/01/2049	442	1,420.36	0.00				



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# Loan Register - Interest

## Commitment L120024

Due Date	Seq Num	Interest Amount	Interest Fee Amount	Transaction Amount	Trans Date	Batch Id	Transaction Description
09/01/2049	443	1,371.82	0.00				
10/01/2049	444	1,323.12	0.00				
11/01/2049	445	1,274.26	0.00				
12/01/2049	446	1,225.25	0.00				
01/01/2050	447	1,176.08	0.00				
02/01/2050	448	1,126.75	0.00				
03/01/2050	449	1,077.26	0.00				
04/01/2050	450	1,027.61	0.00				
05/01/2050	451	977.79	0.00				
06/01/2050	452	927.81	0.00				
07/01/2050	453	877.67	0.00				
08/01/2050	454	827.37	0.00				
09/01/2050	455	776.91	0.00				
10/01/2050	456	726.28	0.00				
11/01/2050	457	675.49	0.00				
12/01/2050	458	624.53	0.00				
01/01/2051	459	573.41	0.00				
02/01/2051	460	522.12	0.00				
03/01/2051	461	470.67	0.00				
04/01/2051	462	419.05	0.00				
05/01/2051	463	367.26	0.00				
06/01/2051	464	315.30	0.00				
07/01/2051	465	263.17	0.00				
08/01/2051	466	210.88	0.00				
09/01/2051	467	158.42	0.00				
10/01/2051	468	105.79	0.00				
11/01/2051	469	52.98	0.00				
		3,756,310.26	0.00				

# FHA

Final pmt 9/28/31

Monthly payment \$2175

7/1/15-11/1/15	5 months	\$10,875
Yearly 12/1/15-11/1/30	26100/year for 15 yrs	\$391,500
12/1/30-9/1/31	10 months	\$21,750
Total		\$424,125

# TWDB #L060015

Final pmt 3/1/48

Monthly payment \$7,469.55

8/1/15-11/1/15	4 Months	\$29,878
Yearly 12/1/15-11/1/47	\$89,634.6/year for 32 yrs	\$2,868,307
12/1/47-03/01/48	4 months	\$29,878
Total		\$2,928,064

# TWDB #L060015

Final pmt 2/1/36

Monthly payment \$2,756.42

8/1/15-11/1/15	4 Months	\$11,026
Yearly 12/1/15-11/1/35	\$33,077.04/year for 20 yrs	\$661,541
12/1/35-2/1/36	3 months	\$8,269
Total		\$680,836

# TWDB #L080026

Final pmt 6/1/49

Monthly payment \$8,369 (approx.)

8/1/15-11/1/15	4 Months	\$33,476
Yearly 12/1/15-11/1/48	\$100,428/year for 33 yrs	\$3,314,124
12/1/48-6/1/49	7 months	\$58,583
Total		\$3,406,183

# TWDB #L090077

Final pmt 6/1/49

Monthly payment \$1,319 (approx.)

8/1/15-11/1/15	4 Months	\$5,276
Yearly 12/1/15-11/1/48	\$15,828/year for 33 yrs	\$522,324
12/1/48-6/1/49	7 months	\$9,233
Total		\$536,833

**Rural Water Assistance Fund  
 Loan Agreement  
 \$1,225,000.00  
 Bell Milam Falls WSC**

Original Principal \$1,225,000  
 Principal Payment Periods 229  
 Delivery Date 01/07/08  
 First Payment Date 08/15/08  
 Last Payment Date 8/15/2027

Date	Principal	Interest	Total
1/7/2008	-	-	\$ -
8/15/2008	\$4,200	\$5,884.13	\$10,084.13
9/15/2008	4,200	4,808.94	9,008.94
10/15/2008	4,300	4,759.42	9,059.42
11/15/2008	4,300	4,708.73	9,008.73
12/15/2008	4,300	4,658.03	8,958.03
1/15/2009	4,300	4,607.34	8,907.34
2/15/2009	4,300	4,556.64	8,856.64
3/15/2009	4,300	4,505.95	8,805.95
4/15/2009	4,300	4,455.25	8,755.25
5/15/2009	4,300	4,404.56	8,704.56
6/15/2009	4,300	4,353.86	8,653.86
7/15/2009	4,300	4,303.17	8,603.17
8/15/2009	4,300	4,252.47	8,552.47
9/15/2009	4,400	4,201.78	8,601.78
10/15/2009	4,400	4,149.90	8,549.90
11/15/2009	4,400	4,098.03	8,498.03
12/15/2009	4,400	4,046.16	8,446.16
1/15/2010	4,400	3,994.28	8,394.28
2/15/2010	4,400	3,942.41	8,342.41
3/15/2010	4,400	3,890.54	8,290.54
4/15/2010	4,400	3,838.66	8,238.66
5/15/2010	4,400	3,786.79	8,186.79
6/15/2010	4,400	3,734.91	8,134.91
7/15/2010	4,400	3,683.04	8,083.04
8/15/2010	4,400	3,631.17	8,031.17
9/15/2010	4,500	3,579.29	8,079.29
10/15/2010	4,500	3,526.24	8,026.24
11/15/2010	4,500	3,473.19	7,973.19
12/15/2010	4,500	3,420.13	7,920.13
1/15/2011	4,500	3,367.08	7,867.08
2/15/2011	4,500	3,314.03	7,814.03
3/15/2011	4,500	3,260.98	7,760.98
4/15/2011	4,500	3,207.92	7,707.92
5/15/2011	4,500	3,154.87	7,654.87
6/15/2011	4,500	3,101.82	7,601.82
7/15/2011	4,500	3,048.76	7,548.76
8/15/2011	4,600	2,995.71	7,595.71
9/15/2011	4,600	2,941.48	7,541.48
10/15/2011	4,600	2,887.25	7,487.25
11/15/2011	4,600	2,833.02	7,433.02
12/15/2011	4,600	2,778.79	7,378.79
1/15/2012	4,600	2,724.55	7,324.55
2/15/2012	4,600	2,670.32	7,270.32
3/15/2012	4,600	2,616.09	7,216.09

4/15/2012	4,600	2,561.86	7,161.86
5/15/2012	4,600	2,507.63	7,107.63
6/15/2012	4,600	2,453.39	7,053.39
7/15/2012	4,700	2,399.16	7,099.16
8/15/2012	4,700	2,343.75	7,043.75
9/15/2012	4,700	2,288.34	6,988.34
10/15/2012	4,700	2,232.93	6,932.93
11/15/2012	4,700	2,177.52	6,877.52
12/15/2012	4,700	2,122.11	6,822.11
1/15/2013	4,700	2,066.70	6,766.70
2/15/2013	4,700	3,990.57	8,690.57
3/15/2013	4,700	3,971.50	8,671.50
4/15/2013	4,700	3,952.43	8,652.43
5/15/2013	4,700	3,933.36	8,633.36
6/15/2013	4,800	3,914.29	8,714.29
7/15/2013	4,800	3,894.81	8,694.81
8/15/2013	4,800	3,875.33	8,675.33
9/15/2013	4,800	3,855.85	8,655.85
10/15/2013	4,800	3,836.37	8,636.37
11/15/2013	4,800	3,816.89	8,616.89
12/15/2013	4,800	3,797.41	8,597.41
1/15/2014	4,800	3,777.93	8,577.93
2/15/2014	4,800	3,758.45	8,558.45
3/15/2014	4,800	3,738.97	8,538.97
4/15/2014	4,800	3,719.49	8,519.49
5/15/2014	4,900	3,700.01	8,600.01
6/15/2014	4,900	3,680.13	8,580.13
7/15/2014	4,900	3,660.25	8,560.25
8/15/2014	4,900	3,640.37	8,540.37
9/15/2014	4,900	3,620.49	8,520.49
10/15/2014	4,900	3,600.61	8,500.61
11/15/2014	4,900	3,580.73	8,480.73
12/15/2014	4,900	3,560.85	8,460.85
1/15/2015	4,900	3,540.97	8,440.97
2/15/2015	4,900	3,521.09	8,421.09
3/15/2015	5,000	3,501.21	8,501.21
4/15/2015	5,000	3,480.92	8,480.92
5/15/2015	5,000	3,460.63	8,460.63
6/15/2015	5,000	3,440.34	8,440.34
7/15/2015	5,000	3,420.05	8,420.05
8/15/2015	5,000	3,399.76	8,399.76
9/15/2015	5,000	3,379.47	8,379.47
10/15/2015	5,000	3,359.18	8,359.18
11/15/2015	5,000	3,338.89	8,338.89
12/15/2015	5,000	3,318.60	8,318.60
1/15/2016	5,100	3,298.31	8,398.31
2/15/2016	5,100	3,277.62	8,377.62
3/15/2016	5,100	3,256.93	8,356.93
4/15/2016	5,100	3,236.24	8,336.24
5/15/2016	5,100	3,215.55	8,315.55
6/15/2016	5,100	3,194.86	8,294.86
7/15/2016	5,100	3,174.17	8,274.17
8/15/2016	5,100	3,153.48	8,253.48
9/15/2016	5,100	3,132.79	8,232.79
10/15/2016	5,100	3,112.10	8,212.10
11/15/2016	5,200	3,091.41	8,291.41
12/15/2016	5,200	3,070.31	8,270.31
1/15/2017	5,200	3,049.21	8,249.21
2/15/2017	5,200	3,028.11	8,228.11
3/15/2017	5,200	3,007.01	8,207.01



4/15/2017	5,200	2,985.91	8,185.91
5/15/2017	5,200	2,964.81	8,164.81
6/15/2017	5,200	2,943.71	8,143.71
7/15/2017	5,200	2,922.61	8,122.61
8/15/2017	5,200	2,901.51	8,101.51
9/15/2017	5,300	2,880.41	8,180.41
10/15/2017	5,300	2,858.91	8,158.91
11/15/2017	5,300	2,837.41	8,137.41
12/15/2017	5,300	2,815.91	8,115.91
1/15/2018	5,300	2,794.41	8,094.41
2/15/2018	5,300	2,772.91	8,072.91
3/15/2018	5,300	2,751.41	8,051.41
4/15/2018	5,300	2,729.91	8,029.91
5/15/2018	5,300	2,708.41	8,008.41
6/15/2018	5,300	2,686.91	7,986.91
7/15/2018	5,400	2,665.41	8,065.41
8/15/2018	5,400	2,643.50	8,043.50
9/15/2018	5,400	2,621.59	8,021.59
10/15/2018	5,400	2,599.68	7,999.68
11/15/2018	5,400	2,577.77	7,977.77
12/15/2018	5,400	2,555.86	7,955.86
1/15/2019	5,400	2,533.95	7,933.95
2/15/2019	5,400	2,512.04	7,912.04
3/15/2019	5,400	2,490.13	7,890.13
4/15/2019	5,500	2,468.22	7,968.22
5/15/2019	5,500	2,445.90	7,945.90
6/15/2019	5,500	2,423.58	7,923.58
7/15/2019	5,500	2,401.26	7,901.26
8/15/2019	5,500	2,378.94	7,878.94
9/15/2019	5,500	2,356.62	7,856.62
10/15/2019	5,500	2,334.30	7,834.30
11/15/2019	5,500	2,311.98	7,811.98
12/15/2019	5,500	2,289.66	7,789.66
1/15/2020	5,500	2,267.34	7,767.34
2/15/2020	5,600	2,245.02	7,845.02
3/15/2020	5,600	2,222.30	7,822.30
4/15/2020	5,600	2,199.58	7,799.58
5/15/2020	5,600	2,176.86	7,776.86
6/15/2020	5,600	2,154.14	7,754.14
7/15/2020	5,600	2,131.42	7,731.42
8/15/2020	5,600	2,108.70	7,708.70
9/15/2020	5,600	2,085.98	7,685.98
10/15/2020	5,600	2,063.26	7,663.26
11/15/2020	5,700	2,040.54	7,740.54
12/15/2020	5,700	2,017.41	7,717.41
1/15/2021	5,700	1,994.28	7,694.28
2/15/2021	5,700	1,971.15	7,671.15
3/15/2021	5,700	1,948.02	7,648.02
4/15/2021	5,700	1,924.89	7,624.89
5/15/2021	5,700	1,901.76	7,601.76
6/15/2021	5,700	1,878.63	7,578.63
7/15/2021	5,700	1,855.50	7,555.50
8/15/2021	5,800	1,832.37	7,632.37
9/15/2021	5,800	1,808.84	7,608.84
10/15/2021	5,800	1,785.31	7,585.31
11/15/2021	5,800	1,761.78	7,561.78
12/15/2021	5,800	1,738.25	7,538.25
1/15/2022	5,800	1,714.72	7,514.72
2/15/2022	5,800	1,691.19	7,491.19
3/15/2022	5,800	1,667.66	7,467.66

4/15/2022	5,900	1,644.13	7,544.13
5/15/2022	5,900	1,620.19	7,520.19
6/15/2022	5,900	1,596.25	7,496.25
7/15/2022	5,900	1,572.31	7,472.31
8/15/2022	5,900	1,548.37	7,448.37
9/15/2022	5,900	1,524.43	7,424.43
10/15/2022	5,900	1,500.49	7,400.49
11/15/2022	5,900	1,476.55	7,376.55
12/15/2022	5,900	1,452.61	7,352.61
1/15/2023	6,000	1,428.67	7,428.67
2/15/2023	6,000	1,404.32	7,404.32
3/15/2023	6,000	1,379.97	7,379.97
4/15/2023	6,000	1,355.62	7,355.62
5/15/2023	6,000	1,331.27	7,331.27
6/15/2023	6,000	1,306.92	7,306.92
7/15/2023	6,000	1,282.57	7,282.57
8/15/2023	6,000	1,258.22	7,258.22
9/15/2023	6,100	1,233.87	7,333.87
10/15/2023	6,100	1,209.12	7,309.12
11/15/2023	6,100	1,184.37	7,284.37
12/15/2023	6,100	1,159.62	7,259.62
1/15/2024	6,100	1,134.87	7,234.87
2/15/2024	6,100	1,110.12	7,210.12
3/15/2024	6,100	1,085.37	7,185.37
4/15/2024	6,100	1,060.62	7,160.62
5/15/2024	6,100	1,035.87	7,135.87
6/15/2024	6,200	1,011.12	7,211.12
7/15/2024	6,200	985.96	7,185.96
8/15/2024	6,200	960.80	7,160.80
9/15/2024	6,200	935.64	7,135.64
10/15/2024	6,200	910.48	7,110.48
11/15/2024	6,200	885.32	7,085.32
12/15/2024	6,200	860.16	7,060.16
1/15/2025	6,200	835.00	7,035.00
2/15/2025	6,300	809.84	7,109.84
3/15/2025	6,300	784.28	7,084.28
4/15/2025	6,300	758.72	7,058.72
5/15/2025	6,300	733.16	7,033.16
6/15/2025	6,300	707.60	7,007.60
7/15/2025	6,300	682.04	6,982.04
8/15/2025	6,300	656.48	6,956.48
9/15/2025	6,300	630.92	6,930.92
10/15/2025	6,400	605.36	7,005.36
11/15/2025	6,400	579.39	6,979.39
12/15/2025	6,400	553.42	6,953.42
1/15/2026	6,400	527.45	6,927.45
2/15/2026	6,400	501.48	6,901.48
3/15/2026	6,400	475.51	6,875.51
4/15/2026	6,400	449.54	6,849.54
5/15/2026	6,400	423.57	6,823.57
6/15/2026	6,500	397.60	6,897.60
7/15/2026	6,500	371.23	6,871.23
8/15/2026	6,500	344.86	6,844.86
9/15/2026	6,500	318.49	6,818.49
10/15/2026	6,500	292.12	6,792.12
11/15/2026	6,500	265.75	6,765.75
12/15/2026	6,500	239.38	6,739.38
1/15/2027	6,500	213.01	6,713.01
2/15/2027	6,500	186.64	6,686.64
3/15/2027	6,500	160.27	6,660.27

Bell Milam Falls WSC  
\$1,225,000  
TWDB Loan ID L070100

12/17/2012

4/15/2027	6,600	133.90	6,733.90
5/15/2027	6,600	107.12	6,707.12
6/15/2027	6,600	80.34	6,680.34
7/15/2027	6,600	53.56	6,653.56
8/15/2027	6,600	26.78	6,626.78
	<u>\$1,225,000</u>	<u>\$560,350.82</u>	<u>\$ 1,785,350.82</u>

Sonterra MUD General Obligation Debt			
Fiscal Year Ending 9/30	Total Outstanding Debt <sup>(1)</sup>		
	Principal	Interest	Total
2015	\$ 325,000	\$ 534,092	\$ 859,092
2016	510,000	556,791	1,066,791
2017	530,000	537,566	1,067,566
2018	374,766	717,438	1,092,204
2019	357,537	736,886	1,094,423
2020	346,329	750,819	1,097,148
2021	200,784	907,888	1,108,673
2022	315,350	907,197	1,222,548
2023	330,158	891,939	1,222,098
2024	510,065	711,033	1,221,098
2025	780,000	444,643	1,224,643
2026	810,000	416,798	1,226,798
2027	840,000	387,395	1,227,395
2028	870,000	356,175	1,226,175
2029	900,000	323,961	1,223,961
2030	940,000	289,868	1,229,868
2031	975,000	254,175	1,229,175
2032	1,010,000	216,238	1,226,238
2033	1,045,000	176,339	1,221,339
2034	760,000	134,920	894,920
2035	545,000	107,025	652,025
2036	565,000	83,650	648,650
2037	475,000	59,400	534,400
2038	495,000	40,400	535,400
2039	515,000	20,600	535,600
	<u>\$ 15,324,989</u>	<u>\$ 10,563,234</u>	<u>\$ 25,888,223</u>

(1) Includes \$7,500,000 Unlimited Tax & Revenue Bonds, Series 2014 delivered 12/16/2014 and \$2,699,995 Unlimited Tax & Revenue Refunding Bonds, Series 2015 delivered 2/19/2015.

The District is planning to issue \$3,130,000 of Contract Revenue Bonds through Lone Star Regional Water Authority with an estimated delivery date of 8/12/2015.



Brazos River Authority



QUALITY • CONSERVATION • SERVICE

May 26, 2015

Mr. Kevin Patteson  
Executive Administrator  
Texas Water Development Board  
P.O. Box 13231  
Austin, TX 78711-3231

Dear Mr. Patteson:

This letter is to inform the Texas Water Development Board (TWDB) that the Brazos River Authority (BRA) is in discussions with Long Star Regional Water Authority for a long-term, treated water contract. The water would be supplied out of the East Williamson County Regional Water System.

As documented in the State Water Plan, the BRA has implemented the Lake Granger Conjunctive Use project. The BRA has completed a new deep water intake on Lake Granger to allow for the conjunctive use of surface water and ground water. Currently, the BRA has completed final design of a deep water Trinity groundwater production well. The BRA has received approval from the TWDB and the Texas Commission on Environmental Quality to proceed with construction, and we are currently awaiting construction bids. The deep water intake and groundwater production well both used funds from the TWDB.

The BRA began the above mentioned efforts to provide treated water throughout Williamson County to many of the customers that Lone Star intends to serve. If you have any additional questions about the BRA Lake Granger Conjunctive Use project, feel free to contact me at (254) 761-3102.

Sincerely,

DAVID COLLINSWORTH  
Regional Manager, Central & Lower Basins

DC:kld

cc: Mr. Steven Adams, Specialized Public Finance, Inc.  
Mr. Dan Dodson, Lone Star Regional Water Authority

## **REGIONAL WATER SUPPLY CONTRACT**

**THIS REGIONAL WATER SUPPLY CONTRACT** (the "Contract") is dated and entered into as of the \_\_\_\_ day of November, 2015, by and among the Lone Star Regional Water Authority (the "Authority"), a conservation and reclamation district of the State of Texas (the "State"), created, governed and existing under the laws of the State, including Chapter 12, Acts of the 83<sup>rd</sup> Legislature of the State, Regular Session 2013, as amended, pursuant to Article XVI, Section 59, Texas Constitution, and the City of Jarrell, Texas, a municipality and political subdivision of the State, the Sonterra Municipal Utility District and the CLL Municipal Utility District No 1, conservation and reclamation districts and political subdivisions of the State of Texas, created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and the laws of the State and BMF Water Supply Corporation, CT Water Supply Corporation and J-S Water Supply Corporation, private water supply corporations organized and existing under State law, including \_\_\_\_\_. The City of Jarrell, Texas, Sonterra Municipal Utility District and the CL&L Municipal Utility District are referred to in this Contract collectively as the "Sponsoring Public Entities" and singularly each as a "Sponsoring Public Entity."

### **RECITALS**

**WHEREAS**, the Authority is willing and able, in order to carry out a purpose for which it was created, to facilitate the acquisition, by purchase and construction, for the Sponsoring Entity, certain water system facilities to render water services to inhabitants of the Sponsoring Entity; and

**WHEREAS**, the Authority has a commitment from the Brazos River Authority of Texas (the "BRA") to sell treated water to the Authority from BRA's Granger Lake Treatment Facility, and the Authority will provide the water to entities within its service area; and

**WHEREAS**, the Sponsoring Entities and the Authority, exercising their mutual authority and furthering their mutual and urgent interests, wish to enter into this Contract in order to most efficiently and quickly obtain the capability to deliver the water to the Sponsoring Entities; and

**WHEREAS**, it is necessary that facilities, wells, storage tanks, lines, booster pumps, treatment facilities, and other appurtenances sufficient to deliver the water to which the Sponsoring Entities are entitled under this Contract and additional water which the Sponsoring Entities may acquire (the "Facilities") be constructed and that the easements, rights-of-way, and other interests in land necessary for the production, withdrawal or diversion of and the acquisition, construction, maintenance, and operation of the Facilities (collectively, the "Land Interests") be purchased (the "Land Interests" and the "Facilities," together the "Project"); and

**WHEREAS**, the Authority intends to own, design, construct, acquire, maintain, and operate the Project in a manner that will allow the Authority to deliver its water to the Sponsoring Entities and other potential purchasers on a regional basis; and

**WHEREAS**, it is expected by the Authority and the Sponsoring Entities that as soon as practicable after the execution of this Contract the Authority will issue its Bonds (as hereinafter defined), payable from and secured solely by payments under this Contract to be made by such

Sponsoring Entity for which the Bonds are issued for the acquisition and construction of the Project; and

**WHEREAS**, the Authority, to the best of its ability, shall in general do or cause to be done all such things as may be required for the proper acquisition, construction and operation of the Project; and

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained, the sufficiency of which are hereby acknowledged, and upon and subject to the terms and conditions hereinafter set forth, the Sponsoring Entities and the Authority mutually undertake, promise, and agree as follows:

**ARTICLE I**  
**DEFINITIONS AND INTERPRETATIONS**

**Section 1.1**      **Definitions.** In addition to the terms defined above, the following terms shall have the meanings assigned to them below wherever they are used in this Contract, unless the context clearly requires otherwise:

(a) "Accountant" means a nationally recognized independent certified public accountant, or an independent firm of certified public accountants, selected by the Authority.

(b) "Additional Bonds" means one or more series of additional Bonds which are issued by the Authority to finance the completion of the Project pursuant to Section 2.9 hereof or for any other lawful purpose.

(c) "Authority" means the Lone Star Regional Water Authority and its lawful successors and assigns.

[(d) "Annual Payment Amounts" means the amount of money, constituting the Operation and Maintenance Expenses, Overhead Expenses and, the Bond Payment, to be paid to the Authority by each Sponsoring Entity, on a several and not a joint basis as described in Section 3.1, Section 3.5, and Section 5.2 hereof from the revenues of the Sponsoring Entities' Systems as an operating and maintenance expense of the Sponsoring Entities' Systems (or any other lawfully available revenues of the Sponsoring Entities), at the times and in the amounts required by Sections 3.5 and 5.2 of this Contract.]

(e) "Approval Certificate" means the certificate or certificates, if any, of the Chair, Board of Directors or Authorized Representative of the Authority approving certain terms of a series of Bonds.

(f) "Authorized Representative" means any person at the time delegated authority to act on behalf of a Sponsoring Entity or the Authority, as the case may be, and designated as such in a written certificate, containing a specimen signature of such person, which, for a Sponsoring Entity shall be the City Manager or General Manager, as appropriate, of the Sponsoring Entity or such other officers or employees of the Sponsoring Entity authorized to act on behalf of the Sponsoring Entity during the respective City Manager's or General Manager's absence or incapacity, and for the Authority shall be the Chair, Board of Directors of the Authority or such other officer or employee of the Authority authorized to act on behalf of the Authority during the

absence or incapacity of the Chair, Board of Directors, unless a party notifies the other parties in writing of a change in its Authorized Representative.

(g) "Bond Payment(s)" means the amount of money to be paid to the Authority by a Sponsoring Entity, for the debt service or to fund or replenish any debt service reserve fund or other special or contingency fund on one or more series of Bonds issued for that respective Sponsoring Entity, from the revenues of such Sponsoring Entity's System as an operating and maintenance expense of the System at the times and in the amounts required by Sections 3.5 and 5.2 of this Contract. A Sponsoring Entity is responsible for paying debt service on only the series of Bonds issued for that Sponsoring Entity.

(h) "Bond Resolution" means any resolution and/or trust indenture of the Authority, authorizing the issuance of and securing a series of Bonds and all amendments and supplements thereto and including the Approval Certificate, if any, authorized by such resolution to establish certain of the terms of the Bonds authorized by such resolution. Since separate series of Bonds will be issued for each Sponsoring Entity requesting financing, any reference in this Contract means the Bond Resolution related to the Sponsoring Entity for which such series of Bonds were issued.

(i) "Bonds" means all bonds, notes, or other obligations hereafter issued by the Authority in multiple series the proceeds of which are used to pay Project Costs (including any Additional Bonds) or to refund any Bonds or to refund any such refunding Bonds. Any series of Bonds may be issued as taxable or tax-exempt

(j) "Claim," as used in Section 8.13 of this Contract, means claims, demands, and expenses, including reasonable attorney's fees.

(k) "Code" means the Internal Revenue Code of 1986, and any amendments thereto, as in force and effect on the date of delivery of any series of Bonds.

(l) "Completion Date" means such term as it is defined in Section 2.9 of this Contract.

(m) "Credit Agreement" means any bond insurance policy or other credit agreement, as defined in and authorized by the provisions of Chapter 1371, as amended, Texas Government Code, which the Authority enters into relating to its obligations with respect to the Bonds.

(n) "Delivery Point" means the place, whether one or more, to which the Authority will deliver water to each Sponsoring Entity pursuant to this Contract.

(o) "Engineer of Record" means the Engineer of Record for a Sponsoring Entity so designated by the governing body of the Sponsoring Entity with notice to the Authority.

(p) "Engineering Report" means the "Final Engineering Report," prepared by S.D. Kallaway, L.P., dated \_\_\_\_\_, 2015, as such report may be amended, modified and changed and superseded with the approval of the Authority and Sponsoring Entities, at any time prior to the execution of construction contracts for the Project or as modified and changed by change orders issued after the execution of such construction contracts; provided, however, no such change orders shall adversely affect any of the Sponsoring Entities without the consent of the Sponsoring Entities.



(q) "Fiscal Year" means the Sponsoring Entities' respective fiscal years, which currently begin on [October 1] of each year, as they may be changed from time to time with notice to the Authority.

(r) "Force Majeure" means such term as it is defined in Section 8.3 of this Contract.

(s) "Facilities" means the facilities, wells, diversion structures, treatment plants, storage tanks, capacity rights, lines, booster pumps, and other appurtenances sufficient to produce, divert, treat and deliver the water to which the Sponsoring Entities are entitled under this Contract and any improvements, additions, or extensions to such Facilities hereafter acquired or constructed to deliver water between such places.

(t) "Land Interests" means the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Facilities and the Water Rights for the Project.

(u) "MSRB" means the Municipal Securities Rulemaking Board and any successor to its duties.

(v) "Operation and Maintenance Expenses" means all direct costs and expenses incurred by the Authority for its operation and maintenance, including but not limited to, the operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) amounts payable under any contract with any person, including, but not limited to any federal, state, or local Authority for the right to produce, withdraw or divert and use water, any contribution or payment in lieu of taxes or any fee or charge by any government authority relating to the Authority's production, withdrawal or diversion of or sale of treated water hereunder, the costs of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the Project, Overhead Expenses, any required costs of mitigation and land management incidental to Project operation, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project. The term "Operation and Maintenance Expenses" does not include depreciation charges or such portion of the above-described costs to the extent such costs are paid pursuant to an agreement other than this Contract.

(w) "Overhead Expenses" means the Authority's reasonable and necessary costs and expenses incurred at any time directly related to the issuance and servicing of the Bonds, the acquisition of Land Interests required for the Project, the design, permitting, financing, acquisition, construction, and ownership of the Project and any other activities required of or involving the Authority in connection with or attributable to the Project or the Bonds, including, but not limited to: (i) per diem and reimbursable expenses incurred by the Directors of the Authority for special meetings of the Authority's Board of Directors related to the Project; (ii) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Authority, other than Authority staff personnel, together with their reimbursable expenses paid or required to be paid by the Authority; (iii) salaries of the Authority's staff attributable to the Project or the Bonds based on time expended, as documented or reasonably estimated by the President, Board of Directors of the Authority; (iv) the costs of preparing applications for and obtaining all approvals and authorizations required for the Project or the Bonds from the regulatory authorities having jurisdiction; (v) the cost of property casualty and public liability insurance incurred prior to the Completion Date; including any insurance deductible charged to or required to be paid by the Authority; provided that if the Authority is

unable to obtain such insurance on an occurrence basis, then any expense incurred by the Authority from and after the Completion Date for casualty and public liability insurance, including any insurance deductible, shall be paid by the Sponsoring Entities; (vi) all costs incurred in litigation involving or relating to the Project; and (vii) any and all other costs and expenses, including out-of-pocket expenses, incurred by the Authority attributable to the Project or the Bonds, whether enumerated above or not, and whether or not included in the definition or as a part of Project Costs.

(x) "Permitted Liens" means: (i) minor irregularities, charges, liens, encumbrances, defects, easements, licenses, rights-of-way, servitudes, restrictions, mineral rights, and clouds on title which, in the opinion of counsel to the Authority, a copy of which shall be forwarded to each of the Sponsoring Entities, do not materially impair the use of the Project for the purposes for which it is designed; (ii) easements for roads (as used in this Contract, the term "roads" shall include, without limitation, streets, curbs, gutters, drains, ditches, sewers, conduits, canals, mains, aqueducts, aerators, connections, ramps, docks, viaducts, alleys, driveways, parking areas, walkways, and trackage), utilities (which for purposes of this Contract shall include, without limitation, water, sewer, electricity, gas, telephone, pipeline, railroad, and other collection, transportation, light, heat, power, and communication systems) and similar easements and other easements, rights-of-way, rights of flowage, flooding, diversion or outfall, licenses, restrictions, and obligations relating to the operation of the Project which, in the opinion of counsel to the Authority, a copy of which shall be forwarded to each of the Sponsoring Entities, do not materially impair the use of the Project for the purposes for which it is designed; (iii) rights of the United States or any state or political subdivision thereof, or other public or governmental authority or Authority or any other entity vested with the power of eminent domain to take or control property or to terminate any right, power, franchise, grant, license, or permit previously in force.

(y) "Plans and Specifications" means the plans and specifications prepared for the Project by the Project Engineer, as the same may be revised from time to time in accordance with this Contract.

(z) "Project" means, collectively, the Land Interests and the Facilities as described in the recitals to this Contract and in the Engineering Report, and as those terms are defined in this Section.

(aa) "Project Costs" means and includes, without limitation, the following costs incurred for the Project by or on behalf of the Authority or the Sponsoring Entities: (i) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies; (ii) the cost of acquisition, construction, repair, replacement, improvement or decommissioning of the Facilities, and any structure, item of equipment, or other item, used for, or in connection with, the Project; (iii) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to accomplishing the Project; (iv) the cost of engineering, legal, architectural or other related services; (v) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the Project; (vi) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the Project in operation; (vii) finance charges and interest before, during, and after construction as permitted by the laws of the State; (viii) costs incurred in connection with financing the project, including, without limitation: (1) financing, legal, accounting, financial advisory, rating Authority, and auditing fees, expenses

and disbursements; (2) the cost of printing, engraving, and reproduction services; and (3) the cost of a trustee's or paying agent's initial or acceptance fee and subsequent fees; (ix) all costs, fees and expenses of litigation of all kinds; (x) the cost of property casualty and public liability insurance; (xi) the fees and costs of the underwriters as the anticipated purchasers of the Bonds; (xii) reimbursement of the costs previously incurred by the Sponsoring Entities with respect to the Project; and (xiii) other costs generally recognized as a part of Project construction costs.

(bb) "Project Engineer" means such engineering firm or firms as may be selected by the Authority.

(cc) "Prudent Utility Practice" means any of the practices, methods, and acts, in the exercise of reasonable judgment, in the light of the facts, including but not limited to the practices, methods, and acts engaged in or approved by a significant portion of the public utility industry prior thereto, known at the time the decision was made, that would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act at the exclusion of all others, but rather is a spectrum of possible practices, methods, or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. In the case of any facility included in a Sponsoring Entity's System which is owned in common with one or more other entities, the term "Prudent Utility Practice," as applied to such facility, shall have the meaning set forth in the agreement governing the operation of such facility.

(dd) "Rule" means SEC Rule 15c2-12, as amended from time to time.

(ee) "Sale and Offering Documents" means any official notice of sale, official bid form, preliminary official statement, official statement, or other offering document for a series of Bonds.

(ff) "SEC" means the United States Securities and Exchange Commission and any successor to its duties.

(gg) "Sponsoring Entities' Systems" or "Systems" means collectively the Sponsoring Entity's System of all of the Sponsoring Entities.

(hh) "Sponsoring Entity's System" or "System" means and includes the existing combined waterworks and/or wastewater disposal system of each of the Sponsoring Entities, together with all future extensions, improvements, enlargements, and additions thereto, including, to the extent permitted by law, storm sewer and drainage and/or reclaimed water systems which are integrated with the waterworks or wastewater disposal system, and all replacements thereof. Provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the terms "Sponsoring Entity's System" or "System" shall not include any waterworks or wastewater facilities which are declared by the respective Sponsoring Entity not to be a part of that Sponsoring Entity's System, and which are hereafter acquired or constructed by that Sponsoring Entity with the proceeds from the issuance of "Special Facilities Bonds," which are hereby defined as being special revenue obligations of that Sponsoring Entity which are not secured by or payable from the net revenues of that Sponsoring Entity's System, but which are secured by and are payable solely from special contract revenues, or payments received from that Sponsoring Entity or any other legal entity, or any combination thereof, in connection with such facilities; and such revenues or payments shall not be

considered as or constitute gross revenues of that Sponsoring Entity's System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such "Special Facilities Bonds".

(ii) "Sponsoring Entity's Utility Bonds" or "Utility Bonds" means the bonds, notes and other obligations of a Sponsoring Entity outstanding from time to time secured by a lien on and pledge of the revenues of that Sponsoring Entity's System or any part thereof, regardless of lien priority.

(jj) "State" means the State of Texas.

(kk) "TCEQ" means the Texas Commission on Environmental Quality or its successors or assigns.

(ll) "Trustee" means any trustee named under a trust indenture or the paying agent/registrant named in a paying agent/registrant agreement entered into by the Authority securing the payment of a series of Bonds and authorized by a Bond Resolution.

(mm) "TWDB" means the Texas Water Development Board or any successor entity thereto.

(nn) "TWDB Program" means TWDB's State Participation Account as authorized pursuant to Article III, Sections 49-d, 49-d-2, and 49-d-8 of the Texas Constitution and Chapter 16, Subchapters E and F, Texas Water Code or other applicable TWDB program.

(oo) "Water Rights" means the right to produce, withdraw or divert water, and transport the water from the location where it is produced, withdrawn, or diverted into Williamson County and the surrounding counties. "Water Rights" are a component of "Land Interests".

**Section 1.2** **Interpretation.** The table of contents and caption headings of this Contract are for reference purposes only and shall not affect its interpretation in any respect. Unless the context otherwise requires, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa. This Contract and all the terms and provisions shall be liberally construed to effectuate the purpose set forth herein and to sustain the validity of this Contract.

## **ARTICLE II**

### **ACQUISITION AND CONSTRUCTION OF THE PROJECT**

**Section 2.1** **General.** Subject to the remaining terms and provisions of this Contract, the Authority agrees to issue the Bonds and to acquire and construct the Project as generally described in the Engineering Report. It is estimated that the Project will be placed in operation on or before January 1, 2018, or as soon thereafter as practicable. The Authorized Representative of the Authority hereby represents that he is not aware of any reason that the Project, as contemplated, cannot be completed on or before \_\_\_\_\_, 20\_\_\_. It is expressly understood and agreed that any obligations on the part of the Authority to finance, acquire, construct, and complete the Project and to provide the water to the Sponsoring Entities shall be (i) conditioned upon the Authority's ability to obtain all necessary permits, Land Interests, material, labor, and equipment, and upon the ability of the Authority to finance the cost of the Project through the actual sale of the Bonds, including any Bonds needed to complete the

Project, and (ii) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State, and any regulatory body having jurisdiction. The Project shall be acquired and constructed by the Authority with all reasonable dispatch, and the Authority will diligently pursue such acquisition and construction in order that it may be completed as soon as practicable, delays incident to events of Force Majeure only excepted; but if for any reason there should be delays in or the entire failure of such acquisition, construction, and improvement, there shall be no diminution in or postponement of the Annual Payment Amounts to be made by the Sponsoring Entities hereunder and no resulting liability on the part of the Authority; provided, however, that the Sponsoring Entities retain the right to pursue any legal remedy to the extent that delays in the Project are the result of negligence on the part of the Authority.

**Section 2.2**      **Location of Project; Acquisition of Land Interests.** The Facilities will be constructed and located on, across, within, and through the Land Interests. The Authority (or one or more of the Sponsoring Entities acting on behalf of the Authority) shall, as soon as possible after the delivery of this Contract, and subject to the receipt of the Bond proceeds or funds from one or more of the Sponsoring Entities, undertake the acquisition of the Land Interests. The Authority shall be responsible for ensuring that proper filings of each such portion of the Land Interests are made in the deed records of the appropriate counties to ensure that all interested parties have proper notice of the Authority's interests in the Land Interests. As each deed, easement, or other evidence of an interest in real property comprising a portion of the Land Interests is acquired by the Authority, a copy of such instrument, together with evidence of its filing in the deed records of the counties in which such portion lies, shall, upon the written request of a Sponsoring Entity, be given to that Sponsoring Entity.

The Authority shall acquire a title insurance policy or a title opinion showing good and indefeasible title with respect to each Land Interest acquired. A copy of each such title insurance policy or title opinion shall be retained in the Authority's official records.

**Section 2.3**      **Construction.** The Authority shall, as soon as possible, and in accordance with the Engineering Report, undertake to make, execute, deliver, and prosecute all contracts, orders, receipts, writings, and instructions with or to other persons, and in general do or cause to be done all such other things, as may be required for the proper acquisition and construction of the Facilities.

**Section 2.4**      **Selection of Project Engineer; Plans and Specifications; Bidding.** The Authority shall cause the Project Engineer to complete the Plans and Specifications and the other materials to be used in construction of the Facilities and to perform such other engineering tasks as shall be necessary for construction of the Facilities. The bid documents may include appropriate alternatives to assure the most advantageous price consistent with expeditious completion. The specifications for the Project may include as an owner cost any or all insurance coverages either required by law or deemed necessary or advisable by the Authority. Upon obtaining the approval of the Board of Directors of the Authority of the Plans and Specifications and bid documents, the Authority, through its Project Engineer, will promptly advertise for bids for the Project to the extent and as required by law. The Authority may break the construction of the Facilities into several contracts or phases as it determines is best for the timely acquisition and construction of the Facilities. After the receipt of bids, the Authority shall identify the lowest responsible bidder(s) and award the contract(s). If all bids are rejected, bids will again be

solicited, following the procedure outlined above in this Section, until such time as bids satisfactory to the Authority have been received. The Authority shall not be obligated to award a construction contract unless the proceeds from the Bonds are available to pay the contract(s).

**Section 2.5**      **Alternative Method for Construction Procurement.** If authorized under applicable laws, the Authority may procure the design and construction services for the Facilities using an alternative procurement method, such as design-build or construction manager-at-risk. If so authorized, and if the Authority Board of Directors approves the use of an alternative procurement method, the Authority shall proceed to select the contractor and contract for the design and construction of the Facilities in compliance with all applicable laws.

**Section 2.6**      **Liens.** Neither the Sponsoring Entities nor the Authority will create or permit or suffer to exist any lien, encumbrance, or charge upon the Project or any interest therein at any time, except Permitted Liens.

**Section 2.7**      **Revisions of Plans.** The Plans and Specifications may be revised prior to the Completion Date.

**Section 2.8**      **Approvals.** Unless otherwise required by law, each consent, approval, or other official action required of the Sponsoring Entities or the Authority by any provision of this Contract shall be deemed in compliance with this Contract when written evidence of such action, signed by the respective Authorized Representative, is delivered to the party who is to receive evidence of such action. All contracts to be entered into by the Authority shall be authorized by the Authority's Board of Directors. The Sponsoring Entities will cooperate with the Authority in the design, financing, acquisition, and construction of the Project and, following the adoption of the Bond Resolution by the Authority's Board of Directors, will not take any action or fail to take any action (including, without limitation, any exercise or denial of its consent or approval of any action proposed to be taken by the Authority or any of its agents hereunder), if taking or failing to take such action, respectively, would unreasonably delay or obstruct the completion of the Project by the Authority.

**Section 2.9**      **Completion.**

(a) Except as otherwise provided in subsection (b) of this Section, when the Facilities have been substantially completed, the Authority shall deliver to the Sponsoring Entities a certificate of the Authority and the Project Engineer stating that, as of a specified date, the Project has been substantially completed and is ready to be placed in service (the date specified in such certificate being herein called the "Completion Date").

(b) The Sponsoring Entities and the Authority acknowledge that the proceeds of the initial series of Bonds will be insufficient to complete the acquisition and construction of the Project, and accordingly agree to use their best efforts to issue Additional Bonds, or to secure financing pursuant to the TWDB Program or a similar State or Federal Program (e.g., the USEPA Revolving Fund), in an amount sufficient to complete the Project.

**Section 2.10**      **Title to Water.** Title to the water shall be in the Authority until it passes through the meter or meters installed pursuant to this Contract at or near the Delivery Point, following which it shall be in the respective Sponsoring Entities that take delivery of the water at that point. Each of the parties hereto hereby agrees, with respect to water to which the party has title, to save and hold each other party hereto harmless from all claims, demands and

causes of action which may be asserted by anyone on account of the transportation and delivery of the water while title to the water is in such party.

**Section 2.11**      **Access to Property of Sponsoring Entities.** Should any facilities, pipelines, or appurtenances owned by the Authority be installed in any street, alley, or public way within the boundaries of any of the Sponsoring Entities, as same are now constituted or as may hereafter be revised, the respective Sponsoring Entity hereby grants to the Authority the right, privilege and franchise of using such streets, alleys and public ways for the purposes of maintaining, operating, laying, repairing, or removing such facilities, pipelines, and appurtenances, subject to compliance by the Authority with the franchise and right-of-way management ordinances and other applicable laws and regulations of the respective Sponsoring Entity, and the payment of applicable franchise or right-of-way use fees.

**Section 2.12**      **Easements.** Each of the Sponsoring Entities hereby agrees to grant to the Authority such easements as may be reasonably necessary for the purposes of placing, constructing, operating, repairing, maintaining, rebuilding, replacing, relocated, and removing Facilities upon, over, across and through the property of the respective Sponsoring Entity and giving to the Authority, and its successors and assigns, all of the rights and benefits necessary or appropriate for the full enjoyment and use of the easement, including but without limiting the same to, the free right of ingress and egress to and from the property of the respective Sponsoring Entity.

**Section 2.13**      **Cross-Utilization of Lines.**

(a) Each Sponsoring Entity acknowledges that it may be necessary for the Authority to use excess capacity in transmission lines of the Sponsoring Entity to transport treated water to another Sponsoring Entity or other entity on a temporary or long-term basis. The Sponsoring Entity with the transmission lines hereby agrees to permit the Authority to so utilize the lines in accordance with this section and with Section 2.11 and Section 2.12. In such case, the Authority will execute an agreement with the Sponsoring Entity with the transmission lines describing their respective rights and obligations. This agreement may include, among other matters, the payment of reasonable fees for the Authority's use of the lines, conditions placed by the Sponsoring Entity on the use of its lines (including any improvements needed to facilitate Authority use of the lines), provision for cessation of Authority use of a line if the Sponsoring Entity determines that there is no excess capacity in the line, and any special requirements with respect to pressure or other matters relating to the lines.

(b) The Authority will furnish, install, operate, and maintain meters at the point of exit from the Sponsoring Entity's transmission lines to maintain accurate measurements of the quantity of water being delivered by the Authority to another Sponsoring Entity or other entity through the lines. Such meters shall be subject to inspection and examination by both the Sponsoring Entity with the transmission lines and the Authority in accordance with the provisions of Section 4.2.

(c) In the event that repairs are required to be made to any lines or appurtenances of a Sponsoring Entity which the Authority utilizes for the transmission of treated water to another Sponsoring Entity or other entity, the Authority shall participate in the cost of such repairs as may be agreed from time to time.

(d) Nothing in this Contract will prohibit two Sponsoring Entities from entering into an agreement related to the use by one Sponsoring Entity of the transmission lines of the other Sponsoring Entity.

**Section 2.14** **Points of Delivery.** The Project will include the Facilities and Land Interests required to deliver water to the Point of Delivery for each Sponsoring Entity at the location depicted in the Engineering Report. However, the Project will include improvements to the transmission lines of a Sponsoring Entity needed to facilitate Authority use of the lines under Section 2.13 only to the extent provided for in the agreement entered into by the Authority and the Sponsoring Entity under that section. After completion of the Project, each Sponsoring Entity shall have the sole responsibility, at its own cost and expense, for providing additional pipelines and other facilities required for transporting its share of the water from the Project to new or additional Points of Delivery, but additional or alternative points of delivery will be allowed only with the consent of the Sponsoring Entities.

**Section 2.15** **Quantity.** The Sponsoring Entities' allocable share of the treated water produced by the Project is as follows:

City of Jarrell, Texas	1.0 mgd
Sonterra Municipal Utility District	3.9 mgd
CLL Municipal Utility District No. 1	2.3 mgd
BMF Water Supply Corporation	0.3 mgd
CT Water Supply Corporation	1.5 mgd
J-S Water Supply Corporation	1.5 mgd

**Section 2.16** **Other Contracts.** The Authority shall not enter into contracts with persons or entities other than the Sponsoring Entities for the supply of water without the prior consent of all of the Sponsoring Entities, and any Sponsoring Entity may withhold its consent. Before offering to supply any quantity of water to an entity other than the Sponsoring Entities, the Authority shall first offer the water to the Sponsoring Entities, and confirm that none of the Sponsoring Entities wishes to contract with the Authority for the water. The sale of water by a Sponsoring Entity to a retail customer which, in turn, provides water through submeters to tenants is permitted.

**Section 2.17** **Quality.** The water to be delivered by the Authority and received by the Sponsoring Entities shall be from sources identified generally in the Engineering Report and treated using the Facilities and equipment described generally in the Engineering Report. Each of the Sponsoring Entities has satisfied itself that such water is suitable for its needs.

**Section 2.18** **Operation.** The Authority covenants to operate the Project in accordance with Prudent Utility Practices and in accordance with applicable regulatory requirements.

**Section 2.19** **Excess Capacity.** In the event the Project is constructed so that there is excess capacity in all or any portion of the Facilities, such excess capacity shall be owned by the Authority. Any such excess capacity may be used only with the written consent of the Authority Board of Directors, which may include conditions deemed appropriate by the Board.



**ARTICLE III**  
**FINANCING OF THE PROJECT**

**Section 3.1**      **Issuance of Bonds.**

(a) The Authority's acquisition and construction of the Project and improvements to the Project will be financed by (i) receipt of cash from a Sponsoring Entity, (ii) the Authority through the issuance of one or more series or issues of its Bonds by the Authority for a Sponsoring Entity, which Bonds are payable from and secured, in part, by an assignment of the Annual Payment Amounts made under this Contract by the designated Sponsoring Entity for which such series of Bonds are issued or (iii) any combination of (i) and (ii). In consideration of the covenants and agreements set forth in this Contract, and to enable the Authority to issue the Bonds to carry out the intents and purposes hereof, this Contract is executed to assure the issuance of the Bonds and to provide for and ensure the due and punctual payment to the Authority or to the Trustee by each Sponsoring Entity, of amounts not less than the Annual Payment Amounts. Each of the Sponsoring Entities hereby agrees to make, or cause to be made, its respective Annual Payment Amount, as and when due, for the benefit of the owners of the Bonds, as provided in the Bonds and the Bond Resolution.

(b) The proceeds from the sale of the Bonds, together with any cash received from a Sponsoring Entity, will be used for the payment of the Project Costs. The Bonds will be issued by the Authority in the amount anticipated to be required to acquire and construct the Project, including payment of all Project Costs advanced by one or more of the Sponsoring Entities and incurred by the Authority prior to the date of issuance of the Bonds, and to fund, to the extent deemed advisable by the Authority, a debt service reserve fund and interest on the Bonds during construction and for up to one year after the Completion Date.

(c)

(i) Each Bond Resolution of the Authority shall specify the maximum principal amount of the Bonds to be issued thereunder. The Bonds shall mature not more than forty (40) years from the date of such Bonds and shall bear interest at not to exceed the maximum legal rate then permitted by law, and the Bond Resolution may create and provide for the maintenance of a revenue fund, an interest and sinking fund, a debt service reserve fund, and any other funds deemed prudent by the Authority, all in the manner and amounts as provided in such Bond Resolution.

(ii) Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by the Authority's Board of Directors or the execution of an Approval Certificate by the Authority, a substantially final copy of the proposed Bond Resolution, the Approval Certificate, if any, any Credit Agreements and the Sale and Offering Documents shall be presented to the applicable Sponsoring Entity for review and approval.

(iii) Upon approval by the Sponsoring Entity for which the Authority issues a series of Bonds of (i) a Bond Resolution hereafter adopted by the Authority for the applicable Sponsoring Entity, including any Credit Agreements, (ii) any amendments to any Bond Resolution, (iii) an Approval Certificate authorized by a Bond Resolution, and (iv) the Sale and Offering Documents, and

the delivery to the Authority of a certification signed by the Authorized Representative of the respective Sponsoring Entity to the effect that the Bond Resolution, including any Approval Certificate, and the Sale and Offering Documents comply with this Contract, then upon the adoption and approval of the Bond Resolution and the Approval Certificate, if any, in such final form by the Authority's Board of Directors or Authorized Representative, as the case may be, and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be considered approved by the respective Sponsoring Entity and deemed to be in compliance with this Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Contract for all purposes. Any owner of Bonds is entitled to rely fully and unconditionally on any such approval.

(iv) All covenants and provisions in the Bond Resolution affecting, or purporting to bind, a Sponsoring Entity, shall, upon the delivery of the Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the Sponsoring Entities so long as the Bonds and interest thereon are outstanding and unpaid, and may be enforced as provided in this Contract and the Bond Resolution. Particularly, the obligation of the respective Sponsoring Entity to make, promptly when due, all payments specified in this Contract shall be absolute and unconditional, and said obligation may be enforced as provided in this Contract. In addition, subject to the approval of the affected Sponsoring Entity, the Authority may enter into Credit Agreements for the purpose of achieving the lowest financing costs for the Project.

**Section 3.2**      **Proceeds of Bonds and Cash Contribution.** Subject to the terms and provisions of this Contract, the proceeds of the Bonds shall be used by the Authority for the purpose of financing and funding the Authority's acquisition and construction of the Project as provided in Section 3.1 and improvements to the Project. The Authority shall use its best efforts to issue its Bonds, in one or more separate series for each Sponsoring Entity requesting financing, in amounts which will be sufficient, together with any cash contributions, to accomplish such purpose. The proceeds of the Bonds shall be deposited in a construction fund established pursuant to the terms of each Bond Resolution. A trust indenture may be entered into between the Authority and a corporate trustee for the purpose of securing the payment of the Bonds. The trust indenture or the Bond Resolution, as appropriate, will establish procedures for the payment of Project Costs out of the construction fund. It is anticipated that a series of Bonds will be issued pursuant to a Bond Resolution and that a paying agent/registrars agreement will be executed between the Authority and the Trustee concerning the payment procedures with respect to such series of Bonds.

Any cash contribution made by a Sponsoring Entity for its share of Project Costs shall be deposited into a subaccount of the construction fund of the Authority: (i) prior to the pricing of any series of Bonds for a Sponsoring Entity or (ii) simultaneous with the delivery of the proceeds of any series of Bonds so long as sufficient evidence is provided to the Authority and other Sponsoring Entities prior to the pricing of the Bonds that their cash contribution will be available at the closing of the Bonds.

**Section 3.3**      **Refunding of Bonds.** The Authority reserves the right to issue refunding bonds in accordance with the laws of the State and will provide notice to each

applicable Sponsoring Entity of the redetermined Annual Payment Amounts in accordance with Section 5.2 of this Contract.

**Section 3.4**      **Redemption of Bonds.** The Authority, in its sole discretion or upon the written request of a Sponsoring Entity (and provided that the affected series of Bonds for such Sponsoring Entity are subject to redemption or prepayment prior to maturity at the option of the Authority, and provided that such request is received in sufficient time prior to the date upon which such redemption or prepayment is proposed), forthwith shall take or cause to be taken all action that may be necessary under the applicable redemption provisions of such series of Bonds to redeem the Bonds or any part thereof, to the full extent of funds that are either made available for such purpose by the applicable Sponsoring Entity or already on deposit under the Bond Resolution and available for such purpose. The redemption of any outstanding Bonds prior to maturity at any time shall not relieve the applicable Sponsoring Entity of their absolute and unconditional obligation to pay each remaining Annual Payment Amount with respect to any outstanding Bonds, as specified in the Bond Resolution.

**Section 3.5**      **Debt Service on Bonds and Other Bond Funding Requirements.** The parties acknowledge and agree that payments to be made under this Contract will be the primary source available to the Authority to provide the money necessary for the Authority to meet its obligations with respect to a series of Bonds and any Credit Agreements. Each Sponsoring Entity therefore agrees to pay the Bond Payments, as outlined in subsections (a) through (c) below, in full when due as provided in this Contract. Bond Payments shall be due by the close of business on the business day prior to each date on which any of the following payments or deposits shall be due and shall be in an amount equal to all such payments and deposits due on such date:

(a) debt service on each series of Bonds and related payments and deposits, as follows:

(i) principal of, redemption premium, if any, and interest on, its related series of Bonds, less interest to be paid out of Bond proceeds or from other sources if permitted by any Bond Resolution, and the redemption price of any Bonds to be redeemed prior to maturity when and as provided in any Bond Resolution plus the fees, expenses, and, to the extent permitted by law, indemnities of the Trustee, if any, for the Bonds, and those of the paying agent/registrar for paying the principal of and interest on the Bonds and for authenticating, registering, and transferring Bonds on the registration books; and

(ii) deposits required to be made to any special, contingency, or reserve fund by the provisions of any Bond Resolution; and

(iii) any deposit in addition thereto required to restore any deficiency in any of such funds by the provisions of any Bond Resolution,

(b) amounts payable by the Authority under a Credit Agreement; and

(c) the fees, expenses, and indemnities (to the extent permitted by law) of the remarketing agent, rate setting agent, authentication agent, arbitrage rebate compliance firm, and tender agent, if any, for the Bonds.

**Section 3.6**      **Billing.** The Authority will render bills to each of the Sponsoring Entities not more than once each month, commencing in \_\_\_\_\_, 20\_\_, for the current

payments required by this Contract. Except as otherwise provided in this Contract, the monthly bill for each Sponsoring Entity shall be one-twelfth (1/12) of the amount of that Sponsoring Entity's Annual Payment Amount for the current fiscal year of the Authority. The Authority shall, until further notice, render such bills on or before the 5th day of each month and such bills shall be due and payable on the 26th day of each month or twenty-one (21) days after such bill is deposited into the United States mail, properly stamped and addressed to each Sponsoring Entity, whichever is later, and thereafter, to the extent permitted by law, interest shall accrue thereon at the rate of ten per cent (10%) per annum until paid in full. The Authority may, however, from time to time by sixty (60) days' written notice, change the date by which it shall render bills, and all bills shall thereafter be due and payable twenty-one (21) days after such dates as herein provided. Each Sponsoring Entity shall make all payments in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and shall make payment to the Authority at its office in Williamson County, Texas or at such other place as the Authority may from time to time designate by sixty (60) days' written notice.]

**Section 3.7**      **Delinquency in Payment.** If a Sponsoring Entity fails to pay any bills when due and payable, the Authority may give written notice of such delinquency to the Sponsoring Entity and if all bills due and unpaid, including interest thereon, are not paid within forty-five (45) days after delivery of such notice, then the Sponsoring Entity agrees that the Authority shall be authorized, as its option, to institute suit for collection thereof and to collect any amounts due and unpaid, together with interest thereon and reasonable attorneys' fees, and the Sponsoring Entity further agrees that the Authority may, as its option, discontinue providing water to the Sponsoring Entity until all amounts due and unpaid are paid in full with interest as herein specified. Any such discontinuation of service shall not, however, relieve the Sponsoring Entity of its unconditional obligations to make the payments required by this Contract.

**Section 3.8**      **Authority's Rights Assigned to Trustee.** The Sponsoring Entities are advised and recognize that as security for payment of a series of Bonds, the Authority may assign to a Trustee, pursuant to one or more trust indentures (or paying agent/registrars agreements) to be authorized by the Bond Resolution, the Authority's rights under this Contract, including the right to receive payments due from the Sponsoring Entities hereunder (but not the right to receive payments, if any, under Section 8.13 hereof). The Sponsoring Entities herewith assent to such assignment and will make the payments due from them hereunder directly to the Trustee without defense or set-off by reason of any dispute between one or more of the Sponsoring Entities and the Authority or the Trustee. All rights against the Sponsoring Entities arising under this Contract or the Bond Resolution and assigned to the Trustee may be enforced by the Trustee, or the owners of the Bonds, to the extent provided in the Bond Resolution, and the Trustee, or the owners of the Bonds, shall be entitled to bring any suit, action, or proceeding against the Sponsoring Entities, to the extent provided in the Bond Resolution, for the enforcement of this Contract, and it shall not be necessary in any such suit, action, or proceeding to make the Authority a party thereto.

**Section 3.9**      **Tax-Exempt Bonds.** The parties hereto understand and agree that the Authority will use its best efforts to provide for, but will not be liable for a failure to produce, the lowest overall debt service cost for any series of Bonds to be issued for the Project. In connection therewith, the parties understand that the Authority intends to issue series of Bonds the interest on which is excludable from the gross income of the owners thereof for federal

income tax purposes, except that the parties recognize the series of Bonds issued for the Sponsoring Private Entities will likely be taxable pursuant to the provisions of the Code. The parties hereto acknowledge their understanding that the federal income tax laws impose certain restrictions on the use and investment of proceeds of such tax-exempt bonds and on the use of the property financed therewith and the output produced therefrom. Accordingly, the parties agree and covenant that if any series of Bonds are offered to investors with the understanding that the interest will be exempt from federal income taxation, then the parties, their assigns and agents, will take such action to assure, and refrain from such action which will adversely affect, the treatment of such Bonds as obligations described in section 103 of the Code. Should any party fail to comply with such covenant, the effect of which being that the Bonds no longer qualify as obligations described in the Code, such defaulting party shall be liable for all costs resulting from the loss of the tax-exempt status of the Bonds. The parties hereby agree and covenant to comply with all of the representations and covenants relating to such exemption which are set out in any Bond Resolution. The parties further agree and covenant that in the event any series of Bonds issued are to be tax-exempt, they will modify such agreements, make such filings, restrict the yield on investments, and take such other action necessary to fulfill the applicable provisions of the Code. For these purposes, the parties may rely on the respective opinion of any firm of nationally-recognized bond attorneys selected by them. In the event that a conflict arises in the opinions of the respective firms of the parties, the parties will identify a different firm that is mutually acceptable to all parties in order to resolve the conflict of opinion.

**Section 3.10**      **Payment to Rebate Fund.** In the event that tax-exempt Bonds are issued as provided in Section 3.9, the Authority hereby covenants and agrees to make the determinations and to pay any deficiency into a rebate fund, at the times and as described in the Bond Resolution to comply with the provisions of section 148(f)(2) of the Code. In any event, if the amount of cash held in the rebate fund shall be insufficient to permit the Trustee to make payment to the United States of America of any amount due on any date under section 148(f)(2) of the Code, each of the Sponsoring Public Entity forthwith shall pay the amount of such insufficiency for the series of Bonds issued for such Sponsoring Public Entity on such date to the Trustee in immediately available funds for such purpose. The obligations of the Sponsoring Public Entities under this Section 3.10 are direct obligations of each Sponsoring Public Entity, acting under the authorization of, and on behalf of, the Authority and the Authority shall have no further obligation or duty with respect to the rebate fund.

**Section 3.11**      **Sponsoring Entities' Obligations.** In the event the Project is not completed for any of the reasons contemplated herein or otherwise, or any proceeds from issuance of a series of Bonds are not used for completion of the Project for any reason, any Bond proceeds and earnings thereon for such series not used for completion of the Project shall be utilized to satisfy amounts due and owing on the related series of Bonds as described in the Bond Resolution, and herein, so as to reduce the Annual Payment Amounts which would otherwise be due hereunder, or be applied for the benefit of the Sponsoring Entity for which a series of Bonds are being issued as provided in the Bond Resolution. Each of the Sponsoring Entities has covenanted absolutely and unconditionally, in accordance with all other terms of this Contract, to make payment of the Annual Payment Amounts, as provided herein, in consideration for such application of the money as well as the other covenants and obligations of the Authority and others set forth or contemplated herein.

**Section 3.12**      **Interest on Money.** All legally available money respecting a series of Bonds shall be invested in the manner set forth in the Bond Resolution. Any interest earnings on the Bond proceeds may be used to pay principal of and interest on the related series of Bonds or for the payment of any Project Costs or other costs related to the Project approved by the Sponsoring Entity for which such Bonds were issued, subject to Section 3.9.

**Section 3.13**      **Sale and Offering Documents.** At the request of the Authority, each of the Sponsoring Entities shall provide to the Authority current and historical information concerning such Sponsoring Entity's System, the financial conditions, results, and prospects of the Sponsoring Entity, and such other information concerning such Sponsoring Entity as the Authority shall deem advisable for inclusion in the Sale and Offering Documents for the series of Bonds of to be issued for such Sponsoring Entity, and shall certify to the Authority and the underwriters of any offering of Bonds to be made by means of such Sale and Offering Documents when and if the Sponsoring Entity deems such Sale and Offering Documents to be complete and final for purposes of the Rule. Each of the Sponsoring Entities represents and warrants that all statements concerning it (including, without limitation, its financial condition, results, and prospects, its System, and any demographic and economic information concerning the area served by its System) that are contained in any Sale and Offering Document approved by the Sponsoring Entities pursuant to Section 3.1 hereof shall be true in all material respects and shall not omit to state any material fact necessary to make the statements made in such Sale and Offering Document, in the light of the circumstances in which they are made, not misleading.

**Section 3.14**      **Right of Sponsoring Entities to Prepay.** Each of the Sponsoring Entities shall have the right at any time to prepay all or any portion of the Annual Payment Amounts. Subject to the provisions of Section 3.9, such prepaid Annual Payment Amounts shall be used and invested by the Authority as directed by the Sponsoring Entity which paid (i) as a credit against future Annual Payment Amount obligations of such Sponsoring Entity, (ii) to redeem Bonds issued for such Sponsoring Entity pursuant to the provisions of Section 3.4, or (iii) to provide for the defeasance of the Bonds pursuant to the provisions of the Bond Resolution. Any such prepayment will not cause a termination of this Contract until all other amounts owed or to be incurred by the Authority or any other person under the provisions of the Bond Resolution (including the charge for water pursuant to Section 8.5 hereof) have been paid in full or waived by such person.

## **ARTICLE IV**

### **METERING AND MEASUREMENT**

**Section 4.1**      **Unit of Measurement.** The unit of measurement for water delivered hereunder shall be [1,000 gallons of water, U. S. Standard Liquid Measure.]

**Section 4.2**      **Measuring Equipment.**

(a) The Authority shall furnish, install, operate and maintain at its own expense for each Delivery Point the necessary electronic or other equipment and devices of standard type for measuring properly the quantity of water delivered under this Contract. Such meter or meters and other equipment so installed shall remain the property of the Authority. The Sponsoring Entities shall have access to such metering equipment at all reasonable times, but the reading, calibration, and adjustment thereof shall be done only by the employees or agents of the Authority. For the purpose of this Contract the original record or reading of the meter or meters

shall be the journal or other record book of Authority in its office in which the records of the employees or agents of the Authority who take readings are or may be transcribed. Upon written request of a Sponsoring Entity, the Authority will give the Sponsoring Entity a copy of such journal or record book, or permit the Sponsoring Entity to have access to the same in the office of the Authority during reasonable business hours.

(b) The Authority shall calibrate its meters periodically, but at least once each year. Each Sponsoring Entity shall be entitled to have a representative present during each calibration, and the parties shall jointly observe any needed adjustments which are made to the meters. If the check meters hereinafter provided for have been installed, the same shall also be calibrated by the Sponsoring Entities in the presence of a representative of the Authority, and the parties shall jointly observe any needed adjustment. If the Sponsoring Entities in writing request the Authority to calibrate its meters, and the Authority gives the Sponsoring Entities notice of the time when the calibration is to be made, and a representative of any Sponsoring Entity is not present at the time set, the Authority may proceed with calibration and adjustment in the absence of a representative of that Sponsoring Entity.

(c) If any party at any time observes a variation of one percent (1%) or more between the delivery meter or meters and the check meter or meters (if any such check meter or meters are installed), such party will promptly notify the other parties, and the parties hereto shall then cooperate to procure an immediate calibration test and joint observation of any adjustment, and the said delivery and check meter or meters shall then be tested and adjusted to accuracy. Each party shall give the other parties forty-eight (48) hours' notice of the time of all tests of meters so that the other parties may conveniently have a representative present.

(d) If upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of two percent (2%), registration thereof shall be corrected for a period extending back to the time when such inaccuracy began, if such time is ascertainable, and if such time is not ascertainable, then for a period extending back one-half ( $\frac{1}{2}$ ) of the time elapsed since the last date of calibration, but in no event further back than a period of six (6) months. If for any reason any meters are out of service or out of repair so that the amount of water delivered cannot be ascertained or computed from the reading thereof, the water delivered during the period such meters are out of service or out of repair shall be estimated and agreed upon by the parties hereto upon the basis of the best data available. For such purpose, the best data available shall be deemed to be the registration of any check meter or meters if the same have been installed and are accurately registering. Otherwise the amount of water delivered during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (ii) by estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

(e) One or more of the Sponsoring Entities may, at their option and their own expense, install and operate a check meter to check each delivery meter installed by the Authority, but the measurement of water for the purpose of this Contract shall be solely by the Authority's meters, except in the cases hereinabove specifically provided to the contrary. All such check meters shall be of standard make and shall be subject at all reasonable times to inspection and examination by any employee or agent of the Authority. The reading, calibration and adjustment thereof, however, shall be made only by the respective Sponsoring Entity or Entities, except during any period when a check meter may be used under the provisions hereof

for measuring the amount of water delivered, in which case the reading, calibration and adjustment thereof shall be made by the Authority with like effect as if such check meter or meters had been furnished or installed by the Authority.

## ARTICLE V

### ANNUAL PAYMENT AMOUNTS, SPONSORING ENTITY COVENANTS

**Section 5.1**      **Annual Estimate of Annual Payment Amounts.** Not less than ninety (90) days prior to the beginning of each Fiscal Year, the Authority shall furnish to the Authority Board of Directors, and to each of the Sponsoring Entities, a proposed budget that includes an estimate of the Annual Payment Amounts for that Fiscal Year from each Sponsoring Entity, and a schedule of the monthly payments required to be paid by each Sponsoring Entity in such Fiscal Year. The Annual Payment Amount for each Sponsoring Entity shall include the Entity's Bond Payment and the anticipated proportionate share of the Operation and Maintenance Expenses and Overhead Expenses of the Authority. The Authority Board shall review the proposed budget, and after making any adjustments which are reasonable and necessary, shall approve the budget not later than ten (10) days before the beginning of the Fiscal Year. The Authority Board shall ensure that each approved budget includes appropriate amounts for making of all Bond Payments by the Authority.

### **Section 5.2**      **Payments by the Sponsoring Entities.**

(a) Each of the Sponsoring Entities hereby agrees that it will make payment of its Bond Payment, to the extent the Authority issues a series of Bonds for such Sponsoring Entity, and its proportionate share of the Operation and Maintenance Expenses and Overhead Expenses to the Authority, or to the Trustee on behalf of the Authority, as provided in the Bond Resolution, and in accordance with the procedures established in Section 3.6 hereof. If a Sponsoring Entity at any time disputes the amount to be paid by it to the Authority, such Sponsoring Entity shall nevertheless promptly make such payment or payments, but if it is subsequently determined by agreement or court decision that such disputed payments made by the Sponsoring Entity should have been less, or more, the Authority shall promptly revise the charges for such Sponsoring Entity in such manner that the Sponsoring Entity will recover its overpayment or the Authority will recover the amount due it. The Authority shall pursue all legal remedies against the Sponsoring Entities to enforce and protect the rights of the Authority and the owners of the Bonds, and the Sponsoring Entities shall not be relieved of the liability to the Authority for the payment of all amounts which are due by them hereunder.

(b) Except to the extent otherwise provided by the Bond Resolution, all amounts due under this Contract shall be paid and are due in Hays County, Texas, which is the County in which the principal administrative offices of the Authority are located.

(c) The Authority shall redetermine the estimate and schedule of Annual Payment Amounts due in any Fiscal Year at any time during such Fiscal Year, as and to the extent deemed necessary or advisable by the Authority to accurately forecast the Annual Payment Amounts and the dates of payments to be made by each of the Sponsoring Entities, if (i) the Authority issues Bonds to complete the Project or to refund any Bonds or enters into, amends, or terminates a Credit Agreement, (ii) actual interest rates on any variable interest rate Bonds differ from those projected by the Authority, or (iii) any other event occurs which results in an increase or



decrease in the Annual Payment Amounts required to be made by the Sponsoring Entities in such Fiscal Year.

(d) If, during any Fiscal Year, the Annual Payment Amount is redetermined in any manner as provided or required in this Section, the Authority will promptly furnish each of the Sponsoring Entities with an updated schedule of payments reflecting such redetermination.

(e) Notwithstanding anything herein to the contrary, no failure of the Authority to estimate, and no mistake by the Authority in any estimate of, the amount of or schedule for payments due from the Sponsoring Entities in any Fiscal Year shall relieve the Sponsoring Entities from (or defer) their absolute and unconditional obligation to pay all Annual Payment Amounts in full when due.

(f) The Authority shall, to the extent permitted by law, suspend the delivery of services or water from the Project to any Sponsoring Entity which remains delinquent in any payments due under the preceding paragraphs for a period of thirty (30) days, and shall not resume delivery of services or water while such Sponsoring Entity is so delinquent. The Authority also retains the right to charge a reconnection fee or other appropriate charges prior to commencing utility service to the delinquent Sponsoring Entity. It is further provided and agreed that if any Sponsoring Entity should remain delinquent in any payments due hereunder for a period of one hundred twenty days, and if such delinquency continues during any period thereafter, such Sponsoring Entity's proportionate share specified in Section 2.15 shall be deemed to have been zero percent during all periods of such delinquency, for the purpose of calculating and redetermining the percentage of Operation and Maintenance Expenses and Overhead Expenses to be paid by the non-delinquent Sponsoring Entities and the Authority, and the Authority shall redetermine such percentage of Operation and Maintenance Expenses and Overhead Expenses on that basis in such event so that the non-delinquent Sponsoring Entity and the Authority collectively shall be required to pay all of the Operation and Maintenance Expenses and Overhead Expenses. However, the Authority shall pursue all legal remedies against any such delinquent Sponsoring Entity to enforce and protect the rights of the Authority and the other Sponsoring Entities, and any non-delinquent Sponsoring Entity may also pursue remedies against the delinquent Sponsoring Entity in coordination with the Authority. The delinquent Sponsoring Entity shall not be relieved of the liability to the Authority for the payment of all Operation and Maintenance Expenses and Overhead Expenses which would have been due hereunder had no default occurred or the percentage had not been redetermined as provided in this Section. If any amount of Operation and Maintenance Expenses and Overhead Expenses due and owing the Authority by any Sponsoring Entity is placed with an attorney for collection, such Sponsoring Entity shall pay to the Authority, and to the non-delinquent Sponsoring Entities, as appropriate, all attorneys' fees, in addition to all other payments provided for herein, including interest. In the event the Authority redetermines the percentages of the Operation and Maintenance Expenses and Overhead Expenses to be made by the non-delinquent Sponsoring Entities under this subsection then the Authority shall also redetermine each non-delinquent Sponsoring Entity's pro rata share of treated water from the Project for the period of the delinquency, and the non-delinquent Sponsoring Entities shall be entitled to use of their respective redetermined shares during the period of delinquency.

**Section 5.3**      **Source of Payment.**

(a) Each of the Sponsoring Entities represents and covenants that all payments to be made by them under this Contract shall constitute reasonable and necessary "operating expenses," as defined in Chapter 1502, as amended, Texas Government Code, of its System, but only to the extent of the Annual Payment Amount. A Sponsoring Entity shall not be obligated to make its payments under this Contract from any source other than the gross revenues of its System. Each of the Sponsoring Entities further represents that its Governing Body has determined that the services to be provided by the Project are absolutely necessary and essential to provide water to that Sponsoring Entity.

(b) Each of the Sponsoring Entities agrees throughout the term of this Contract to fix and collect such rates and charges for services to be supplied by its System as will produce gross revenues at all times during the term of this Contract in an amount at least equal to (i) all of the expenses of operation and maintenance of the Sponsoring Entity's System, including specifically its payments under this Contract and (ii) all other amounts as required by law and the provisions of the ordinances or resolutions authorizing the Sponsoring Entity's Utility Bonds or other obligations now or hereafter outstanding payable, in whole or in part, from the net revenues of the Sponsoring Entity's System, including the amounts required to pay all principal of and interest on such Sponsoring Entity's Utility Bonds and other obligations.

(c) No ad valorem tax revenues of any of the Sponsoring Entities shall be pledged to the payment of any amounts to be paid by the Sponsoring Entities to the Authority under this Contract, nor shall the Authority have the right to demand payment of any amounts to be paid by the Sponsoring Entities under this Contract be paid from funds raised or to be raised from ad valorem taxation from the Sponsoring Entities. The obligations under this Contract shall never be construed to be a debt or pecuniary obligation of any of the Sponsoring Entities of such kind as to require any of the Sponsoring Entities to levy and collect an ad valorem tax to discharge their obligations.

**Section 5.4**      **Authority's Operation and Maintenance Expenses and Overhead Expenses.** To the extent not paid out of the proceeds of the Bonds, or otherwise, each of the Sponsoring Entities shall pay and reimburse the Authority for all of its proportionate share of Operation and Maintenance Expenses and Overhead Expenses incurred by the Authority throughout the term of this Contract within thirty (30) days of receipt of documentation therefor from the Authority. The Sponsoring Entities also agree, with the consent of the Authority, to enter into an interlocal agreement among themselves and with the Authority to provide for, among other matters, an annual adjustment of the Operation and Maintenance Expenses and Overhead Expenses paid by each Sponsoring Entity based upon certain formulas and taking into account the quantity of water actually utilized by each Sponsoring Entity.

**Section 5.5**      **Annual Budgeting by the Sponsoring Entities.** Each Sponsoring Entity shall make provision in its annual budgets and shall appropriate an amount sufficient, at a minimum, for the payment of all amounts required to be paid by the Sponsoring Entity from the sources specified under this Contract.

**Section 5.6**      **Revenue Sources Pledged.** Each of the Sponsoring Entities hereby pledges the gross revenues of its System to the payment of its obligations under this Contract, and recognizes that the Authority will, and authorizes the Authority to, pledge the Annual Payment Amounts owing to the Authority by the Sponsoring Entities under this Contract to the

payment of the Bonds and Credit Agreements. The Authority agrees to make the payments for the Bonds and Credit Agreements when and as required by the Bond Resolution, the Credit Agreements, and this Contract, from and to the extent of capitalized interest, proceeds of the Bonds not expended for the Project, and payments made by the Sponsoring Entities.

**Section 5.7**      **General Covenants.** Each Sponsoring Entity further represents, covenants and agrees that in accordance with and to the extent permitted by law:

(a)    Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in each ordinance or resolution authorizing the issuance of its Sponsoring Entity's Utility Bonds; and it will, at the time and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the fund and accounts created by said ordinances, but only from and to the extent of the sources of funds and after satisfaction of all prior obligations described therein.

(b)    Legal Authority. (i) Sponsoring Public Entities' Legal Authority. It is a duly created and existing municipality of the State, or a conservation and reclamation district and political subdivision of the State, as applicable, and is duly authorized under the laws of the State to enter into this Contract, and that all action on its part for the execution and delivery of this Contract has been duly and effectively taken; and that this Contract is a valid and enforceable special obligation of the Sponsoring Entities in accordance with its terms.

(ii) Sponsoring Private Entities' Legal Authority. \_\_\_\_\_.

(c)    Acquisition and Construction; Operation and Maintenance. (1) It shall use its best efforts in accordance with Prudent Utility Practice to acquire and construct, or cause to be acquired and constructed, any capital improvements to its System needed for it to secure delivery of its proportionate share of treated water from the Project at the agreed Delivery Points, which shall mean and include any capital extensions, improvements, and betterments, in accordance with the plans and specifications therefor, as modified from time to time with due diligence and in a sound and economical manner; and (2) it shall at all times use its best efforts to operate or cause to be operated its System properly and in an efficient manner, consistent with Prudent Utility Practice, and shall use its best efforts to maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or use its best efforts to cause to be made, all necessary and proper repairs, replacement, and renewals so that at all times the operation of its System may be properly and advantageously conducted.

(d)    Title. It has or will obtain lawful title, whether such title is in fee or lesser interest, to the lands, buildings, structures, and facilities constituting its System; it will defend the title to all the aforesaid lands, buildings, structures, and facilities, and every part thereof, for the benefit of the Authority and the owners of the Bonds, against the claims and demands of all persons whomsoever; and it is lawfully qualified to pledge the gross revenues of its System to the payment of the payments required by this Contract in the manner prescribed herein, and has lawfully exercised such rights.

(e)    Liens. It will from time to time, and before the same become delinquent, pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon its System; it will pay all lawful claims for rents, royalties, labor, materials, and

supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the lien granted hereunder shall be fully preserved in the manner provided herein; and it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the lien hereof might or could be impaired; provided however, that no such tax, assessment, or charge, and no such claims which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Sponsoring Entity.

(f) Books, Records, and Accounts. It shall keep proper books, records, and accounts separate and apart from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to its System, the Bonds, and the Sponsoring Entities, and it shall cause said books and accounts to be audited annually as of the close of each Fiscal Year by the Accountant. At the request of the Authority, the Sponsoring Entity shall allow the Authority to audit such books, records, and accounts at any reasonable time and from time to time.

(g) Insurance.

(i) Except as otherwise permitted in clause (ii) below, it shall cause to be insured such parts of its System as would usually be insured by public entities operating like properties, with a responsible insurance company or companies, against risks, accidents, or casualties against which and to the extent insurance is usually carried by public entities operating like properties, including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage by floods, and use and occupancy insurance. Public liability and property damage insurance shall also be carried unless the legal counsel for the Sponsoring Entity gives a written opinion to the effect that the Sponsoring Entity is not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the Sponsoring Entities shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the Authority at all reasonable times.

(ii) In lieu of obtaining policies for insurance as provided above, the Sponsoring Entities may self-insure against risks, accidents, claims, or casualties described in clause (i) above.

(iii) The annual audit hereinafter required shall contain a section commenting on whether or not the Sponsoring Entity has complied with the requirements of this Section with respect to the maintenance of insurance, and listing the areas of insurance for which the Sponsoring Entity is self-insuring, all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(h) Audits. After the close of each Fiscal Year while this Contract is in effect, it shall cause an audit to be made of the books and accounts relating to its System and of the revenues and expenses of its System by the Accountant. As soon as practicable after the close of each such Fiscal Year, and when said audit has been completed and made available to the Sponsoring

Entity, a copy of such audit for the preceding Fiscal Year shall be mailed to the Authority. Such annual audit reports shall be open to the inspection of the Authority, its agents and representatives, the Trustee, and the owners of the Bonds at all reasonable times at the Authority's office.

(i) Governmental Agencies. It will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to its System, and which have been obtained from any governmental Authority; and the Sponsoring Entities have or will obtain and keep in full force and effect all franchises, permits, authorizations, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of its Sponsoring Entity's System.

(j) No Competition. To the extent it legally may, it will not grant any franchise or permit for the acquisition, construction, or operation of any competing facilities which might be used as a substitute for its System's facilities, and, to the extent that it legally may, each Sponsoring Entity will prohibit any such competing facilities.

(k) Rights of Inspection. The Authority, the Trustee, and the owners of 10% or more in principal amount of the Bonds of any series shall have the right at all reasonable times to inspect its System and all records, accounts, and data of the Sponsoring Entity relating thereto, and upon request the Sponsoring Entity shall furnish to the Authority, the Trustee, and such owners of Bonds such financial statements, reports, and other information relating to the Sponsoring Entity and its System as any such person may from time to time reasonably request.

(l) Sale, Lease, or Disposal of Property by the Sponsoring Entities. A Sponsoring Entity shall not sell, lease, mortgage, demolish, remove, or otherwise dispose of any part of its System, except as follows:

(i) To the extent permitted by law, a Sponsoring Entity may sell or exchange at any time and from time to time any property or facilities constituting a part of its System only if (a) it shall determine such property or facilities are not useful in the operation of its System, (b) the proceeds of such sale are \$250,000 or less, or it shall have received a certificate executed by the Sponsoring Entity's Engineer of Record and Authorized Representative stating, in their opinion, that the fair market value of the property or facilities exchanged is \$250,000 or less, (c) if such proceeds or fair market value exceeds \$250,000, it shall have received a certificate executed by the Sponsoring Entity's Engineer of Record and Authorized Representative stating, in their opinion, that the sale or exchange of such property or facilities will not impair the ability of the Sponsoring Entity to comply during the current or any future year with the provisions of Section 5.3(b) of this Contract, or (d) the sale or exchange will not adversely affect the excludability of interest on the Bonds from the gross income of the owners thereof. The proceeds of any such sale or exchange not used to acquire other property necessary or desirable for the safe or efficient operation of the Sponsoring Entity's System shall forthwith, at the option of the Sponsoring Entity, be used as provided in the ordinances of the Sponsoring Entity authorizing its Utility Bonds.

(ii) To the extent permitted by law, the Sponsoring Entity may lease or make contracts or grant licenses for the operation of, or make arrangements for

the use of, or grant easements or other rights with respect to, any part of its System, provided that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by the Sponsoring Entity of the System, (ii) does not in any manner impair or adversely affect the rights or security of the Authority under this Contract; and provided, further, that if the depreciated cost of the property to be covered by any such lease, contract, license, arrangement, easement, or other right is in excess of \$500,000, the Sponsoring Entity shall have received a certificate executed by the Sponsoring Entity's Engineer of Record and Authorized Representative that the action of the Sponsoring Entity with respect thereto does not result in a breach of the conditions under this subsection (2), and (iii) does not adversely affect the excludability of interest on the Bonds from the gross income of the owners thereof. Any payments received by the Sponsoring Entity under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the Sponsoring Entity's System or any part thereof shall constitute gross revenues of the System.

## **ARTICLE VI**

### **CONTINUING DISCLOSURE**

#### **Section 6.1**      **Annual Reports.**

(a) Following the issuance of Bonds of any series by the Authority for the benefit of the Sponsoring Entities, the offer or sale of which is not exempt from the SEC Rule 15c2-12, as amended from time to time (the "Rule") and, until the Sponsoring Entities are no longer obligated, contingently or otherwise, to make payments in respect of the Bonds of such series issued for the Sponsoring Entities, the Sponsoring Entities undertake to and shall provide annually to the MSRB, within six months after the end of each Fiscal Year, (i) financial information and operating data of the general type included in the Sale and Offering Documents for the Bonds of such series, as specified in its approval of such Sale and Offering Documents pursuant to Section 3.1 hereof and (ii) audited general purpose financial statements of the respective Sponsoring Entities, if then available. Any financial statements so to be provided shall be (i) prepared in accordance with generally accepted accounting principles for governmental agencies or such other accounting principles as the respective Sponsoring Entities may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the respective Sponsoring Entities commissions an audit of such statements and the audit is completed within the period during which it must be provided. If the audit of such financial statements is not complete within such period, then the respective Sponsoring Entities shall provide unaudited financial statements within the required period, and shall provide audited financial statements for the applicable Fiscal Year to the MSRB, when and if the audit report on such statements become available.

(b) If a Sponsoring Entity changes its Fiscal Year, the respective Sponsoring Entities will notify the Authority and the MSRB in writing of the change (and of the date of the new Fiscal Year end) prior to the next date by which the respective Sponsoring Entities otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be incorporated by specific

reference to any document or specific part thereby (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC. Copies of such information and operating data shall be furnished to the Authority at the same time the information and data are furnished to the MSRB.

**Section 6.2**      **Material Event Notices.** (a) The following are the events with respect to any series of Bonds which the Authority must agree to disclose in a timely manner pursuant to the Rule, if “material” under applicable federal securities laws and regulations promulgated thereunder.

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material within the meaning of the federal securities laws;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds.
- (vii) Modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws;
- (viii) Bond calls, if material within the meaning of the federal securities laws and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material within the meaning of the federal securities laws;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of a Sponsoring Entities;
- (xiii) The consummation of a merger, consolidation, or acquisition involving a Sponsoring Entities or the sale of all or substantially all of the assets of a Sponsoring Entities, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material within the meaning of the federal securities laws; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material within the meaning of the federal securities laws.

(b) Each Sponsoring Entity shall, promptly after obtaining actual knowledge of the occurrence of any of the events enumerated above, notify the Authority of such event and provide all information in the format required to satisfy the requirements of the Rule. Further, each Sponsoring Entity shall provide, in a timely manner, notice of any failure to provide audited financial statements, financial information, and operating data in accordance with this Contract to the MSRB.

**Section 6.3**            **Limitations, Disclaimers, and Amendments.**

(a) Each Sponsoring Entity shall be obligated to observe and perform the covenants specified in this Contract in respect to Bonds issued for its benefit by the Authority of any series for so long as, but only for so long as, each Sponsoring Entity remains an “obligated person” with respect to the Bonds of such series within the meaning of the Rule, except that each Sponsoring Entity in any event will give notice of any deposit made in accordance with the Bond Resolution that causes Bonds of such series no longer to be outstanding.

(b) The provisions of this Article are for the sole benefit of (and may be enforced by) the owners and beneficial owners of the Bonds of such Sponsoring Entity, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Sponsoring Entities undertake to provide only the financial information, operating data, financial statements, and notices which they have expressly agreed to provide pursuant to this Article and they do not hereby undertake to provide any other information that may be relevant or material to a complete presentation of their respective financial results, condition, or prospects, nor do they hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Sponsoring Entities make no representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(c) UNDER NO CIRCUMSTANCES SHALL A SPONSORING ENTITY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS CONTRACT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(d) No default by a Sponsoring Entity in observing or performing its obligations under this Section shall comprise a breach of or default under this Contract for purposes of any other provision of this Contract.

(e) Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Authority or a Sponsoring Entity under federal and state securities laws.

(f) The provisions of this Section may be amended by the Authority and the Sponsoring Entities from time to time to adapt to changed circumstances that arise from a change



in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority or the Sponsoring Entities, but only if

(i) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds of the applicable series in the primary offering of the Bonds of such series in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and

(ii) either

(A) the owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Contract that authorizes such an amendment) of the outstanding Bonds of each such series affected consent to such amendment or

(B) an entity that is unaffiliated with the Authority or a Sponsoring Entity (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the owners and beneficial owners of the Bonds of such series and is permitted by the terms of this Section.

If the Authority and the City so amend the provisions of this Section in connection with the financial or operating data which the Sponsoring Entities are required to disclose hereunder, the respective Sponsoring Entity shall provide a notice of such amendment to be filed in accordance with Section 10.2(b) hereof, together with an explanation, in narrative form, of the reason for the amendment and the impact of any change in the type of financial information or operating data to be so provided. The Authority and the Sponsoring Entities may also amend or repeal the provisions of this Section if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of each series of Bonds.

## **ARTICLE VII**

### **COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS**

**Section 7.1**      **Compliance with Federal, State and Local Laws.** In addition to the provisions of Section 8.8 hereof, this Contract is subject to all applicable federal and State laws and any applicable permits, ordinances, rules, orders and regulations of any local, state or federal government authority having or asserting jurisdiction. The Contract is specifically subject to the rules of the TCEQ, and the Authority shall have the right to terminate this Contract with respect to a Sponsoring Entity upon the Sponsoring Entity's non-compliance with the rules promulgated by the TCEQ. Pursuant to those rules the parties will comply with all of the applicable requirements in Section 7.2 hereof.

**Section 7.2**      **Recordkeeping and Reporting.** The Sponsoring Entities and the Authority shall maintain records relating to the Authority on site for a period of five (5) years.

(a) Records to be maintained by the Authority include:

- (i) copies of notifications made to the TCEQ concerning water projects;
  - (ii) as applicable, copies of contracts made with each water user;
  - (iii) records of volume of water delivered to each water user per delivery; and
  - (iv) water quality analyses.
- (b) Records to be maintained by each Sponsoring Entity include:
- (i) records of volume of water delivered to the Sponsoring Entity by the Authority;
  - (ii) records of water quality analysis of the Sponsoring Entity's distribution system;
  - (iii) calibration records for any check meters (as described in Section 4.2(e) above) owned, maintained, or controlled by the Sponsoring Entity; and
  - (iv) maintenance records pertinent to each Authority delivery point to the Sponsoring Entity.
- (c) The Authority shall report to the TCEQ on a monthly basis the following information on forms furnished by the Executive Director of the TCEQ:
- (i) volume of water delivered to each Sponsoring Entity.
  - (ii) quality of water delivered to the Sponsoring Entities reported as a monthly average for each quality criteria except those listed as "not to exceed," which shall be reported as individual analyses.

Such reports are due to the TCEQ by the 20th day of the month following the reporting period.

The foregoing requirements of this Article VII shall be amended as necessary to comply with the rules of the TCEQ.

All costs of compliance with the rules of the TCEQ shall be paid by the Authority, but such costs shall be considered an Operation and Maintenance Expense.

## **ARTICLE VIII**

### **GENERAL PROVISIONS**

**Section 8.1**      **Participation by the Parties.** Each party represents to the other parties that it is empowered by law to participate in the acquisition, construction, and financing of the Project, and to execute this Contract and other agreements and documents as are or may hereafter be required to accomplish the same; and that its participation in the Project and execution of this Contract have been duly authorized by action of its Governing Body at a meeting conducted in accordance with the Texas Open Meetings Act, as amended, Chapter 551, Texas Government Code. Each party agrees to furnish to the other parties such documentation or evidence of its authority to so participate and execute this Contract and other agreements and

documents as the other parties may reasonably request, and to take and perform such other and further actions and execute such other agreements and documents as may be reasonably required to carry out the provisions of this Contract.

**Section 8.2      Insurance.**

(a) The Authority agrees to carry public liability insurance and environmental pollution insurance on the Project for purposes and in amounts which ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the Authority shall not be required to carry liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the Authority's legal counsel, be potentially liable considering relevant governmental immunities of the Sponsoring Entities and the Authority. The Authority shall also carry property casualty insurance in the amount of the replacement value of all improvements and personal property connected with the Project (less a deductible comparable to the deductible on the Sponsoring Entities' property insurance for their respective properties generally). All premiums for such insurance shall constitute an expense of the Project but may be paid out of the proceeds of the Bonds to the extent that such proceeds are available. In the event the Authority is required to pay a deductible with respect to a claim under any such policy, the amount of such deductible shall constitute an expense and shall be paid by the Sponsoring Entities.

(b) The Authority shall require the contractor or contractors employed for construction of the Project to carry insurance and bond coverages throughout the construction period in at least the following amounts: (1) workers' compensation: State law limits; (2) general liability (including contractual liability) and automobile liability: one million dollars (\$1,000,000) per person and two million dollars (\$2,000,000) per occurrence for bodily injury, and one million dollars (\$1,000,000) for property damage; (3) builder's risk: full replacement value of improvements; (4) performance and payment bond: full value of contract; (5) cost overrun insurance; and (6) timely completion insurance. The Authority shall secure from the contractor or contractors a certified copy of such effective policy of insurance, and original bonds, prior to commencement of construction, and the Authority shall furnish a copy of the policy and bonds to a Sponsoring Entity upon request. Such insurance policies shall name the Authority and the Sponsoring Entities as additional insureds, and the Authority shall require the contractor to provide a certificate of insurance to the Authority showing the required coverages, and providing that the policies may not be canceled, changed, or not renewed until the Authority has been given thirty (30) days prior written notice of such event.

(c) The insurance required by this section may be modified by written agreement of the Sponsoring Entities and the Authority, in accordance with good business practice. Any questions about the scope of coverage required hereunder shall be resolved by written agreement between the Sponsoring Entities and the Authority. The parties can agree to substitute an owner controlled insurance program for any of the above specified insurance requirements.

**Section 8.3      Force Majeure.** If by reason of Force Majeure any party hereto shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of each of the Sponsoring Entities to make the payments required under Sections 3.5, and 5.2 of this Contract, then if such party shall give notice and full particulars of such Force Majeure in writing to the other parties within a reasonable time after the occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such

Force Majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, blue northers, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, inability on the part of the Authority to deliver water for any reason, or any other causes not reasonably within the control of the party claiming such inability.

**Section 8.4**      **Unconditional Obligation to Make Payment.** Recognizing the fact that the Sponsoring Entities urgently require the facilities and services of the Project, and that such facilities and services are essential and necessary for actual use and for standby utility system purposes, and recognizing the fact that the payments to be received from each of the Sponsoring Entities will be the primary source of funds available to the Authority and the Trustee to pay the Bonds and other Project Costs, and recognizing the fact that purchasers of the Bonds will rely on the obligation of the Sponsoring Entities to pay the Annual Payment Amounts with respect to their series of Bonds in accordance with the provisions of this Contract, each of the Sponsoring Entities hereby waives all rights of set-off, recoupment, counterclaim, suspension, deferment, reduction, and amendment against the Authority, the Trustee, and any other direct or indirect recipients of payments with respect to making the Annual Payment Amounts. Each of the Sponsoring Entities agrees that it shall make its appropriate Annual Payment Amounts even if no Bonds are issued for its benefit by the Authority and, if any Bonds are issued, it shall be unconditionally obligated to pay the Annual Payment Amounts as provided and determined by this Contract, regardless of whether or not the Authority actually acquires, constructs, or completes the Project, or breaches any obligation on the Authority's part hereunder, and whether or not the Sponsoring Entity actually uses the Project, whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this Contract, or any other contract or agreement between any of the parties hereto. This covenant by each of the Sponsoring Entities shall be for the benefit of and enforceable by the owners of the Bonds and/or by the Authority.

By entering into this Contract and performing their obligations under any Section of this Contract, the Sponsoring Entities do not release any persons from or waive any claims against such persons that the Sponsoring Entities may have resulting from actions by such persons contrary to that person's legal obligations.

**Section 8.5**      **Term of Contract.** This Contract shall be effective from and after its date, and this Contract shall continue in force and effect until the principal of and interest on all Bonds shall have been paid or provision for the payment of all of the Bonds has been made in accordance with the terms of each Bond Resolution and thereafter continue in force and effect during the entire useful life of the Project. When the principal of and interest on all Bonds shall have been paid or provision for the payment of all of the Bonds has been made in accordance with the terms of the Bond Resolution and all amounts owed to the Authority, the Trustee, or any other person hereunder have been paid, all money held by the Trustee or the Authority pursuant to the terms of the Bond Resolution shall be paid to the Authority. Upon the termination of this Contract, the Authority will charge each of the Sponsoring Entities a unit based charge (or other

published rate) for water delivered to the Sponsoring Entities in accordance with the Authority's then existing rate schedule.

**Section 8.6**      **Modification.** No change, amendment, or modification of this Contract shall be made or be effective which will affect adversely the prompt payment when due of all money required to be paid by each of the Sponsoring Entities under the terms of this Contract, and no such change, amendment, or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.

**Section 8.7**      **Addresses and Notice.** Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made, or accepted by any party to the other parties must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to the Authority:

Chair, Board of Directors  
Lone Star Regional Water Authority  
113 Limestone Terrace, Suite 112  
Jarrell, Texas 76537

If to one or more of the Sponsoring Entities:

City Manager  
City of Jarrell, Texas  
161 Town Center Blvd.  
Jarrell, Texas 76537

Sonterra Municipal Utility District

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CLL Municipal Utility District No. 1

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BMF Water Supply Corporation

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CT Water Supply Corporation

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J-S Water Supply Corporation

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The Authority and each Sponsoring Entity shall have the right from time to time and at any time to change its respective address and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other parties.

**Section 8.8**      **State or Federal Laws, Rules, Orders, or Regulations.** This Contract is subject to all applicable federal and State laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having or asserting jurisdiction but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum having jurisdiction. Each of the parties represents to the other parties that, to the best of its knowledge, no provisions of any applicable federal, State, or local law, including any Home Rule Charter of a Sponsoring Entity, nor any permit, ordinance, rule, order, or regulation of any party will limit or restrict its ability to carry out its respective obligations under or contemplated by this Contract.

**Section 8.9**      **Severability.** The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Contract or the application of such actions, subsections, provisions, clauses, or words to any other situation or circumstance, and it is intended that this Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause, or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.

**Section 8.10**      **Remedies Upon Default.** It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any party hereto and shall be cumulative. Recognizing that failure in the performance of the Sponsoring Entities' obligations hereunder could not be adequately compensated in money damages alone, each of the Sponsoring Entities agrees in the event of any default on its part that the Authority and the owners of the Bonds as third-party beneficiaries shall have available to them the remedies of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to them.

Notwithstanding anything to the contrary contained in this Contract, any right or remedy or any default hereunder, except the right of the Authority to receive the Annual Payment Amounts and the provision of Section 3.9 hereof, which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2) years plus one (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any party hereto or of the performance by any other party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character or description, under any circumstances.

**Section 8.11**      **Venue.** All amounts due under this Contract, including, but not limited to, payments due under this Contract or damages for the breach of this Contract, shall be paid and be due in Williamson County, Texas, which is the County in which the principal administrative offices of the Authority are located. It is specifically agreed among the parties to this Contract that Williamson County, Texas, is the place of performance of this Contract; and in the event that any legal proceeding is brought to enforce this Contract or any provision hereof, the same shall be brought in Williamson County, Texas.

**Section 8.12**      **Statutory Authority.** In entering into this Contract and performing all duties and obligations hereunder, the Sponsoring Entities and the Authority exercise their authority under and in accordance with the State Constitution and laws including, but not limited to, the Act; Chapter 1502, as amended, Texas Government Code; any Home Rule Charter of a Sponsoring Entity; Chapter 1371, as amended, Texas Government Code; and all other laws which may authorize this Contract, all of which provisions and laws, cited or not cited herein, shall cumulatively provide the authority for this Contract.

**Section 8.13**      **Indemnification.** FOR SO LONG AS THE BONDS ARE OUTSTANDING AND UNPAID, AND ALSO WITH RESPECT TO ANY CLAIM THAT MAY ARISE OUT OF THE OFFER AND SALE OF THE BONDS OF ANY SERIES OR THE ALLEGED MISSTATEMENT OR OMISSION OF A MATERIAL FACT IN OR FROM ANY SALE AND OFFERING DOCUMENT RELATING TO ANY OF THE SPONSORING ENTITIES USED IN CONNECTION THEREWITH, TO THE EXTENT PERMITTED BY LAW, EACH OF THE SPONSORING ENTITIES AGREES TO INDEMNIFY AND SAVE AND HOLD HARMLESS THE AUTHORITY, AND THE OTHER SPONSORING ENTITIES, THEIR OFFICERS, DIRECTORS, AGENTS, FINANCIAL ADVISORS, ATTORNEYS, AND EMPLOYEES, AND THE UNDERWRITERS OF ANY SUCH OFFERING AND THEIR DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS, AND ALL PERSONS WHO CONTROL THE SAME WITHIN THE MEANING OF THE FEDERAL SECURITIES LAWS, FROM AND AGAINST ALL CLAIMS THAT MAY ARISE AS A RESULT OF ANY UNDERTAKING, ACT, OR OMISSION, WHETHER NEGLIGENT OR NOT, WHICH IS DONE OR OMITTED TO BE DONE BY THAT SPONSORING ENTITY OR ANY OF ITS OFFICERS, COUNCIL MEMBERS, AGENTS, ATTORNEYS, OR EMPLOYEES, RELATING TO THE PROJECT OR PROVIDING INFORMATION FOR INCLUSION IN THE SALE AND OFFERING DOCUMENTS. IF ANY SUCH CLAIM IS BROUGHT AGAINST ANY SUCH INDEMNIFIED PERSON, THE INDEMNIFYING SPONSORING ENTITY SHALL PAY ALL COSTS INCURRED BY SUCH PERSON IN DEFENDING AGAINST THE CLAIM, AND (SUBJECT TO APPLICABLE RULES OF ATTORNEY CONDUCT) MAY CONTROL THE DEFENSE OF SUCH CLAIM.

**Section 8.14**      **Contract not for Benefit of Third Parties.** This Contract is made for the exclusive benefit of the Sponsoring Entities, the Authority, the Trustee, the owners of the Bonds, the parties to any Credit Agreements, the underwriters of any offering of and remarketing agent and tender agent, if any, for any Bonds, and their respective successors and assigns herein permitted, and not for any third party or parties other than the Authority (including its officers, directors, employees, agents, and attorneys), the Trustee, the owners of the Bonds, the Sponsoring Entities, and the parties to any Credit Agreements, the underwriters of any offering of and remarketing agent and tender agent, if any, for any Bonds, the other persons indemnified by Section 8.13 hereof, and their respective successors and assigns herein permitted, any rights or remedies under or by reason of this Contract.

**Section 8.15**      **Succession and Assignment.** This Contract is binding on and inures to the benefit of the parties hereto and their respective successors, representatives, and assigns. This Contract may not be assigned by any party hereto without (i) complying with any provisions relating to the right of the parties to assign this Contract contained in the Bond Resolution and (ii) prior written notice to and approval by the other parties, which consent may be withheld without cause. The provisions of this Section do not affect the assignment of the Authority's rights under this Contract to the Trustee pursuant to Section 3.8.

**Section 8.16**      **Incorporation of Preamble Recitals.** The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Contract for all purposes and are adopted as a part of the judgment and findings of the Authority and the Sponsoring Entities.

**Section 8.17**      **Independent Contractor.** As among the parties, the Authority shall be solely responsible for the operation of the Project to produce, withdraw, or divert and treat water and to transport the water to the Sponsoring Entities pursuant to this Contract (except to the extent the Authority and a Sponsoring Entity enter into agreements for the Sponsoring Entity to operate parts of the Project); and the Authority shall be an independent contractor in the operation of the Project.

**Section 8.18**      **Financing Statement.** To the extent required by law, each of the Sponsoring Entities agrees it shall execute, at the request of the Authority or the Trustee, a financing statement in a form satisfactory to the Authority or the Trustee and meeting the requirements of the Texas Uniform Commercial Code to perfect any security interest created hereby. To the extent required by law, each Sponsoring Entity further agrees to execute such continuation statements or other documents as may be necessary to maintain any such security interest.

**Section 8.19**      **Entire Agreement.** This Contract constitutes the entire agreement among the parties with respect to the matters described herein.

**Section 8.20**      **Applicable Law.** This Contract shall be governed by and construed in accordance with the laws of the State, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such laws without reference to the laws of any other state or jurisdiction, except for applicable federal laws, rules, and regulations.

**Section 8.21**      **Counterparts.** This Contract may be executed in counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.



**Section 8.22**      **Reservation of Rights to Utilize the Texas Water Development Board's State Participation Account Program.** The Sponsoring Entities and the Authority hereby agree that the Authority may file an application with the TWDB to seek financial assistance pursuant to the TWDB Program. To the extent the Authority utilizes the TWDB Program to access funds to complete the Project, the TWDB Program's rules and regulations require that the TWDB take an undivided ownership interest in up to 50% of the infrastructure improvements comprising the Project. This undivided ownership interest is represented by a master agreement and other documents to be executed between the Authority and the TWDB to effectuate the Authority's financial participation in the TWDB Program. Under the TWDB Program, the Authority will be obligated (and the Sponsoring Entities will be obligated to pay the Annual Payment Amounts to reflect this financial obligation) to make lease or other rental payments to the TWDB to repay the TWDB's financial assistance which enabled the Authority to construct the Project in a manner in which excess capacity in the Project was implemented on a regional basis.

**Section 8.23**      **Texas Water Development Board Requirements.** That in connection with the sale of any Bonds to the TWDB, the Authority and Sponsoring Entities covenants as follows:

(a) Compliance with the Texas Water Development Board's Rules and Regulations. The Authority and Sponsoring Entities covenant to comply with the rules and regulations of the TWDB, and to maintain insurance on each System in such amount as may be required by TWDB, as further addressed in subsection (h) of this Section.

(b) Audits. For so long as the State of Texas owns any of the Bonds, the Authority and Sponsoring Entities shall mail a copy of the audit required by this Contract to the TWDB. In addition, monthly operating statements for each System shall be maintained by the Authority and Sponsoring Entities and made available, on request, to the TWDB as long as the State owns any of the Bonds, and the monthly operating statement shall be in such detail as requested by the Development Fund Manager of the TWDB until this requirement is waived thereby.

(c) Final Accounting. The Authority and Sponsoring Entities shall render a final accounting to the TWDB in reference to the total cost incurred by the Authority and Sponsoring Entities for improvements and extensions to each System which were financed by the issuance of the Bonds, together with a copy of "as built" plans of such improvements and extensions upon completion.

(d) Defeasance. That should the Authority and Sponsoring Entities exercise its right under any Bond Resolution to effect the defeasance of the Bonds, the Authority and Sponsoring Entities agree that it will provide the TWDB with written notice of any such defeasance.

(e) Segregation of Funds. The Authority and Sponsoring Entities covenant that proceeds of the Bonds shall remain separate and distinct from other sources of funding from the date of the TWDB commitment through costing and final disbursement.

(f) Environmental Indemnity. Proceeds from the Bonds shall not be used by the Authority and Sponsoring Entities when sampling, testing, removing, or disposing of contaminated soils and/or media at the project site. To the extent permitted by law, the

Authority and Sponsoring Entities agree to indemnify, hold harmless, and protect the TWDB from any and all claims, causes of action, or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, and disposition of any contaminated sewage sludge, contaminated sediments, and/or contaminated media that may be generated by the Authority and Sponsoring Entities, its contractors, consultants, agents, officials, and employees as a result of activities relating to the project funded with proceeds of the Bonds.

(g) Environmental Determination. In connection with the project financed with the Bonds, the Authority and Sponsoring Entities agrees to implement any environmental determination issued by the Executive Administrator of TWDB to satisfy the environmental review requirements set forth in 31 Texas Administrative Code 371.

(h) Insurance. The Authority and Sponsoring Entities agree that it will maintain insurance on the System in an amount sufficient to protect TWDB's interest in the project financed with the proceeds of the Bonds. The Authority and Sponsoring Entities may self-insure in respect to satisfying this covenant.

(i) Water Conservation Program. The Authority and Sponsoring Entities have implemented or will implement an approved water conservation program in compliance with 31 Texas Administrative Code 371.71(a)(2)(F).

(j) No Purchase of TWDB Bonds. The Authority and Sponsoring Entities agree that it, nor any related party to the Authority and Sponsoring Entities, will not purchase, as an investment or otherwise, bonds issued by TWDB including, without limitation, bonds issued by TWDB, the proceeds of which were used by TWDB to purchase the Bonds.

(k) Compliance with Federal Contracting Law. The Authority and Sponsoring Entities acknowledge that it has a legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises.

(l) Compliance with State Contracting Law. The Authority and Sponsoring Entities acknowledge that it has a legal obligation to comply with any applicable requirements of State law relating to contracting with historically underutilized businesses.

*[The remainder of this page intentionally left blank.]*

**IN WITNESS WHEREOF**, the parties hereto acting under authority of their respective Governing Bodies have caused this Contract to be duly executed as of the day and year first above written.

**LONE STAR REGIONAL WATER AUTHORITY**

Attest:

By: \_\_\_\_\_  
President, Board of Directors

By: \_\_\_\_\_  
Secretary, Board of Directors

**CITY OF JARRELL, TEXAS**

By: \_\_\_\_\_  
Mayor

Attest:

By: \_\_\_\_\_  
City Secretary

**SONTERRA MUNICIPAL UTILITY DISTRICT**

By: \_\_\_\_\_  
President, Board of Directors

Attest:

By: \_\_\_\_\_  
Secretary, Board of Directors

**CLL MUNICIPAL UTILITY DISTRICT NO. 1**

By: \_\_\_\_\_  
President, Board of Directors

Attest:

By: \_\_\_\_\_  
Secretary, Board of Directors

**BMF WATER SUPPLY CORPORATION**

By: \_\_\_\_\_  
President, Board of Directors

Attest:

By: \_\_\_\_\_  
Secretary, Board of Directors

**CT WATER SUPPLY CORPORATION**

By: \_\_\_\_\_  
President, Board of Directors

Attest:

By: \_\_\_\_\_  
Secretary, Board of Directors



**J-S WATER SUPPLY CORPORATION**

By: \_\_\_\_\_  
President, Board of Directors

Attest:

By: \_\_\_\_\_  
Secretary, Board of Directors

**Part C: Financial Information**

**Regional or wholesale providers, complete questions 29-31.**

**Retail providers, complete questions 32-34.**

29. List top **TEN** customers of the system by annual usage in gallons and percentage of total usage, including whether any are in bankruptcy.

Customer Name	Annual Usage (gal)	Percent of Usage	Bankruptcy (Y/N)
Schwertner Farms	10,397,000		N
Jarrell ISD	1,634,300		N
Paul Yandell	952,100		N
Texas Star #166	741,200		N
Johnny Martinka	630,900		N
Dorian Drigalla	434,400		N
Horalia Mejia-Moran	425,000		N
JYKM	412,900		N
Ellen Sibbit	405,200		N
Joe Kerby	342,700		N

Comments: \_\_\_\_\_

30. List the top TEN customers of the system by gross revenues and percent of total revenues, including whether any are in bankruptcy

Customer Name	Annual Revenue(\$)	Percent of Revenue	Bankruptcy (Y/N)
Schwertner Farms	\$79,961.72	6.69%	N
Jarrell ISD	33,121.90	2.77%	N
Texas Star #166	9,431.51	0.79%	N
JYKM	6,848	0.57%	N
Johnny Martinka	5,560.18	0.46%	N
Paul Yandell	3,654.39	0.31%	N
Joe Kerby	2,773.70	0.23%	N
Dorian Drigalla	2,613.29	0.22%	N
Horalia Mejia-Moran	2,408.19	0.20%	N
Ellen Sibbit	2,493.26	0.21%	N

31. Provide a summary of the wholesale contracts with customers

Contract Type	Minimum annual amount	Usage fee per 1,000 gallons	Annual Operations and Maintenance	Annual Capital Costs	Annual Debt Service	Other

32. List top **TEN** customers of the water and/or wastewater system by annual revenue with corresponding usage and percentage of total use, including whether any are in bankruptcy.

a. **WATER**

Customer Name	Annual Usage (gal)	Percent of Total Water Revenue	Bankruptcy (Y/N)
Schwertner Farms	10,397,000	6.69%	N
Jarrell ISD	1,634,300	2.77%	N
Paul Yandell	952,100	0.31%	N
Texas Star #166	741,200	0.79%	N
Johnny Martinka	630,900	0.46%	N
Dorian Drigalla	434,400	0.22%	N
Horalia Mejia-Moran	425,000	0.20%	N
JYKM	412,900	0.57%	N
Ellen Sibbit	405,200	0.21%	N
Joe Kerby	342,700	0.23%	N

b. **WASTEWATER**

Customer Name	Annual Usage (gal)	Percent of Total Wastewater Revenue	Bankruptcy (Y/N)
N/A			

33. Current Average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer(\$)	Projected Monthly Increase Necessary (\$)
Water	11-12-14	5133	63.28	4.50	7.46
Wastewater	N/A	N/A	N/A	N/A	N/A

34. Provide the number of customers for each of the past five years.

Year	Number of Water Customers
2010	1445
2011	1459
2012	1476
2013	1485
2014	1492

**All applicants complete questions 35-51 of the financial section, as applicable.**

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).  
\_\_\_\_\_

36. Has the applicant ever defaulted on any debt?  
 Yes If yes, disclose all circumstances surrounding prior default(s). \_\_\_\_\_  
 No

37. Does the applicant have taxing authority?  
 Yes  
 No

38. Provide the last five-years of data showing total taxable assessed valuation including net ad valorem taxes levied, corresponding tax rate (detailing debt service and general purposes), and tax collection rate.

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate	General Fund	Interest & Sinking Fund	Tax Levy \$	Percentage Current Collections	Percentage Total Collections
20							
20							
20							
20							
20							

Comments: N/A

39. Attach the last five-years of tax assessed values delineated by Classification (Residential, Commercial and Industrial). **If applicant does not have taxing authority, provide the assessed values of the county.**

- a)  20 attached
- b)  20 attached
- c)  20 attached
- d)  20 attached
- e)  20 attached

40. Attach the direct and overlapping tax rate table:  
 **Attached tax rate table**

41. Provide the current top **TEN** taxpayers showing percentage of ownership to total assessed valuation. State if any are in bankruptcy and explain anticipated prospective impacts in the Comments blank, below. If any of these have changed in the past three years, please provide information on the changes to the top ten.

Taxpayer Name	Assessed Value	Percent of Total	Bankruptcy (Y/N)
N/A			

Comments: \_\_\_\_\_

42. Provide the maximum tax rate permitted by law per \$100 of property value. N/A

43. Does the applicant collect sales tax?  
 Yes Provide the sales tax collection history for the past five years.

Fiscal Year Ending	Total Collections
20	
20	
20	
20	
20	

No

44. Indicate the tax status of the proposed loan?

Tax-Exempt

Taxable

45. Proforma **(Select one of the four listed below) Please be sure the proforma reflects the schedule requested, including multi-phased funding options.**

- a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding:

- projected gross revenues
- operating and maintenance expenditures
- outstanding and proposed debt service requirements
- net revenues available for debt service and coverage of current and proposed debt paid from revenues

- b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:

- outstanding and proposed debt service requirements
- the tax rate necessary to repay current and proposed debt paid from taxes
- list the assumed collection rate and tax base used to prepare the schedule

- c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:

- projected gross revenues, operating and maintenance expenditures, net revenues available for debt service
- outstanding and proposed debt service requirements
- the tax rate necessary to pay the current and proposed debt
- list the assumed collection rate and tax base used to prepare the schedule

- d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service.

Attached

46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.

**Attached Operating Statement.**

47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.

- Attached Annual Audit**  
 **Attached Management Letter**  
 **If applicable, attached interim financial information**

48. Does the applicant have any outstanding debt? (Check all that apply)

- Yes, General obligation debt  
 Yes, Revenue debt  
 Yes, Authorized but unissued debt  
 No

49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.

a. General Obligation Debt:

- Yes  
 **Attached schedule. The schedule should also identify the debt holder.**  
 No

b. Revenue:

- Yes  
 **Attached schedule. The schedule should also identify the debt holder. Notes outstanding are held by the TWDB. L060015-has a 5.09% rate with a 3/1/2048 maturity date. L080026 has a 5.09% rate with a 6/1/2049 maturity date, L090077 has a 5.09% rate with a 6/1/49 maturity date. 1722 has a 5.212% rate with a 2/1/2038 maturity date. See page 10 of the 2014 Audit.**

No

c. Authorized by Unissued Debt:

- Yes  
 **Attached schedule. The schedule should also identify the debt holder.**  
 No

50. List the ten largest employers of the Applicant's service area:

Name	Number of Employees
Dell Computer	13,000
Round Rock ISD	5,750
Leander ISD	4,137
Georgetown ISD	1,630
Williamson County	1,525
Sears (Teleserve)	1,500
HEB Grocery	945
Scott & White	930
City of Round Rock	824
Emerson Process Management	750

Comments (example, any anticipated changes to the tax base, employers etc.) Employers for Williamson County

51. Provide any current bond ratings with date received.

	Standard & Poor's	Date Received	Moody's	Date Received	Fitch	Date Received
G.O.	NR		NR		NR	
Revenue	N/A		N/A		N/A	

52. Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?

Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.

**Attached**

No.








33. Current Average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer(\$)	Projected Monthly Increase Necessary (\$)
Water		4685	56.08		
Wastewater					

34. Provide the number of customers for each of the past five years.

Year	Number of Water Customers
2010	
2011	
2012	
2013	
2014	

**All applicants complete questions 35-51 of the financial section, as applicable.**

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).

\_\_\_\_\_

36. Has the applicant ever defaulted on any debt?

- Yes If yes, disclose all circumstances surrounding prior default(s). \_\_\_\_\_
- No

37. Does the applicant have taxing authority?

- Yes
- No

38. Provide the last five-years of data showing total taxable assessed valuation including net ad valorem taxes levied, corresponding tax rate (detailing debt service and general purposes), and tax collection rate.

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate	General Fund	Interest & Sinking Fund	Tax Levy \$	Percentage Current Collections	Percentage Total Collections
20							
20							
20							
20							
20							

Comments: N/A

39. Attach the last five-years of tax assessed values delineated by Classification (Residential, Commercial and Industrial). **If applicant does not have taxing authority, provide the assessed values of the county.**

- a)  20 attached
- b)  20 attached
- c)  20 attached
- d)  20 attached
- e)  20 attached

40. Attach the direct and overlapping tax rate table:  
 **Attached tax rate table**

41. Provide the current top **TEN** taxpayers showing percentage of ownership to total assessed valuation. State if any are in bankruptcy and explain anticipated prospective impacts in the Comments blank, below. If any of these have changed in the past three years, please provide information on the changes to the top ten.

Taxpayer Name	Assessed Value	Percent of Total	Bankruptcy (Y/N)
N/A			

Comments: \_\_\_\_\_

42. Provide the maximum tax rate permitted by law per \$100 of property value. N/A

43. Does the applicant collect sales tax?  
 Yes Provide the sales tax collection history for the past five years.

Fiscal Year Ending	Total Collections
20	
20	
20	
20	
20	

No

44. Indicate the tax status of the proposed loan?
- Tax-Exempt  
 Taxable
45. Proforma **(Select one of the four listed below) Please be sure the proforma reflects the schedule requested, including multi-phased funding options.**
- a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding:
- projected gross revenues  
 operating and maintenance expenditures  
 outstanding and proposed debt service requirements  
 net revenues available for debt service and coverage of current and proposed debt paid from revenues
- b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:
- outstanding and proposed debt service requirements  
 the tax rate necessary to repay current and proposed debt paid from taxes  
 list the assumed collection rate and tax base used to prepare the schedule
- c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:
- projected gross revenues, operating and maintenance expenditures, net revenues available for debt service  
 outstanding and proposed debt service requirements  
 the tax rate necessary to pay the current and proposed debt  
 list the assumed collection rate and tax base used to prepare the schedule
- d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service.
- Attached
46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.
- Attached Operating Statement.**
47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.
- Attached Annual Audit**  
 **Attached Management Letter**  
 **If applicable, attached interim financial information**
48. Does the applicant have any outstanding debt? (Check all that apply)
- Yes, General obligation debt  
 Yes, Revenue debt  
 Yes, Authorized but unissued debt

No

49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.

a. General Obligation Debt:

Yes

**Attached schedule. The schedule should also identify the debt holder.**

No

b. Revenue:

Yes

**Attached schedule. The schedule should also identify the debt holder. District has Note payable to USDA at 5% interest with**

**monthly payments of \$7332 with a balance of \$1,268,674 as of FYE 2014. A Note payable to USD at 3.125% interest with monthly payments of \$10,294 with a balance as of FYE 2014 \$2,199,631. Also, a Note payable to the TWDB at 2.358% interest.**

**See Attached schedules.**

No

c. Authorized by Unissued Debt:

Yes

**Attached schedule. The schedule should also identify the debt holder.**

No

50. List the ten largest employers of the Applicant's service area:

Name	Number of Employees
Dell Computer	13,000
Round Rock ISD	5,750
Leander ISD	4,137
Georgetown ISD	1,630
Williamson County	1,525
Sears (Teleserve)	1,500
HEB Grocery	945
Scott & White	930
City of Round Rock	824
Emerson Process Management	750

Comments (example, any anticipated changes to the tax base, employers etc.) Employers for Williamson County

51. Provide any current bond ratings with date received.

	Standard & Poor's	Date Received	Moody's	Date Received	Fitch	Date Received
G.O.	NR		NR		NR	
Revenue	N/A		N/A		N/A	

52. Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?

Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.

**Attached**

No.

**Part C: Financial Information**

**Regional or wholesale providers, complete questions 29-31.**

**Retail providers, complete questions 32-34.**

29. List top **TEN** customers of the system by annual usage in gallons and percentage of total usage, including whether any are in bankruptcy.

Customer Name	Annual Usage (gal)	Percent of Usage	Bankruptcy (Y/N)
Kempner WSC	390,363,000	30.54%	N
BMF WSC	182,588,127	14.28%	N
Dog Ridge WSC	181,980,027	14.24%	N
West Bell WSC	164,526,240	12.87%	N
East Bell WSC	91,549,983	7.16%	N
Armstrong WSC	88,506,960	6.92%	N
City of Rosebud	53,455,000	4.18%	N
Little Elm Valley	45,140,000	3.53%	N
City of Rogers	44,079,930	3.45%	N
City of Holland	36,105,868	2.82%	N

Comments: \_\_\_\_\_

30. List the top TEN customers of the system by gross revenues and percent of total revenues, including whether any are in bankruptcy

Customer Name	Annual Revenue(\$)	Percent of Revenue	Bankruptcy (Y/N)
Kempner WSC	\$584,836	15%	N
BMF WSC	560,418	13%	N
West Bell WSC	520,758	13%	N
Dog Ridge WSC	519,890	13%	N
East Bell WSC	327,105	8%	N
Armstrong WSC	276,747	7%	N
City of Rogers	181,005	4%	N
City of Rosebud	156,703	4%	N
Little Elm Valley	150,246	3%	N
City of Holland	106,002	2%	N



31. Provide a summary of the wholesale contracts with customers

Contract Type	Minimum annual amount	Usage fee per 1,000 gallons	Annual Operations and Maintenance	Annual Capital Costs	Annual Debt Service	Other
ARMSTRONG	695,520,000	\$2.97		\$7,489.78		
BELL CO #5	4,620,000	\$2.97		\$432.10		
BELTON	4,800,000	\$2.97		\$407.93		
BMF	150,096,000	\$2.97		\$15,257.50		
DOGRIDGE	126,096,000	\$2.97		\$17,124.51		
EAST BELL	110,352,000	\$2.97		\$8,125.00		
HOLLAND	29,856,000	\$2.97		\$3,298.03		
JARRELL/SCH	7,200,000	\$2.97		\$994.30		
KEMPNER			\$406,755.72	\$13,2336.37	\$11,268.00	
LITTLE ELM	40,512,000	\$2.97		\$4,286.78		
LOTT	29,856,000	\$2.97		\$2,763.08		
O & B	17,232,000	\$2.97		\$1,099.33		
ROGERS	63,360,000	\$2.97		\$4,048.27		
ROSEBUD	NO MINIMUM	\$2.97		\$4,583.12		
SALEM ELM	38,880,000	\$2.97		\$3,070.90		
BUCKHOLTZ	17,232,000	\$2.97		\$2,024.04		
WEST BELL	14,856,000	\$2.97		\$15,144.26		
WESTPHALIA	8,616,000	\$2.97		\$622.35		

32. List top **TEN** customers of the water and/or wastewater system by annual revenue with corresponding usage and percentage of total use, including whether any are in bankruptcy.

a. **WATER**

Customer Name	Annual Usage (gal)	Percent of Total Water Revenue	Bankruptcy (Y/N)
Kempner WSC	390,363,000	15%	N
BMF WSC	182,588,127	13%	N
Dog Ridge WSC	181,980,027	13%	N
West Bell WSC	164,526,240	13%	N
East Bell WSC	91,549,983	8%	N
Armstrong WSC	88,506,960	7%	N
City of Rosebud	53,455,000	4%	N
Little Elm Valley	45,140,000	3%	N
City of Rogers	44,079,930	4%	N
City of Holland	36,105,868	2%	N

b. **WASTEWATER**

Customer Name	Annual Usage (gal)	Percent of Total Wastewater Revenue	Bankruptcy (Y/N)
N/A			

33. Current Average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer(\$)	Projected Monthly Increase Necessary (\$)
Water	August 1, 2014	N/A	N/A	\$0.35	N/A
Wastewater	N/A				

34. Provide the number of customers for each of the past five years.

Year	Number of Customers
20	N/A
20	
20	
20	
20	

**All applicants complete questions 35-51 of the financial section, as applicable.**

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).

\_\_\_\_\_

36. Has the applicant ever defaulted on any debt?  
 Yes If yes, disclose all circumstances surrounding prior default(s). \_\_\_\_\_  
 No

37. Does the applicant have taxing authority?  
 Yes  
 No

38. Provide the last five-years of data showing total taxable assessed valuation including net ad valorem taxes levied, corresponding tax rate (detailing debt service and general purposes), and tax collection rate.

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate	General Fund	Interest & Sinking Fund	Tax Levy \$	Percentage Current Collections	Percentage Total Collections
20							
20							
20							
20							
20							

Comments: N/A

39. Attach the last five-years of tax assessed values delineated by Classification (Residential, Commercial and Industrial). **If applicant does not have taxing authority, provide the assessed values of the county.**

- a)  20 attached
- b)  20 attached
- c)  20 attached
- d)  20 attached
- e)  20 attached

40. Attach the direct and overlapping tax rate table:

**Attached tax rate table**

41. Provide the current top **TEN** taxpayers showing percentage of ownership to total assessed valuation. State if any are in bankruptcy and explain anticipated prospective impacts in the Comments blank, below. If any of these have changed in the past three years, please provide information on the changes to the top ten.

Taxpayer Name	Assessed Value	Percent of Total	Bankruptcy (Y/N)

Comments: N/A

42. Provide the maximum tax rate permitted by law per \$100 of property value. N/A

43. Does the applicant collect sales tax?  
 Yes Provide the sales tax collection history for the past five years.

Fiscal Year Ending	Total Collections
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20	
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No

44. Indicate the tax status of the proposed loan?

Tax-Exempt  
 Taxable

45. Proforma **(Select one of the four listed below) Please be sure the proforma reflects the schedule requested, including multi-phased funding options.**

a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding:

- projected gross revenues
- operating and maintenance expenditures
- outstanding and proposed debt service requirements
- net revenues available for debt service and coverage of current and proposed debt paid from revenues

b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:

- outstanding and proposed debt service requirements
- the tax rate necessary to repay current and proposed debt paid from taxes
- list the assumed collection rate and tax base used to prepare the schedule

c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:

- projected gross revenues, operating and maintenance expenditures, net revenues available for debt service
- outstanding and proposed debt service requirements
- the tax rate necessary to pay the current and proposed debt
- list the assumed collection rate and tax base used to prepare the schedule

d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service.

Attached

46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.

**Attached Operating Statement.**

47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.

- Attached Annual Audit**  
 **Attached Management Letter**  
 **If applicable, attached interim financial information**

48. Does the applicant have any outstanding debt? (Check all that apply)

- Yes, General obligation debt  
 Yes, Revenue debt  
 Yes, Authorized but unissued debt  
 No

49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.

a. General Obligation Debt:

- Yes  
 **Attached schedule. The schedule should also identify the debt holder.**  
 No

b. Revenue:

- Yes  
 **Attached schedule.**

**The Corporation is indebted to the TWDB for system improvement and expansion projects. Deeds of Trust on the entire water system assets and revenues are used as collateral. TWDB Note No. L120024 was for the amount of \$3,945,000 payable in 469 monthly installments maturing 2051. TWDB Note No. L120025 was for the amount of \$3,605,000 payable annually beginning May 2013 and maturing May 2036. The Corporation has an interest free note (Note No. L100025) with TWDB for \$22,340,000 payable in 240 monthly payments which matures 2/15/2030. Schedules attached.**

No

c. Authorized by Unissued Debt:

- Yes  
 **Attached schedule. The schedule should also identify the debt holder.**  
 No

50. List the ten largest employers of the Applicant's service area:

Name	Number of Employees
Dell Computer	13,000

Round Rock ISD	5,750
Leander ISD	4,137
Georgetown ISD	1,630
Williamson County	1,525
Sears (Teleserve)	1,500
HEB Grocery	945
Scott & White	930
City of Round Rock	824
Emerson Process Management	750

Comments (example, any anticipated changes to the tax base, employers etc.) Employers are for Williamson County.

51. Provide any current bond ratings with date received.

	Standard & Poor's	Date Received	Moody's	Date Received	Fitch	Date Received
G.O.	N/A		N/A		N/A	
Revenue	N/A		N/A		N/A	

52. Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?

- Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.
- Attached**
- No.



FINANCIAL DORMANCY AND FILING AFFIDAVIT

STATE OF TEXAS

COUNTY OF TRAVIS

A I, Richard Hamala, being duly sworn, am an authorized; (Name)

representative of CLL Municipal Utility No. 1 of Williamson and Bell Counties (Name of District)

I have personal knowledge of all financial activities of said district; and affirm that the above district had:

- 1. \$500 or less of receipts from operations, tax assessments, loans, contributions, or any other sources, AND
2. \$500 or less of disbursements of funds, AND
3. no bonds or other long-term (more than one year) liabilities, AND
4. no cash or investments that exceeded \$5,000;

For the following period:

1. X calendar year, January 1, 2011 through December 31, 2011

2. fiscal period, through (Date) (Date)

CHECK ONE:

B I affirm that payments have X have not been made by (an)other party(ies) on behalf of the district. These payments are not estimated to be \$ 62,000

CHECK ONE:

C The district has X has not been confirmed by voters. A confirmation election was held on December 17, 2005

D I also affirm that the district has complied in full with the requirements of Section 49.194(c) of the Texas Water Code by filing copies of this affidavit in the district's office, located at: 102 N. Railroad Ave., Pflugerville, Texas 78660

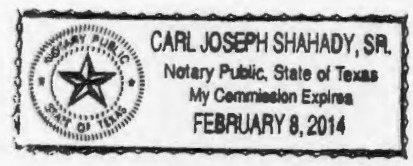
(District Office Address)

E. Date 1/30/2012 By: Richard Hamala  
(Signature)  
Richard Hamala, Attorney  
(Name and Title)

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas this  
day 30th of JANUARY, 20 12.

My Commission Expires on \_\_\_\_\_

Carl Joseph Shahady, Sr.  
(Signature of Notary)



Please file the Financial Dormancy and Filing Affidavit with the Texas Commission on Environmental Quality before each January 31 the district is dormant. Districts not complying with this requirement may be referred to the Office of the Attorney General to enforce compliance.

The completed Financial Dormancy and Filing Affidavit should be sent to:

Districts Review Team, MC152  
TCEQ - Water Supply Division  
P.O. Box 13087  
Austin, Texas 78711-3087

Please call the Districts Review Team at (512) 239-4691 if you have any questions.

Applicable Statutes:

- |                           |  |
|---------------------------|--|
| Water Code Section 49.197 | Financially Dormant Districts                      |
| Water Code Section 49.198 | Audit Report Exemption (Financial Reports)         |
| Water Code Section 49.194 | Filing of Audits, Affidavits and Financial Reports |
| Water Code Section 49.158 | Fiscal Year  |





# FINANCIAL DORMANCY AND FILING AFFIDAVIT

STATE OF TEXAS COUNTY OF TRAVIS

A. I, Richard Hamala, being duly sworn, am an authorized;  
(Name)

representative of CLL Municipal Utility District No. 1 of Bell and Williamson Bell Counties  
(Name of District)

I have personal knowledge of all financial activities of said district; and affirm that the above district had:

1. \$500 or less of receipts from operations, tax assessments, loans, contributions, or any other sources, AND
2. \$500 or less of disbursements of funds, AND
3. no bonds or other long-term (more than one year) liabilities, AND
4. no cash or investments that exceeded \$5,000;

For the following period

1.  calendar year, January 1, 2012 through December 31, 2012
2.  fiscal period,  through   
(Date) (Date)

**CHECK ONE:**

B. I affirm that payments have  have not  been made by (an) other party(ies) on behalf of the district. These payments are estimated to be \$ 67,200

**CHECK ONE:**

C. The district has  has not  been confirmed by voters. A confirmation election was held on December 17, 2005.

D. I also affirm that the district has complied in full with the requirements of Section 49.194(c) of the Texas Water Code by filing copies of this affidavit in the district's office, located at:

102 N. Railroad Ave., Pflugerville, Texas 78660.

(District Office Address)

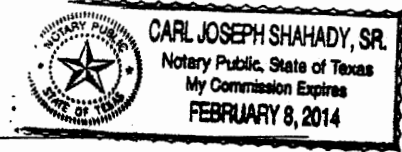
E. Date 2/15/2013 By: Richard Hamala  
(Signature)

Richard Hamala, Attorney  
(Name and Title)

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of  
Texas this day 15th of February, 20 13

My Commission Expires on 2-8-14

Carl Joseph Shahady, Sr.  
(Signature of Notary)



Please file the Financial Dormancy and Filing Affidavit with the Texas Commission on Environmental Quality before each January 31 the district is dormant. Districts not complying with this requirement may be referred to the Office of the Attorney General to enforce compliance.

The completed Financial Dormancy and Filing Affidavit should be mailed to:

Districts Review Team, (MC-152)  
Water Supply Division  
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Austin, TX 78711-3087

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Water Code Section 49.198	Audit Report Exemption (Financial Reports)
Water Code Section 49.194	Filing of Audits, Affidavits and Financial Reports
Water Code Section 49.158	Fiscal Year

**City of Jarrell, Texas**

Assessed Valuation for Tax Year

Category	2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 37,128,886	33.69%	\$ 31,384,570	32.15%	\$ 31,251,401	36.99%
Real, Residential, Multi-Family	228,579	0.21%	220,778	0.23%	-	0.00%
Real, Vacant Platted Lots	8,671,172	7.87%	8,564,749	8.77%	7,324,466	8.67%
Real, Acreage	11,050,286	10.03%	9,647,008	9.88%	9,162,938	10.85%
Real, Farm and Ranch Improvement	1,094,496	0.99%	1,147,674	1.18%	997,351	1.18%
Real, Commerical and Industrial	37,383,821	33.92%	31,213,494	31.98%	20,713,030	24.52%
Real & Intangible Personal, Utilities	1,732,117	1.57%	1,390,343	1.42%	1,193,958	1.41%
Tangible Personal, Business	9,854,342	8.94%	13,125,190	13.45%	13,109,481	15.52%
Tangible Personal, Other	281,713	0.26%	288,436	0.30%	333,049	0.39%
Real, Inventory	2,467,587	2.24%	405,240	0.42%	392,960	0.47%
Special Inventory	309,639	0.28%	230,567	0.24%	4,157	0.00%
<b>Total</b>	<b>\$ 110,202,638</b>	<b>100.00%</b>	<b>\$ 97,618,049</b>	<b>100.00%</b>	<b>\$ 84,482,791</b>	<b>100.00%</b>

Category	2011		2010	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 31,366,297	35.93%	\$ 31,643,710	39.74%
Real, Residential, Multi-Family	-	0.00%	-	0.00%
Real, Vacant Platted Lots	7,333,871	8.40%	7,695,742	9.67%
Real, Acreage	9,508,309	10.89%	9,839,328	12.36%
Real, Farm and Ranch Improvement	1,198,715	1.37%	1,304,991	1.64%
Real, Commerical and Industrial	26,098,452	29.89%	19,418,846	24.39%
Real & Intangible Personal, Utilities	1,077,630	1.23%	1,058,047	1.33%
Tangible Personal, Business	9,928,320	11.37%	7,908,824	9.93%
Tangible Personal, Other	346,326	0.40%	341,228	0.43%
Real, Inventory	414,885	0.48%	413,530	0.52%
Special Inventory	32,468	0.04%	450	0.00%
<b>Total</b>	<b>\$ 87,305,273</b>	<b>100.00%</b>	<b>\$ 79,624,696</b>	<b>100.00%</b>

<u>Taxing Jurisdiction</u>	<u>Tax Year</u>
	2014
City of Jarrell	\$ 0.43123
Jarrell ISD	\$ 1.39000
Sonterra MUD	0.95000
Williamson County	<u>0.447000</u>

	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
<u>Revenues:</u>					
Taxes:					
Property Taxes	\$ 50,011	\$ 85,739	\$ 114,423	\$ 95,925	\$ 69,275
General Sales and Use Taxes	1,062,340	1,027,625	546,092	212,380	214,774
Franchise Tax	75,597	69,278	75,691	67,271	64,256
Licenses and Permits	203,838	126,764	9,378	13,140	4,159
Intergovernmental Rev. & Grants	-	-	-	-	17,606
Charges for Services	37,441	59,948	29,855	36,835	-
Fines and Court Costs	29,469	20,883	22,317	34,754	96,366
Investment Earnings	228	1,239	962	398	242
Contributions and Donations	-	-	-	-	2,650
Other Revenue	1,703	4,283	5,057	12,607	48,791
Total Revenues	<u>\$ 1,460,627</u>	<u>\$ 1,395,759</u>	<u>\$ 803,775</u>	<u>\$ 473,310</u>	<u>\$ 518,119</u>
<u>Expenditures:</u>					
Current:					
General Government	\$ 643,424	\$ 392,173	\$ 326,596	\$ 338,921	\$ 354,551
Public Safety	93,711	287,140	190,597	184,914	190,439
Highways and Streets	-	-	-	-	29,467
Parks and Recreation	26,804	31,488	36,393	25,992	-
Conservation and Development	-	-	-	-	-
Debt Service	-	-	-	-	-
Capital Outlay	-	-	-	-	8,670
Total Expenditures	<u>\$ 763,939</u>	<u>\$ 710,801</u>	<u>\$ 553,586</u>	<u>\$ 549,827</u>	<u>\$ 583,127</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ 696,688	\$ 684,958	\$ 250,189	\$ (76,517)	\$ (65,008)
Other Financing Sources (Uses):					
Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In	-	15,446	15,000	111,865	122,834
Transfers Out (Use)	(301,883)	(78,373)	(82,000)	-	(200,165)
Total Other Financing Sources (Uses)	<u>\$ (301,883)</u>	<u>\$ (62,927)</u>	<u>\$ (67,000)</u>	<u>\$ 111,865</u>	<u>\$ (77,331)</u>
Net Change in Fund Balance	\$ 394,805	\$ 622,031	\$ 183,189	\$ 35,348	\$ (142,339)
Fund Balances - Beginning	\$ 809,910	\$ 187,879	\$ 4,690	\$ 91,006	\$ 233,345
Prior Period Adjustment	-	-	-	(121,664)	-
Fund Balances - Ending	<u>\$ 1,204,715</u>	<u>\$ 809,910</u>	<u>\$ 187,879</u>	<u>\$ 4,690</u>	<u>\$ 91,006</u>

City of Jarrell, Texas  
General Obligation Debt

Fiscal Year Ending 9/30	Total Outstanding Debt		
	Principal	Interest	Total
2015	\$ 568,000	\$ 67,547	\$ 635,547
2016	620,000	60,663	680,663
2017	665,000	53,738	718,738
2018	750,000	45,925	795,925
2019	800,000	36,715	836,715
2020	855,000	26,408	881,408
2021	675,000	14,793	689,793
2022	705,000	11,788	716,788
2023	680,000	8,525	688,525
2024	710,000	7,838	717,838
2025	730,000	7,013	737,013
2026	735,000	6,188	741,188
2027	100,000	5,363	105,363
2028	105,000	4,538	109,538
2029	105,000	3,713	108,713
2030	115,000	2,888	117,888
2031	115,000	1,925	116,925
2032	120,000	963	120,963
2033	95,000	-	95,000
2034	95,000	-	95,000
2035	95,000	-	95,000
2036	95,000	-	95,000
2037	95,000	-	95,000
2038	95,000	-	95,000
	<u>\$ 9,723,000</u>	<u>\$ 366,525</u>	<u>\$ 10,089,525</u>

Lone Star Regional Water Authority  
City of Jarrell Project

Fiscal Year Ending 9/30	Total Outstanding Debt		
	Principal	Interest	Total
2015	\$ -	\$ -	\$ -
2016	90,000	128,930	218,930
2017	115,000	100,888	215,888
2018	120,000	98,588	218,588
2019	120,000	96,188	216,188
2020	125,000	93,788	218,788
2021	130,000	90,038	220,038
2022	130,000	86,138	216,138
2023	135,000	82,238	217,238
2024	140,000	78,188	218,188
2025	145,000	73,988	218,988
2026	150,000	69,638	219,638
2027	155,000	65,138	220,138
2028	155,000	60,488	215,488
2029	160,000	55,644	215,644
2030	165,000	50,444	215,444
2031	175,000	44,875	219,875
2032	180,000	38,750	218,750
2033	190,000	29,750	219,750
2034	200,000	20,250	220,250
2035	205,000	10,250	215,250
	<u>\$ 2,985,000</u>	<u>\$ 1,374,192</u>	<u>\$ 4,359,192</u>

## Fiscal Year Ended September 30,

<u>Revenues:</u>	2014	2013	2012	2011	2010
Property Taxes	\$ 162,650	\$ 227,336	\$ 304,476	\$ 285,531	\$ 438,181
Water Service	519,474	444,363	409,726	351,491	322,523
Wastewater Service	533,766	471,690	414,470	373,598	251,658
Transfer and Late Fees	41,805	31,066	44,592	46,435	34,720
Inspection and Tap Fees	199,975	159,385	189,285	114,120	155,688
Solid Waste	212,751	173,569	145,625	134,047	117,333
Park and Recreation Fees	298,618	255,084	188,038	56,344	-
Interest	4,955	4,671	2,498	1,917	329
Miscellaneous	18,547	30,020	52,660	43,875	18,511
Litigation Recoveries	-	-	-	12,500	207,642
Total Revenues	<u>\$ 1,992,541</u>	<u>\$ 1,797,184</u>	<u>\$ 1,751,370</u>	<u>\$ 1,419,858</u>	<u>\$ 1,546,585</u>
 <u>Expenditures:</u>					
Current:					
Water Service Fees	\$ 126,664	\$ 133,268	\$ 111,046	\$ 107,402	\$ 104,088
Wastewater Services	462,937	434,473	377,451	257,132	251,485
Solid Waste Disposal	175,862	180,409	124,440	117,525	107,413
Pool Salaries and Maintenance	161,668	151,186	150,722	39,061	-
Tax Assessor-Collector	6,763	2,045	2,461	5,131	3,675
Director Salaries	22,653	26,921	22,601	22,200	25,971
Legal Fees	72,356	44,929	36,579	38,166	191,184
Audit Fees	12,500	12,500	12,500	12,700	9,500
Accounting	34,472	34,167	26,867	22,228	12,045
Insurance	10,647	5,799	-	9,750	8,127
Management Fees	221,340	167,593	194,519	196,605	146,160
Engineering Fees	91,358	33,957	23,969	36,019	104,654
Laboratory Expenses	2,128	619	2,488	1,570	4,509
Printing and Office Supplies	4,491	6,316	3,873	7,265	28,969
Utilities	65,925	53,889	55,675	59,313	58,535
Other Operating Expenses	132,615	120,960	78,427	57,065	30,458
Miscellaneous	6,233	6,671	7,477	15,987	28,027
Interest	50,262	51,681	52,873	34,475	-
Principal	23,533	22,113	20,273	14,585	-
Capital Expenditures	41,660	75,181	-	1,230,272	57,306
Total Expenditures	<u>\$ 1,726,067</u>	<u>\$ 1,564,677</u>	<u>\$ 1,304,241</u>	<u>\$ 2,284,451</u>	<u>\$ 1,172,106</u>
 Excess (Deficiency) of Revenue					
Over (Under) Expenditures	\$ 266,474	\$ 232,507	\$ 447,129	\$ (864,593)	\$ 374,479
 Other Financing Sources (Uses):					
Capital Lease Proceeds	\$ -	\$ -	\$ -	\$ 852,655	\$ -
Transfer (TO) From other funds	-	(153,678)	(42,500)	24,228	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (153,678)</u>	<u>\$ (42,500)</u>	<u>\$ 876,883</u>	<u>\$ -</u>
 Net Change in Fund Balance					
	\$ 266,474	\$ 78,829	\$ 404,629	\$ 12,290	\$ 374,479



Sonterra MUD  
General Obligation Debt

Fiscal Year Ending 9/30	Total Outstanding Debt		
	Principal	Interest	Total
2015	\$ 325,000	\$ 534,092	\$ 859,092
2016	510,000	556,791	1,066,791
2017	530,000	537,566	1,067,566
2018	374,766	717,438	1,092,204
2019	357,537	736,886	1,094,423
2020	346,329	750,819	1,097,148
2021	200,784	907,888	1,108,673
2022	315,350	907,197	1,222,548
2023	330,158	891,939	1,222,098
2024	510,065	711,033	1,221,098
2025	780,000	444,643	1,224,643
2026	810,000	416,798	1,226,798
2027	840,000	387,395	1,227,395
2028	870,000	356,175	1,226,175
2029	900,000	323,961	1,223,961
2030	940,000	289,868	1,229,868
2031	975,000	254,175	1,229,175
2032	1,010,000	216,238	1,226,238
2033	1,045,000	176,339	1,221,339
2034	760,000	134,920	894,920
2035	545,000	107,025	652,025
2036	565,000	83,650	648,650
2037	475,000	59,400	534,400
2038	495,000	40,400	535,400
2039	515,000	20,600	535,600
	<u>\$ 15,324,989</u>	<u>\$ 10,563,234</u>	<u>\$ 25,888,223</u>

<u>Purpose</u>	<u>Date</u> <u>Authorized</u>	<u>Amount</u> <u>Authorized</u>	<u>Amount</u> <u>Previously</u> <u>Issued</u>	<u>Unissued</u> <u>Balance</u>
Water, Sewer, Drainage	11/8/2005	\$ 71,480,000	\$ 16,280,000	\$ 55,200,000
		<u>\$ 71,480,000</u>	<u>\$ 16,280,000</u>	<u>\$ 55,200,000</u>






33. Current Average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer(\$)	Projected Monthly Increase Necessary (\$)
Water		4685	56.08		
Wastewater					

34. Provide the number of customers for each of the past five years.

Year	Number of Water Customers
2010	
2011	
2012	
2013	
2014	

**All applicants complete questions 35-51 of the financial section, as applicable.**

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).

\_\_\_\_\_

36. Has the applicant ever defaulted on any debt?

- Yes If yes, disclose all circumstances surrounding prior default(s). \_\_\_\_\_
- No

37. Does the applicant have taxing authority?

- Yes
- No

38. Provide the last five-years of data showing total taxable assessed valuation including net ad valorem taxes levied, corresponding tax rate (detailing debt service and general purposes), and tax collection rate.

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate	General Fund	Interest & Sinking Fund	Tax Levy \$	Percentage Current Collections	Percentage Total Collections
20							
20							
20							
20							
20							

Comments: N/A

39. Attach the last five-years of tax assessed values delineated by Classification (Residential, Commercial and Industrial). **If applicant does not have taxing authority, provide the assessed values of the county.**

- a)  20 attached
- b)  20 attached
- c)  20 attached
- d)  20 attached
- e)  20 attached

40. Attach the direct and overlapping tax rate table:  
 **Attached tax rate table**

41. Provide the current top **TEN** taxpayers showing percentage of ownership to total assessed valuation. State if any are in bankruptcy and explain anticipated prospective impacts in the Comments blank, below. If any of these have changed in the past three years, please provide information on the changes to the top ten.

Taxpayer Name	Assessed Value	Percent of Total	Bankruptcy (Y/N)
N/A			

Comments: \_\_\_\_\_

42. Provide the maximum tax rate permitted by law per \$100 of property value. N/A

43. Does the applicant collect sales tax?  
 Yes Provide the sales tax collection history for the past five years.

Fiscal Year Ending	Total Collections
20	
20	
20	
20	
20	

No

44. Indicate the tax status of the proposed loan?
- Tax-Exempt  
 Taxable
45. Proforma **(Select one of the four listed below) Please be sure the proforma reflects the schedule requested, including multi-phased funding options.**
- a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding:
- projected gross revenues  
 operating and maintenance expenditures  
 outstanding and proposed debt service requirements  
 net revenues available for debt service and coverage of current and proposed debt paid from revenues
- b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:
- outstanding and proposed debt service requirements  
 the tax rate necessary to repay current and proposed debt paid from taxes  
 list the assumed collection rate and tax base used to prepare the schedule
- c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:
- projected gross revenues, operating and maintenance expenditures, net revenues available for debt service  
 outstanding and proposed debt service requirements  
 the tax rate necessary to pay the current and proposed debt  
 list the assumed collection rate and tax base used to prepare the schedule
- d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service.
- Attached
46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.
- Attached Operating Statement.**
47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.
- Attached Annual Audit**  
 **Attached Management Letter**  
 **If applicable, attached interim financial information**
48. Does the applicant have any outstanding debt? (Check all that apply)
- Yes, General obligation debt  
 Yes, Revenue debt  
 Yes, Authorized but unissued debt

No

49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.

a. General Obligation Debt:

Yes

**Attached schedule. The schedule should also identify the debt holder.**

No

b. Revenue:

Yes

**Attached schedule. The schedule should also identify the debt holder. See 2014 Audit page 9-10. District has Note payable to USDA at 5% interest with monthly payments of \$7332 with a balance of \$1,268,674 as of FYE 2014. A Note payable to USD at 3.125% interest with monthly payments of \$10,294 with a balance as of FYE 2014 \$2,199,631. Also, a Note payable to the TWDB at 2.358% interest.**

No

c. Authorized by Unissued Debt:

Yes

**Attached schedule. The schedule should also identify the debt holder.**

No

50. List the ten largest employers of the Applicant's service area:

Name	Number of Employees
Dell Computer	13,000
Round Rock ISD	5,750
Leander ISD	4,137
Georgetown ISD	1,630
Williamson County	1,525
Sears (Teleserve)	1,500
HEB Grocery	945
Scott & White	930
City of Round Rock	824
Emerson Process Management	750

Comments (example, any anticipated changes to the tax base, employers etc.) Employers for Williamson County



51. Provide any current bond ratings with date received.

	Standard & Poor's	Date Received	Moody's	Date Received	Fitch	Date Received
G.O.	NR		NR		NR	
Revenue	N/A		N/A		N/A	

52. Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?

Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.

**Attached**

No.

**Part C: Financial Information**

**Regional or wholesale providers, complete questions 29-31.**  
**Retail providers, complete questions 32-34.**

29. List top **TEN** customers of the system by annual usage in gallons and percentage of total usage, including whether any are in bankruptcy.

Customer Name	Annual Usage (gal)	Percent of Usage	Bankruptcy (Y/N)
Jarrell Towncenter	1,033,000		
Dale Cannon Homes	450,000		
Bellview Homes	300,000		
Donald Haire Construction	300,000		
Aernandez	230,000		
JKMF Construction	230,000		
Cooper Home Builders	190,000		
Larry George	120,000		
Vale Building Group	120,000		
Stonefish Investment	120,000		

Comments: \_\_\_\_\_

30. List the top TEN customers of the system by gross revenues and percent of total revenues, including whether any are in bankruptcy

Customer Name	Annual Revenue(\$)	Percent of Revenue	Bankruptcy (Y/N)
Jarrell Town Center	6,603.92	30%	
Dale Cannon Homes	3,510.00	18%	
Bellview Homes	2,430.00	15%	
Donald Haire Construction	2,430.00	15%	
Aernandez	1,620.00	6%	
JKMF Construction	1,620.00	6%	
Cooper Home Builders	1,350.00	5%	
Larry George	810.00	4%	
Vale Building Group	810.00	4%	
Stonefish Investment	810.00	4%	

31. Provide a summary of the wholesale contracts with customers

Contract Type	Minimum annual amount	Usage fee per 1,000 gallons	Annual Operations and Maintenance	Annual Capital Costs	Annual Debt Service	Other

32. List top **TEN** customers of the water and/or wastewater system by annual revenue with corresponding usage and percentage of total use, including whether any are in bankruptcy.

a. **WATER**

Customer Name	Annual Usage (gal)	Percent of Total Water Revenue	Bankruptcy (Y/N)
Jarrell Towncenter	1,033,000	30%	
Dale Cannon Homes	450,000	18%	
Bellview Homes	300,000	15%	
Donald Haire Construction	300,000	15%	
Aernandez	230,000	6%	
JKMF Construction	230,000	6%	
Cooper Home Builders	190,000	5%	
Larry George	120,000	4%	
Vale Building Group	120,000	4%	
Stonefish Investment	120,000	4%	

b. **WASTEWATER**

Customer Name	Annual Usage (gal)	Percent of Total Wastewater Revenue	Bankruptcy (Y/N)
Sonterra MUD	74,262,935	75%	
Jarrell ISD	Flat Rate	7%	
Dale Cannon Homes	Flat Rate	0.35%	
Bellview Homes	Flat Rate	0.25%	
Donald Haire Construction	Flat Rate	0.25%	
JKMF Construction	Flat Rate	0.20%	
Aernandez LLC	Flat Rate	0.20%	
Cooper Home Builders	Flat Rate	0.15%	
Jarrell Town Center	Flat Rate	0.12%	
Stone Fish Investments	Flat Rate	0.10%	

33. Current Average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer(\$)	Projected Monthly Increase Necessary (\$)
Water	1/1/2015	8,300	77.00	1.00	N/A
Wastewater	N/A	Flat Rate	35.00	N/A	NA

34. Provide the number of customers for each of the past five years.

Year	Number of Customers
2010	W. 0 WW. 250
2011	W.0 WW. 252
2012	W. 0 WW 257
2013	W. 32 WW 266
2014	W 55 WW 294

**All applicants complete questions 35-51 of the financial section, as applicable.**

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).  
\_\_\_\_\_

36. Has the applicant ever defaulted on any debt?  
 Yes If yes, disclose all circumstances surrounding prior default(s). \_\_\_\_\_  
 No

37. Does the applicant have taxing authority?  
 Yes  
 No

38. Provide the last five-years of data showing total taxable assessed valuation including net ad valorem taxes levied, corresponding tax rate (detailing debt service and general purposes), and tax collection rate.

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate	General Fund	Interest & Sinking Fund	Tax Levy \$	Percentage Current Collections	Percentage Total Collections
2011	83,796,550	\$0.3771	0.1152	0.2619	\$312,706	98.91	100.20
2012	80,058,520	0.4698	0.1355	0.3343	391,686	99.12	99.96
2013	84,967,588	0.4698	0.0991	0.3707	398,992	98.80	99.06
2014	89,025,772	0.4480	0.0518	0.3962	424,473	99.06	99.97
2015	97,769,584	0.43123	.08421	0.34702	476,473	94.65	95.37

Comments: FY 2015 collections through February 28, 2015.

39. Attach the last five-years of tax assessed values delineated by Classification (Residential, Commercial and Industrial). **If applicant does not have taxing authority, provide the assessed values of the county.**

- a)  **2010 attached**
- b)  **2011 attached**
- c)  **2012 attached**
- d)  **2013 attached**
- e)  **2014 attached**

40. Attach the direct and overlapping tax rate table:

**Attached tax rate table**

41. Provide the current top **TEN** taxpayers showing percentage of ownership to total assessed valuation. State if any are in bankruptcy and explain anticipated prospective impacts in the Comments blank, below. If any of these have changed in the past three years, please provide information on the changes to the top ten.

Taxpayer Name	Assessed Value	Percent of Total	Bankruptcy (Y/N)
Leemark Jarrell LLC	\$6,758,795	6.91%	
Al Clawson Disposal Inc.	4,845,842	4.96%	
Jarrell Town Center LTD	3,660,712	3.74%	
JYKM Jarrell Town Center LLC	3,231,482	3.31%	
Taylor Press Products Corp	2,554,421	2.61%	
Builders First Source	2,109,522	2.16%	
Rvest LP	2,082,576	2.13%	
Gem Commercial LLC	2,073,682	2.12%	
Wilbur-Ellis Company	1,589,696	1.63%	
First National Bank of Fort Stockton	1,442,733	1.48%	

Comments: \_\_\_\_\_

42. Provide the maximum tax rate permitted by law per \$100 of property value. \$1.50

43. Does the applicant collect sales tax?

Yes Provide the sales tax collection history for the past five years.

Fiscal Year Ending	Total Collections
2010	\$256,122
2011	330,692
2012	728,124
2013	1,370,167
2014	1,416,455

No

44. Indicate the tax status of the proposed loan?

Tax-Exempt

Taxable

45. Proforma **(Select one of the four listed below) Please be sure the proforma reflects the schedule requested, including multi-phased funding options.**

a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding:

- projected gross revenues
- operating and maintenance expenditures
- outstanding and proposed debt service requirements
- net revenues available for debt service and coverage of current and proposed debt paid from revenues

b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:

- outstanding and proposed debt service requirements
- the tax rate necessary to repay current and proposed debt paid from taxes
- list the assumed collection rate and tax base used to prepare the schedule

c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:

- projected gross revenues, operating and maintenance expenditures, net revenues available for debt service
- outstanding and proposed debt service requirements
- the tax rate necessary to pay the current and proposed debt
- list the assumed collection rate and tax base used to prepare the schedule

d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service.

Attached

46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.

**Attached Operating Statement.**

47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.

**Attached Annual Audit**  
 **Attached Management Letter**  
 **If applicable, attached interim financial information**

48. Does the applicant have any outstanding debt? (Check all that apply)

Yes, General obligation debt  
 Yes, Revenue debt  
 Yes, Authorized but unissued debt  
 No

49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.

a. General Obligation Debt:

Yes  
 **Attached schedule. The schedule should also identify the debt holder.**  
 No

b. Revenue:

Yes  
 **Attached schedule. The schedule should also identify the debt holder.**  
 No

c. Authorized by Unissued Debt:

Yes  
 **Attached schedule. The schedule should also identify the debt holder.**  
 No

50. List the ten largest employers of the Applicant's service area:

Name	Number of Employees
Dell Computer	13,000
Round Rock ISD	5,750
Leander ISD	4,137

Georgetown ISD	1,630
Williamson County	1,525
Sears (Teleserve)	1,500
HEB Grocery	945
Scott & White	930
City of Round Rock	824
Emerson Process Management	750

Comments (example, any anticipated changes to the tax base, employers etc.) Williamson County Employers

51. Provide any current bond ratings with date received.

	Standard & Poor's	Date Received	Moody's	Date Received	Fitch	Date Received
G.O.	NR		NR		NR	
Revenue	A+	4/8/2015	NR		NR	

52. Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?

Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.

**Attached**

No.



**Part C: Financial Information-Sonterra MUD**

**Regional or wholesale providers, complete questions 29-31.  
Retail providers, complete questions 32-34.**

29. List top **TEN** customers of the system by annual usage in gallons and percentage of total usage, including whether any are in bankruptcy.

Customer Name	Annual Usage (k/gal)	Percent of Usage	Bankruptcy (Y/N)
Sonterra Apartments	5,446	6.55%	N
Leemark Jerrell	3,440	4.14%	N
Leemark Jerrell	2,396	2.89%	N
Restaurante Mexicano	645	0.77%	N
Kid Zone	582	0.70%	N
Leemark Jerrell	496	0.60%	N
Jerrell Elementary	495	0.60%	N
DR Horton	456	0.55%	N
McDonalds 32779	450	0.54%	N
The Wash House	348	0.41%	N

Comments: \_\_\_\_\_

30. List the top TEN customers of the system by gross revenues and percent of total revenues, including whether any are in bankruptcy

Customer Name	Annual Revenue(\$)	Percent of Revenue	Bankruptcy (Y/N)
Sonterra Apartments	\$30,329	5.7%	N
Leemark Jerrell	19,070	3.5%	N
Leemark Jerrell	13,328	2.5%	N
Jerrell Elementary	3,785	0.7%	N
Restaurante Mexicano	3,228.63	0.6%	N
The Wash House	3,192	0.6%	N
Kid Zone	2,804	0.5%	N
Leemark Jerrell	2,767.75	0.5%	N
McDonalds 32779	2,592.25	0.4%	N
DR Horton	2,345.80	0.4%	N

31. Provide a summary of the wholesale contracts with customers

Contract Type	Minimum annual amount	Usage fee per 1,000 gallons	Annual Operations and Maintenance	Annual Capital Costs	Annual Debt Service	Other
N/A						

32. List top **TEN** customers of the water and/or wastewater system by annual revenue with corresponding usage and percentage of total use, including whether any are in bankruptcy.

a. **WATER**

Customer Name	Annual Usage (k/gal)	Percent of Total Water Revenue	Bankruptcy (Y/N)
Sonterra Apartments	5446	5.7%	N
Leemark Jerrell	3440	3.5%	N
Leemark Jerrell	2396	2.5%	N
Restaurante Mexicano	645	0.6%	N
Kid Zone	582	0.5%	N
Leemark Jerrell	496	0.5%	N
Jerrell Elementary	495	0.7%	N
DR Horton	456	0.4%	N
McDonalds	450	0.4%	N
The Wash House	348	0.6%	N

b. **WASTEWATER**

Customer Name	Annual Usage (gal)	Percent of Total Wastewater Revenue	Bankruptcy (Y/N)
Sonterra Apartments	5446	7.4%	N
Leemark Jerrell	3440	4.7%	N
Leemark Jerrell	2396	3.4%	N
Restuarante Mexicano	645	0.8%	N
Kid Zone	582	0.8%	N
Leemark Jerrell	496	0.7%	N
Jerrell Elementary	495	0.9%	N
McDonalds 32779	450	0.6%	N
The Wash House	348	0.7%	N
Waters Cougar Plaza	341	0.5%	N

33. Current Average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer(\$)	Projected Monthly Increase Necessary (\$)
Water	N/A	5k	60.90	N/A	N/A
Wastewater	N/A	4K	50.68	N/A	N/A

34. Provide the number of customers for each of the past five years.

Year	Number of Water Customers
2010	615
2011	679
2012	761
2013	872
2014	1035

**All applicants complete questions 35-51 of the financial section, as applicable.**

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).

\_\_\_\_\_

36. Has the applicant ever defaulted on any debt?

- Yes If yes, disclose all circumstances surrounding prior default(s). \_\_\_\_\_
- No

37. Does the applicant have taxing authority?

- Yes

No

38. Provide the last five-years of data showing total taxable assessed valuation including net ad valorem taxes levied, corresponding tax rate (detailing debt service and general purposes), and tax collection rate.

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate	General Fund	Interest & Sinking Fund	Tax Levy \$	Percentage Current Collections	Percentage Total Collections
20							
20							
20							
20							
20							

Comments: N/A

39. Attach the last five-years of tax assessed values delineated by Classification (Residential, Commercial and Industrial). **If applicant does not have taxing authority, provide the assessed values of the county.**

- a)  20 attached
- b)  20 attached
- c)  20 attached
- d)  20 attached
- e)  20 attached

40. Attach the direct and overlapping tax rate table:  
 **Attached tax rate table**

41. Provide the current top **TEN** taxpayers showing percentage of ownership to total assessed valuation. State if any are in bankruptcy and explain anticipated prospective impacts in the Comments blank, below. If any of these have changed in the past three years, please provide information on the changes to the top ten.

Taxpayer Name	Assessed Value	Percent of Total	Bankruptcy (Y/N)
N/A			

Comments: \_\_\_\_\_

42. Provide the maximum tax rate permitted by law per \$100 of property value. N/A

43. Does the applicant collect sales tax?

Yes Provide the sales tax collection history for the past five years.

Fiscal Year Ending	Total Collections
20	
20	
20	
20	
20	

No

44. Indicate the tax status of the proposed loan?

Tax-Exempt

Taxable

45. Proforma (**Select one of the four listed below**) Please be sure the proforma reflects the schedule requested, including multi-phased funding options.

a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding:

- projected gross revenues
- operating and maintenance expenditures
- outstanding and proposed debt service requirements
- net revenues available for debt service and coverage of current and proposed debt paid from revenues

b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:

- outstanding and proposed debt service requirements
- the tax rate necessary to repay current and proposed debt paid from taxes
- list the assumed collection rate and tax base used to prepare the schedule

c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:

- projected gross revenues, operating and maintenance expenditures, net revenues available for debt service
- outstanding and proposed debt service requirements
- the tax rate necessary to pay the current and proposed debt
- list the assumed collection rate and tax base used to prepare the schedule

d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service.

Attached

46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.  
 **Attached Operating Statement.**
47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.  
 **Attached Annual Audit**  
 **Attached Management Letter**  
 **If applicable, attached interim financial information**
48. Does the applicant have any outstanding debt? (Check all that apply)  
 Yes, General obligation debt  
 Yes, Revenue debt  
 Yes, Authorized but unissued debt  
 No
49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.
- a. General Obligation Debt:  
 Yes  
 **Attached schedule. The schedule should also identify the debt holder.**  
 No
- b. Revenue:  
 Yes  
 **Attached schedule. The schedule should also identify the debt holder.**  
 No
- c. Authorized by Unissued Debt:  
 Yes  
 **Attached schedule. The schedule should also identify the debt holder.**  
 No
50. List the ten largest employers of the Applicant's service area:

Name	Number of Employees
Dell Computer	13,000
Round Rock ISD	5,750
Leander ISD	4,137
Georgetown ISD	1,630
Williamson County	1,525
Sears (Teleserve)	1,500
HEB Grocery	945
Scott & White	930
City of Round Rock	824
Emerson Process Management	750

Comments (example, any anticipated changes to the tax base, employers etc.) Employers for Williamson County

51. Provide any current bond ratings with date received.

	Standard & Poor's	Date Received	Moody's	Date Received	Fitch	Date Received
G.O.	NR		Baa1	11/7/2014	NR	
Revenue	N/A		N/A		N/A	

52. Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?

Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.

**Attached**

No.

**LONE STAR REGIONAL WATER AUTHORITY  
PRELIMINARY ENGINEERING FEASIBILITY REPORT  
(PEFR)  
EAST WILLIAMSON COUNTY REGIONAL WATER  
TRANSMISSION SYSTEM**

**TO BE LOCATED IN  
WILLIAMSON COUNTY, TEXAS**

For

**LONE STAR REGIONAL WATER AUTHORITY  
c/o Mr. Dan Dodson, General Manager  
P.O. Box 554  
Jarrell, TX 76537**

Prepared By:

**S. D. KALLMAN, L.P.  
ENGINEERS & ENVIRONMENTAL CONSULTANTS  
TBPE FIRM REGISTRATION NO. F-156  
1106 South Mays, Suite 101  
Round Rock, Texas 78664  
Phone: (512) 218-4404  
Fax: (512) 218-1668**



**SDK Job # 724-1628  
SWIFT Project ID # 51011**

JUNE 2015



A summary of proposed wholesale customers' population projections follow:

- Bell-Milam-Falls WSC 1,500
  - City of Granger 2,027
  - City of Jarrell 5,000
  - Jarrell-Schwertner WSC 6,672
  - Central Texas WSC 7,500
  - Sonterra MUD 19,500
  - CL&L MUD 11,500
- Total Year 2040 Population 53,699 Capita

This Capita value for year 2040 is consistent with the 52,500 Capita from Figure 2, herein. The population projections for the four (4) WUG's in Williamson County, Bell-Milam-Falls WSC, City of Granger, City of Jarrell and Jarrell-Schwertner WSC, shown above, are similarly consistent with the TWDB projections in the 2011 Brazos G Regional Water Plan.

The estimated amount of capacity to be used in years 1, 5 and 20 for the seven (7) WUG's that will receive water from the EWCRWTS Pipeline are described in Table 2 as follows:

<b>TABLE 2</b>			
<b>PEAK DAY USAGE (MGD)</b>			
<b>NAME OF WUG</b>	<b>YEAR 1 (2016 – 2017)</b>	<b>YEAR 5 (2021)</b>	<b>YEAR 20 (2036)</b>
Bell-Milam-Falls WSC	--	0.10	0.24
Central Texas WSC	--	0.30	1.20
City of Granger (Emergency Use Only)	--	--	--
City of Jarrell	0.05	0.40	0.80
Jarrell-Schwertner WSC	0.43	0.60	1.20
Sonterra MUD	1.16	2.26	3.12
CL&L MUD	--	0.20	1.84
<b>TOTAL</b>	<b>1.64</b>	<b>3.86</b>	<b>8.4</b>

**LONE STAR REGIONAL WATER AUTHORITY  
PRELIMINARY ENGINEERING FEASIBILITY REPORT  
(PEFR)  
EAST WILLIAMSON COUNTY REGIONAL WATER  
TRANSMISSION SYSTEM**

**TO BE LOCATED IN  
WILLIAMSON COUNTY, TEXAS**

For

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**SDK Job # 724-1628  
SWIFT Project ID # 51011**

JUNE 2015



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## **(A.) DESCRIPTION OF THE EXISTING SYSTEM ALONG WITH PROBLEMS**

The Lone Star Regional Water Authority (LSRWA) was created by the 82<sup>nd</sup> Texas Legislature, House Bill 2360 to provide a regional entity to provide potable water to northeastern Williamson County and southeastern Bell County (subject areas). The 2011 Brazos G Regional Water Plan proposes a strategy for delivering potable water from BRA's existing 14 MGD Water Treatment Plant to multiple Water User Groups (WUG's) in northeastern Williamson County and southeastern Bell County. Refer to pages 4B.17-19 and 4B.17-20 from the Regional Water Plan in Attachment No. 1.

Following consultation with BRA representatives to gain their concurrence that the BRA would sell potable water to the LSRWA for distribution to the multiple WUG's in the subject areas, Mr. Dan Dodson, General Manager of LSRWA, sent out a letter to these WUG's to solicit interest in this supplemental supply of water for these entities.

Responses of interest were sent to Mr. Dodson by the following WUG's:

Bell-Milam-Falls Water Supply Corporation (BMFWSC)  
Central Texas Water Supply Corporation (CTWSC)  
City of Granger (Granger)  
City of Jarrell (Jarrell)  
Jarrell-Schwertner Water Supply Corporation (J-SWSC)  
Sonterra Municipal Utility District (Sonterra MUD)  
CL&L Municipal Utility District (CL&L MUD)

Each of these WUG's are seeking additional potable water sources due to their concerns about their existing water supply, as follows:

### **Bell-Milam-Falls Water Supply Corporation**

This entity provides retail water service to areas in Bell County, Milam County, Falls County and northeastern Williamson County, northeast of the City of Bartlett. This retail rural water supplier purchases treated Lake Stillhouse Hollow water from CTWSC for distribution to its customers northeast of Bartlett in Williamson County. The utility also has a water well in this area as a backup supply. The area continues to grow and the CTWSC supply is limited by a CTWSC 6" water line in Hwy. 95 coming from Holland. BMFWSC's initial interest was for a 1 MGD peak flow from LSRWA's new water transmission line. **BMF WSC has reduced their request to 0.3 MGD.**

### **Central Texas Water Supply Corporation**

This WUG serves water treated by two (2) Water Treatment Plants on Lake Stillhouse Hollow to wholesale WUG's in Bell, Milam, Falls, Coryell and Lampasas Counties to over 50,000 ultimate users. CTWSC's oldest 14.35 MGD Water Treatment Plant has capacity restrictions during low lake level events, and has been developing additional water sources to compensate for its deficiency. Three (3) strategies are being pursued by CTWSC to overcome the existing plant shortfalls and to accommodate growth.

- 1) Expand their Doc L. Curb Membrane Water Treatment Plant on the east end of Lake Stillhouse Hollow near the dam.
- 2) Develop new water supplies in the Trinity Aquifer in Bell County.

- 3) Purchase water from LSRWA to serve wholesale customer service areas in northeast Williamson County and southeast Bell County including the City of Holland, refer to Attachment No. 1.

CTWSC's initial interest was for a 2 MGD peak flow from LSRWA's new water treatment line. **CTWSC has reduced their request to 1.5 MGD.**

#### City of Granger

This WUG services its retail customers from two (2) wells located in town. Granger has requested a meter tie-in to the LSRWA water transmission line for an "Emergency Supply" during potential well pump outages.

Granger's initial request for a 200,000 gallon emergency supply was sent to Mr. Dodson. **Granger has made no formal request at the time of the writing of this Report.**

#### City of Jarrell

This WUG only recently began providing water to part of the service area in their community, with the development of a 365 GPM Well and Elevation Tank. J-SWSC historically served the City's inhabitants with a series of wells in the Edward's Aquifer. J-SWSC is also a wholesale customer of CTWSC and buys water from them on the north end of the J-SWSC service area near Salado.

The City has an understanding with J-SWSC that the City will serve customers on the west side of I.H. 35 and J-SWSC will serve its large service area in Williamson County East of I.H. 35.

Jarrell's initial request for water from LSRWA was 350,000 GPD. **Jarrell has increased their request to 1 MGD.**

#### Jarrell-Schwertner Water Supply Corporation

J-SWSC serves a large service area bounded by I.H. 35 on its west (per understanding with the City of Jarrell), Salado and Armstrong WSC on its north, Hwy. 95 on its east and Jonah SUD on its south. Historically its customer base was rural, but housing developments along I.H. 35 from Jonah SUD to Salado have been requesting water service, quickly using up J-SWSC's water reserves.

As described above, J-SWSC has wells in the non-drought proof Edward's Aquifer and a small supply from CTWSC.

J-SWSC's initial request for additional water service from the new LSRWA transmission line was 1.5 MGD. **J-S WSC has confirmed their request of 1.5 MGD.**

#### Sonterra MUD

Sonterra MUD is a flourishing mixed-use residential community in the City of Jarrell's ETJ fronting on I.H. 35 and reaching eastward. Sonterra MUD has a well in the Edward's Aquifer, but with 6,000 living units planned, has expressed keen interest in obtaining additional water supplies from the EWCRWTS Water Line.

Sonterra MUD's initial request for water from LSRWA was 3.9 MGD. **Sonterra MUD has confirmed their request of 3.9 MGD.**

CL&L MUD

CL&L MUD was created in recent years to provide for possible residential development of ranchland owned by Schwertner Farms, which encompasses hundreds of acres of rolling hills in Williamson County, east of the City of Jarrell.

Cognizant of the undependability of wells in the Edward's Aquifer, CL&L MUD's initial request for LSRWA water service was 1 MGD. **CL&L MUD has increased their request to 2.3 MGD.**

City of Bartlett

The proposed LSRWA transmission line will run by the east side of the City of Bartlett. Though Bartlett has not responded to Mr. Dodson's initial letter of interest, it may be prudent for Bartlett to consider requesting water from this dependable-source water line.

In recap, all of the WUG's described above realize the growth potential of the area and the limitations on their existing water supplies to meet the water needs of this growth. They welcome the opportunity to obtain additional water supplies from the LSRWA project.

In meetings with BRA representatives, they are fully knowledgeable and supportive of the EWCRWTS strategy in the 2011 Brazos G Regional Plan. The BRA embraces the plan which includes three (3) water sources adequate to serve the subject area:

- 1) 14 MGD Water Treatment Plant on Lake Granger.
- 2) Trinity Aquifer Wells to blend with plant water
- 3) Carrizo-Wilcox Well Development which has enormous quantities of water.

Since LSRWA does not currently have any treatment, storage or distribution facilities yet online, there is no history of water loss, operational problems, EPA/TCEQ enforcement actions or violations of primary or secondary drinking water standards.

**(B.) PROJECTED NEEDS AND**  
**(C.) DEMANDS**

The domestic population of the area to be served by LSRWA, a water wholesaler, to the seven (7) existing WUG's to be served by this project is estimated to be 8,200 persons. The proposed project is shown on Figure 1 – Location Map, herein. The projected population for a 20 year period, year 2035, is 45,412 persons (see Figure 2 – LSRWA/EWCRWTS/Population and Water Demand Projection). This population is projected to have an augmented water demand of 4.5 MGD and a peak water demand of 9.08 MGD at a peaking factor of 2 times average, which is representative of the WUG's to be served.

Figure 2 also projects a Planning Horizon for the year 2040 population, a 25 year period, to be at 52,500 persons, with an augmented water demand of 5.25 MGD and a peak water demand of 10.5 MGD, which is the maximum flow capacity of the proposed 24" pipeline for this project.

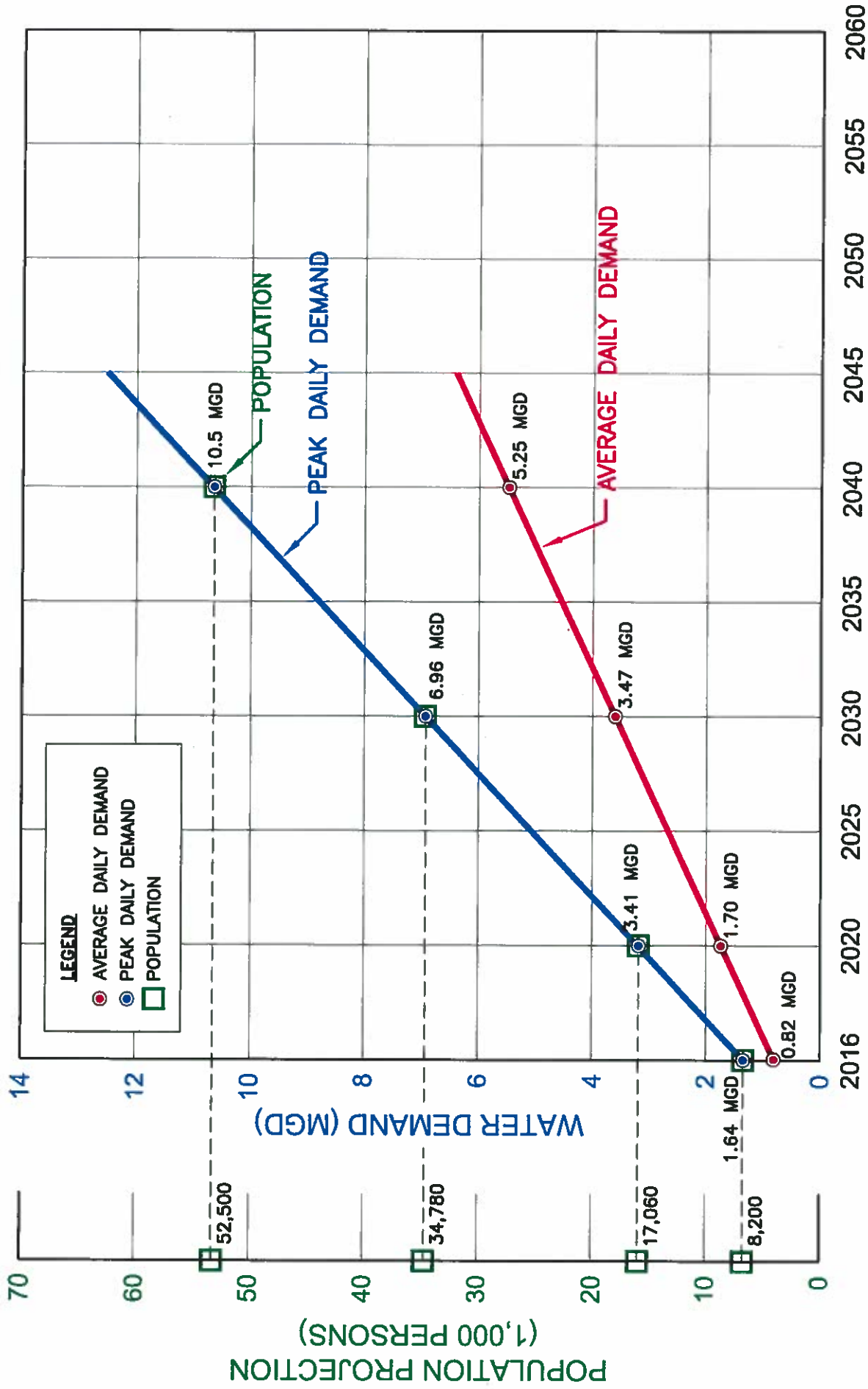
Industrial, commercial, agricultural and other water needs for the WUG's service areas are assumed to be negligible in quantity, based on the existing and future demographics of the WUG's service areas.

The water service areas for the seven (7) WUG's that will receive water from the EWCRWTS Pipeline are described in Table 1, as follows:

<b>TABLE 1</b>		
<b>WATER USER GROUP'S SERVICE AREAS</b>		
<b>NAME OF WUG</b>	<b>EXISTING WATER SERVICE AREA</b>	<b>FUTURE WATER SERVICE AREA</b>
Bell-Milam-Falls WSC	CCN Area in NE Williamson County	CCN Area in NE Williamson County
Central Texas WSC	No Service Area - Wholesale Customers of B-M-F WSC in NE Williamson County and City of Holland in Southern Bell County	No Service Area - Wholesale Customers of B-M-F WSC in NE Williamson County and City of Holland in Southern Bell County
City of Granger	ETJ	ETJ
City of Jarrell	ETJ on the West site of I.H. 35 in Williamson County	ETJ on the West site of I.H. 35 in Williamson County
Jarrell-Schwertner WSC	CCN Area in Williamson County	CCN Area in Williamson County
Sonterra MUD	MUD Boundary East of Jarrell and I.H. 35 in Williamson County	MUD Boundary East of Jarrell and I.H. 35 in Williamson County
CL&L MUD	Area Including Landholdings of Schwertner Farms	Area Including Landholdings of Schwertner Farms

All of the above WUG's will receive water service by Contract with the LSRWA.





DESIGN CRITERIA	
AVERAGE FLOW - 100 GPCD	x 3C/LUE
PEAK DAILY FLOW - 300 GPLUED	x 2 PEAK

**FIGURE 2**  
**LONE STAR REGIONAL WATER AUTHORITY**  
**EWCRTWS**  
**POPULATION AND WATER DEMAND PROJECTION**

**S. D. KALLMAN LP.**  
 Engineers and Environmental Consultants  
 TEPF Firm Registration No. F-518  
 1106 South Moyle, Suite 101  
 Round Rock, TX 78684  
 Phone: (817) 218-4404  
 Fax: (817) 218-1688  
 www.sdkallman.com

In review of the 2011 Brazos G Regional Water Plan (Plan), Table 2-4 (see Attachment \_\_\_ herein) presents projected per capita water use for WUG's in the Brazos G area. From page 2-17 (see Attachment 2 herein) of the Plan, the per capita water use varies widely, ranging between 45 GPCD to 49 GPCD in the Brazos G area. The Brazos G average in 2010 is projected by the Plan to be 138 GPCD. Lower per capita water uses are typically associated with smaller, rural water utilities where outside water use for lawns or landscaping is limited, or is supplemented with individual residential wells and/or stock tanks.

Our firm's 40 year experience history has found this lower per capita use to hold true, as well. Thus, we are using 100 GPCD for the WUG's to be served by the EWCRWTS Pipeline, as they fit the mold of the rural area described above. A maximum day peaking factor of 2 is typical of these rural areas, and will be used in our water use projections (see Figure 2 – LSRWA / EWCRWTS / Population and Water Demand Projection).

Comparing the population projections in Figure 2, herein, to the population projections in the 2011 Brazos G Regional Water Plan, we found the projected data to be consistent. The 2040 population projection in Figure 2 is 52,500 Capita. Table 2-1, historical and projected population by City/County from the Water Plan on Page 2-9 (see Attachment 3, herein) has population projections for Williamson County for various WUG's. For year 2040, the TWDB projections for Williamson County are:

• Bell-Milam-Falls WSC	727
• City of Granger	2,027
• City of Jarrell	1,561
• Jarrell-Schwertner WSC	<u>6,672</u>
Total Williamson County	10,987 Capita

For year 2040, the TWDB projections for Bell County on Page 2-2 are:

• City of Holland	<u>1,102</u>
Total Bell County	1,102 Capita

Total of Williamson and Bell County year 2040 population listed in Table 2-1 to be served by the Lone Star RWA EWCRWTS Pipeline is 12,089 Capita.

However, Central Texas WSC has requested 1.5 MGD of water supply from the EWCRWTS Pipeline which, including service to the City of Holland, will serve other existing customers of CTWSC, such as Armstrong WSC and Bell-Milam-Falls WSC customers in Bell County. One and one-half (1.5) MGD will serve 7,500 Capita ( $1.5 \text{ MGD} \div 600 \text{ GPLUED} \times 3 \text{ Capita per LUE} = 7,500 \text{ Capita}$ ). Also, Sonterra MUD, located east of the City of Jarrell, and not listed in Table 2-1, has requested 3.9 MGD of capacity in the EWCRWTS Pipeline, which can serve 19,500 Capita ( $3.9 \text{ MGD} \div 600 \text{ GPLUED} \times 3 \text{ Capita per LUE}$ ). Also, CL&L MUD, also not listed in Table 2-1, has requested 2.3 MGD in the EWCRWTS Pipeline, which can serve 11,500 Capita ( $2.3 \text{ MGD} \div 600 \text{ GPLUED} \times 3 \text{ Capita per LUE}$ ). B-M-F WSC has requested 0.3 MGD in the EWCRWTS, which can serve 1,500 Capita ( $0.3 \text{ MGD} \div 600 \text{ GPLUED} \times 3 \text{ Capita per LUE} = 1,500 \text{ Capita}$ ). Jarrell has requested 1 MGD in the EWCRWTS, which can serve 5,000 Capita ( $1 \text{ MGD} \div 600 \text{ GPLUED} \times 3 \text{ Capita per LUE} = 5,000 \text{ Capita}$ ).

A summary of proposed wholesale customers' population projections follow:

- Bell-Milam-Falls WSC 1,500
  - City of Granger 2,027
  - City of Jarrell 5,000
  - Jarrell-Schwertner WSC 6,672
  - Central Texas WSC 7,500
  - Sonterra MUD 19,500
  - CL&L MUD 11,500
- Total Year 2040 Population 53,699 Capita

This Capita value for year 2040 is consistent with the 52,500 Capita from Figure 2, herein. The population projections for the four (4) WUG's in Williamson County, Bell-Milam-Falls WSC, City of Granger, City of Jarrell and Jarrell-Schwertner WSC, shown above, are similarly consistent with the TWDB projections in the 2011 Brazos G Regional Water Plan.

The estimated amount of capacity to be used in years 1, 5 and 20 for the seven (7) WUG's that will receive water from the EWCRWTS Pipeline are described in Table 2 as follows:

<b>TABLE 2</b>			
<b>PEAK DAY USAGE (MGD)</b>			
<b>NAME OF WUG</b>	<b>YEAR 1 (2016 – 2017)</b>	<b>YEAR 5 (2021)</b>	<b>YEAR 20 (2036)</b>
Bell-Milam-Falls WSC	--	0.10	0.24
Central Texas WSC	--	0.30	1.20
City of Granger (Emergency Use Only)	--	--	--
City of Jarrell	0.05	0.40	0.80
Jarrell-Schwertner WSC	0.43	0.60	1.20
Sonterra MUD	1.16	2.26	3.12
CL&L MUD	--	0.20	1.84
<b>TOTAL</b>	1.64	3.86	8.4

## **(D.) AND (E.) ALTERNATIVES**

The proposed EWCRWTS includes 20" and 24" pipelines, two ground storage tanks, one standpipe and two high service pump stations. See Figure 1 – Location Map, herein. BRA has a 14 MGD water treatment plant on the south side of Lake Granger. BRA has a potable 36" water line in place from the water plant west to Circleville. Lone Star Regional Water Authority intends to buy water from BRA by tying-into this existing 36" water line and construct a portion of the EWCRWTS Pipeline from Circleville to I.H. 35 in Jarrell. Storage tanks, pump stations and 23 miles of 24" pipeline will be constructed. Participants in the Project that intend to purchase water wholesale from Lone Star Regional Water Authority are the Cities of Jarrell and Granger, Jarrell-Schwertner Water Supply Corporation, Sonterra MUD (in Jarrell), Central Texas Water Supply Corporation, Bell-Milam-Falls Water Supply Corporation and CL&L MUD near Jarrell.

### **Alternative No. 1**

Request and obtain water supplies from surrounding Water User Groups (WUG's). The LSRWA General Manager and Engineer met with the Jonah S.U.D. (Jonah) General Manager to discuss LSRWA buying surplus water from the City of Hutto and conveying it through existing (Jonah) water lines to the Jarrell-Schwertner service area; thence LSRWA is constructing new water facilities to transport the water to the demand center at I.H. 35 in Jarrell.

The Jonah General Manager stated that this plan would not work, since his existing system has very little extra capacity to share.

Conclusion: This Alternative was rejected.

### **Alternative No. 2**

Consider developing additional wells in the Edwards Aquifer. Five (5) of the six (6) WUG's requesting water from LSRWA are served exclusively by wells in the Edwards Aquifer. It is common knowledge that the output of the Edward's wells in this area of Williamson County is affected by low aquifer levels during periods of drought. Recent wells recently completed east of I.H. 35 in the Jarrell area cannot be used due to high fluoride levels, unless the water is blended with another low fluoride water source.

Conclusion: This Alternative was rejected.

### **Alternative No. 3**

Construct the improvements identified as a strategy in the 2011 Brazos G Regional Water Plan known as the EWCRWTS. Purchase treated surface water from BRA and transport it to the seven (7) existing WUG's identified in this report.

Conclusion: This Alternative was selected as the best alternative for providing a dependable and cost-effective water supply to northeast Williamson County and southern Bell County.

## **(F.) RAW WATER SOURCE**

For multiple WUG's in Williamson County, future water supply needs exceed the capabilities of the aquifers in northeast Williamson County and southern Bell County. The strategy on Page 4B.17-19 and 20 in the 2011 Brazos G. Regional Water Plan details the EWCRWTS to supply water to these areas. The available project yield is 8,847 acft/yr, as shown in the Plan.

Drought protection is provided in the State Water Plan via the "Lake Granger Augmentation Plan." Three water sources of water are included in the Plan:

- Treated surface water from Lake Granger.
- Trinity Aquifer wells (Phase 1) to blend with the treated surface water from the existing Lake Granger Water Treatment Plant.
- Carrizo-Wilcox aquifer (Phase 2) to provide an abundant supply of water to the Augmentation Plan.

### **(G.) SITE**

This project will require two combination “Ground Storage Tank and High Service Pump Station” sites and one “Standpipe Site.” No sites have yet been acquired. Tank and High Service Pump Station Site No. 1 will be located near Circleville at Texas Hwy. 95. This location will be the metering location for purchasing water from BRA's existing 36” water line in Circleville. See Figure 1 for the location of the Site described herein.

The second site for “Tank and High Service Pump Station Site No. 2” will be near the intersection of F.M. 487 and F.M. 1105 east of Jarrell.

The third site for the “Standpipe,” which is where the water transfer line will terminate, will be along I.H. 35, eastside, at the highest ground point available.

These 3 sites will not be located in a flood-plain, nor will there be any existing infrastructure that will impede construction.

The 2 Tank and High Service Pump Station sites will be 1 acre each in size, while the Standpipe site could be a one-quarter acre tract.

## **(H.) TREATMENT**

This project will provide disinfection facilities at each of the 2 High Service Pump Station sites to maintain an adequate chloramine residual in the 23 mile pipeline.

Since BRA is providing potable water to the proposed meter in Circleville, no other treatment equipment is required for this project.

## (I.) DESIGN DATA

### Proposed EWCRWTS Water Facilities Locations and Route

The ground elevation in the City of Circleville where the proposed 500,000 gallon, 24 foot high Ground Storage Tank No. 1 will be constructed is approximately 560 feet Mean Sea Level (M.S.L.). The proposed 500,000 gallon 100 foot high Standpipe, to be constructed on a high point of approximately 900 feet M.S.L. ground elevation near Jarrell along the east side of I.H. 35 will have an overflow elevation of 1,000 feet M.S.L. With a half full Ground Storage Tank the lowest static elevation point of the proposed pumping system will be 572 feet M.S.L. (560 feet bottom of tank plus 12 feet for half full).

Therefore, the pumps will have to overcome a total static head of 428 feet (1,000 feet – 572 feet) or 18.5 PSI. With 24 miles of proposed pipeline, significant friction loss head will have to be overcome by the pumps. Good design standards dictate two pressure planes being required.

A master water meter for LSRWA will be installed on the BRA 36" water line in Circleville which will fill the proposed 500,000 gallon Ground Storage Tank No. 1. Proposed High Service Pump Station No. 1 will have the capability to pump 10.5 MGD through a 24" D.I. or C.S.C. Pipeline north along State Hwy. 95 to a City of Granger master meter, passing the City of Granger; continuing north along State Hwy. 95 to the City of Bartlett where the CTWSC and B-M-F WSC meter will be located; then the pipeline turns left or due west and follows F.M. 487 to F.M. 1105 to Site No. 2 where a second proposed 500,000 gallon tank will be constructed. At this Site No. 2, a proposed High Service Pump Station will be constructed. The 9.2 MGD Pump Station will pump 3.2 MGD through a master meter for CL&L MUD for water service north and northwest of this highway intersection. The Pump Station will pump 6.0 MGD southwest through a proposed 20" D.I. or C.S.C. water line along F.M. 1105 to the proposed 500,000 gallon Standpipe on Site No. 3 in Jarrell at I.H. 35. Water service from the 20" water line will be taken through master meters of J-S WSC, Sonterra MUD and the City of Jarrell.

### Hydraulic Calculations for the Proposed EWCRWTS Facilities

- 1) 10.5 MGD (7,300 GPM) from Site No. 1 (Ground Storage Tank No. 1 and High Service Pump Station No. 1) to Ground Storage Tank NO. 2 located at Site No. 2; 81,000 L.F. of 24" D.I. or C.S.C. pipe.

#### Friction Head

Q (Flow) = 10.5 MGD  
Length = 81,000 L.F.  
Diameter = 24"  
C = 140



Hf = 0.248 feet/100 feet  
V = 4.75 feet per second  
Hf = 201 feet of friction loss  
Hf with fitting/valve losses @ 5% = 211 feet of friction loss.

Static Head

740 feet – 572 feet = 168 feet

Total Dynamic Head (TDH) – Pump Station No. 1

TDH = 211 feet (Friction Head) + 168 feet (Static Head)  
= 379 feet; round to 380 feet (164 PSI)

Pump Station No. 1 Pump Selection

Install four (4) Vertical Turbine Pumps rated at 2,450 GPM @ 380 feet TDH and 350 Hp Motors. One pump will be standby for firm capacity.

- 2) 8.7 MGD (6,042 GPM) Pump Station from Site No. 2 (Ground Storage Tank No. 2 and High Service Pump Station No. 2). A flow of 6.4 MGD will flow to the proposed Standpipe at Site No. 3 through 45,500 L.F. of 20" D.I. or C.S.C. pipe. A flow of 2.3 MGD of the 8.7 MGD will be pumped through a future pipeline constructed northwest from High Service Pump Station No. 2 along F.M. 487.

Friction Head through 20" Pipe to Standpipe @ I.H. 35

Q (Flow) = 6.4 MGD (4,445 GPM)  
Length = 45,500 L.F.  
Diameter = 20"  
C = 140  
Hf = 0.243 feet/100 feet  
V = 4.22 feet per second  
Hf = 111 feet of friction loss  
Hf with fitting/valve losses at 5%  
= 116 feet of friction loss

Static Head

1,000 feet – 728 feet (740 feet – 12 feet tank drawdown)  
= 272 feet

Total Dynamic Head (TDH) – Pump Station No. 2

TDH = 116 feet (Friction Head) + 272 feet (Static Head)  
= 388 feet (168 PSI)

Pump Station No. 2 Pump Selection

Install four (4) Vertical Turbine Pumps rated at 2,025 GPM @ 388 feet TDH and 300 Hp Motors. One pump will be standby for Firm Capacity.

### Reliability

Under normal conditions, the two High Service Pump Stations will operate on electricity from the power company. During power outage events, the EWCRWTS will have reliability from two water sources as follows:

- 1) Ground Storage Tank No. 2 and the Standpipe (Tank No. 3) will provide gravity flow to LSRWA's wholesale customers through elevated storage.
- 2) Each of LSRWA's customers are currently operating on their own TCEQ-approved water systems, which will be available for a reliable water supply during emergency events.

## **(J.) ADEQUACY**

The LSRWA intends to buy potable treated water from the BRA's existing 36" water line whose terminus is in the City of Circleville on State Hwy. 95 in Williamson County, Texas. A master wholesale water meter will be located on this existing 36" water line and potable water will fill LSRWA's proposed 500,000 Gallon Ground Storage Tank No. 1 located on a "to be acquired" site in Circleville. On this same site a 10.5 MGD High Service Pump Station No. 1 will be constructed by the LSRWA. Properly sized pumps will transfer water through a proposed 24" Ductile Iron (D.I.) or Concrete Steel Cylinder (C.S.C.) water line 81,000 linear feet (L.F.) (5.34 miles) to a second proposed 500,000 gallon Ground Storage Tank No. 2 to be located on a "to be acquired" site near the intersection of F.M. 487 and F.M. 1105 in Williamson County, Texas due east of the City of Jarrell.

Water service from this Tank No. 2 with an overflow elevation of 740 feet, will provide adequate pressure to master meters, installed by customers, to CTWSC, B-M-F WSC and the City of Granger. Static pressures at the meter locations, taking service off of LSRWA's proposed 24" water line, will be in the range of 60 PSI in Bartlett to 74 PSI in Granger. J-S WSC and CL&L MUD also have water service area north, south and east of this tank, which serves as elevated storage east of its site location.

LSRWA intends to construct High Service Pump Station No. 2 at this tank site to deliver water through 45,500 L.F. (8.61 miles) of proposed 20" D.I. or C.S.C. water line to a proposed LSRWA 100 foot high Standpipe (Tank No. 3) to be located at a high point along I.H. 35 in Jarrell on a "to be acquired" site. This Standpipe with overflow of 1,000 feet, will serve at the terminus of the EWCRWTS.

Water service from this Standpipe (Tank No. 2) will provide adequate flow and pressure to Sonterra MUD, J-S WSC's service area north and south of this standpipe between this standpipe and LSRWA proposed High Service Pump Station No. 2 and the City of Jarrell. Pressure will range from 41 PSI to 100 PSI for these LSRWA wholesale customers.

**(K.) OPERATIONS AND MAINTENANCE**

LSRWA will be in charge of operating and maintaining the Storage Tanks, Pump Stations and Water Lines constructed in this Project. This will be LSRWA's first infrastructure under their control. LSRWA intends to contract with a qualified experienced Operations and Maintenance company to handle the day-to-day responsibilities for this infrastructure and TCEQ reporting requirements for a "Public Water Supply."

The costs of this service have been built into the customer rate structure.

Direct costs for purchase of water from BRA, electricity costs for pumping and chemical costs for disinfection have also been allocated to the rate structure.

Costs have also been added to the rate structure for a maintenance fund to repair/replace pumps, equipment, storage tanks and water line appurtenances.

**(L.) SCHEDULE**

A proposed Project Schedule is provided below:

<b>DATE</b>	<b>ITEM</b>
November 1, 2015	Approved Loan Closing Date
April 30, 2016	Completion of Environmental Review and Findings
July 1, 2016	Start of First Construction Contract
December 31, 2017	Completion of Final Construction Contract

There are four (4) Construction contracts proposed as follows:

Contract No. 1

Three (3) Water Storage Tanks

Contract No. 2

Two (2) High Service Pump Stations, including Disinfection Equipment and SCADA

Contract No. 3

81,000 L.F. of 24" D.I. or C.S.C. Water Line and Appurtenances

Contract No. 4

45,500 L.F. of 20" D.I. or C.S.C. Water Line and Appurtenances

**(M.) PERMITS, APPROVALS AND CONTRACTS**

LSRWA will contract for purchase of sites, fee simple, from private landowners for three (3) sites on which to construct the following facilities:

Site No. 1

Ground Storage Tank No. 1 and High Service Pump Station No. 1

Site No. 2

Ground Storage Tank No. 2 and High Service Pump Station No. 2

Site No. 3

Standpipe (Tank No. 3)

Water line easements, both temporary and permanent, will be acquired through purchase or gift. In areas where water line easements cannot be reasonably acquired, permits will be requested from Williamson county or TxDot for permission to construct the proposed water line in their Right-of-Way. Crossings of County, State and Railroad Right-of-Way will require permits, as well.

The Plans and Specifications for the Water Storage Tanks, Standpipe and High Service Pump Stations will be reviewed and approved by TCEQ. The water line Plans and Specifications will be reviewed and approved by the TWDB staff.

A contract with BRA in favor of the LSRWA will be required for this Project for the purchase of water at a proposed master metering point on BRA's 36" water line in Circleville.

**Environmental**

The proposed project includes installation of a 20" and 24" pipeline partially across previously undisturbed areas which may contain marginal habitat for the Golden-cheek Warbler, an endangered bird species. If environmental surveys deem this to be the case, the construction timing of the project will be planned so that there will not likely be any significant impact to the endangered GCW or potential habitat.

There is also the potential for the presence of archeological materials near the crossing of the San Gabriel River. An archeological survey may be necessary to determine any affects the project may have on archeological resources. If necessary, the pipeline may be slightly re-routed to avoid any areas determined to be significant. The proposed river crossing will be constructed by underground bore. It appears the proposed project does not exceed the limitations of a USACE General Permit 12 for utility lines.

There are no known indications that any identifiable environmental issue will adversely affect the implementation of the proposed project, or that any special permits will be required.

**(N.) ADDITIONAL INFORMATION**

This application request to construct the EWCRWTS is for:

- \$5,526,000 Low-Interest Loan (2015)
- \$22,104,000 Board Participation (2015)

from the SWIFT Program.

Refer to Attachment 5 herein for the May 6, 2015 invitation letter from the TWDB Deputy Executive Administrator, Mr. Jeff Walker.

**(O.) PROJECT BUDGET**

The estimated cost of this EWCRWTS project is included as follows in Table 3.

The allocation of costs also follows on form TWDB-1201, revised 11/22/2010 (Table 4).



**TABLE 3**

**EAST WILLIAMSON COUNTY REGIONAL WATER TRANSMISSION SYSTEM**  
**24" WATER LINE - 10.5 MGD**  
**AND 20" WATER LINE - 6.4 MGD**  
**ESTIMATE OF PROBABLE COST**

Page 1 of 1

\_\_\_ Conceptual    X Preliminary    \_\_\_ Final

Prepared by: Steven D. Kallman, P.E., R.P.L.S.

Date: June 2, 2015

PROJECT: East Williamson County Regional Water Transmission System  
 LOCATION: Northeast Williamson County  
 TYPE OF IMPROVEMENTS: Water Distribution  
 CLIENT NAME: Lone Star Regional Water Authority  
 CLIENT ADDRESS: 113 Limestone, Terrace, Jarrell, Texas 76537

No.	Item/Description	Unit	Unit Price	Quantity	Amount
1	24" Ductile Iron Water Line including Trench Safety with Ductile Iron Fittings	L.F.	\$ 128.00	81,000	\$ 10,368,000.00
2	20" Ductile Iron Water Line including Trench Safety with Ductile Iron Fittings	L.F.	\$ 98.00	45,500	\$ 4,459,000.00
3	36" Steel Casing Pipe and Bore	L.F.	\$ 450.00	1,000	\$ 450,000.00
4	Pump Stations	EA.	\$ 1,500,000.00	2	\$ 3,000,000.00
5	Chloramine Disinfection	EA.	\$ 160,000.00	2	\$ 320,000.00
6	500,000 Gallon Ground Storage Tank	EA.	\$ 300,000.00	2	\$ 600,000.00
7	500,000 Gallon Standpipe	EA.	\$ 700,000.00	1	\$ 700,000.00
8	6" Flush Valve	EA.	\$ 3,000.00	19	\$ 57,000.00
9	24" Gate Valve	EA.	\$ 15,000.00	19	\$ 285,000.00
10	20" Gate Valve	EA.	\$ 12,000.00	8	\$ 96,000.00
11	2" Air Release Valve	EA.	\$ 3,500.00	19	\$ 66,500.00
12	Master Meter (@ Tie-In)	EA.	\$ 15,000.00	1	\$ 15,000.00
13	Erosion Controls	L.F.	\$ 3.00	21,000	\$ 63,000.00
14	Restoration and Revegetation	L.S.	\$ 210,350.00	1	\$ 210,350.00
<b>SUB-TOTAL ESTIMATED CONSTRUCTION COST</b>					<b>\$ 20,689,850.00</b>
<b>10% CONTINGENCY</b>					<b>\$ 2,068,985.00</b>
<b>ENGINEERING, SURVEY, GEOTECH, ENVIRONMENTAL, CONSTRUCTION INSPECTION</b>					<b>\$ 3,165,000.00</b>
<b>ISSUANCE COST</b>					<b>\$ 800,000.00</b>
<b>EASEMENT AND LAND ACQUISITION SERVICES</b>					<b>\$ 300,000.00</b>
<b>EASEMENTS AND LAND ACQUISITION COST</b>					<b>\$ 600,000.00</b>
<b>TOTAL ESTIMATED PROBABLE PROJECT COST</b>					<b>\$ 27,623,835.00</b>
<b>ROUND TO</b>					<b>\$ 27,700,000.00</b>
<b>UNIT COST: 10.5 MGD + 600 GPD/LUE = 17,500 LUE'S/\$1,580 PER LUE</b>					

<p align="center"><b>S.D. KALLMAN, L.P.</b>                  ENGINEERS AND ENVIRONMENTAL CONSULTANTS</p> <p align="center">1106 SOUTH MAYS, SUITE 101                  ROUND ROCK, TEXAS 78664                  PHONE: (512) 218-4404 FAX: (512) 218-1668                  steve@sdkallman.com</p>	
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TABLE 4A						
PROJECT BUDGET - LONE STAR REGIONAL WATER AUTHORITY - 20 % LOAN						
Uses	TWDB Funds Series 1	TWDB Funds Series 2	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
<b>Construction</b>						
Construction	\$4,137,970	\$0	\$0	\$4,137,970	\$0	\$4,137,970
<b>Subtotal Construction</b>	<b>\$4,137,970</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,137,970</b>	<b>\$0</b>	<b>\$4,137,970</b>
<b>Basic Engineering Fees</b>						
Planning +	\$10,500	\$0	\$0	\$10,500	\$0	\$10,500
Design	\$413,600	\$0	\$0	\$413,600	\$0	\$413,600
Construction Engineering	\$81,200	\$0	\$0	\$81,200	\$0	\$81,200
<b>Basic Engineering Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Basic Engineering Fees</b>	<b>\$505,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$505,300</b>	<b>\$0</b>	<b>\$505,300</b>
<b>Special Services</b>						
Application	\$1,500	\$0	\$0	\$1,500	\$0	\$1,500
Environmental	\$14,000	\$0	\$0	\$14,000	\$0	\$14,000
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$48,600	\$0	\$0	\$48,600	\$0	\$48,600
Geotechnical	\$4,000	\$0	\$0	\$4,000	\$0	\$4,000
Testing	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$59,600	\$0	\$0	\$59,600	\$0	\$59,600
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0
<b>Special Services Other **Site and Easement Acquisition</b>	<b>\$60,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$60,000</b>	<b>\$0</b>	<b>\$60,000</b>
<b>Subtotal Special Services</b>	<b>\$187,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$187,700</b>	<b>\$0</b>	<b>\$187,700</b>
<b>Other</b>						
Administration	\$50,000	\$0	\$0	\$50,000	\$0	\$50,000
Land/Easements Acquisition	\$120,000	\$0	\$0	\$120,000	\$0	\$120,000
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Other Services</b>	<b>\$170,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$170,000</b>	<b>\$0</b>	<b>\$170,000</b>
<b>Fiscal Services</b>						
Financial Advisor	\$0	\$0	\$0	\$0	\$0	\$0
Bond Counsel	\$0	\$0	\$0	\$0	\$0	\$0
Issuance Cost	\$160,000	\$0	\$0	\$160,000	\$0	\$160,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Fiscal Services</b>	<b>\$160,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$160,000</b>	<b>\$0</b>	<b>\$160,000</b>
<b>Contingency</b>						
Contingency	\$379,030	\$0	\$0	\$379,030	\$0	\$379,030
<b>Subtotal Contingency</b>	<b>\$379,030</b>	<b>\$0</b>	<b>\$0</b>	<b>\$379,030</b>	<b>\$0</b>	<b>\$379,030</b>
<b>TOTAL COSTS</b>	<b>\$5,540,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,540,000</b>	<b>\$0</b>	<b>\$5,540,000</b>

Other \*\* description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A			0
Category B			0
Category C			0
Category D			0
<b>Total Planning Costs</b>		0	0

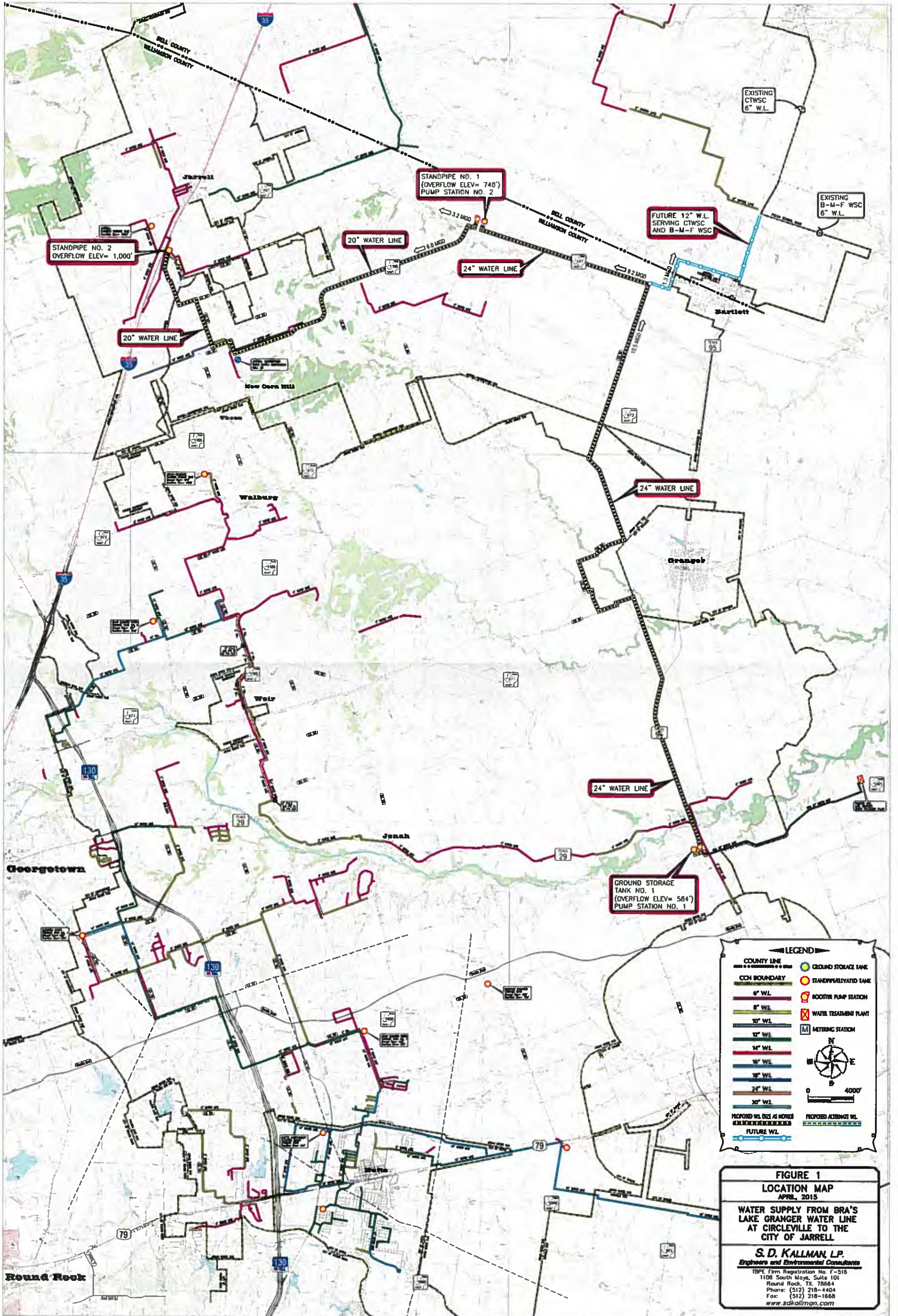
TABLE 4B						
PROJECT BUDGET - LONE STAR REGIONAL WATER AUTHORITY - 80% BOARD PARTICIPATION						
Uses	TWDB Funds Series 1	TWDB Funds Series 2	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
<b>Construction</b>						
Construction	\$16,551,880	\$0	\$0	\$16,551,880	\$0	\$16,551,880
<b>Subtotal Construction</b>	<b>\$16,551,880</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,551,880</b>	<b>\$0</b>	<b>\$16,551,880</b>
<b>Basic Engineering Fees</b>						
Planning +	\$42,000	\$0	\$0	\$42,000	\$0	\$42,000
Design	\$1,654,400	\$0	\$0	\$1,654,400	\$0	\$1,654,400
Construction Engineering	\$324,800	\$0	\$0	\$324,800	\$0	\$324,800
<b>Basic Engineering Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Basic Engineering Fees</b>	<b>\$2,021,200</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,021,200</b>	<b>\$0</b>	<b>\$2,021,200</b>
<b>Special Services</b>						
Application	\$6,000	\$0	\$0	\$6,000	\$0	\$6,000
Environmental	\$56,000	\$0	\$0	\$56,000	\$0	\$56,000
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$194,400	\$0	\$0	\$194,400	\$0	\$194,400
Geotechnical	\$16,000	\$0	\$0	\$16,000	\$0	\$16,000
Testing	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$238,400	\$0	\$0	\$238,400	\$0	\$238,400
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0
<b>Special Services Other **Site and Easement Acquisition</b>	<b>\$240,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$240,000</b>	<b>\$0</b>	<b>\$240,000</b>
<b>Subtotal Special Services</b>	<b>\$750,800</b>	<b>\$0</b>	<b>\$0</b>	<b>\$750,800</b>	<b>\$0</b>	<b>\$750,800</b>
<b>Other</b>						
Administration	\$200,000	\$0	\$0	\$200,000	\$0	\$200,000
Land/Easements Acquisition	\$480,000	\$0	\$0	\$480,000	\$0	\$480,000
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Other Services</b>	<b>\$680,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$680,000</b>	<b>\$0</b>	<b>\$680,000</b>
<b>Fiscal Services</b>						
Financial Advisor	\$0	\$0	\$0	\$0	\$0	\$0
Bond Counsel	\$0	\$0	\$0	\$0	\$0	\$0
Issuance Cost	\$640,000	\$0	\$0	\$640,000	\$0	\$640,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Fiscal Services</b>	<b>\$640,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$640,000</b>	<b>\$0</b>	<b>\$640,000</b>
<b>Contingency</b>						
Contingency	\$1,516,120	\$0	\$0	\$1,516,120	\$0	\$1,516,120
<b>Subtotal Contingency</b>	<b>\$1,516,120</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,516,120</b>	<b>\$0</b>	<b>\$1,516,120</b>
<b>TOTAL COSTS</b>	<b>\$22,160,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$22,160,000</b>	<b>\$0</b>	<b>\$22,160,000</b>

Other \*\* description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows

Category A			0
Category B			0
Category C			0
Category D			0
<b>Total Planning Costs</b>		0	0

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**LEGEND**

- COUNTY LINE
- CCN BOUNDARY
- 6" W.L.
- 8" W.L.
- 10" W.L.
- 12" W.L.
- 14" W.L.
- 16" W.L.
- 18" W.L.
- 24" W.L.
- 30" W.L.
- PROPOSED W.L. SIZE AS NOTED
- PROPOSED ALTERNATE W.L.
- FUTURE W.L.
- GROUND STORAGE TANK
- STANDPIVATED TANK
- BOOSTER PUMP STATION
- WATER TREATING PLANT
- METERING STATION

Scale: 0 to 4000'

Compass Rose: N, S, E, W

**FIGURE 1**  
**LOCATION MAP**  
 APRIL, 2015

**WATER SUPPLY FROM BRA'S LAKE GRANGER WATER LINE AT CIRCLEVILLE TO THE CITY OF JARRELL**

**S. D. KALLMAN, L.P.**  
*Engineers and Environmental Consultants*

TSPE Firm Registration No. F-516  
 1106 South Mays, Suite 101  
 Round Rock, TX 78664  
 Phone: (512) 218-4404  
 Fax: (512) 218-1668  
 www.sdkallman.com

**ATTACHMENT  
NO. 1**

**BRAZOS G. REGIONAL WATER PLAN  
PAGES 4B.17-19 & 20**

**WUG:** Williamson County-Other  
**Strategy:** Trinity Wells  
**Source:** Trinity Aquifer  
**Facilities:** Well Field, transmission and treatment  
**Total Capital Cost:** \$1,294,000  
**Total Project Cost:** \$1,995,000  
**Total Annual Cost:** \$216,000  
**Available Project Yield:** 280 acft/yr  
**Annual Cost of Water:** \$ 770 per acft/yr or \$2.36 per 1,000 gal

This project will include two 200 gpm wells drilled to 750 ft, two miles of 4 inch diameter transmission pipeline and distribution system improvements.



**WUG:** Multiple WUGs in Williamson County  
**Strategy:** EWCRWTS Supply to Williamson County  
**Source:** BRA (Lake Granger)  
**Facilities:** Transmission Pipelines and Pump Stations  
**Total Capital Cost:** \$29,733,000  
**Total Project Cost:** \$44,706,000  
**Total Annual Cost:** \$7,844,000  
**Available Project Yield:** 8,847 acft/yr  
**Annual Cost of Water:** \$887 per acft/yr or \$2.72 per 1,000 gal

This project will include a 40 mile pipe network to convey water from the BRA's EWCRWTS at Lake Granger to area WUGs. WUGs that will receive water from this project include the following:

- City of Bartlett,
- City of Granger,
- City of Hutto (via City of Taylor),
- City of Jarrell,
- Jarrell-Schwertner WSC,
- Jonah Water SUD,
- City of Thrall,
- City of Weir,
- Center Texas WSC, and
- Williamson County Other.

The pipe network will originate at the EWCRWTS located on the south shore of Lake Granger. An approximately 830 horse power pump station will be located at the treatment plant; existing plant capacity is assumed to be adequate (i.e., costs for treatment plant expansion are not included). A 24-inch line will extend west along FM 1331 from the pump station to SH 95. From the intersection of FM 1331 and SH 95, a 24-inch line will extend northward along SH 95 through the Cities of Granger and Bartlett, and terminate in the City of Holland. Central Texas WSC will be supplied at the terminus of the line in Holland. In

addition to Granger, Bartlett, and Central Texas WSC, the City of Jarrell, Jarrell-Schwertner WSC, and Jonah SUD will be served by the line located along SH 95. A 6-inch line will extend eastward from Taylor to Thrall along U.S. Highway 79. For cost estimating purposes, it is assumed that existing transmission capacity from the FM 1331 – SH 95 intersection to Taylor is sufficient to convey the required supplies for Hutto and Thrall to Taylor. Hutto will be supplied at Taylor through existing infrastructure. Lastly, a 14-inch spur line will extend westward from SH 95 along SH 29 to the intersection of County Road 120. An approximately 270 horse power booster station will be included on this line. A 6-inch line will extend northward along County Road 120 to serve the City of Weir. The 14-inch line and pump station provide sufficient capacity so that the line can be extended westward along SH 29 across Interstate 35 to meet needs of Chisholm Trail SUD, which are project to occur in 2050, as part of the BRA Lake Granger Augmentation Project.

Costs for the EWCRWTS are based on construction of the facilities described above. The unit water cost is based on the total project cost and the total volume of water delivered. This cost is applied to each WUGs receiving water from the project, except as noted in the Williamson County Plan discussion.

**WUG:** City of Round Rock, Williamson County Other, Chisholm Trail SUD

**Strategy:** Lake Granger Augmentation – Conjunctive Use

**Source:** Lake Granger

**Facilities:** Water Treatment Plant Expansion, Transmission Pipeline and Pump Station

<b>Total Capital Cost:</b>	\$152,108,000
<b>Total Project Cost:</b>	\$229,822,000
<b>Total Annual Cost:</b>	\$33,212,000
<b>Available Project Yield:</b>	38,394 acft/yr
<b>Annual Cost of Water:</b>	\$865 per acft/yr or \$2.65 per 1,000 gal

This project will include a 65.5 MGD expansion to the BRA's EWCRWTS at Lake Granger and a 25 mile 48 inch diameter pipeline to convey water from the treatment plant to Round Rock. In addition, the project will include extending the 14-inch EWCRWTS pipeline located along SH 29 10 miles to the west, crossing Interstate 35, to serve Chisholm Trail SUD.

#### **4B.17.4 Water Treatment Plants**

There are a total of ten water user groups and or wholesale water providers that will require a water treatment plant expansion or a new water treatment plant to meet potable water demand during the planning period. New or expanded treatment plants are sized for peaking capacity. However the yield of these projects is assumed to be 50% of the expansion or plant size to be consistent with the methodology for the surface water constraints as described in Volume I, Section 3. Table 4B.17-1 summarizes water treatment plant strategies. This table includes only the water treatment plant strategies that are not included in any of the other Section 4B water management strategy evaluations.

**ATTACHMENT  
NO. 2**

**BRAZOS G. REGIONAL WATER PLAN  
PAGE 2-17**



Municipal water demand projections are computed by multiplying the projected population of an entity by the entity's projected per capita water use, adjusted downward for expected conservation savings due primarily to continued implementation of the 1991 State Water-Efficient Plumbing Act. Full implementation of the Act – retrofit of all existing fixtures with water-efficient fixtures and water-efficient fixtures installed in all new construction – was assumed to occur by Year 2045.

Table 2-4 presents projected per capita water use for water user groups in the Brazos G Area. These per capita water use rates reflect reductions due to implementation of the 1991 State Water-Efficient Plumbing Act. These reductions vary depending on the rural/urban nature of each Water User Group and projected growth, and range from 0 gallons per capita per day (gpcd) to 20 gpcd. Per capita water use varies widely, ranging between 45 gpcd to 409 gpcd in the Brazos G Area. The Brazos G average in 2010 is projected to be 138 gpcd. Lower per capita water uses are typically associated with smaller, rural water utilities where outside water use for lawns or landscaping is limited, or is supplemented with individual residential wells and/or stock tanks. Larger per capita water use is typically associated with areas having large suburban residential growth or established urban areas having significant commercial water use. The Conservation Task Force formed by the 78<sup>th</sup> Texas Legislature has recommended a statewide target per capita water use of 140 gpcd.<sup>2</sup>

Annual municipal water use for the region is projected to increase by 298,685 acft between 2000 and 2060, from 316,798 acft to 615,483 acft, a 94 percent increase. As can be seen in Figure 2-5, seven counties - Bell, Brazos, Coryell, Johnson, McLennan, Taylor, and Williamson - are projected to account for 81 percent of the total municipal water use in 2060. Municipal water use projections for all 37 counties and 226 cities, other utilities, and 'County-Other' in the region are presented in Table 2-5.

The 94 percent projected increase in municipal water demand over the 60-year planning horizon is less than the projected population increase of 113 percent due to expected savings in per capita water use resulting from continued implementation of the 1991 State Water-Efficient Plumbing Act.

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<sup>2</sup> Water Conservation Implementation Task Force, Report to the 79<sup>th</sup> Texas Legislature, Texas Water Development Board, Special Report, Austin, Texas, November 2004.

**ATTACHMENT  
NO. 3**

**BRAZOS G. REGIONAL WATER PLAN  
PAGE 2-9**

Table 2-1 (Continued)

City/County	Historical		Projections <sup>1</sup>						Percent Growth <sup>2</sup> 1990-00	Percent Growth 2000-60
	1990	2000	2010	2020	2030	2040	2050	2060		
Tye	1,088	1,158	1,248	1,305	1,333	1,341	1,316	1,275	0.63%	0.16%
County-Other	10,241	4,015	4,326	4,527	4,619	4,648	4,559	4,419	-8.94%	0.16%
<b>Taylor County Total</b>	<b>119,655</b>	<b>126,551</b>	<b>136,370</b>	<b>142,645</b>	<b>145,634</b>	<b>146,529</b>	<b>143,772</b>	<b>139,309</b>	<b>0.56%</b>	<b>0.16%</b>
<b>Throckmorton County</b>										
Fort Belknap WSC (P)		105	105	102	97	90	84	80	NA	-0.45%
Stephens County Rural WSC (P)		79	79	77	73	68	63	60	NA	-0.46%
Throckmorton	1,036	905	905	877	838	775	725	688	-1.34%	-0.46%
County-Other	844	761	762	737	705	651	611	579	-1.03%	-0.45%
<b>Throckmorton County Total</b>	<b>1,880</b>	<b>1,850</b>	<b>1,851</b>	<b>1,793</b>	<b>1,713</b>	<b>1,584</b>	<b>1,483</b>	<b>1,407</b>	<b>-0.16%</b>	<b>-0.46%</b>
<b>Washington County</b>										
Brenham	11,952	13,507	14,313	15,306	15,940	16,285	16,594	16,844	1.23%	0.37%
County-Other	14,202	16,866	18,246	19,947	21,033	21,623	22,153	22,582	1.73%	0.49%
<b>Washington County Total</b>	<b>26,154</b>	<b>30,373</b>	<b>32,559</b>	<b>35,253</b>	<b>36,973</b>	<b>37,908</b>	<b>38,747</b>	<b>39,426</b>	<b>1.51%</b>	<b>0.44%</b>
<b>Williamson County</b>										
Aqua WSC (P)		420	504	603	721	849	989	1,139	NA	1.68%
Bartlett (P)	818	857	893	936	987	1,043	1,103	1,168	0.47%	0.52%
Bell-Milam Falls WSC (P)		274	362	467	592	727	874	1,032	NA	2.23%
Blockhouse MUD		4,452	7,197	10,452	14,322	18,530	23,108	28,018	NA	3.11%
Brushy Creek MUD		11,322	16,270	22,138	23,823	23,823	23,823	23,823	NA	1.25%
Cedar Park (P)	5,161	25,508	58,665	81,731	88,823	108,018	108,018	108,018	17.33%	2.43%
Chisholm Trail SUD (P)		11,202	19,019	28,290	39,312	51,297	64,336	78,320	NA	3.29%
Fern Bluff MUD		5,319	9,801	15,117	21,437	28,309	35,785	43,803	NA	3.58%
Florence		1,054	1,364	1,632	1,951	2,298	2,675	3,079	NA	1.80%
Georgetown	14,842	28,339	49,112	66,987	88,239	111,348	136,489	163,453	6.68%	2.96%
Granger	1,190	1,299	1,561	1,695	1,854	2,027	2,215	2,417	0.88%	1.04%
Hutto		1,250	12,479	17,153	22,709	28,750	35,317	42,363	NA	6.05%
Jarrell			1,433	1,474	1,517	1,561	1,606	1,652	NA	0.28%
Jarrell-Schwertner WSC (P)		2,720	2,362	3,596	5,068	6,672	8,420	10,297	NA	2.24%
Jonah Water SUD		7,962	10,685	13,915	17,755	21,930	26,472	31,344	NA	2.31%
Leander	3,398	7,596	22,675	31,803	42,654	54,454	67,291	81,059	8.38%	4.02%
Liberty Hill		1,409	2,440	3,663	5,117	6,698	8,418	10,263	NA	3.36%
Manville WSC (P)		5,273	7,979	11,188	15,003	19,151	23,664	28,504	NA	2.85%
Round Rock (P)	30,923	60,060	104,696	143,328	189,257	239,199	293,531	351,804	6.86%	2.99%
Southwest Milam WSC (P)		1,245	1,584	1,986	2,464	2,984	3,550	4,157	NA	2.03%
Taylor	11,472	13,575	17,935	20,613	23,797	27,259	31,025	35,065	1.70%	1.59%
Thrall		710	976	1,176	1,415	1,674	1,956	2,258	NA	1.95%
Weir		591	936	1,345	1,831	2,360	2,935	3,552	NA	3.03%
Wells Branch MUD (P)		168	168	168	168	168	168	168	NA	0.00%
Williamson-Travis County MUD #1 (P)		4,179	6,611	9,495	12,924	16,653	20,710	25,061	NA	3.03%
County-Other	68,991	14,690	2,379	1,750	2,551	11,961	24,831	32,693	-14.33%	1.34%
<b>Williamson County Total</b>	<b>136,795</b>	<b>211,474</b>	<b>360,086</b>	<b>492,701</b>	<b>626,291</b>	<b>789,743</b>	<b>949,309</b>	<b>1,114,510</b>	<b>4.45%</b>	<b>2.81%</b>
<b>Young County</b>										
Fort Belknap WSC (P)		3,349	3,382	3,455	3,460	3,420	3,370	3,339	NA	0.00%
Graham	8,986	8,716	8,800	8,993	9,006	8,903	8,772	8,690	-0.30%	0.00%
Newcastle		575	581	593	594	587	579	573	NA	-0.01%
Stephens County Rural WSC (P)		13	13	13	13	13	13	13	NA	0.00%

**ATTACHMENT  
NO. 4**

**BRAZOS G. REGIONAL WATER PLAN  
PAGE 2-2**

counties. Projections and growth rates for each of the 37 counties and 226 cities, other utilities, and 'County-Other' in the region are presented in Table 2-1.

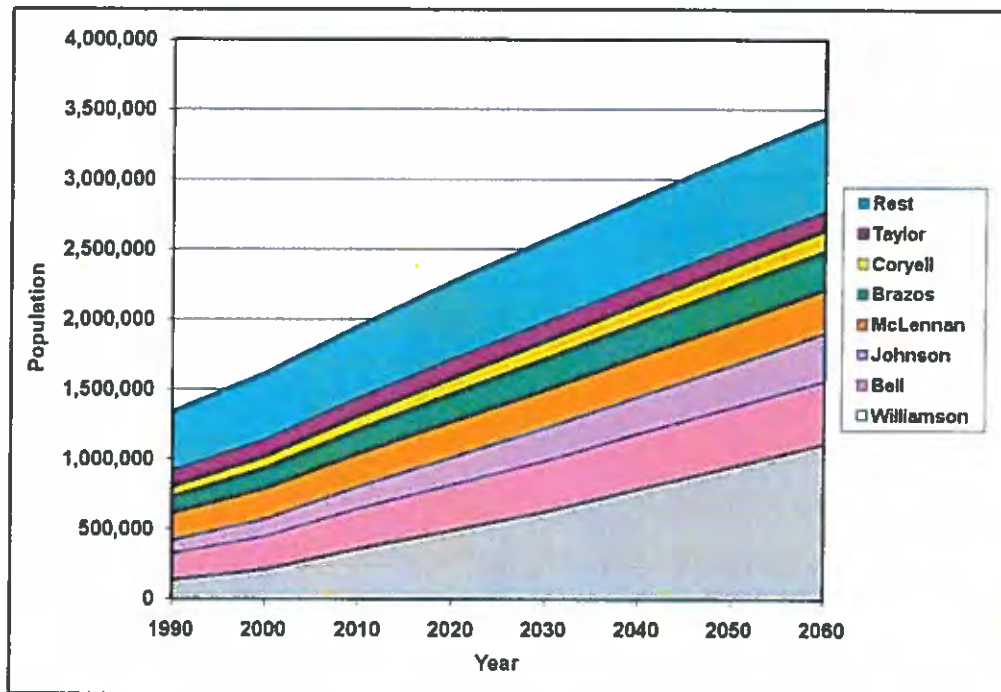


Figure 2-1. Population Projections

Table 2-1.  
Historical and Projected Population by City/County

City/County	Historical		Projections <sup>1</sup>						Percent Growth <sup>2</sup> 1990-00	Percent Growth 2000-60
	1990	2000	2010	2020	2030	2040	2050	2060		
<b>Bell County</b>										
439 WSC		5,274	6,765	7,802	8,740	9,345	9,735	10,018	NA	1.08%
Bartlett (P)	621	818	932	1,011	1,083	1,129	1,159	1,181	2.79%	0.61%
Bell-Milam-Falls WSC (P)		1,980	2,350	2,607	2,840	2,990	3,087	3,157	NA	0.78%
Belton	12,476	14,623	17,633	20,399	22,914	24,617	25,815	26,116	1.60%	0.97%
Chisholm Trail SUD (P)		454	649	784	906	985	1,036	1,073	NA	1.44%
Dog Ridge WSC		3,534	4,434	5,060	5,626	5,991	6,226	6,397	NA	0.99%
East Bell County WSC (P)		2,274	2,502	2,661	2,805	2,898	2,958	3,001	NA	0.46%
Elm Creek WSC (P)		1,445	1,824	2,088	2,326	2,480	2,579	2,651	NA	1.02%
Fort Hood CDP (P)	17,021	17,282	17,282	17,282	17,282	17,282	17,282	17,282	0.15%	0.00%
Harker Heights	12,841	17,308	23,869	30,952	36,978	42,090	43,640	44,407	3.03%	1.58%
Holland	1,118	1,102	1,102	1,102	1,102	1,102	1,102	1,102	-0.14%	0.00%
Jarrell-Schwertner WSC (P)		1,231	1,518	1,717	1,897	2,013	2,088	2,142	NA	0.93%
Kempner WSC (P)		2,671	3,388	3,887	4,338	4,629	4,816	4,952	NA	1.03%
Killeen	63,535	86,911	113,217	126,985	141,148	154,641	169,132	184,064	3.18%	1.26%
Little River-Academy	1,390	1,645	1,793	1,896	1,989	2,049	2,088	2,116	1.70%	0.42%
Moffat WSC		3,732	4,434	4,922	5,364	5,649	5,832	5,965	NA	0.78%
Morgans Point Resort	1,766	2,989	4,219	4,781	5,290	5,617	5,828	5,981	5.40%	1.16%
Nolanville	1,834	2,150	2,611	2,753	2,882	2,965	3,019	3,058	1.60%	0.59%

**ATTACHMENT  
NO. 5**

**TWDB INVITATION LETTER**

# Texas Water Development Board

P.O. Box 13231, 1700 N. Congress Ave.  
Austin, TX 78711-3231, [www.twdb.texas.gov](http://www.twdb.texas.gov)  
Phone (512) 463-7847, Fax (512) 475-2053

Mr. Dan Dodson, General Manager  
Lone Star Regional Water Authority  
113 Limestone Terrace, Suite 202  
Jarrell, TX 76537

May 6, 2015  
*via email*

RE: Lone Star Regional Water Authority  
TWDB PIF# 11051  
State Water Implementation Fund for Texas – Invitation to Apply

Dear Mr. Dodson:

Thank you for submitting an abridged application for financial assistance through the State Water Implementation Fund for Texas (SWIFT) program on behalf of Lone Star Regional Water Authority. Your interest in the first round of funding from this new program is very much appreciated.

On May 6, 2015, the Texas Water Development Board (Board) approved prioritization of the abridged applications according to criteria outlined in 31 TAC §363.1304. We are pleased to extend an invitation for Lone Star Regional Water Authority to submit a full application for financial assistance through the SWIFT program. The deadline for receipt of the complete application is 5:00 p.m. central time on June 5, 2015. The amount and type of SWIFT funding approved by the Board is as follows:

**Amount and Type of Funding Approved:**

- \$4,900,000 Low-Interest Loan (2015)
- \$19,600,000 Board Participation (2015)

The TWDB continues to strive to improve its services and has recently released a new On-Line Financial Assistance Application for our customers. The new On-Line Application link is on the TWDB website at: <http://www.twdb.texas.gov/financial/applications/index.asp>. If you prefer to submit a hard copy version, it is available at: <http://www.twdb.texas.gov/financial/applications/index.asp>.

Due to the unique nature of the SWIFT and the short timeframes associated with loan closings scheduled for this fall, there are several documents and processes that each applicant will need to complete in a timely manner. We have made drafts and templates of several key documents available on the website that will be required during the application phase. These documents are very similar to what are normally required, but generally not until the closing phase. We will continue to update the SWIFT website with information you may find helpful as we process the applications. The documents may be found on the website (under item #14) at: <http://www.twdb.texas.gov/financial/programs/SWIFT/index.asp>.

<b>Our Mission</b>	:	<b>Board Members</b>
To provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas	:	Carlos Rubinstein, Chairman   Bech Bruun, Member   Kathleen Jackson, Member
	:	Kevin Patteson, Executive Administrator

Mr. Dan Dodson

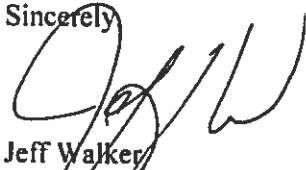
May 6, 2015

Page 2

Please direct questions or concerns regarding the application, commitment and closing process to Brenner Brown, Manager of Regional Water Planning & Development Team 2, whose team will be working with you throughout the life of the project. Please contact Brenner to discuss your project in greater detail and to schedule a pre-application meeting if you have not already. Brenner can be reached at (512) 475-1128 or Brenner.Brown@twdb.texas.gov.

We look forward to working with Lone Star Regional Water Authority on the next steps toward implementing this very important water supply project. Thank you again for your interest in the SWIFT program.

Sincerely

A handwritten signature in black ink, appearing to read 'J Walker', written over the word 'Sincerely'.

Jeff Walker  
Deputy Executive Administrator  
Texas Water Development Board

cc: Brenner Brown, RWPD Team 2 Manager  
Cheryl Anderson, S.D. Kallman Engineers





DP03 | SELECTED ECONOMIC CHARACTERISTICS

2009-2013 American Community Survey 5-Year Estimates

Supporting documentation on code lists, subject definitions, data accuracy, and statistical testing can be found on the American Community Survey website in the Data and Documentation section.

Sample size and data quality measures (including coverage rates, allocation rates, and response rates) can be found on the American Community Survey website in the Methodology section.

Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces and disseminates the official estimates of the population for the nation, states, counties, cities and towns and estimates of housing units for states and counties.

Subject	Bell County, Texas			
	Estimate	Margin of Error	Percent	Percent Margin of Error
<b>EMPLOYMENT STATUS</b>				
Population 16 years and over	235,092	+/-485	235,092	(X)
In labor force	156,094	+/-1,663	66.4%	+/-0.7
Civilian labor force	133,206	+/-1,981	56.7%	+/-0.8
Employed	120,538	+/-1,997	51.3%	+/-0.8
Unemployed	12,668	+/-1,084	5.4%	+/-0.5
Armed Forces	22,888	+/-1,048	9.7%	+/-0.4
Not in labor force	78,998	+/-1,628	33.6%	+/-0.7
Civilian labor force	133,206	+/-1,981	133,206	(X)
Percent Unemployed	(X)	(X)	9.5%	+/-0.8
<b>Females 16 years and over</b>				
In labor force	69,861	+/-1,401	58.5%	+/-1.1
Civilian labor force	66,451	+/-1,483	55.7%	+/-1.2
Employed	60,387	+/-1,538	50.6%	+/-1.3
<b>Own children under 6 years</b>				
All parents in family in labor force	19,135	+/-996	58.5%	+/-2.9
<b>Own children 6 to 17 years</b>				
All parents in family in labor force	34,053	+/-1,574	65.4%	+/-2.6
<b>COMMUTING TO WORK</b>				
Workers 16 years and over	141,147	+/-1,818	141,147	(X)
Car, truck, or van -- drove alone	116,698	+/-1,741	82.7%	+/-0.9
Car, truck, or van -- carpooled	14,536	+/-1,135	10.3%	+/-0.8
Public transportation (excluding taxicab)	300	+/-116	0.2%	+/-0.1
Walked	3,664	+/-571	2.6%	+/-0.4
Other means	2,141	+/-388	1.5%	+/-0.3
Worked at home	3,808	+/-508	2.7%	+/-0.3
Mean travel time to work (minutes)	18.9	+/-0.4	(X)	(X)
<b>OCCUPATION</b>				
Civilian employed population 16 years and over	120,538	+/-1,997	120,538	(X)

Subject	Bell County, Texas			
	Estimate	Margin of Error	Percent	Percent Margin of Error
Management, business, science, and arts occupations	38,204	+/-1,582	31.7%	+/-1.3
Service occupations	25,276	+/-1,264	21.0%	+/-1.0
Sales and office occupations	31,397	+/-1,390	26.0%	+/-1.0
Natural resources, construction, and maintenance occupations	11,820	+/-906	9.8%	+/-0.7
Production, transportation, and material moving occupations	13,841	+/-920	11.5%	+/-0.8
INDUSTRY				
Civilian employed population 16 years and over	120,538	+/-1,997	120,538	(X)
Agriculture, forestry, fishing and hunting, and mining	950	+/-259	0.8%	+/-0.2
Construction	6,655	+/-715	5.5%	+/-0.6
Manufacturing	7,096	+/-705	5.9%	+/-0.6
Wholesale trade	2,891	+/-385	2.4%	+/-0.3
Retail trade	15,445	+/-878	12.8%	+/-0.7
Transportation and warehousing, and utilities	5,520	+/-637	4.6%	+/-0.5
Information	1,906	+/-271	1.6%	+/-0.2
Finance and insurance, and real estate and rental and leasing	5,570	+/-628	4.6%	+/-0.5
Professional, scientific, and management, and administrative and waste management services	10,897	+/-783	9.0%	+/-0.6
Educational services, and health care and social assistance	31,267	+/-1,295	25.9%	+/-1.0
Arts, entertainment, and recreation, and accommodation and food services	12,020	+/-898	10.0%	+/-0.7
Other services, except public administration	6,555	+/-641	5.4%	+/-0.5
Public administration	13,766	+/-1,025	11.4%	+/-0.9
CLASS OF WORKER				
Civilian employed population 16 years and over	120,538	+/-1,997	120,538	(X)
Private wage and salary workers	83,852	+/-2,008	69.6%	+/-1.3
Government workers	30,778	+/-1,562	25.5%	+/-1.2
Self-employed in own not incorporated business workers	5,782	+/-615	4.8%	+/-0.5
Unpaid family workers	126	+/-62	0.1%	+/-0.1
INCOME AND BENEFITS (IN 2013 INFLATION-ADJUSTED DOLLARS)				
Total households	104,049	+/-1,229	104,049	(X)
Less than \$10,000	8,098	+/-660	7.8%	+/-0.6
\$10,000 to \$14,999	4,884	+/-459	4.7%	+/-0.4
\$15,000 to \$24,999	10,459	+/-694	10.1%	+/-0.6
\$25,000 to \$34,999	11,790	+/-832	11.3%	+/-0.8
\$35,000 to \$49,999	16,728	+/-866	16.1%	+/-0.8
\$50,000 to \$74,999	21,377	+/-1,059	20.5%	+/-1.0
\$75,000 to \$99,999	12,668	+/-793	12.2%	+/-0.7
\$100,000 to \$149,999	11,996	+/-684	11.5%	+/-0.7
\$150,000 to \$199,999	3,789	+/-468	3.6%	+/-0.4
\$200,000 or more	2,260	+/-326	2.2%	+/-0.3
Median household income (dollars)	50,060	+/-1,082	(X)	(X)
Mean household income (dollars)	63,108	+/-1,266	(X)	(X)
With earnings				
Mean earnings (dollars)	85,220	+/-1,304	81.9%	+/-0.7
Mean earnings (dollars)	61,745	+/-1,412	(X)	(X)
With Social Security				
Mean Social Security income (dollars)	22,670	+/-762	21.8%	+/-0.7
Mean Social Security income (dollars)	15,586	+/-370	(X)	(X)
With retirement income				
Mean retirement income (dollars)	20,698	+/-760	19.9%	+/-0.7
Mean retirement income (dollars)	23,249	+/-1,131	(X)	(X)
With Supplemental Security Income				
Mean Supplemental Security Income (dollars)	4,724	+/-435	4.5%	+/-0.4
Mean Supplemental Security Income (dollars)	9,562	+/-816	(X)	(X)
With cash public assistance income	2,145	+/-324	2.1%	+/-0.3

Subject	Bell County, Texas			
	Estimate	Margin of Error	Percent	Percent Margin of Error
Mean cash public assistance income (dollars)	2,929	+/-715	(X)	(X)
With Food Stamp/SNAP benefits in the past 12 months	11,229	+/-737	10.8%	+/-0.7
Families	75,209	+/-1,267	75,209	(X)
Less than \$10,000	4,343	+/-489	5.8%	+/-0.6
\$10,000 to \$14,999	1,956	+/-271	2.6%	+/-0.4
\$15,000 to \$24,999	5,726	+/-585	7.6%	+/-0.7
\$25,000 to \$34,999	8,134	+/-728	10.8%	+/-0.9
\$35,000 to \$49,999	11,882	+/-698	15.8%	+/-0.9
\$50,000 to \$74,999	16,141	+/-947	21.5%	+/-1.2
\$75,000 to \$99,999	10,713	+/-771	14.2%	+/-1.0
\$100,000 to \$149,999	10,847	+/-688	14.4%	+/-0.9
\$150,000 to \$199,999	3,314	+/-396	4.4%	+/-0.5
\$200,000 or more	2,153	+/-338	2.9%	+/-0.4
Median family income (dollars)	58,115	+/-1,033	(X)	(X)
Mean family income (dollars)	71,564	+/-1,500	(X)	(X)
Per capita income (dollars)	22,857	+/-410	(X)	(X)
Nonfamily households	28,840	+/-1,338	28,840	(X)
Median nonfamily income (dollars)	29,800	+/-1,672	(X)	(X)
Mean nonfamily income (dollars)	37,793	+/-1,525	(X)	(X)
Median earnings for workers (dollars)	30,031	+/-632	(X)	(X)
Median earnings for male full-time, year-round workers (dollars)	39,251	+/-839	(X)	(X)
Median earnings for female full-time, year-round workers (dollars)	33,861	+/-882	(X)	(X)
<b>HEALTH INSURANCE COVERAGE</b>				
Civilian noninstitutionalized population	291,053	+/-1,079	291,053	(X)
With health insurance coverage	244,715	+/-2,384	84.1%	+/-0.7
With private health insurance	203,776	+/-2,889	70.0%	+/-1.0
With public coverage	79,150	+/-2,508	27.2%	+/-0.8
No health insurance coverage	46,338	+/-2,124	15.9%	+/-0.7
Civilian noninstitutionalized population under 18 years	89,168	+/-31	89,168	(X)
No health insurance coverage	8,108	+/-1,006	9.1%	+/-1.1
Civilian noninstitutionalized population 18 to 64 years	174,481	+/-1,052	174,481	(X)
In labor force:	126,761	+/-1,932	126,761	(X)
Employed:	115,082	+/-1,986	115,082	(X)
With health insurance coverage	92,666	+/-1,989	80.5%	+/-1.1
With private health insurance	88,898	+/-2,026	77.2%	+/-1.2
With public coverage	11,862	+/-896	10.3%	+/-0.8
No health insurance coverage	22,416	+/-1,391	19.5%	+/-1.1
Unemployed:	11,679	+/-1,007	11,679	(X)
With health insurance coverage	7,193	+/-732	61.6%	+/-4.1
With private health insurance	5,500	+/-662	47.1%	+/-4.2
With public coverage	2,467	+/-449	21.1%	+/-3.5
No health insurance coverage	4,486	+/-645	38.4%	+/-4.1
Not in labor force:	47,720	+/-1,584	47,720	(X)
With health insurance coverage	36,773	+/-1,445	77.1%	+/-1.7
With private health insurance	27,290	+/-1,250	57.2%	+/-1.9
With public coverage	14,513	+/-1,043	30.4%	+/-2.0
No health insurance coverage	10,947	+/-873	22.9%	+/-1.7

Subject	Bell County, Texas			
	Estimate	Margin of Error	Percent	Percent Margin of Error
PERCENTAGE OF FAMILIES AND PEOPLE WHOSE INCOME IN THE PAST 12 MONTHS IS BELOW THE POVERTY LEVEL				
All families	(X)	(X)	12.0%	+/-0.8
With related children under 18 years	(X)	(X)	18.1%	+/-1.3
With related children under 5 years only	(X)	(X)	19.8%	+/-3.1
Married couple families	(X)	(X)	5.2%	+/-0.6
With related children under 18 years	(X)	(X)	7.7%	+/-1.1
With related children under 5 years only	(X)	(X)	7.4%	+/-2.8
Families with female householder, no husband present	(X)	(X)	32.7%	+/-2.6
With related children under 18 years	(X)	(X)	38.3%	+/-3.1
With related children under 5 years only	(X)	(X)	48.8%	+/-7.3
All people	(X)	(X)	15.3%	+/-0.9
Under 18 years	(X)	(X)	22.0%	+/-1.9
Related children under 18 years	(X)	(X)	21.8%	+/-1.9
Related children under 5 years	(X)	(X)	24.7%	+/-2.8
Related children 5 to 17 years	(X)	(X)	20.5%	+/-2.2
18 years and over	(X)	(X)	12.6%	+/-0.8
18 to 64 years	(X)	(X)	13.0%	+/-0.8
65 years and over	(X)	(X)	9.7%	+/-1.3
People in families	(X)	(X)	13.3%	+/-1.0
Unrelated individuals 15 years and over	(X)	(X)	27.5%	+/-2.3

Data are based on a sample and are subject to sampling variability. The degree of uncertainty for an estimate arising from sampling variability is represented through the use of a margin of error. The value shown here is the 90 percent margin of error. The margin of error can be interpreted roughly as providing a 90 percent probability that the interval defined by the estimate minus the margin of error and the estimate plus the margin of error (the lower and upper confidence bounds) contains the true value. In addition to sampling variability, the ACS estimates are subject to nonsampling error (for a discussion of nonsampling variability, see Accuracy of the Data). The effect of nonsampling error is not represented in these tables.

There were changes in the edit between 2009 and 2010 regarding Supplemental Security Income (SSI) and Social Security. The changes in the edit loosened restrictions on disability requirements for receipt of SSI resulting in an increase in the total number of SSI recipients in the American Community Survey. The changes also loosened restrictions on possible reported monthly amounts in Social Security income resulting in higher Social Security aggregate amounts. These results more closely match administrative counts compiled by the Social Security Administration.

Workers include members of the Armed Forces and civilians who were at work last week.

Census occupation codes are 4-digit codes and are based on the Standard Occupational Classification (SOC). The Census occupation codes for 2010 and later years are based on the 2010 revision of the SOC. To allow for the creation of 2009-2013 tables, occupation data in the multiyear files (2009-2013) were recoded to 2013 Census occupation codes. We recommend using caution when comparing data coded using 2013 Census occupation codes with data coded using Census occupation codes prior to 2010. For more information on the Census occupation code changes, please visit our website at <http://www.census.gov/people/io/methodology/>.

Industry codes are 4-digit codes and are based on the North American Industry Classification System (NAICS). The Census industry codes for 2013 and later years are based on the 2012 revision of the NAICS. To allow for the creation of 2009-2013 and 2011-2013 tables, industry data in the multiyear files (2009-2013 and 2011-2013) were recoded to 2013 Census industry codes. We recommend using caution when comparing data coded using 2013 Census industry codes with data coded using Census industry codes prior to 2013. For more information on the Census industry code changes, please visit our website at <http://www.census.gov/people/io/methodology/>.

While the 2009-2013 American Community Survey (ACS) data generally reflect the February 2013 Office of Management and Budget (OMB) definitions of metropolitan and micropolitan statistical areas; in certain instances the names, codes, and boundaries of the principal cities shown in ACS tables may differ from the OMB definitions due to differences in the effective dates of the geographic entities.

Estimates of urban and rural population, housing units, and characteristics reflect boundaries of urban areas defined based on Census 2010 data. As a result, data for urban and rural areas from the ACS do not necessarily reflect the results of ongoing urbanization.

Source: U.S. Census Bureau, 2009-2013 5-Year American Community Survey

Explanation of Symbols:

1. An '\*\*\*' entry in the margin of error column indicates that either no sample observations or too few sample observations were available to compute a standard error and thus the margin of error. A statistical test is not appropriate.
2. An '-' entry in the estimate column indicates that either no sample observations or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest interval or upper interval of an open-ended distribution.
3. An '-' following a median estimate means the median falls in the lowest interval of an open-ended distribution.
4. An '+' following a median estimate means the median falls in the upper interval of an open-ended distribution.
5. An '\*\*\*' entry in the margin of error column indicates that the median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate.
6. An '\*\*\*\*\*' entry in the margin of error column indicates that the estimate is controlled. A statistical test for sampling variability is not appropriate.
7. An 'N' entry in the estimate and margin of error columns indicates that data for this geographic area cannot be displayed because the number of sample cases is too small.
8. An '(X)' means that the estimate is not applicable or not available.

**Lone Star Regional Water Authority**  
**Estimated Fixed and Variable Costs by Participant**

	First year of the payments (2016)			Last year of payments (2049)		
	Variable Costs	Fixed Costs	Total Costs	Variable Costs	Fixed Costs	Total Costs
Sonterra MUD	\$ -	\$ 109,058	\$ 109,058	\$ 839,865	\$ 902,952	\$ 1,742,817
CL&L MUD	-	64,316	64,316	495,305	532,510	1,027,815
Central Texas WSC	-	41,945	41,945	323,025	347,289	670,314
Jarrell-Schwertner WSC	-	41,945	41,945	323,025	347,289	670,314
City of Jarrell	-	27,964	27,964	215,350	231,526	446,876
Bell Milam Falls WSC	-	8,389	8,389	64,605	69,458	134,063

Note: Assumes Variable Costs but no Variable Revenues

**Lone Star Regional Water Authority**  
**Estimated Fixed and Variable Costs by Participant**

Year	Jarrell-Schwertner		Bell Milam Falls		Total Fixed and Variable Costs		
	Sonterra MUD	CL&L MUD	Central Texas WSC	WSC		City of Jarrell	WSC
2016	\$ 109,058	\$ 64,316	\$ 41,945	\$ 41,945	\$ 27,964	\$ 8,389	\$ 293,617
2017	119,272	70,340	45,874	45,874	30,583	9,175	321,117
2018	390,059	230,035	150,023	150,023	100,015	30,005	1,050,159
2019	413,098	243,622	158,884	158,884	105,923	31,777	1,112,188
2020	470,436	277,437	180,937	180,937	120,625	36,187	1,266,559
2021	528,948	311,944	203,442	203,442	135,628	40,688	1,424,091
2022	628,314	370,544	241,659	241,659	161,106	48,332	1,691,616
2023	728,337	429,532	280,130	280,130	186,753	56,026	1,960,907
2024	832,944	491,223	320,363	320,363	213,575	64,073	2,242,541
2025	938,230	553,315	360,858	360,858	240,572	72,172	2,526,004
2026	998,542	588,884	384,055	384,055	256,036	76,811	2,688,383
2027	1,037,727	611,993	399,126	399,126	266,084	79,825	2,793,882
2028	1,310,811	773,043	504,158	504,158	336,105	100,832	3,529,107
2029	1,324,810	781,298	509,542	509,542	339,695	101,908	3,566,795
2030	1,342,670	791,831	516,412	516,412	344,274	103,282	3,614,881
2031	1,356,504	799,989	521,732	521,732	347,821	104,346	3,652,125
2032	1,372,231	809,264	527,781	527,781	351,854	105,556	3,694,467
2033	1,389,862	819,662	534,562	534,562	356,375	106,912	3,741,935
2034	1,403,478	827,692	539,799	539,799	359,866	107,960	3,778,594
2035	1,477,908	871,587	568,426	568,426	378,951	113,685	3,978,984
2036	1,617,467	953,891	622,103	622,103	414,735	124,421	4,354,718
2037	1,634,029	963,658	628,473	628,473	418,982	125,695	4,399,310
2038	1,647,600	971,661	633,692	633,692	422,461	126,738	4,435,845
2039	1,666,323	982,703	640,894	640,894	427,262	128,179	4,486,255
2040	1,680,216	990,896	646,237	646,237	430,825	129,247	4,523,658
2041	1,697,269	1,000,953	652,796	652,796	435,197	130,559	4,569,569
2042	1,713,442	1,010,491	659,016	659,016	439,344	131,803	4,613,113
2043	1,730,664	1,020,648	665,640	665,640	443,760	133,128	4,659,481
2044	1,744,970	1,029,085	671,142	671,142	447,428	134,228	4,697,995
2045	1,648,290	972,068	633,958	633,958	422,638	126,792	4,437,704
2046	1,665,420	982,171	640,546	640,546	427,031	128,109	4,483,822
2047	1,681,853	991,862	646,866	646,866	431,244	129,373	4,528,065
2048	1,713,013	1,010,238	658,851	658,851	439,234	131,770	4,611,957
2049	1,742,817	1,027,815	670,314	670,314	446,876	134,063	4,692,200

Note: See "Water Usage" for variable costs.

**Lone Star Regional Water Authority**  
**Estimated Non-Variable Costs**

	A	B	C	D = A + B + C	Allocation:	37.14%	21.90%	14.29%	14.29%	9.52%
		Total						Jarrell-		
Year	Total Fixed Operational Costs	Aggregate D/S w/ 1.05x coverage	Reserve Fund Contribution	Total Non-Variable Costs	Sonterra MUD	CL&L MUD	Central Texas WSC	Schwertner WSC	City of Jarrell	
2016	\$ 85,000	\$ 150,167	\$ 58,450	\$ 293,617	\$ 109,058	\$ 64,316	\$ 41,945	\$ 41,945	\$ 27,964	
2017	112,500	150,167	58,450	321,117	119,272	70,340	45,874	45,874	30,583	
2018	226,500	480,509	58,450	765,459	284,313	167,672	109,351	109,351	72,901	
2019	229,898	478,915	58,450	767,263	284,983	168,067	109,609	109,609	73,073	
2020	233,346	565,963	58,450	857,759	318,596	187,890	122,537	122,537	81,691	
2021	236,846	657,995	-	894,841	332,369	196,013	127,834	127,834	85,223	
2022	240,399	794,217	-	1,034,616	384,286	226,630	147,802	147,802	98,535	
2023	244,005	924,852	-	1,168,857	434,147	256,035	166,980	166,980	111,320	
2024	247,665	1,060,476	-	1,308,141	485,881	286,545	186,877	186,877	124,585	
2025	251,380	1,190,575	-	1,441,954	535,583	315,857	205,993	205,993	137,329	
2026	255,151	1,192,232	-	1,447,383	537,599	317,046	206,769	206,769	137,846	
2027	258,978	1,193,529	-	1,452,507	539,502	318,168	207,501	207,501	138,334	
2028	262,863	1,886,545	-	2,149,407	798,351	470,823	307,058	307,058	204,705	
2029	266,805	1,881,964	-	2,148,770	798,115	470,683	306,967	306,967	204,645	
2030	270,808	1,887,724	-	2,158,531	801,740	472,821	308,362	308,362	205,574	
2031	274,870	1,882,580	-	2,157,450	801,339	472,584	308,207	308,207	205,471	
2032	278,993	1,882,474	-	2,161,467	802,831	473,464	308,781	308,781	205,854	
2033	283,178	1,887,432	-	2,170,610	806,227	475,467	310,087	310,087	206,725	
2034	287,425	1,881,519	-	2,168,944	805,608	475,102	309,849	309,849	206,566	
2035	291,737	2,039,272	-	2,331,009	865,803	510,602	333,001	333,001	222,001	
2036	296,113	2,372,305	-	2,668,418	991,127	584,511	381,203	381,203	254,135	
2037	300,554	2,374,130	-	2,674,685	993,454	585,883	382,098	382,098	254,732	
2038	305,063	2,367,832	-	2,672,895	992,790	585,491	381,842	381,842	254,561	
2039	309,639	2,375,341	-	2,684,980	997,278	588,138	383,569	383,569	255,712	
2040	314,283	2,369,774	-	2,684,058	996,936	587,936	383,437	383,437	255,625	
2041	318,997	2,372,647	-	2,691,644	999,754	589,598	384,521	384,521	256,347	
2042	323,782	2,373,081	-	2,696,863	1,001,692	590,741	385,266	385,266	256,844	
2043	328,639	2,376,267	-	2,704,906	1,004,679	592,503	386,415	386,415	257,610	
2044	333,569	2,371,526	-	2,705,095	1,004,750	592,545	386,442	386,442	257,628	
2045	338,572	2,067,907	-	2,406,479	893,835	527,133	343,783	343,783	229,188	
2046	343,651	2,070,622	-	2,414,272	896,730	528,841	344,896	344,896	229,931	
2047	348,806	2,071,384	-	2,420,190	898,928	530,137	345,741	345,741	230,494	
2048	354,038	2,073,394	-	2,427,432	901,618	531,723	346,776	346,776	231,184	
2049	359,348	2,071,677	-	2,431,025	902,952	532,510	347,289	347,289	231,526	
	<u>9,413,398</u>	<u>55,776,992</u>	<u>292,252</u>	<u>65,482,642</u>	<u>24,322,124</u>	<u>14,343,817</u>	<u>9,354,663</u>	<u>9,354,663</u>	<u>6,236,442</u>	



2.86%

Bell Milam Falls WSC	Total Non- Variable Costs
\$ 8,389	\$ 293,617
9,175	321,117
21,870	765,459
21,922	767,263
24,507	857,759
25,567	894,841
29,560	1,034,616
33,396	1,168,857
37,375	1,308,141
41,199	1,441,954
41,354	1,447,383
41,500	1,452,507
61,412	2,149,407
61,393	2,148,770
61,672	2,158,531
61,641	2,157,450
61,756	2,161,467
62,017	2,170,610
61,970	2,168,944
66,600	2,331,009
76,241	2,668,418
76,420	2,674,685
76,368	2,672,895
76,714	2,684,980
76,687	2,684,058
76,904	2,691,644
77,053	2,696,863
77,283	2,704,906
77,288	2,705,095
68,757	2,406,479
68,979	2,414,272
69,148	2,420,190
69,355	2,427,432
69,458	2,431,025
<u>1,870,933</u>	<u>65,482,642</u>

**Lone Star Regional Water Authority  
Estimated Variable Costs**

Variable Costs Per 1,000 Gallons

Est. MGD: 3.90 2.30 1.50 1.50 1.00 0.30  
 Allocation: 37.14% 21.90% 14.29% 14.29% 9.52% 2.86%

Year	Inflation Rate	Electricity	Chemicals	Total	Water Usage (MGD)	Variable Costs						Variable Operating Expenses
						Sonterra MUD	CL&L MUD	Central Texas WSC	Jarrell-Schwertner WSC	City of Jarrell	Bell Milam Falls WSC	
2016					-							
2017					-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	3.00%	0.21	0.05	0.26	3.00	105,746	62,363	40,671	40,671	27,114	8,134	284,700
2019	3.00%	0.22	0.05	0.27	3.50	128,115	75,555	49,275	49,275	32,850	9,855	344,925
2020	3.00%	0.23	0.05	0.28	4.00	151,840	89,547	58,400	58,400	38,933	11,680	408,800
2021	3.00%	0.24	0.05	0.29	5.00	196,579	115,931	75,607	75,607	50,405	15,121	529,250
2022	3.00%	0.25	0.05	0.30	6.00	244,029	143,914	93,857	93,857	62,571	18,771	657,000
2023	3.00%	0.26	0.05	0.31	7.00	294,190	173,497	113,150	113,150	75,433	22,630	792,050
2024	3.00%	0.27	0.05	0.32	8.00	347,063	204,678	133,486	133,486	88,990	26,697	934,400
2025	3.00%	0.28	0.05	0.33	9.00	402,647	237,459	154,864	154,864	103,243	30,973	1,084,050
2026	3.00%	0.29	0.05	0.34	10.00	460,943	271,838	177,286	177,286	118,190	35,457	1,241,000
2027	3.00%	0.30	0.05	0.35	10.50	498,225	293,825	191,625	191,625	127,750	38,325	1,341,375
2028	3.00%	0.31	0.05	0.36	10.50	512,460	302,220	197,100	197,100	131,400	39,420	1,379,700
2029	3.00%	0.32	0.05	0.37	10.50	526,695	310,615	202,575	202,575	135,050	40,515	1,418,025
2030	3.00%	0.33	0.05	0.38	10.50	540,930	319,010	208,050	208,050	138,700	41,610	1,456,350
2031	3.00%	0.34	0.05	0.39	10.50	555,165	327,405	213,525	213,525	142,350	42,705	1,494,675
2032	3.00%	0.35	0.05	0.40	10.50	569,400	335,800	219,000	219,000	146,000	43,800	1,533,000
2033	3.00%	0.36	0.05	0.41	10.50	583,635	344,195	224,475	224,475	149,650	44,895	1,571,325
2034	3.00%	0.37	0.05	0.42	10.50	597,870	352,590	229,950	229,950	153,300	45,990	1,609,650
2035	3.00%	0.38	0.05	0.43	10.50	612,105	360,985	235,425	235,425	156,950	47,085	1,647,975
2036	3.00%	0.39	0.05	0.44	10.50	626,340	369,380	240,900	240,900	160,600	48,180	1,686,300
2037	3.00%	0.40	0.05	0.45	10.50	640,575	377,775	246,375	246,375	164,250	49,275	1,724,625
2038	3.00%	0.41	0.05	0.46	10.50	654,810	386,170	251,850	251,850	167,900	50,370	1,762,950
2039	3.00%	0.42	0.05	0.47	10.50	669,045	394,565	257,325	257,325	171,550	51,465	1,801,275
2040	3.00%	0.43	0.05	0.48	10.50	683,280	402,960	262,800	262,800	175,200	52,560	1,839,600
2041	3.00%	0.44	0.05	0.49	10.50	697,515	411,355	268,275	268,275	178,850	53,655	1,877,925
2042	3.00%	0.45	0.05	0.50	10.50	711,750	419,750	273,750	273,750	182,500	54,750	1,916,250
2043	3.00%	0.46	0.05	0.51	10.50	725,985	428,145	279,225	279,225	186,150	55,845	1,954,575
2044	3.00%	0.47	0.05	0.52	10.50	740,220	436,540	284,700	284,700	189,800	56,940	1,992,900
2045	3.00%	0.48	0.05	0.53	10.50	754,455	444,935	290,175	290,175	193,450	58,035	2,031,225
2046	3.00%	0.49	0.05	0.54	10.50	768,690	453,330	295,650	295,650	197,100	59,130	2,069,550
2047	3.00%	0.50	0.05	0.55	10.50	782,925	461,725	301,125	301,125	200,750	60,225	2,107,875
2048	3.00%	0.52	0.05	0.57	10.50	811,395	478,515	312,075	312,075	208,050	62,415	2,184,525
2049	3.00%	0.54	0.05	0.59	10.50	839,865	495,305	323,025	323,025	215,350	64,605	2,261,175

Note: See "Water Usage" for variable costs.

**24" WATER LINE - 10.5 MGD  
AND 20" WATER LINE - 6.4 MGD  
ESTIMATE OF PROBABLE COST**

Conceptual       Preliminary       Final

Prepared by: Steven D. Kallman, P.E., R.P.L.S.

Date: June 2, 2015

PROJECT: Lake Granger Regional Water Delivery System  
 LOCATION: Northeast Williamson County  
 TYPE OF IMPROVEMENTS: Water Distribution  
 CLIENT NAME: Lone Star Regional Water Authority  
 CLIENT ADDRESS: 113 Limestone, Terrace, Jarrell, Texas 76537

No.	Item/Description	Unit	Unit Price	Quantity	Amount
1	24" Ductile Iron Water Line including Trench Safety and D.I. Fittings	L.F.	\$ 128.00	81,000	\$ 10,368,000.00
2	20" Ductile Iron Water Line including Trench Safety and D.I. Fittings	L.F.	\$ 98.00	45,500	\$ 4,459,000.00
3	36" Steel Casing Pipe and Bore	L.F.	\$ 450.00	1,000	\$ 450,000.00
4	Pump Stations	EA.	\$ 1,500,000.00	2	\$ 3,000,000.00
5	Chloramine Disinfection	EA.	\$ 160,000.00	2	\$ 320,000.00
6	500,000 Gallon Ground Storage Tank	EA.	\$ 300,000.00	2	\$ 600,000.00
7	500,000 Gallon Standpipe	EA.	\$ 700,000.00	1	\$ 700,000.00
8	6" Flush Valve	EA.	\$ 3,000.00	19	\$ 57,000.00
9	24" Gate Valve	EA.	\$ 15,000.00	19	\$ 285,000.00
10	20" Gate Valve	EA.	\$ 12,000.00	8	\$ 96,000.00
11	2" Air Release Valve	EA.	\$ 3,500.00	19	\$ 66,500.00
12	Master Meter (@ Tie-In)	EA.	\$ 15,000.00	1	\$ 15,000.00
13	Erosion Controls	L.F.	\$ 3.00	21,000	\$ 63,000.00
14	Restoration and Revegetation	L.S.	\$ 210,350.00	1	\$ 210,350.00
<b>SUB-TOTAL ESTIMATED CONSTRUCTION COST</b>					<b>\$ 20,689,850.00</b>
<b>10% CONTINGENCY</b>					<b>\$ 2,068,985.00</b>
<b>ENGINEERING, SURVEY, GEOTECH, ENVIRONMENTAL, CONSTRUCTION INSPECTION</b>					<b>\$ 3,165,000.00</b>
<b>ISSUANCE COST</b>					<b>\$ 800,000.00</b>
<b>EASEMENTS AND LAND ACQUISITION SERVICES</b>					<b>\$ 300,000.00</b>
<b>EASEMENTS AND LAND ACQUISITION COST</b>					<b>\$ 600,000.00</b>
<b>TOTAL ESTIMATED PROBABLE PROJECT COST</b>					<b>\$ 27,623,835.00</b>
<b>ROUND TO</b>					<b>\$ 27,630,000.00</b>
<b>UNIT COST: 10.5 MGD ÷ 600 GPD/LUE = 17,500 LUE'S/\$1,580 PER LUE</b>					

**S.D. KALLMAN, L.P.**  
ENGINEERS AND ENVIRONMENTAL CONSULTANTS

1106 SOUTH MAYS, SUITE 101  
 ROUND ROCK, TEXAS 78664  
 PHONE: (512) 218-4404 FAX: (512) 218-1668  
 steve@sdkallman.com



TABLE 6						
PROJECT BUDGET - Lone Star Regional Water Authority						
Uses	TWDB Funds Series 1	TWDB Funds Series 2	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
<b>Construction</b>						
Construction	\$20,689,850	\$0	\$0	\$20,689,850	\$0	\$20,689,850
<b>Subtotal Construction</b>	<b>\$20,689,850</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,689,850</b>	<b>\$0</b>	<b>\$20,689,850</b>
<b>Basic Engineering Fees</b>						
Planning +	\$52,500	\$0	\$0	\$52,500	\$0	\$52,500
Design	\$2,068,000	\$0	\$0	\$2,068,000	\$0	\$2,068,000
Construction Engineering	\$406,000	\$0	\$0	\$406,000	\$0	\$406,000
<b>Basic Engineering Other **</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Basic Engineering Fees</b>	<b>\$2,526,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,526,500</b>	<b>\$0</b>	<b>\$2,526,500</b>
<b>Special Services</b>						
Application	\$7,500	\$0	\$0	\$7,500	\$0	\$7,500
Environmental	\$70,000	\$0	\$0	\$70,000	\$0	\$70,000
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$243,000	\$0	\$0	\$243,000	\$0	\$243,000
Geotechnical	\$20,000	\$0	\$0	\$20,000	\$0	\$20,000
Testing	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$298,000	\$0	\$0	\$298,000	\$0	\$298,000
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0
<b>Special Services Other **Site and Easement Acquisition</b>	<b>\$300,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$300,000</b>	<b>\$0</b>	<b>\$300,000</b>
<b>Subtotal Special Services</b>	<b>\$938,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$938,500</b>	<b>\$0</b>	<b>\$938,500</b>
<b>Other</b>						
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$600,000	\$0	\$0	\$600,000	\$0	\$600,000
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Other Services</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$600,000</b>
<b>Fiscal Services</b>						
Financial Advisor	\$0	\$0	\$0	\$0	\$0	\$0
Bond Counsel	\$0	\$0	\$0	\$0	\$0	\$0
Issuance Cost	\$800,000	\$0	\$0	\$800,000	\$0	\$800,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Fiscal Services</b>	<b>\$800,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$800,000</b>	<b>\$0</b>	<b>\$800,000</b>
<b>Contingency</b>						
Contingency	\$2,075,150	\$0	\$0	\$2,075,150	\$0	\$2,075,150
<b>Subtotal Contingency</b>	<b>\$2,075,150</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,075,150</b>	<b>\$0</b>	<b>\$2,075,150</b>
<b>TOTAL COSTS</b>	<b>\$27,630,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,630,000</b>	<b>\$0</b>	<b>\$27,630,000</b>

Other \*\* description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A			0
Category B			0
Category C			0
Category D			0
<b>Total Planning Costs</b>		0	0

TABLE 4A						
PROJECT BUDGET - LONE STAR REGIONAL WATER AUTHORITY - 20 % LOAN						
Uses	TWDB Funds Series 1	TWDB Funds Series 2	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
<b>Construction</b>						
Construction	\$4,137,970	\$0	\$0	\$4,137,970	\$0	\$4,137,970
<b>Subtotal Construction</b>	<b>\$4,137,970</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,137,970</b>	<b>\$0</b>	<b>\$4,137,970</b>
<b>Basic Engineering Fees</b>						
Planning +	\$10,500	\$0	\$0	\$10,500	\$0	\$10,500
Design	\$413,600	\$0	\$0	\$413,600	\$0	\$413,600
Construction Engineering	\$81,200	\$0	\$0	\$81,200	\$0	\$81,200
<b>Basic Engineering Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Basic Engineering Fees</b>	<b>\$505,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$505,300</b>	<b>\$0</b>	<b>\$505,300</b>
<b>Special Services</b>						
Application	\$1,500	\$0	\$0	\$1,500	\$0	\$1,500
Environmental	\$14,000	\$0	\$0	\$14,000	\$0	\$14,000
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$48,600	\$0	\$0	\$48,600	\$0	\$48,600
Geotechnical	\$4,000	\$0	\$0	\$4,000	\$0	\$4,000
Testing	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$59,600	\$0	\$0	\$59,600	\$0	\$59,600
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0
<b>Special Services Other **Site and Easement Acquisition</b>	<b>\$60,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$60,000</b>	<b>\$0</b>	<b>\$60,000</b>
<b>Subtotal Special Services</b>	<b>\$187,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$187,700</b>	<b>\$0</b>	<b>\$187,700</b>
<b>Other</b>						
Administration	\$50,000	\$0	\$0	\$50,000	\$0	\$50,000
Land/Easements Acquisition	\$120,000	\$0	\$0	\$120,000	\$0	\$120,000
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Other Services</b>	<b>\$170,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$170,000</b>	<b>\$0</b>	<b>\$170,000</b>
<b>Fiscal Services</b>						
Financial Advisor	\$0	\$0	\$0	\$0	\$0	\$0
Bond Counsel	\$0	\$0	\$0	\$0	\$0	\$0
Issuance Cost	\$160,000	\$0	\$0	\$160,000	\$0	\$160,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Fiscal Services</b>	<b>\$160,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$160,000</b>	<b>\$0</b>	<b>\$160,000</b>
<b>Contingency</b>						
Contingency	\$379,030	\$0	\$0	\$379,030	\$0	\$379,030
<b>Subtotal Contingency</b>	<b>\$379,030</b>	<b>\$0</b>	<b>\$0</b>	<b>\$379,030</b>	<b>\$0</b>	<b>\$379,030</b>
<b>TOTAL COSTS</b>	<b>\$5,540,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,540,000</b>	<b>\$0</b>	<b>\$5,540,000</b>

Other \*\* description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A			0
Category B			0
Category C			0
Category D			0
<b>Total Planning Costs</b>		0	0

TABLE 4B						
PROJECT BUDGET - LONE STAR REGIONAL WATER AUTHORITY - 80% BOARD PARTICIPATION						
Uses	TWDB Funds Series 1	TWDB Funds Series 2	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
<b>Construction</b>						
Construction	\$16,551,880	\$0	\$0	\$16,551,880	\$0	\$16,551,880
<b>Subtotal Construction</b>	<b>\$16,551,880</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,551,880</b>	<b>\$0</b>	<b>\$16,551,880</b>
<b>Basic Engineering Fees</b>						
Planning +	\$42,000	\$0	\$0	\$42,000	\$0	\$42,000
Design	\$1,654,400	\$0	\$0	\$1,654,400	\$0	\$1,654,400
Construction Engineering	\$324,800	\$0	\$0	\$324,800	\$0	\$324,800
<b>Basic Engineering Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Basic Engineering Fees</b>	<b>\$2,021,200</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,021,200</b>	<b>\$0</b>	<b>\$2,021,200</b>
<b>Special Services</b>						
Application	\$6,000	\$0	\$0	\$6,000	\$0	\$6,000
Environmental	\$56,000	\$0	\$0	\$56,000	\$0	\$56,000
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$194,400	\$0	\$0	\$194,400	\$0	\$194,400
Geotechnical	\$16,000	\$0	\$0	\$16,000	\$0	\$16,000
Testing	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$238,400	\$0	\$0	\$238,400	\$0	\$238,400
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0
<b>Special Services Other **Site and Easement Acquisition</b>	<b>\$240,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$240,000</b>	<b>\$0</b>	<b>\$240,000</b>
<b>Subtotal Special Services</b>	<b>\$750,800</b>	<b>\$0</b>	<b>\$0</b>	<b>\$750,800</b>	<b>\$0</b>	<b>\$750,800</b>
<b>Other</b>						
Administration	\$200,000	\$0	\$0	\$200,000	\$0	\$200,000
Land/Easements Acquisition	\$480,000	\$0	\$0	\$480,000	\$0	\$480,000
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Other Services</b>	<b>\$680,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$680,000</b>	<b>\$0</b>	<b>\$680,000</b>
<b>Fiscal Services</b>						
Financial Advisor	\$0	\$0	\$0	\$0	\$0	\$0
Bond Counsel	\$0	\$0	\$0	\$0	\$0	\$0
Issuance Cost	\$640,000	\$0	\$0	\$640,000	\$0	\$640,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Fiscal Services</b>	<b>\$640,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$640,000</b>	<b>\$0</b>	<b>\$640,000</b>
<b>Contingency</b>						
Contingency	\$1,516,120	\$0	\$0	\$1,516,120	\$0	\$1,516,120
<b>Subtotal Contingency</b>	<b>\$1,516,120</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,516,120</b>	<b>\$0</b>	<b>\$1,516,120</b>
<b>TOTAL COSTS</b>	<b>\$22,160,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$22,160,000</b>	<b>\$0</b>	<b>\$22,160,000</b>

**Other \*\* description must be entered**

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A			0
Category B			0
Category C			0
Category D			0
<b>Total Planning Costs</b>		0	0

Texas Water Development Board Water Project Information							
A. Project Name Lone Star Regional Water Authority EWCRWTS		B. Project No. <b>TWDB PIF # 11051</b>		C. County <b>Williamson</b>		D. Regional Planning Group (A-P) <b>G</b>	
E. Program(s) <b>SWIFT</b>		F. Loan <input checked="" type="checkbox"/> / Grant <input type="checkbox"/> Amount: B.P. \$19,600,000/Loan \$4,900,000		G. Loan Term: <b>33 years</b>			
H. Water Project Description: (Multiphase project, new or expansion; plant, well, storage, pump station, distribution system, etc)  <b>New: Storage, Pump Stations, Distribution System</b>							
Attach map of service area affected by Project or other documentation.							
I. Is an Inter Basin Transfer potentially involved? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>				J. Is project located in a Groundwater District (If yes, identify District by name)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			
K. Projected Population from application for at least a 20 year period. Attach justification and list service area populations if different from Planning Area.	Year	Reference Year	2010	2020	2030	2040	
	Population Projection	8,200	--	17,060	34,780	52,500	
Project Design Year	<b>2040</b>		Design Population		<b>52,500</b>		
L. Is the proposed project included in a current Regional Water Plan? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> (If Yes, please specify on what page in the Regional Water Plan - Regional Water Plan Page Number: <u>4B 17-19 &amp; 20</u> )							
M. What type of water source is associated directly with the proposed project? Surface Water <input checked="" type="checkbox"/> Groundwater <input type="checkbox"/> Reuse <input type="checkbox"/>							
N. Will the project increase the volume of water supply? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>							
O. What volume of water is the project anticipated to deliver/ treat per year? <u>5,880</u> Acre-Foot/Year							
P. Current Water Supply Information							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Lake Granger WTP / Brazos River Authority				<b>Williamson</b>		1,916 to 3,832 MGY	
Groundwater Source Aquifer		Well Field location		Source County		Annual Volume and Unit	
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Q. Proposed Water Supply Associated Directly with the Proposed Project							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Lake Granger WTP / Brazos River Authority				<b>Williamson</b>		1,916 to 3,832 MGY	
Groundwater Source Aquifer		Well Field location:		Source County		Annual Volume and Unit	
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R. Consulting Engineer Name			Telephone No.		E-mail address		
S.D. Kallman, L.P. / Steve Kallman, P.E.			<b>512-917-3758</b>		<b>steve@sdkallman.com</b>		
S. Applicant Contact Name, Title			Telephone No.		E-mail address		
<b>Dan Dodson, General Manager</b>			<b>512-751-8844</b>		<b>danwaterauth@gmail.com</b>		

**Item D.67**

The proposed project includes installation of a 20" and 24" pipeline partially across previously undisturbed areas which may contain marginal habitat for the Golden-cheek Warbler, an endangered bird species. If environmental surveys deem this to be the case, the construction timing of the project will be planned so that there will not likely be any significant impact to the endangered GCW or potential habitat.

There is also the potential for the presence of archeological materials near the crossing of the San Gabriel River. An archeological survey may be necessary to determine any affects the project may have on archeological resources. If necessary, the pipeline may be slightly re-routed to avoid any areas determined to be significant. The proposed river crossing will be constructed by underground bore. It appears the proposed project does not exceed the limitations of a USACE General Permit 12 for utility lines.

There are no known indications that any identifiable environmental issue will adversely affect the implementation of the proposed project, or that any special permits will be required.

This project does not qualify for a Categorical Exclusion (CE) due to the installation of new pipelines and facilities. A full environmental review will be required, including the preparation of an Environmental Data Form (EDF).