

Mr. J. Keith Collins, P.E.

Page 2

May 12, 2006

The Manville WSC public water supply system provides water treatment for the system.

An appointed engineer must notify the TCEQ's Region 11 Office at (512) 239-2929 when construction will start.

Please keep in mind that upon completion of the water works project, the engineer or owner will notify the commission's Water Supply Division, in writing, as to its completion and attest to the fact that the completed work is substantially according to the plans and change orders on file with the commission as required in §290.39(h)(3) of the Rules.

Please refer to the Utilities Technical Review Team's Log No. 200602-019 in all correspondence for this project. This will help complete our review and prevent it from being considered a new project.

Please complete a copy of the most current Public Water System Plan Review Submittal form for future submittal to TCEQ for review of improvements to a Public Water System. Every blank on the form must be completed to minimize any delays in review of your project. The document is available on our WEB site at the address shown below.

<http://www.tceq.state.tx.us/assets/public/permitting/forms/10233.pdf>

For future reference, you can review part of the Utilities Technical Review Team's database to see if we have received your project. This is available on the TCEQ's homepage on the Internet at the following address:

[http://www.tceq.state.tx.us/assets/public/permitting/watersupply/ud/planrev\\_list.html](http://www.tceq.state.tx.us/assets/public/permitting/watersupply/ud/planrev_list.html)

You can download most of the well construction checklists and the latest revision of Chapter 290 "Rules and Regulations for Public Water Systems" from this site.

If you have any questions please contact me at 512/239-6970 or the Internet address: "DLAUGHLIN@tceq.state.tx.us" or if by correspondence, include MC 153 in the letterhead address below.

Sincerely,



David D. Laughlin, P.E.  
Utilities Technical Review Team  
Water Supply Division MC-153

DDL/ac

cc: Manville WSC - Attn.: Mr. Tony Graf, P.O. Box 248, Coupland, TX 78615  
TCEQ Central Records PWS File 2270033  
TCEQ Region No. 11 Office - Austin (w/approved materials)

Kathleen Hartnett White, *Chairman*  
R. B. "Ralph" Marquez, *Commissioner*  
Larry R. Soward, *Commissioner*  
Glenn Shankle, *Executive Director*

## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

February 16, 2006

Mr. J. Keith Collins, P.E.  
Randall Jones Engineering, Inc.  
1212 E. Braker Lane  
Austin, Texas 78753

Re Kelly Lane Utility Company  
The Meadows of Blackhawk, Phase 8  
Texas Commission on Environmental Quality Permit No. 13219-001  
WWPR Log No. 0206/054  
CN600553010 RN100878404  
Travis County

Dear Mr. Collins:

We have received the project summary transmittal letter dated January 11, 2006.

The rules which regulate the design, installation and testing of domestic wastewater projects are found in 30 TAC, Chapter 317, of the Texas Commission on Environmental Quality (TCEQ) rules titled, Design Criteria for Sewerage Systems.

Section 317.1(a)(3)(D), relating to case-by-case reviews, states in part that upon submittal of a summary transmittal letter, the executive director may approve of the project without reviewing a complete set of plans and specifications.

Under the authority of §317.1(a)(3)(D) a technical review of complete plans and specifications is not required. However, the project proposed in the summary transmittal letter is approved for construction. Please note, that this conditional approval does not relieve the applicant of any responsibilities to obtain all other necessary permits or authorizations, such as wastewater treatment permit or other authorization as required by Chapter 26 of the Texas Water Code. Below are provisions of the Chapter 317 regulations, which must be met as a condition of approval. These items are provided as a reminder. If you have already met these requirements, please disregard this additional notice.

1. You must keep certain materials on file for the life of the project and provide them to TCEQ upon request. These materials include an engineering report, test results, a summary transmittal letter, and the final version of the project plans and specifications. These materials shall be prepared and sealed by a Professional Engineer licensed in the State of Texas and must show substantial compliance with Chapter 317. All plans and specifications must conform to any waste discharge requirements authorized in a permit by the TCEQ. Certain specific items which shall be addressed in the engineering report are discussed in §317.1(c)-(d). Additionally, the engineering report must include all constants, graphs, equations, and calculations needed to show substantial compliance with Chapter 317. The items which shall be included in the summary transmittal letter are addressed in §317.1(a)(3)(D).

Mr. J. Keith Collins, P.E.

Page 2

February 16, 2006

2. Any deviations from Chapter 317 shall be disclosed in the summary transmittal letter and the technical justifications for those deviations shall be provided in the engineering report. Any deviations from Chapter 317 shall be based on the best professional judgement of the licensed professional engineer sealing the materials and the engineer's judgement that the design would not result in a threat to public health or the environment.
3. Any variance from a Chapter 317 requirement disclosed in your summary transmittal letter is approved. If in the future, additional variances from the Chapter 317 requirements are desired for the project, each variance must be requested in writing by the design engineer. Then, the TCEQ will consider granting a written approval to the variance from the rules for the specific project and the specific circumstances.
4. Within 60 days of the completion of construction, an appointed engineer shall notify both the Wastewater Permits Section of the TCEQ and the appropriate Region Office of the date of completion. The engineer shall also provide written certification that all construction, materials, and equipment were substantially in accordance with the approved project, the rules of the TCEQ, and any change orders filed with the TCEQ. All notifications, certifications, and change orders must include the signed and dated seal of a Professional Engineer licensed in the State of Texas.

This approval does not mean that future projects will be approved without a complete plans and specifications review. The TCEQ will provide a notification of intent to review whenever a project is to undergo a complete plans and specifications review. Please be reminded of §317.1(a)(2) of the rules which states, "Approval given by the executive director...shall not relieve the sewerage system owner or the design engineer of any liabilities or responsibilities with respect to the proper design, construction, or authorized operation of the project in accordance with applicable commission rules."

If you have any questions or if we can be of any further assistance, please call me at (512) 239-4552.

Sincerely,



Louis C. Herrin, III, P.E.  
Wastewater Permits Section (MC 148)  
Water Quality Division  
Texas Commission on Environmental Quality

LCH/ms

cc: TCEQ, Region 11 Office

Kathleen Hartnett White, *Chairman*  
R. B. "Ralph" Marquez, *Commissioner*  
Larry R. Soward, *Commissioner*  
Margaret Hoffman, *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

June 1, 2004

Mr. J. Keith Collins, P.E.  
Randall Jones Engineering, Inc.  
1212 E. Braker Lane  
Austin, Texas 78753

Re: Kelly Lane Utility Co.  
Pflugerville North Wastewater Interceptor  
Texas Commission on Environmental Quality Permit # 13219-001  
WWPR Log No. 0504/030  
CN600553010 RN100878404  
Travis County

Dear Mr. Collins:

We have received the project summary transmittal letter dated May 13, 2004.

The rules which regulate the design, installation and testing of domestic wastewater projects are found in 30 TAC, Chapter 317, of the Texas Commission on Environmental Quality (TCEQ) rules titled, Design Criteria for Sewerage Systems.

Section 317.1(a)(3)(D), relating to case-by-case reviews, states in part that upon submittal of a summary transmittal letter, the executive director may approve of the project without reviewing a complete set of plans and specifications.

Under the authority of §317.1(a)(3)(D) a technical review of complete plans and specifications is not required. However, the project proposed in the summary transmittal letter is approved for construction. Please note, that this conditional approval does not relieve the applicant of any responsibilities to obtain all other necessary permits or authorizations, such as wastewater treatment permit or other authorization as required by Chapter 26 of the Texas Water Code. Below are provisions of the Chapter 317 regulations, which must be met as a condition of approval. These items are provided as a reminder. If you have already met these requirements, please disregard this additional notice.

1. You must keep certain materials on file for the life of the project and provide them to TCEQ upon request. These materials include an engineering report, test results, a summary transmittal letter, and the final version of the project plans and specifications. These materials shall be prepared and sealed by a Professional Engineer licensed in the State of Texas and must show substantial compliance with Chapter 317. All plans and specifications must conform to any waste discharge requirements authorized in a permit by the TCEQ. Certain specific items which shall be addressed in the engineering report are discussed in §317.1(c)-(d). Additionally, the engineering report must include all constants, graphs, equations, and calculations needed to show substantial compliance with Chapter 317. The items which shall be included in the summary transmittal letter are addressed in §317.1(a)(3)(D).

Mr. J. Keith Collins, P.E.

Page 2

June 1, 2004.

2. Any deviations from Chapter 317 shall be disclosed in the summary transmittal letter and the technical justifications for those deviations shall be provided in the engineering report. Any deviations from Chapter 317 shall be based on the best professional judgement of the licensed professional engineer sealing the materials and the engineer's judgement that the design would not result in a threat to public health or the environment.
3. Any variance from a Chapter 317 requirement disclosed in your summary transmittal letter is approved. If in the future, additional variances from the Chapter 317 requirements are desired for the project, each variance must be requested in writing by the design engineer. Then, the TCEQ will consider granting a written approval to the variance from the rules for the specific project and the specific circumstances.
4. Within 60 days of the completion of construction, an appointed engineer shall notify both the Wastewater Permits Section of the TCEQ and the appropriate Region Office of the date of completion. The engineer shall also provide written certification that all construction, materials, and equipment were substantially in accordance with the approved project, the rules of the TCEQ, and any change orders filed with the TCEQ. All notifications, certifications, and change orders must include the signed and dated seal of a Professional Engineer licensed in the State of Texas.

This approval does not mean that future projects will be approved without a complete plans and specifications review. The TCEQ will provide a notification of intent to review whenever a project is to undergo a complete plans and specifications review. Please be reminded of §317.1(a)(2) of the rules which states, "Approval given by the executive director...shall not relieve the sewerage system owner or the design engineer of any liabilities or responsibilities with respect to the proper design, construction, or authorized operation of the project in accordance with applicable commission rules."

If you have any questions or if we can be of any further assistance, please call me at (512) 239-4552.

Sincerely,



Louis C. Herrin, III, P.E.  
Wastewater Permits Section (MC 148)  
Water Quality Division  
Texas Commission on Environmental Quality

LCH/bm

cc: TCEQ, Region 11 Office

Robert J. Huston, *Chairman*  
R. B. "Ralph" Marquez, *Commissioner*  
John M. Baker, *Commissioner*  
Jeffrey A. Saitas, *Executive Director*



## TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

*Protecting Texas by Reducing and Preventing Pollution*

August 21, 2000

Mr. J. Keith Collins, P.E.  
Randall Jones Engineering  
1212 East Braker Lane  
Austin, Texas 78753

Re: Manville Water Supply Corporation - Public Water System I.D. #2270033  
The Meadows of Blackhawk Phase Three  
Proposed Distribution System  
Plan Review Log Number 007-159  
Travis County, Texas

Dear Mr. Collins:

The planning material received on July 28, 2000, with your letter dated July 25, 2000 for the proposed distribution system has been reviewed. The project generally meets the minimum requirements of the TNRCC's Chapter §290 - Rules and Regulations for Public Water Systems (Rules) and is **conditionally approved for construction** if the project plans and specifications meet the following requirement:

1. All newly installed pipes and related products must conform to American National Standards Institute/National Sanitation Foundation (ANSI/NSF) Standard 61 and must be certified by an organization accredited by ANSI as required in §290.44(a)(1) of the rules.

The submittal consisted of 17 sheets of engineering drawings and technical specifications. The approved project consists of:

- 1,623 linear feet of 8-inch AWWA C-900 Class 150 DR 18 PVC waterline; and
- Related valves, fittings, and appurtenances.

This approval is for public water system construction only. The wastewater components contained in this design were not considered.

Manville Water Supply Corporation public water supply system provides water treatment for the system.

An appointed engineer must notify the TNRCC's Region 11 Office at (512) 339-2929 when construction will start.

Mr. J. Keith Collins, P.E.

Page 2

August 21, 2000

Please keep in mind that upon completion of the water works project, the engineer or owner will notify the commission's Water Permits & Resource Management Division, in writing, as to its completion and attest to the fact that the completed work is substantially according to the plans and change orders on file with the commission as required in §290.39(h)(3) of the Rules.

Please refer to Rate Analysis & Plan Review Team Log No. 007-159 in all correspondence for this project. This will help complete our review and prevent it from being considered a new project.

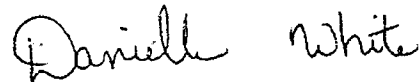
For future reference, you can review part of the Rate Analysis & Plan Review Team's database to see if we have received your project. This is available on the TNRCC's homepage on the Internet at the following address:

<http://www.tnrcc.state.tx.us/permitting/waterperm/ud/planrev.html>

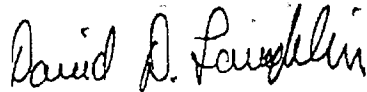
You can download most of the well construction checklists and the latest revision of Chapter 290 "Rules and Regulations for Public Water Systems" from this site.

If you have any questions please contact me at (512)239-1833 or the Internet address: "DANIWHIT@tnrcc.state.tx.us" or if by correspondence, include MC-153 in the letterhead address below.

Sincerely,



Danielle White  
Rate Analysis & Plan Review Team  
Water Permits & Resource Management Division MC-153



David D. Laughlin, P.E.  
Rate Analysis & Plan Review Team  
Water Permits & Resource Management Division MC-153

DEW/DDL/sv

cc: Manville Water Supply Corporation  
TNRCC Central Records PWS File  
TNRCC Region No. 11 Office - Austin (w/approved materials)

Robert J. Huston, *Chairman*  
R. B. "Ralph" Marquez, *Commissioner*  
John M. Baker, *Commissioner*  
Jeffrey A. Saitas, *Executive Director*



## TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

*Protecting Texas by Reducing and Preventing Pollution*

August 21, 2000

Mr. Michael J. Mayhew, P.E.  
Randall Jones Engineering  
1212 East Braker Lane  
Austin, Texas 78753

Re: Manville Water Supply Corporation - Public Water System I.D. #2270033  
The Meadows of Blackhawk, Phase Four  
Proposed Distribution System  
Plan Review Log Number 007-160  
Travis County, Texas

Dear Mr. Mayhew:

The planning material received on July 28, 2000, with your letter dated July 25, 2000 for the proposed distribution system has been reviewed. The project generally meets the minimum requirements of the TNRCC's Chapter §290 - Rules and Regulations for Public Water Systems (Rules) and is **conditionally approved for construction** if the project plans and specifications meet the following requirement:

1. All newly installed pipes and related products must conform to American National Standards Institute/National Sanitation Foundation (ANSI/NSF) Standard 61 and must be certified by an organization accredited by ANSI as required in §290.44(a)(1) of the rules.

The submittal consisted of 25 sheets of engineering drawings and technical specifications. The approved project consists of:

- 3,650 linear feet of 8-inch AWWA C-900 Class 150 DR 18 PVC waterline; and
- Related valves, fittings, and appurtenances.

This approval is for public water system construction only. The wastewater components contained in this design were not considered.

Manville Water Supply Corporation public water supply system provides water treatment for the system.

An appointed engineer must notify the TNRCC's Region 11 Office at (512) 339-2929 when construction will start.

Mr. Michael J. Mayhew, P.E.

Page 2

August 21, 2000

Please keep in mind that upon completion of the water works project, the engineer or owner will notify the commission's Water Permits & Resource Management Division, in writing, as to its completion and attest to the fact that the completed work is substantially according to the plans and change orders on file with the commission as required in §290.39(h)(3) of the Rules.

Please refer to Rate Analysis & Plan Review Team Log No. 007-160 in all correspondence for this project. This will help complete our review and prevent it from being considered a new project.

For future reference, you can review part of the Rate Analysis & Plan Review Team's database to see if we have received your project. This is available on the TNRCC's homepage on the Internet at the following address:-

<http://www.tnrcc.state.tx.us/permitting/waterperm/ud/planrev.html>

You can download most of the well construction checklists and the latest revision of Chapter 290 "Rules and Regulations for Public Water Systems" from this site.

If you have any questions please contact me at (512)239-1833 or the Internet address: "DANIWHIT@tnrcc.state.tx.us" or if by correspondence, include MC 153 in the letterhead address below.

Sincerely,



Danielle White  
Rate Analysis & Plan Review Team  
Water Permits & Resource Management Division MC-153



David D. Laughlin, P.E.  
Rate Analysis & Plan Review Team  
Water Permits & Resource Management Division MC-153

DEW/DDD/sv

cc: Manville Water Supply Corporation  
TNRCC Central Records PWS File  
TNRCC Region No. 11 Office - Austin (w/approved materials)

Robert J. Huston, *Chairman*  
R. B. "Ralph" Marquez, *Commissioner*  
Kathleen Hartnett White, *Commissioner*  
Margaret Hoffman, *Executive Director*

PWS/2270033/CO



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

June 18, 2003

Mr. J. Keith Collins, P.E.  
Randall Jones Engineering  
1212 East Braker Lane  
Austin, Texas 78753

Re: Manville WSC - Public Water System I.D. #2270033  
Proposed Distribution System Modification - Meadows of Blackhawk, Phase 7  
Plan Review Log Number 200305-068  
Travis County, Texas

Dear Mr. Collins:

The planning material received on May 5, 2003, with your letter dated April 15, 2003, for the proposed distribution system modification for Meadows of Blackhawk has been reviewed. The project generally meets the minimum requirements of the TCEQ's Chapter §290 - Rules and Regulations for Public Water Systems (Rules) and is **conditionally approved for construction** if the project plans and specifications meet the following requirements:

1. The hydrostatic leakage rate for PVC pipe and appurtenances shall not exceed the amount allowed or recommended by formulas in AWWA C-605 as required in §290.44(a)(5) of the rules. [ $L = NDP^{1/3}/7,400$ ]
2. The system must maintain a minimum pressure of 35 psi at all points within the distribution network at flow rates of at least 1.5 gallons per minute per connection. When the system is intended to provide fire fighting capability, it must also maintain a minimum pressure of 20 psi under combined fire and drinking water flow conditions as required in §290.44(d) of the rules.
3. Specifications for this plan submittal state that construction shall be in **accordance with standard specifications of the City of Pflugerville**. Please note that TCEQ's specifications for location of waterlines as required in Title 30 TAC, §Chapter 290.44(e) (Rules and Regulations for Public Water Systems) are minimum requirements. When conflicts are noted with local requirements, the more stringent requirement shall be required. Construction for public water systems must always, at a minimum, meet TCEQ's "Rules and Regulations for Public Water Systems."

The submittal consisted of 34 sheets of engineering drawings and technical specifications. The approved project consists of:

- 5,775 linear feet (l.f.) of 8-inch, AWWA C-900 DR14 Class200 PVC waterline; and,
- Various valves, fittings, and appurtenances.

Mr. J. Keith Collins, P. E.  
Page 2  
June 18, 2003

This approval is for the construction of the above listed items only. The wastewater components contained in this design were not considered.

The Manville WSC public water supply system provides water treatment for the system.

An appointed engineer must notify the TCEQ's Region 11 Office at (512) 339-2929 when construction will start.

Please keep in mind that upon completion of the water works project, the engineer or owner will notify the commission's Water Supply Division, in writing, as to its completion and attest to the fact that the completed work is substantially according to the plans and change orders on file with the commission as required in §290.39(h)(3) of the Rules.

Please refer to the Utility Creation & Plan Review Team's Log No. 200305-068 in all correspondence for this project. This will help complete our review and prevent it from being considered a new project.

Please complete a copy of the most current Public Water System Plan Review Submittal form for future submittal to TCEQ for review of improvements to a Public Water System. Every blank on the form must be completed to minimize any delays in review of your project. The document is available on our WEB site at the address shown below.

<http://www.tceq.state.tx.us/permitting/waterperm/ud/sf.pdf>

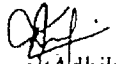
For future reference, you can review part of the Utility Creation & Plan Review Team's database to see if we have received your project. This is available on the TCEQ's homepage on the Internet at the following address:

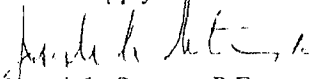
<http://www.tceq.state.tx.us/permitting/waterperm/ud/planrev.html>

You can download most of the well construction checklists and the latest revision of Chapter 290 "Rules and Regulations for Public Water Systems" from this site.

If you have any questions please contact me at (512)239-0680 or the Internet address: "KADHIKAR@tceq.state.tx.us" or if by correspondence, include MC 153 in the letterhead address below.

Sincerely,

  
Kamal Adhikari, E.I.T.  
Utility Creation & Plan Review Team  
Water Supply Division MC-153

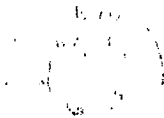
  
Joseph L. Strouse, P.E.  
Utility Creation & Plan Review Team  
Water Supply Division MC-153

KA/JLS/mmg

cc: Manville WSC - Attn.: Water Utilities Official, P.O. Box 248, Coupland, Texas 78615  
TCEQ Central Records PWS File #2270033  
TCEQ Region No. 11 Office - Austin (w/approved materials)

PAGE 209

Robert F. Huston, *Chairman*  
R. B. "Ralph" Marquez, *Commissioner*  
Kathleen Hartnett White, *Commissioner*  
Margaret Hoffman, *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

-May 20, 2003

Mr. J. Keith Collins, P.E.  
Randall Jones Engineering, Inc.  
1212 East Braker Lane  
Austin, Texas 78753

Re: Kelly Lane Utility Company  
The Meadows of Blackhawk Phase 7  
Texas Commission on Environmental Quality Permit #13219-001  
WWPR Log No. 0503/019  
Travis County

Dear Mr. Collins:

We have received the project summary transmittal letter dated May 1, 2003.

The rules which regulate the design, installation and testing of domestic wastewater projects are found in 30 TAC, Chapter 317, of the Texas Commission on Environmental Quality (TCEQ) rules titled, Design Criteria for Sewerage Systems.

Section 317.1(a)(3)(D), relating to case-by-case reviews, states in part that upon submittal of a summary transmittal letter, the executive director may approve of the project without reviewing a complete set of plans and specifications.

Under the authority of §317.1(a)(3)(D) a technical review of complete plans and specifications is not required. However, **the project proposed in the summary transmittal letter is approved for construction. Please note, that this conditional approval does not relieve the applicant of any responsibilities to obtain all other necessary permits or authorizations, such as wastewater treatment permit or other authorization as required by Chapter 26 of the Texas Water Code.** Below are provisions of the Chapter 317 regulations, which must be met as a condition of approval. These items are provided as a reminder. If you have already met these requirements, please disregard this additional notice.

1. You must keep certain materials on file for the life of the project and provide them to TCEQ upon request. These materials include an engineering report, test results, a summary transmittal letter, and the final version of the project plans and specifications. These materials shall be prepared and sealed by a Professional Engineer licensed in the State of Texas and must show substantial compliance with Chapter 317. All plans and specifications must conform to any waste discharge requirements authorized in a permit by the TCEQ. Certain specific items which shall be addressed in the engineering report are discussed in §317.1(c)-(d). Additionally, the engineering report must include all constants, graphs, equations, and calculations needed to show substantial compliance with Chapter 317. The items which shall be included in the summary transmittal letter are addressed in §317.1(a)(3)(D).

Mr. J. Keith Collins, P.E.

Page 2

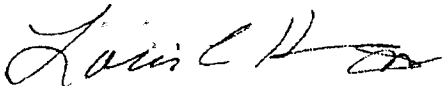
May 20, 2003

2. Any deviations from Chapter 317 shall be disclosed in the summary transmittal letter and the technical justifications for those deviations shall be provided in the engineering report. Any deviations from Chapter 317 shall be based on the best professional judgement of the licensed professional engineer sealing the materials and the engineer's judgement that the design would not result in a threat to public health or the environment.
3. Any variance from a Chapter 317 requirement disclosed in your summary transmittal letter is approved. If in the future, additional variances from the Chapter 317 requirements are desired for the project, each variance must be requested in writing by the design engineer. Then, the TCEQ will consider granting a written approval to the variance from the rules for the specific project and the specific circumstances.
4. Within 60 days of the completion of construction, an appointed engineer shall notify both the Wastewater Permits Section of the TCEQ and the appropriate Region Office of the date of completion. The engineer shall also provide written certification that all construction, materials, and equipment were substantially in accordance with the approved project, the rules of the TCEQ, and any change orders filed with the TCEQ. All notifications, certifications, and change orders must include the signed and dated seal of a Professional Engineer licensed in the State of Texas.

This approval does not mean that future projects will be approved without a complete plans and specifications review. The TCEQ will provide a notification of intent to review whenever a project is to undergo a complete plans and specifications review. Please be reminded of §317.1(a)(2) of the rules which states, "Approval given by the executive director...shall not relieve the sewerage system owner or the design engineer of any liabilities or responsibilities with respect to the proper design, construction, or authorized operation of the project in accordance with applicable commission rules."

If you have any questions or if we can be of any further assistance, please call me at (512) 239-4552.

Sincerely,



Louis C. Herrin, III, P.E.  
Wastewater Permits Section (MC 148)  
Water Quality Division  
Texas Commission on Environmental Quality

LCII/mam

cc: TCEQ, Region 11 Office

Robert J. Huston, *Chairman*  
R. B. "Ralph" Marquez, *Commissioner*  
John M. Baker, *Commissioner*  
Jeffrey A. Saitas, *Executive Director*



## TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

*Protecting Texas by Reducing and Preventing Pollution*

July 10, 2001

Mr. Michael J. Mayhew, P.E.  
Randall Jones Engineering  
1212 East Braker Lane  
Austin, Texas 78753

Re: City of Pflugerville - Public Water System I.D. #2270014  
Proposed Distribution System - Park at Blackhawk Section 1  
Plan Review Log Number 105-166  
Travis County, Texas

Dear Mr. Mayhew:

The planning material received on May 31, 2001, with your letter dated May 25, 2001 for the proposed distribution system has been reviewed. The project generally meets the minimum requirements of the TNRCC's Chapter §290 - Rules and Regulations for Public Water Systems (Rules) and is **conditionally approved for construction** if the project plans and specifications meet the following requirement:

1. The system must be designed to maintain a minimum pressure of 35 psi at all points within the distribution network at flow rates of at least 1.5 gallons per minute per connection. When the system is intended to provide fire fighting capability, it must also be designed to maintain a minimum pressure of 20 psi under combined fire and drinking water flow conditions as required in §290.44(d) of the rules.

The submittal consisted of 38 sheets of engineering drawings and technical specifications. The approved project consists of:

- 1,197 linear feet (l.f.) of 12-inch, AWWA C-900 DR-18 PVC Pipe;
- 2,770 linear feet (l.f.) of 8-inch, AWWA C-900 DR-18 PVC Pipe;
- Various valves, fitting, and appurtenances.

This approval is for public water system construction only. The wastewater components contained in this design were not considered.

The city of Pflugerville public water supply system provides water treatment for the system.

An appointed engineer must notify the TNRCC's Region 11 Office at (512) 339-2929 when construction will start.

Please keep in mind that upon completion of the water works project, the engineer or owner will notify the commission's Water Permits & Resource Management Division, in writing, as to its

Mr. Michael J. Mayhew, P.E.  
Page 2  
July 10, 2001

completion and attest to the fact that the completed work is substantially according to the plans and change orders on file with the commission as required in §290.39(h)(3) of the Rules.

Please refer to Rate Analysis & Plan Review Team Log No. 105-166 in all correspondence for this project. This will help complete our review and prevent it from being considered a new project.

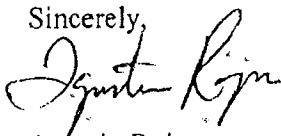
We have enclosed a revised Public Water System Plan Review Submittal form. Please complete a copy of this document for every future submittal to TNRCC for review of improvements to a Public Water System. Every blank on the form must be completed to minimize any delays in review of your project. The document is available on our WEB site at the address shown below. For future reference, you can review part of the Rate Analysis & Plan Review Team's database to see if we have received your project. This is available on the TNRCC's homepage on the Internet at the following address:

<http://www.tnrcc.state.tx.us/permitting/waterperm/ud/planrev.html>

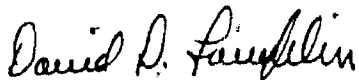
You can download most of the well construction checklists and the latest revision of Chapter 290 "Rules and Regulations for Public Water Systems" from this site.

If you have any questions please contact me at (512)239-1089 or the Internet address: "AROJAS@tnrcc.state.tx.us" or if by correspondence, include MC 153 in the letterhead address below.

Sincerely,



Agustin Rojas  
Rate Analysis & Plan Review Team  
Water Permits & Resource Management Division MC-153



David D. Laughlin, P.E.  
Rate Analysis & Plan Review Team  
Water Permits & Resource Management Division, MC 153

AR/vag

cc: City of Pflugerville - Attn.:  
TNRCC Central Records PWS File  
TNRCC Region No. 11 Office - Austin (w/approved materials)

Robert J. Huston, *Chairman*,  
R. B. "Ralph" Marquez, *Commissioner*  
John M. Baker, *Commissioner*  
Jeffrey A. Saitas, *Executive Director*



## TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

*Protecting Texas by Reducing and Preventing Pollution*

April 18, 2001

Mr. Michael J. Mayhew, P.E., R.S.  
Randall Jones Engineering  
1212 East Braker Lane  
Austin, Texas 78753

Re: Lakeside W.C. & I.D. No. 2 - Public Water System I.D. #2270346  
Proposed Distribution System - Lakeside at Blackhawk, Phase Two (Revised)  
Plan Review Log Number 103-058  
Travis County, Texas

Dear Mr. Mayhew:

The planning material received on March 8, 2001, with your letter dated March 7, 2001 for the proposed distribution system has been reviewed. The project generally meets the minimum requirements of the TNRCC's Chapter §290 - Rules and Regulations for Public Water Systems (Rules) and is **conditionally approved for construction** if the project plans and specifications meet the following requirements:

1. Specifications for this plan submittal state that construction shall be in accordance with standard specifications of the City of Pflugerville/City of Austin. Please note that TNRCC's specifications for location of waterlines as required in Title 30 TAC, §Chapter 290.44(e) (Rules and Regulations for Public Water Systems) are minimum requirements. When conflicts are noted with local requirements, the more stringent requirement shall be required. Construction for public water systems must always, at a minimum, meet TNRCC's "Rules and Regulations for Public Water Systems."
2. The system must be designed to maintain a minimum pressure of 35 psi at all points within the distribution network at flow rates of at least 1.5 gallons per minute per connection [§290.44(d)]
3. The hydrostatic leakage rate for PVC pipe and appurtenances shall not exceed the amount allowed or recommended by formulas in AWWA C-605 as required in §290.44(a)(5) of the rules.  $[L = ND(P)^{1/2}/7,400]$ .

The submittal consisted of 19 sheets of engineering drawings and technical specifications. The approved project consists of:

- 1,084 linear feet (l.f.) of 8-inch AWWA C900 DR18 PVC waterline;
- 705 linear feet (l.f.) of 12-inch AWWA C900 DR18 PVC waterline;
- 1,575 linear feet (l.f.) of 12-inch AWWA C900 DR18 PVC waterline (offsite); and,

Mr. Michael J. Mayhew, P.E.  
Page 2  
April 18, 2001

- Three fire hydrants, valves, fittings and related appurtenances.

This approval is for public water system construction only. The wastewater components contained in this design were not considered.

The Manville Water Supply Corporation public water supply system provides water treatment for the system.

An appointed engineer must notify the TNRCC's Region 11 Office at (512) 339-2929 when construction will start.

Please keep in mind that upon completion of the water works project, the engineer or owner will notify the commission's Water Permits & Resource Management Division, in writing, as to its completion and attest to the fact that the completed work is substantially according to the plans and change orders on file with the commission as required in §290.39(h)(3) of the Rules.

Please refer to Rate Analysis & Plan Review Team Log No. 103-058 in all correspondence for this project. This will help complete our review and prevent it from being considered a new project.

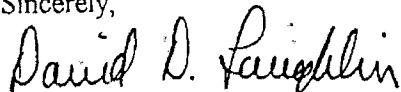
For future reference, you can review part of the Rate Analysis & Plan Review Team's database to see if we have received your project. This is available on the TNRCC's homepage on the Internet at the following address:

<http://www.tnrcc.state.tx.us/permitting/waterperm/ud/planrev.html>

You can download most of the well construction checklists and the latest revision of Chapter 290 "Rules and Regulations for Public Water Systems" from this site.

If you have any questions please contact me at (512)239-6970 or the Internet address: "DLAUGHLI@tnrcc.state.tx.us" or if by correspondence, include MC 153 in the letterhead address below.

Sincerely,



David D. Laughlin, P.E.  
Rate Analysis & Plan Review Team  
Water Permits & Resource Management Division MC-153

DDL/vag

cc: Lakeside W.C. & I.D. No. 2 - Attn.: Lloyd, Gosselink, Blevins & Mathews, P.O. Box 1725,  
Austin, TX 78767  
TNRCC Central Records PWS File  
TNRCC Region No. 11 Office - Austin (w/approved materials)

Robert J. Huston, *Chairman*  
R. B. "Ralph" Marquez, *Commissioner*  
John M. Baker, *Commissioner*  
Jeffrey A. Saitas, *Executive Director*



MIKE NOTE & FILE

## TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

*Protecting Texas by Reducing and Preventing Pollution*

September 26, 2000

Mr. Michael J. Mayhew, P.E.  
Randall Jones Engineering  
1212 East Braker Lane  
Austin, Texas 78753

Re: Lakeside W.C. & I.D. No. 2 - Public Water System I.D. # pending  
Proposed Distribution System - Lakeside at Blackhawk, Phase One  
Plan Review Log Number 008-178  
Travis County, Texas

Dear Mr. Mayhew:

The planning material received on August 29, 2000, with your letter dated August 24, 2000 for the proposed distribution system has been reviewed. The project generally meets the minimum requirements of the TNRCC's Chapter §290 - Rules and Regulations for Public Water Systems (Rules) and is **conditionally approved for construction** if the project plans and specifications meet the following requirements:

1. Specifications for this plan submittal state that construction shall be in accordance with standard specifications of the City of Pflugerville. Please note that TNRCC's specifications for construction of public water systems as required in Title 30 TAC §Chapter 290 are minimum requirements and when conflicts are noted with local requirements, the more stringent requirement shall be required. Construction for public water systems must always, at a minimum, meet TNRCC's "Rules and Regulations for Public Water Systems."
2. The system must be designed to maintain a minimum pressure of 35 psi at all points within the distribution network at flow rates of at least 1.5 gallons per minute per connection [§290.44(d)].
3. The hydrostatic leakage rate for PVC pipe and appurtenances shall not exceed the amount allowed or recommended by formulas in AWWA C-605 as required in §290 44(a)(5) of the rules.  $[L = ND(P)^{1/2}/7,400]$ .

The submittal consisted of 30 sheets of engineering drawings and technical specifications. The approved project consists of:

Mr. Michael J. Mayhew, P.E.

Page 2

September 25, 2000

- 1,900 linear feet (l.f.) of 8-inch AWWA C900 DR18 PVC waterline; and,
- Four fire hydrants, valves, fittings and related appurtenances.

This approval is for public water system construction only. The wastewater components contained in this design were not considered.

The Manville Water Supply Corporation public water supply system provides water treatment for the system.

An appointed engineer must notify the TNRCC's Region 11 Office at (512) 339-2929 when construction will start.

Please keep in mind that upon completion of the water works project, the engineer or owner will notify the commission's Water Permits & Resource Management Division, in writing, as to its completion and attest to the fact that the completed work is substantially according to the plans and change orders on file with the commission as required in §290.39(h)(3) of the Rules.

Please refer to Rate Analysis & Plan Review Team Log No. 008-178 in all correspondence for this project. This will help complete our review and prevent it from being considered a new project.

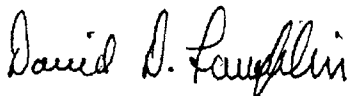
For future reference, you can review part of the Rate Analysis & Plan Review Team's database to see if we have received your project. This is available on the TNRCC's homepage on the Internet at the following address:

<http://www.tnrcc.state.tx.us/permitting/waterperm/ud/planrev.html>

You can download most of the well construction checklists and the latest revision of Chapter 290 "Rules and Regulations for Public Water Systems" from this site.

If you have any questions please contact me at (512)239-6970 or the Internet address: "DLAUGHLI@tnrcc.state.tx.us" or if by correspondence, include MC 153 in the letterhead address below.

Sincerely,



David D. Laughlin, P.E.  
Rate Analysis & Plan Review Team  
Water Permits & Resource Management Division MC-153

Mr. Michael J. Mayhew, P.E.

Page 3

September 25, 2000

DDL/mm

cc: Lakeside W.C. & I.D. No. 2 - Attn.: Lloyd, Gosselink, Blevins & Mathews, P.O. Box 1725,  
Austin, TX 78767

TNRCC Central Records PWS File

TNRCC Region No. 11 Office - Austin (w/approved materials)

TNRCC Utility Certification & Districts Section - Attn.: Viola Gomez

Robert J. Huston, *Chairman*  
R. B. "Ralph" Marquez, *Commissioner*  
John M. Baker, *Commissioner*  
Jeffrey A. Saitas, *Executive Director*



FILE COPY  
JOB 991

## TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

*Protecting Texas by Reducing and Preventing Pollution*

March 1, 2001

Michael J. Mayhew  
Randall Jones Engineering, Inc.  
1212 E. Braker Lane  
Austin, Texas 78753

Re: Kelly Lane Utility  
Lakeside at Blackhawk Section 1 Construction Plan  
Texas Natural Resource Conservation Commission Permit #13219-001  
WWPR Log No. 0201/098  
Travis County

Dear Mr. Mayhew:

We have received the project summary transmittal letter dated February 20, 2001.

The rules which regulate the design, installation and testing of domestic wastewater projects are found in 30 TAC, Chapter 317, of the TNRCC's rules titled, Design Criteria for Sewerage Systems.

Section 317.1(a)(3)(D), relating to case-by-case reviews, states in part that upon submittal of a summary transmittal letter, the executive director may approve of the project without reviewing a complete set of plans and specifications.

Under the authority of §317.1(a)(3)(D) a technical review of complete plans and specifications is not required. However, **the project proposed in the summary transmittal letter is approved for construction.** Please note, that this conditional approval does not relieve the applicant of any responsibilities to obtain all other necessary permits or authorizations, such as wastewater treatment permit or other authorization as required by Chapter 26 of the Texas Water Code. Below are provisions of the Chapter 317 regulations, which must be met as a condition of approval. These items are provided as a reminder. If you have already met these requirements, please disregard this additional notice.

1. You must keep certain materials on file for the life of the project and provide them to TNRCC upon request. These materials include an engineering report, test results, a summary transmittal letter, and the final version of the project plans and specifications. These materials shall be prepared and sealed by a Professional Engineer licensed in the State of Texas and must show substantial compliance with Chapter 317. All plans and specifications must conform to any waste discharge requirements authorized in a permit by the TNRCC. Certain specific items which shall be addressed in the engineering report are discussed in §317.1(c)-(d). Additionally, the engineering report must include all constants, graphs, equations, and calculations needed to show substantial compliance with Chapter 317. The items which shall be included in the summary transmittal letter are addressed in §317.1(a)(3)(D).

2. Any deviations from Chapter 317 shall be disclosed in the summary transmittal letter and the technical justifications for those deviations shall be provided in the engineering report. Any deviations from Chapter 317 shall be based on the best professional judgement of the licensed professional engineer sealing the materials and the engineer's judgement that the design would not result in a threat to public health or the environment.
3. Any variance from a Chapter 317 requirement disclosed in your summary transmittal letter is approved. If in the future, additional variances from the Chapter 317 requirements are desired for the project, each variance must be requested in writing by the design engineer. Then, the TNRCC will consider granting a written approval to the variance from the rules for the specific project and the specific circumstances.
4. Within 60 days of the completion of construction, an appointed engineer shall notify both the Wastewater Permits Section of the TNRCC and the appropriate Region Office of the date of completion. The engineer shall also provide written certification that all construction, materials, and equipment were substantially in accordance with the approved project, the rules of the TNRCC, and any change orders filed with the TNRCC. All notifications, certifications, and change orders must include the signed and dated seal of a Professional Engineer licensed in the State of Texas.

This approval does not mean that future projects will be approved without a complete plans and specifications review. The TNRCC will provide a notification of intent to review whenever a project is to undergo a complete plans and specifications review. Please be reminded of §317.1(a)(2) of the rules which states, "Approval given by the executive director...shall not relieve the sewerage system owner or the design engineer of any liabilities or responsibilities with respect to the proper design, construction, or authorized operation of the project in accordance with applicable commission rules."

If you have any questions or if we can be of any further assistance, please call me at (512) 239-4552.

Sincerely,



Louis C. Herrin, III, P.E.  
Wastewater Permits Section

LH/GG/am

cc: TNRCC, Region 11 Office

## ATTACHMENT K

LAKESIDE WATER CONTROL  
AND IMPROVEMENT DISTRICT #1

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

# LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT #1

## ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTY OF TRAVIS }

I, THOMAS HANNT, VICE-PRES. of the Lakeside Water Control and Improvement District #1 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 13<sup>th</sup> day of January, 2015, its annual audit report for the fiscal year ended September 30, 2014, and that copies of the annual report have been filed in the district office, located at 816 Congress #1900, Austin, Texas.

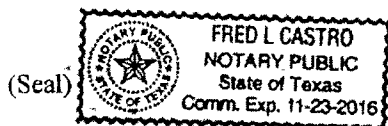
The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

Date: January 13, 2015

By: [Signature]

Sworn to and subscribed to before me this 13<sup>th</sup> day of January, 2015.

Notary: Fred L. Castro



My Commission expires on: \_\_\_\_\_, \_\_\_\_\_, Notary Public in and for the State of Texas.

# LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT #1

Annual Financial Report  
For the Year Ended September 30, 2014

## TABLE OF CONTENTS

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report on Financial Statements .....	1
Management's Discussion & Analysis (Required Supplementary Information) .....	4
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Statement of Net Position and Reconciliation to Governmental Funds Balance Sheet .....	12
Statement of Activities and Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds .....	13
Notes to the Financial Statements .....	14
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule – General Fund .....	27
<b>OTHER SUPPLEMENTARY INFORMATION SECTION</b>	
Index of Supplemental Schedules Required by the Texas Commission on Environmental Quality .....	28
Supplemental Schedules .....	29

## FINANCIAL SECTION

**WEST, DAVIS & COMPANY**  
A LIMITED LIABILITY PARTNERSHIP

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**Independent Auditor's Report**

Board of Directors  
Lakeside Water Control & Improvement District #1  
Travis County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Lakeside Water Control & Improvement District #1 (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.

*in test*

Austin, Texas  
December 31, 2014

## LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT #1

### 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 Lakeside Water Control & Improvement District #1 (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 \$1.461 million which was an increase of \$206 thousand from the end of the previous year end compared to an increase of \$254 thousand the previous year. Revenue decreased from \$1.189 million in the previous fiscal year to \$1.125 million in the current fiscal year primarily due to decreased water and wastewater revenue.
- **Debt Service Fund:** The fund balance restricted for debt service decreased from \$287 thousand at the end of the previous fiscal year to \$283 thousand at the end of the current fiscal year. Revenue decreased by \$6 thousand over the previous fiscal year and bond interest payments, net of bond refunding costs, decreased by \$17 thousand. The District made bond principal payments of \$240 thousand and bond interest payments of \$186 thousand during the fiscal year.
- **Capital Projects Fund:** The fund balance remained unchanged.
- **Governmental Activities:** On a Government-wide basis for governmental activities, the District had revenue in excess of expenses of approximately \$367 thousand. Net assets increased from \$2.4 million to \$2.8 million.

#### OVERVIEW OF THE DISTRICT

The District, a political subdivision of the State of Texas, was created by Order of the Texas Natural Resource Conservation Commission, predecessor to the Texas Commission on Environmental Quality (the Commission), effective September 14, 1998. The District was created and organized for the purpose of constructing water, sewer, and drainage facilities and providing water and sewer services to customers within its boundaries and in the surrounding area.

## **LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT #1**

### **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 Position 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 Position and the Statement of Activities.

#### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

**The Statement of Net Position 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.

## LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT #1

### 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 Position 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 Position

	Governmental Activities (in thousands)		Increase (Decrease)
	September 2014	September 2013	
Current and Other Assets	\$ 1,758	\$ 1,552	\$ 206
Capital and Non-Current Assets	5,911	5,988	(77)
<b>Total Assets</b>	<b>7,669</b>	<b>7,540</b>	<b>129</b>
Current Liabilities	222	30	192
Long-Term Liabilities	4,660	5,090	(430)
<b>Total Liabilities</b>	<b>4,882</b>	<b>5,120</b>	<b>(238)</b>
Invested in Capital Assets, Net of Related Debt	1,041	877	164
Restricted	284	288	(4)
Unassigned	1,462	1,255	207
<b>Total Net Position</b>	<b>\$ 2,787</b>	<b>\$ 2,420</b>	<b>\$ 367</b>

The District's total assets were approximately \$7.7 million as of September 30, 2014. Of this amount, approximately \$1.746 million is accounted for by cash and short term investments. The District had outstanding liabilities of approximately \$4.9 million. The District's unassigned net assets, which can be used to finance day to day operations, totaled \$1.462 million.

# **LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT #1**

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

### **Summary Statement of Activities**

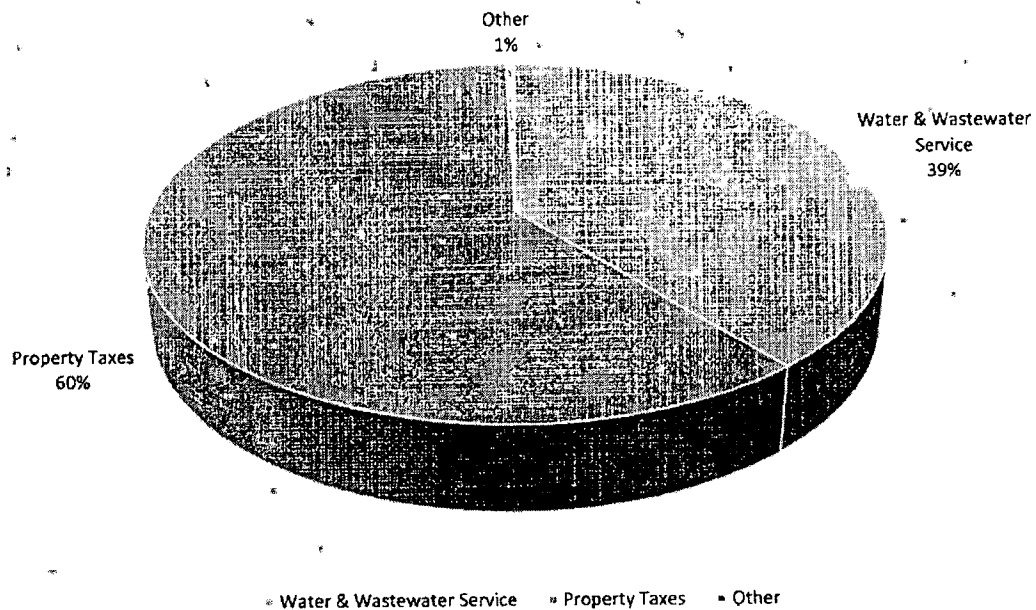
	Governmental Activities (in thousands)		Increase (Decrease)
	2014	2013	
Water & Wastewater Service	\$ 622	\$ 671	\$ (49)
Property Taxes	960	982	(22)
Other	8	5	3
<b>Total Revenues</b>	<b>1,590</b>	<b>1,658</b>	<b>(68)</b>
Water & Wastewater	555	602	(47)
Maintenance	82	70	12
Administrative	27	23	4
Consultants	80	66	14
Debt Service	292	359	(67)
Depreciation	144	143	1
Bond Issuance Costs	43	-	43
<b>Total Expenses</b>	<b>1,223</b>	<b>1,263</b>	<b>(40)</b>
<b>Change In Net Position</b>	<b>367</b>	<b>395</b>	<b>(28)</b>
Change in Accounting Principle	-	(375)	375
<b>Beginning Net Position</b>	<b>2,420</b>	<b>2,400</b>	<b>20</b>
<b>Ending Net Position</b>	<b>\$ 2,787</b>	<b>\$ 2,420</b>	<b>\$ 367</b>

Revenues were approximately \$1.6 million for the year ended September 30, 2014. Expenses were approximately \$1.2 million including Other Financing Uses for the year ended September 30, 2014. Net position increased about \$367 thousand. The following charts summarize the sources of revenue and areas of expenses.

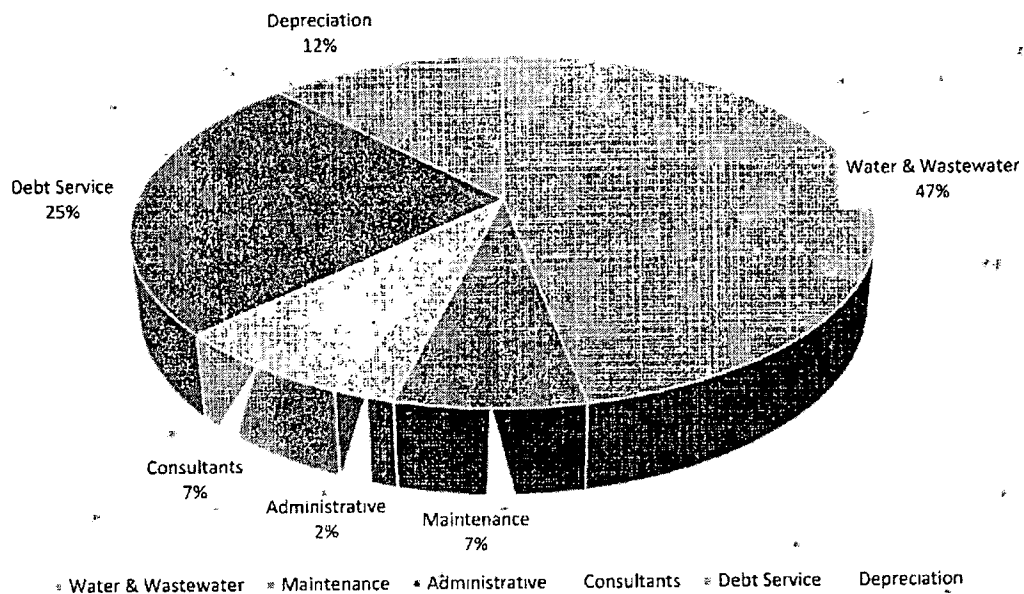
## LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT #1

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

Revenues-Fiscal Year 2014



Expenses - Fiscal Year 2014



# LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT #1

## 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)		Increase (Decrease)
	September 2014	September 2013	
Cash and Investments	\$ 1,746	\$ 1,540	\$ 206
Accounts Receivable	14	12	2
<b>Total Assets</b>	<b>1,760</b>	<b>1,552</b>	<b>208</b>
Accounts Payable	15	10	5
Unrealized Revenue	-	-	-
<b>Total Liabilities</b>	<b>15</b>	<b>10</b>	<b>5</b>
Nonspendable	-	-	-
Restricted For Debt Service	284	287	(3)
Restricted For Capital Projects	-	-	-
Unassigned	1,461	1,255	206
<b>Total Fund Balances</b>	<b>1,745</b>	<b>1,542</b>	<b>203</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,760</b>	<b>\$ 1,552</b>	<b>\$ 208</b>

The General Operating Fund, which pays for daily operating expenses, has a balance of \$1.461 million at the end of the current fiscal year. This is an increase of \$206 thousand over the prior fiscal year.

## LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT #1

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

The Debt Service Fund decreased by \$3 thousand during the current fiscal year. This fund remitted bond principal of \$240 thousand and bond interest of \$185 thousand during the year.

#### BUDGETARY HIGHLIGHTS

The Board of Directors adopted the fiscal year 2014 annual budget for the General Fund on September 10, 2013. The budget included revenues of \$1.2 million and expenditures of \$1 million. Actual revenue amounted to \$1.125 million and expenditures of \$919 thousand, including capital expenditures. More detailed information about the District's budgetary comparison is presented in the Required Supplementary Information section.

#### CAPITAL ASSETS

The District has invested \$7.2 million in infrastructure. A summary of these assets is listed below:

##### Summary of Capital Assets

	Governmental Activities (in thousands)		Increase (Decrease)
	September 2014	September 2013	
Water, Wastewater and Drainage System	\$ 7,202	\$ 7,135	\$ 67
Accumulated Depreciation	(1,291)	(1,147)	(144)
Total Capital Assets (Net)	<u>\$ 5,911</u>	<u>\$ 5,988</u>	<u>\$ (77)</u>

#### LONG TERM DEBT

The District issued \$3.0 million of refunding bonds during the year in order to defease a like amount of previously issued bonds. Bonded indebtedness of the District at year end was \$4.850 million. More detailed information about the District's long-term debt is presented in the Notes to the Basic Financial Statements.

## **LAKESIDE WATER CONTROL & IMPROVEMENT DISTRICT #1**

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

#### **ECONOMIC FACTORS**

The taxable assessed value of property within the District as of January 1, 2014 has been fixed by the Travis Central Appraisal District at \$123 million. The tax rates adopted by the District on September 9, 2014 for the coming fiscal year are \$0.44 for maintenance and operations and \$0.36 for debt service. The District expects this to produce \$980 thousand in total property tax revenue for next year. The adopted budget for fiscal year 2014 projects a small increase in 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 Lloyd Gosselink Rochelle & Townsend, PC, 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

## BASIC FINANCIAL STATEMENTS

**LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #1**

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

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>	<u>ADJUST- MENTS</u>	<u>STATEMENT OF NET POSITION</u>
<b>ASSETS</b>						
Cash	\$1,211,498	\$ 282,716	\$ -	\$1,494,214	\$ -	\$ 1,494,214
Temporary Investments	251,473	-	-	251,473	-	251,473
Taxes Receivable	713	673	-	1,386	-	1,386
Water Revenue Receivable	11,773	-	-	11,773	-	11,773
Due From Other Funds	-	856	111	967	(967)	-
Water/WW/Drainage System (Net)	-	-	-	-	5,910,579	5,910,579
<b>TOTAL ASSETS</b>	<b>\$1,475,457</b>	<b>\$ 284,245</b>	<b>\$ 111</b>	<b>\$1,759,813</b>	<b>\$ 5,909,612</b>	<b>\$ 7,669,425</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 12,911	\$ -	\$ -	\$ 12,911	\$ 19,472	\$ 32,383
Deferred Inflow of Resources-Taxes	713	673	-	1,386	(1,386)	-
Due To Other Funds	967	-	-	967	(967)	-
Bonds Payable in less than one year	-	-	-	-	190,000	190,000
Bonds Payable in more than one year	-	-	-	-	4,660,000	4,660,000
<b>Total Liabilities</b>	<b>14,591</b>	<b>673</b>	<b>-</b>	<b>15,264</b>	<b>4,867,119</b>	<b>4,882,383</b>
<b>Fund Equity:</b>						
Restricted for Debt Service	-	283,572	-	283,572	(283,572)	-
Investment in General Fixed Assets	-	-	111	111	(111)	-
Unassigned	1,460,866	-	-	1,460,866	(1,460,866)	-
<b>Total Fund Equity</b>	<b>1,460,866</b>	<b>283,572</b>	<b>111</b>	<b>1,744,549</b>	<b>(1,744,549)</b>	<b>-</b>
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$1,475,457</b>	<b>\$ 284,245</b>	<b>\$ 111</b>	<b>\$1,759,813</b>		
<b>Net Position:</b>						
Invested in General Fixed Assets (Net of Related Debt)					1,041,218	1,041,218
Restricted for Debt Service					284,245	284,245
Unassigned					1,461,579	1,461,579
<b>Total Net Position</b>					<b>\$ 2,787,042</b>	<b>\$ 2,787,042</b>

See notes to financial statements.

# LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #1

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

		DEBT	CAPITAL		ADJUST-	STATEMENT OF
REVENUES	GENERAL	SERVICE	PROJECTS	TOTAL	MENTS	ACTIVITIES
Water Service	\$ 356,763	\$ -	\$ -	\$ 356,763	\$ -	\$ 356,763
Wastewater Service	265,458	-	-	265,458	-	265,458
Tap Connection Fees	-	-	-	-	-	-
Property Taxes	496,870	462,460	-	959,330	1,089	960,419
Interest	5,950	2,358	-	8,308	-	8,308
TOTAL REVENUES	1,125,041	464,818	-	1,589,859	1,089	1,590,948
<b>EXPENDITURES</b>						
Current:						
Water Purchased	198,505	-	-	198,505	-	198,505
City Water Fees	91,577	-	-	91,577	-	91,577
Wastewater Service Purchased	265,458	-	-	265,458	-	265,458
Maintenance	82,513	-	-	82,513	-	82,513
Accounting Fees	6,287	-	-	6,287	-	6,287
Audit Fees	10,500	-	-	10,500	-	10,500
Engineering Fees	11,434	-	-	11,434	-	11,434
Legal Fees	52,072	-	-	52,072	-	52,072
Tax Assessor/Collector	5,555	-	-	5,555	-	5,555
Director Salaries and Payroll Taxes	8,260	-	-	8,260	-	8,260
Insurance	767	-	-	767	-	767
License and Fees	9,283	-	-	9,283	-	9,283
Printing and Office Supplies	3,193	-	-	3,193	-	3,193
Depreciation	-	-	-	-	144,030	144,030
Debt Service:						
Fiscal Agent's Fees	-	-	-	-	-	-
Interest	106,432	185,768	-	292,200	(598)	291,602
Principal	-	240,000	-	240,000	(240,000)	-
Capital Expenditures	67,000	-	-	67,000	(67,000)	-
TOTAL EXPENDITURES	918,836	425,768	-	1,344,604	(163,568)	1,181,036
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond Proceeds	-	3,147,694	-	3,147,694	(3,147,694)	-
Transfer to Bond Refunding Agent	-	(3,058,203)	-	(3,058,203)	3,058,203	-
Bond Issuance Costs	-	(132,462)	-	(132,462)	89,491	(42,971)
	-	(42,971)	-	(42,971)	-	(42,971)
Excess (Deficit) of Revenues						
Over Expenditures	206,205	(3,921)	-	202,284	(202,284)	-
Change in Net Assets	-	-	-	-	366,941	366,941
Fund Balance/Net Position-Beginning	1,254,661	287,493	111	1,542,265	877,836	2,420,101
Fund Balance/Net Position-Ending	\$1,460,866	\$ 283,572	\$ 111	\$1,744,549	\$1,042,493	\$ 2,787,042

See notes to financial statements.

**LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**1. Summary of Significant Accounting Policies**

The basic financial statements of Lakeside Water Control and Improvement District #1 have been prepared in conformity with accounting principles applicable to governmental units that are generally accepted in the United States of America. 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.

Lakeside Water Control and Improvement District #1 (the District), a political subdivision of the State of Texas, was created by Order of the Texas Natural Resource Conservation Commission, predecessor to the Texas Commission on Environmental Quality (the Commission), effective September 14, 1998. The District was created and organized for the purpose of constructing water, sewer, and drainage facilities and providing water and sewer services to customers within its boundaries and in the surrounding area. The District's first Board of Directors meeting was held on September 17, 1998. The District is also authorized to provide recreational facilities.

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 Position** and the **Statement of Activities** include the financial activities of the overall government. Governmental activities are generally financed through property taxes.

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.

**LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**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 **Government 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.

**LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**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 does not prepare budgets for other funds. 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.

**E. Pensions**

The District has not established a pension plan.

**LAKE SIDE WATER CONTROL AND IMPROVEMENT DISTRICT #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

**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>
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.

**LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

**I. Long-Term Debt**

Unlimited tax 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.

**LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**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.

**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 Day Average	\$ 251,473

**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.

**LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

*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:

	<u>Rating</u>
TexPool	AAA-m

*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 counterparty'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.

**LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

**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 persons 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 one 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.

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 on October 1 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 October 1 levy date. The assessed value of the property tax roll on January 1, 2012, upon which the levy for the 2013-14 fiscal year, was based, was \$112,461,889. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2014, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.44 and \$0.41 per \$100 valuation, respectively, for a total of \$0.85 per \$ 100 valuation.

Current tax collections for the year ended September 30, 2014 were 99.89% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of September 30, 2014, property taxes receivable, totaled \$713 and \$673 for the General and Debt Service Funds, respectively.

# **LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT #1**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

### **4. Capital Assets**

During the year, the District acquired additional Water, Wasterwater and Drainage Facilities serving the District's residents. These facilities were acquired using surplus maintenance and operating funds under the terms of a lease/purchase agreement in the amount of \$67,000. All of the District's facilities are being depreciated over their estimated useful life of 50 years. Depreciation in the amount of \$144,030 has been charged to system operations for the year and accumulated depreciation amounts to \$1,290,928 leaving a net book value of \$5,910,579.

A summary of changes in capital assets follows:

	<u>Balance</u>			<u>Balance</u>
<u>Capital Assets:</u>	<u>10/1/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2014</u>
Water WW & Drainage Systems	7,134,507	67,000	-	7,201,507
Total	7,134,507	67,000	-	7,201,507
<u>Accumulated Depreciation:</u>				
Water WW & Drainage Systems	(1,146,898)	(144,030)	-	(1,290,928)
Total	(1,146,898)	(144,030)	-	(1,290,928)
<b>Total Capital Assets (Net)</b>	<b>5,987,609</b>	<b>(77,030)</b>	<b>-</b>	<b>5,910,579</b>

### **5. Bonds**

At an election held within the District on November 3, 1998, voters authorized a total of \$6,670,000 combination unlimited tax and revenue 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.

On December 15, 2003, the District issued \$2,825,000 of these bonds dated January 1, 2004. The bonds mature serially on September 1, in each year 2005 through 2026, in principal amounts set forth on page 18. Bonds maturing on or after September 1, 2014, are subject to redemption, in whole or in part, on September 1, 2013, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Bonds maturing in the years 2019, 2024, and 2026 are also subject to mandatory redemption.

On February 23, 2005, the District issued another \$1,470,000 of these bonds dated March 1, 2005. The bonds mature serially on September 1, in each year 2006 through 2027, in principal amounts set forth on page 18. Bonds maturing on or after September 1, 2015, are subject to redemption, in whole or in part, on September 1, 2014, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Bonds maturing in the years 2017, 2020, 2024, and 2027 are also subject to mandatory redemption.