

District recognizes its right and duty to operate the various facilities of the System in the most prudent and economical manner for the benefit of all Customers.

Section 6.02. **Project Schedule.** It is the intent of the parties that the Project will be placed in operation as soon as practicable, and the District agrees to proceed diligently with the design and construction of the Project to meet such schedule, subject to the other terms and conditions in this Contract.

Section 6.03. **Permits, Financing and Applicable Laws.** It is understood that any obligations on the part of the District to acquire, construct, and complete the Project and other System facilities and to provide treated water from the Project and other System facilities to the Member shall be: (i) conditioned upon the District's ability to obtain all necessary permits, material, labor, and equipment; (ii) conditioned upon the ability of the District to finance the cost of the Project and other System facilities through the actual sale of the District's Bonds; and (iii) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State of Texas, and any regulatory body having jurisdiction.

Section 6.04. **Title to Water; Indemnification.** Title to all water supplied to Member shall be in the District up to each Point of Delivery, at which point title shall pass to the receiving Member, except that the District reserves the right of re-use of wastewater treated effluent, to the extent authorized by State of Texas. The District and Aubrey agree to save and hold each other harmless, to the extent authorized by law, from all claims, demands, and causes of action which may be asserted by anyone on account of the transportation and delivery of said water while title remains in such party. Both Aubrey and District agree to be responsible for their own respective negligent acts.

Section 6.05. **Payments Solely From Revenues.** The District shall never have the right to demand payment by Aubrey of any obligations assumed by it or imposed on it under and by virtue of this Contract from funds raised or to be raised by taxes, and the obligations under this Contract shall never be construed to be a debt of such kind as to require Member to levy and collect a tax to discharge such obligation. Nonetheless, Member may make payments from its water and wastewater (sewer) system revenues, or from any other lawful source, including ad valorem taxes.

Section 6.06. **Operating Expenses.** Member represents and covenants that all payments to be made by it under this Contract shall constitute reasonable and necessary

"operating expenses" of its combined waterworks and sewer system, as defined in Vernon's Ann. Tex. Civ. St. Article 1113, and that all payments will be made from the revenues of its combined waterworks and sewer system or any other lawful source. Member represents and has determined that the treated water supply to be obtained from the System, including the Project and other System facilities, is absolutely necessary and essential to the present and future operation of its water system and that the System is the best long-term source of supply of treated water therefor, and accordingly, all payments required by this Contract to be made by Member shall constitute reasonable and necessary operating expenses of its respective system as described above, with the effect that the obligation to make such payments from revenues of such system(s) shall have priority over any obligation to make any payments from such revenues (whether of principal, interest, or otherwise) with respect to all bonds or other obligations heretofore or hereafter issued by Member.

Section 6.07. Rates for Water and Wastewater Services. Member agrees throughout the term of this Contract to continuously operate and maintain its waterworks system, its wastewater (sewer) system or both, and to fix and collect such rates and charges for water services, wastewater (sewer) services or both to be supplied by its system or systems as aforesaid as will produce revenues in an amount equal to at least: (i) all of the expenses of operation and maintenance expenses of such system or systems, including specifically, its payments under this Contract, and (ii) all other amounts as required by law and the provisions of the ordinance or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding, including the amounts required to pay all principal of and interest on such bonds and other obligations.

Section 6.08. Use of Funds and System. The District covenants and agrees that neither the proceeds from the sale of the Bonds, nor the moneys paid it pursuant to this Contract, nor any earnings from the investment of any of the foregoing, will be used for any purposes, except those directly relating to the System, and the Bonds as provided in this Contract; provided that the District may rebate any excess arbitrage earnings from such investment earnings to the United States of America in order to prevent any Bonds from becoming "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986 (the "Code") or any amendments thereto in effect on the date of issue of such Bonds. Aubrey covenants and agrees that it will not use or permit the use of the System in any manner that would cause the interest on any of the Bonds to be or become subject

to federal income taxation under the Code or any amendments thereto in effect on the date of issue of such Bonds.

Section 6.09. Rights-of-Way.

(a) Aubrey hereby grants to the District without additional cost to the District, the perpetual use of the streets, easements, and rights-of-way under its control for the construction, operation, and maintenance of the System and the Project.

(b) Aubrey agrees, that with prior written approval, District may use streets, alleys and public rights-of-way within Member's boundaries for pipeline purposes to provide water to Member or to other Customers without charges or tolls provided that District makes the necessary repairs to restore the streets, alleys or public rights-of-way used to their original condition.

(c) Aubrey hereby consents to the District exercising its power of eminent domain, if necessary, to obtain property or rights-of-way within the boundaries of Aubrey for the Project and the System.

Section 6.10. Use of Customer Facilities. The parties to this Contract, including specifically the District, desire to develop and operate the System in an efficient manner. To that end, the policy of the District is to encourage joint-use of facilities, including existing and future, pipelines, storage tanks and pump stations owned by and under the control of Customers wherever feasible and advantageous to the delivery of water from the System. The District agrees that if it proposes the joint use of such facilities and if a Customer agrees that the Customer whose facilities will be used is entitled to fair and reasonable compensation for the use of facilities and for the service provided by the Customer to District. Further, it is agreed by all parties to this Contract that such compensation will be considered to be an Operation and Maintenance Expense of the System.

Section 6.11. Unconditional Obligation to Make Payments. Recognizing the fact that Aubrey and other Participating Members urgently require the facilities and services of the Project and the System, and that such facilities and services are essential and necessary for actual use and for standby purposes, and recognizing the fact that the District will use payments received from Aubrey and other Participating Members to pay

and secure its Bonds, it is hereby agreed that Aubrey shall be unconditionally obligated to pay, without offset or counterclaim, its proportionate share of the Annual Requirement, as provided and determined in this Contract (including the obligations for paying for "minimums" as described in Section 4.04 hereof), regardless of whether or not the District actually acquires, constructs or completes the Project or the System or is actually delivering water from the System to Aubrey, or whether or not Aubrey actually receives or uses water from the System whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this or any other contract or agreement between any of the parties hereto. This covenant by Aubrey shall be for the benefit of and enforceable by the holders of the Bonds as well as the District.

Section 6.12. Insurance. The District agrees to carry and arrange for fire, casualty, public liability, and/or other insurance, including self insurance, on the System for purposes and in amounts which, as determined by the District, ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the District shall not be required to provide liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the District's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment, to minimize the interruption of the services of such facilities. All premiums for such insurance shall constitute an Operation and Maintenance Expense of the System.

Section 6.13. Future Capacity. The Project and the System will include capacity in pipelines and certain other facilities for future needs of Participating Members, Additional Participating Members, Participating Utilities and other Customers. Member agrees that it is in the best interest of both the District and Member to plan, acquire and construct the Project and System with excess capacity in anticipation of future increases in Member's requirements and in anticipation of future new Customers. Further, Aubrey agrees that if the District executes a financial plan for the Project that includes participation by the State in future capacity costs and includes deferral of a portion of the costs to a future date, that Aubrey will assume its respective share when due of such System cost so deferred as if Bonds had been issued during the initial construction of the Project. The District reserves the right to contract with Additional Participating Members and other Customers for equitable participation in such future capacity in accordance with Section 4.11.

Section 6.14. **Special Provisions.** The parties hereto acknowledge and agree to the Special Provisions which are set forth in Exhibit C hereto which Exhibit is incorporated herein for all purposes. The Special Provisions for this Contract reflect circumstances or issues for this specific Customer which may be different from those of other Customers and therefore constitute a modification of, or a requirement in addition to, the standard provisions otherwise contained in this Contract.

ARTICLE VII **Standard Provisions**

Section 7.01. **Force Majeure.** If by reason of force majeure any party hereto shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of Member to make the payments required under this Contract, then if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or on account of any other causes not reasonably within the control of the party claiming such inability.

Section 7.02. **Limitations and Conditions/Other Systems.** If the District determines that it will be necessary to participate with other parties in the construction of facilities in order to fulfill its obligations under this Contract, Member agrees that such participation is as much a part of the Project and System as if separate facilities were constructed by the District. Furthermore, any cost, rates, fees or charges applicable to pumping, transportation or treatment of water by others, and charges for other services rendered by other parties at the request of the District for the benefit of the Project and System shall constitute Operation and Maintenance Expense of the System as defined herein.

Section 7.03. **Term of Contract.** This Contract shall be effective on and from the Contract Date, and shall continue in force and effect for thirty (30) years or for such period of time that Bonds issued by the District for the Project or System remain outstanding, whichever period is greater; provided, however, the term of the Contract and the expiration date may be extended for a period not to exceed 20 years at the option of the Participating Member, upon the mutual agreement of the Participating Member and the District as to the terms and conditions. The District's obligation to provide the contracted for services shall commence from the date that the District gives written notice that the Project is operational and functional to treat and deliver treated water to Member. This Contract and its attachments constitute the sole agreement between the parties hereto with respect to the Project.

Section 7.04. **Contracting Parties.** This Contract shall be effective as to Aubrey whether or not all parties who have previously executed contracts of a similar nature remain participants in the Project. The "minimums" listed in Exhibit B shall remain the same as listed for Aubrey, whether or not the District may agree to changes in minimums with other parties who are participants in the Project.

Section 7.05. **Modification.** No change, amendment or modification of this Contract shall be made or be effective which will affect adversely the prompt payment when due of all moneys required to be paid by Member under this Contract or any similar contract and no such change, amendment or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.

Section 7.06. **Addresses and Notice.** Unless otherwise provided herein, any notice, communication, request, reply or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner described above shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to the District, to:

Executive Director
Upper Trinity Regional Water District
396 W. Main Street
P. O. Drawer 305
Lewisville, Texas 75067

If to Aubrey, to:

Mayor
City of Aubrey
170 South Main Street
Aubrey, Texas 76227

The parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other parties hereto.

Section 7.07. State or Federal Laws, Rules, Orders or Regulations. This Contract is subject to all applicable Federal and State laws and any applicable permits, ordinances, rules, orders and regulations of any local, state or federal governmental authority having or asserting jurisdiction; but, nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule or regulation in any forum having jurisdiction.

Section 7.08. Remedies Upon Default. It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any party hereto and shall be cumulative. However, recognizing that the District's undertaking to provide and maintain the services of the System is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone, the District agrees, in the event of any default on its part, that Member shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available. Recognizing that failure in the performance of Member's obligations hereunder could not be adequately compensated in money damages alone, Member agrees in the event of any default on its part that the District shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to the District.

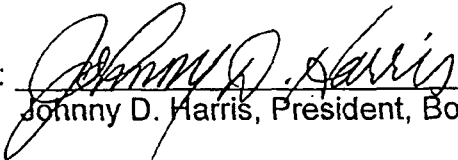
Notwithstanding anything to the contrary contained in this Contract, any right or remedy or any default hereunder, except the right of the District to receive the Annual Payment which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2) years plus on (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any party hereto or of performance by any other party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character or description, under any circumstance.

Section 7.09. **Severability.** The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses or words of this Contract or the application of such sections, subsections, provisions, clauses or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality or contravention shall not affect any other sections, subsections, provisions, clauses or words of this Contract or the application of such sections, subsections, provisions, clauses or words to any other situation or circumstance, and it is intended that this Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.


Section 7.10. **Venue.** All amounts due under this Contract, including, but not limited to, payments due under this Contract or damages for the breach of this Contract, shall be paid and be due in Denton County, Texas, which is the County in which the principal administrative offices of the District are located. It is specifically agreed among the parties to this Contract that Denton County, Texas, is the place of performance of this Contract; and in the event that any legal proceeding is brought to enforce this Contract or any provision hereof, the same shall be brought in Denton County, Texas.

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written, which is the Contract Date.

UPPER TRINITY REGIONAL WATER DISTRICT

By: 
Johnny D. Harris, President, Board of Directors

ATTEST:

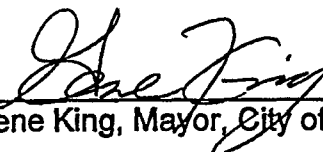

Steven L. Bacchus, Secretary

(DISTRICT SEAL)

APPROVED AS TO FORM AND LEGALITY:


John F. Boyle, Jr., Counsel for the District

CITY OF AUBREY

By: 
Gene King, Mayor, City of Aubrey

ATTEST:


Nancy Davidson, City Secretary, City of Aubrey

APPROVED AS TO FORM AND LEGALITY:

Counsel for City of Aubrey

EXHIBIT A

CITY OF AUBREY APPROXIMATE POINT OF DELIVERY

The provisions of this Exhibit A form a part of the Contract and are applicable to the District and to Aubrey as if set forth in its entirety in the body of the Contract.

Initial Point of Delivery:

The District will deliver water to Aubrey through the distribution system of Mustang Water Supply Corporation to a point that is mutually convenient for Aubrey, Mustang Water Supply Corporation and District. The approximate location of the Initial Point of Delivery is delineated in the attached sketch.

Final Point of Delivery:

The District plans to construct at a future date a transmission line to Aubrey. In conjunction with that project a mutually agreeable Point of Delivery will be established. Such Point of Delivery may be the same as the Initial Point of Delivery or may be a different Point of Delivery, at the option of the District.

Note

Upon mutual agreement of the District and City of Aubrey, an updated Exhibit A may be substituted for this Exhibit A.

CITY OF AUBREY

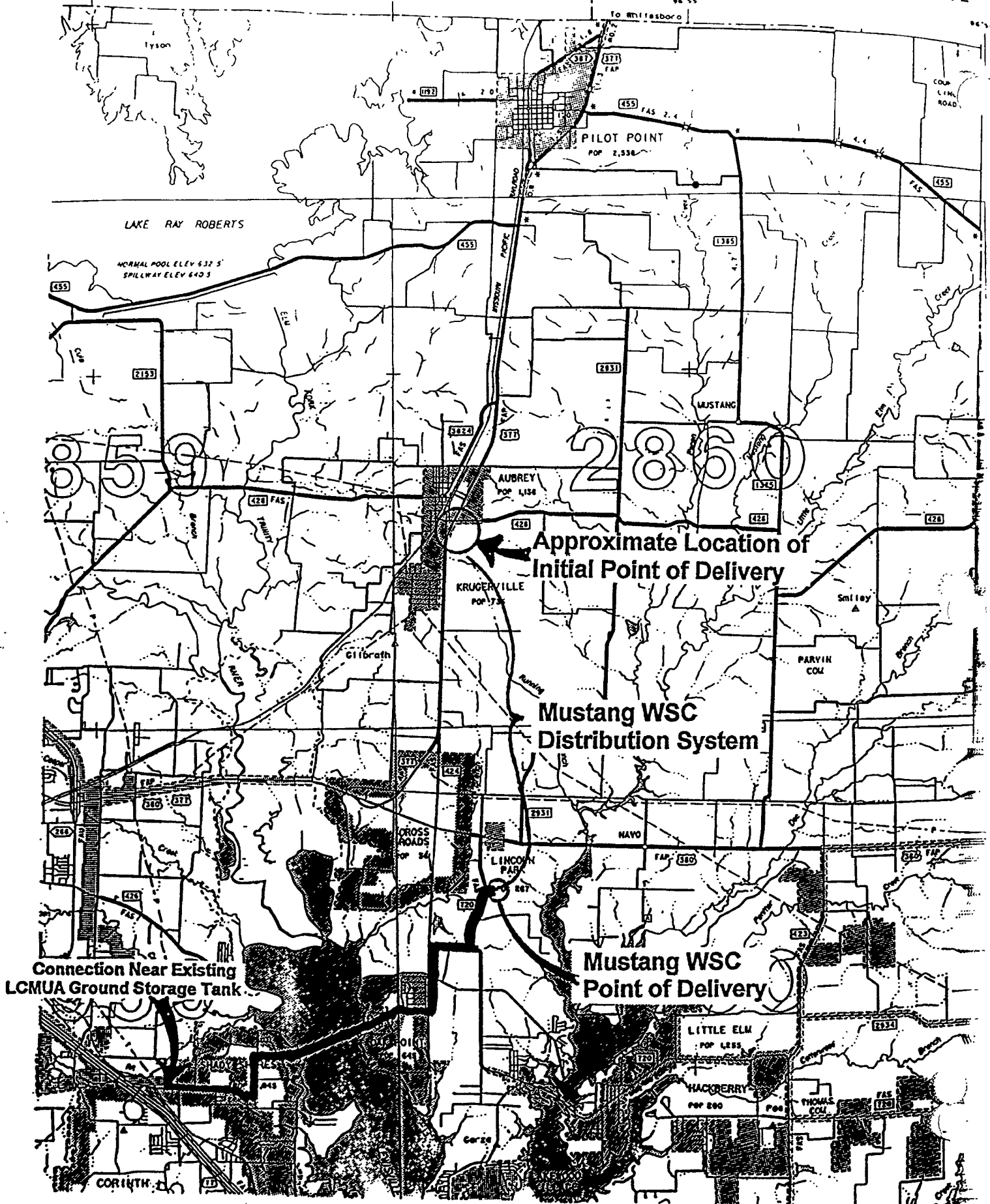


EXHIBIT B

MINIMUM AMOUNT OF SYSTEM CAPACITY (DEMAND) BEING COMMITTED FOR CITY OF AUBREY IN ACCORDANCE WITH SECTION 4.04 OF CONTRACT

The provisions of this Exhibit B form a part of the Contract and are applicable to the District and to Aubrey as if set forth in its entirety in the body of the Contract.

Participating Member

City of Aubrey

Minimum Demand (mgd)

0.1 MGD

EXHIBIT C

SPECIAL PROVISIONS FOR CITY OF AUBREY

The provisions of this Exhibit C form a part of the Contract and are applicable to the Upper Trinity Regional Water District (the "District") and to City of Aubrey ("Aubrey") as if set forth in their entirety in the body of the Contract.

1. Aubrey agrees to maintain master plans for both the water and wastewater systems within its service area. To that end, Aubrey agrees to provide the District with updated master plans for both water and wastewater at least every five years.
- ✓ 2. The District and Aubrey agree that the public health and safety require that plans for control of wastewater be prepared and implemented in conjunction with extension of the treated surface water supply system being developed by the District.
3. Aubrey will cooperate with and support the District's program to prevent pollution of surface waters through an effort to upgrade the design, construction, operation and maintenance of on-site wastewater treatment systems (generally referred to as septic tanks). To that end, Aubrey will develop a regulatory strategy for regular inspection and maintenance of on-site treatment facilities now existing or later installed in the City.
- ✓ 4. Aubrey will require customers within the City to connect to the City's wastewater collection system under reasonable rules as the collection system is installed or extended.
5. If Aubrey receives notice from the District, the County or any regulatory agency having jurisdiction that one of its water customers is not in compliance with public health or water quality rules, Aubrey agrees to terminate water service to that customer if necessary to achieve compliance with such rules or notice.
- ✓ 6. Aubrey acknowledges that a portion of the System is funded through the State Participation Program, resulting in the State having an equity ownership interest in the System. The District's policy is to purchase (Buy-Back) the State's interest over a reasonable period of time; and, to that end, District requires that any entity contracting for new or additional water service capacity to pay an "Equity Fee" established by District. The "Equity Fee" is based on the amount of accrued interest cost on that portion of the System owned by the State and upon the amount of System capacity that would be contracted to Aubrey. Aubrey agrees to pay any applicable "Equity Fee" for System Capacity requested by Aubrey pursuant to this Contract according to the terms established by the District.

EXHIBIT C

- ✓ 7. Aubrey acknowledges and agrees that the Project as defined in this contract does not include a pipeline to deliver water from the System to Aubrey in this phase of development. Such pipeline is included in the master plan of the District for later construction when needed and when feasible. In the meantime, the District plans to deliver water to Aubrey through the water distribution system of Mustang Water Supply Corporation ("Mustang Water").
- ✓ 8. Such use of the water distribution system of Mustang Water to deliver water from the District to Aubrey shall be limited by capacity and operating characteristics of Mustang Water. Unless subsequently agreed in writing by Aubrey, District and Mustang Water, transportation of water through Mustang Water shall be limited to 0.4 million gallons per day and for a period of time not to exceed 10 years.
- ✓ 9. Pursuant to Section 4.13 of this Contract, one initial Point of Delivery is agreed upon for this Contract. When, and if, the District builds a pipeline to deliver the water from the System directly to Aubrey, the District agrees to provide for a Point of Delivery in conjunction with the construction of delivery facilities, which Point of Delivery may be the same or different from the initial Point of Delivery.
- ✓ 10. To enable the most effective and safe delivery of water to Aubrey, it may be necessary for Aubrey to install certain facilities: (1) a storage tank to receive the water, (2) a pump station to allow Aubrey to deliver the water into its distribution system and (3) facilities to add disinfectant to the water to maintain disinfectant levels required by regulatory agencies. Design and construction of such facilities shall be the responsibility of Aubrey and shall be subject to approval by District.
- ✓ 11. Aubrey anticipates that growth of the City will require additional water supply within the 10-year period referenced above for transportation through the distribution system of Mustang Water. Aubrey will provide the District with periodic projections of its requirements at least annually to enable the District to coordinate with Mustang Water and plan permanent facilities to deliver water to Aubrey. Aubrey and the District agree to coordinate plans and to give each other sufficient notice to allow the necessary facilities to be planned, financed and constructed. It shall be the sole discretion of the District to determine when an extension from the System to Aubrey is feasible.

EXHIBIT C

12. Aubrey agrees to coordinate its water and wastewater needs with the District and to give the District a timely opportunity to meet the City's water supply and wastewater treatment requirements, and to minimize the installation of wells. However, this contract is not intended to limit the options of Aubrey to develop, acquire or contract for water supplies from other sources.
- ✓ 13. To help enable efficient operation and use of the System, Aubrey hereby agrees to use water at a minimum rate as herein specified. For each Water Year during the life of this Contract, Aubrey agrees to use a minimum daily volume of water from the System equal to twenty percent (20%) of the highest peak demand actually taken from the System (including Mustang WSC) in the immediately preceding five (5) Water Years, or the actual volume needed to meet total requirements of Aubrey's retail water system, whichever amount is least.

Attachment 12

Question 5.I. - Ability of City of Aubrey to Provide Adequate Service

The City of Aubrey has owned and operated its own retail water and sewer systems under CCNs Nos. 11234 and 20491 since 1986. By the issuance of these CCNs, the State of Texas has determined that the City has the financial, managerial and technical resources to serve the area within its CCN service areas.

The projected density of the 70-acres currently being annexed within the 172-acre subject tract is 150 living unit equivalents (LUEs) for residential and mixed commercial development, with one water LUE being measured as 795 gallons per day (gpd) maximum; one sewer treatment capacity LUE being measured as 265 gpd, and one wastewater conveyance LUE being measured as 1,000 gpd peak wet weather flow. Assuming similar density and land use for the remaining 102 acres, the total projected density for the 172-acre proposed service area is approx. 370 LUEs.

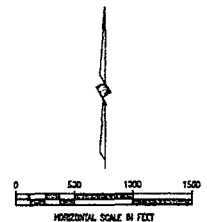
The City will be able to provide retail water service to the projected 370 LUEs within the 172-acre Aubrey Creek Estates tract through its existing public water system (PWS ID No. 0610001) under TCEQ's PWS design standards as shown in the City's 5-year capital improvements plan attached hereto. Under that plan, the City is constructing a new 0.50 MG elevated storage tank; a 1.0 MGD pump station; a 0.25 MG ground storage steel reservoir; a new groundwater well; and a 12-inch water line. These public water system improvements will fully comply with all applicable TCEQ design and construction standards and enable the City to continue to provide retail water service to the subject tract at less than 85% design capacity.



Aubrey, Texas

LEGEND

- AUBREY CITY LIMIT
- - - - PROPOSED C.I.P. WATER LINE
- - - - PROPOSED UTRWD SUPPLY LINE
- ⊕ EXISTING PUMP STATION
- ⊕ PROPOSED PUMP STATION
- ⊕ EXISTING ELEVATED STORAGE TANK
- ⊕ PROPOSED ELEVATED STORAGE TANK

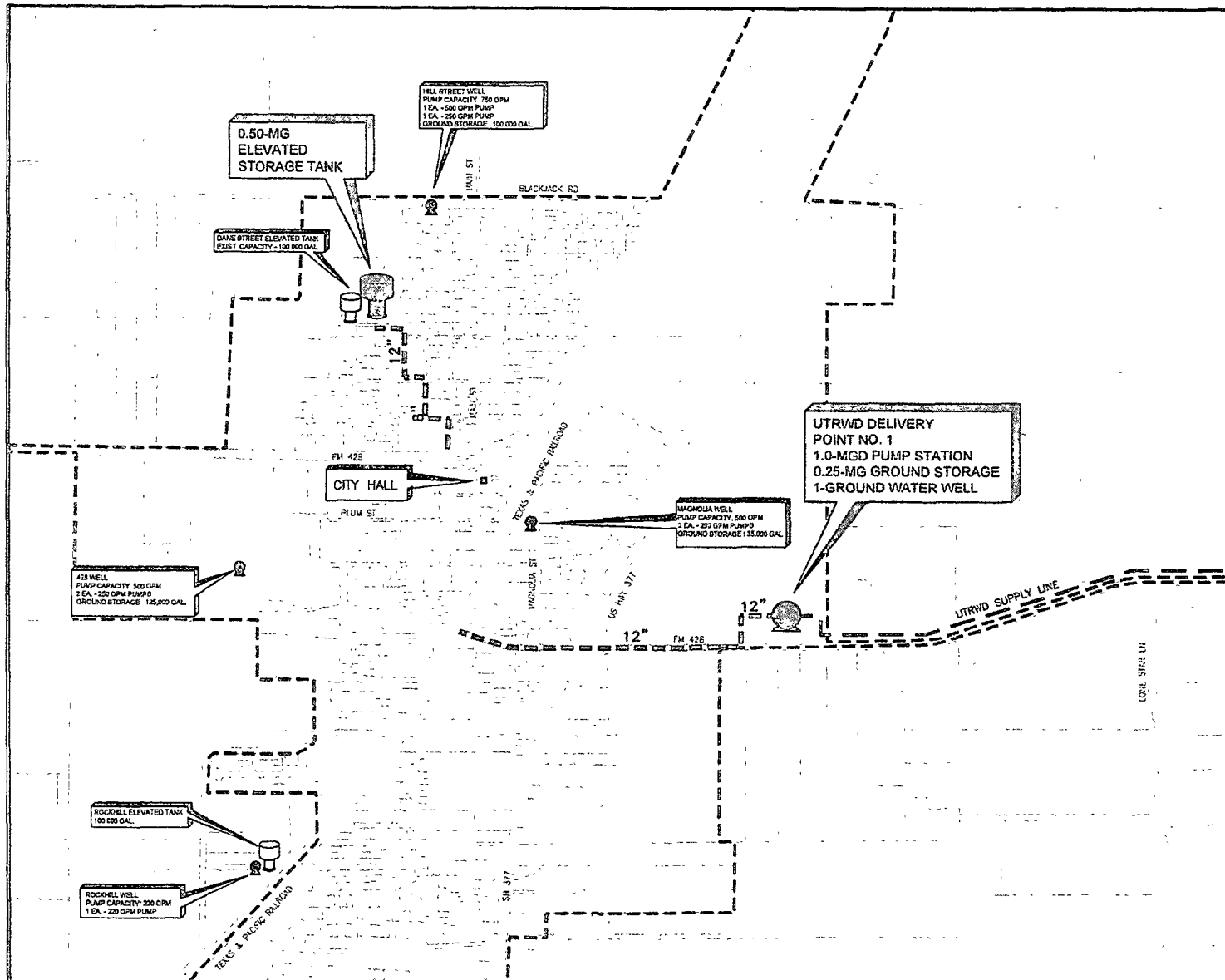


**WATER DISTRIBUTION SYSTEM
5-YR CAPITAL IMPROVEMENT PLAN**

BIRKHOFF, HENDRICKS & CARTER, L.L.P.
PROFESSIONAL ENGINEERS
TExAS Form No. 536, TExP.L.S Form No. 11031100

August, 2017

FIGURE NO. 1



**CITY OF AUBREY, TEXAS
WATER DISTRIBUTION SYSTEM
5-YEAR CAPITAL IMPROVEMENT PLAN**

SUPPLY, PUMPING, AND STORAGE FACILITIES

Project No.	Project	Capacity	Estimated Project Cost
1	0.50-MG Elevated Storage Tank	0.50-MG	\$ 2,004,000.00
2	1.0-MGD Pump Station	1.0-MGD	\$ 894,000.00
3	0.25-MG Ground Storage Reservoir	0.25-MG	\$ 828,000.00
4	Ground Water Well	-	\$ 662,000.00
5	12-inch Waterline	-	\$ 672,000.00
Subtotal, Supply, Pumping and Storage Facilities:			\$ 5,060,000.00

BIRKHOFF, HENDRICKS & CARTER, L.L.P.
PROFESSIONAL ENGINEERS
Texas Firm F526

Project No. N/A

Client: CITY OF Aubrey, TEXAS

Date: 31-Oct-15

Project: 0.50-MG Elevated Storage Tank

By: A.M.

ENGINEER'S OPINION OF CONSTRUCTION COST

Item No.	Description	Quantity	Unit	Price	Amount
1	Constructing 500,000 Gallon Composite Elevated Steel Water Storage Tank (Reinforced Concrete Column and 0.50-MG Welded Steel Tank), in accordance with AWWA Standard D107-10 including All Instrumentation, Controls, Electrical, Tank Piping, Containment System for Exterior Blasting & Painting, Dchumidification System, all Site Work, Offsite Storm Drainage Utilities, Fencing & Appurtenances Proposed in these Documents	500,000	Gal.	\$ 2.50	\$ 1,250,000.00
2	For Painting the "Aubrey" Logo on the Exterior of the Tank Bowl	2	Ea.	\$ 4,000.00	\$ 8,000.00
3	Storm Water Pollution Prevention Plan	1	L.S.	\$ 1,000.00	\$ 1,000.00
4	Implementation of Storm Water Pollution Prevention Plan	1	L.S.	\$ 5,000.00	\$ 5,000.00
5	Preparation and Submitting to the City a Trench Safety Plan that is in accordance with latest OSHA Standards	1	L.S.	\$ 750.00	\$ 750.00
6	Furnish & Install a Complete Excavation Safety & Support System in Full Accordance with latest OSHA Standards	1	L.S.	\$ 750.00	\$ 750.00
7	Furnish, Install and Maintain Hydromulch Seeding	6,000	S.Y.	\$ 1.00	\$ 6,000.00
8	Construct Access Road (5-Inch, Type "C" HMA on 6-inch Flexible Base)	400	S.Y.	\$ 30.00	\$ 12,000.00
9	Furnish & Install 8-Foot Chain Link Fence	1,000	L.F.	\$ 50.00	\$ 50,000.00
10	Furnish & Install 22-Foot Cantilever Gate	1	Ea.	\$ 5,000.00	\$ 5,000.00
11	Furnish & Install 12-Inch (DR-18) Water Line	200	L.F.	\$ 100.00	\$ 20,000.00
12	Furnish & Install 8-Inch (DR-18) Water Line	100	L.F.	\$ 75.00	\$ 7,500.00
13	Furnish & Install 8-Inch R. S. Gate Valve	1	Ea.	\$ 2,500.00	\$ 2,500.00
14	Furnish & Install Fire Hydrant	1	Ea.	\$ 5,000.00	\$ 5,000.00
15	For integrating into existing SCADA system	1	Ea.	\$ 20,000.00	\$ 20,000.00
	Subtotal:				\$ 1,393,500.00
	Contingencies and Miscellaneous Items	15%			\$ 209,025.00
	Construction Subtotal:				\$ 1,602,525.00
	Inspection (3%) and Materials Testing (2%):	5%			\$ 80,126.25
	Professional Fees (Engineering, Geotech, and Surveying):	20%			\$ 320,505.00
	Project Total:				\$ 2,003,156.25
				USE:	\$ 2,004,000.00

BIRKHOFF, HENDRICKS & CARTER, L.L.P.
PROFESSIONAL ENGINEERS
Texas Firm F526

Project No. N/A

Client: CITY OF Aubrey, TEXAS

Date: 31-Oct-15

Project: Ground Water Well

By: A.M.

ENGINEER'S OPINION OF CONSTRUCTION COST

Item No.	Description	Quantity	Unit	Price	Amount
1	Furnish All Labor, Materials, Tools, Equipment for Constructing a Ground Water Well	1	L.S.	\$ 300,000.00	\$ 300,000.00
2	Piping	1	L.S.	\$ 50,000.00	\$ 50,000.00
3	Generator	1	L.S.	\$ 60,000.00	\$ 60,000.00
4	Furnish & Install 8-Inch (DR-18) Water Line	50	L.F.	\$ 100.00	\$ 5,000.00
5	Furnish & Install 8-Inch R. S. Gate Valve	2	Ea.	\$ 2,500.00	\$ 5,000.00
6	For integrating into existing SCADA system	1	Ea.	\$ 20,000.00	\$ 20,000.00
7	Electrical / SCADA	1	L.S.	\$ 20,000.00	\$ 20,000.00
	Subtotal:				\$ 460,000.00
	Contingencies and Miscellaneous Items	15%			\$ 69,000.00
	Construction Subtotal:				\$ 529,000.00
	Inspection (3%) and Materials Testing (2%):	5%			\$ 26,450.00
	Professional Fees (Engineering, Geotech, and Surveying):	20%			\$ 105,800.00
	Project Total:				\$ 661,250.00
				USE:	\$ 662,000.00

BIRKHOFF, HENDRICKS & CARTER, L.L.P.
PROFESSIONAL ENGINEERS
Texas Firm F526

Project No. N/A

Client: CITY OF Aubrey, TEXAS

Date: 3-Aug-17

Project: 1.0-MGD Pump Station

By: A.M.

ENGINEER'S OPINION OF CONSTRUCTION COST

Item No.	Description	Quantity	Unit	Price	Amount
1	Furnish All Labor, Materials, Tools, Equipment for Constructing the 1.0-MGD Pump Station Package Supplied Complete with Factory Prefabricated Building with Standing Seam Metal Roof, Faux Brick Exterior, Station HVAC, Pumps, Motors, Piping, Valves, Electrical Distribution Panels, Motor Starters, Controls, and Appurtenances All factory Assembled, Tested, and Delivered to the Project Site.	1	L.S.	\$ 480,000.00	\$ 480,000.00
2	Storm Water Pollution Prevention Plan	1	L.S.	\$ 1,000.00	\$ 1,000.00
3	Implementation of Storm Water Pollution Prevention Plan	1	L.S.	\$ 5,000.00	\$ 5,000.00
4	Furnish & Install a Complete Excavation Safety & Support System in Full Accordance with latest OSHA Standards	1	L.S.	\$ 750.00	\$ 750.00
5	Furnish, Install and Maintain Hydromulch Seeding	5,000	S.Y.	\$ 1.00	\$ 5,000.00
6	Construct Access Road (5-Inch, Type "C" HMA on 6-inch Flexible Base)	500	S.Y.	\$ 30.00	\$ 15,000.00
7	Furnish & Install 12-Inch (DR-18) Water Line	200	L.F.	\$ 100.00	\$ 20,000.00
8	Furnish & Install 12-Inch R. S. Gate Valve	2	Ea.	\$ 2,500.00	\$ 5,000.00
9	For integrating into existing SCADA system	1	Ea.	\$ 20,000.00	\$ 20,000.00
	Subtotal:				\$ 551,750.00
	Contingencies and Miscellaneous Items	15%			\$ 82,762.50
	Construction Subtotal:				\$ 634,512.50
	Property Acquisition Costs:	2.00	Ac.	\$50,000	\$ 100,000.00
	Inspection (3%) and Materials Testing (2%):	5%			\$ 31,725.63
	Professional Fees (Engineering, Geotech, and Surveying):	20%			\$ 126,902.50
	Project Total:				\$ 893,140.63
				USE:	\$ 894,000.00

BIRKHOFF, HENDRICKS & CARTER, L.L.P.
PROFESSIONAL ENGINEERS
Texas Firm F526

Project No. N/A

Client: CITY OF Aubrey, TEXAS

Date: 3-Aug-17

Project: 12-inch Waterline

By: A.M.

ENGINEER'S OPINION OF CONSTRUCTION COST

Item No.	Description	Quantity	Unit	Price	Amount
1	Furnish and Install 12" PVC Water Line (AWWA C-900 DR-18) with Embedment by Open Cut	5,500	L.F.	\$50.00	\$ 275,000.00
2	Furnish and Install 12-Inch PVC Water Line (AWWA C-900 DR-18) with 20" Steel Encasement (3/8" Wall Thickness) by Other than Open Cut	100	L.F.	\$300.00	\$ 30,000.00
3	Furnish and Install 8" PVC Water Line (AWWA C-900 DR-18) with Embedment by Open Cut	1,000	L.F.	\$30.00	\$ 30,000.00
3	Furnish and Install Tapping Sleeve & Valve	2	Ea.	\$8,000.00	\$ 16,000.00
4	Furnish and Install 12-inch Gate Valve	4	Ea.	\$1,500.00	\$ 6,000.00
5	Furnish and Install 8-inch Gate Valve	4	Ea.	\$1,000.00	\$ 4,000.00
4	Remove and Replace Concrete or Asphalt Pvmnt.	1,222	S.Y.	\$50.00	\$ 61,111.11
5	Transfer Water Service	5	Ea.	\$250.00	\$ 1,250.00
5	Furnish and Install 6" PVC Water Line for Water Service Connections	200	L.F.	\$30.00	\$ 6,000.00
6	Trench Safety Plan and Implementation	6,500	L.F.	\$1.50	\$ 9,750.00
6	Erosion Control Plan and Implementation	1	L.S.	\$3,000.00	\$ 3,000.00
7	Traffic Control	1	L.S.	\$5,000.00	\$ 5,000.00
	Subtotal:				\$ 447,111.11
	Contingencies and Miscellaneous Items	15%			\$ 67,066.67
	Construction Subtotal:				\$ 514,177.78
	Easement Acquisition Costs:	1.15	Ac.	\$25,000	\$ 28,696.05
	Inspection (3%) and Materials Testing (2%):	5%			\$ 25,708.89
	Professional Fees (Engineering, Geotech, and Surveying):	20%			\$ 102,835.56
	Project Total:				\$ 671,418.27
				USE:	\$ 672,000.00

Attachment 13

Question 6.B.i. – City of Aubrey Financial Statements

Attached are the City of Aubrey's audited financial statements for the fiscal year ended September 30, 2016 with the auditor's report. The full set of financial statements including the management discussion and analysis, notes to the financial statements, and supplementary information can be accessed at:

https://www.aubreytx.gov/sites/default/files/fileattachments/administration/page/2040/2016_audit.pdf

CITY OF AUBREY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Aubrey Municipal Development District
ASSETS				
Cash and cash equivalents	\$ 1,359,706	\$ 218,420	\$ 1,578,126	\$ 294,055
Receivables, net of allowances				
Property taxes	14,080	-	14,080	-
Sales taxes	110,988	-	110,988	44,883
Fines, fees and court costs	132,777	-	132,777	-
Accounts receivable	-	164,554	164,554	-
Other	135,509	-	135,509	-
Inventory	2,300	86,044	88,344	-
Restricted assets:				
Cash and cash equivalents	402,422	5,693,020	6,095,442	-
Other receivable	9,907	-	9,907	-
Net pension asset	8,551	(3,186)	5,365	-
Capital assets:				
Land	746,487	83,058	829,545	20,500
Construction in progress	-	67,540	67,540	-
Buildings	2,084,210	112,282	2,196,492	129,851
Machinery and equipment	2,312,723	525,468	2,838,191	-
Parks	273,431	-	273,431	-
Streets	1,976,197	-	1,976,197	-
Water system	-	4,257,200	4,257,200	-
Wastewater system	-	4,471,709	4,471,709	-
Accumulated depreciation	(3,177,108)	(3,654,117)	(6,831,225)	(20,739)
Total capital assets, net	<u>4,215,940</u>	<u>5,863,140</u>	<u>10,079,080</u>	<u>129,612</u>
TOTAL ASSETS	<u>6,392,180</u>	<u>12,021,992</u>	<u>18,414,172</u>	<u>468,550</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows-pension	206,450	47,297	253,747	-
Total Deferred Outflows of Resources	<u>206,450</u>	<u>47,297</u>	<u>253,747</u>	<u>-</u>
LIABILITIES				
Accounts payable	47,697	74,871	122,568	-
Accrued wages and benefits	78,265	8,364	86,629	-
Accrued liabilities	35,654	40,639	76,293	-
Escrow and customer meter deposits	738,270	104,792	843,062	-
Noncurrent liabilities:				
Due within one year	467,383	221,632	689,015	-
Due in more than one year	3,307,575	6,419,058	9,726,633	-
TOTAL LIABILITIES	<u>4,674,844</u>	<u>6,869,356</u>	<u>11,544,200</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	607,743	4,918,892	5,526,635	129,612
Restricted	274,847	19,360	294,207	338,938
Unrestricted	1,041,196	261,681	1,302,877	-
TOTAL NET POSITION	<u>\$ 1,923,786</u>	<u>\$ 5,199,933</u>	<u>\$ 7,123,719</u>	<u>\$ 468,550</u>

**CITY OF AUBREY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016**

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Administrative	\$ 438,368	\$ 221,388	\$ -	\$ -
Municipal court	77,147	122,026	-	-
Public safety	2,241,761	1,443,976	182,352	-
Public works	143,061	5,000	-	2,850
Library	231,662	731	37,062	-
Animal control	18,348	-	-	-
Code enforcement and planning	145,857	55,875	-	-
Development	132,993	132,993	-	-
Interest and fiscal charges	148,575	-	-	-
Total Governmental Activities	<u>3,577,772</u>	<u>1,981,989</u>	<u>219,414</u>	<u>2,850</u>
Business-Type Activities:				
Water and sewer	1,732,715	1,296,125	-	-
Garbage	340,336	316,139	-	-
Total Business-Type Activities	<u>2,073,051</u>	<u>1,612,264</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 5,650,823</u>	<u>\$ 3,594,253</u>	<u>\$ 219,414</u>	<u>\$ 2,850</u>
Component unit:				
Aubrey Municipal Development District	\$ 100,995	\$ -	\$ -	\$ -
Total Component Unit	<u>\$ 100,995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues and Transfers
Property taxes, levied for general purposes
Property taxes, levied for debt service
Sales tax
Franchise tax
Miscellaneous
Investment income
Transfers in (out)
Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Aubrey Municipal Development District
\$ (216,980)	\$ -	\$ (216,980)	\$ -
44,879	-	44,879	-
(615,433)	-	(615,433)	-
(135,211)	-	(135,211)	-
(193,869)	-	(193,869)	-
(18,348)	-	(18,348)	-
(89,982)	-	(89,982)	-
-	-	-	-
(148,575)	-	(148,575)	-
<u>(1,373,519)</u>	<u>-</u>	<u>(1,373,519)</u>	<u>-</u>
-	(436,590)	(436,590)	-
-	(24,197)	(24,197)	-
-	<u>(460,787)</u>	<u>(460,787)</u>	-
<u>(1,373,519)</u>	<u>(460,787)</u>	<u>(1,834,306)</u>	-
-	-	-	(100,995)
-	-	-	<u>(100,995)</u>
342,803	-	342,803	-
623,631	-	623,631	-
626,309	-	626,309	265,469
297,115	-	297,115	-
6,638	325,621	332,259	-
5,846	14,526	20,372	432
(147,354)	147,354	-	-
<u>1,754,988</u>	<u>487,501</u>	<u>2,242,489</u>	<u>265,901</u>
381,469	26,714	408,183	164,906
<u>1,542,317</u>	<u>5,173,219</u>	<u>6,715,536</u>	<u>303,644</u>
<u>\$ 1,923,786</u>	<u>\$ 5,199,933</u>	<u>\$ 7,123,719</u>	<u>\$ 468,550</u>

**CITY OF AUBREY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash and cash equivalents	\$ 590,506	\$ -
Receivables, net of allowances for uncollectibles:		
Property taxes	5,048	9,032
Sales taxes	110,988	-
Fines, fees and court costs	132,777	-
Other	135,509	-
Inventories	2,300	-
Due from other funds	26,530	-
Restricted assets:		
Cash and cash equivalents	117,317	150,194
Other receivables	9,907	-
TOTAL ASSETS	\$ 1,130,882	\$ 159,226
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 43,752	\$ -
Accrued wages and benefits	78,265	-
Escrow deposits	-	-
Payables from restricted assets	25,187	-
Total liabilities	<u>147,204</u>	<u>-</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	5,048	9,032
Unavailable revenue - fines, fees and court costs	132,777	-
Total deferred inflows of resources	<u>137,825</u>	<u>9,032</u>
Fund balances:		
Nonspendable	2,300	-
Restricted for retirement of long-term debt	-	150,194
Restricted for court security	-	-
Restricted for court technology	-	-
Restricted for capital improvements	-	-
Restricted for police training	-	-
Restricted for fire use	92,130	-
Restricted for child safety	-	-
Restricted for library	11,854	-
Unassigned	739,569	-
Total fund balances	<u>845,853</u>	<u>150,194</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 1,130,882	\$ 159,226

The accompanying notes are an integral part of this statement.

<u>Development Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 741,821	\$ -	\$ 1,332,327
-	-	14,080
-	-	110,988
-	-	132,777
-	-	135,509
-	-	2,300
-	-	26,530
-	134,911	402,422
-	-	9,907
<u>\$ 741,821</u>	<u>\$ 134,911</u>	<u>\$ 2,166,840</u>
\$ 3,551	\$ -	\$ 47,303
-	-	78,265
738,270	-	738,270
-	-	25,187
<u>741,821</u>	<u>-</u>	<u>889,025</u>
-	-	14,080
-	-	132,777
-	-	146,857
-	-	2,300
-	-	150,194
-	10,116	10,116
-	4,593	4,593
-	114,242	114,242
-	3,783	3,783
-	-	92,130
-	2,177	2,177
-	-	11,854
-	-	739,569
-	134,911	1,130,958
<u>\$ 741,821</u>	<u>\$ 134,911</u>	<u>\$ 2,166,840</u>

CITY OF AUBREY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total Fund Balances - Governmental Funds **\$ 1,130,958**

Amounts reported for governmental activities in the statement of net position are different because:

The City uses internal service funds to charge the costs of certain activities, such as insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position. 455

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 4,215,940

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. As a result, these liabilities decrease net position.

Bonds and notes payable and capital leases	(3,722,439)
Accrued compensated absences	(52,519)

Payables for bond interest which are not due in the current period are not reported in the fund financial statements but are included in the statement of net position. This results in a decrease in net position. (10,467)

Included in assets is the recognition of the City's proportionate share of the net pension asset in the amount of \$8,551 and a deferred outflow of resources of \$206,450. This results in an increase in net position. 215,001

Other adjustments are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. Net property taxes receivable of \$14,080 and net fines, fees and court costs receivable of \$132,777 were unavailable to pay for the current period expenditures and are deferred inflows in the governmental funds but are recognized as revenue in the government wide statements. This results in an increase in net position. 146,857

Net Position of Governmental Activities **\$ 1,923,786**

CITY OF AUBREY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Taxes:		
Property taxes	\$ 350,811	\$ 627,360
General sales and use taxes	626,309	-
Franchise tax	297,115	-
Licenses and permits	64,320	-
Contributions and grants	16,514	-
Charges for services	1,636,624	-
Fines and fees	212,520	-
Court citations	106,782	-
Development income	-	-
Seizures	-	-
Other revenue	26,072	1,926
Total revenues	<u>3,337,067</u>	<u>629,286</u>
EXPENDITURES		
Current:		
Administrative	412,440	-
Municipal court	72,711	-
Public safety	1,984,870	-
Public works	63,414	-
Library	195,393	-
Animal control	18,348	-
Development, planning and code enforcement	145,857	-
Development	-	-
Debt service		
Principal	246,700	356,417
Interest and fiscal charges	26,552	128,217
Capital outlay	263,979	-
Total expenditures	<u>3,430,264</u>	<u>484,634</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(93,197)</u>	<u>144,652</u>
OTHER FINANCING SOURCES (USES)		
Transfers out	-	(127,994)
Total other financing sources (uses)	<u>-</u>	<u>(127,994)</u>
NET CHANGE IN FUND BALANCES	(93,197)	16,658
FUND BALANCES AT BEGINNING OF YEAR	<u>939,050</u>	<u>133,536</u>
FUND BALANCES AT END OF YEAR	<u>\$ 845,853</u>	<u>\$ 150,194</u>

The accompanying notes are an integral part of this statement.

<u>Development Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 978,171
-	-	626,309
-	-	297,115
-	-	64,320
-	4,769	21,283
-	6,097	1,642,721
-	-	212,520
-	-	106,782
132,993	-	132,993
-	1,708	1,708
-	527	28,525
132,993	13,101	4,112,447
-	-	412,440
-	3,650	76,361
-	8,288	1,993,158
-	-	63,414
-	-	195,393
-	-	18,348
-	-	145,857
132,993	-	132,993
-	4,217	607,334
-	325	155,094
-	-	263,979
132,993	16,480	4,064,371
-	(3,379)	48,076
-	(19,360)	(147,354)
-	(19,360)	(147,354)
-	(22,739)	(99,278)
-	157,650	1,230,236
\$ -	\$ 134,911	\$ 1,130,958

CITY OF AUBREY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (99,278)

Amounts reported for governmental activities in the statement of activities are different because:

The City uses internal service funds to charge the costs of certain activities, such as insurance, to appropriate functions in other funds. The change in net position of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position. 455

Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. 263,979

Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. (366,724)

Repayment of long-term principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 607,334

Changes in long-term liabilities for compensated absences are not reported in the governmental funds but are included in the statement of activities. 33,776

Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. The current year change in the interest accrual is a decrease of \$6,519. The effect is to increase net position. 6,519

Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of revenues. Contributions made after the measurement date caused the change in net position to increase in the amount of \$22,724. The City's share of the unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's proportionate share of the pension expense must be recognized. These cause the change in net position to decrease in the amount of \$81,464. The net effect is a decrease in net position. (58,740)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred inflows of resources as revenue, adjusting current year revenue to include the revenue earned from current year's tax levy, and eliminating interfund transactions. This adjustment includes a net decrease in property tax revenues of \$11,737 and a net increase in fine revenues of \$5,885. (5,852)

Change in Net Position of Governmental Activities **\$ 381,469**

The accompanying notes are an integral part of this statement.

CITY OF AUBREY, TEXAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Garbage Fund	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 218,420	\$ -	\$ 218,420
Receivables (net of allowances)	128,399	36,155	164,554
Inventory	86,044	-	86,044
Due from other funds	7,385	-	7,385
Total current assets	<u>440,248</u>	<u>36,155</u>	<u>476,403</u>
Noncurrent assets:			
Capital assets:			
Land	83,058	-	83,058
Construction in progress	67,540	-	67,540
Buildings	112,282	-	112,282
Water system	4,257,200	-	4,257,200
Wastewater system	4,471,709	-	4,471,709
Machinery and equipment	525,468	-	525,468
Accumulated depreciation	(3,654,117)	-	(3,654,117)
Total capital assets, net	<u>5,863,140</u>	<u>-</u>	<u>5,863,140</u>
Net pension asset	(3,186)	-	(3,186)
Restricted cash and cash equivalents	5,693,020	-	5,693,020
Total noncurrent assets	<u>11,552,974</u>	<u>-</u>	<u>11,552,974</u>
TOTAL ASSETS	<u>11,993,222</u>	<u>36,155</u>	<u>12,029,377</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows-Pension	47,297	-	47,297
Total Deferred Outflows of Resources	<u>47,297</u>	<u>-</u>	<u>47,297</u>
LIABILITIES			
Current liabilities:			
Accounts payable	46,101	28,770	74,871
Accrued wages and benefits	8,364	-	8,364
Accrued liabilities	40,639	-	40,639
Customer meter deposits	104,792	-	104,792
Due to other funds	-	7,385	7,385
Current portion of long-term debt	221,632	-	221,632
Total current liabilities	<u>421,528</u>	<u>36,155</u>	<u>457,683</u>
Noncurrent liabilities:			
Accrued compensated absences	22,782	-	22,782
Long-term debt due after one year	6,396,276	-	6,396,276
Total noncurrent liabilities	<u>6,419,058</u>	<u>-</u>	<u>6,419,058</u>
TOTAL LIABILITIES	<u>6,840,586</u>	<u>36,155</u>	<u>6,876,741</u>
NET POSITION			
Net investment in capital assets	4,918,892	-	4,918,892
Restricted for grants	19,360	-	19,360
Unrestricted net position	261,681	-	261,681
TOTAL NET POSITION	<u>\$ 5,199,933</u>	<u>\$ -</u>	<u>\$ 5,199,933</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBREY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Garbage Fund	Total Enterprise Funds
OPERATING REVENUES:			
Charges for services	\$ 1,296,125	\$ 316,139	\$ 1,612,264
Employee contributions	-	-	-
Employer contributions	-	-	-
Other revenue	325,621	-	325,621
Total operating revenues	<u>1,621,746</u>	<u>316,139</u>	<u>1,937,885</u>
OPERATING EXPENSES:			
Personnel services - salaries and wages	424,023	-	424,023
Personnel services - employee benefits	103,789	-	103,789
Personnel services - noncash pension adjustments	17,132	-	17,132
Repairs and maintenance	108,029	-	108,029
Utility operation expenses	241,102	-	241,102
Solid waste	-	340,336	340,336
Depreciation	268,118	-	268,118
Utilities	206,304	-	206,304
General & Administrative	102,269	-	102,269
Other operating expenses	66,463	-	66,463
Insurance premiums paid	-	-	-
Total operating expenses	<u>1,537,229</u>	<u>340,336</u>	<u>1,877,565</u>
OPERATING INCOME	84,517	(24,197)	60,320
NON-OPERATING REVENUES (EXPENSES)			
Interest income	14,526	-	14,526
Interest expense	(75,189)	-	(75,189)
Bond issuance costs	(120,297)	-	(120,297)
Total non-operating revenues (expenses)	<u>(180,960)</u>	<u>-</u>	<u>(180,960)</u>
Income (loss) before contributions and transfers	(96,443)	(24,197)	(120,640)
Transfers in	147,354	24,197	171,551
Transfers out	<u>(24,197)</u>	<u>-</u>	<u>(24,197)</u>
CHANGES IN NET POSITION	26,714	-	26,714
TOTAL NET POSITION - BEGINNING	<u>5,173,219</u>	<u>-</u>	<u>5,173,219</u>
TOTAL NET POSITION - ENDING	<u>\$ 5,199,933</u>	<u>\$ -</u>	<u>\$ 5,199,933</u>

The accompanying notes are an integral part of this statement.

Governmental
Activities:
Internal Service
Fund

\$	-
	51,601
	289,734
	-
	<u>341,335</u>
	-
	-
	-
	-
	-
	-
	-
	-
	340,880
	<u>340,880</u>
	455
	-
	-
	-
	<u>455</u>
	-
	-
	455
	-
\$	<u><u>455</u></u>

CITY OF AUBREY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities		
	Water and Sewer Fund	Garbage Fund	Total Enterprise Funds
Cash flows from operating activities			
Cash received from user charges	\$ 1,374,152	\$ 335,124	\$ 1,709,276
Cash payments to employees for services	(523,325)	-	(523,325)
Cash payments for goods and services	(716,838)	(338,717)	(1,055,555)
Other operating cash receipts	325,621	-	325,621
Payments for insurance premiums	-	-	-
Net cash provided (used) by operating activities	<u>459,610</u>	<u>(3,593)</u>	<u>456,017</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(327,803)	-	(327,803)
Proceeds from issuance of debt	5,204,550	-	5,204,550
Principal paid on long-term debt	(219,475)	-	(219,475)
Interest paid on long-term debt	(160,987)	-	(160,987)
Net cash provided by capital and related financing activities	<u>4,496,285</u>	<u>-</u>	<u>4,496,285</u>
Cash flows from noncapital financing activities			
Operating transfers in	175,343	3,593	178,936
Operating transfers out	(31,582)	-	(31,582)
Change in customer deposits	4,749	-	4,749
Net cash provided (used) by noncapital financing activities	<u>148,510</u>	<u>3,593</u>	<u>152,103</u>
Cash flows from investing activities			
Interest and investment income received	14,526	-	14,526
Net cash provided by investing activities	<u>14,526</u>	<u>-</u>	<u>14,526</u>
Net change in cash and cash equivalents	5,118,931	-	5,118,931
Cash and cash equivalents, beginning of period	<u>792,509</u>	<u>-</u>	<u>792,509</u>
Cash and cash equivalents, end of period	<u>\$ 5,911,440</u>	<u>\$ -</u>	<u>\$ 5,911,440</u>

The accompanying notes are an integral part of this statement.

Governmental
Activities:
Internal Service
Fund

\$ 341,335
-
-
-
(340,486)
849

-
-
-
-
-

26,530
-
26,530

-
-
-

27,379
-
-

\$ 27,379

Business-type Activities

	Water and Sewer Fund	Garbage Fund	Total Enterprise Funds
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 84,517	\$ (24,197)	\$ 60,320
Adjustments to reconcile operating income to net cash provided by operating activities			
Non-cash items included in operating income:			
Depreciation and amortization	253,616	-	253,616
Effect of increase and decrease in current assets and liabilities:			
Decrease (increase) in receivables	78,027	18,985	97,012
Decrease (increase) in inventory	(1,500)	-	(1,500)
Decrease (increase) in net pension asset	64,429	-	64,429
Decrease (increase) in deferred outflows of resources	(35,469)	-	(35,469)
Increase (decrease) in accounts payable	22,513	1,619	24,132
Increase (decrease) in accrued wages payable	(7,473)	-	(7,473)
Increase (decrease) in accrued liabilities	818	-	818
Increase (decrease) in accrued compensated absences	132	-	132
Net cash provided (used) by operating activities	<u>\$ 459,610</u>	<u>\$ (3,593)</u>	<u>\$ 456,017</u>

Governmental
Activities:
Internal Service
Fund

\$ 455

-

-

-

-

-

394

-

-

-

\$ 849

Attachment 14

Question 6.B.ii. - Water and Sewer Rate Schedules

The water and sewer rate schedules for the proposed service area will be the same as for all other areas of the City as those rates may be changed from time to time. The current rate schedules are attached hereto. The water and sewer service policies are set forth in Article 13.03 of the City of Aubrey's Code of Ordinances which can be accessed at:

https://library.municode.com/tx/aubrey/codes/code_of_ordinances?nodeId=CD_ORD_CH13UT_ART13.03WASESE_S13.03.005RACHBICOPODISENO

Sec. 13.03.005 - Rates, charges and billing; connection policies; disconnection of service for nonpayment.

(a)

Payment of bill; disconnection for nonpayment; connection policies.

(1)

All bills for water and wastewater treatment services (herein the "bill") rendered by the city shall be paid monthly on the fifth day of each month after billing date. A ten-percent penalty on the total current amount due will be assessed on the sixth day of each month. The bill, including the late penalty, must be paid by the fifteenth of each month in order to prevent water being disconnected. If the fifteenth falls on a weekend or holiday, the customer will be given until the next business day to pay the bill. In the event of discontinuance of service, an additional sum of \$40.00 shall be charged for a reconnect under the procedures set forth under paragraph (C), below, in addition to any water and sewer service bills and any appendages thereto in which the customer was delinquent. After hours calls for re-connection or for service calls, or for non-emergency services will be at the rate of \$45.00 in addition to any re-connection fees named herein.

(2)

Extension of service (arrangement) - Notwithstanding any other provision of this section, a customer can defer current monthly payment until the twenty-fifth of the month.

(A)

Two arrangements are provided within a calendar year.

(B)

If arrangement is not paid in full by the twenty-sixth day of the month, including any incurred fees, customer's service will be cutoff and a \$40.00 reconnect fee will be assessed. The account will then be handled as a reconnect as set forth in paragraph (3), below.

(3)

Disconnection and reconnection. If a customer's current monthly payment is not received timely as required in paragraph (1) (or paragraph (2) in the case of an arrangement):

(A)

A reconnect fee of \$40.00 is added to customer's account.

(B)

At approximately 1:00 p.m. on the sixteenth day of the current billing month (or twenty-sixth day of the current billing month in the case of an arrangement), disconnection list is provided to public works technician and disconnections are performed.

(C)

Reconnection is made within approximately two hours if payment of bill and all assessed fees is made in full before 5:30 p.m.

(D)

Reconnection may occur if payment is not made in full before 5:30 p.m. if customer contacts on-duty technician and agrees to pay an after-hour fee of \$45.00. If such reconnection is made, the after-hour fee shall be assessed to the customer account. If there is a failure to pay current amount due including all fees assessed by 10:00 a.m. the next morning, service will be subject to disconnection, assessment of an additional reconnection fee, and locking of the customer's water meter until the full amount of the bill and all assessed fees are paid.

(E)

If a customer does not agree to pay the after-hour fee of \$45.00, then the customer must contact the Aubrey City Hall to make full payment of bill amount and all assessed fees before water can be reconnected.

(4)

In the event that a customer, without having paid all delinquent charges and additional penalties, turns on the water service after said service has been disconnected by the city as provided in subsection (a) (1), the city shall lock said customer's water meter. In the event that the meter has been locked as provided herein, the customer shall pay penalty of \$50.00 to have the meter unlocked, in addition to all delinquent bills and re-connection fees.

(5)

In the event that a customer shall in some manner tie into or contrive by any means or device to secure water from the city's water lines illegally, then the city shall remove the meter and file a report with the Aubrey Police Department.

(b)

Monthly rates; bulk water rates.

(1)

Monthly rates. The following monthly water rates shall be charged by the city for residential and commercial water services as set out as follows:

(A)

Residential rates.

(i)

Water service.

1st 1,500 gallons	\$27.71
1,501 to 3,000	\$4.88/1,000

3,001 to 10,000	\$5.23/1,000
10,001 to 15,000	\$5.58/1,000
15,001 to 25,000	\$5.92/1,000
25,001 and up	\$6.27/1,000

(ii)

Sewer service.

1st 2,500 gallons	\$27.12
2,501 to 8,000	\$35.00
8,001 and up	\$46.45

(B)

Commercial rates.

(i)

Water service.

1st 1,500 gallons	\$33.01
1,501 to 3,000	\$5.78/1,000
3,001 to 10,000	\$6.16/1,000
10,001 to 15,000	\$6.52/1,000
15,001 to 25,000	\$6.88/1,000
25,000 and up	\$7.24/1,000

(ii)

Sewer service.

1st 2,500 gallons	\$33.92
2,501 to 5,000	\$4.87/1,000
5,001 to 10,000	\$5.25/1,000
10,001 to 15,000	\$5.62/1,000
15,001 to 25,000	\$6.00/1,000
25,000 and up	\$6.35/1,000

(2)

Bulk water rates.

(A)

The following rates will be charged for bulk and/or construction water secured through the use of the portable bulk meters:

1st 1,500 gallons	\$35.25
All over 1,501 gallons	\$6.89/1,000

(B)

A security deposit in the amount established in the fee schedule in appendix A of this code is required for the use of any/all bulk water meters. Should the meter be lost or damaged, the customer will be responsible for paying to the city the then cost to replace said bulk meter. The city may require any additional security fees in connection with bulk meters necessary to preserve the meters for future use. Bulk water service will be provided to the customer on a basis consistent with levels of consumption citywide. The city may require a bulk user to draw water only during periods of non-peak use, in order to properly service the city's customers with pressure and volume.

(c)

Tapping fees. All new water and/or sewer connection/taps to be constructed will be assessed the following:

(1)

Water connection/tapping fees.

¾ inch	\$1,050.00
1 inch	\$1,150.00
1½ inch	\$1,450.00
2 inch	\$1,650.00
3 inch	\$2,650.00

(2)

Sewer connection/tapping fees.

--	--

4 inch	\$1,700.00
6 inch	\$1,850.00
8 inch	\$1,950.00
10 inch	\$2,050.00

(d)

Deposit; charge for insufficient funds checks.

(1)

Service deposits will be as set forth in the fee schedule in appendix A of this code. Each customer shall, before being connected or tied into the municipal water system shall render a deposit to the city; and the same deposits shall apply respectively to the municipal sewer system for customers who have only sewer connections and no water connections. Such deposit is, as aforesaid, a service deposit, and may be applied by the city on or against any loss sustained by it through the failure of a customer to pay its water or sewer account, or other lawful charges in connection with the water or sewer billing. Such deposit shall be returned only to the person depositing same, upon his/her permanent discontinuance of city water or sewer service, less other charges in connection with the water or sewer bill. No interest shall be paid on said deposits.

(2)

Charges for insufficient funds checks will be at the rate set forth in the fee schedule in appendix A of this code.

(e)

Penalty. Any person, firm, or corporation who violates any provision of this section shall be deemed guilty of a misdemeanor and upon conviction therefor shall be fined not less than \$100.00 and not more than \$200.00, each and every day that such violation shall be construed to be a separate offense; provided, however, that nothing contained herein shall preclude the municipality of bringing suit for injunction for the prevention of any threatened violation of the removal of any structure in violation of this section.

(Ordinance 454-11, sec. 2.01(D), (E), adopted 1/18/11; Ordinance 543-14 adopted 9/16/14; Ord. No. 586-16, §§ I—IV, VIII, 12-15-15)

Attachment 15

Question 6.D. - Aubrey Certificate of Obligation Series 2016 Bonds

The City of Aubrey's Certificate of Obligation Series 2016 bonds will be used to finance extension of water and sewer facilities to proposed service area. A copy of the bond approval letter from the Texas Attorney General's Office is attached.

WR



KEN PAXTON
ATTORNEY GENERAL OF TEXAS

May 13, 2016

THIS IS TO CERTIFY that the City of Aubrey, Texas (the "Issuer"), has submitted the City of Aubrey, Texas Combination Tax and Waterworks and Sewer System Revenue Certificate of Obligation, Series 2016 (the "Certificate") in the principal amount of \$4,900,000 for approval. The Certificate is dated April 15, 2016, numbered T-1, and was authorized by an Ordinance of the Issuer passed on April 19, 2016 (the "Ordinance").

The Office of the Attorney General has examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We express no opinion relating to the official statement or any other offering material relating to the Certificate.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows (capitalized terms, except as herein defined, have the meanings given to them in the Ordinance):

- (1) The Certificate has been issued in accordance with law and is a valid and binding obligation of the Issuer.
- (2) The Certificate is payable from the proceeds of an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the Issuer and is payable from a pledge of the Surplus Revenues of the Issuer's combined waterworks and sewer system, as defined in the Ordinance.

Therefore, the Certificate is approved.

No. 60833
Book No. 2016-B
MA

*See attached Signature Authorization

Handwritten signature of Ken Paxton in cursive script, written over a horizontal line.
Attorney General of the State of Texas

OFFICE OF COMPTROLLER

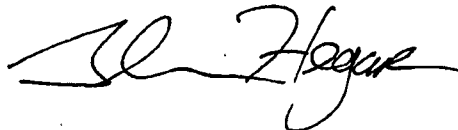
OF THE STATE OF TEXAS

I, GLENN HEGAR, Comptroller of Public Accounts of the State of Texas, do hereby certify that the attachment is a true and correct copy of the opinion of the Attorney General approving the:

City of Aubrey, Texas Combination Tax and Waterworks and Sewer System Revenue Certificate of Obligation, Series 2016

numbered T-1, of the denomination of \$ 4,900,000, dated April 15, 2016, as authorized by issuer, interest various percent, under and by authority of which said bonds/certificates were registered electronically in the office of the Comptroller, on the 13th day of May 2016, under Registration Number 86997.

Given under my hand and seal of office, at Austin, Texas, the 13th day of May 2016.

A handwritten signature in black ink, appearing to read "Glenn Hagar", written in a cursive style.

GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas

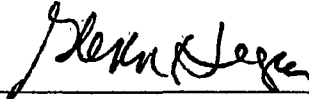
OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS §
OF THE STATE OF TEXAS §

REGISTER NO. 86997

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Certificate has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the City of Aubrey, Texas; and that this Certificate has this day been registered by me.

MAY 13 2016

Witness my hand and seal of office at Austin, Texas, _____.



Comptroller of Public Accounts
of the State of Texas

[SEAL]

Attachment 16

Question 7.G.iii. - List of Cities and Retail Public Utilities Within Two Miles

Mustang Special Utility District - CCN 11856; CCN 20930

City of Denton - CCN 10195; CCN 20072

Town of Providence Village - CCN 13250; CCN 21096

Black Rock WSC - CCN 11712

Bolivar WSC - CCN 11257

Town of Krugerville

Town of Crossroads

Town of Lincoln Park

Denton County M.U.D. No. 6