

Hotel Fund	Total Governmental Funds
\$ -	\$ 496,323
468,041	5,109,681
49,884	973,635
-	125,437
-	540,514
-	3,398
-	15,641
-	6,107,937
-	22,203
<u>\$ 517,925</u>	<u>\$ 13,394,769</u>
\$ 7,000	\$ 537,029
-	39,142
-	5,929
37,632	2,346,426
-	164,283
-	177,394
-	171,837
<u>44,632</u>	<u>3,442,040</u>
-	378,880
-	378,880
473,293	473,293
-	4,548,803
-	198,465
-	22,203
-	4,331,085
<u>473,293</u>	<u>9,573,849</u>
<u>\$ 517,925</u>	<u>\$ 13,394,769</u>

CITY OF LAGO VISTA, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2018

<b>Total Fund Balances - Governmental Funds</b>	\$ 9,573,849
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.	(17,529,317)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2018 capital outlays and debt principal payments is to increase net position.	3,928,560
This fiscal year required that the City report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of \$148,390, a Deferred Resource Outflow of \$411,941 and a Deferred Resource Inflow of \$321,069. The net effect of these was to decrease the ending net position by \$57,518.	(57,518)
The City implemented GASB 75 reporting requirements for the OPEB benefit plan through TMRS. Since this is the first year of implementation, a prior period adjustment had to be made in the amount of (\$90,575). The implementation resulted in an OPEB liability of \$110,020 and a deferred outflow of \$11,811. This resulted in a difference between the ending fund balance and the ending net position of (\$98,209).	(98,209)
The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position	(929,773)
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 revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	282,429
<b>Net Position of Governmental Activities</b>	<u>\$ (4,829,979)</u>

The notes to the financial statements are an integral part of this statement

CITY OF LAGO VISTA, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Capital Projects Fund	Debt Service Fund
<b>REVENUES</b>			
Taxes			
Property Taxes	\$ 3,130,623	\$ -	\$ 2,219,955
General Sales and Use Taxes	480,798	-	-
Franchise Tax	467,578	-	-
Other Taxes	7,426	-	-
Licenses and Permits	572,655	-	-
Intergovernmental Revenue and Grants	103,128	244,110	-
Charges for Services	867,520	-	-
Fines	106,088	-	-
Investment Earnings	66,250	129,392	11,679
Rents and Royalties	122,815	-	-
Contributions & Donations from Private Sources	45,420	-	-
Other Revenue	170,661	-	-
Total Revenues	6,140,962	373,502	2,231,634
<b>EXPENDITURES:</b>			
Current			
Administration	454,536	-	-
Non-Departmental	71,399	-	-
Development Services	509,755	-	-
Finance	197,721	-	-
Human Resources	96,966	-	-
Municipal Court	161,561	-	-
City Secretary	114,669	-	-
City Attorney	286	-	-
Police Department	2,060,523	-	-
Dispatching	347,949	-	-
Public Works Streets	978,123	-	-
Solid Waste	627,364	-	-
Building Maintenance	34,644	-	-
Recreation	107,145	-	-
Aviation	217,554	-	-
Library	174,508	-	-
Culture and Recreation,			
Parks	122,622	-	-
Tourism	-	-	-
Debt Service			
Principal on Debt	15,861	-	1,231,000
Interest on Debt	506	-	1,329,432
Other Debt Service	-	-	8,500
Capital Outlay			
Capital Outlay	-	2,384,757	-
Total Expenditures	6,292,192	2,384,757	2,569,072
Excess (Deficiency) of Revenues Over (Under) Expenditures	(151,230)	(2,011,255)	(337,438)
<b>OTHER FINANCING SOURCES (USES).</b>			
Non-Current Loans	122,188	-	-
Transfers In	1,507,886	-	500,000
Transfers Out (Use)	(1,507,886)	-	-
Total Other Financing Sources (Uses)	1,122,188	-	500,000
Net Change in Fund Balances	970,958	(2,011,255)	162,562
Fund Balance - October 1 (Beginning)	3,382,330	6,560,058	35,903
Fund Balance - September 30 (Ending)	\$ 4,353,288	\$ 4,548,803	\$ 198,465

The notes to the financial statements are an integral part of this statement.

	Hotel Fund	Total Governmental Funds
\$	-	\$ 5,350,578
	-	480,798
	-	467,578
	127,269	131,695
	-	572,655
	-	347,238
	-	867,520
	-	106,088
	7,790	215,111
	-	122,815
	-	45,420
	-	170,661
	135,059	8,881,157
	-	454,536
	-	71,399
	-	509,755
	-	197,721
	-	96,966
	-	161,561
	-	114,669
	-	286
	-	2,660,523
	-	347,649
	-	978,123
	-	627,364
	-	31,944
	-	107,145
	-	217,554
	-	174,508
	-	122,622
	64,092	64,092
	-	1,246,801
	-	1,329,988
	-	8,500
	-	2,384,757
	64,092	11,310,113
	70,967	(2,425,956)
	-	122,188
	-	2,067,886
	-	(507,836)
	-	1,622,188
	70,967	(806,768)
	402,326	10,380,617
\$	473,293	\$ 9,573,849



CITY OF LAGO VISTA, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ (806,768)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2018 capital outlays and debt principal payments is to increase the change in net position.	3,928,560
The entries required by GASB 68 did require that some expenses on B-1 be adjusted. Total credits to expenses were \$263,967 and total debits to expenses were \$316,545. The net effect on the change in net position on Exhibit B-1 is a decrease of \$52,578.	(52,578)
The implementation of GASB 75 to report the TMRS OPEB plan resulted in a prior period adjustment in the amount of (\$90,575). The changes in the ending net position as a result of reporting the OPEB items was a decrease in net position in the amount of \$7,634.	(7,634)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(929,773)
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 revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.	(436,415)
<b>Change in Net Position of Governmental Activities</b>	<u>\$ 1,695,392</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAGO VISTA, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2018

EXHIBIT D-1 (Cont'd)

	Business-Type Activities - Enterprise Funds		
	Golf Course Fund	Utility Fund	Total Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,000	\$ 894,377	\$ 895,377
Investments - Current	-	242,127	242,127
Restricted Assets - Current:			
Restricted Asset - Impact Fees	-	2,420,827	2,420,827
Accounts Receivable (Net)	26,391	1,173,629	1,200,020
Due from Other Funds	-	4,281,175	4,281,175
Inventories	21,801	157,816	179,617
Prepaid Items	5,141	8,186	13,327
Total Current Assets	54,333	9,178,137	9,232,470
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements	935,399	2,336,444	3,271,843
Buildings	860,822	405,538	1,266,360
Accumulated Depreciation - Buildings	(126,471)	(256,479)	(382,950)
Improvements other than Buildings	1,569,061	60,178,356	61,747,417
Accumulated Depreciation - Other Improvements	(483,868)	(16,581,498)	(17,065,366)
Furniture and Equipment	2,058,770	2,523,941	4,582,711
Accumulated Depreciation - Furniture & Equipment	(1,612,423)	(2,019,754)	(3,632,177)
Construction in Progress	-	6,787,881	6,787,881
Total Noncurrent Assets	3,201,290	53,374,429	56,575,719
Total Assets	3,255,623	62,552,566	65,808,189
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to Pension Plan	77,321	164,298	241,619
Deferred Resource Outflow Related to OPEB	1,800	6,285	8,085
Total Deferred Outflows of Resources	79,121	170,583	249,704

The notes to the financial statements are an integral part of this statement.

CITY OF LAGO VISTA, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds		
	Golf Course Fund	Utility Fund	Total Enterprise Funds
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	402	55,480	55,882
Wages and Salaries Payable	25,470	35,176	60,646
Compensated Absences Payable	48,169	131,248	179,417
Due to Other Funds	2,475,263	-	2,475,263
Unearned Revenues	-	9,422	9,422
Notes Payable - Current	54,230	-	54,230
Other Current Liabilities	-	234,900	234,900
Total Current Liabilities	2,603,534	466,226	3,069,760
Noncurrent Liabilities:			
Other Long Term Debt Payable - Noncurrent	331,196	-	331,196
Net Pension Liability	47,806	64,983	112,789
Net OPEB Liability	16,764	58,547	75,311
Total Noncurrent Liabilities	395,766	123,530	519,296
Total Liabilities	2,999,300	589,756	3,589,056
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow Related to Pension Plan	38,718	129,682	168,400
Total Deferred Inflows of Resources	38,718	129,682	168,400
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,815,864	53,374,429	56,190,293
Restricted for Capital Improvements	-	2,420,827	2,420,827
Unrestricted Net Position	(2,519,138)	6,208,455	3,689,317
Total Net Position	\$ 296,726	\$ 62,003,711	\$ 62,300,437

The notes to the financial statements are an integral part of this statement.

CITY OF LAGO VISTA, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT D-2 (Cont'd)

Business-Type Activities - Enterprise Funds			
	Golf Course Fund	Utility Fund	Total Enterprise Funds
<b>OPERATING REVENUES:</b>			
Charges for Services Water Services	\$ -	\$ 5,076,417	\$ 5,076,417
Charges for Services Sewerage Service	-	3,969,106	3,969,106
Charges for Services Golf Course	362,799	-	362,799
Rents and Royalties	113,165	-	113,165
Other Revenue	226,876	85,310	312,186
Total Operating Revenues	702,840	9,130,833	9,833,673
<b>OPERATING EXPENSES:</b>			
Utilities Administration			
Personnel Services - Salaries and Wages	-	92,034	92,034
Personnel Services - Employee Benefits	-	42,396	42,396
Purchased Professional & Technical Services	-	10,000	10,000
Other Operating Costs	-	40,063	40,063
Supplies	-	20,945	20,945
Total Utilities Administration	-	205,438	205,438
Water Services			
Personnel Services - Salaries and Wages	-	423,817	423,817
Personnel Services - Employee Benefits	-	199,008	199,008
Purchased Professional & Technical Services	-	48,487	48,487
Purchased Property Services	-	116,168	116,168
Other Operating Costs	-	52,019	52,019
Supplies	-	596,830	596,830
Total Water Services	-	1,436,329	1,436,329
Water Plant			
Personnel Services - Salaries and Wages	-	98,417	98,417
Personnel Services - Employee Benefits	-	40,153	40,153
Purchased Professional & Technical Services	-	30,426	30,426
Purchased Property Services	-	75,228	75,228
Other Operating Costs	-	207,749	207,749
Supplies	-	175,850	175,850
Total Water Plant	-	627,823	627,823
Wastewater Services			
Personnel Services - Salaries and Wages	-	159,225	159,225
Personnel Services - Employee Benefits	-	71,704	71,704
Purchased Professional & Technical Services	-	10,882	10,882
Purchased Property Services	-	98,382	98,382
Other Operating Costs	-	8,926	8,926
Supplies	-	569,124	569,124
Total Wastewater Services	-	918,243	918,243
Wastewater Plant			
Personnel Services - Salaries and Wages	-	118,509	118,509
Personnel Services - Employee Benefits	-	47,492	47,492
Purchased Professional & Technical Services	-	27,301	27,301
Purchased Property Services	-	80,986	80,986
Other Operating Costs	-	5,268	5,268

The notes to the financial statements are an integral part of this statement.

CITY OF LAGO VISTA, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds		
	Golf Course Fund	Utility Fund	Total Enterprise Funds
Supplies	-	33,291	33,291
Total Wastewater Plant	-	312,847	312,847
Golf Course			
Personnel Services - Salaries and Wages	433,500	-	433,500
Personnel Services - Employee Benefits	196,442	-	196,442
Purchased Professional & Technical Services	57,764	-	57,764
Purchased Property Services	127,336	-	127,336
Other Operating Costs	42,766	-	42,766
Supplies	218,779	-	218,779
Total Golf Course	1,076,587	-	1,076,587
Effluent Disposal			
Personnel Services - Salaries and Wages	-	136,769	136,769
Personnel Services - Employee Benefits	-	61,791	61,791
Purchased Professional & Technical Services	-	2,867	2,867
Purchased Property Services	-	57,092	57,092
Other Operating Costs	-	17,396	17,396
Supplies	-	7,255	7,255
Total Effluent Disposal	-	283,170	283,170
Information Technology			
Personnel Services - Salaries and Wages	-	156,899	156,899
Personnel Services - Employee Benefits	-	57,671	57,671
Purchased Professional & Technical Services	-	33,201	33,201
Purchased Property Services	-	108,442	108,442
Other Operating Costs	-	72,822	72,822
Supplies	-	235	235
Personnel Services - Salaries and Wages	-	19,308	19,308
Personnel Services - Employee Benefits	-	9,126	9,126
Other Operating Costs	-	48,187	48,187
Supplies	-	419	419
Personnel Services - Salaries and Wages	-	19,308	19,308
Personnel Services - Employee Benefits	-	8,658	8,658
Other Operating Costs	-	92,429	92,429
Supplies	-	274	274
Total Information Technology	-	626,979	626,979
Public Works Admin			
Personnel Services - Salaries and Wages	-	146,100	146,100
Personnel Services - Employee Benefits	-	50,747	50,747
Purchased Professional & Technical Services	-	131,558	131,558
Other Operating Costs	-	17,371	17,371
Supplies	-	1,698	1,698
Total Public Works Admin	-	347,474	347,474
Depreciation	145,466	1,546,417	1,691,883
Total Operating Expenses	1,222,053	6,304,720	7,526,773
Operating Income (Loss)	(519,213)	2,826,113	2,306,900

The notes to the financial statements are an integral part of this statement

CITY OF LAGO VISTA, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT D-2

	Business-Type Activities - Enterprise Funds		
	Golf Course Fund	Utility Fund	Total Enterprise Funds
NONOPERATING REVENUES (EXPENSES):			
Investment Earnings	-	31,869	31,869
Interest Expense - Non-Operating	(10,165)	(16,006)	(26,171)
Total Nonoperating Revenue (Expenses)	(10,165)	15,863	5,698
Income (Loss) Before Contributions & Transfers	(529,378)	2,841,976	2,312,598
Capital Contributions	262,509	1,107,410	1,369,919
Non-Operating Transfers In	500,000	-	500,000
Transfers Out (Use)	-	(2,000,000)	(2,000,000)
Change in Net Position	233,131	1,949,386	2,182,517
Total Net Position - October 1 (Beginning)	77,396	60,102,524	60,179,920
Prior Period Adjustment	(13,801)	(48,199)	(62,000)
Total Net Position - September 30 (Ending)	\$ 296,726	\$ 62,003,711	\$ 62,300,437

The notes to the financial statements are an integral part of this statement.

CITY OF LAGO VISTA, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities		
	Golf Course Fund	Utility Fund	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 369,684	\$ 8,987,574	\$ 9,357,258
Cash Received from Assessments - Other	340,041	85,310	425,351
Cash Payments to Employees for Services	(623,470)	(1,844,256)	(2,467,726)
Cash Payments for Suppliers	(218,779)	(1,405,267)	(1,624,046)
Cash Payments for Other Operating Expenses	(247,139)	(2,051,592)	(2,298,731)
Net Cash Provided by (Used for) Operating Activities	(379,663)	3,771,769	3,392,106
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Operating Transfer Out	500,000	(2,000,000)	(1,500,000)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	(401,612)	(1,083,964)	(1,485,576)
Capital Contributed by Other Funds	262,509	1,107,410	1,369,919
Restricted Assets	-	(1,100,146)	(1,100,146)
Loan Proceeds	-	20,033	20,033
Capital Lease Proceeds	426,625	-	426,625
Interest Paid	(10,166)	(16,006)	(26,172)
Loan Payments	-	(481,965)	(481,965)
Capital Lease Payments	(397,693)	-	(397,693)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(120,337)	(1,554,638)	(1,674,975)
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	-	31,865	31,865
Net Increase in Cash and Cash Equivalents	-	248,996	248,996
Cash and Cash Equivalents at the Beginning of the Year	1,000	887,508	888,508
Cash and Cash Equivalents at the End of the Year	\$ 1,000	\$ 1,136,504	\$ 1,137,504

CITY OF LAGO VISTA, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities		
	Golf	Utility	Total
	Course Fund	Fund	Enterprise Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided By (Used For) Operating Activities:</u>			
Operating Income (Loss)	\$ (519,213)	\$ 2,826,113	\$ 2,306,900
Adjustments to Reconcile Operating Income			
To Net Cash Provided by (Used For) Operating Activities:			
Depreciation	145,466	1,546,417	1,691,883
Effect of Increases and Decreases in Current			
Assets and Liabilities:			
Decrease (Increase) in Receivables	6,885	(57,949)	(51,064)
Decrease (Increase) in Inventories	4,402	-	4,402
Decrease (Increase) in Due From Other Funds	-	(639,322)	(639,322)
Increase (Decrease) in Accounts Payable	330	38,034	38,364
Increase (Decrease) in Wages Payable	(5,583)	4,070	(1,513)
Increase (Decrease) in Intergovernmental Payable	(1,981)	-	(1,981)
Increase (Decrease) in Compensated Absences	2,879	22,356	25,235
Increase (Decrease) in Due To Other Funds	(22,024)	-	(22,024)
Increase (Decrease) in Pension and OPEB Liability	9,176	32,050	41,226
Net Cash Provided by (Used for)			
Operating Activities	<u>\$ (379,663)</u>	<u>\$ 3,771,769</u>	<u>\$ 3,392,106</u>

The notes to the financial statements are an integral part of this statement



CITY OF LAGO VISTA, TEXAS  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2018

	Total Pension Trust Fund
<hr/>	
ASSETS	
Restricted Asset - Deferred Compensation Plan	\$ 782,874
Total Assets	<u>782,874</u>
LIABILITIES	
Due to Others	<u>782,874</u>
Total Liabilities	<u>782,874</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAGO VISTA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Lago Vista, Texas, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The *Government Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

A. Reporting Entity

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the foregoing criteria, there were no component units identified that would require inclusion in this report.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City of Lago Vista nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, sales tax, franchise tax, municipal court fines, charges for services and other miscellaneous revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and proprietary. The City considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes, franchise taxes and user charges. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept; that is, when they are both measurable and available. The City considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue 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.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors some times require the City to refund all or part of the unused amount.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the governmental-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow Financial Accounting Standards Board ("FASB") statements and interpretations issued after November 30, 1989 for its business-type and enterprise fund activities.

D. Fund Accounting

The City reports the following major governmental funds:

1. **The General Fund** - The general fund is the City's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

3. **Capital Projects Fund** - The Capital Projects Fund is used to account for the financial resources used for acquisition of major capital improvements.

Additionally, the City reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** - The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Proprietary Fund:

1. **Enterprise Funds** - The Utility Fund and Golf Course Fund are operated as Enterprise Funds.

E. Other Accounting Policies

1. In the government-wide financial statements in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized 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 received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

2. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.
3. All inventories are valued at cost using the weighted average cost method. The consumption method is used to account for governmental fund type inventories. Under the consumption method, inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.
4. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	30-50
Improvements	10-30
Equipment	3-10

Pursuant to GASB Statement Number 34, an extended period of deferral is available before the requirement to record and depreciate infrastructure assets (e.g., roads, bridges, and similar items) acquired before the implementation date becomes effective. Therefore, infrastructure assets acquired prior to October 1, 2001 have not yet been capitalized.

5. Beginning with fiscal year end September 30, 2011, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

6. Implementation of new GASB Accounting Standard:  
The City has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as well as the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Under GASB 63 and 65, amounts previously reported as deferred charges as a part of total assets and deferred amounts from refunded debt have been reported in a separate section as deferred outflows of resources and amounts previously reported as deferred revenue as a part of total liabilities have been reported in a separate section as deferred inflows of resources.

7. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
8. The original budget is adopted by the City Council prior to the beginning of the fiscal year through passage of an ordinance. The budget includes proposed expenditures and the means of financing them.

Budgeted amounts for expenditures from the various funds may not exceed the beginning balances of those funds plus the anticipated revenues for the fiscal year. The final amended budget has been presented in this report. Unencumbered appropriations lapse at the end of each year.

9. Pensions. For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value
10. Other Post-Employment Benefits. GASB 75 requires recognition of the Total OPEB Liability (TOL), deferred (inflows)/outflows of resources, and total OPEB expense on the face of the employer's financial statements. The TOL is calculated by the System's actuary in accordance with the provisions of GASB 75. The OPEB expense and deferred (inflows)/outflows of resources related to OPEB, which are required to be reported by an employer, primarily result from changes in the components of the TOL. Most changes in the TOL will be included in OPEB expense in the period of the change. The City participates in the Texas Municipal Retirement System Supplemental Death Benefit fund.
11. The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

## NOTE II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

### A. Deposits and Investments

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At September 30, 2018, the carrying amount of the City's deposits was \$1,391,700 and the bank balance was \$2,422,962. The City's cash deposits held at Security State Bank at September 30, 2018 and during the year ended September 30, 2018 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific

provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas. (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. 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, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Temporary investments:

	Carrying Amount	Market Value	FDIC Coverage	Pledged Securities
LOGIC	\$ 13,902,775	\$ 13,902,775	\$ - 0 -	\$ - 0 -

Local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool.

#### Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the City has adopted a deposit and investment policy. That policy does address the following risks:

**Custodial Credit Risk - Deposits:** This is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2018 were covered by depository insurance or by pledged collateral held by the City's agent bank in the City's name.

**Custodial Credit Risk - Investments:** This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

**Other Credit Risk:** There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, Logic Investment Pool invests only in investments authorized under the Public Funds Investment Act. Logic's portfolio has low market (credit) risk due to restrictions on weighted average maturity and maximum maturity of any one investment. The investment manager is required to maintain a stable \$1.00 net position value and must take immediate action if the net position value of the portfolio falls below \$.995 or rises above \$1.005.

B. Property Taxes

The city levies taxes on real property within the city on October 1 each year which is the lien date. Such taxes become delinquent the following February 1. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period. The Travis County Appraisal District appraises and collects taxes for the city. For the 2017 tax roll, the tax rate was \$.3803 for maintenance and operations and \$.2697 for interest and sinking. The total tax rate was \$.65 per \$100 valuation and the total property valuation was \$804,945,231.

C. Court Fines and Fees Receivable

In accordance with GASB Statement Number 34, the City has determined the amount of court fines and fees receivable to be \$148,939. Based on historical collection rates for the various courts, the City has booked an allowance for uncollectible court fines and fees of \$104,257, resulting in a net receivable of \$44,682.

D. Restricted Assets

Restricted assets represent cash that has been set aside for future payment of revenue bonds and capital improvements. A summary of restricted assets at September 30, 2018 appears below:

<b>General Fund-</b>	
Park Land Fees	22,203
<b>Capital Projects Fund -</b>	
Capital Acquisition and Improvement Projects	6,107,937
<b>Utility Fund-</b>	
Impact Fees	2,420,827
<b>Pension Trust Fund-</b>	
Deferred Compensation Plan	782,874
Total Restricted Assets	<u>\$ 9,333,841</u>

E. Capital Asset Activity

Changes in Governmental fixed assets during the year ended September 30, 2018 were as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities				
Land	\$ 1,052,035	\$ 3,100		\$ 1,055,135
Buildings & Streets	13,602,125	599,006		13,601,135
Machinery & Equipment	1,291,009	155,551		1,457,523
Autos & Trucks	1,901,530			1,901,530
Furniture & Fixtures	35,623			35,623
Improvements	9,493,428	33,135		9,526,563
Construction in Progress	770,460	1,153,921	110,315	1,623,385
Totals at historic Cost	\$ 25,715,244	\$ 2,035,620	\$ 110,315	\$ 27,529,345
Less Accumulated Depreciation	(4,776,702)	(9,3527)		(5,632,229)
Governmental Activities				
Capital Assets Net	\$ 20,938,542	\$ 1,112,093	\$ 110,315	\$ 21,937,717



F. Property, Plant and Equipment

Capital asset activity for the Enterprise Funds for the year ended September 30, 2018, was as follows:

	Balance 10/01/17	Additions	Deletions	Balance 09/30/18
Land	\$ 3,271,843	\$ -	\$ -	\$ 3,271,843
Buildings	978,696	280,562	-	1,259,258
Improvements	12,098,733	-	-	12,098,733
Water Treatment Plant	7,715,030	-	-	7,715,030
Construction in Progress	17,369,883	429,070	(10,770,130)	7,028,829
Water and Sewer System	30,311,521	11,388,268	-	41,699,809
Machinery & Equipment	4,569,941	458,208	(465,440)	4,582,709
Totals	\$ 76,335,653	\$ 12,556,128	\$ (11,235,570)	\$ 77,656,211
Accumulated Depreciation	(19,553,630)	(1,691,883)	165,018	(21,080,495)
Fixed Assets, Net	\$ 56,782,023	\$ 10,864,245	\$ (11,070,552)	\$ 56,575,716

G. Intangible Asset

On December 3, 2012 the City purchased a 20 year public access to the school facilities from the Lago Vista Independent School District. The easement is being amortized over the contract period (20 years). The unamortized balance as of September 30, 2018 was \$243,690.

H. Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Bonds Payable	\$ 36,402,000	\$ -	\$ 1,231,000	\$ 35,171,000	\$ 1,382,000
Premium on Bonds	1,699,599	-	98,984	1,600,615	-
Compensated Absences	314,141	52,516	-	366,657	-
Loans Payable	369,464	122,188	491,652	-	-
Less: Deferred Loss on Refunding Bonds	(341,230)	-	37,093	(304,136)	-
Net Pension Liability	422,232	-	273,842	148,390	-
Net OPEB Liability	-	110,020	-	110,020	-
Governmental Activity Long-Term Debt	\$ 38,866,197	\$ 284,724	\$ 2,132,571	\$ 37,092,536	\$ 1,382,000
<u>Business-Type Activities</u>					
Loans Payable -					
Water & Sewer Fund	\$ 461,332	\$ 20,033	\$ 481,965	\$ -	-
Capital Leases -					
Golf Course Fund					
John Deere	71,248	204,010	99,000	179,258	31,464
Yamaha	282,247	222,615	298,693	206,169	22,746
Net Pension Liability	305,754	-	192,965	112,789	-
Net OPEB Liability	-	75,311	-	75,311	-
Business-Type Activity Long-Term Debt	\$ 1,024,181	\$ 521,969	\$ 1,072,623	\$ 573,527	\$ 54,230
TOTAL ACTIVITIES	\$ 39,990,378	\$ 806,693	\$ 3,205,194	\$ 37,666,063	\$ 1,436,230

I. Bonds Payable

A detail of General Long-Term Debt is as follows:

	Balance at 9/30/18	Due within one Year
\$6,515,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2006 Date of Issue: October 5, 2006 Interest Rate: 4.13% Balance, September 30, 2017	\$ 3,605,000	\$ 335,000
\$2,000,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2008 Date of Issue: July 3, 2009 Interest Rate: 3.87% Balance, September 30, 2017	1,177,000	98,000
\$2,340,000 General Obligation Refunding Bonds, Series 2009 Date of Issue: August 20, 2009 Interest Rate: 3.30% Balance, September 30, 2017	160,000	169,000
\$4,535,000 General Obligation Refunding Bonds, Series 2011 Date of Issue: December 1, 2011 Interest Rate: 2.0% Balance, September 30, 2017	2,515,000	430,000
\$7,635,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2011 Date of Issue: August 19, 2014 Interest Rate: 2.0-4.50% Balance, September 30, 2017	1,975,000	30,000
\$6,955,000 General Obligation Refunding Bonds, Series 2015 Date of Issue: January 8, 2015 Interest Rate: 2.0-4.0% Balance, September 30, 2017	6,870,000	55,000
\$7,725,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2017 Date of Issue: March 16, 2017 Interest Rate: 3.0-4.0% Balance, September 30, 2017	7,520,000	220,000
\$1,810,000 General Obligation Refunding Bonds, Series 2013A Date of Issue: December 01, 2016 Interest Rate: 2.0-4.0% Balance, September 30, 2017	1,795,000	15,000
\$3,975,000 General Obligation Refunding Bonds, Series 2013B Date of Issue: December 01, 2016 Interest Rate: 1.25-3.75% Balance, September 30, 2017	1,845,000	30,000
TOTAL BONDS PAYABLE	\$ 35,171,000	\$ 1,382,000

The annual requirements to amortize the obligation outstanding at September 30, 2018 follow:

<u>General Long-Term Debt</u>			
September 30,	Principal	Interest	Total
2019	\$ 1,382,000	1,291,694	\$ 2,673,694
2020	1,442,000	1,245,029	2,687,029
2021	1,491,000	1,195,816	2,686,816
2022	1,531,000	1,145,634	2,676,634
2023	1,585,000	1,094,361	2,679,361
2024-2028	3,765,000	4,524,036	13,289,036
2029-2033	10,270,000	2,717,796	12,987,796
2034-2038	6,195,000	857,099	7,052,099
2039-2043	1,285,000	368,656	1,653,656
2044-2048	1,225,000	100,261	1,325,261
Totals	\$ 35,171,000	\$ 14,540,382	\$ 49,711,382

J. Capitalized Leases

Capital lease obligations at September 30, 2018, are composed of the following:

	Balance at 9/30/18
Golf Course Fund	
Lease payable to John Deere Financial for equipment; 24 monthly installments of \$9,447 including principal and interest through principal and interest through October 1, 2023; interest at 3.75	\$ 179,258
Leases payable to Yamaha for Golf Carts; 16 monthly installments of \$6,360 including principal and interest through December 15, 2021; interest at 4.2%. 1 final payment of \$133,575.	206,169
Total	<u>\$ 385,427</u>

Future minimum lease payments under the lease along with the present value of the minimum lease payments as of September 30, 2018:

Year Ended September 30,	Long-Term Obligations
2019	\$ 63,226
2020	63,226
2021	63,226
2022	172,779
2023	37,737
2024-2028	9,447
Total Minimum Lease Payments	\$ 409,691
Less Amount Representing Interest	24,264
Present Value of Lease Payments	<u>\$ 385,427</u>

K. Risk Management

The City of Lago Vista is exposed to various risks of loss relating to general liability, accidental loss of real and personal property, damage to assets, errors and omissions, acts of God and personnel risks which relate to workers compensation.

The City contracts with the Texas Municipal League (TML) to provide insurance coverage for identified risks. TML is a multi-government group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are sent annually to TML. Liability by the City is generally limited to the contributed amounts. Contributions for the year ended September 30, 2018 were \$194,193.

L. Defined Benefit Pension Plan

***Plan Description***

The City of Lago Vista, Texas participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

All eligible employees of the city are required to participate in TMRS.

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2016	Plan Year 2017
Employee Deposit Rate:	6%	6%
Matching Ratio (City to Employee)	2 - 1	2 - 1
Years required for Vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	0% of CPI	0% of CPI

***Employees covered by benefit terms.***

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	60
Active employees	88
	<hr/>
	182

**Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Lago Vista, Texas were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Lago Vista, Texas were 7.71% and 7.87% in calendar years 2017 and 2018, respectively. The city's contributions to TMRS for the year ended September 30, 2018, were \$334,163, and were equal to the required contributions.

**Net Pension Liability**

The city's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

***Actuarial assumptions:***

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December

31, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2017 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.01%
Real Estate	10.0%	6.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100.0%	

#### Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	Increase/(Decrease)		
	Total Pension	Fiduciary	Net Pension
	Liability	Net Position	Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2016	\$ 9,143,202	\$ 8,415,215	\$ 727,987
Changes for the year:			
Service cost	530,359		530,359
Interest	623,948		623,948
Changes of Benefit Terms			-
Difference between Expected and Actual Experience	101,262		-
Changes in Assumptions	-		-
Contributions - Employer		316,030	(316,030)
Contributions - Employee		245,916	(245,916)
Net investment income		1,166,782	(1,166,782)
Benefit Payments, Including Refunds of Employee Contributions	(329,404)	(329,404)	-
Administrative Expense		(6,044)	6,044
Other Changes		(306)	306
	-		-
Net Changes	926,165	1,392,974	(568,071)
Balances as of December 31, 2017	\$ 10,069,367	\$ 9,808,189	\$ 261,179

#### Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 1,658,056	\$ 261,179	\$ (896,392)

#### ***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the City recognized pension expense of \$ 422,751.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 9,940	\$ 104,739
Changes of assumptions	-	64,712
Net difference between projected and actual earnings	479,529	226,043
Contributions made subsequent to measurement date	-	258,066
	<u>\$ 489,469</u>	<u>\$ 653,560</u>

\$258,066 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31.	
2018	\$ 81,961
2019	36,562
2020	(92,747)
2021	(119,751)
2022	-
Thereafter	-
Total	<u>\$ (93,975)</u>

M. Defined Other Post-Employment Benefit Plan

**Benefit Plan Description.** Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). The plan is a single employer defined benefit group life insurance plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated). The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

All eligible employees of the city are required to participate in the SDBF.

The City's contributions to the TMRS SDBF for the year ended 2018, 2017 and 2016 were



\$10,041, \$8,800 and \$8,115 respectively, which equaled the required contributions each year.

**Employees covered by benefit terms.**

At the December 31, 2017 valuation and measurement date, the following employees were covered by benefit terms:

Inactive employees currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	8
Active employees	88
Total	117

**Total OPEB Liability**

The City's Total OPEB Liability (TOL) was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

**Actuarial assumptions:**

The TOL in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Discount rate *	3.31%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor

\*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013.

**Discount Rate**

Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

Covered Payroll	\$ 4,098,600
Total OPEB Liability - beginning of year	\$ 152,575
Changes for the year	
Service Cost	13,116
Interest on Total OPEB Liability	6,000
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	14,459
Benefit Payments **	(820)
Net changes	32,755
Total OPEB Liability - end of year	\$ 185,330

Total OPEB Liability as a Percentage of Covered Payroll 4.52%

\*\*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Sensitivity of the Total OPEB Liability to changes in the discount rate

The following presents the Total OPEB Liability of the City, calculated using the discount rate of 3.31%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

1% Decrease (2.31%)	Current Discount Rate (3.31%)	1% Increase (4.31%)
\$ 222,137	\$ 185,330	\$ 156,534

#### OPEB Expense and Deferred Outflows of Resources

For the year ended September 30, 2018, the City recognized OPEB expense of \$14,774

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions and other inputs		12,025
Contributions made subsequent to measurement date		7,870
Total (excluding contributions made subsequent to measurement date)	\$ -	\$ 19,895

\$7,870 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2018	\$ 2,434
2019	2,434
2020	2,434
2021	2,434
2022	2,289
Thereafter	-
Total	\$ 12,025

N. Deferred Compensation Plan

The City offers its employees deferred compensation programs through Nationwide Retirement Solutions, Inc. The plan, created in accordance with Internal Revenue Code Section 457, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City, subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

The City has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

O. Employee Insurance Benefits

All regular full time employees of the city are eligible for coverage under the group hospitalization, medical, dental and life insurance program provided by the city through TML Group Benefits Risk Pool. The city pays the premium for eligible employees and employees, at their option, may authorize payroll withholdings to pay premiums for eligible family members.

P. Interfund Transactions

Interfund balances at September 30, 2018 consisted of the following:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 393,870	\$ 493,410
Debt Service Fund	146,644	
Special Revenue Fund		37,632
Capital Projects Fund		1,815,384
Golf Course Fund		2,475,264
Utility Fund	<u>4,281,176</u>	
TOTALS	<u>\$ 4,821,690</u>	<u>\$ 4,821,690</u>

During the year ended September 30, 2018, the City's transfers between funds consisted of:

	Transfers In	Transfers Out
General Fund	\$ 1,507,886	\$ 507,886
Capital Projects Fund		
Debt Service Fund	500,000	
Golf Course	500,000	
Utility Fund		2,000,000
TOTALS	\$ 2,507,886	\$ 2,507,886

Q. Long-Term Debt-Advance Refundings

General Obligation Refunding Bonds – Series 2016A and Series 2016B

During 2017, the City advance refunded Limited Tax Note, Series 2015 (\$1,945,000) and Limited Tax Note, Taxable Series 2015 (\$3,738,000). The bonds were called and were redeemed on February 15, 2017 by purchasing \$5,763,253 in U.S. State and Local Government securities. The various bonds have been defeased and removed as a liability of the City. The Series 2016A and Series 2016B bonds mature on February 15, in each of the years 2018 through 2037, bearing interest at 1.480 – 3.856%. The refunding bonds resulted in a gross debt service loss of \$2,020,989 and the net present value savings of \$159,007.

General Obligation Refunding Bonds – Series 2015

During 2015, the City advance refunded general obligation refunding bonds – Series 2005 (\$9,960,000). The bonds were called and were redeemed on February 15, 2015 by purchasing \$7,598,093 in U.S. State and Local Government securities. The various bonds have been defeased and removed as a liability of the City. The Series 2015 bonds mature on February 15, in each of the years 2016 through 2022, bearing interest at 2.16%. The refunding bonds resulted in a gross debt service loss of \$2,386,573 and the net present value savings of \$138,877.

General Obligation Refunding Bonds – Series 2011

During 2012, the City advance refunded a portion of several of the City's obligations with one refunding, general obligation refunding bonds – Series 2011 (\$4,535,000). The various bonds were called and were redeemed on December 1, 2011 by purchasing \$4,612,372 in U.S. State and Local Government securities. The various bonds have been defeased and removed as a liability of the City. The Series 2011 bonds mature on February 15, in each of the years 2012 through 2023, bearing interest at 2.0% and 3.0%. The refunding bonds resulted in a gross debt service savings of \$351,141 and the net present value savings of \$293,664.

General Obligation Refunding Bonds – Series 2009

During 2009, the City advance refunded a portion of several of the City's obligations with one refunding, general obligation refunding bonds - Series 2009 (\$2,340,000). The various bonds were called and were redeemed on August 20, 2009 by purchasing \$2,305,790 in U.S. State and Local Government securities. The various bonds have been defeased and removed as a liability of the City. The Series 2009 bonds mature on February 15, in each of the years 2010 through 2019, bearing interest at 3.3%.

R. Negative Unrestricted Net Position

The unrestricted net position for the governmental activities reflects a large negative balance. Since the City finances utility fund improvements with taxes, the assets are reflected in the utility fund while the debt is shown in the governmental activities. This causes a large negative balance for unrestricted net position in the governmental activities as shown below:

Long-term debt used to finance	
utility (enterprise) fund improvements -	\$ (35,171,000)
Unrestricted Net Position	7,709,344
As Reported on Exhibit A-1	<u>\$ (27,461,656)</u>

S. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

T. Cash Flows Statement – Supplemental Disclosures

Since the City is tax exempt, no income tax was paid in 2018 and 2017. The City paid interest in the amount of \$26,172 in 2018 and \$27,763 in 2017.

U. Public Improvement Districts

On May 11, 2012 the City granted a petition to create Tessera on Lake Travis Public Improvement District. The Petitioners proposed the District be managed by the City with, at the option of the City, the assistance of other parties as determined by the City. The costs and expenses of the services of such other parties shall be part of the cost of operating and administering the District. The City will not be obligated to provide any funds to finance construction of authorized improvements. All design and construction costs of authorized improvements will be paid from assessments and from other sources of funds, if any, available to the Petitioners.

On September 11, 2014 Hines Lake Travis Land II Limited Partnership conveyed Phase I assets of Tessera on Lake Travis Public Improvement District to the City. The governmental assets totaled \$12,798,379 in infrastructure, improvements and buildings and the proprietary fund assets (Utility Fund) totaled \$4,949,459 in system improvements. The total assets conveyed were \$17,747,838.

V. Employee Benefit Trust

On September 20, 2018 the City through Resolution No. 18-1769 created an Employee Benefit Trust. It is a nonprofit trust created for the purpose of providing or offering, whether now or possibly in the future, City officers, employees, and qualified retirees and their dependents with life, disability, sickness, accident, and other health benefits either directly or through the purchase of insurance and to perform operations in furtherance thereof. The Trust is intended to qualify as a tax-exempt trust performing an essential government function within the meaning of Section 115 of the Internal Revenue Code.

W. Related Party

In the ordinary course of business, the City has and expects to continue to have transactions with its employees and elected officials. In the opinion of management, such transactions were on substantially the same terms, including interest rates and collateral, as those prevailing at the time of comparable transactions with other persons and did not involve more than a normal risk of collectability or present any other unfavorable features to the City.

X. Prior Period Adjustment

During the fiscal year 2018, the City adopted GASB Statement No. 75 for *Other Post Employment Benefits*. Under GASB Statement No. 75 the District must report their Net OPEB Liability of the TMRS (Texas Municipal Retirement System) Supplemental Death Benefit Fund. Adoption of GASB Statement No. 75 required a prior period adjustment in the governmental activities of \$90,575 and \$62,000 in the business type activities. The restated beginning net position of the governmental activities is (\$6,525,371) and in the business type activities is \$60,117,920.

Y. Subsequent Events

The City has evaluated subsequent events through January 16, 2019, the date which the financial statements were available to be issued. In October 2018 the City settled a law suit with Brian Atlas in the amount of \$70,000. The City is not aware of any other subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAGO VISTA, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property Taxes	\$ 2,908,139	\$ 2,908,139	\$ 3,130,623	\$ 222,484
General Sales and Use Taxes	438,238	438,238	480,798	42,560
Franchise Tax	489,382	489,382	467,578	(21,804)
Other Taxes	7,000	7,000	7,426	426
Licenses and Permits	273,200	273,200	572,655	299,455
Intergovernmental Revenue and Grants	48,230	48,230	103,128	54,898
Charges for Services	813,322	813,322	867,520	54,198
Fines	105,600	105,600	106,088	488
Investment Earnings	6,000	6,212	66,250	60,038
Rents and Royalties	-	-	122,815	122,815
Contributions & Donations from Private Sources	42,000	42,000	45,420	3,420
Other Revenue	60,645	60,645	170,661	110,016
Total Revenues	5,191,756	5,191,968	6,140,962	948,994
EXPENDITURES:				
Current:				
Administration	601,967	601,967	454,536	147,431
Non-Departmental	82,700	82,700	71,399	11,301
Development Services	557,284	557,283	509,755	47,528
Finance	222,318	222,318	197,721	24,597
Human Resources	101,326	101,326	96,966	4,360
Municipal Court	165,169	165,169	161,561	3,608
City Secretary	124,954	124,954	114,669	10,285
City Attorney	-	-	286	(286)
Police Department	1,873,098	2,103,007	2,060,523	42,484
Dispatching	381,243	381,243	347,049	34,194
Public Works Streets	875,188	995,190	978,123	17,067
Solid Waste	633,210	633,210	627,364	5,846
Building Maintenance	55,456	55,456	34,044	21,412
Recreation	111,164	111,164	107,145	4,019
Aviation	43,731	226,131	217,554	8,577
Library	192,518	192,519	174,508	18,011
Parks	112,644	147,442	122,622	24,820
Debt Service:				
Principal on Debt	-	5,107	15,861	(10,754)
Interest on Debt	-	496	506	(10)
Total Expenditures	6,133,280	6,706,682	6,292,192	414,490
Excess (Deficiency) of Revenues Over (Under) Expenditures	(941,524)	(1,514,714)	(151,230)	1,363,484
OTHER FINANCING SOURCES (USES)				
Non-Current Loans	-	-	122,188	122,188
Transfers In	1,500,000	1,500,000	1,507,886	7,886
Transfers Out (Use)	(555,130)	(555,130)	(507,886)	47,244
Total Other Financing Sources (Uses)	944,870	944,870	1,122,188	177,318
Net Change in Fund Balances	3,346	(569,844)	970,958	1,540,802
Fund Balance - October 1 (Beginning)	3,382,330	3,382,330	3,382,330	-
Fund Balance - September 30 (Ending)	\$ 3,385,676	\$ 2,812,486	\$ 4,353,288	\$ 1,540,802

The notes to the financial statements are an integral part of this statement



CITY OF LAGO VISTA, TEXAS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT G-2

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
<b>A. Total Pension Liability</b>				
Service Cost	\$ 530,359	\$ 498,365	\$ 431,114	\$ 362,015
Interest (on the Total Pension Liability)	623,948	569,842	527,056	489,774
Changes of Benefit Terms	-0-	-0-	-0-	-0-
Difference between Expected and Actual Experience	101,262	43,293	20,443	(73,396)
Changes of Assumptions	-0-	-0-	212,906	-0-
Benefit Payments, including refunds of employee contributions	(329,404)	(322,425)	(302,417)	(258,266)
Net change in Total Pension Liability	\$ 926,165	\$ 789,075	\$ 889,102	\$ 520,127
Total Pension Liability - Beginning	9,143,202	8,354,127	7,465,025	6,944,898
Total Pension Liability - Ending	\$ 10,069,367	\$ 9,143,202	\$ 8,354,127	\$ 7,465,025
<b>B. Total Fiduciary Net Position</b>				
Contributions - Employer	\$ 316,030	\$ 249,566	\$ 234,864	\$ 215,450
Contributions - Employee	245,916	231,081	212,546	203,575
Net Investment Income	1,166,782	523,318	11,202	402,356
Benefit Payments, including refunds of employee contributions	(329,404)	(322,425)	(302,417)	(258,266)
Administrative Expense	(6,044)	(5,907)	(6,822)	(4,200)
Other	(306)	(318)	(337)	(345)
Net Change in Plan Fiduciary Net Position	\$ 1,392,973	\$ 675,315	\$ 149,035	\$ 558,570
Plan Fiduciary Net Position - Beginning	8,415,215	7,739,900	7,590,865	7,032,295
Plan Fiduciary Net Position - Ending	\$ 9,808,188	\$ 8,415,215	\$ 7,739,900	\$ 7,590,865
<b>C. Net Pension Liability</b>	\$ 261,179	\$ 727,987	\$ 614,227	\$ (125,840)
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	97.41%	92.04%	92.65%	101.69%
<b>E. Covered Payroll</b>	\$ 4,098,600	\$ 3,851,351	\$ 3,542,430	\$ 3,392,918
<b>F. Net Pension Liability as a Percentage of Covered Payroll</b>	6.37%	18.90%	17.34%	(3.71%)

Note: GASB 68, Paragraph 46, a and b requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

Note: Only four years of data are presented in accordance with GASBS #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

CITY OF LAGO VISTA, TEXAS  
SCHEDULE OF CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE FISCAL YEAR 2018

EXHIBIT G-3

	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 334,163	\$ 300,205	\$ 254,860	\$ 235,583
Contributions in Relation to the Actuarially Determined Contributions	(334,163)	(300,205)	(254,860)	(235,583)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Covered Payroll	\$ 4,266,109	\$ 4,042,094	\$ 3,911,628	\$ 3,491,490
Contributions as a Percentage of Covered Payroll	7.84%	7.43%	6.52%	6.75%

Note. GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

Note. In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

CITY OF LAGO VISTA, TEXAS  
NOTES TO THE SCHEDULE OF CONTRIBUTIONS  
SEPTEMBER 30, 2018

**Valuation Date:**

Notes                      Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months later.

**Methods and assumptions used to determine contribution rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based tables of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:**

Notes                      There were no benefit changes during the year.

CITY OF LAGO VISTA, TEXAS  
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
 TEXAS MUNICIPAL RETIREMENT SYSTEM  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>FY 2018</u> <u>Plan Year 2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 13,116
Interest on the Total OPEB Liability	6,000
Changes of Benefit Terms	-0-
Difference between Expected and Actual Experience	-0-
Changes of Assumptions	14,459
Benefit Payments*	(820)
Net change in Total OPEB Liability	<u>32,755</u>
Total OPEB Liability - Beginning	152,575
Total OPEB Liability - Ending	<u>\$ 185,330</u>
<b>Covered Payroll</b>	\$ 4,098,600
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	4.52%

\* The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52-139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

CITY OF LAGO VISTA, TEXAS  
NOTES TO THE SCHEDULE OF CHANGES IN THE  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
SEPTEMBER 30, 2018

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31,  
And become effective in January 13 months later.

**Methods and assumptions used to determine contribution rates:**

Inflation	2.5%
Salary increases	Salary increases are assumed to occur once a year, on January 1. Therefore, the pay used for the period year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. Salaries are assumed to increase by 3.50% to 10.5% including inflation
Actuarial Cost Method:	Entry Age Normal
Valuation of Assets:	For purposes of calculating the Total OPEB Liability, The plan is considered to be unfunded and therefore no assets are accumulated for OPEB.
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates – disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.
Discount Rate	Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date. Discount rate is 3.31%.
Supplemental Death Benefit	The contribution rate for the Supplemental Death Benefit (SDB) is equal to the expected benefit payments during the upcoming year divided by the annualized pay of current active members and is calculated separately for actives and retirees. Due to the significant reserve in the Supplemental Death Fund, the SDB rate for retiree coverage is currently only one-third of the total term cost.

**Other Information:**

Notes There were no benefit changes during the year.

# NEFFENDORF & KNOPP, P.C.

## Certified Public Accountants

P.O. BOX 874 · 736 S. WASHINGTON ST.

FREDERICKSBURG, TEXAS 78624-0874

(830) 997-3348

FAX: (830) 997-3333

Email: info@nkpccpa.com

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

January 16, 2019

Honorable Mayor and  
Members of the City Council  
City of Lago Vista, Texas  
Lago Vista, TX 78645

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lago Vista, Texas for the year ended September 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 4, 2018. Professional standards also require that we communicate to you the following information related to our audit

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Lago Vista, Texas are described in Note 1 to the financial statements. GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was adopted and the application of existing policies was not changed during the year ended September 30, 2018. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 16, 2019.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

#### Recommendations

##### Bank Reconciliations

Several old outstanding checks are being carried on the bank reconciliations. We recommend the checks be researched and cleared or re-issued.

During the review of the bank reconciliations no review and approval was noted on the reconciliations. We recommend review and approval from someone other than the person preparing the reconciliations and evidence of that review and approval be noted on the reconciliations.

##### Investment Policy

The City's investment policy was not reviewed and adopted by those charged with governance during the fiscal year. The local government code chapter 2256 Public Funds Investment requires the investment policy and investment strategies be reviewed not less than annually. We recommend the investment policy and investment strategies be reviewed by those charged with governance annually.

#### Payroll Benefit Deductions

Testing of the employee withholdings revealed inconsistency with the amount withheld from the employees pay and the invoices for insurance benefits. We recommend the Human Resources Manager conduct an internal audit and update the withholding rates for benefits paid by the employee.

#### Utility Inventory

Utility inventory listing was the same dollar amount as the prior year. We recommend a physical inventory be conducted at year end and the inventory listing updated.

#### Contributed Assets

Infrastructure in the amount of \$634,861 was conveyed to the City from Paseo De Vaca during the fiscal year. The information was not provided to the Finance Department from the Public Works department and the assets were not recorded. We recommend a policy and procedure be implemented regarding contributed assets.

#### Grant Documents

Grants documents were requested from those administering the grants. Those documents were not readily available and some were missing. We recommend that all grant documents be sent to the Finance Department for proper recording and documentation.

#### Sale of Municipal Assets

The Highland Lakes Golf Course was sold in September 2018. The City was required to refund the sale proceeds due to non-compliance with Local Government Code Sec 272.001 Title 8 regarding procedures for sale of municipal assets. We recommend the City review and comply with the local government code.

#### Employee Expenditure Reimbursement

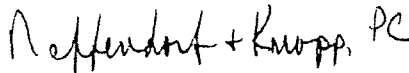
The City currently has no policy regarding the reimbursement of expenses to employees other than for travel. We recommend the City adopt a policy regarding expenditures purchased for the City by employees with personal funds and subsequently reimbursed.

#### Related Party Policy

The City currently has no policy regarding transactions with related parties. We recommend a policy be adopted.

This information is intended solely for the use of the City Council and management of City of Lago Vista and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



NEFFENDORF & KNOPP, P.C.  
Fredericksburg, Texas



## **Attachment 6**

### **TCEQ Licenses – City of Lago Vista (as of March 6, 2019)**

TCEQ Licenses - City of Lago Vista (as of March 6, 2019)

Name	Dept	Program	License Type & level	License #	Last Issued Date	Expiration Date	Lisc Status	CE Hours
ARNOLD, LAURA D	PWA	WATEROL	WATER DISTRIBUTION OPERATOR C	WD0009996	7/6/2017	5/24/2020	CURRENT	66
		WATEROL	SURFACE WATER TREATMENT OPERATOR C	WS0013346	10/26/2017	10/26/2020	CURRENT	46
		WWOL	WASTEWATER TREATMENT OPERATOR D	WW0059191	2/26/2018	2/26/2021	CURRENT	6
CASTRO, STEVE A	PLANTS	WWOL	WASTEWATER TREATMENT OPERATOR D	WW0059158	3/12/2018	3/12/2021	CURRENT	0
FLARIDA, THOMAS C	W/WW	WATEROL	WATER OPERATOR D	WO0041215	6/29/2018	6/29/2021	CURRENT	0
HOOMANA, HOMAS	W/WW	WATEROL	WATER DISTRIBUTION OPERATOR C	N/A	N/A	N/A	PENDING	N/A
LINDHOLM, SCOOTER L	PLANTS	WATEROL	WATER OPERATOR A	WO0017553	12/28/2017	2/10/2021	CURRENT	10
		WWOL	WASTEWATER TREATMENT OPERATOR B	WW0027107	4/14/2016	6/23/2019	CURRENT	66
MAXWELL, CHRISTOPHER C	PLANTS	WATEROL	SURFACE WATER TREATMENT OPERATOR C	WS0011436	10/5/2016	10/28/2019	CURRENT	8
		WWOL	WASTEWATER TREATMENT OPERATOR C	WW0047891	5/16/2016	7/2/2019	CURRENT	20
MUNOZ, JOSE A	PLANTS	WATEROL	WATER OPERATOR D	WO0040372	3/9/2017	3/9/2020	CURRENT	56
		WWOL	WASTEWATER TREATMENT OPERATOR B	WW0053954	6/9/2016	6/9/2019	CURRENT	32
NAVARRO, DIEGO E	GOLF	LIOL	LANDSCAPE IRRIGATOR	LI0022369	1/18/2017	1/31/2020	CURRENT	24
STEWART, DAVID A	PWA	WATEROL	SURFACE WATER TREATMENT OPERATOR B	WS0005682	3/13/2018	5/7/2021	CURRENT	20
		WWOL	WASTEWATER TREATMENT OPERATOR A	WW0013011	9/6/2016	9/23/2019	CURRENT	20
TWITCHELL, JEREMY	PLANTS	WATEROL	WATER OPERATOR D	WO0043754	2/22/2019	2/22/2022	CURRENT	0
WALDEN, DAVID M	W/WW	WATEROL	WATER DISTRIBUTION OPERATOR C	WD0009904	7/10/2018	8/3/2021	CURRENT	0
		WWOL	WASTEWATER COLLECTION OPERATOR I	WW0043803	2/21/2017	2/17/2020	CURRENT	0
WHITENER, KATHRYN A	PLANTS	WATEROL	WATER OPERATOR D	WO0041214	10/17/2017	10/17/2020	CURRENT	0
WILLE, SHAWN F	PLANTS	WATEROL	SURFACE WATER TREATMENT OPERATOR C	WS0012676	6/21/2016	6/21/2019	CURRENT	20
		WWOL	WASTEWATER TREATMENT OPERATOR C	WW0058398	10/16/2017	10/16/2020	CURRENT	0

## **Attachment 7**

### **1<sup>st</sup> Amendment to Water Sale Contract No. 9828 and Water Sale Contract**

1st AMENDMENT TO WATER SALE CONTRACT NO. 9828

This agreement is made by and between the Lower Colorado River Authority, hereinafter called "LCRA," and the City of Lago Vista hereinafter called "Purchaser," to be effective on the date of execution by LCRA, to wit:

WITNESSETH:

WHEREAS, the LCRA and Purchaser entered into a certain Water Sale Contract No. 9828, dated May 1, 1983, pursuant to which Purchaser was granted the right to divert up to a maximum of 6,500 acre-feet of raw water per annum from Lake Travis in Travis County, Texas (the "Contract"); and

WHEREAS, the term of the Contract expires on May 1, 2023; and


WHEREAS, it has become desirable to amend the Contract to add an additional diversion point identified in Exhibit A to the Contract; and

NOW THEREFORE, in mutual consideration of the premises and provisions hereinafter contained, LCRA and Purchaser agree to amend said Contract as follows:

Exhibit A is replaced with new "Amended Exhibit A" attached to this amendment.

All sections of and Exhibits to Contract No. 9828 not amended hereby shall remain in full force and effect.

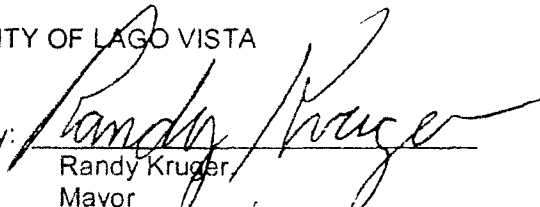
LOWER COLORADO RIVER AUTHORITY

By:   
for Karen Bondy, P.E.  
Executive Manager, Water Resources



Date: July 23 2013

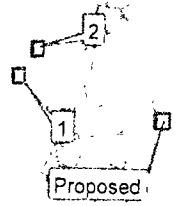
CITY OF LAGO VISTA

By:   
Randy Kruger  
Mayor

Date: 6/20/13

EXHIBIT "A"

Site Location



NTS

EXISTING POINT  
OF DIVERSION  
WTP 1



1 in = 300 ft

EXISTING POINT  
OF DIVERSION  
WTP 2



1 in = 300 ft

PROPOSED POINTS  
OF DIVERSION FOR  
WTP3

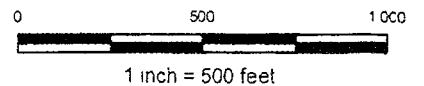
AMENDED EXHIBIT A  
Legend



City Limits

ETJ

Tax Parcel



The City of Lago Vista shall not be held liable for improper or incorrect use of the data contained herein. It is the responsibility of the user to use the data appropriately and consistent within the limitation of geospatial data.



5/23/2013

## WATER SALE CONTRACT

The Lower Colorado River Authority, hereinafter called "Authority," and Travis County Municipal Utility District No. 1, the purchaser hereunder, hereinafter called "Purchaser," in mutual consideration of the provisions herein contained agree as follows:

1. From and after the effective date hereof, Purchaser shall have the right to withdraw a maximum of 6,500 acre-feet (2,139 million gallons) of raw water per annum from the Colorado River (Lake Travis) in Travis County, Texas, at a point or points within a segment bordering on Lake Travis described and depicted in Exhibit "A" attached hereto (the "Points of Diversion"), said Exhibit depicting the segment by reference to a corner of an original land survey and/or other survey point, giving both course and distance. The water authorized to be diverted hereunder at the Points of Diversion shall be water available in or released from conservation storage in Lakes Travis and Buchanan under water rights held by the Authority, including Permit Nos. 1259 and 1260. The Authority shall release or cause to be released water from conservation storage in Lake Travis and Buchanan and deliver such water to the Points of Diversion in the necessary amounts and at the necessary times and rates to allow Purchaser to divert water at the Points of Diversion in such amounts and at such times and rates as needed by Purchaser, up to a total diversion of 6,500 acre-feet of water per annum. Where the Authority releases water from Lake Buchanan, the Authority shall bear all transportation and evapotranspiration losses from Lake Buchanan to the Points of Diversion. Purchaser is to furnish and bear expenses of pumping facilities and metering equipment of type approved by Authority. Purchaser represents to Authority and Authority relies on such representation that all water withdrawn at the Points of Diversion will be used for the following purposes:



Municipal and Irrigation.

Water provided by Authority shall be exclusively used within that certain area consisting of a total of 4,825.95 acres shown on the drawing attached hereto as Exhibit "B", which area consists of various tracts described in Exhibit "C" attached hereto, together with all other lands lawfully annexed by the Purchaser, hereinafter called the "Property". Purchaser warrants and certifies that the area described in Exhibits "B" and "C" for which its water service is proposed is situated completely within the Colorado River Basin and, at the present time, lies within Travis County Municipal Utility District No. 1.

2. Purchaser shall pay Authority \$10,536.44 upon execution of this contract for the reservation of permitted waters for the Purchaser's benefit for the remainder of calendar year 1983; provided, however, that if because of making the payment for the reservation of permitted waters for the calendar year 1983 Purchaser shall reserve a quantity of water not actually diverted by it during the 1983 calendar year (herein called "Reserved Water"), then Purchaser shall be entitled to divert such Reserved Water at any time and from time-to-time during the five calendar years immediately following the year in which the water treatment plant is placed into operation ("Startup"), without making further payment therefor.

For each calendar year beginning with the year following Startup, Purchaser shall be required hereunder to pay Authority annually for a minimum quantity of water (the "Minimum Annual Quantity") of at least 105,894,430 gallons of water regardless of whether or not such amount of water is diverted by Purchaser, provided, however, that after the second calendar year following Startup the Minimum Annual Quantity shall be increased (but may never be decreased below 105,894,430 gallons) to a quantity equal to eighty percent (80%) of the average annual quantity diverted by Purchaser during the two (2) years immediately preceding the year for which the minimum payment is being calculated if said eighty

percent (80%) of the average annual quantity exceeds 105,894,430 gallons. On or before the tenth (10th) day of January in each calendar year beginning with the year following Startup the Authority shall bill Purchaser for an amount equal to the product of the Minimum Annual Quantity of water required to be paid for during that year times the rate determined by the Board of Directors of the Authority to be then in effect for all withdrawals of water from Lake Travis (the "Water Rate"). The Water Rate presently in effect for all such withdrawals is \$0.15/1,000 gallons.

On or before the tenth (10th) day of each calendar month, the Authority shall submit a statement to Purchaser showing the Minimum Annual Quantity of water paid for in the calendar year in which the previous calendar month is included, the quantity of water diverted by Purchaser at the Points of Diversion during such preceding calendar month (the "Monthly Diversion"), and the aggregate quantity of water diverted by Purchaser at the Points of Diversion during the calendar year through such preceding calendar month (the "Aggregate Diversion"). Each such statement either shall provide that no amount of money is due the Authority for water diverted during the previous calendar month, or shall include a bill for such diversions. Such monthly bill, if any, shall be for an amount equal to the product of the Water Rate then in effect times the lesser of the Monthly Diversion during such previous calendar month or the amount, if any, by which the Aggregate Diversion through such preceding calendar month exceeds the Minimum Annual Quantity; provided, however, (a) that if because of making the payment for the Minimum Annual Quantity provided above, except during the two calendar years following Startup, Purchaser shall pay for any quantity of water not actually diverted by it during a calendar year (herein called "Paid-for Water"), then Purchaser shall be entitled to divert such Paid-for Water at any time and from time-to-time during the next two succeeding calendar years without making further payment therefor, and (b) that if any Paid-for



Water is not actually diverted by Purchaser during either or both of the two calendar years immediately following Startup, then Purchaser shall be entitled to divert such Paid-for Water at any time and from time-to-time during the next five succeeding calendar years without making further payment therefor, provided, however, (a) that except during the five calendar years following Startup, the Minimum Annual Quantity to be paid for by Purchaser in each year shall be first taken and no Paid-for Water shall be considered as being part of such minimum; (b) during the five calendar years following Startup, the Paid-for-Water or Reserved Water shall be first taken but shall not be considered part of such minimum; and (c) any Paid-for Water or Reserved Water which is taken over and above the Minimum Annual Quantity shall not be included in establishing the Minimum Annual Quantity for which payment shall be made by Purchaser in any succeeding calendar year.

Each bill submitted to Purchaser pursuant to the terms of this Paragraph 2 shall be paid Authority at its office in Austin, Texas, by check or bankwire on or before fifteen (15) days from the date of mailing of the bill. In the event Purchaser fails to make payment of that billing within said fifteen (15) day period, it shall then pay a five percent (5%) late payment charge.

3. To measure the amount of water diverted at the Points of Diversion, Purchaser agrees at Purchaser's expense to install at the Points of Diversion such flow meters and recording devices as are approved by the Authority, such meters to permit, within two percent (2%) accuracy, determination of quantities of raw water withdrawn hereunder in units of 1,000 gallons. Such meters may be calibrated at any reasonable time by either party to this contract, provided that the party making the calibration shall notify the other party at least two weeks in advance and allow the other party to witness the calibration. Authority may install, at its expense, check meters in or to any of Purchaser's metering equipment at any time and may leave such

check meters installed for such periods as is reasonably necessary to determine the accuracy of Purchaser's metering equipment. On or before the tenth (10th) day of each month, Authority shall have the right to make a reading of the meters installed by Purchaser. Furthermore, means of access to the meters will be provided to representatives of Authority. Further, such meters shall be tested for accuracy by and at the expense of Purchaser once each calendar year at intervals of approximately twelve (12) months and a report of such tests shall be furnished to Authority. However, in the event any question arises at any time as to the accuracy of any such meter, such meter shall be tested promptly upon the demand of Authority, the expense of such test to be borne by Authority if the meter is found to be correct and by Purchaser if it is found to be incorrect. Readings within two percent (2%) of accuracy shall be considered correct. If, as a result of any test, any meter is found to be registering inaccurately (i.e., in excess of two percent (2%) of accuracy), the readings of such meter shall be corrected at the rate of its inaccuracy for any period which is definitely known and agreed upon or, if no such period is known and agreed upon, the shorter of the following periods shall be used as the basis for correction:

(a) A period extending back either sixty (60) days from the date of demand for the test or, if no demand for the test was made, sixty (60) days from the date of the test; and

(b) A period extending back half of the time elapsed since the last previous test;

and the record of readings shall be adjusted accordingly. Following each test of a meter, the same shall be adjusted by Purchaser to register accurately. Purchaser shall notify Authority prior to making each test of any of Purchaser's meters and Authority shall have the right to have a representative present at each test to observe the same and any meter adjustments found to be necessary.

4. Authority makes no guarantee that water will be

available at any particular time or place or that Lake Travis or Buchanan will be retained at any specific level at any particular time. It is fully understood by the parties hereto that the level of said lakes will vary as a result of Authority's operation of its dams on the Colorado River and that this instrument is merely an agreement to require the Authority to make releases of and deliver water when and if water is present in said lakes, and to allow Purchaser to make withdrawals of the water so released and delivered, as set forth in Paragraph 1, subject to the general law on distribution and allocation of water during shortages of supply.

5. Purchaser will indemnify and save the Authority harmless from any and all claims or demands whatsoever to which Authority may be subjected by reason of any injury to any person or damage to any property resulting from or in any way connected with any and all actions and activities (or failure to act) of Purchaser under this contract. Purchaser's pumping and related facilities shall be installed and maintained by Purchaser at Purchaser's sole risk. Nothing in this contract shall be construed as authorizing Purchaser, or recognizing that Purchaser has any right, to install any equipment or improvements on property owned by Authority or third parties.

6. The right of Authority to maintain and operate its several dams and their appurtenances on the Colorado River and at any and all times in the future to impound and release waters thereby in any lawful manner and to any lawful extent Authority may see fit is recognized by Purchaser; and, except as otherwise provided herein, there shall be no obligation hereunder upon Authority to release or not to release any impounded waters at any time or to maintain any waters at any specified level. Authority makes no representation as to the quality of the water in Lake Travis and Purchaser hereby releases Authority and agrees to hold it harmless from any and all claims that Purchaser or Purchaser's customers or users have or may have against Auth-

ority for any diminution in or impairment of the quality of water in Lake Travis caused by lawful acts or failures to act of the Authority.

7. This contract shall be for a term of 40 years from the first day of MAY, 1983 and thereafter on a year-to-year basis until terminated by thirty (30) days written notice by either party; provided, however, that Purchaser may at any time terminate this contract by giving Authority thirty (30) days notice of such termination. It is further provided that if Purchaser should fail to commence diversion of water under the terms of this contract within five (5) years from the date hereof, Authority may give Purchaser written notice of intent to terminate this contract. If Purchaser fails to divert water hereunder within 180 days from the date of receipt of such notice, the Authority may, at its sole option, after written notice to Purchaser, terminate this contract without recourse. Each notice under this contract shall be mailed by certified mail, return receipt requested, and shall be effective on the date actually received. All notices and bills to Purchaser shall be addressed to Travis County Municipal Utility District No. 1, P. O. Box 727, Lago Vista, Texas 78641, and all notices and payment to Authority shall be addressed to Lower Colorado River Authority, P. O. Box 220, Austin, Texas 78767. Either party may change its address by giving written notice of such change to the other party.

8. Purchaser agrees to obtain or cause to be obtained all approvals required by all applicable state or federal agencies for any sanitary sewage system or systems which collect domestic sewage derived from water provided herein. Failure of Purchaser to meet any standards imposed by such agencies shall subject Purchaser under this contract to all remedies allowed by law including, without limitation, termination or suspension of this contract by Authority. Purchaser further agrees that if a sewage treatment plant is located within the Property, the Authority shall have reasonable access to such plant for the purpose of taking samples of

effluent from such plant for testing by Authority to determine whether Purchaser is in compliance with such standards imposed by such agencies.

9. Except as otherwise provided below, no assignment of this agreement in whole or in part for any purpose shall be made or granted by Purchaser without the prior written consent of Authority, which consent shall not be unreasonably withheld. Without having to obtain the Authority's consent, Purchaser may assign this contract in whole or in part for any purpose to any "public agency" (as such term is defined in Section 54.001 of the Texas Water Code) with authority or jurisdiction to supply water to the Property.

10. If the Authority believes that Purchaser has not paid the full amount owed for any payment due under Paragraph 2 hereof within the time provided therefor, the Authority shall give written notice to Purchaser on or before 180 days from the date such payment was due stating the amount the Authority believes is due and unpaid. Failure of the Authority to give such notice by such deadline bars and extinguishes all claims (except claims based on inaccuracy of meters) that the Authority may have for amounts due and unpaid. If the Authority gives any notice as provided herein and Purchaser fails to pay within 30 days the amounts claimed in such notice to be due and unpaid, the Authority may, at its sole option, upon giving notice to Purchaser, suspend delivery of water hereunder until such payment is made. If Authority suspends delivery pursuant to the terms hereof, and if failure to make such payment continues for more than 60 days from the date Authority gives notice of such suspension, the Authority may, at its sole option, after written notice to Purchaser, terminate this contract without recourse. If Purchaser should dispute their obligation to pay all or any part of the amount stated in any bill or notice, Purchaser may, in addition to all other rights that Purchaser may have under law, pay such amount under protest, in which case such amount shall be deposited in an interest bearing account mutually acceptable to both the

Authority and Purchaser pending final resolution of such dispute. The Authority may not suspend delivery or terminate this contract for failure to pay the amount stated in any bill or notice if Purchaser pays such amount under protest.

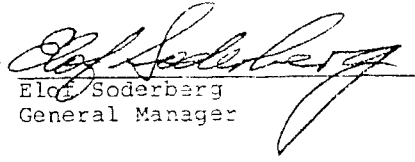
11. Authority agrees to file a copy of this contract with the Executive Director of the Texas Department of Water Resources, P. O. Box 13087, Capitol Station, Austin, Texas 78711, it being fully recognized by the Purchaser hereunder that the effectiveness of this contract is dependent upon compliance with the Rules of the Texas Water Development Board.

IN WITNESS WHEREOF, these presents have been executed this the 2<sup>nd</sup> day of June, 1983.

LOWER COLORADO RIVER AUTHORITY

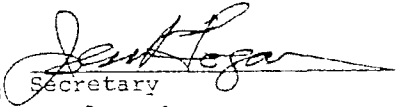
(SEAL)

By

  
Eric Soderberg  
General Manager

ATTEST:

Assistant

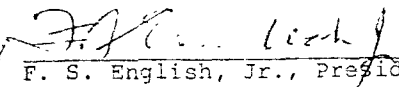
  
Secretary

Jesse F. Logan

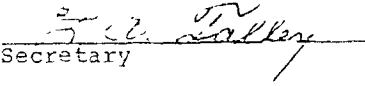
TRAVIS COUNTY MUNICIPAL UTILITY  
DISTRICT NO. 1

(SEAL)

By

  
F. S. English, Jr., President,  
Board of Directors

ATTEST:

  
Secretary

THE STATE OF TEXAS       )  
                                  )  
COUNTY OF TRAVIS        )

BEFORE ME, the undersigned authority, on this day personally appeared Elof Soderberg, General Manager of the Lower Colorado River Authority, a conservation and reclamation district, a body politic and corporate and a governmental agency of the State of Texas, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Authority.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21  
day of March, 1983.

[Signature]  
Notary Public, Travis County,  
Texas

(SEAL)

Name of Notary:

Commission Expires: 2-11-85

THE STATE OF TEXAS       )  
                                  )  
COUNTY OF TRAVIS        )

BEFORE ME, the undersigned authority, on this day personally appeared F. S. English, Jr., President, Board of Directors of Travis County Municipal Utility District No. 1, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 24  
day of April, 1983.

Frances Ripley  
Notary Public, Travis County,  
Texas

(SEAL)

Name of Notary:

FRANCES RIPLEY

Commission Expires: 2-24-85





A DESCRIPTION OF 5.774 ACRES OUT OF THE D & W RAILROAD CO. SURVEY NO. 97 IN TRAVIS COUNTY, TEXAS; SAID 5.774 ACRES BEING A PORTION OF A TRACT DESCRIBED IN A DEED TO STARR HOMES RECORDED IN VOLUME 6779, PAGE 1499 OF THE TRAVIS COUNTY DEED RECORDS; SAID 5.774 ACRES BEING MORE FULLY DESCRIBED AS FOLLOWS:

BEGINNING at an iron pin found at the northwest corner of F.M. 1431 and Lohmann Crossing Road for the most easterly corner of the herein described tract;

THENCE, along the north right-of-way line of said Lohmann Crossing Road, 479.97 feet along a curve to the left having a radius of 800.00 feet, an internal angle of  $34^{\circ} 22' 30''$ , and a chord bearing  $S 55^{\circ} 50' 10'' W$ , 472.80 feet to an iron pin found for the most southerly corner of this tract;

THENCE, leaving said Lohmann Crossing Road,  $N 59^{\circ} 45' 08'' W$ , 319.62 feet to nail found;

THENCE,  $N 59^{\circ} 18' 20'' W$ , 106.54 feet to an iron pin found for the most westerly corner of the herein described tract;

THENCE,  $N 55^{\circ} 03' E$ , 872.52 feet to an iron pin found in the west line of said F.M. 1431 for the most northerly corner hereof;

THENCE, along said west right-of-way line, also being the east line hereof,  $S 05^{\circ} 33' 30'' E$ , 451.84 feet to the PLACE OF BEGINNING containing 5.774 acres, more or less.

I, Timothy E. Haynie, a Registered Public Surveyor, do hereby certify that the above description was prepared from an actual survey made on the ground under my supervision, and is true and correct to the best of my knowledge and belief.

This the 23<sup>rd</sup> day of February, 1983.



Timothy E. Haynie  
Timothy E. Haynie, R.P.S. No. 2380  
State of Texas

# SKETCH TO ACCOMPANY WRITTEN DESCRIPTION

## LEGEND

- IRON PIN FND.
- ▲ NAIL FND.

SCALE: 1"=100'

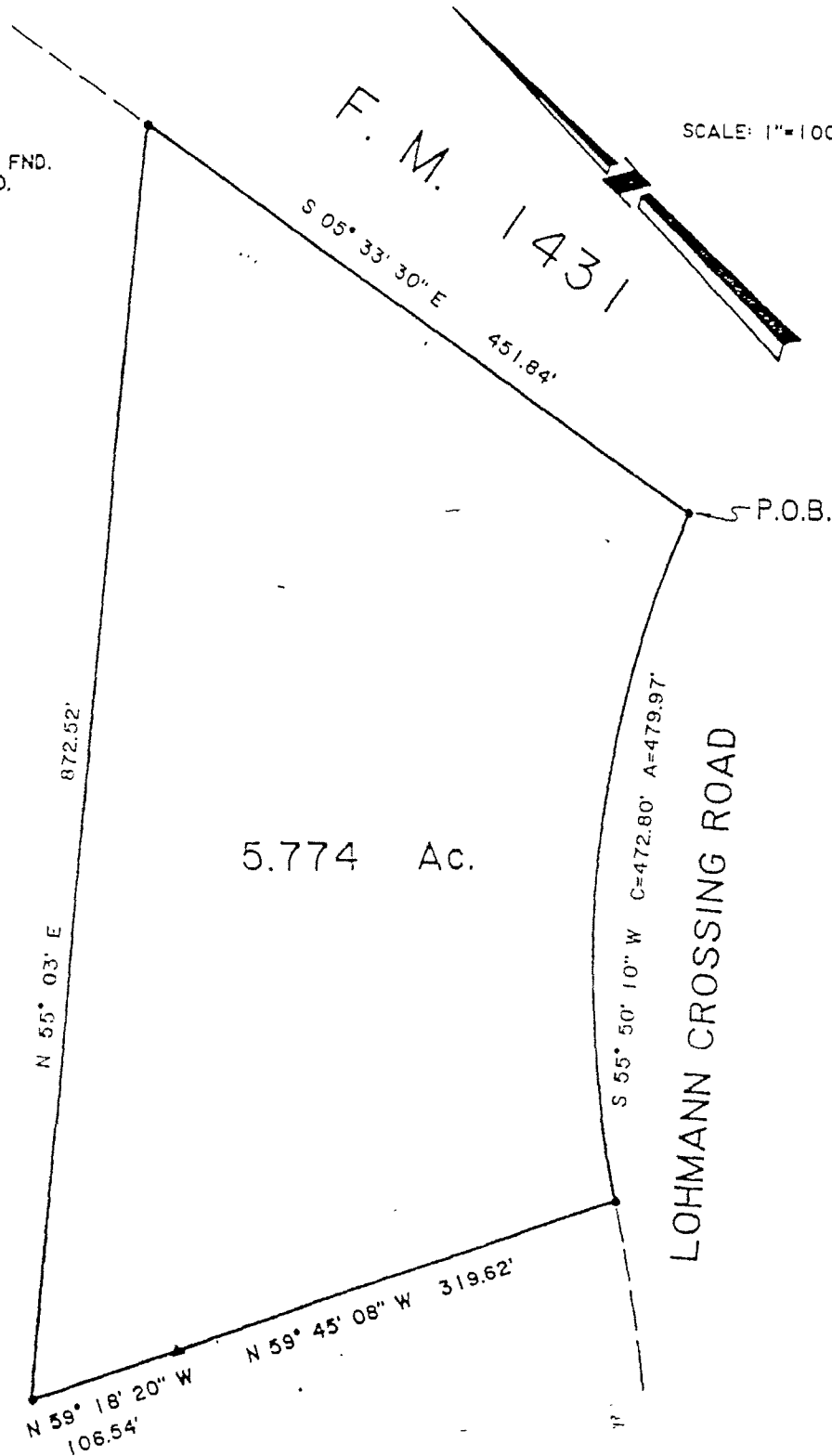


EXHIBIT "B"  
sh 2 of 14

Haynie & Kallman, Inc.



CIVIL ENGINEERING  
& LAND SURVEYING  
AUSTIN, TEXAS

PERIMETER FIELD NOTES OF  
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Being 4825.95 acres of land located in the W.A. Cook Survey No. 100, Lewis Lindsay Survey No. 265, James Cantwell Survey No. 36, J.M. Puryear Survey No. 36, W.S. Iley Survey No. 641, George Johnson Survey No. 535, L.W. Simpson Survey No. 610, H. & O. B.R.R. Co. Survey No. 35, J.K. Baldwin Surveys No. 38 and 609, D. & W.R.R. Co. Surveys 92 and 97, H.G. Thurman Survey Abstract No. 2134, M.A. Swisher Survey No. 100, William Hensley Survey No. 534, Lewis Goodwin Survey No. 96, C.D. Fehrenkamp Survey No. 95, T.F. Decker Survey and the J. Maxey Survey and being more particularly described by metes and bounds as follows:

BEGINNING at a point being the Southwest corner of the William Hensley Survey No. 534 and the Southeast corner of the Lewis Goodwin Survey, No. 96, said point being in the North line of a 413.12 acre tract of land conveyed to Lago Vista, Inc. by C. Paul Harris by deed recorded in Volume 2274, Page 28 of the Deed Records of Travis County, Texas and the South line of a 695 more or less acre tract of land conveyed to Lago Vista, Inc. by C. Paul Harris by deed recorded in Volume 1974, Page 35 of the Deed Records of Travis County, Texas;

THENCE along the South line of the William Hensley Survey and along said North line of said 413.12 acre tract and the South line of said 695 more or less acre tract, South 69°33' East, 2646.74 feet to the Northeast corner of said 413.12 acre tract and the occupied Northeast corner of the Mrs. M.A. Swisher Survey;

THENCE along the occupied East line of said Swisher Survey and the East line of said 413.12 acre tract South 20°52' West, 5046.03 feet to the Southeast corner of said 413.12 acre tract, said point also being a point for corner of a 776.52 acre tract of land conveyed to Lago Vista, Inc. by Emerald Bend, Inc. by deed recorded in Volume 3656, Page 1602 of the Deed Records of Travis County, Texas;

THENCE continuing along the East line of said Swisher Survey South 20°43' West, 328.00 feet to the Southwest corner of the Mary Campbell Survey, said point being a point for corner of said 776.52 acre tract;

THENCE along the South line of said Campbell Survey, South 69°57' East, 153.50 feet to a point for corner of said 776.52 acre tract, said point also being the most Northern corner of a 54.78 acre tract of land conveyed to National Resort Communities, Inc. by Emerald Bend, Inc. by deed recorded in Volume 4051, Page 2298 of the Deed Records of Travis County, Texas;

THENCE along the occupied common line between the said Mary Campbell Survey and the W.A. Cook Survey No. 100, said line also being the Northeast line of said 54.78 acre tract the following two (2) courses and distances:

- (1) South 69°54' East, 2131.90 feet to an angle point;
- (2) South 68°38' East, 589.34 feet to a point for corner;

THENCE South 6°16' West, 62.32 feet to an angle point;

THENCE South 42°44'40" West, 254.00 feet to an angle point, said point being in the South line of a 10.52 acre tract of land conveyed to National Resort Communities, Inc. by Emerald Bend, Inc. by deed recorded in Volume 4051, Page 2296 of the Deed Records of Travis County, Texas;

THENCE along the South line of said 10.52 acre tract, South 79°18' West, 135.96 feet to the Northeast corner of a 27.52 acre tract of land conveyed to National Resort Communities, Inc. by G.A. Draper and wife by deed recorded in Volume 3916, Page 509 of the Deed Records of Travis County, Texas, said point also being in the West line of a 50 foot County Road;

THENCE along the West line of said County Road the following twenty six (26) courses and distances:

- (1) South 6°24' East, 93.18 feet to an angle point;
- (2) South 9°34' West, 440.69 feet to an angle point;
- (3) South 14°35' West, 54.27 feet to an angle point;
- (4) South 23°11' West, 75.59 feet to an angle point;
- (5) South 27°51' West, 76.16 feet to an angle point;
- (6) South 32°31' West, 68.97 feet to an angle point;
- (7) South 42°27' West, 171.73 feet to an angle point;
- (8) South 38°53' West, 126.37 feet to an angle point;
- (9) South 31°50' West, 61.50 feet to an angle point;
- (10) South 23°56' West, 36.97 feet to an angle point;
- (11) South 5°03' West, 53.25 feet to an angle point;
- (12) South 16°55' East, 45.92 feet to an angle point;
- (13) South 33°19' East, 51.16 feet to an angle point;
- (14) South 37°31' East, 113.23 feet to an angle point;
- (15) South 33°23' East, 122.22 feet to an angle point;
- (16) South 27°30' East, 50.74 feet to an angle point;
- (17) South 17°26' East, 47.78 feet to an angle point;
- (18) South 7°38' East, 77.36 feet to an angle point;
- (19) South 2°33' East, 66.72 feet to an angle point;
- (20) South 13°08' West, 111.11 feet to an angle point;
- (21) South 44°24' West, 138.93 feet to an angle point;

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- (22) South 32°04' West, 71.23 feet to an angle point;
- (23) South 37°20' West, 256.22 feet to an angle point;
- (24) South 19°35' West, 42.08 feet to an angle point;
- (25) South 0°49' East, 37.17 feet to an angle point;
- (26) South 22°47' East, 46.69 feet to a point in the North line of a 12.28 acre tract of land conveyed to C.D. Van Cleave by deed recorded in Volume 3483, Page 1915 of Deed Records of Travis County, Texas;

THENCE with the North line of said 12.28 acre tract, North 60°0' West, 195.97 feet to a point being the most Easterly corner of a 369.39 acre tract of land conveyed to National Resort Communities, Inc. by deed recorded in Volume 3913, Page 1194 of the Deed Records of Travis County, Texas;

THENCE in a Southerly and Easterly direction along the East line of said 369.39 acre tract the following nine (9) courses and distances:

- (1) South 20°33' West, 550.16 feet to an angle point;
- (2) South 20°28' West, 679.23 feet to an angle point;
- (3) South 20°33' West, 1726.37 feet to an angle point;
- (4) South 20°23' West, 672.07 feet to an angle point;
- (5) South 15°08' West, 78.40 feet to an angle point;
- (6) South 0°39' West, 25.24 feet to an angle point;
- (7) South 6°57' East, 17.66 feet to an angle point;
- (8) South 28°28' East, 63.64 feet to an angle point;
- (9) North 79°39' East, 632.60 feet to a point for corner;

THENCE South 6°53' East along said East line of said 369.39 acre tract and the East line of a 1065.74 acre tract of land conveyed to National Resort Communities, Inc., by deed recorded in Volume 4051, Page 2298 of the Deed Records of Travis County, Texas pass the Southeast corner of said 369.39 acre tract, 961.37 feet to a point for corner, said point being distant North 8°50' West 1574.82 feet from the Southeast corner of said 1065.74 acre tract;

THENCE the following twenty three (23) courses and distances:

- (1) South 83°52' West, 534.08 feet to an angle point;
- (2) North 86°22' West, 300.00 feet to an angle point;
- (3) North 37°19' West, 709.89 feet to an angle point;
- (4) South 12°56'33" West, 248.07 feet to an angle point;
- (5) South 30°36' East, 435.15 feet to an angle point;
- (6) South 7°40' West, 300.03 feet to an angle point;
- (7) South 63°02' West, 394.87 feet to an angle point;
- (8) North 61°36' West, 422.50 feet to an angle point;
- (9) South 79°23' West, 83.72 feet to an angle point;
- (10) South 26°07' East, 520.00 feet to an angle point;
- (11) South 81°03' West, 2563.92 feet to an angle point;
- (12) North 20°27' West, 629.96 feet to an angle point;
- (13) South 55°33' West, 630.00 feet to an angle point;
- (14) North 76°57' West, 420.00 feet to an angle point;
- (15) North 38°57' West, 900.00 feet to an angle point;
- (16) South 80°48' West, 875.00 feet to an angle point;
- (17) South 26°27' East, 190.00 feet to an angle point;

- (18) South 61°47' East, 430.00 feet to an angle point;
- (19) South 36°27' East, 484.86 feet to an angle point;
- (20) South 12°32' East, 326.49 feet to an angle point;
- (21) South 56°26' West, 245.00 feet to an angle point;
- (22) South 87°23' West, 2881.59 feet to an angle point;
- (23) North 30°19' West, 419.17 feet to an angle point, said point being in the West line of said 1065.74 acre tract, said point also being in the East line of Emerald Bend Section One, a subdivision recorded in Book 36, Page 2 of the Plat Records of Travis County, Texas, said point being distant North 0°49' West, 948.90 feet from the Southwest corner of said 1065.74 acre tract and the Southeast corner of said Emerald Bend Section One;

THENCE the following ten (10) courses and distances;

- (1) South 28°22' West, 637.95 feet to an angle point;
- (2) South 52°28' West, 546.46 feet to an angle point;
- (3) North 89°41' West, 528.56 feet to an angle point;
- (4) North 84°54' West, 1184.17 feet to an angle point;
- (5) North 66°29' West, 138.09 feet to an angle point;
- (6) North 66°21' West, 477.21 feet to an angle point;
- (7) North 34°04' West, 443.45 feet to an angle point;
- (8) North 31°01' West, 419.22 feet to an angle point;
- (9) North 10°21' West, 1203.37 feet to an angle point;
- (10) North 2°57' East, 643.00 feet to an angle point, said point being in the North line of said Emerald Bend Section One, said point also being in the South line of a 63.06 acre tract, said 63.06 acre tract being part of a 1224 more or less acre tract conveyed to L.L. McCandless by deed recorded in Volume 2411, Page 30 of the Deed Records of Travis County, Texas, said point being distant South 83°53' East, 462.86 feet from the Northwest corner of said Emerald Bend Section One and the Southwest corner of said 63.06 acre tract;

THENCE North 7°22'20" East, 1186.63 feet to an angle point;

THENCE North 26°29' East, 750.00 feet to a point on the North line of said 63.06 acre tract, said point also being in the South line of Emerald Bend Section Two, a subdivision recorded in Book 36, Page 16 of the Plat Records of Travis County, Texas, said point being distant South 71°31' East, 430.00 feet from the Northwest corner of said 63.06 acre tract;

THENCE continuing North 26°29' East, 1560.00 feet to an angle point;

THENCE North 42°45' East, 1290.47 feet to an angle point;

THENCE North 38°11'15" East 85.30 feet to a point in the Northeast line of said Emerald Bend Section Two said point also being in the Southwest line of a 317.89 acre tract conveyed to National Resort Communities, Inc. by deed recorded in Volume 4051, Page 2298 of the Deed Records of Travis County, Texas, said point being distant South 49°01'15" East, 249.88 feet from the Northwest corner of said Emerald

and Section Two, and the most westerly corner of said 317.89 acre tract;

THENCE continuing North 38°11'15" East, 311.47 feet to an angle point;

THENCE North 53°11'15" East, 393.36 feet to an angle point;

THENCE North 59°11'15" East, 110.52 feet to an angle point; said point being in the North line of said 317.89 acre tract also being in the Southwest line of a tract of land conveyed to National Resort Communities, Inc. by deed recorded in Volume 4216, Page 2270 of the Deed Records of Travis County, Texas, said point being distant South 46°02' East, 460.39 feet from the Northwest corner of said 317.89 acre tract and the Southwest corner of said tract conveyed to National Resort Communities, Inc., by deed recorded in Volume 4216, Page 2270;

THENCE the following seven (7) courses and distances:

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- (1) North 62°17' 25" East, 743.36 feet to an angle point;
  - (2) North 41°19'50" West, 713.53 feet to an angle point;
  - (3) North 39°23' East, 1323.06 feet to an angle point;
  - (4) South 52°18'40" East, 1231.31 feet to an angle point;
  - (5) North 41°0' East, 628.11 feet to an angle point;
  - (6) North 15°23' East, 614.44 feet to an angle point;
  - (7) North 41°43'15" East, 80.11 feet to an angle point;

said point being in the North line of said tract of land conveyed to National Resort Communities, Inc., by said deed recorded in Volume 4216, Page 2270, said line also being in the South line of 776.52 acre tract of land conveyed to Lago Vista, Inc., by deed recorded in Volume 3656, Page 1602 of the Deed Records of Travis County, Texas;

THENCE the following ten (10) courses and distances:

- (1) North 20°17' West, 330.00 feet to an angle point;
  - (2) North 14°43' East, 1900.00 feet to an angle point;
  - (3) North 64°53' East, 1400.00 feet to an angle point;
  - (4) South 80°37' East, 1060.00 feet to an angle point;
  - (5) North 16°21' East, 660.00 feet to an angle point;
  - (6) North 44°01'20" East, 235.51 feet to an angle point;
  - (7) North 49°05' East, 699.75 feet to an angle point;
  - (8) North 39°47' East, 670.00 feet to an angle point;
  - (9) North 25°07' East, 1340.00 feet to an angle point;
  - (10) North 69°37' East, 760.00 feet to an angle point;
- said point being in the North line of the U. Waxeey Survey and the South line of the Lewis Goodwin Survey No. 96,

THENCE North 69°33' East, 169.63 feet to an angle point, said point being in the original bank of the Colorado River, said point also being the Northwest corner of said U. Waxeey Survey and also being an angle point in the South line of the Lewis Goodwin Survey No. 96;

South line of a tract of land conveyed to Bar-K Corporation by deed recorded in Volume 4099, Page 2305 of the Deed Records of Travis County, Texas:

THENCE along the South and West lines of said property conveyed to said Bar-K Corporation the following fifteen(15) courses and distances:

- (1) North 16°53' West, 725.42 feet to an angle point;
- (2) North 14°40' West, 56.18 feet to an angle point;
- (3) North 6°41' East, 176.1 feet to an angle point;
- (4) North 23°07' West, 90.2 feet to an angle point;
- (5) South 78°24' West, 168.8 feet to an angle point;
- (6) North 11°19' West, 458.6 feet to an angle point;
- (7) North 27°11' West, 88.9 feet to an angle point;
- (8) North 42°28' East, 180.8 feet to an angle point;
- (9) North 74°13' East, 294.2 feet to an angle point;
- (10) North 39°55' West, 206.2 feet to an angle point;
- (11) North 63°48' East, 278.8 feet to an angle point;
- (12) North 73°59' West, 57.7 feet to an angle point;
- (13) North 67°15' East, 373.0 feet to an angle point;
- (14) North 21°37' East, 211.5 feet to an angle point;
- (15) North 18°45'45" East, 468.64 feet to an angle point; intersection with the contour 715 feet above Mean Sea Level as determined from bench marks established by the United State Geological Survey;

THENCE along said 715 foot contour the following sixteen (16) courses and distances:

- (1) North 43°29' West, 136.47 feet to an angle point;
- (2) North 62°24' West, 129.98 feet to an angle point;
- (3) South 20°34' West, 160.7 feet to an angle point;
- (4) South 19°47' West, 160.49 feet to an angle point;
- (5) South 80°51' West, 187.94 feet to an angle point;
- (6) South 67°38' West, 117.33 feet to an angle point;
- (7) North 72°35' West, 127.9 feet to an angle point;
- (8) North 58°49' West, 110.66 feet to an angle point;
- (9) North 37°46' West, 102.95 feet to an angle point;
- (10) North 22°57' West, 114.44 feet to an angle point;
- (11) North 54°42' West, 110.4 feet to an angle point;
- (12) North 71°25' West, 149.09 feet to an angle point;
- (13) North 66°19' West, 136.0 feet to an angle point;
- (14) South 74°59' West, 93.22 feet to an angle point;
- (15) North 85°27' West, 198.19 feet to an angle point;
- (16) North 79°20' West, 144.64 feet to a point of intersection of said 715 foot contour with the West line of a tract of land conveyed to Birtz J. Settegast by deed recorded in Volume 573, Page 516 of the Deed Records of Travis County, Texas;

THENCE along said West line of said Settegast tract, North 22°32' East, 112.54 feet to a point of intersection with said 715 foot contour;

THENCE along said 715 foot contour the following twenty four (24) courses and distances:



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- (1) North 89°51' East, 192.73 feet to an angle point;
- (2) South 89°51' East, 224.55 feet to an angle point;
- (3) North 83°09' East, 147.2 feet to an angle point;
- (4) North 71°22' East, 206.72 feet to an angle point;
- (5) North 66°17' East, 225.06 feet to an angle point;
- (6) North 16°01' East, 110.0 feet to an angle point;
- (7) North 58°41' East, 155.71 feet to an angle point;
- (8) North 49°48' East, 112.0 feet to an angle point;
- (9) North 72°54' East, 199.6 feet to an angle point;
- (10) North 46°56' East, 138.04 feet to an angle point;
- (11) North 37°19' East, 96.72 feet to an angle point;
- (12) South 36°47' West, 154.29 feet to an angle point;
- (13) South 34°48' West, 158.83 feet to an angle point;
- (14) South 64°40' West, 101.02 feet to an angle point;
- (15) South 66°01' West, 128.15 feet to an angle point;
- (16) North 76°41' West, 167.19 feet to an angle point;
- (17) South 64°02' West, 74.21 feet to an angle point;
- (18) South 80°37' West, 104.67 feet to an angle point;
- (19) South 59°14' West, 75.16 feet to an angle point;
- (20) North 10°01' West, 77.62 feet to an angle point;
- (21) North 19°32' East, 120.5 feet to an angle point;
- (22) North 42°19' West, 124.02 feet to an angle point;
- (23) South 33°59' West, 115.14 feet to a point of intersection of said 715 foot contour and said West line of said Settegast tract;
- (24)

THENCE following the West line of said Settegast tract the following ten(10) courses and distances;

- (1) North 20°42' East, 120.19 feet to an angle point;
- (2) North 25°31' East, 22.57 feet to an angle point;
- (3) North 16°19' East, 79.97 feet to an angle point;
- (4) North 20°41' East, 627.19 feet to an angle point;
- (5) North 21°47' East, 120.47 feet to an angle point;
- (6) North 17°19' East, 516.36 feet to an angle point;
- (7) North 25°14' East, 28.28 feet to an angle point;
- (8) North 19°34' East, 306.69 feet to an angle point;
- (9) North 17°10' East, 83.81 feet to an angle point;
- (10) North 20°57' East, 888.12 feet to a point of intersection of said West line and said 715 foot contour line.

THENCE North 46°27'20" East, 364.61 feet to a point in the Southeast line of a tract of land conveyed to BARR Corporation as described in Volume 4099, Page 2316 of the Deed Records of Travis County, Texas;

THENCE along said tract conveyed to BARR Corporation the following thirty one (31) courses and distances:

- (1) North 4°54'30" West, 25.51 feet to an angle point;
- (2) North 14°39' West, 28.38 feet to an angle point;
- (3) North 30°31'30" West, 42.38 feet to an angle point;
- (4) North 24°56' East, 164.16 feet to an angle point;
- (5) North 32°37'30" East, 57.68 feet to an angle point;
- (6) North 13°46'20" East, 39.54 feet to an angle point;
- (7) North 2°09'40" East, 39.54 feet to an angle point;

- (8) North 31°00'30" West, 65.07 feet to an angle point;
- (9) North 49°33'40" West, 62.19 feet to a point for corner;
- (10) North 20°13'30" East, 572.59 feet to a point for corner;
- (11) South 68°44' East, 1547.34 feet to an angle point;
- (12) South 69°19'50" East, 542.9e feet to a point for corner;
- (13) North 20°12'45" East, 678.33 feet to an angle point;
- (14) North 20°56' East, 1061.34 feet to an angle point;
- (15) North 20°41'45" East, 4102.59 feet to an angle point;
- (16) North 20°52' East, 1443.61 feet to an angle point;
- (17) North 23°54' East, 1255.6 feet to a point being the Northwest corner of said tract;
- (18) South 69°41'20" East, 1485.43 feet to an angle point;
- (19) South 69°57'20" East, 714.48 feet to an angle point;
- (20) South 69°37'10" East, 3044.81 feet to a point being the Northeast corner of said tract;
- (21) South 20°20'50" West, 166.56 feet to an angle point;
- (22) South 21°09'50" West, 1275.32 feet to an angle point;
- (23) South 21°28'20" West, 1364.92 feet to an angle point;
- (24) South 21°01'25" West, 877.03 feet to an angle point;
- (25) South 21°26'45" West, 864.68 feet to an angle point;
- (26) South 21°02'30" West, 683.54 feet to a point for corner;
- (27) South 70°19' East, 429.95 feet to a point for corner;
- (28) South 21°13'25" West, 478.69 feet to an angle point;
- (29) South 21°15'30" West, 1222.37 feet to an angle point;
- (30) South 21°54'30" West, 1109.36 feet to an angle point;
- (31) South 22°33'40" West, 1208.51 feet to a point in the North line of F.M. Highway 1431, 100 feet wide, said point being on the arc of a curve the center of which bears North 40°56'35" East, 523.14 feet;

THENCE along the North and East line of said F.M. Highway 1431, along the arc of a curve to the right having a radius of 523.14 feet, an arc distance 130.30 feet to a point of tangency;

THENCE North 34°47'10" West, 90.9 feet to a point of curve;

THENCE along the arc of a curve to the left having a radius of 623.13 feet, an arc distance of 339.14 feet to a point of tangency;

THENCE North 65°58'10" West, 48.7 feet to a point of curve;

THENCE along the arc of a curve to the right having a radius of 427.67 feet, an arc distance of 330.26 feet to a point of tangency;

THENCE North 13°41'10" West, 460.31 feet to a point;

THENCE South 76°18'50" West, 100 feet to a point on the West line of F.M. Highway 1431;

THENCE South 46°47' West, 876.65 feet to a point on the North line of said 695 more or less acre tract conveyed to Lago Vista Inc.;

THENCE along the North line of said 695 more or less acre tract the following five (5) courses and distances:

- (1) North 68°13'50" West, 1237.96 feet to an angle point;
- (2) South 68°50'20" West, 472.17 feet to an angle point;
- (3) North 72°53'40" West, 413.00 feet to an angle point;
- (4) South 87°45' West, 980.72 feet to an angle point;
- (5) South 87°59' 30" West, 1207.91 feet to the Northwest corner of said 695 more or less acre tract;

THENCE along the West line of said 695 more or less acre tract, South 21°27'45" West, 686.13 feet to a point for corner, said point also being in the North line of said tract of land conveyed to Bar-K Corporation by deed recorded in Volume 4099, Page 2305;

THENCE South 70°37'30" East, 1905.84 feet to a point for corner of said 695 more or less acre tract and the Northeast corner of said Bar-K Corporation tract;

THENCE along the West line of said 695 more or less acre tract and the East line of said Bar-K Corporation tract the following three (3) courses and distances:

- (1) South 22°23'15" West, 652.31 feet to an angle point;
- (2) South 0°05'15" West, 342.43 feet to an angle point;
- (3) South 7°01'45" East, 1110.54 feet to a point for corner of said Bar-K Corporation tract, said point also being in the North line of Lago Vista Section 3, Phase Two, a subdivision recorded in Book 30, Page 7 of the Plat Records of Travis County, Texas;

THENCE along the North line of said Lago Vista Section 3, Phase Two and the North line of Lago Vista Estates Section Nine, a subdivision recorded in Book 52, Page 98 of the Plat Records of Travis County, Texas, North 68°27' West, 1344.13 feet to the most Northern corner of said Lago Vista Estates Section Nine, said point also being a point for corner of said Bar-K Corporation tract;

THENCE along the North line of said Lago Vista Section Nine and the South line of said Bar-K Corporation tract, South 68°12' West, 315.11 feet to the most Western corner of said Lago Vista Section Nine;

THENCE along the South and West line of said Lago Vista Section Nine the following six (6) courses and distances:

- (1) South 65°09' East, 140.38 feet to a point for corner;
- (2) South 17°07' West, 15.04 feet to a point for corner;
- (3) South 72°29' East, 119.0 feet to a point on the arc of a curve the center of which bears South 68°16' East, 410.72 feet;
- (4) thence along the arc of a curve to the left having a radius of 410.72 feet an arc distance of 143.97 feet to a point of tangency;
- (5) South 1°39' West, 220.0 feet to a point of curve;

- (6) thence along the arc of a curve to the left having a radius of 214.42 feet an arc distance of 258.22 feet to a point in the West line of said Lago Vista Section 3, Phase Two;

THENCE along the West and South line of said Lago Vista Section 3, Phase Two the following seven (7) courses and distances:

- (1) South 14°31' West, 68.09 feet to a point of curve;
- (2) thence along the arc of a curve to the left having a radius of 216.44 feet an arc distance of 173.64 feet to a point of tangency;
- (3) South 31°27' East, 202.64 feet to an angle point;
- (4) North 82°20' East, 263.64 feet to a point of curve;
- (5) thence along the arc of a curve to the right having a radius of 30.31 feet, an arc distance of 39.29 feet to a point of tangency;
- (6) South 23°24' East, 184.01 feet to an angle point;
- (7) South 18°38' East, 115.96 feet to a point of curve, said point being in the West line of Lago Vista Section One, a subdivision recorded in Book 8, Page 85 of the Plat Records of Travis County, Texas;

THENCE along the West and North line of said Lago Vista Section One, the following four (4) courses and distances:

- (1) Along the arc of a curve to the left having a radius of 293.52 feet an arc distance of 65.32 feet to a point;
- (2) South 87°01' West, 258.64 feet to an angle point;
- (3) North 75°46' West, 331.66 feet to an angle point;
- (4) South 53°51' West, 206.42 feet to a point being the Northwest corner of Lot 17, Block A of said Lago Vista Section One;

THENCE along the West line of said Lot 17, South 36°13' East, 193.12 feet to the Northwest corner of Lot 16 of said Block A;

THENCE along the West line of said Lot 16, South 31°58' West, 239.30 feet to the Southwest corner of said Lot 16, said point being in the North line of Park Drive, 50 feet wide;

THENCE South 26°09' West, 50.38 feet to a point in the South line of said Park Drive, said point also being the Northwest corner of Lot 15 of said Block A;

THENCE along the West line of said Lot 15, South 32°47' West, 242.26 feet to the Southwest corner of said Lot 15, said point also being in the North line of Resubdivision of Part of Block A, Lago Vista Section One, a subdivision recorded in Book 18, Page 46 of the Plat Records of Travis County, Texas;

THENCE along the North line of said subdivision, North  
68°51' West, 96.0 feet to the Northwest corner thereof;

THENCE along the West line of said subdivision South  
33°58' West, 1487.47 feet to an angle point;

THENCE South 30°14' West, 87.6 feet to an angle point;

THENCE South 7°06' East, 41.65 feet to the Southwest corner  
thereof;

THENCE along the South line of said subdivision and the  
South line of said Lago Vista Section One the following  
six (6) courses and distances:

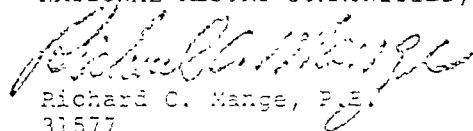
- (1) South 59°36' East, 239.43 feet to an angle point;
- (2) South 57°17' East, 609.04 feet to an angle point;
- (3) South 58°34' East, 273.9 feet to an angle point;
- (4) South 58°01' East, 273.28 feet to an angle point;
- (5) South 8°06' East, 28.77 feet to an angle point,  
said point also being in the South line of said  
Lewis Goodwin Survey, No. 96;
- (6) South 69°33' East along the South line of said  
Goodwin Survey, 86.3 feet to the Point of Beginning  
and containing 4825.95 acres.

74-2649

I Hereby Certify that these field notes were prepared from  
records compiled by others along with actual surveys made  
on certain parcels of land and do not purport to be by actual  
survey made on the ground of the total tract.

WITNESS MY HAND AND SEAL this the 28<sup>th</sup> Day of July, 1972

NATIONAL RESORT COMMUNITIES, INC.

  
Richard C. Marge, P.E.  
31577

IN THE MATTER OF THE CERTIFICATE OF  
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

STATE OF TEXAS            X  
COUNTY OF TRAVIS        X

The undersigned, Secretary of the Texas Water Rights Commission, hereby certifies that the attached is a full, true and correct copy of Order Upon Hearing of Petition To Create Travis County Municipal Utility District No. 1 and Order amending Commission Order of August 7, 1972, creating Travis County Municipal Utility District No. 1, all on file in my office, in the proceedings had before said Commission for the creation of the Travis County Municipal Utility District No. 1

74-2650

*Audrey Strandtman*

Audrey Strandtman  
Secretary, Texas Water Rights Commission

STATE OF TEXAS        X  
COUNTY OF TRAVIS    X

On this the 5th of March, 1973, Audrey Strandtman personally appeared before me, the undersigned authority, and she acknowledged that she signed the above instrument for the purposes contained therein.

Sworn and subscribed to me, this the 5th day of March, 1973, A.D.

*[Signature]*  
Notary Public in  
County, Texas

NOTARY SEAL

STATE OF TEXAS           COUNTY OF TRAVIS  
I hereby certify that this instrument was FILED on the  
date and at the time stamped herein by me; and was duly  
RECORDED, in the Volume and Page of the named RECORDS  
on Travis County, Texas, as I stamped herein by me, on

MAR 5 1973



*[Signature]*  
COUNTY CLERK  
TRAVIS COUNTY, TEXAS

MAR 5 3 35 PM '73

*[Signature]*  
COUNTY CLERK  
TRAVIS COUNTY, TEXAS

CITY OF LAGO VISTA      EXHIBIT "A"  
UTILITY SERVICE AREA

OCT. 1991

PERIMETER FIELD NOTES OF  
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Being 4825.95 acres of land located in the W.A. Cook Survey No. 100, Lewis Lindsay Survey No. 265, James Cantwell Survey No. 36, J.N. Puryear Survey No. 36, W.S. Iley Survey No. 641, George Johnson Survey No. 535, L.W. Simpson Survey No. 610, H. & O. B.R.R. Co. Survey No. 35, J.K. Baldwin Surveys No. 38 and 609, D. & W.R.R. Co. Surveys 92 and 97, H.G. Thurman Survey Abstract No. 2134, M.A. Swisher Survey No. 100, William Hensley Survey No. 534, Lewis Goodwin Survey No. 96, C.D. Fehrenkamp Survey No. 95, T.F. Decker Survey and the J. Maxey Survey and being more particularly described by metes and bounds as follows:

BEGINNING at a point being the Southwest corner of the William Hensley Survey No. 534 and the Southeast corner of the Lewis Goodwin Survey, No. 96, said point being in the North line of a 413.12 acre tract of land conveyed to Lago Vista, Inc. by C. Paul Harris by deed recorded in Volume 2274, Page 28 of the Deed Records of Travis County, Texas and the South line of a 695 more or less acre tract of land conveyed to Lago Vista, Inc. by C. Paul Harris by deed recorded in Volume 1974, Page 35 of the Deed Records of Travis County, Texas;

THENCE along the South line of the William Hensley Survey and along said North line of said 413.12 acre tract and the South line of said 695 more or less acre tract, South 69°33' East, 2646.74 feet to the Northeast corner of said 413.12 acre tract and the occupied Northeast corner of the Mrs. M.A. Swisher Survey;

THENCE along the occupied East line of said Swisher Survey and the East line of said 413.12 acre tract South 20°52' West, 5046.03 feet to the Southeast corner of said 413.12 acre tract, said point also being a point for corner of a 776.52 acre tract of land conveyed to Lago Vista, Inc. by Emerald Bend, Inc. by deed recorded in Volume 3656, Page 1602 of the Deed Records of Travis County, Texas;

THENCE continuing along the East line of said Swisher Survey South 20°48' West, 328.00 feet to the Southwest corner of the Mary Campbell Survey, said point being a point for corner of said 776.52 acre tract;

THENCE along the South line of said Campbell Survey, South 69°57' East, 153.50 feet to a point for corner of said 776.52 acre tract, said point also being the most Northern corner of a 54.78 acre tract of land conveyed to National Resort Communities, Inc. by Emerald Bend, Inc. by deed recorded in Volume 4051, Page 2298 of the Deed Records of Travis County, Texas;

THENCE along the occupied common line between the said Mary Campbell Survey and the W.A. Cook Survey No. 100, said line also being the Northeast line of said 54.78 acre tract the following two (2) courses and distances:

- (1) South 69°54' East, 2131.90 feet to an angle point;
- (2) South 68°38' East, 589.34 feet to a point for corner;

THENCE South 6°16' West, 62.32 feet to an angle point;

THENCE South 42°44'40" West, 254.00 feet to an angle point, said point being in the South line of a 10.52 acre tract of land conveyed to National Resort Communities, Inc. by Emerald Bend, Inc. by deed recorded in Volume 4051, Page 2298 of the Deed Records of Travis County, Texas;

71-2040

THENCE along the South line of said 10.52 acre tract, South 79°18' West, 135.96 feet to the Northeast corner of a 27.52 acre tract of land conveyed to National Resort Communities, Inc. by G.A. Draper and wife by deed recorded in Volume 3916, Page 509 of the Deed Records of Travis County, Texas, said point also being in the West line of a 50 foot County Road;

THENCE along the West line of said County Road the following twenty six (26) courses and distances:

- (1) South 6°24' East, 93.18 feet to an angle point;
- (2) South 9°34' West, 440.69 feet to an angle point;
- (3) South 14°35' West, 54.27 feet to an angle point;
- (4) South 23°11' West, 75.59 feet to an angle point;
- (5) South 27°51' West, 76.15 feet to an angle point;
- (6) South 32°31' West, 68.97 feet to an angle point;
- (7) South 42°27' West, 171.73 feet to an angle point;
- (8) South 38°55' West, 126.37 feet to an angle point;
- (9) South 31°50' West, 61.50 feet to an angle point;
- (10) South 25°56' West, 86.87 feet to an angle point;
- (11) South 5°03' West, 53.25 feet to an angle point;
- (12) South 16°55' East, 45.92 feet to an angle point;
- (13) South 38°19' East, 51.16 feet to an angle point;
- (14) South 37°32' East, 118.23 feet to an angle point;
- (15) South 33°23' East, 142.22 feet to an angle point;
- (16) South 27°40' East, 53.74 feet to an angle point;
- (17) South 17°26' East, 47.78 feet to an angle point;
- (18) South 7°06' East, 77.06 feet to an angle point;
- (19) South 2°29' West, 66.72 feet to an angle point;
- (20) South 15°08' West, 31.11 feet to an angle point;
- (21) South 44°24' West, 138.83 feet to an angle point;



- (22) South 32°04' West, 71.23 feet to an angle point;
- (23) South 37°20' West, 256.22 feet to an angle point;
- (24) South 19°35' West, 42.08 feet to an angle point;
- (25) South 0°49' East, 37.17 feet to an angle point;
- (26) South 22°47' East, 46.69 feet to a point in the North line of a 12.28 acre tract of land conveyed to C.D. Van Cleave by deed recorded in Volume 3483, Page 1915 of Deed Records of Travis County, Texas;

THENCE with the North line of said 12.28 acre tract, North 60°0' West, 195.97 feet to a point being the most Easterly corner of a 369.39 acre tract of land conveyed to National Resort Communities, Inc. by deed recorded in Volume 3913, Page 1194 of the Deed Records of Travis County, Texas;

THENCE in a Southerly and Easterly direction along the East line of said 369.39 acre tract the following nine (9) courses and distances:

- (1) South 20°33' West, 550.16 feet to an angle point;
- (2) South 20°28' West, 679.23 feet to an angle point;
- (3) South 20°33' West, 1726.37 feet to an angle point;
- (4) South 20°28' West, 672.07 feet to an angle point;
- (5) South 15°08' West, 78.40 feet to an angle point;
- (6) South 0°39' West, 25.24 feet to an angle point;
- (7) South 6°57' East, 17.66 feet to an angle point;
- (8) South 28°28' East, 63.64 feet to an angle point;
- (9) North 79°39' East, 652.60 feet to a point for corner;

THENCE South 8°53' East along said East line of said 369.39 acre tract and the East line of a 1065.74 acre tract of land conveyed to National Resort Communities, Inc., by deed recorded in Volume 4051, Page 2298 of the Deed Records of Travis County, Texas pass the Southeast corner of said 369.39 acre tract, 961.57 feet to a point for corner, said point being distant North 8°53' West 1574.82 feet from the Southeast corner of said 1065.74 acre tract;

THENCE the following twenty three (23) courses and distances:

- (1) South 82°52' West, 534.08 feet to an angle point;
- (2) North 86°22' West, 300.00 feet to an angle point;
- (3) North 37°19' West, 709.89 feet to an angle point;
- (4) South 12°56'35" West, 248.07 feet to an angle point;
- (5) South 30°26' East, 435.35 feet to an angle point;
- (6) South 7°40' West, 300.03 feet to an angle point;
- (7) South 63°02' West, 394.87 feet to an angle point;
- (8) North 61°36' West, 422.50 feet to an angle point;
- (9) South 79°23' West, 83.72 feet to an angle point;
- (10) South 26°07' East, 820.00 feet to an angle point;
- (11) South 81°08' West, 2563.92 feet to an angle point;
- (12) North 20°27' West, 629.95 feet to an angle point;
- (13) South 55°33' West, 630.00 feet to an angle point;
- (14) North 76°57' West, 420.00 feet to an angle point;
- (15) North 38°57' West, 900.00 feet to an angle point;
- (16) South 80°48' West, 875.00 feet to an angle point;
- (17) South 26°27' East, 190.00 feet to an angle point;

- (18) South 61°47' East, 430.00 feet to an angle point;
- (19) South 36°27' East, 484.86 feet to an angle point;
- (20) South 12°32' East, 326.49 feet to an angle point;
- (21) South 36°28' West, 245.00 feet to an angle point;
- (22) South 87°23' West, 2881.59 feet to an angle point;
- (23) North 30°19' West, 419.17 feet to an angle point, said point being in the West line of said 1065.74 acre tract, said point also being in the East line of Emerald Bend Section One, a subdivision recorded in Book 36, Page 2 of the Plat Records of Travis County, Texas, said point being distant North 0°49' West, 948.90 feet from the Southwest corner of said 1065.74 acre tract and the Southeast corner of said Emerald Bend Section One;

THENCE the following ten (10) courses and distances;

- (1) South 28°22' West, 637.95 feet to an angle point;
- (2) South 82°28' West, 546.46 feet to an angle point;
- (3) North 89°41' West, 528.56 feet to an angle point;
- (4) North 84°54' West, 1184.17 feet to an angle point;
- (5) North 66°29' West, 138.09 feet to an angle point;
- (6) North 66°21' West, 477.21 feet to an angle point;
- (7) North 34°04' West, 443.45 feet to an angle point;
- (8) North 31°01' West, 419.22 feet to an angle point;
- (9) North 10°21' West, 1208.37 feet to an angle point;
- (10) North 2°57' East, 643.00 feet to an angle point, said point being in the North line of said Emerald Bend Section One, said point also being in the South line of a 63.06 acre tract, said 63.06 acre tract being part of a 1224 more or less acre tract conveyed to L.L. McCandless by deed recorded in Volume 2411, Page 30 of the Deed Records of Travis County, Texas, said point being distant South 83°53' East, 462.86 feet from the Northwest corner of said Emerald Bend Section One and the Southwest corner of said 63.06 acre tract;

THENCE North 7°22'20" East, 1186.83 feet to an angle point;

THENCE North 26°29' East, 750.00 feet to a point on the North line of said 63.06 acre tract, said point also being in the South line of Emerald Bend Section Two, a subdivision recorded in Book 36, Page 16 of the Plat Records of Travis County, Texas, said point being distant South 71°31' East, 430.00 feet from the Northwest corner of said 63.06 acre tract;

THENCE continuing North 26°29' East, 1580.00 feet to an angle point;

THENCE North 42°45' East, 1290.47 feet to an angle point;

THENCE North 38°11'15" East 88.30 feet to a point in the Northeast line of said Emerald Bend Section Two said point also being in the Southwest line of a 317.89 acre tract conveyed to National Resort Communities, Inc. by deed recorded in Volume 4051, Page 2298 of the Deed Records of Travis County, Texas, said point being distant South 49°01'15" East, 249.88 feet from the Northwest corner of said Emerald

Exhibit C

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Band Section Two, and the most Westerly corner of said 317.89 acre tract;

THENCE continuing North 38°11'15" East, 311.47 feet to an angle point;

THENCE North 53°11'15" East, 398.86 feet to an angle point;

THENCE North 59°11'15" East, 110.52 feet to an angle point; said point being in the North line of said 317.89 acre tract also being in the Southwest line of a tract of land conveyed to National Resort Communities, Inc. by deed recorded in Volume 4216, Page 2270 of the Deed Records of Travis County, Texas, said point being distant South 46°02' East, 460.39 feet from the Northwest corner of said 317.89 acre tract and the Southwest corner of said tract conveyed to National Resort Communities, Inc., by deed recorded in Volume 4216, Page 2270;

THENCE the following seven (7) courses and distances:

- (1) North 62°17' 25" East, 743.36 feet to an angle point;
- (2) North 41°19'50" West, 713.53 feet to an angle point;
- (3) North 39°23' East, 1323.06 feet to an angle point;
- (4) South 52°18'40" East, 1131.31 feet to an angle point;
- (5) North 41°0' East, 628.11 feet to an angle point;
- 93 -- (6) North 15°23' East, 614.44 feet to an angle point;
- (7) North 41°43'15" East, 80.11 feet to an angle point, said point being in the North line of said tract of land conveyed to National Resort Communities, Inc., by said deed recorded in Volume 4216, Page 2270, said line also being in the South line of 776.52 acre tract of land conveyed to Lago Vista, Inc., by deed recorded in Volume 3656, Page 1602 of the Deed Records of Travis County, Texas;

THENCE the following ten (10) courses and distances:

- (1) North 20°17' West, 330.00 feet to an angle point;
- (2) North 14°43' East, 1900.00 feet to an angle point;
- (3) North 64°53' East, 1400.00 feet to an angle point;
- (4) South 80°37' East, 1060.00 feet to an angle point;
- (5) North 15°23' East, 680.00 feet to an angle point;
- (6) North 44°01'20" East, 255.51 feet to an angle point;
- (7) North 46°05' East, 696.75 feet to an angle point;
- (8) North 34°47' East, 670.00 feet to an angle point;
- (9) North 25°07' East, 1340.00 feet to an angle point;
- (10) North 6°37' East, 760.00 feet to an angle point, said point being in the North line of the J. Maxey Survey and the South line of the Lewis Goodwin Survey No. 96,

THENCE North 69°33' West, 169.63 feet to an angle point, said point being in the original bank of the Colorado River, said point also being the Northwest corner of said J. Maxey Survey and also being an angle point in the South line of the Lewis Goodwin Survey No. 96;

South line of a tract of land  
by deed recorded in Volume 4099, Page 2305 of the Deed Records of  
Travis County, Texas:

THENCE along the South and West lines of said property conveyed to  
said Bar-K Corporation the following fifteen (15) courses  
and distances:

- (1) North 16°53' West, 725.42 feet to an angle point;
- (2) North 14°40' West, 58.18 feet to an angle point;
- (3) North 6°41' East, 176.1 feet to an angle point;
- (4) North 23°07' West, 90.2 feet to an angle point;
- (5) South 78°24' West, 168.8 feet to an angle point;
- (6) North 11°19' West, 458.6 feet to an angle point;
- (7) North 27°11' West, 88.9 feet to an angle point;
- (8) North 42°28' East, 180.8 feet to an angle point;
- (9) North 74°13' East, 294.2 feet to an angle point;
- (10) North 39°55' West 206.2 feet to an angle point;
- (11) North 63°48' East 278.8 feet to an angle point;
- (12) North 73°59' West, 57.7 feet to an angle point;
- (13) North 67°15' East, 373.0 feet to an angle point;
- (14) North 21°37' East, 211.5 feet to an angle point;
- (15) North 18°45'45" East, 468.64 feet to an angle point;  
intersection with the contour 715 feet above Mean  
Sea Level as determined from bench marks established  
by the United State Geological Survey;

THENCE along said 715 foot contour the following sixteen (16)  
courses and distances:

- (1) North 43°29' West, 136.47 feet to an angle point;
- (2) North 62°24' West, 129.98 feet to an angle point;
- (3) South 30°34' West, 160.7 feet to an angle point;
- (4) South 19°47' West, 160.49 feet to an angle point;
- (5) South 80°51' West, 187.94 feet to an angle point;
- (6) South 87°38' West, 117.33 feet to an angle point;
- (7) North 72°35' West, 127.9 feet to an angle point;
- (8) North 58°49' West, 110.66 feet to an angle point;
- (9) North 37°46' West, 102.95 feet to an angle point;
- (10) North 22°57' West, 114.44 feet to an angle point;
- (11) North 54°42' West, 110.4 feet to an angle point;
- (12) North 71°25' West, 149.09 feet to an angle point;
- (13) North 66°49' West, 135.0 feet to an angle point;
- (14) South 74°59' West, 93.22 feet to an angle point;
- (15) North 88°27' West, 195.19 feet to an angle point;
- (16) North 79°20' West, 144.04 feet to a point of intersection  
of said 715 foot contour with the West line of a tract  
of land conveyed to Bintz J. Settegast by deed recorded  
in Volume 573, Page 510 of the Deed Records of Travis  
County, Texas;

THENCE along said West line of said Settegast tract, North 22°  
32' East, 112.54 feet to a point of intersection with said 715  
foot contour;

THENCE along said 715 foot contour the following twenty four (24)  
courses and distances:

- (1) North 83°57' East, 144.0 feet to an angle point;
- (2) South 84°51' East, 192.73 feet to an angle point;
- (3) North 83°05' East, 224.55 feet to an angle point;
- (4) North 71°22' East, 147.2 feet to an angle point;
- (5) North 68°17' East, 206.72 feet to an angle point;
- (6) North 16°01' East, 125.06 feet to an angle point;
- (7) North 58°41' East, 110.0 feet to an angle point;
- (8) North 49°48' East, 155.71 feet to an angle point;
- (9) North 72°54' East, 112.0 feet to an angle point;
- (10) North 46°56' East, 199.6 feet to an angle point;
- (11) North 37°19' West, 138.04 feet to an angle point;
- (12) South 88°47' West, 96.72 feet to an angle point;
- (13) South 34°48' West, 154.19 feet to an angle point;
- (14) South 64°46' West, 158.85 feet to an angle point;
- (15) South 66°01' West, 101.02 feet to an angle point;
- (16) North 78°41' West, 128.15 feet to an angle point;
- (17) South 64°02' West, 167.19 feet to an angle point;
- (18) South 80°37' West, 74.21 feet to an angle point;
- (19) South 89°14' West, 104.87 feet to an angle point;
- (20) North 10°0' West, 75.16 feet to an angle point;
- (21) North 19°32' East, 77.62 feet to an angle point;
- (22) North 42°19' West, 130.5 feet to an angle point;
- (23) South 33°59' West, 124.02 feet to an angle point;
- (24) South 70°18' West, 115.14 feet to a point of intersection of said 715 foot contour and said West line of said Settegast tract;

THENCE following the West line of said Settegast tract the following ten(10) courses and distances;

- (1) North 20°42' East, 120.19 feet to an angle point;
- (2) North 25°31' East, 22.57 feet to an angle point;
- (3) North 16°18' East, 79.97 feet to an angle point;
- (4) North 20°41' East, 627.19 feet to an angle point;
- (5) North 21°47' East, 120.47 feet to an angle point;
- (6) North 17°19' East, 518.36 feet to an angle point;
- (7) North 25°14' East, 28.28 feet to an angle point;
- (8) North 19°34' East, 306.69 feet to an angle point;
- (9) North 17°10' East, 82.81 feet to an angle point;
- (10) North 20°57' East, 868.12 feet to a point of intersection of said West line and said 715 foot contour line.

THENCE North 46°27'30" East, 384.61 feet to a point in the Southwest line of a tract of land conveyed to Bar-K Corporation by deed recorded in Volume 4099, Page 2316 of the Deed Records of Travis County, Texas;

THENCE along said tract conveyed to Bar-K Corporation the following thirty one (31) courses and distances:

- (1) North 4°54'30" West, 25.51 feet to an angle point;
- (2) North 14°39' West, 28.38 feet to an angle point;
- (3) North 30°31'30" West, 42.88 feet to an angle point;
- (4) North 24°56' East, 164.16 feet to an angle point;
- (5) North 32°37'30" East, 57.68 feet to an angle point;
- (6) North 13°46'20" East, 39.54 feet to an angle point;
- (7) North 2°09'40" East, 39.54 feet to an angle point;

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- (8) North 31°05'30" West, 65.07 feet to an angle point;
- (9) North 49°33'40" West, 62.19 feet to a point for corner;
- (10) North 20°13'30" East, 572.59 feet to a point for corner;
- (11) South 68°44' East, 1547.34 feet to an angle point;
- (12) South 69°19'50" East, 542.96 feet to a point for corner;
- (13) North 20°12'45" East, 678.33 feet to an angle point;
- (14) North 20°56' East, 1081.34 feet to an angle point;
- (15) North 20°41'45" East, 4102.59 feet to an angle point;
- (16) North 20°52' East, 1443.61 feet to an angle point;
- (17) North 23°54' East, 1255.6 feet to a point being the Northwest corner of said tract;
- (18) South 69°41'20" East, 1485.43 feet to an angle point;
- (19) South 69°57'20" East, 714.48 feet to an angle point;
- (20) South 69°37'10" East, 3044.81 feet to a point being the Northeast corner of said tract;
- (21) South 20°20'50" West, 166.56 feet to an angle point;
- (22) South 21°09'50" West, 1275.32 feet to an angle point;
- (23) South 21°28'20" West, 1364.92 feet to an angle point;
- (24) South 21°01'25" West, 877.03 feet to an angle point;
- (25) South 21°28'45" West, 864.68 feet to an angle point;
- (26) South 21°02'30" West, 683.54 feet to a point for corner;
- (27) South 70°19' East, 429.95 feet to a point for corner;
- (28) South 21°13'25" West, 478.69 feet to an angle point;
- (29) South 21°15'30" West, 1222.37 feet to an angle point;
- (30) South 21°54'30" West, 1109.36 feet to an angle point;
- (31) South 22°33'40" West, 1208.51 feet to a point in the North line of F.M. Highway 1431, 100 feet wide, said point being on the arc of a curve the center of which bears North 40°56'35" East, 523.14 feet;

14-10-1

THENCE along the North and East line of said F.M. Highway 1431, along the arc of a curve to the right having a radius of 523.14 feet, an arc distance 130.30 feet to a point of tangency;

THENCE North 34°47'10" West, 90.9 feet to a point of curve;

THENCE along the arc of a curve to the left having a radius of 623.13 feet, an arc distance of 339.14 feet to a point of tangency;

THENCE North 65°58'10" West, 48.7 feet to a point of curve;

THENCE along the arc of a curve to the right having a radius of 427.67 feet, an arc distance of 390.26 feet to a point of tangency;

THENCE North 13°41'10" West, 460.31 feet to a point;

THENCE South 76°18'50" West, 100 feet to a point on the West line of F.M. Highway 1431;

THENCE South 46°47' West, 876.65 feet to a point on the North line of said 695 more or less acre tract conveyed to Lago Vista Inc.;

THENCE along the North line of said 695 more or less acre tract the following five (5) courses and distances:

- (1) North 68°13'50" West, 1237.96 feet to an angle point;
- (2) South 68°50'20" West, 472.17 feet to an angle point;
- (3) North 72°53'40" West, 413.60 feet to an angle point;
- (4) South 87°45' West, 980.72 feet to an angle point;
- (5) South 87°59' 30" West, 1207.91 feet to the Northwest corner of said 695 more or less acre tract;

THENCE along the West line of said 695 more or less acre tract, South 21°27'45" West, 666.13 feet to a point for corner, said point also being in the North line of said tract of land conveyed to Bar-K Corporation by deed recorded in Volume 4099, Page 2305;

THENCE South 70°37'30" East, 1905.84 feet to a point for corner of said 695 more or less acre tract and the Northeast corner of said Bar-K Corporation tract;

THENCE along the West line of said 695 more or less acre tract and the East line of said Bar-K Corporation tract the following three (3) courses and distances:

- (1) South 22°23'15" West, 852.31 feet to an angle point;
- (2) South 0°05'15" West, 342.43 feet to an angle point;
- (3) South 7°01'45" East, 1110.54 feet to a point for corner of said Bar-K Corporation tract, said point also being in the North line of Lago Vista Section 3, Phase Two, a subdivision recorded in Book 30, Page 7 of the Plat Records of Travis County, Texas;

THENCE along the North line of said Lago Vista Section 3, Phase Two and the North line of Lago Vista Estates Section Nine, a subdivision recorded in Book 52, Page 98 of the Plat Records of Travis County, Texas, North 68°27' West, 1344.33 feet to the most Northern corner of said Lago Vista Estates Section Nine, said point also being a point for corner of said Bar-K Corporation tract;

THENCE along the North line of said Lago Vista Section Nine and the South line of said Bar-K Corporation tract, South 68°22' West, 315.11 feet to the most Western corner of said Lago Vista Section Nine;

THENCE along the South and West line of said Lago Vista Section Nine the following six (6) courses and distances:

- (1) South 65°09' East, 140.38 feet to a point for corner;
- (2) South 17°07' West, 15.04 feet to a point for corner;
- (3) South 72°29' East, 119.0 feet to a point on the arc of a curve the center of which bears South 68°16' East, 410.72 feet;
- (4) thence along the arc of a curve to the left having a radius of 410.72 feet an arc distance of 143.97 feet to a point of tangency;
- (5) South 1°39' West, 220.0 feet to a point of curve;

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THENCE along the North line of said subdivision, North 68°51' West, 90.0 feet to the Northwest corner thereof;

THENCE along the West line of said subdivision South 33°58' West, 1487.47 feet to an angle point;

THENCE South 30°14' West, 87.6 feet to an angle point;

THENCE South 7°06' East, 41.85 feet to the Southwest corner thereof;

THENCE along the South line of said subdivision and the South line of said Lago Vista Section One the following six (6) courses and distances:

- (1) South 59°36' East, 239.43 feet to an angle point;
- (2) South 57°17' East, 609.04 feet to an angle point;
- (3) South 58°34' East, 273.9 feet to an angle point;
- (4) South 58°01' East, 273.28 feet to an angle point;
- (5) South 8°06' East, 28.77 feet to an angle point, said point also being in the South line of said Lewis Goodwin Survey, No. 96;
- (6) South 69°33' East along the South line of said Goodwin Survey, 86.3 feet to the Point of Beginning and containing 4825.95 acres.

74-2649

I Hereby Certify that these field notes were prepared from records compiled by others along with actual surveys made on certain parcels of land and do not purport to be by actual survey made on the ground of the total tract.

WITNESS MY HAND AND SEAL this the 28 th Day of July, 1972

NATIONAL RESORT COMMUNITIES, INC.

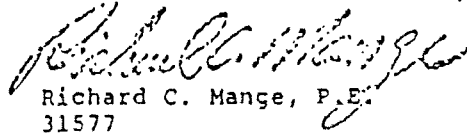
  
Richard C. Mange, P.E.  
31577

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ANNEXATION;  
BOARD APPROVAL 3/9/83  
LEGAL - MUD #1 @ 4/84

A DESCRIPTION OF 5.774 ACRES OUT OF THE D & W RAILROAD CO. SURVEY NO. 97 IN TRAVIS COUNTY, TEXAS; SAID 5.774 ACRES BEING A PORTION OF A TRACT DESCRIBED IN A DEED TO STARR HOMES RECORDED IN VOLUME 2 3791 6779, PAGE 1499 OF THE TRAVIS COUNTY DEED RECORDS; SAID 5.774 ACRES BEING MORE FULLY DESCRIBED AS FOLLOWS:

BEGINNING at an iron pin found at the northwest corner of F.M. 1431 and Lohmann Crossing Road for the most easterly corner of the herein described tract;

THENCE, along the north right-of-way line of said Lohmann Crossing Road, 479.97 feet along a curve to the left having a radius of 800.00 feet, an internal angle of  $34^{\circ} 22' 30''$ , and a chord bearing  $S 55^{\circ} 50' 10'' W$ , 472.80 feet to an iron pin found for the most southerly corner of this tract;

THENCE, leaving said Lohmann Crossing Road,  $N 59^{\circ} 45' 08'' W$ , 319.62 feet to nail found;

THENCE,  $N 59^{\circ} 18' 20'' W$ , 106.54 feet to an iron pin found for the most westerly corner of the herein described tract;

THENCE,  $N 55^{\circ} 03' E$ , 872.52 feet to an iron pin found in the west line of said F.M. 1431 for the most northerly corner hereof;

THENCE, along said west right-of-way line, also being the east line hereof,  $S 05^{\circ} 33' 30'' E$ , 451.84 feet to the PLACE OF BEGINNING containing 5.774 acres, more or less.

I, Timothy E. Haynie, a Registered Public Surveyor, do hereby certify that the above description was prepared from an actual survey made on the ground under my supervision, and is true and correct to the best of my knowledge and belief.

This the 25<sup>th</sup> day of February, 1983.



Timothy E. Haynie  
Timothy E. Haynie, R.P.S. No. 2360  
State of Texas

Exhibit C 8013 951

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# SKETCH TO ACCOMPANY WRITTEN DESCRIPTION

## LEGEND

- IRON PIN FND.
- ▲ MAIL FND.

3-12 3792

SCALE: 1"=100'

F. M. 1431

S 05° 33' 30" E 431.84'

P.O.B.

5.774 Ac.

N 58° 03' E 872.52'

LOHMANN CROSSING ROAD

S 55° 50' 10" W C=472.80' A=478.97'

N 59° 18' 20" W 106.54'

N 53° 45' 05" W 319.62'

8013 952

Hayne & McNamee, Inc.  
CIVIL ENGINEERING  
& LAND SURVEYING  
AUSTIN, TEXAS

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EXHIBIT "B"  
RECORDED FIELD NOTES  
TRAVIS COUNTY WC & ID No. 15

The following described property -- a portion of that 1668.71 acres of land, more or less in Travis County as conveyed to C. Paul Harris by J.S. Wheeloss, Jr. on November 27, 1957, as recorded in County Court Records, Vol. 1881, pages 394-404, and comprising the following, to-wit:

Approximately 1465.82 acres out of the William Hensley Survey No. 534;  
Approximately 5.16 acres out of the Dallas and Wichita Railroad Company Survey No. 97, north of the William Hensley Survey;  
Approximately 83.06 acres out of the Dallas and Wichita Survey No. 97, west of the William Hensley Survey;

Two tracts, containing approximately 87.5 acres and 87.7 acres, respectively, out of the Lewis Goodwin Survey No. 96;

Said tracts of land lying in one contiguous body and being described by metes and bounds in Vol 1881, pages 394-404;

The portion of that 1668.71 acres of land as referred to above is all that portion lying west of the Lohman Crossing Road which runs north and south across the 1668.71 acres, that west portion is herewith described as follows:

BEGINNING at an old rock mound, said mound being the original southwest corner of the William Hensley Survey No. 534 and the southeast corner of the Lewis Goodwin Survey No. 96, the southwest corner of that 737.19 acre tract of land that was conveyed to John F. Gilbert by Q.C. Taylor, et al, in accordance with a deed which is recorded in Travis County Deed Records in Book 645, page 480, and the southeast corner of that 5.70 acre tract of land which was conveyed by the Lower Colorado River Authority to John F. Gilbert in accordance with a deed in Travis County Deed Records in Book 712, page 534, and from which stake an original bearing tree, a cedar marked blaze bears S 70 deg W 30 varas;

Thence with the fence (as found February, 1943) and with the south line of the William Hensley Survey No. 534, and also the south line of a 1464.82 acre tract described in deed to J.S. Wheeloss, Jr. and recorded in Vol. 761, page 135 of the Deed Records of Travis County Texas, S 60 deg 37' E a distance of approximately 5152 feet to the west line of the Lohman Crossing Road at its intersection with the south line of the William Hensley Survey No. 534;

Thence with the west line of the Lohmans Crossing Road, following its meanders in a northerly direction to the point of its intersection with the fence and boundary line which has been described in an agreement between John F. Gilbert and E. H. Smart as recorded in Travis County Deed Records in Book 706, page 6;

Thence along the fence and boundary line which has been described in an agreement between John F. Gilbert and E.H. Smart as recorded in Travis County Deed Records in Book 706, page 6, N 60 deg W, 621.8 varas to a fence angle from which a stake the northwest corner of the Wm. Hensley Survey as re-established from its southwest corner by Orin E. Metcalfe bears N 30 deg 35' E 4.9 varas;

Thence with the fence S 77 deg 55' W 170.4 varas;

Thence with the fence N 64 deg 40' W 149.1 varas;

Thence with the fence N 83 deg 30' W 767.5 varas to the east line of land now or formerly owned by Settegast;

Thence with the fence and with the east line of the Settegast tract of land S 30 deg 15' W 247.7 varas to fence corner and the beginning corner set fourth in a description of a fence line agreement by and between the Lower Colorado River Authority and John F. Gilbert which is recorded in Travis County Deed Records in Book 712, pages 534-533;

Thence along the fence which is described in said agreement and as found in place in February, 1943, S 62 deg 15' E 687.0 varas to a corner of same;

Thence with the fence S 30 deg 40' W crossing the north line of the Lewis Goodwin Survey No. 96 in all 307.2 varas;

Thence with the fence S 8 deg 30' W 122.7 varas;

Thence with the fence S 1 deg 35' W 1402.0 varas to a post on the north line of that 36.11 acre tract of land which is called First Tract in a deed from the

Lower Colorado River Authority to John F. Gilbert as recorded in Travis County Deed Records in Book 655, page 473, and from which point the northwest corner of aforementioned 737.19 acre tract of land which was conveyed to John F. Gilbert by Q.C. Taylor, et al and the southwest corner of that tract of land which was conveyed to John F. Gilbert by L. Earl in accordance with a deed which is in Travis County Deed Records in Book 604, page 330, bears S50 deg E 74.6 varas;

Thence with the north line of the aforesaid 26.11 acre tract of land S 60 deg W 227.6 varas to the northwest corner of same and northeast corner of that 5.66 acre tract of land called Tract (b) which was conveyed by the Lower Colorado River Authority to John F. Gilbert by an agreement and deed which is recorded in Travis County Deed Records in Book 712, pages 534-538;

Thence with the fence and with the north line of said 5.66 acre tract of land N 60 deg W 262.1 varas;

Thence S 77 deg W 54 varas more or less to a point in the 715 foot contour line as established from United States Geological Survey Bench Marks;

Thence in a generally southeastern and southern direction, following the meanders of the said 715 foot contour line for a distance of 240 varas more or less to a point in the 715 foot contour line which bears N 45 deg 00' W from the Place of Beginning;

Thence S 46 deg 00' E a distance of 458 varas, more or less to the PLACE OF BEGINNING, and containing 695 acres of land, more or less.

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EXHIBIT "C"

PROPERTIES LYING WITHIN THE INCORPORATED LIMITS  
OF THE CITY OF LAGO VISTA, TEXAS

Being all of Lago Vista Estates, Sections 2, 3 (phases 1 through 4), 4, 5, 6, 6A, 7, and 9, Bar-K Ranches 1, 2, 3, 5, 6, 7 (amended), 9, 12, 13, 17, and 18, as shown in the plat maps recorded in Books 11, 26, 30, 30, 32, 47, 48, 49, 49, 50, 52, 55, 57, 57, 82, 66, 58, 60, 61, 68, 66, 82, respectively, Plat Records of Travis County, Texas; and including the unplatted area south and west of Bar-K Ranches 18 and east of Bar-K Ranches 6, excluding the Lago Vista Independent School District property to the north of Bar-K Ranches Section 6, but including the unplatted tracts north and east of Lohman Ford Road and south of Bar-K Ranches Section 6 and Lago Vista Estates Section 6 and including all of the remainder of that unplatted property contiguous to Lago Vista Estates Section 1; Section 3, Phase 2; Section 9 and Bar-K Ranches Plats 1 and 2 as conveyed to Bar-K Corporation found of record in Volume 4099, Page 2305 of the Real Property Records of Travis County, Texas, and being more fully described in the plat attached hereto.

Being all of Country Club Estates, Sections 6, 7, 9, Lago Vista Country Club Estates, Section 1, 2, 3, 4, 10, 10A, 11, 12, and Lago Vista Estates, Section 1 and 13, Travis Plaza, and Civic Center Addition, and as shown in the plat maps recorded in Books 47, 47, 48, 38, 40, 41, 44, 48, 49, 48, 61, 8, 54, 39, 50 respectively, of the Plat Records of Travis County, Texas, and extending westerly from the westerly boundary of Country Club Estates, Section 6 and Lago Vista Country Club Estates, Section 2 to the 670' msl contour line, and including therein the tract owned by Travis County Municipal Utility District No. 1, but excluding the tract west of Lago Vista Country Club Estates, Section 2 owned by Lower Colorado River Authority, but including the unplatted tract shown in the northwest corner of Travis Plaza, and east of the said Lower Colorado River Authority tract and including the unplatted property lying northeast of Section 5, Country Club Estates and southwest of Section 6, Country Club Estates with a portion of the western boundary being a line beginning at the northeast corner of Lot 740, Section 5, Country Club Estates and continuing in a northeasterly direction to the corner of Lot 982A, Section 6, Country Club Estates, such land being more fully shown in the plat attached hereto.

EXHIBIT "D"

PROPERTIES LYING WITHIN THE INCORPORATED LIMITS  
OF THE CITY OF LAGO VISTA, TEXAS

Being all of Highland Lake Estates, Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 (as amended), 13, 14, 15 (as amended), 16, 17, 18, 20, and 32, according to the plat hereof on file in Books 54, 52, 51, 51, 51, 54, 51, 51, 51, 58, 54, 52, 51, 55, 54, 54, 54, 63, 68, respectively. Plat Records of Travis County, Texas; and including the area south and east of Boggy Ford Road, and containing unplatted areas south of Highland Lake Estates, Sections 30, 18, 17, 16, 7 and 6, extending on the south and west to a survey line shown on the following surveys: W.S. Iley Survey No. 641, J.M. Puryear Survey No. 36, J.K. Baldwin Survey No. 609, and being the same property shown on the plat attached hereto, and including The Oaks at Highland Lake Estates, Phases 1 through 9, according to the Plat recorded in Books 78, 79, 79, 81, 82, 83, 83, 84, 84, respectively, Plat Records of Travis County, Texas.

Being all of Emerald Bend, Section 1, 2, and 2A, Highland Lake Estates, Sections 21, 22, 23, 24, 26 (as amended), 28, 29, 30, 31, 34, and Country Club Estates Sections 5 and 8, as shown in the plat maps recorded in Books 36, 36, 78, 55, 56, 58, 79, 79, 68, 76, 78, 68, 66, 78, 79 respectively, Plat Records of Travis County, Texas; and including unplatted property west of Sections 34 and 33, Highland Lake Estates consisting of 63.06 acres more or less, being described as Tract 1 of the seventh tract and more specifically described in a deed recorded in Volume 3329, Page 848 of the Real Property Records of Travis County, Texas, and west of Section 23, Highland Lake Estates and the unplatted area west of Country Club Estates Section 5 with the westerly boundary of said unplatted property being a line beginning at the northwest corner of Lot 22030, Highland Lake Estates, Section 22, and extending northeasterly to the southwest corner of Lot 759, Country Club Estates, Section 5, and the unplatted property north of Sections 24 and 29, Highland Lake Estates, with the westerly boundary of said unplatted property being a line beginning at the northwest corner of Section 24, Highland Lake Estates and extending northeasterly to the southwest corner of Section 22, Highland Lake Estates, as more fully shown in the map or plat attached hereto.

J. MAXEY SURVEY

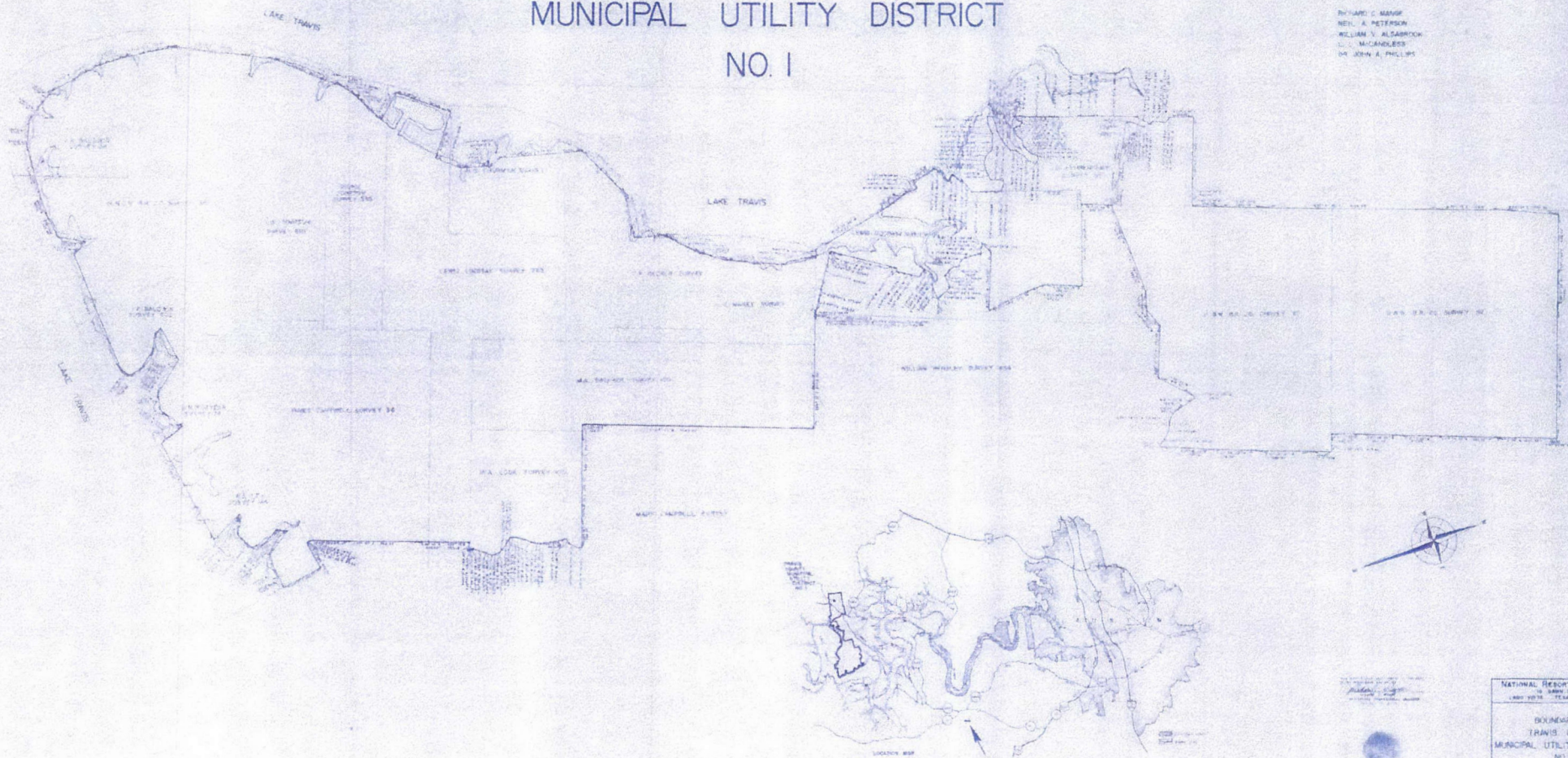
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Haystack Collection & Library, Inc.  
Committee on the  
Public Trust



# TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

BOARD OF DIRECTORS  
 HENRY C. BAUGH  
 NEIL A. PETERSON  
 WILLIAM V. ALSABROOK  
 D. L. MCCANDLESS  
 DR. JOHN A. PHILLIPS



NATIONAL REPORT COMMUNITIES			
1960	1970	1980	1990
100	100	100	100
DIVISION OF TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1			
100	100	100	100



## **Attachment 8**

**TPDES Permit No. WQ0011752001**



PERMIT NO. WQ0011752001

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
P.O. Box 13087  
Austin, Texas 78711-3087

This major amendment  
supersedes and replaces Permit  
No. WQ0011752001 issued on  
April 26, 2012.

PERMIT TO DISCHARGE WASTES  
under provisions of Chapter 26  
of the Texas Water Code

City of Lago Vista

whose mailing address is

P.O. Box 4727  
Lago Vista, Texas 78645

Nature of Business Producing Waste: Domestic wastewater treatment operation, SIC Code 4952.

General Description and Location of Waste Disposal System:

Description: The City of Lago Vista Wastewater Treatment Facility consists of an activated sludge process plant using the conventional mode. Treatment units include bar screen, grit chamber, aeration basin, final clarifier, aerobic digester, sludge drying beds, belt filter press, and chlorine contact chamber.

**Interim I Phase:** The draft permit authorizes the disposal of treated domestic wastewater effluent at a daily average flow not to exceed 0.60 million gallons per day (MGD) via surface irrigated of 140 acres of golf course and 40 acres of non-public access land planted in cedar trees. The facility include two storage ponds with a total surface area of 8.76 acres and a total capacity of 103.4 acre-feet for storage of treated effluent prior to irrigation. Application rates to the irrigated land shall not exceed 3.45 acre-feet per year per acre irrigated for golf course irrigation and 4.72 acre-feet per year per acre irrigated for cedar trees irrigation. The irrigated crops include turf grass (golf course) and cedar trees (cedar breaks).

**Interim II Phase:** The draft permit authorizes the disposal of treated domestic wastewater effluent at a daily average flow not to exceed 0.75 MGD via 140 areas of golf course and 60 acres of non-public access land planted in cedar trees. The facility will include two storage ponds with a total surface area of 8.76 acres and a total capacity of 103.4 acre-feet for storage of treated effluent prior to irrigation. Application rates to the irrigated land shall not exceed 3.45 acre-feet per year per acre irrigated for golf course irrigation and 5.95 acre-feet per year per acre irrigated for cedar trees irrigation. The irrigated crops include turf grass

(golf course) and cedar trees (cedar breaks).

**Final Phase.** The draft permit authorizes the disposal of treated domestic wastewater effluent at an annual average flow not to exceed 1.0 MGD via 140 acres of golf course and 100 acres of non-public access land planted in cedar trees. The facility will include three storage ponds with a total surface area of 14.7 acres and a total capacity of 170.4 acre-feet for storage of treated effluent prior to irrigation. Application rates to the irrigated land shall not exceed 3.45 acre-feet per year per acre irrigated for golf course irrigation and 6.37 acre-feet per year per acre irrigated for cedar trees irrigation. The irrigated crops include turf grass (golf course) and cedar trees (cedar breaks).

**Location:** The domestic wastewater treatment facility is located at 21001 Seminole Drive, in the City of Lago Vista, Travis County, Texas 78645 and the effluent disposal areas are located at 4616 Rimrock Drive, in the City of Lago Vista, Travis County, Texas 78645 and 21900 Farm-to-Market Road 1431 West, in the City of Lago Vista, Travis County, Texas 78645. (See Attachment A.)

**Drainage Area:** The wastewater treatment facility and disposal site are located in the drainage basin of Lake Travis in Segment No. 1404 of the Colorado River Basin. No discharge of pollutants into water in the state is authorized by this permit.

This permit and the authorization contained herein shall expire at midnight on **December 01, 2019.**

ISSUED DATE: June 29, 2016

  
For the Commission

**EFFLUENT LIMITATIONS AND MONITORING REQUIREMENTS**

**Conditions of the Permit: No discharge of pollutants into water in the state is authorized.**

A. Effluent Limitations

Character: Treated Domestic Sewage Effluent

Volume: Daily Average Flow – 0.60 MGD in the Interim I Phase  
Daily Average Flow – 0.75 MGD in the Interim II Phase  
Annual Average Flow-1.00 MGD in Final phase of the treatment System

Quality: The following effluent limitations are required:

<u>Parameter</u>	<u>Effluent Concentrations</u> (Not to Exceed)			
	<u>Daily Average</u> mg/l	<u>7-Day Average</u> mg/l	<u>Daily Maximum</u> mg/	<u>Single Grab</u> mg/l
Biochemical Oxygen Demand (5-day)	10	N/A	N/A	35
Total Suspended Solids	15	N/A	N/A	60

The pH shall not be less than 6.0 standard units nor greater than 9.0 standard units.

The effluent shall be chlorinated in a chlorine contact chamber to a residual of 1.0 mg/l with a minimum detention time of 20 minutes. If the effluent is to be transferred to a holding pond or tank, re-chlorination prior to the effluent being delivered into the irrigation system will be required. A trace chlorine residual shall be maintained in the effluent at the point of irrigation application.

B. Monitoring Requirements:

<u>Parameter</u>	<u>Monitoring Frequency</u>	<u>Sample Type</u>
Flow	Continuous	Totalizing Meter
Biochemical Oxygen Demand (5-day)	One/week (two /week*)	Composite
Total Suspended Solids	One/week (two /week*)	Composite
pH	Two/month(one/week*)	Grab
Chlorine Residual	Continuous	Recording meter

\*Final Phase monitoring frequency

The monitoring shall be done after the final treatment unit and prior to storage of the treated effluent. If the effluent is land applied directly from the treatment system, monitoring shall be done after the final treatment unit and prior to land application. These records shall be maintained on a monthly basis and be available at the plant site for inspection by authorized representatives of the Commission for at least three years.

**STANDARD PERMIT CONDITIONS**

This permit is granted in accordance with the Texas Water Code and the rules and other Orders of the Commission and the laws of the State of Texas.

**DEFINITIONS**

All definitions in Section 26.001 of the Texas Water Code and 30 TAC Chapter 305 shall apply to this permit and are incorporated by reference. Some specific definitions of words or phrases used in this permit are as follows:

**1. Flow Measurements**

- a. Daily average flow - the arithmetic average of all determinations of the daily flow within a period of one calendar month. The daily average flow determination shall consist of determinations made on at least four separate days. If instantaneous measurements are used to determine the daily flow, the determination shall be the arithmetic average of all instantaneous measurements taken during that month. Daily average flow determination for intermittent discharges shall consist of a minimum of three flow determinations on days of discharge.
- b. Annual average flow - the arithmetic average of all daily flow determinations taken within the preceding 12 consecutive calendar months. The annual average flow determination shall consist of daily flow volume determinations made by a totalizing meter, charted on a chart recorder and limited to major domestic wastewater discharge facilities with 1 million gallons per day or greater permitted flow.
- c. Instantaneous flow - the measured flow during the minimum time required to interpret the flow measuring device.

**2. Concentration Measurements**

- a. Daily average concentration - the arithmetic average of all effluent samples, composite or grab as required by this permit, within a period of one calendar month, consisting of at least four separate representative measurements.
  - i. For domestic wastewater treatment plants - When four samples are not available in a calendar month, the arithmetic average (weighted by flow) of all values in the previous four consecutive month period consisting of at least four measurements shall be utilized as the daily average concentration.
  - ii. For all other wastewater treatment plants - When four samples are not available in a calendar month, the arithmetic average (weighted by flow) of all values taken during the month shall be utilized as the daily average concentration.
- b. 7-day average concentration - the arithmetic average of all effluent samples, composite or grab as required by this permit, within a period of one calendar week, Sunday through Saturday.
- c. Daily maximum concentration - the maximum concentration measured on a single day, by the sample type specified in the permit, within a period of one calendar month.

### 3. Sample Type

- a. Composite sample - For domestic wastewater, a composite sample is a sample made up of a minimum of three effluent portions collected in a continuous 24-hour period or during the period of daily discharge if less than 24 hours, and combined in volumes proportional to flow, and collected at the intervals required by 30 TAC § 319.9 (a). For industrial wastewater, a composite sample is a sample made up of a minimum of three effluent portions collected in a continuous 24-hour period or during the period of daily discharge if less than 24 hours, and combined in volumes proportional to flow, and collected at the intervals required by 30 TAC § 319.9 (b).
  - b. Grab sample - an individual sample collected in less than 15 minutes.
4. Treatment Facility (facility) - wastewater facilities used in the conveyance, storage, treatment, recycling, reclamation and/or disposal of domestic sewage, industrial wastes, agricultural wastes, recreational wastes, or other wastes including sludge handling or disposal facilities under the jurisdiction of the Commission.
  5. The term "sewage sludge" is defined as solid, semi-solid, or liquid residue generated during the treatment of domestic sewage in 30 TAC Chapter 312. This includes the solids which have not been classified as hazardous waste separated from wastewater by unit processes.
  6. Bypass - the intentional diversion of a waste stream from any portion of a treatment facility.

## MONITORING REQUIREMENTS

### 1. Monitoring Requirements

Monitoring results shall be collected at the intervals specified in the permit. Unless otherwise specified in this permit or otherwise ordered by the Commission, the permittee shall conduct effluent sampling in accordance with 30 TAC §§ 319.4 - 319.12.

As provided by state law, the permittee is subject to administrative, civil and criminal penalties, as applicable, for negligently or knowingly violating the Texas Water Code, Chapters 26, 27, and 28, and Texas Health and Safety Code, Chapter 361, including but not limited to knowingly making any false statement, representation, or certification on any report, record or other document submitted or required to be maintained under this permit, including monitoring reports, records or reports of compliance or noncompliance, or falsifying, tampering with or knowingly rendering inaccurate any monitoring device or method required by this permit or violating any other requirement imposed by state or federal regulations.

### 2. Test Procedures

- a. Unless otherwise specified in this permit, test procedures for the analysis of pollutants shall comply with procedures specified in 30 TAC §§ 319.11 - 319.12. Measurements, tests and calculations shall be accurately accomplished in a representative manner.
- b. All laboratory tests submitted to demonstrate compliance with this permit must meet the requirements of 30 TAC Chapter 25, Environmental Testing Laboratory Accreditation and Certification.

### 3. Records of Results

- a. Monitoring samples and measurements shall be taken at times and in a manner so as to be representative of the monitored activity.
- b. Except for records of monitoring information required by this permit related to the permittee's sewage sludge use and disposal activities, which shall be retained for a period of at least five years, monitoring and reporting records, including strip charts and records of calibration and maintenance, copies of all records required by this permit, and records of all data used to complete the application for this permit shall be retained at the facility site, or shall be readily available for review by a TCEQ representative for a period of three years from the date of the record or sample, measurement, report, or application. This period shall be extended at the request of the Executive Director.
- c. Records of monitoring activities shall include the following:
  - i. date, time and place of sample or measurement;
  - ii. identity of individual who collected the sample or made the measurement.
  - iii. date and time of analysis;
  - iv. identity of the individual and laboratory who performed the analysis;
  - v. the technique or method of analysis; and
  - vi. the results of the analysis or measurement and quality assurance/quality control records.

The period during which records are required to be kept shall be automatically extended to the date of the final disposition of any administrative or judicial enforcement action that may be instituted against the permittee.

### 4. Additional Monitoring by Permittee

If the permittee monitors any pollutant at the location(s) designated herein more frequently than required by this permit using approved analytical methods as specified above, all results of such monitoring shall be included in determining compliance with permit requirements.

### 5. Calibration of Instruments

All automatic flow measuring or recording devices and all totalizing meters for measuring flows shall be accurately calibrated by a trained person at plant start-up and as often thereafter as necessary to ensure accuracy, but not less often than annually unless authorized by the Executive Director for a longer period. Such person shall verify in writing that the device is operating properly and giving accurate results. Copies of the verification shall be retained at the facility site and/or shall be readily available for review by a TCEQ representative for a period of three years.

### 6. Compliance Schedule Reports

Reports of compliance or noncompliance with, or any progress reports on, interim and final requirements contained in any compliance schedule of the permit shall be submitted no later than 14 days following each schedule date to the Regional Office and the Enforcement Division (MC 224).

## 7. Noncompliance Notification

- a. In accordance with 30 TAC § 305.125(9) any noncompliance which may endanger human health or safety, or the environment shall be reported by the permittee to the TCEQ. Except as allowed by 30 TAC § 305.132, report of such information shall be provided orally or by facsimile transmission (FAX) to the Regional Office within 24 hours of becoming aware of the noncompliance. A written submission of such information shall also be provided by the permittee to the Regional Office and the Enforcement Division (MC 224) within five working days of becoming aware of the noncompliance. For Publicly Owned Treatment Works (POTWs), effective September 1, 2020, the permittee must submit the written report for unauthorized discharges and unanticipated bypasses that exceed any effluent limit in the permit using the online electronic reporting system available through the TCEQ website unless the permittee requests and obtains an electronic reporting waiver. The written submission shall contain a description of the noncompliance and its cause; the potential danger to human health or safety, or the environment; the period of noncompliance, including exact dates and times; if the noncompliance has not been corrected, the time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance, and to mitigate its adverse effects.
  - b. The following violations shall be reported under Monitoring and Reporting Requirement 7.a.:
    - i. Unauthorized discharges as defined in Permit Condition 2(g).
    - ii. Any unanticipated bypass which exceeds any effluent limitation in the permit.
  - c. In addition to the above, any effluent violation which deviates from the permitted effluent limitation by more than 40% shall be reported by the permittee in writing to the Regional Office and the Enforcement Division (MC 224) within 5 working days of becoming aware of the noncompliance.
  - d. Any noncompliance other than that specified in this section, or any required information not submitted or submitted incorrectly, shall be reported to the Enforcement Division (MC 224) as promptly as possible.
8. In accordance with the procedures described in 30 TAC §§ 35.301 - 35.303 (relating to Water Quality Emergency and Temporary Orders) if the permittee knows in advance of the need for a bypass, it shall submit prior notice by applying for such authorization.

## 9. Changes in Discharges of Toxic Substances

All existing manufacturing, commercial, mining, and silvicultural permittees shall notify the Regional Office, orally or by facsimile transmission within 24 hours, and both the Regional Office and the Enforcement Division (MC 224) in writing within five (5) working days, after becoming aware of or having reason to believe:

- a. That any activity has occurred or will occur which would result in the discharge, on a routine or frequent basis, of any toxic pollutant listed at 40 CFR Part 122, Appendix D, Tables II and III (excluding Total Phenols) which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":