



## **Filing Receipt**

**Filing Date - 2023-08-16 11:13:27 AM**

**Control Number - 55373**

**Item Number - 1**



# **Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)**

*Pursuant to 16 Texas Administrative Code (TAC) Chapter 24, Substantive Rules Applicable to Water and Sewer Service Providers, Subchapter G: Certificates of Convenience and Necessity*

## **CCN Application Instructions**

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, you should adhere to the following:
- Answer every question and submit all required attachments.
  - Use attachments or additional pages if needed to answer any question. If you use attachments or additional pages, reference their inclusion in the form.
  - Provide all mapping information as detailed in Part F: Mapping & Affidavits.
  - Provide any other necessary approvals from the Texas Commission on Environmental Quality (TCEQ), or evidence that a request for approval is being sought at the time of filing with the Commission.
- II. **FILE:** Seven (7) copies of the completed application with numbered attachments. One copy should be filed with no permanent binding, staples, tabs, or separators; and 7 copies of the portable electronic storage medium containing the digital mapping data.
- SEND TO:** Public Utility Commission of Texas, Attention: Filing Clerk, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 (NOTE: Electronic documents may be sent in advance of the paper copy; however, they will not be processed and added to the Commission's on-line Interchange until the paper copy is received and file-stamped in Central Records).
- III. The application will be assigned a docket number, and an administrative law judge (ALJ) will issue an order requiring Commission Staff to file a recommendation on whether the application is sufficient. The ALJ will issue an order after Staff's recommendation has been filed:
- DEFICIENT (Administratively Incomplete):** Applicant will be ordered to provide information to cure the deficiencies by a certain date (usually 30 days from ALJ's order). *Application is not accepted for filing.*
  - SUFFICIENT (Administratively Complete):** Applicant will be ordered by the ALJ to give appropriate notice of the application using the notice prepared by Commission Staff. *Application is accepted for filing.*
- IV. Once the Applicant issues notice, a copy of the actual notice sent (including any map) and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may choose to take one of the following actions:
- HEARING ON THE MERITS:** an affected party may request a hearing on the application. The request must be made within 30 days of notice. If this occurs, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.
  - LANDOWNER OPT-OUT:** A landowner owning a qualifying tract of land (25+ acres) may request to have their land removed from the requested area. The Applicant will be requested to amend its application and file new mapping information to remove the landowner's tract of land, in conformity with this request.
- V. **PROCEDURAL SCHEDULE:** Following the issuance of notice and the filing of proof of notice in step 4, the application will be granted a procedural schedule for final processing. During this time the Applicant must respond to hearing requests, landowner opt-out requests, and requests for information (RFI). The Applicant will be requested to provide written consent to the proposed maps, certificates, and tariff (if applicable) once all other requests have been resolved.
- VI. **FINAL RECOMMENDATION:** After receiving all required documents from the Applicant, Staff will file a recommendation on the CCN request. The ALJ will issue a final order after Staff's recommendation is filed.

### **FAQ:**

#### ***Who can use this form?***

Any retail public utility that provides or intends to provide retail water or wastewater utility service in Texas.

#### ***Who is required to use this form?***

A retail public utility that is an investor owned utility (IOU) or a water supply corporation (WSC) must use this form to obtain or amend a CCN prior to providing retail water or sewer utility service in the requested area.

#### ***What is the purpose of the application?***

A CCN Applicant is required to demonstrate financial, managerial, and technical (FMT) capability to provide continuous and adequate service to any requested area. The questions in the application are structured to support an Applicant's FMT capabilities, consistent with the regulatory requirements.



## Application Summary

**Applicant:** McLennan County Water Improvements and Control District No. 2

**CCN No. to be amended:** N/A

or ☒ Obtain NEW CCN ☐ Water ☐ Sewer

**County(ies) affected by this application:** McLennan County

**Dual CCN requested with:** City of Waco

**CCN No.:** 10039, 20010

(name of retail public utility)

☒ Portion or ☐ All of requested area

**Decertification of CCN for:** \_\_\_\_\_

**CCN No.:** \_\_\_\_\_

(name of retail public utility)

☒ Portion or ☐ All of requested area

## Table of Contents

<b>CCN Application Instructions .....</b>	<b>1</b>
<b>Part A: Applicant Information.....</b>	<b>3</b>
<b>Part B: Requested Area Information .....</b>	<b>4</b>
<b>Part C: CCN Obtain or Amend Criteria Considerations .....</b>	<b>6</b>
<b>Part D: TCEQ Public Water System or Sewer (Wastewater) Information .....</b>	<b>7</b>
<b>Part E: Financial Information .....</b>	<b>9</b>
<b>Part F: Mapping &amp; Affidavits.....</b>	<b>10</b>
<b>Part G: Notice Information.....</b>	<b>11</b>
<b>Appendix A: Historical Financial Information (Balance Sheet and Income Schedule).....</b>	<b>13</b>
<b>Appendix B: Projected Information.....</b>	<b>16</b>

### Please mark the items included in this filing

<input type="checkbox"/> Partnership Agreement	Part A: Question 4
<input type="checkbox"/> Articles of Incorporation and By-Laws (WSC)	Part A: Question 4
<input type="checkbox"/> Certificate of Account Status	Part A: Question 4
<input checked="" type="checkbox"/> Franchise, Permit, or Consent letter	Part B: Question 7 Attachment "A"
<input checked="" type="checkbox"/> Existing Infrastructure Map	Part B: Question 8 Attachment "B"
<input checked="" type="checkbox"/> Customer Requests For Service in requested area	Part B: Question 9
<input type="checkbox"/> Population Growth Report or Market Study	Part B: Question 10
<input type="checkbox"/> TCEQ Engineering Approvals	Part B: Question 11
<input type="checkbox"/> Requests & Responses For Service to ½ mile utility providers	Part B: Question 12.B
<input type="checkbox"/> Economic Feasibility (alternative provider) Statement	Part B: Question 12.C
<input type="checkbox"/> Alternative Provider Analysis	Part B: Question 12.D
<input type="checkbox"/> Enforcement Action Correspondence	Part C: Question 16
<input type="checkbox"/> TCEQ Compliance Correspondence	Part D: Question 20
<input type="checkbox"/> Purchased Water Supply or Treatment Agreement	Part D: Question 23
<input type="checkbox"/> Rate Study (new market entrant)	Part E: Question 28
<input type="checkbox"/> Tariff/Rate Schedule	Part E: Question 29
<input type="checkbox"/> Financial Audit	Part E: Question 30
<input type="checkbox"/> Application Attachment A & B	Part E: Question 30
<input type="checkbox"/> Capital Improvement Plan	Part E: Question 30
<input type="checkbox"/> Disclosure of Affiliated Interests	Part E: Question 31
<input checked="" type="checkbox"/> Detailed (large scale) Map	Part F: Question 32 Attachment "C"
<input checked="" type="checkbox"/> General Location (small scale) Map	Part F: Question 32 Attachment "D"
<input checked="" type="checkbox"/> Digital Mapping Data	Part F: Question 32 Attachment "E" (will be provided with submission to PUC)
<input checked="" type="checkbox"/> Signed & Notarized Affidavit	Page 12

**Part A: Applicant Information**

1. A. Name: McLennan County Water Improvements and Control District No. 2  
(individual, corporation, or other legal entity)  
☐ Individual ☐ Corporation ☐ WSC ☒ Other: WCID
- B. Mailing Address: PO Box 116  
Elm Mott, TX 76640  
Phone No.: (254) 829-1824 Email: mclennanwcid2@sbcglobal.net
- C. Contact Person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.  
Name: Rhonda Taylor Title: Office Manager  
Mailing Address: PO Box 116, Elm Mott, TX 76640  
Phone No.: (254) 829-1824 Email: mclennanwcid2@sbcglobal.net
2. If the Applicant is someone other than a municipality, is the Applicant currently paid in full on the Regulatory Assessment Fees (RAF) remitted to the TCEQ?  
☐ Yes ☐ No ☒ N/A
3. If the Applicant is an Investor Owned Utility (IOU), is the Applicant current on Annual Report filings with the Commission?  
☐ Yes ☐ No If no, please state the last date an Annual Report was filed: \_\_\_\_\_
4. The legal status of the Applicant is:  
☐ Individual or sole proprietorship  
☐ Partnership or limited partnership (*attach* Partnership agreement)  
☐ Corporation: Charter number (recorded with the Texas Secretary of State): \_\_\_\_\_  
☐ Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]  
Charter number (as recorded with the Texas Secretary of State): \_\_\_\_\_  
☐ Articles of Incorporation and By-Laws established (*attach*)  
☐ Municipally-owned utility  
☒ District (MUD, SUD, WCID, FWSD, PUD, etc.)  
☐ County  
☐ Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)  
☐ Other (please explain): \_\_\_\_\_
5. If the Applicant operates under an assumed name (i.e., any d/b/a), provide the name below:  
Name: McLennan County WCID #2

**Part B: Requested Area Information**

6. Provide details on the existing or expected land use in the requested area, including details on requested actions such as dual certification or decertification of service area.

McLennan County WCID #2 (District) currently serves residential and non-residential customers, with anticipated future service to both customer types. The District is requesting dual certification with the City of Waco (City) within their existing CCNs (CCN No.20010 (Sewer) and 10039 (Water)) for the District's service areas, and for the City to decertify the same areas.

7. The requested area (check all applicable):

☒ Currently receives service from the Applicant ☐ Is being developed with no current customers

☒ Overlaps or is within municipal boundaries ☐ Overlaps or is within district boundaries

Municipality: City of Waco District: \_\_\_\_\_

Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

See the City's Consent letter included within Attachment "A"

8. Describe the circumstances (economic, environmental, etc.) driving the need for service in the requested area:

The area is currently being served water by the District. The District is requesting a CCN number and boundary.

9. Has the Applicant received any requests for service within the requested area?

☐ Yes\* ☒ No \*Attach copies of all applicable requests for service and show locations on a map

10. Is there existing or anticipated growth in the requested area?

☐ Yes\* ☒ No \*Attach copies of any reports and market studies supporting growth

11. A. Will construction of any facilities be necessary to provide service to the requested area?

☐ Yes\* ☒ No \*Attach copies of TCEQ approval letters

B. Date Plans & Specifications or Discharge Permit App. submitted to TCEQ: \_\_\_\_\_

C. Summarize an estimated timeline for construction for any required facilities to serve the requested area:

N/A

D. Describe the source and availability of funds for any required facilities to serve the requested area:

N/A

**Note: Failure to provide applicable TCEQ construction or permit approvals, or evidence showing that the construction or permit approval has been filed with the TCEQ may result in the delay or possible dismissal of the application.**

12. A. If construction of a physically separate water or sewer system is necessary, provide a list of all retail public water and/or sewer utilities within one half mile from the outer boundary of the requested area below:

N/A

B. Did the Applicant request service from each of the above water or sewer utilities?

☐

Yes\*

☒

No

\*Attach copies of written requests and copies of the written response

C. Attach a statement or provide documentation explaining why it is not economically feasible to obtain retail service from the water or sewer retail public utilities listed above.

D. If a neighboring retail public utility agreed to provide service to the requested area, attach documentation addressing the following information:

- (A) A description of the type of service that the neighboring retail public utility is willing to provide and comparison with service the applicant is proposing;
- (B) An analysis of all necessary costs for constructing, operating, and maintaining the new facilities for at least the first five years of operations, including such items as taxes and insurance; and
- (C) An analysis of all necessary costs for acquiring and continuing to receive service from the neighboring retail public utility for at least the first five years of operations.

13. Explain the effect of granting the CCN request on the Applicant, any retail public utility of the same kind serving in the proximate area, and any landowners in the requested area. The statement should address, but is not limited to, regionalization, compliance, and economic effects.

The District has been serving water to this proximate area since 1954 and is now requesting a CCN boundary/number.

### Part C: CCN Obtain or Amend Criteria Considerations

14. Describe the anticipated impact and changes in the quality of retail utility service for the requested area:

There are no anticipated impacts and/or changes in the quality of retail utility service for the requested area.

15. Describe the experience and qualifications of the Applicant in providing continuous and adequate retail service:

The District has been continuously providing water and sewer service to its service area since the District's inception in 19XX. The District owns, operates, and maintains its own water distribution system, including the Charles Well, the Katy Well and Pump Station, the Linden Well and Pump Station, the Leroy Parkway Pressure Tank and Pump Station storage tanks, etc.), and treatment facility (X); and its own sewer collection system and treatment facility (McLennan County WCID No. 2 WWTP).

16. Has the Applicant been under an enforcement action by the Commission, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG), or the Environmental Protection Agency (EPA) in the past five (5) years for non-compliance with rules, orders, or state statutes?

☐ Yes\* ☒ No

\*Attach copies of any correspondence with the applicable regulatory agency concerning any enforcement actions, and attach a description of any actions or efforts the Applicant has taken to comply with these requirements.

17. Explain how the environmental integrity of the land will or will not be impacted or disrupted as a result of granting the CCN as requested:

There will not be any interruption to the environmental integrity of the land within the District's service boundary and the proposed water and sewer CCN boundaries as a result of granting the CCNs.

18. Has the Applicant made efforts to extend retail water or sewer utility service to any economically distressed area located within the requested area?

There are no economically-distressed areas within the requested area.

19. List all neighboring water or sewer retail public utilities, cities, districts (including ground water conservation districts), counties, or other political subdivisions (including river authorities) providing the same service located within two (2) miles from the outer boundary of the requested area:

City of Waco  
Pure WSC  
RSS WSC  
City of Lacy Lakeview

**Part D: TCEQ Public Water System or Sewer (Wastewater) Information**

20. A. Complete the following for all Public Water Systems (PWS) associated with the Applicant's CCN:

TCEQ PWS ID:	Name of PWS:	Date of TCEQ inspection*:	Subdivisions served:
1550002	McLennan County WCID #2	6/7/2018	

\*Attach evidence of compliance with TCEQ for each PWS

- B. Complete the following for all TCEQ Water Quality (WQ) discharge permits associated with the Applicant's CCN:

TCEQ Discharge Permit No:	Date Permit expires:	Date of TCEQ inspection*:	Subdivisions served:
WQ- 0015965001	1/20/2027	4/28/2023	
WQ-			
WQ-			
WQ-			

\*Attach evidence of compliance with TCEQ for each Discharge Permit

- C. The requested CCN service area will be served via: PWS ID: 1550002  
WQ - 0015965001

21. List the number of existing connections for the PWS & Discharge Permit indicated above (Question 20. C.):

Water				Sewer	
0	Non-metered	8	2"	495	Residential
768	5/8" or 3/4"	0	3"	115	Commercial
7	1"	0	4"	0	Industrial
2	1 1/2"	0	Other	0	Other
Total Water Connections:		785		Total Sewer Connections:	610

22. List the number of additional connections projected for the requested CCN area:

Water				Sewer	
	Non-metered		2"		Residential
	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:		0		Total Sewer Connections:	0



23. A. Will the system serving the requested area purchase water or sewer treatment capacity from another source?

☐ Yes\* ☒ No \*Attach a copy of purchase agreement or contract.

Capacity is purchased from:

Water: \_\_\_\_\_

Sewer: N/A

B. Are any of the Applicants PWS's required to purchase water to meet the TCEQ's minimum capacity requirements or TCEQ's drinking water standards?

☐ Yes ☒ No

C. What is the amount of supply or treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:		0%
Sewer:		0%

24. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?

☐ Yes ☒ No

25. List the name, class, and TCEQ license number of the operators that will be responsible for the operations of the water or sewer utility service provided to the requested area:

Name (as it appears on license)	Class	License No.	Water/Sewer
Stevven Nelson	C	WG0018867	Water
Stevven Nelson	C	WD0016758	Water
Stevven Nelson	C	WW0067140	Sewer

26. A. Are any improvements required for the existing PWS or sewer treatment plant to meet TCEQ or Commission standards?

☐ Yes ☒ No

B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:

27. Provide a map (or maps) showing all facilities for production, transmission, and distribution, and the location of existing or proposed customer connections, in the requested area. Facilities should be identified on subdivision plats, engineering planning maps, or other large scale maps. Color coding can be used, and is encouraged, to distinguish types of facilities.

## Part E: Financial Information

28. If the Applicant seeking to obtain a CCN for the first time is an Investor Owned Utility (IOU) and under the original rate jurisdiction of the Commission, a proposed tariff must be attached to the application. The proposed rates must be supported by a rate study, which provides all calculations and assumptions made. Once a CCN is granted, the Applicant must submit a rate filing package with the Commission within 18 months from the date service begins. The purpose of this rate filing package is to revise a utility's tariff to adjust the rates to a historic test year and to true up the new tariff rates to the historic test year. It is the Applicant's responsibility in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service. Any dollar amount collected under the rates charged during the test year in excess of the revenue requirement established by the Commission during the rate change proceeding shall be reflected as customer contributed capital going forward as an offset to rate base for ratemaking purposes.

29. If the Applicant is an existing IOU, please attach a copy of the current tariff and indicate:

A. Effective date for most recent rates: \_\_\_\_\_

B. Was notice of this increase provided to the Commission or a predecessor regulatory authority?

☐ No

☐ Yes

Application or Docket Number: \_\_\_\_\_

C. If notice was not provided to the Commission, please explain why ( ex: rates are under the jurisdiction of a municipality)

**If the Applicant is a Water Supply or Sewer Service Corporation (WSC/SSC) and seeking to obtain a CCN, attach a copy of the current tariff.**

30. **Financial Information**

Applicants must provide accounting information typically included within a balance sheet, income statement, and statement of cash flows. If the Applicant is an existing retail public utility, this must include historical financial information and projected financial information. However, projected financial information is only required if the Applicant proposes new service connections and new investment in plant, or if requested by Commission Staff. If the Applicant is a new market entrant and does not have its own historical balance sheet, income statement, and statement of cash flows information, then the Applicant should establish a five-year projection.

**Historical Financial Information may be shown by providing any combination of the following that includes necessary information found in a balance sheet, income statement, and statement of cash flows:**

1. Completed Appendix A;
2. Documentation that includes all of the information required in Appendix A in a concise format; or
3. Audited financial statements issued within 18 months of the application filing date. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

**Projected Financial Information** may be shown by providing any of the following:

1. Completed Appendix B;
2. Documentation that includes all of the information required in Appendix B in a concise format;
3. A detailed budget or capital improvement plan, which indicates sources and uses of funds required, including improvements to the system being transferred; or
4. A recent budget and capital improvements plan that includes information needed for analysis of the operations test for the system being transferred and any operations combined with the system. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

31. Attach a disclosure of any affiliated interest or affiliate. Include a description of the business relationship between all affiliated interests and the Applicant.

**DO NOT INCLUDE ATTACHMENTS A OR B IF LEFT BLANK**

#### **Part F: Mapping & Affidavits**

32. Provide the following mapping information with each of the seven (7) copies of the application:
1. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The Applicant should adhere to the following guidance:
    - i. If the application includes an amendment for both water and sewer certificated service areas, separate maps must be provided for each.
    - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.
    - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
  2. A detailed (large scale) map identifying the requested area in reference to verifiable man-made or natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:
    - i. The map should be clearly labeled and the outer boundary of the requested area should be marked in reference to the verifiable man-made or natural landmarks. These verifiable man-made and/or natural landmarks must be labeled and marked on the map as well.
    - ii. If the application includes an amendment for both water and sewer certificated service area, separate maps need to be provided for each.
    - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
  3. One of the following identifying the requested area:
    - i. A metes and bounds survey sealed or embossed by either a licensed state land surveyor or a registered professional land surveyor. Please refer to the mapping guidance in part 2 (above);

- ii. A recorded plat. If the plat does not provide sufficient detail, Staff may request additional mapping information. Please refer to the mapping guidance in part 2 (above); or
- iii. Digital mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US Feet) or in NAD 83 Texas Statewide Mapping System (Meters). The digital mapping data shall include a single, continuous polygon record. The following guidance should be adhered to:
  - a. The digital mapping data must correspond to the same requested area as shown on the general location and detailed maps. The requested area must be clearly labeled as either the water or sewer requested area.
  - b. A shapefile should include six files (.dbf, .shp, .shx, .sbx, .sbn, and the projection (.prj) file).
  - c. The digital mapping data shall be filed on a data disk (CD or USB drives), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

### Part G: Notice Information

The following information will be used to generate the proposed notice for the application.  
**DO NOT** provide notice until the application is deemed sufficient for filing and the Applicant is ordered to provide notice.

33. Complete the following using verifiable man-made and/or natural landmarks such as roads, rivers, or railroads to describe the requested area (to be stated in the notice documents). Measurements should be approximated from the outermost boundary of the requested area:

The total acreage of the requested area is approximately: 2,234

Number of customer connections in the requested area: 784

The closest city or town: Elm Mott

Approximate mileage to closest city or town center: 1

Direction to closest city or town: North

The requested area is generally bounded on the North by: Old Dallas Road

on the East by: 0.1 miles west of the overhead transmission lines

on the South by: Mesquite Tree Road (1,330 feet north of Broken Arrow Dr.)

on the West by: W. Elm Mott Lane/FM 308 (3,385 feet west of the intersection with Katy St.)

34. A copy of the proposed map will be available at The District's main office

## Applicant's Oath

STATE OF Texas

COUNTY OF McLennan

I, Rhonda Taylor being duly sworn, file this application to  
obtain or amend a water or sewer CCN, as Authorized Representative  
(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further represent that the application form has not been changed, altered, or amended from its original form.  
I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants within its certificated service area should its request to obtain or amend its CCN be granted.

**AFFIANT**

(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas  
this day the \_\_\_\_\_ of \_\_\_\_\_, 20\_\_\_\_\_

SEAL

**NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS**

**PRINT OR TYPE NAME OF NOTARY**

My commission expires: \_\_\_\_\_

## Appendix A: Historical Financial Information (Balance Sheet and Income Schedule)

*(Audited financial statements may be substituted for this schedule – see item 29 of the instructions)*

<b>HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END )</b>	<b>CURRENT(A) (09 _ 30 _ 22 )</b>	<b>A-1 YEAR ( 09 _ 30 _ 21 )</b>	<b>A-2 YEAR ( - - )</b>	<b>A-3 YEAR ( - - )</b>	<b>A-4 YEAR ( - - )</b>	<b>A-5 YEAR ( - - )</b>
<b>CURRENT ASSETS</b>						
Cash	\$ 504,789.00					
Accounts Receivable	\$ 92,722.00					
Inventories	\$ 61,620.00					
Other	\$ 165,467.00					
<b>A. Total Current Assets</b>	<b>\$ 824,598.00</b>					
<b>FIXED ASSETS</b>						
Land	\$ 156,392.00					
Collection/Distribution System	\$ 6,312,931.00					
Buildings	\$ 241,932.00					
Equipment	\$ 224,755.00					
Other	\$ 29,838.00					
Less: Accum. Depreciation or Reserves	\$ 4,122,782.00					
<b>B. Total Fixed Assets</b>	<b>\$ 2,843,066.00</b>	<b>\$ 286,255.00</b>				
<b>C. TOTAL Assets (A + B)</b>	<b>\$ 3,667,664.00</b>	<b>\$ 3,902,452.00</b>				
<b>CURRENT LIABILITIES</b>						
Accounts Payable	\$ 49,713.00					
Notes Payable, Current	\$ 30,938.00					
Accrued Expenses	\$ 0.00					
Other	\$ 64,725.00					
<b>D. Total Current Liabilities</b>	<b>\$ 145,376.00</b>					
<b>LONG TERM LIABILITIES</b>						
Notes Payable, Long-term	\$ 1,154,069.00					
Other	\$ 0.00					
<b>E. Total Long Term Liabilities</b>	<b>\$ 1,154,069.00</b>					
<b>F. TOTAL LIABILITIES (D + E)</b>	<b>\$ 1,299,445.00</b>					
<b>OWNER'S EQUITY</b>						
Paid in Capital	\$ 132,609.00					
Retained Equity						
Other						
Current Period Profit or Loss						
<b>G. TOTAL OWNER'S EQUITY</b>						
<b>TOTAL LIABILITIES+EQUITY (F + G) = C</b>						
<b>WORKING CAPITAL (A – D)</b>						
<b>CURRENT RATIO (A / D)</b>						
<b>DEBT TO EQUITY RATIO (E / G)</b>						

**DO NOT INCLUDE ATTACHMENTS A OR B IF LEFT BLANK**



## HISTORICAL NET INCOME INFORMATION

(ENTER DATE OF YEAR END )	CURRENT(A) (09 - 30 - 22)	A-1 YEAR ( 09 - 30 - 21 )	A-2 YEAR ( 09 - 30 - 20 )	A-3 YEAR ( 09 - 30 - 19 )	A-4 YEAR ( 09 - 30 - 18 )	A-5 YEAR ( - - - )
<b>METER NUMBER</b>						
Existing Number of Taps	712	666	641	656	656	
New Taps Per Year						
<b>Total Meters at Year End</b>						
<b>METER REVENUE</b>						
Revenue per Meter (use for projections)						
Expense per Meter (use for projections)						
<b>Operating Revenue Per Meter</b>						
<b>GROSS WATER REVENUE</b>						
Revenues- Base Rate & Gallonage Fees	\$ 742,890.00	\$ 689,063.00	\$ 716,300.00	\$ 689,906.00	\$ 658,942.00	
Other (Tap, reconnect, transfer fees, etc.)	\$ 104,940.00	\$ 794,740.00	\$ 69,492.00	\$ 78,779.00	\$ 98,515.00	
<b>Gross Income</b>	\$ 847,830.00	\$ 1,483,803.00	\$ 785,792.00	\$ 768,685.00	\$ 757,457.00	
<b>EXPENSES</b>						
General & Administrative (see schedule)						
Operating (see schedule)						
Interest						
Other (list)						
<b>NET INCOME</b>						

<b>HISTORICAL EXPENSE INFORMATION (ENTER DATE OF YEAR END)</b>	<b>CURRENT(A) (09 - 30 - 22)</b>	<b>A-1 YEAR (09 - 30 - 21)</b>	<b>A-2 YEAR ( - - )</b>	<b>A-3 YEAR ( - - )</b>	<b>A-4 YEAR ( - - )</b>	<b>A-5 YEAR ( - - )</b>
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries & Benefits–Office/Management	\$ 185,326.00	\$ 178,188.00				
Office (services, rentals, supplies, electricity)	\$ 17,426.00	\$ 17,088.00				
Contract Labor	\$ 790.00	\$ 760.00				
Transportation	\$ 12,915.00	\$ 11,218.00				
Insurance	\$ 13,128.00	\$ 12,908.00				
Telephone	\$ 11,649.00	\$ 0.00				
Utilities	\$ 104,940.00	\$ 105,142.00				
Property Taxes	\$ 0.00	\$ 0.00				
Professional Services/Fees (recurring)	\$ 17,029.00	\$ 66,275.00				
Groundwater Fees Regulatory- other	\$ 2,881.00	\$ 2,672.00				
Lab Fees Other (describe)	\$ 9,185.00	\$ 11,551.00				
Interest	\$ 58,462.00	\$ 57,714.00				
Other	\$ 9,885.00	\$ 49,566.00				
<b>Total General Admin. Expenses (G&amp;A)</b>	<b>\$ 443,616.00</b>	<b>\$ 513,082.00</b>				
<b>% Increase Per Year</b>	0%	0%	0%	0%	0%	0%
<b>OPERATIONS &amp; MAINTENANCE EXPENSES</b>						
Salaries & Benefits (Employee, Management)						
Materials & Supplies						
Utilities Expense-office						
Repairs and Maintenance Contract Labor	\$ 129,034.00	\$ 373,948.00				
Transportation Expense						
Depreciation Expense	\$ 275,798.00	\$ 261,785.00				
Dues & Fees Other(describe)	\$ 26,517.00	\$ 8,100.00				
<b>Total Operational Expenses (O&amp;M)</b>	<b>\$ 431,449.00</b>	<b>\$ 643,833.00</b>				
<b>Total Expense (Total G&amp;A + O&amp;M)</b>	<b>\$ 874,965.00</b>	<b>\$ 1,156,945.00</b>				
<b>Historical % Increase Per Year</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ASSUMPTIONS</b>						
Interest Rate/Terms						
Depreciation Schedule (attach)						
Other assumptions/information (List all)						

ATTACHMENT "A"  
CITY OF WACO CONSENT LETTER



CITY OF WACO

## Water Utility Services

Post Office Box 2570  
Waco, Texas 76702-2570  
254/750-8040  
Fax: 254/750-8032

March 28, 2023

Scott Horowitz, P.E.  
Project Manager  
TRC  
800 Isom Road, Suite 400, San Antonio, TX 78216  
Cell: 281.804.3249  
Email: horowitz@trccompanies.com

**Subject: McLennan County WCID#2 - water reservation and future sanitary sewer connection to upgraded lift station**

Dear Scott:

In response to the discussion regarding the above issue, City of Waco's Water Utilities Department has no objection to the proposed CCN application; however, please note that there are some discrepancies between the boundaries shown in the maps attached to your email dated February 2, 2023 and the existing CCN map of Public Utility Commission at <https://www.puc.texas.gov/industry/water/utilities/map.aspx>.

City of Waco's Water Utilities Department will support a dual CCN Service Area agreement. Please find attached a recent agreement to clarify the terms that the City will be looking for in an agreement.

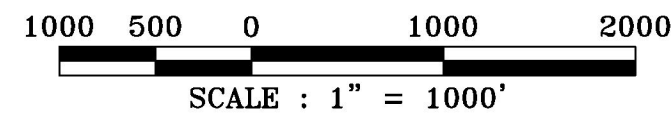
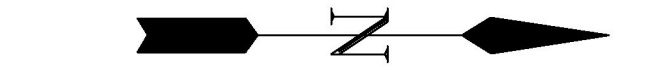
Please note that the final decision will be made by the City Council.

Sincerely,

Saeed Soltani, P.E.  
Development Engineer

ATTACHMENT "B"  
EXISTING INFRASTRUCTURE MAPS





- CITY LIMITS
  - FM EXISTING FORCEMAIN
  - WW EXISTING 4" SEWER LINE
  - WW EXISTING 6" SEWER LINE
  - WW EXISTING 8" SEWER LINE
  - WW EXISTING 10" SEWER LINE
  - ⊕ MANHOLE
  - ⊗ LIFT STATION
- PROPOSED CCN BOUNDARY (2231.81 ACRES)

INTERIM REVIEW  
DOCUMENTS

NOT INTENDED FOR  
CONSTRUCTION, BIDDING, OR  
PERMITTING PURPOSES

JUSTIN THOMAS, P.E.  
TX LIC. # 98403

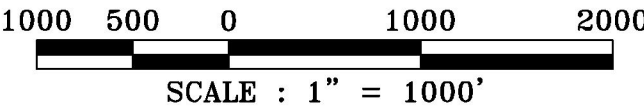
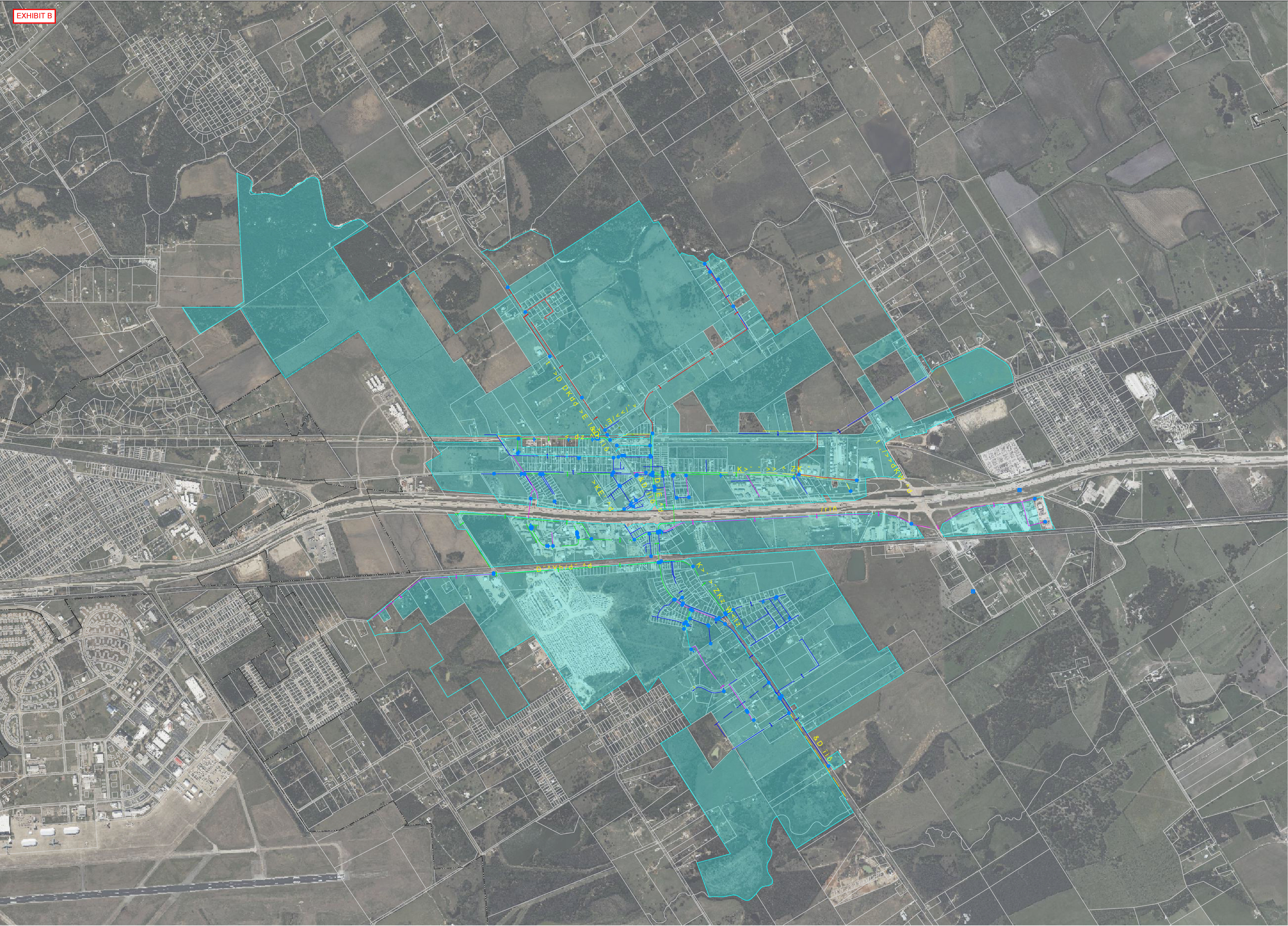
5/3/23

**TRC**

TRC ENGINEERS, INC.  
700 HIGHLANDER BLVD., SUITE 210, ARLINGTON, TEXAS 76015  
T.B.P.E. FIRM REGISTRATION # F-8632  
(817) 522 - 1000

**MCLENNAN COUNTY WCID #2  
WASTEWATER MAP  
ELM MOTT  
MMCLENNAN COUNTY, TEXAS**





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T.B.P.E. FIRM REGISTRATION # F-8632  
(817) 522 - 1000

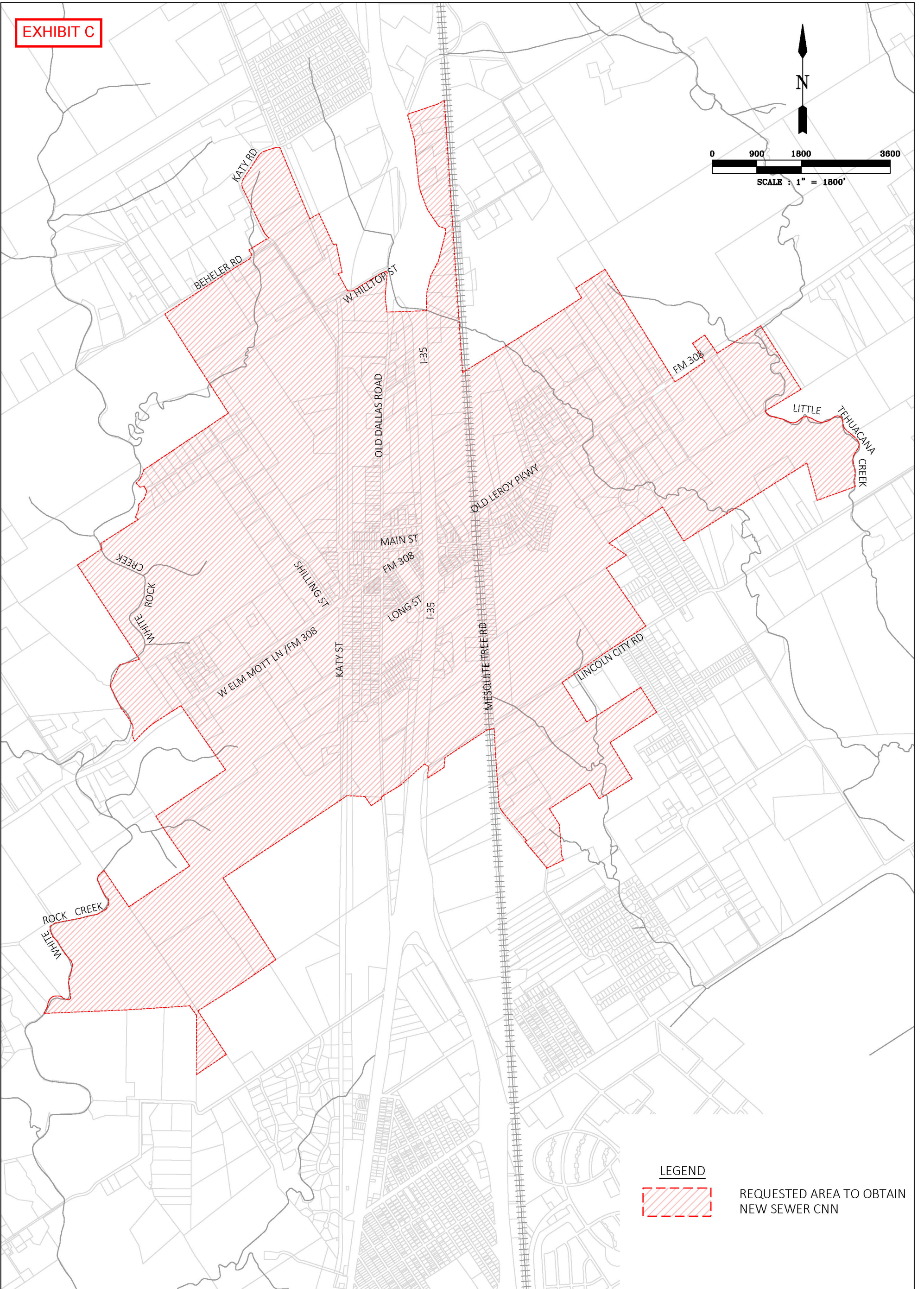
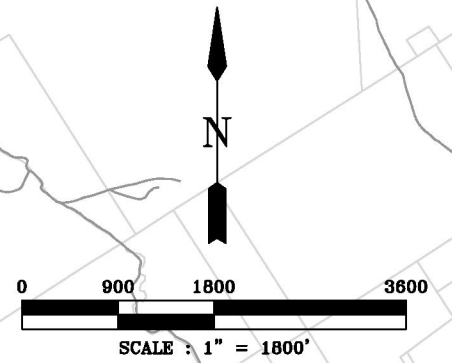
MCLENNAN COUNTY WCID #2  
WATER MAP  
ELM MOTT  
MMCLENNAN COUNTY, TEXAS



ATTACHMENT "C"  
DETAILED MAPS



EXHIBIT C



LEGEND



REQUESTED AREA TO OBTAIN  
NEW SEWER CNN



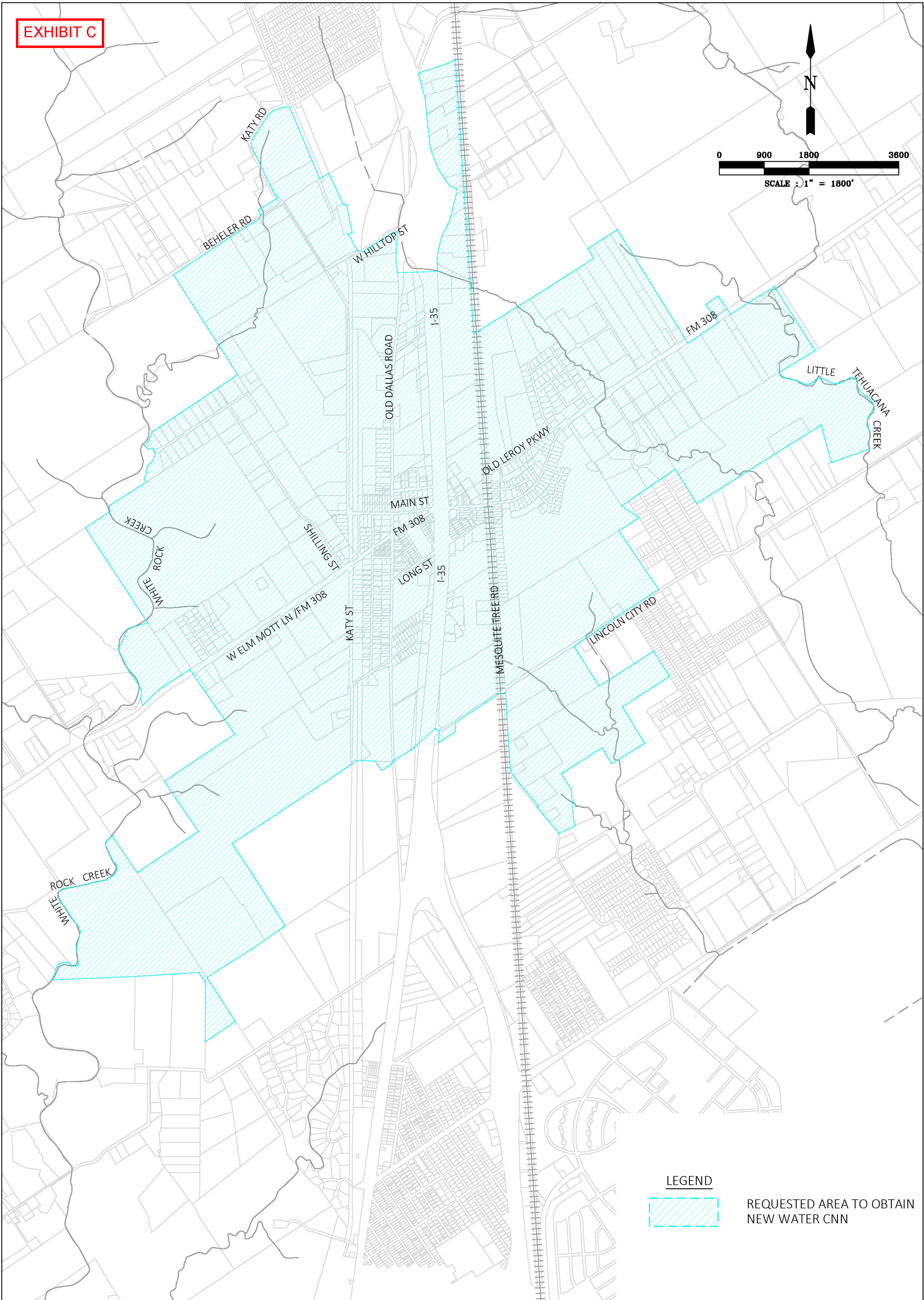
TRC ENGINEERS, INC.

700 HIGHLANDER BLVD., SUITE 210, ARLINGTON, TEXAS 76015  
T.B.P.E. FIRM REGISTRATION # F-8632  
(817) 522 - 1000

**DETAILED LOCATION MAP  
OBTAIN SEWER CNN  
FOR MCLENNAN COUNTY WATER  
IMPROVEMENTS AND CONTROL  
DISTRICT NO. 2**



EXHIBIT C



TRC ENGINEERS, INC.

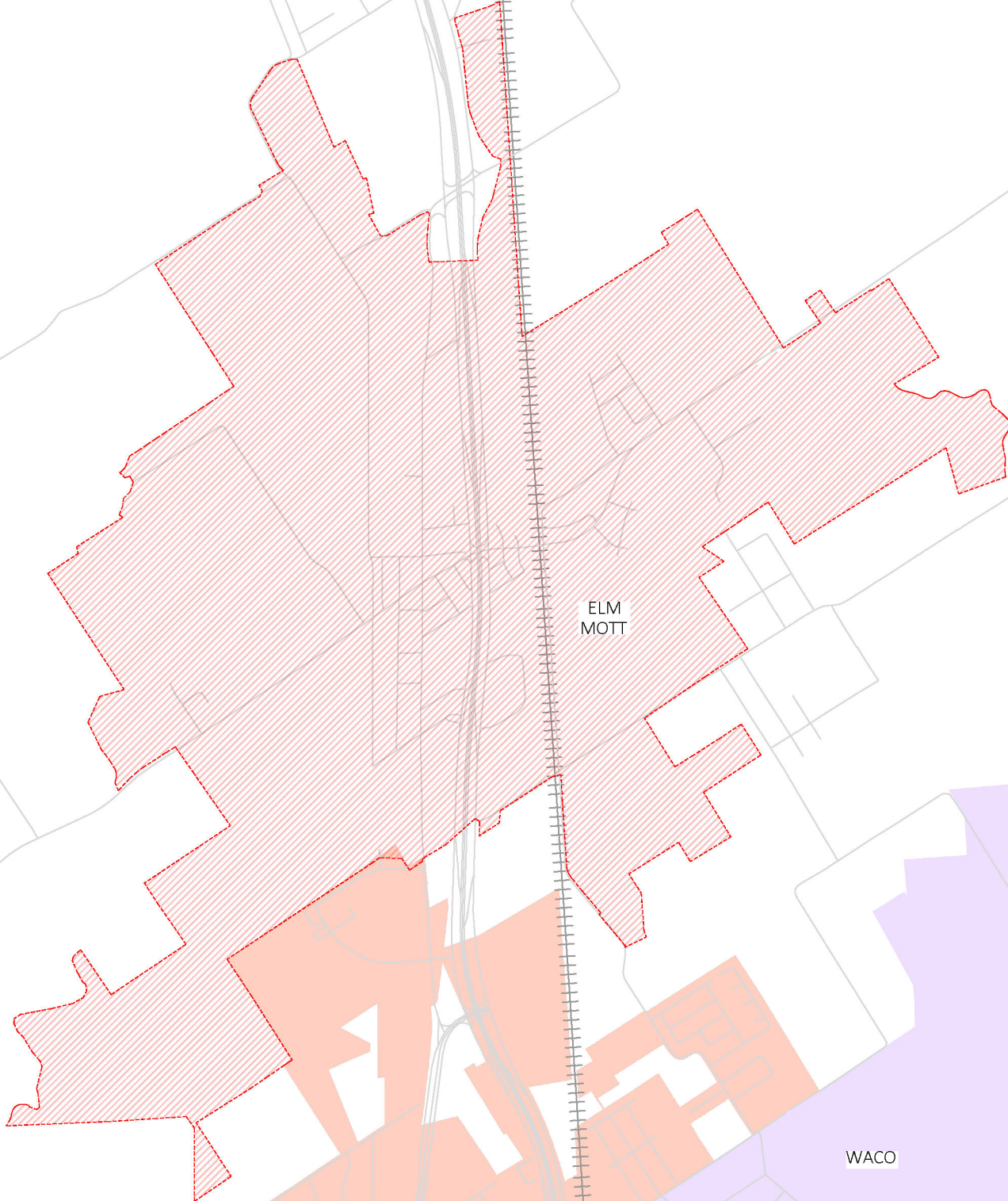
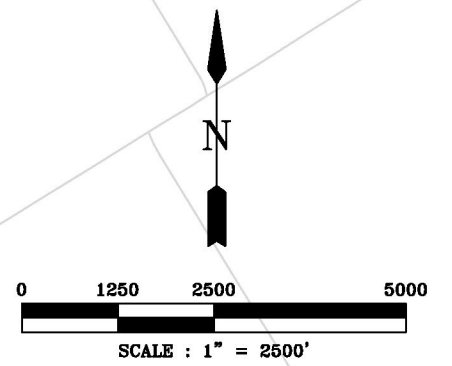
700 HIGHLANDER BLVD., SUITE 210, ARLINGTON, TEXAS 76015  
T.B.P.E. FIRM REGISTRATION # F-8632  
(817) 522 - 1000

**DETAILED LOCATION MAP  
OBTAIN WATER CNN  
FOR MCLENNAN COUNTY WATER  
IMPROVEMENTS AND CONTROL  
DISTRICT NO.2**

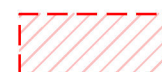


ATTACHMENT "D"  
GENERAL LOCATION MAPS

EXHIBIT D



LEGEND



REQUESTED AREA TO OBTAIN  
NEW SEWER CNN



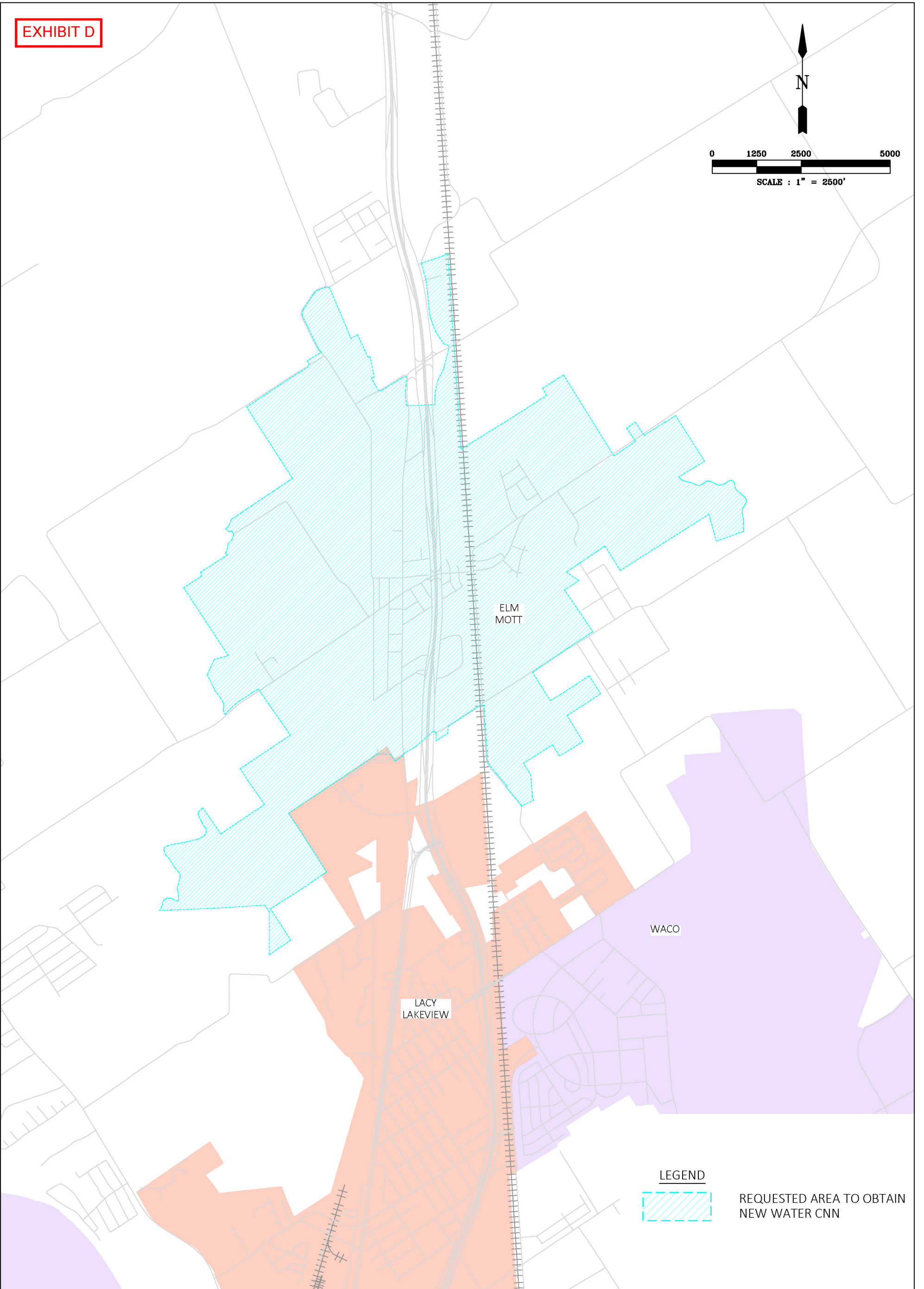
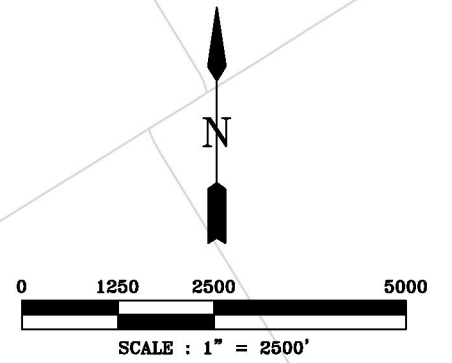
TRC ENGINEERS, INC.

700 HIGHLANDER BLVD., SUITE 210, ARLINGTON, TEXAS 76015  
T.B.P.E. FIRM REGISTRATION # F-8632  
(817) 522 - 1000

**GENERAL LOCATION MAP  
OBTAIN SEWER CNN  
FOR MCLENNAN COUNTY WATER  
IMPROVEMENTS AND CONTROL  
DISTRICT NO. 2**



EXHIBIT D



LEGEND



REQUESTED AREA TO OBTAIN  
NEW WATER CNN



TRC ENGINEERS, INC.

700 HIGHLANDER BLVD., SUITE 210, ARLINGTON, TEXAS 76015  
T.B.P.E. FIRM REGISTRATION # F-8632  
(817) 522 - 1000

**GENERAL LOCATION MAP  
OBTAIN WATER CNN  
FOR MCLENNAN COUNTY WATER  
IMPROVEMENTS AND CONTROL  
DISTRICT NO.2**

ATTACHMENT "E"  
DIGITAL MAPPING DATA (SEE ELECTRONIC ZIP FILE)

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2022**

**3. Restricted Assets**

In compliance with the financial covenants of the promissory note to CoBank, the District has established a Debt Service Reserve Account of \$88,770.

**4. Changes in Capital Assets**

The following is a summary of changes in capital assets for the fiscal year:

	Balance Sept. 30, 2021	Additions	(Deletions)	Balance Sept. 30, 2022
Land & Easements	\$ 156,392	\$ -	\$ -	\$ 156,392
Buildings & Storage	241,932	-	-	241,932
Wells & Distribution	6,190,667	122,264	-	6,312,931
Furniture & Equipment	29,838	-	-	29,838
Trucks & Backhoe	214,410	10,345	-	224,755
Accumulated Depreciation	(3,846,984)	(275,798)	-	(4,122,782)
	<u>\$ 2,986,255</u>	<u>\$ (143,189)</u>	<u>\$ -</u>	<u>\$ 2,843,066</u>

**5. Changes in Long-Term Debt**

The following is a summary of debt transactions for the District for the fiscal year:

Description:	Balance September 30, 2021	Issued	Retired	Balance September 30, 2022
Promissory Note to CoBank, \$1,300,000 maximum amount, with a fixed interest rate of 4.62%	<u>\$ 1,213,739</u>	<u>\$ -</u>	<u>\$ (28,732)</u>	<u>\$ 1,185,007</u>

The annual debt requirements as of September 30, 2022, including principal and interest are as follows, assuming a 4.62% interest rate at November 7, 2022:

Years Ending September 30	Amount
2023	\$ 85,036
2024	85,036
2025	85,036
2026	85,036
2027	85,036
2028-32	425,180
2033-37	425,180
2038-42	425,180
2043-45	202,997
Total Principal and Interest	1,903,717
Less Interest	718,710
Principal Balance to be repaid	<u>\$ 1,185,007</u>

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2022**

6. Number of Employees

The District's personnel includes three full-time employees and one part-time employee.

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	Years Ended December 31										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	
<b>Total Pension Liability</b>											
Service cost	\$ 9,874	\$ 10,974	\$ 10,544	\$ 5,639	\$ 10,201	\$ 8,611	\$ 8,239	7986	N/A	N/A	
Interest on total pension liability	9,726	9,175	9,569	9,092	8,464	6,976	6,151	5281	N/A	N/A	
Effect of plan changes	-	-	-	-	-	-	(1,042)	0			
Effect of assumption changes or inputs	(1,650)	6,286	-	-	528	-	1,116	0			
Effect of economic/demographic (gains) or losses	1,742	(2,219)	(10,373)	1,947	937	1,318	(884)	830	N/A	N/A	
Benefit payments/refunds of contributions	(8,402)	(8,402)	(21,429)	(10,164)	(5,557)	(3,526)	(3,526)	(3,526)	N/A	N/A	
Net change in total pension liability	11,290	15,814	(11,689)	6,514	14,573	13,379	10,054	10,571	N/A	N/A	
Total pension liability, beginning	122,228	106,414	118,103	111,589	97,016	83,637	73,583	63,012	N/A	N/A	
Total pension liability, ending	<u>\$ 133,518</u>	<u>\$ 122,228</u>	<u>\$ 106,414</u>	<u>\$ 118,103</u>	<u>\$ 111,589</u>	<u>\$ 97,016</u>	<u>\$ 83,637</u>	<u>\$ 73,583</u>	<u>N/A</u>	<u>N/A</u>	
<b>Fiduciary Net Position</b>											
Employer contributions	\$ 3,589	\$ 3,680	\$ 3,512	\$ 2,487	\$ 3,452	\$ 3,427	\$ 3,052	3003	N/A	N/A	
Member contributions	5,992	6,133	5,854	4,144	5,754	5,711	5,088	5006	N/A	N/A	
Investment income, net of investment expenses	33,478	14,089	21,016	(2,539)	16,681	7,378	(430)	5710	N/A	N/A	
Benefit payments/refunds of contributions	(8,402)	(8,402)	(21,430)	(10,164)	(5,557)	(3,526)	(3,526)	-3525	N/A	N/A	
Administrative expenses	(101)	(111)	(104)	(103)	(89)	(80)	(70)	-69	N/A	N/A	
Other	74	55	(394)	(92)	48	1,697	764	533	N/A	N/A	
Net change in fiduciary net position	34,630	15,444	8,454	(6,267)	20,289	14,607	4,878	10,658	N/A	N/A	
Fiduciary net position, beginning	151,798	136,354	127,899	134,166	113,877	99,270	94,392	83,734	N/A	N/A	
Fiduciary net position, ending	<u>\$ 186,428</u>	<u>\$ 151,798</u>	<u>\$ 136,354</u>	<u>\$ 127,899</u>	<u>\$ 134,166</u>	<u>\$ 113,877</u>	<u>\$ 99,270</u>	<u>\$ 94,392</u>	<u>N/A</u>	<u>N/A</u>	
Net pension liability / (asset), ending	<u>\$ (52,910)</u>	<u>\$ (29,570)</u>	<u>\$ (29,940)</u>	<u>\$ (9,797)</u>	<u>\$ (22,577)</u>	<u>\$ (16,861)</u>	<u>\$ (15,633)</u>	<u>\$ (20,809)</u>	<u>N/A</u>	<u>N/A</u>	
Fiduciary net position as a % of total pension liability	139.63%	124.19%	128.14%	108.29%	120.23%	117.38%	118.69%	128.28%	N/A	N/A	
Pensionable covered payroll	\$ 149,789	\$ 153,318	\$ 146,340	\$ 103,604	\$ 143,854	\$ 142,776	\$ 127,174	\$ 125,144	N/A	N/A	
Net pension liability as a % of covered payroll	-35.32%	-19.29%	-20.46%	-9.46%	-15.69%	-11.81%	-12.29%	-16.63%	N/A	N/A	

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ended December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2012	\$ 1,646	\$ 2,468	(822)	\$ 102,852	2.4%
2013	2,458	2,906	(448)	121,065	2.4%
2014	2,590	3,003	(413)	125,144	2.4%
2015	2,607	3,052	(445)	127,174	2.4%
2016	2,856	3,427	(571)	142,776	2.4%
2017	1,899	3,452	(1,553)	143,854	2.4%
2018	1,461	2,487	(1,026)	103,604	2.4%
2019	1,551	3,512	(1,961)	146,340	2.4%
2020	2,514	3,680	(1,166)	153,318	2.4%
2021	1,588	3,589	(2,001)	149,789	2.4%



**WILLIAM B. SANDERS**  
**Certified Public Accountant**

P.O. BOX 21024  
WACO, TEXAS 76702  
west-cpa@msn.com

TEL. (254) 722-4071  
FAX (254) 751-0900

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
McLennan County Water Control  
and Improvement District #2

I have audited the financial statements of the governmental activities of the McLennan County Water Control & Improvement District #2, as of and for the year ended September 30, 2022, which comprise the District's basic financial statements and have issued my report thereon dated November 7, 2022. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of McLennan County Water Control & Improvement District #2 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered McLennan County Water Control & Improvement District #2's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of McLennan County Water Control & Improvement District #2's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described below, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described below to be a material weakness.

Recently-issued auditing standards have clarified that the components of internal controls are the same for all entities. There is no exemption or special relief given to a smaller entity because of its size or the challenges present when achieving effective internal control. Certain internal controls that have often been overlooked by small businesses relate to the financial reporting process. Annual financial reporting control objectives address the preparation of accurate annual financial statements and related note disclosures in accordance with generally accepted accounting principles. That is to say, the system of internal control over financial reporting does not stop at the entity's general ledger. It includes controls over the actual financial statement preparation, including note disclosures.

I have drafted the annual financial statements and related note disclosures of the District at the District's request. This was done because, due to its limited resources, the District's internal personnel did not possess all the skills and competencies necessary to prepare its own financial statements in accordance with the highly technical pronouncements and requirements of generally accepted accounting principles. However, I can not be considered part of the District's internal controls. Consequently, the inability of the District to internally prepare its own financial statements and related notes is considered a control deficiency. The fact that I prepare the financial statements may give users more confidence that the financial statements are correct; however, it does not eliminate the control deficiency.

To remedy the control deficiency related to the preparation of the annual financial statements, the District needs to ensure that appropriate personnel are in place and that they have the appropriate knowledge and tools (i.e., current accounting literature, current disclosure checklist, etc.) to be an effective element of the internal control process. Another remedy in this area may be for the District to engage another firm or person to outsource the financial statement preparation portion of the process. Alternatively, management may make a conscious decision to accept the degree of risk in this control deficiency because of cost or other considerations. That decision would not affect my continued drafting of the District's financial statements and notes in the future. However, my responsibility under professional standards includes communicating deficiencies, regardless of management's decisions, as long as the deficiency exists.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether McLennan County Water Control & Improvement District #2's financial statements are free of material misstatement, I performed test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the use of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

*Bill Sanders*

West, Texas  
November 7, 2022

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**SUPPLEMENTARY SCHEDULES INCLUDED WITHIN THIS REPORT**  
**SEPTEMBER 30, 2022**

	<u>Page Number</u>
( ) Notes Required by the Water District Accounting Manual (Incorporated into the Notes to the Financial Statements)	
(X) Schedule of Services and Rates	26
(X) Schedule of General Fund Expenditures	27
( ) Schedule of Temporary Investments (Not Applicable)	
(X) Analysis of Taxes Levied and Receivable	28
(X) Analysis of Changes in General Fixed Assets	29
( ) General Long-Term Debt Service Requirements by Years (Incorporated into the Notes to the Financial Statements)	
( ) Analysis of Changes in General Long-Term Debt (Incorporated into the Notes to the Financial Statements)	
(X) Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Years	30-31
(X) Insurance Coverage	32-33
(X) Board Members, Key Personnel, and Consultants	34

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**SCHEDULE OF SERVICES AND RATES**  
**SEPTEMBER 30, 2022**

1. Services Provided by the District: Retail Water, Retail Wastewater
2. Retail Rates Based on 5/8" Meter: Not Applicable

Most Prevalent Type of Meter (if not 5/8") 3/4"

	Minimum Charge	Minimum Usage	Flat Rate	Rate per 1,000 Gallons Over Minimum	Usage Levels
Water	\$38.50	2,000	No	\$3.40	2,001 to 10,000
				\$3.75	10,001 to 20,000
				\$4.25	20,001 to 50,000
				\$5.25	Unlimited
Sewer	\$19.50	2,000	No	\$0.50	Unlimited

Surcharge: Not Applicable

District employs winter averaging for wastewater usage.

Total water and wastewater charges per 10,000 gallons usage: \$88.20

3. Number of retail water and/or wastewater connections within the District as of fiscal year ended September 30, 2022:

	Active <u>Connections</u>	Active <u>ESFC</u>	Inactive <u>Connections</u>
Single Family	589	0	38
Multi-Family	14	45	0
Commercial	109	109	28
	712	154	66

4. Total Water Consumption During the Fiscal Year:

Gallons pumped into the system	84,786,400
Gallons billed to customers	69,591,700

5. The District is not currently assessing standby fees.
6. No anticipated sources of funds will be used for debt service.
7. The District is located entirely within McLennan County, but not at all within a city or an extra territorial jurisdiction. The general membership of the Board is not appointed by an office outside the District.

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**SCHEDULE OF GENERAL FUND EXPENDITURES**  
**SEPTEMBER 30, 2022**

**CURRENT**

Personnel (including benefits)	\$ 185,326
Professional Fees:	
Auditing	4,200
Legal	6,167
Engineering	6,662
Appraisals & Other	-
Purchased Services for Resale:	
Bulk Water & Wastewater Service Purchases	-
Tap Connection Expenses	-
Contracted Services:	
Bookkeeping	-
General Manager	-
Appraisal District	-
Tax Collector	-
Other Contracted Services	-
Utilities	116,589
Repairs and Maintenance	129,034
Administrative Expenditures:	
Directors' Fees	-
Office Supplies	17,426
Insurance	13,128
Other Administrative Expenditures	-
Capital Outlay:	
Acquisition of Fixed Assets	132,609
Solid Waste Disposal	-
Fire Fighting	-
Parks and Recreation	-
Other Expenditures	149,367
Total Expenditures	<u>\$ 760,508</u>

Number of persons employed by the District: 3 Full-Time, 1 Part-Time

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**ANALYSIS OF TAXES LEVIED AND RECEIVABLE**  
**SEPTEMBER 30, 2022**

Taxes Receivable, Beginning of Year	\$0
Tax Collections:	
Current Year	-
Prior Year	-
	<hr/>
Total Collections	-
Adjustments	-
	<hr/>
Taxes Receivable, End of Year	-
Allowance for Uncollectible Taxes	-
	<hr/>
Taxes Receivable, Net, End of Year	<u><u>\$ -</u></u>

	2021	2021	2020	2019
Property Valuations:	<u><u>\$ 105,995,825</u></u>	<u><u>\$ 108,111,320</u></u>	<u><u>\$ 102,587,165</u></u>	<u><u>\$ 94,482,337</u></u>
Tax Rates Per \$100 Valuation:	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>
Original Tax Levy	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Percent of Taxes Collected to Taxes Levied:	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>100%</u></u>

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**ANALYSIS OF CHANGES IN FIXED ASSETS**  
**SEPTEMBER 30, 2022**

	Balances at Beginning of Year	Additions (Capital Outlay)	Other Additions, Deletions, Reclassi- fications	Balances at End of Year
Physical Facilities:				
Water System	\$ 6,190,667	\$ 122,264	\$ -	\$ 6,312,931
Land & Easements	156,392	-	-	156,392
Building & Storage	241,932	-	-	241,932
Furniture & Fixtures	29,838	-	-	29,838
Truck & Backhoe	214,410	10,345	-	224,755
Accumulated Depreciation	<u>(3,846,984)</u>	<u>(275,798)</u>	<u>-</u>	<u>(4,122,782)</u>
Total Physical Facilities	<u>\$2,986,255</u>	<u>\$ (143,189)</u>	<u>\$ -</u>	<u>\$2,843,066</u>

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	AMOUNTS				
	2022	2021	2020	2019	2018
<b>GENERAL FUND</b>					
Revenues					
Water Sales	\$ 586,603	\$ 537,859	\$ 565,136	\$ 540,972	\$ 535,659
Sewer & Taps	156,287	151,204	151,164	148,934	123,283
Penalties	18,277	17,280	15,462	17,889	17,293
Inactive Meters	19,275	19,850	18,225	18,450	16,250
Interest	389	750	752	700	629
Other	66,999	756,860	35,053	41,740	64,343
Total Revenues	847,830	1,483,803	785,792	768,685	757,457
Expenditures					
Payroll	185,326	178,188	198,962	173,289	121,042
Repairs	129,034	373,948	145,137	174,650	151,123
Utilities	116,589	105,142	110,264	103,679	107,590
Capital	132,609	497,222	108,181	120,040	217,964
Other	196,950	265,303	182,591	172,101	158,799
Total Expenditures	760,508	1,419,803	745,135	743,759	756,518
Excess Revenues Over (Under) Expenditures	<u>\$ 87,322</u>	<u>\$ 64,000</u>	<u>\$ 40,657</u>	<u>\$ 24,926</u>	<u>\$ 939</u>
 Total Active Retail Water and/or Waste- Water Connections	 <u>712</u>	 <u>666</u>	 <u>641</u>	 <u>656</u>	 <u>656</u>

PERCENT OF TOTAL FUND REVENUES				
2022	2021	2020	2019	2018
69.2%	36.2%	71.9%	70.4%	70.7%
18.4	10.2	19.2	19.4	16.3
2.2	1.2	2.0	2.3	2.3
2.3	1.3	2.3	2.4	2.1
0.0	0.1	0.1	0.1	0.1
7.9	51.0	4.5	5.4	8.5
100.0%	100.0%	100.0%	100.0%	100.0%
21.9	13.4	22.1	15.7	16.0
15.2	9.8	22.2	19.7	20.0
13.8	7.4	13.2	14.0	14.2
15.6	7.3	15.3	28.4	28.8
23.2	12.3	21.9	20.7	21.0
89.7	95.7	94.8	96.8	99.9
10.3	4.3	5.2	3.2	0.1



**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**INSURANCE COVERAGE**  
**SEPTEMBER 30, 2022**

<u>Type of Coverage</u>	<u>From</u>	<u>To</u>	<u>Amount of Coverage</u>
Fire and Extended Coverage:	10/1/2021	9/30/2022	
Buildings and Contents			\$4,063,780
Mobile Equipment			108,305
Boiler and Machinery			100,000
Workers Compensation:	10/1/2021	9/30/2022	
Bodily Injury by Accident			Statutory
Bodily Injury by Disease Policy Limit			Amount
Bodily Injury by Disease Each Employee			
Business Automobile Liability	10/1/2021	9/30/2022	1,000,000
Commercial General Liability:	10/1/2021	9/30/2022	
Each Occurrence			1,000,000
Errors and Omissions - Each Wrongful Act			1,000,000
Commercial Crime	8/15/2022	8/15/2023	50,000

<u>Insurer</u>	<u>Policy Clause Co-Insurance</u>	<u>Type of Corporation</u>
Texas Municipal League	No	Mutual
Texas Municipal League	No	Mutual
Texas Municipal League	No	Mutual
Texas Municipal League	No	Mutual
Travelers Insurance Co.	No	Stock

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS**  
**SEPTEMBER 30, 2022**

District Mailing Address: P.O. Box 116  
 Elm Mott, Texas 76640

District Telephone Number: (254) 829-1824

<u>Name and Address</u>	<u>Term of Office or Date Hired</u>	<u>Fees</u>	<u>Title</u>
<b>Board Members:</b>			
Jim Curry 822 Willow Dale Ln. Elm Mott, Texas 76640	6/22 - 6/26	None	President, Investment Officer
Robert Hutyra 348 Nightingale Lane Elm Mott, Texas 76640	6/22 - 6/26	None	Vice President
Ray Bartosh 351 N. Katy Rd. Elm Mott, Texas 76640	6/20 - 6/24	None	Secretary
David Streibel 1182 Shilling Dr. Elm Mott, Texas 76640	6/22 - 6/26	None	Director
Brad Gilbert P.O. Box 132 Elm Mott, Texas 76640	6/20 - 6/24	None	Director

Note: No director is disqualified from serving on this board under the Texas Water Code and no director receives fees or expense reimbursements.

<b>Consultants:</b>			
Charlie Buenger 3203 Robinson Dr. Waco, Texas 76706	2012	\$ 6,167	Attorney
Randy Riggs CPA P.O. Box 406 Waco, Texas 76703	2013	\$ -	Tax Assessor/ Collector
William B. Sanders 300 N. Reagan West, Texas 76691	2008	\$ 4,200	Auditor
TRC Engineers Inc. 700 Highlander Blvd. Ste. 210 Arlington, Texas 76015	2022	\$ 41,099	Engineer

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**

**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**WITH INDEPENDENT AUDITOR'S REPORT**



# ANNUAL FILING AFFIDAVIT

COPY

STATE OF TEXAS COUNTY OF McLennan

I, Jim Curry of the

(Name of Duly Authorized District Representative)

McLennan County Water Control & Improvement District #2

(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of the Directors of the District on the 7th day of November 2022 its annual audit report for the fiscal year or period ended September 30, 2022 and those copies of the annual audit report have been filed in the district office, located at:

314 W. Elm Mott Dr. Elm Mott, Texas 76640

(Address of District)

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

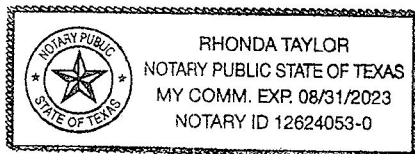
Date: November 7, 2022 By: Jim Curry  
(Signature of District Representative)

Jim Curry, President

(Typed Name & Title of above District Representative)

Sworn to and Subscribed to before me by this 7th day of November 2022

(SEAL)



Rhonda Taylor  
(Signature of Notary)

My Commission Expires On: 8/31/2023

Notary Public in the State of Texas.

## TEXAS WATER CODE SECTION 49.194

### FILING OF AUDITS, AFFIDAVITS, AND FINANCIAL REPORTS

- a. After the board has approved the audit, it shall submit a copy of the report to the executive director for filing within 135 days after the close of the district's fiscal year.
- b. If the board refuses to approve the annual audit report, the board shall submit a copy of the report to the executive director for filing within 135 days after the close of the district's fiscal year, accompanied by a statement from the board explaining the reasons for its failure to approve the report.
- c. Copies of the audit, the annual financial dormancy affidavit, or annual financial report described in Sections 49.197 and 49.198 shall be filed annually in the office of the district.
- d. Each district shall file with the executive director an annual filing affidavit in a format prescribed by the executive director, executed by a duly authorized representative of the board, stating that all copies of the annual audit report, annual financial dormancy affidavit, or annual financial report have been filed under this section.
- e. The annual filing affidavit shall be submitted with the applicable annual document when it is submitted to the executive director for filing as prescribed by this subchapter.
- f. The executive director shall file with the attorney general the names of any districts that do not comply with the provisions of this subchapter.

**Added by Acts 1995, 74th Leg., ch. 715, § 2, eff. Sept. 1, 1995.**

You can find the Texas Water Code and most other state laws on the Legislative web site<sup>1</sup> or in a number of libraries. If you don't have access to the Internet, try the library that serves your local school, county, city, community college, university, or law school. Many of these libraries offer Internet access to the public for free.

### THE ANNUAL FILING AFFIDAVIT IS PRINTED ON THE OTHER SIDE

Please review the affidavit, making sure it has been fully completed, signed, and notarized. Attach the affidavit to the audit report before mailing. Submit the completed affidavit and audit report to:

District Creation Review Team - MC 152

TCEQ

PO Box 13087

Austin TX 78711-3087

Also, this form (TCEQ-0723) is available on the TCEQ Web site<sup>2</sup>. If you have any questions, please contact us at (512) 239 - 4691. Our facsimile number is (512) 239 - 6190.

TCEQ-0723 (Rev. 07/2012)

<sup>1</sup> <http://www.capitol.state.tx.us/>

<sup>2</sup> [http://www.tceq.texas.gov/cgi-bin/comm\\_exec/forms.pl](http://www.tceq.texas.gov/cgi-bin/comm_exec/forms.pl)

**MCLENNAN COUNTY WATER CONTROL & IMPROVEMENT DISTRICT #2**  
**BUDGET**  
**YEAR ENDING SEPTEMBER 30, 2023**

REVENUES:

WATER SALES	600,000
INACTIVE METERS	19,000
TAP FEES	20,000
SEWER INCOME	155,000
PENALTIES	18,000
RECONNECT FEES	3,000
OTHER FEES	15,000
INTEREST	500

TOTAL REVENUES	830,500
----------------	---------

EXPENSES:

AUTO FUEL	6,000
AUTO MAINTENANCE	6,000
UTILITIES	105,000
STGCD FEES	3,000
INSURANCE	21,000
REPAIRS AND MAINTENANCE - WATER	100,000
REPAIRS AND MAINTENANCE - SEWER	50,000
REPAIRS AND MAINTENANCE - BUILDING & EQUIPMENT	5,000
PAYROLL	175,000
PAYROLL TAXES AND BENEFITS	18,000
DEBT SERVICE	85,000
LEGAL	6,000
ACCOUNTING	4,700
ENGINEERING	10,000
OFFICE	19,000
POSTAGE	5,500
LAB FEES	9,000
DUES/TRAVEL/MEETINGS	3,500
TELEPHONE	11,000
MISCELLANEOUS	15,000
CAPITAL	175,000

TOTAL EXPENSES	832,700
----------------	---------

DEFICIT	\$ (2,200)
---------	------------

**MCLENNAN COUNTY WATER CONTROL & IMPROVEMENT DISTRICT #2**  
**BUDGET**  
**YEAR ENDING SEPTEMBER 30, 2023**

**REVENUES:**

WATER SALES	600,000
INACTIVE METERS	19,000
TAP FEES	20,000
SEWER INCOME	155,000
PENALTIES	18,000
RECONNECT FEES	3,000
OTHER FEES	15,000
INTEREST	500
	<hr/>
TOTAL REVENUES	830,500

**EXPENSES:**

AUTO FUEL	6,000
AUTO MAINTENANCE	6,000
UTILITIES	105,000
STGCD FEES	3,000
INSURANCE	21,000
REPAIRS AND MAINTENANCE - WATER	100,000
REPAIRS AND MAINTENANCE - SEWER	50,000
REPAIRS AND MAINTENANCE - BUILDING & EQUIPMENT	5,000
PAYROLL	175,000
PAYROLL TAXES AND BENEFITS	18,000
DEBT SERVICE	85,000
LEGAL	6,000
ACCOUNTING	4,700
ENGINEERING	10,000
OFFICE	19,000
POSTAGE	5,500
LAB FEES	9,000
DUES/TRAVEL/MEETINGS	3,500
TELEPHONE	11,000
MISCELLANEOUS	15,000
CAPITAL	175,000
	<hr/>
TOTAL EXPENSES	832,700
	<hr/>
DEFICIT	\$ (2,200)



**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**WITH INDEPENDENT AUDITOR'S REPORT**

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Financial Statements:	
Statement of Net Assets and Government Fund Balance Sheet	8
Statement of Activities and Government Fund Revenues, Expenditures, and Changes in Fund Balance	9
Reconciliation of the Government Fund Statement of Revenues, Expenditure, and Changes in Fund Balance to the Statement of Activities	10
Budgetary Comparison Schedule - General Fund	11
Notes To Financial Statements	12-19
Supplementary Information Required by <i>Government Auditing Standards</i> :	
Schedule of Changes in Net Pension Liability and Related Ratios	20
Schedule of Employer Contributions	21
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	22-24
Supplementary Information Required by the Water District Financial Management Guide:	
Supplementary Schedules Included Within This Report	25
Schedule of Services and Rates	26
Schedule of General Fund Expenditures	27
Analysis of Taxes Levied and Receivable	28
Analysis of Changes in General Fixed Assets	29
Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Years	30-31
Insurance Coverage	32-33
Board Members, Key Personnel, and Consultants	34

**WILLIAM B. SANDERS**  
**Certified Public Accountant**

P.O. BOX 21024  
WACO, TEXAS 76702  
west-cpa@msn.com

TEL. (254) 722-4071  
FAX (254) 751-0900

**Independent Auditor's Report**

To the Board of Directors  
McLennan County Water Control  
and Improvement District #2

**Report on the Financial Statements**

I have audited the accompanying financial statements of McLennan County Water Control & Improvement District #2 (the "District") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of McLennan County Water Control & Improvement District #2 as of September 30, 2022 and the changes in financial position and budgetary comparison for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-7 and pension information on pages 17-18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information:*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise McLennan County Water Control & Improvement District #2's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 7, 2022 on my consideration of McLennan County Water Control & Improvement District #2's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering McLennan County Water Control & Improvement District #2's internal control over financial reporting and compliance.

*Bill Sanders*

West, Texas  
November 7, 2022

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

Within this section of McLennan County Water Control & Improvement District #2's (the "District") annual financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2022. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

### **Financial Highlights**

The District's assets exceeded its liabilities by \$2,368,218 (net position) for the fiscal year reported. This compares unfavorably to the previous year when assets exceeded liabilities by \$2,395,354. The District's financial position declined slightly during the year.

Total net position is comprised of the following:

- (1) Capital assets of \$1,658,059, include property and equipment, net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets.
- (2) Net assets of \$88,771 are restricted by debt covenants imposed outside of the District.
- (3) Unrestricted net assets of \$621,389 represent the portion available to maintain the District's continuing obligations to its citizens and creditors..

### **Overview of the Financial Statements**

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The District also includes in this report additional information to supplement the basic financial statements.

### **Government-wide Financial Statements**

The District's annual report includes two government-wide financial statements. These statements provide information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of these government-wide statements is the *Statement of Net Position*. This is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other nonfinancial factors such as diversification of the customer base or the condition of the District infrastructure in addition to the information provided in this report.

The second government-wide financial statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District on revenues provided by its customers.

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

The District's financial reporting entity includes only the funds of the District, since there are no component units for which the District is accountable.

***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole.

The District has one kind of fund:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities reported in the government-wide financial statements. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

A budgetary comparison statement is included in the basic financial statements for the general fund. This statement demonstrates compliance with the District's budget.

Because the District qualifies as a *special-purpose government engaged in a single program*, its fund financial statements have been combined with its government-wide financial statements in a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column.

***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which follows the notes to the financial statements.

**Financial Analysis of the District**

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District.

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

The District's net position at fiscal year-end are \$2,368,219. This is a \$27,135 decrease under last year's net position of \$2,395,354. The following table provides a summary of the District's net assets at September 30:

**Summary of Net Position**

	<u>Governmental Activity</u>		<u>Change</u>
	<u>2022</u>	<u>2021</u>	
Current assets	\$ 682,917	\$ 797,945	\$ (115,028)
Noncurrent assets	141,681	118,252	23,429
Capital assets	<u>2,843,066</u>	<u>2,986,255</u>	<u>(143,189)</u>
Total assets	3,667,664	3,902,452	(234,788)
Current liabilities	145,376	321,637	(176,261)
Long-term liabilities	<u>1,154,069</u>	<u>1,185,461</u>	<u>(31,392)</u>
Total liabilities	1,299,445	1,507,098	(207,653)
Net position:			
Invested in capital assets	1,658,059	1,772,516	(114,457)
Restricted	88,771	88,682	89
Unrestricted	<u>621,389</u>	<u>534,156</u>	<u>87,233</u>
Total net position	<u>\$ 2,368,219</u>	<u>\$ 2,395,354</u>	<u>\$ (27,135)</u>

The District's revenues decreased markedly from 2021, due to a grant from the Texas Department of Agriculture and insurance claims resulting from lightning strikes and freezes. The grant funds were used to buy new meters, while the insurance claims were used to buy capital assets.

The following data provides a summary of the District's changes in net position for the years ended September 30:

**Summary of Changes in Net Assets**

	<u>Governmental Activity</u>		<u>Change</u>
	<u>2022</u>	<u>2021</u>	
Revenues:			
Water sales	\$ 586,603	\$ 537,859	\$ 48,744
Sewer service	156,287	151,204	5,083
Inactive meter charges	19,275	19,850	(575)
Penalties	18,277	17,280	997
Tap fees	46,000	30,400	15,600
Connect and other fees	6,422	6,490	(68)
Insurance Proceeds	-	437,065	(437,065)
Grants	-	242,815	(242,815)
Other	<u>14,966</u>	<u>40,840</u>	<u>(25,874)</u>
Total revenues	\$ 847,830	\$ 1,483,803	\$ (635,973)

(continued)

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

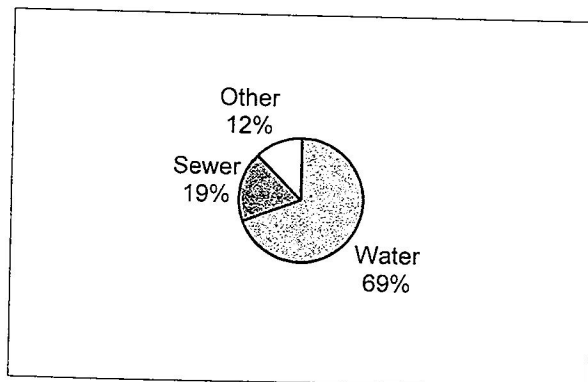
**Summary of Changes in Net Position**  
**(continued)**

	<u>Governmental Activity</u>		<u>Change</u>
	<u>2022</u>	<u>2021</u>	
Expenses:			
Auto	\$ 12,915	\$ 11,218	\$ 1,697
Groundwater fees	2,881	2,672	209
Insurance	13,128	12,908	220
Repairs and maintenance	129,034	373,948	(244,914)
Payroll and benefits	185,326	178,188	7,138
Contract labor	790	790	-
Professional fees	17,029	66,275	(49,246)
Interest	58,462	57,714	748
Office supplies	17,426	17,088	338
Lab fees	9,185	11,551	(2,366)
Dues & fees	26,517	8,100	18,417
Utilities and telephone	116,589	105,142	11,447
Depreciation	275,798	261,785	14,013
Other	9,885	49,566	(39,681)
Total expenses	<u>874,965</u>	<u>1,156,945</u>	<u>(281,980)</u>
Change in net position	(27,135)	326,858	(353,993)
Beginning net position	<u>2,395,354</u>	<u>2,068,496</u>	<u>326,858</u>
Ending net position	<u><u>\$ 2,368,219</u></u>	<u><u>\$ 2,395,354</u></u>	<u><u>\$ (27,135)</u></u>

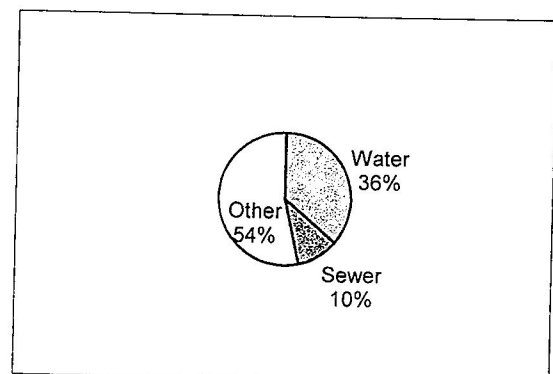
Graphic presentations of selected data from the summary of changes in net assets follow to assist in the analysis of the District's activities for fiscal year 2022:

**Revenues**

2022



2021

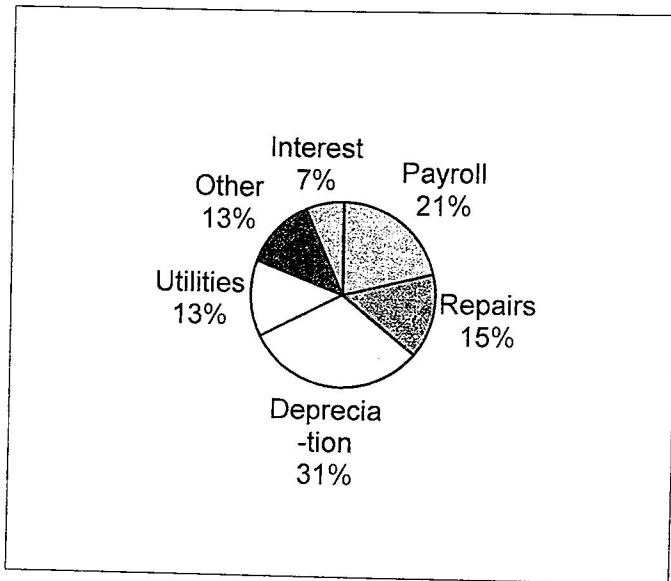




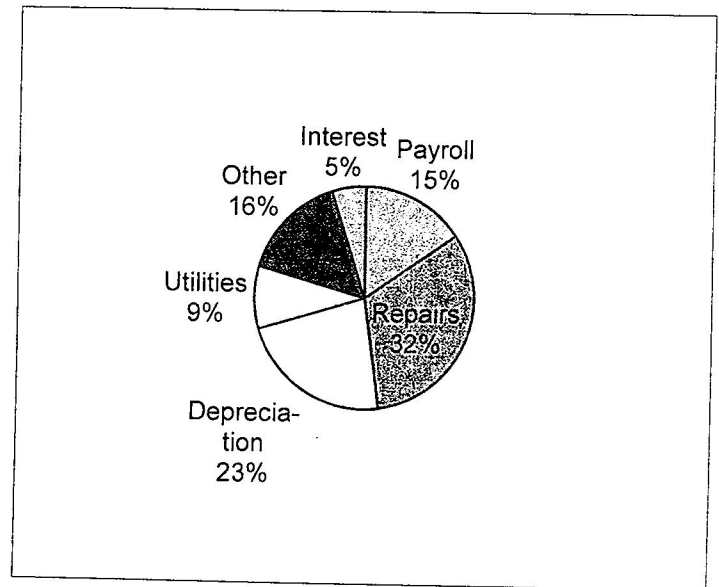
**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

**Expenses**

2022



2021



As seen in the above graphs, about 90% of the District's revenues are usually water and sewer sales, while payroll, repairs, utilities, and depreciation account for over 80% of our expenses.

**Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the District at 314 W. Elm Mott Dr., Elm Mott, Texas 76640.

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**STATEMENT OF NET POSITION AND GOVERNMENT FUND BALANCE SHEET**  
**SEPTEMBER 30, 2022**

ASSETS	General Fund	Adjustments	Statement of Net Position
Cash on Hand and in Banks	\$ 504,789	\$ -	\$ 504,789
Accounts Receivable - Trade	92,722		92,722
Inventory	61,620		61,620
Prepaid Expenses	1,762		1,762
CoBank Stock	22,024		22,024
Net Pension Asset	52,910		52,910
Restricted Assets	88,771		88,771
Capital Assets (net of accumulated depreciation)		2,843,066	2,843,066
Total Assets	<u>\$ 824,598</u>	<u>\$ 2,843,066</u>	<u>\$ 3,667,664</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 49,713	\$ -	\$ 49,713
Note Payable Current Portion		30,938	30,938
Consumer Deposits	64,725		64,725
Total Current Liabilities	114,438	30,938	145,376
Long-Term Liabilities:			
Note Payable Long Term Portion	-	1,154,069	1,154,069
Total Liabilities	114,438	1,185,007	1,299,445
FUND BALANCES / NET POSITION			
Fund Balance, Unreserved	710,160	(710,160)	-
Total Liabilities and Fund Balance	<u>\$ 824,598</u>	<u>\$ (824,598)</u>	<u>\$ -</u>
Net Position:			
Invested in Capital Assets		1,658,059	1,658,059
Restricted		88,771	88,771
Unrestricted		621,389	621,389
Total Net Position		<u>\$ 2,368,219</u>	<u>\$ 2,368,219</u>
Reconciliation of the General Fund Balance Sheet to the Statement of Net Position:			
Fund Balance, General Fund			710,160
Capital assets net of related debt used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds			1,658,059
Net Position			<u>\$ 2,368,219</u>

The accompanying notes are an integral part of this financial statement.

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**STATEMENT OF ACTIVITIES AND GOVERNMENT FUND REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures / Expenses			
Auto	12,915		12,915
Groundwater Fees	2,881		2,881
Insurance	13,128		13,128
Repairs & Maintenance	129,034		129,034
Payroll	167,790		167,790
Benefits	17,536		17,536
Interest	58,462		58,462
Loan Principal	28,732	(28,732)	-
Professional Fees	17,029		17,029
Office Supplies	17,426		17,426
Lab Fees	9,185		9,185
Dues & Fees	26,517		26,517
Telephone	11,649		11,649
Utilities	104,940		104,940
Depreciation	-	275,798	275,798
Capital Outlay	132,609	(132,609)	-
Other	10,675		10,675
Total Expenditures / Expenses	760,508	114,457	874,965
Revenues:			
Water Sales	\$ 586,603	\$ -	\$ 586,603
Sewer Service	156,287		156,287
Inactive Meter Charges	19,275		19,275
Late Fees	18,277		18,277
Tap Fees	46,000		46,000
Connect Fees	3,575		3,575
Miscellaneous Fees	2,847		2,847
Insurance Proceeds	-		-
Grants	-		-
Other Revenues	14,577		14,577
Interest	389		389
Total Revenues	847,830	-	847,830
Change in Fund Balance	87,322	(87,322)	-
Change in Net Position		(27,135)	(27,135)
Fund Balance / Net Position:			
Beginning of Year	622,838	1,772,516	2,395,354
End of Year	<u>\$ 710,160</u>	<u>\$ 1,658,059</u>	<u>\$2,368,219</u>

The accompanying notes are an integral part of this financial statement.

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2  
RECONCILIATION OF THE GOVERNMENT FUND STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Net Change in Fund Balance, General Fund	\$ 87,322
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report loan principal payments as expenditures. However, in the Statement of Activities, principal payments are not considered expenditures.	28,732
Governmental funds do not account for depreciation. However, in the Statement of Activities, capital assets are depreciated and depreciation expense is recorded.	(275,798)
Governmental funds report capital expenditures in the year purchased. However, in the Statement of Activities, capital assets are increased by new purchases.	<u>132,609</u>
Change in Net Position	<u><u>\$ (27,135)</u></u>

The accompanying notes are an integral part of this financial statement.



**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Water Sales	\$ 575,000	\$ 586,603	\$ 11,603
Sewer Service	150,000	156,287	6,287
Inactive Meter Charges	18,000	19,275	1,275
Penalties	16,000	18,277	2,277
Tap Fees	16,000	46,000	30,000
Connect Fees	3,000	3,575	575
Miscellaneous Fees	400	2,847	2,447
Insurance Proceeds	-	-	-
Grants	57,000	-	(57,000)
Other Revenues	14,600	14,577	(23)
Interest	500	389	(111)
Total Revenues	\$ 850,500	\$ 847,830	\$ (2,670)
Expenditures / Expenses:			
Auto	12,000	12,915	(915)
Groundwater Fees	3,000	2,881	119
Insurance	14,000	13,128	872
Repairs & Maintenance	212,000	129,034	82,966
Payroll	165,000	167,790	(2,790)
Benefits	15,000	17,536	(2,536)
Interest	58,000	58,462	(462)
Loan Principal	27,000	28,732	(1,732)
Professional Fees	20,200	17,029	3,171
Office Supplies	13,000	17,426	(4,426)
Lab Fees	9,000	9,185	(185)
Dues & Fees	7,000	26,517	(19,517)
Telephone	6,000	11,649	(5,649)
Utilities	105,000	104,940	60
Capital Outlay	200,000	132,609	67,391
Other	22,000	10,675	11,325
Total Expenditures	888,200	760,508	127,692
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,700)	87,322	125,022
Fund Balance, Beginning of Year	622,838	622,838	-
Fund Balance, End of Year	<u>\$ 585,138</u>	<u>\$ 710,160</u>	<u>\$ 125,022</u>

The accompanying notes are an integral part of this financial statement.

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

1. Summary of Significant Accounting Policies

McLennan County Water Control and Improvement District #2 (District) was created June 14, 1954, under Article 16, Section 59 of the Texas Constitution, and operates under Section 51 of the Texas Water Code.

The financial statements of the District are prepared in accordance with generally accepted accounting principles and all relevant Government Accounting Standards Board (GASB) pronouncements. The District is not included in any other reporting entity as defined GASB pronouncements, nor is any component unit included in the District's financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole.

Fund financial statements are provided for governmental funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements report using 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 related cash flows.

The fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Fund Types and Major Funds

Governmental Fund - The District currently uses only a general fund, which is used to account for all financial resources. The excess of assets over liabilities is reported as Fund Balance on the Balance Sheet, and Net Assets on the Statement of Net Assets.

Budget

The District adopts annual an budget for the General Fund, which is prepared on the accrual basis of accounting.

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2022**

Cash Deposits With Financial Institutions

Cash deposits with financial institutions totaled \$593,210 at September 30, 2022, of which \$265,449 were covered by federal depository insurance. Excess deposits of deposits of \$327,761 were collateralized by U.S. Government securities held by the District's financial institution. The collateral had a book value of \$996,411 and a fair market value of \$847,121 at September 30, 2022.

Inventory

Inventory consists of supplies used to repair and maintain the water system, and is stated at cost, based on the first-in, first-out method.

Capital Assets and Depreciation

The District's property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The costs of normal repairs and maintenance that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Tanks, Lines, and Wells	15-33 years
Equipment	5-10 years
Buildings	10-31.5 years
Vehicles	5-10 years

Property Taxes

The current tax rate is \$0.00 per \$100 assessed valuation, since all bonds payable have been retired in prior fiscal years. No maintenance tax is levied, because such a tax has not been authorized by the voters. The assessed value of property in the District is \$105,995,825.

No delinquent taxes receivable or allowance for uncollectible taxes receivable are shown since the McLennan County Tax Office removed all delinquent taxes receivable from their books in the fiscal year ended September 30, 2007.

Pension Coverage

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Pension Plan (TCDPP) and additions to/deductions from the TCDPP's fiduciary net position have been determined on the same basis as they are reported by TCDPP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2022**

**2. Pension Plan**

The District's defined benefit pension plan, Texas County and District Pension Plan (TCPPP), provides pensions for all full-time employees of the District. TCDPP is an agent, multi-employer defined benefit pension plan administered by the Texas County and District Retirement System (TCDRS), who issues a publicly available financial report that can be obtained at [www.tcdrs.org](http://www.tcdrs.org).

TCDPP provides retirement and disability benefits for employees, based on age and number of years and months of service time earned. Employees are eligible to retire after (a) reaching age 60 with 10 years of service time, or (b) when service time plus age equals 80, or (c) at any age with 30 years of service time. Benefit terms do not provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date.

At September 30, 2022, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	1
Active employees	3
Total	<u>6</u>

The TCDRS Board has the authority to establish and amend the contribution rates of the District and active employees. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended September 30, 2022, the active employee contribution rate was 4.0%, and the District's contribution rate was 2.4%.

The District's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%	
Salary increases	4.70%	(average)
Long-term investment return	7.50%	
Discount rate	7.60%	

<u>Net Pension Liability / (Asset)</u>	<u>12/31/2020</u>	<u>12/31/2021</u>
Total pension liability	\$ 122,228	\$ 133,518
Fiduciary net position	151,798	186,428
Net pension liability/(asset)	(29,570)	(52,910)
Fiduciary net position as a % of total pension liability	124.19%	139.63%
Pensionable covered payroll	\$ 153,318	\$ 149,789
Net pension liability as a % of covered payroll	-19.29%	-35.32%



**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2022**

**2. Pension Plan (continued)**

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances, December 31, 2020	\$ 122,228	\$ 151,798	\$ (29,570)
Changes for the year:			
Service cost	9,874		9,874
Interest on total pension liability	9,726		9,726
Effect of assumption changes	(1,650)		(1,650)
Economic gains (losses)	1,742		1,742
Refund of contributions	-	-	-
Benefit payments	(8,402)	(8,402)	-
Administrative expenses		(101)	101
Member contributions		5,992	(5,992)
Net investment income		33,478	(33,478)
Employer contributions		3,589	(3,589)
Other		74	(74)
Balances, December 31, 2021	<u>\$ 133,518</u>	<u>\$ 186,428</u>	<u>\$ (52,910)</u>

Sensitivity Analysis:

The following presents the net pension liability of the District, calculated using the discount rate of 8.1% as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.1%) or 1 percentage point higher (9.1%) than the current rate.

	1% Decrease 6.6%	Current Rate 7.6%	1% Increase 8.6%
Total pension liability	\$ 149,838	\$ 133,518	\$ 119,526
Fiduciary net position	186,428	186,428	186,428
Net pension liability (asset)	<u>\$ (36,590)</u>	<u>\$ (52,910)</u>	<u>\$ (66,902)</u>

Pension Expense:

Service Cost	\$ 9,874
Interest on total pension liability	9,726
Effect of plan changes	-
Administrative expense	101
Member contributions	(5,992)
Expected investment return, net of expenses	(11,580)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(424)
Recognition of assumption changes or inputs	646
Recognition of investment gains or losses	(6,019)
Other	(74)
Pension expense (income)	<u>\$ (3,742)</u>

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2022**

**2. Pension Plan (Continued)**

**Long-Term Expected Rate of Return:**

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant Cliffwater LLC. The numbers shown are based on January 2022 information for a 10-year time horizon.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	6.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) index	5.00%	3.80%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays US Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.10%
Hedge Funds	Hedge Fund Research Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

**Discount Rate:**

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

**MCLENNAN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2022**

**2. Pension Plan (continued)**

Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years, and the projected fiduciary net position is determined to be sufficient compared to projected benefit payments.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the District is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, TCDRS has used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by .10% to be gross of administrative expenses.

At December 31, 2021, the deferred inflows and outflows of resources are as follows:

Schedule of Deferred Inflows/Outflows of Resources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 10,021	\$ 3,929
Changes of assumptions	1,467	5,449
Net difference between projected and actual earnings	21,125	-
Contributions made subsequent to measurement date	N/A	2,978

Due to the small amounts of these deferrals, the combined amount is reported as a reduction in Accounts Payable rather than shown separately.

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ending December 31:

2022	\$ (4,336)
2023	(7,231)
2024	(5,090)
2025	(4,507)
2026	(129)
thereafter	(1,942)

Contributions Payable to the Pension Plan:

At September 30, 2022, the District reported \$859 payable for outstanding contributions to the pension plan required for the year ended September 30, 2022.

The following files are not convertible:

WCID Sewer CCN.cpg  
WCID Sewer CCN.dbf  
WCID Sewer CCN.idx  
WCID Sewer CCN.prj  
WCID Sewer CCN.shp  
WCID Sewer CCN.shx  
WCID Water CCN.cpg  
WCID Water CCN.dbf  
WCID Water CCN.idx  
WCID Water CCN.prj  
WCID Water CCN.shp  
WCID Water CCN.shx

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

Contact [centralrecords@puc.texas.gov](mailto:centralrecords@puc.texas.gov) if you have any questions.