

**CLEAR LAKE CITY WATER AUTHORITY**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2015**

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
Certified Public Accountants

**CLEAR LAKE CITY WATER AUTHORITY**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Clear Lake City Water Authority  
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Clear Lake City Water Authority (the "Authority"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

Board of Directors  
Clear Lake City Water Authority

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*McCall Gibson Swedlund Barfoot PLLC*

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

February 11, 2016

**CLEAR LAKE CITY WATER AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Management's discussion and analysis of Clear Lake City Water Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended September 30, 2015.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Authority's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide portion of these statements provides both long-term and short-term information about the Authority'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 and elimination or reclassification of internal activities.

The first of the government-wide statements is the Statement of Net Position. The Statement of Net Position is the Authority-wide statement of its financial position presenting information that includes all of the Authority'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 Authority as a whole is improving or deteriorating. Evaluation of the overall health of the Authority would extend to other non-financial factors.

The government-wide portion of the Statement of Activities reports how the Authority's assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, maintenance taxes, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**CLEAR LAKE CITY WATER AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2015	2014	Change Positive (Negative)
Current and Other Assets	\$ 39,085,452	\$ 45,742,023	\$ (6,656,571)
Capital Assets (Net of Accumulated Depreciation)	122,442,974	118,800,068	3,642,906
Total Assets	\$ 161,528,426	\$ 164,542,091	\$ (3,013,665)
Bonds Payable	\$ 79,175,757	\$ 86,518,830	\$ 7,343,073
Other Liabilities	3,343,555	3,355,589	12,034
Total Liabilities	\$ 82,519,312	\$ 89,874,419	\$ 7,355,107
Net Position:			
Net Investment in Capital Assets	\$ 58,952,174	\$ 55,431,942	\$ 3,520,232
Restricted	8,061,604	8,330,629	(269,025)
Unrestricted	11,995,336	10,838,895	1,156,441
Total Net Position	\$ 79,009,114	\$ 74,601,466	\$ 4,407,648

\*

The following table provides a summary of the Authority's operations for the years ended September 30, 2015, and September 30, 2014. The Authority's net position increased by \$4,407,648 accounting for a 5.9% growth in net position. This compares with an increase of \$2,430,446 in the prior year. Comparative data is presented below from summary information in the Statement of Activities:

	Summary of Changes in the Statement of Activities		
	2015	2014	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 12,925,197	\$ 12,363,282	\$ 561,915
Charges for Services	11,095,554	10,781,569	313,985
Other Revenues	1,182,124	375,065	807,059
Total Revenues	\$ 25,202,875	\$ 23,519,916	\$ 1,682,959
Expenses for Services	20,795,227	21,089,470	294,243
Change in Net Position	\$ 4,407,648	\$ 2,430,446	\$ 1,977,202
Net Position, Beginning of Year	74,601,466	72,171,020	2,430,446
Net Position, End of Year	\$ 79,009,114	\$ 74,601,466	\$ 4,407,648

\* As Adjusted

\*

**CLEAR LAKE CITY WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**CAPITAL ASSETS (Continued)**

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2015	2014	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 6,639,514	\$ 6,639,514	\$ -0-
Sanitary Sewer Laterals and Trunks	52,967,481	50,308,065	2,659,416
Construction in Progress	3,057,894	1,548,143	1,509,751
Capital Assets, Net of Accumulated Depreciation:			
Buildings	425,003	440,111	(15,108)
Water System	25,049,680	25,048,154	1,526
Sanitary Sewer System	8,888,991	9,255,673	(366,682)
Drainage System	24,808,523	25,101,390	(292,867)
Equipment	605,888	459,018	146,870
<b>Total Net Capital Assets</b>	<b>\$ 122,442,974</b>	<b>\$ 118,800,068</b>	<b>\$ 3,642,906</b>

**LONG-TERM DEBT ACTIVITY**

As of September 30, 2015, the Authority had total bond debt payable of \$79,305,000. The changes in the debt position of the Authority during the fiscal year ended September 30, 2015, are summarized as follows:

Bond Debt Payable, October 1, 2014	\$ 86,525,000
Less: Bond Principal Paid	<u>7,220,000</u>
Bond Debt Payable, September 30, 2015	<u>\$ 79,305,000</u>

Standard & Poor's assigned an underlying rating of "AA-" to the Authority for the current and prior fiscal year. The Series 2008 bonds carry an insured rating of "AA" based on bond insurance issued by Assured Guaranty Corp.

**CONTACTING THE AUTHORITY'S MANAGEMENT**

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Clear Lake City Water Authority, 900 Bay Area Blvd., Houston, TX 77058-2691.



<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments*</u>	<u>Statement of Net Position</u>
\$ 3,047,719	\$ 3,738,607	\$	\$ 3,738,607
12,437,637	32,310,420		32,310,420
	167,066		167,066
	70,410		70,410
	1,324,790		1,324,790
	460,043		460,043
970,561	1,124,890	(1,124,890)	
	125,704		125,704
	171,590		171,590
		716,822	716,822
		6,639,514	6,639,514
		52,967,481	52,967,481
		3,057,894	3,057,894
		<u>59,778,085</u>	<u>59,778,085</u>
<u>\$ 16,455,917</u>	<u>\$ 39,493,520</u>	<u>\$ 122,034,906</u>	<u>\$ 161,528,426</u>

\* See Reconciliation on page 12 and Note 2

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments*</u>	<u>Statement of Net Position</u>
\$ 770,960	\$ 2,125,397	\$ 255,900	\$ 2,125,397
	1,124,890	(1,124,890)	255,900
	962,258		962,258
		7,535,000	7,535,000
		<u>71,640,757</u>	<u>71,640,757</u>
<u>\$ 770,960</u>	<u>\$ 4,212,545</u>	<u>\$ 78,306,767</u>	<u>\$ 82,519,312</u>
\$	\$ 167,066	\$ (167,066)	\$
	70,410	(70,410)	
<u>\$ -0-</u>	<u>\$ 237,476</u>	<u>\$ (237,476)</u>	<u>\$ -0-</u>
\$	\$ 125,704	\$ (125,704)	\$
	171,590	(171,590)	
15,684,957	15,684,957	(15,684,957)	
	8,109,149	(8,109,149)	
	594,497	(594,497)	
	250,000	(250,000)	
	820,000	(820,000)	
	<u>9,287,602</u>	<u>(9,287,602)</u>	
<u>\$ 15,684,957</u>	<u>\$ 35,043,499</u>	<u>\$ (35,043,499)</u>	<u>\$ - 0 -</u>
<u>\$ 16,455,917</u>	<u>\$ 39,493,520</u>		
		\$ 58,952,174	\$ 58,952,174
		8,061,604	8,061,604
		<u>11,995,336</u>	<u>11,995,336</u>
		<u>\$ 79,009,114</u>	<u>\$ 79,009,114</u>

\* See Reconciliation on page 12 and Note 2

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

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<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments*</u>	<u>Statement of Activities</u>
\$	\$ 12,963,350	\$ (38,153)	\$ 12,925,197
	6,232,072		6,232,072
	4,416,166		4,416,166
	193,541	(28,190)	165,351
	281,965		281,965
832,583	832,583		832,583
11,266	349,541		349,541
<u>\$ 843,849</u>	<u>\$ 25,269,218</u>	<u>\$ (66,343)</u>	<u>\$ 25,202,875</u>
	\$ 2,021,735	\$	\$ 2,021,735
	4,329,466		4,329,466
	833,780		833,780
	493,054	3,925,840	4,418,894
	932,668		932,668
	2,585,155	2,628,510	2,628,510
8,309,596	10,157,256	(10,157,256)	2,585,155
	7,220,000	(7,220,000)	
	3,187,549	(142,530)	3,045,019
<u>\$ 8,309,596</u>	<u>\$ 31,760,663</u>	<u>\$ (10,965,436)</u>	<u>\$ 20,795,227</u>
\$ (7,465,747)	\$ (6,491,445)	\$ 6,491,445	\$
		4,407,648	4,407,648
<u>23,150,704</u>	<u>41,534,944</u>	<u>33,066,522</u>	<u>74,601,466</u>
<u>\$ 15,684,957</u>	<u>\$ 35,043,499</u>	<u>\$ 43,965,615</u>	<u>\$ 79,009,114</u>

\* See Reconciliation on page 15 and Note 2

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

**CLEAR LAKE CITY WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 1. CREATION OF AUTHORITY**

The Clear Lake City Water Authority (the "Authority") was created May 6, 1963, by Statute 8280-280, 58th Legislature of the State of Texas.

Pursuant to the provisions of Chapters 49 and 51 of the Texas Water Code, among other powers, the Authority is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service and storm sewer drainage. Although the Authority is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the Authority and to provide irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the Authority, to date it has chosen not to exercise any of these powers. The Authority comprises approximately 15,835 acres in Harris County, Texas, located in the area of NASA's Johnson Space Center and owns approximately two acres in Houston County, Texas. The Authority is under the oversight of the Texas Commission on Environmental Quality (the "Commission").

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). In addition, the accounting records of the Authority are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The Authority is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the Authority is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the Authority's financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting.

**CLEAR LAKE CITY WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the Authority's fund financial statements are combined with the government-wide statements. The fund statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The Authority has three governmental funds and considers them to be major funds.

General Fund - To account for resources not required to be accounted for in another fund, maintenance taxes, customer service revenues, operating costs and general expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The Authority uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The Authority considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.

**CLEAR LAKE CITY WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventory

Inventory is recorded on the average cost basis. Average cost is calculated on the average cost of each specific item during the fiscal year. The Authority's inventory balance as of September 30, 2015, was \$125,704.

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was amended during the current fiscal year.

Pensions

For employees of the Authority, a pension plan has been established and is managed by an independent plan administrator (see Note 7). The Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only. Directors do not participate in the pension plan.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

**CLEAR LAKE CITY WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 3. LONG-TERM DEBT**

	Harris County Water Control and Improvement District No. 75		
	Series 1998-B	Series 2008	
Amounts Outstanding - September 30, 2015	\$ 265,000	\$ 5,120,000	
Interest Rates	5.50%	3.30% - 3.70%	
Maturity Dates – Serially Beginning/Ending	March 1, 2016	March 1, 2016/2022	
Interest Payment Dates	March 1/ September 1	March 1/ September 1	
Callable Dates	March 1, 2007*	March 1, 2016*	
	Series 2009	Refunding Series 2009	Refunding Series 2010
Amounts Outstanding - September 30, 2015	\$ 3,445,000	\$ 4,685,000	\$ 3,770,000
Interest Rates	3.00%-3.50%	4.00%	4.00% - 4.25%
Maturity Dates – Serially Beginning/Ending	March 1, 2016/2022	March 1, 2016/2021 and September 1, 2021	March 1, 2016/2021
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	March 1, 2017*	March 1, 2019*	March 1, 2018*

\* Subject to redemption as a whole, or from time to time in part, in integral multiples of \$5,000, upon payment of a redemption price equal to the principal amount thereof together with interest, if any, accrued thereon, from the most recent interest payment date to the redemption date.



**CLEAR LAKE CITY WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 3. LONG-TERM DEBT (Continued)**

	Series 2013A	Refunding Series 2014
Amounts Outstanding – September 30, 2015	\$ 21,000,000	\$ 4,970,000
Interest Rates	4.00% - 5.25%	2.50% - 4.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2023/2038	March 1, 2016/2022
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	March 1, 2022*	Non-Callable

\* Or any date thereafter, as a whole or from time to time in part, at a price equal to the par value thereof, plus accrued interest to the date fixed for redemption. Series 2013A term bonds due March 1, 2033, and March 1, 2038, are subject to mandatory redemption beginning on March 1, 2032, and March 1, 2036, respectively.

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2015:

	October 1, 2014	Additions	Retirements	September 30, 2015
Bonds Payable	\$ 86,525,000	\$	\$ 7,220,000	\$ 79,305,000
Unamortized Discounts	(1,355,919)		(97,633)	(1,258,286)
Unamortized Premiums	1,349,749		220,706	1,129,043
Bonds Payable, Net	<u>\$ 86,518,830</u>	<u>\$ -0-</u>	<u>\$ 7,343,073</u>	<u>\$ 79,175,757</u>
			Amount Due Within One Year	\$ 7,535,000
			Amount Due After One Year	71,640,757
			Bonds Payable, Net	<u>\$ 79,175,757</u>

As of September 30, 2015, the Authority had authorized but unissued bonds in the amount of \$11,545,400 for utility facilities and \$61,581,592 for refunding bonds.

**CLEAR LAKE CITY WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 3. LONG-TERM DEBT (Continued)**

	<u>Maintenance Tax Rates Per \$100 of Valuation</u>	<u>Maintenance Tax Levy</u>
Clear Lake City Water Authority	\$0.05	\$ 2,281,660
Harris County Water Control and Improvement District No. 75	\$0.05	<u>28,496</u>
<b>Total Maintenance Tax Levy</b>		<b><u>\$ 2,310,156</u></b>

On August 14, 1982, the voters of the Authority approved the levy and collection of a maintenance tax not to exceed \$0.05 per \$100 of assessed valuation of taxable property within the Authority. For Harris County Water Control and Improvement District No. 75, at the date consolidation was voted, a maintenance tax not to exceed \$0.05 per \$100 of assessed valuation of taxable property within the respective geographical area of the original district was voted on and approved. A maintenance tax is to be used by the General Fund to pay expenditures of operating and maintaining the Authority's waterworks, sanitary sewer, and drainage system.

The Authority's tax calendar is as follows:

- Levy Date - October 1, as soon thereafter as practicable.
- Lien Date - January 1.
- Due Date - Upon receipt but not later than January 31.
- Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

**NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS**

The Authority is required to provide to the state information depository continuing disclosure of annual financial information and operating data with respect to the Authority. The information is of the general type included in the annual financial report and must be filed within six months after the end of each fiscal year of the Authority.

The bond orders state that so long as any of the bonds or coupons remain outstanding, the Authority covenants that it will at all times keep insured such parts of the system as are customarily insured by municipal corporations and political subdivisions in Texas operating like properties in similar locations under the same circumstances with a responsible insurance company or companies against risks, accidents or casualties against which and to the extent insurance is customarily carried by such municipal corporations and political subdivisions.

**CLEAR LAKE CITY WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments

Under Texas law, the Authority is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all Authority funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the Authority's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The Authority's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest Authority funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the Authority and its authority to purchase investments as defined in the Public Funds Investment Act. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States of America or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain banker's acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

All investments are recorded at cost, which the Authority considers to be fair value. The Authority invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. The fair value of the Authority's position in the pool is the same as the value of pool shares.

**CLEAR LAKE CITY WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2015:

	October 1, 2014	Increases	Decreases	September 30, 2015
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 6,639,514	\$	\$	\$ 6,639,514
Sanitary Sewer Laterals and Trunks	50,308,065	2,659,416		52,967,481
Construction in Progress	1,548,143	6,225,138	4,715,387	3,057,894
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 58,495,722</b>	<b>\$ 8,884,554</b>	<b>\$ 4,715,387</b>	<b>\$ 62,664,889</b>
<b>Capital Assets Subject to Depreciation</b>				
Buildings	\$ 523,166	\$	\$	\$ 523,166
Water System	50,231,062	1,152,986		51,384,048
Sanitary Sewer System	18,159,257	18,020		18,177,277
Drainage System	49,664,565	597,312		50,261,877
Equipment	1,642,976	293,931	6,278	1,930,629
<b>Total Capital Assets Subject to Depreciation</b>	<b>\$ 120,221,026</b>	<b>\$ 2,062,249</b>	<b>\$ 6,278</b>	<b>\$ 122,276,997</b>
<b>Less Accumulated Depreciation</b>				
Buildings	\$ 83,055	\$ 15,108	\$	\$ 98,163
Water System	25,182,908	1,151,460		26,334,368
Sanitary Sewer System	8,903,584	384,702		9,288,286
Drainage System	24,563,175	890,179		25,453,354
Equipment	1,183,958	147,061	6,278	1,324,741
<b>Total Accumulated Depreciation</b>	<b>\$ 59,916,680</b>	<b>\$ 2,588,510</b>	<b>\$ 6,278</b>	<b>\$ 62,498,912</b>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 60,304,346</b>	<b>\$ (526,261)</b>	<b>\$ - 0 -</b>	<b>\$ 59,778,085</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 118,800,068</b>	<b>\$ 8,358,293</b>	<b>\$ 4,715,387</b>	<b>\$ 122,442,974</b>

The sanitary sewer laterals and trunk lines are accounted for using the modified approach. The condition of the Authority's sanitary sewer lateral and trunk system is determined using a condition assessment methodology. The Authority uses a numerical condition scale ranging from 1.00 (new) to 5.00 (severe deficiency with no useful life remaining). It is the Authority's policy to keep 75% of the system in level 3.00 or better condition. The condition assessments as of September 30, 2015, September 30, 2014, and September 30, 2013, were 2.18, 2.00, and 2.11, respectively.

**CLEAR LAKE CITY WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 9. EXCLUSION CONTRACTS AND SERVICE AGREEMENTS**

On May 12, 1999, the Authority executed two contracts, an Exclusion Contract and a Service Agreement, both with Harris County Water Control & Improvement District No. 156 ("District No. 156"). The contract was later amended on October 16, 2000, and December 9, 2010. On March 10, 1999, the Texas Commission on Environmental Quality ("the Commission") entered an order creating District No. 156. On May 1, 1999, District No. 156 held elections confirming creation of District No. 156 and authorizing the Exclusion Contract. The Exclusion Contract provides for the exclusion of 142.368 acres of land from the Authority and for the payment of a pro rata share of the Authority's debt service on the excluded land. The term of the Exclusion Contract is 40 years. The agreement calls for District No. 156 to account for monies derived from taxes and investment earnings in an account titled the Exclusion Contract Fund. The Authority assigned to District No. 156 all rights and duties with respect to the Bay Oaks Sales and Lease of Facilities Agreement and the Pine Brook Sales and Lease of Facilities Agreement that provide for development of utilities within District No. 156. The Authority further agreed to provide water and sanitary sewer utility service to District No. 156 at a cost not to exceed one and a half times the cost charged to customers in the Authority. On or before March 1 each year, District No. 156 is to pay the Authority from its tax proceeds based upon the following schedule unless altered by later refundings as provided for in the Exclusion Contract.

<u>Year</u>	<u>Allocable Debt</u>
2016	\$ 2,320
2017	1,867
2018	1,880
2019	608
2020	296
2021	301
2022	<u>308</u>
TOTAL	<u>\$ 7,580</u>

The Service Agreement has a term of 40 years. District No. 156 will provide for the construction of facilities that will connect to the Authority's facilities and the facilities will be fully integrated into the utility system of the Authority. Service personnel of the Authority will provide services to District No. 156 customers on the same basis as Authority customers. The Authority will bill and collect tap and other fees in accordance with District No. 156's rate order and the Authority will charge District No. 156 for those services at the cost of providing the services. The Authority will provide service to District No. 156 customers on the same basis as Authority customers under the terms of the Authority's rate order. For the higher amount of \$500 or \$10 per connection billed, the Authority's service personnel will provide services to the customers of District No. 156 as spelled out in the contract. In addition, District No. 156 will pay for water and sanitary sewer service on a per-connection basis of 150% of the fees charged by the Authority based upon its rate order.

**CLEAR LAKE CITY WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 9. EXCLUSION CONTRACTS AND SERVICE AGREEMENTS (Continued)**

The Service Agreement has a term of 40 years. District No. 161 will provide for the construction of facilities that will connect to the Authority's facilities and the facilities will be fully integrated into the utility system of the Authority. Service personnel of the Authority will provide services to District No. 161 customers on the same basis as Authority customers. The Authority will bill and collect tap and other fees in accordance with District No. 161's rate order and the Authority will charge District No. 161 for those services at the cost of providing the services.

The Authority will provide service to District No. 161 customers on the same basis as Authority customers under the terms of the Authority's rate order. For the higher amount of \$500 or \$10 per connection billed, the Authority's service personnel will provide services to the customers of District No. 161 as spelled out in the contract. In addition, District No. 161 will pay for water and sanitary sewer service on a per-connection basis of 150% of the fees charged by the Authority based upon its rate order.

**NOTE 10. COST SHARING WATER PROJECT CONTRACT**

On February 24, 1987, the Authority executed a Cost Sharing Water Project Contract with the City of Houston, Texas, and the City of Nassau Bay, Texas. The agreement provided for the equitable sharing of capacity in Houston's Southeast Water Purification Plant (the "Plant"). The Agreement was amended September 2, 1988, to allow purchase of additional capacity to serve the Johnson Space Center. On February 16, 1998, the agreement was further amended with the Second Amendment to Cost Sharing Water Project Contract ("Second Amendment Agreement"). This agreement provided for the Authority to purchase additional capacity in the Plant from the City of Galveston and the termination of the Second Amendment Agreement should the parties to the agreement fail to secure additional capacity in the Plant from the City of Galveston. The Authority's and City of Nassau Bay's capacity in the Plant were then as follows:

Demand Allocation Factor - 8.7 million gallons per day (mgpd) of a total capacity of 80 mgpd. (available to the Authority and Johnson Space Center only)  
Pumping Allocation Factor - 15 mgpd of a total capacity of 225 mgpd.

On April 28, 1998, the Authority executed a Water Capacity Purchase and Sale Agreement with the Gulf Coast Water Authority and the City of Galveston, Texas. In accordance with the terms of the agreement the City of Galveston's 16 mgpd of demand allocation per day capacity in the Plant was allocated to various parties, including the Authority, with the Authority's share being 5.0 mgpd. With this allocation the Authority's total capacity was 13.7 mgpd of demand allocation or 17.125% of the total capacity. The City of Galveston's pumping allocation was 18.4 mgpd. The Authority obtained 5.75 mgpd of this capacity, giving the Authority 20.75 mgpd of the pumping allocation of the Plant or 9.25% of the total pumping capacity.

**CLEAR LAKE CITY WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 13. GENERATOR LEASE**

The Authority executed an agreement with NRG Energy Services LLC (“NRG”) dated November 10, 2011, for the lease of nine generators to service Water Pumping Station 3, Water Pumping Station 4, Lift Station 4 and the Wastewater Treatment Plant. The generators will remain the property of NRG throughout the 20-year term of the agreement. The Authority elected to make a buy down payment of \$800,000 to reduce the monthly service fees. Monthly service fees for the 1st, 2nd, 3rd, and 4th five-year terms of the agreement are \$20,880, \$18,630, \$14,130 and \$11,880, respectively.

**NOTE 14. PRIOR PERIOD ADJUSTMENT**

In prior years, the Authority made contributions into the ICMA retirement account, which resulted in an overpayment due to employee terminations before the funds were vested. The effect on the Authority’s General Fund fund balance and Net Position are as follows:

Fund Balance - October 1, 2014	\$ 9,695,102
Effect of Adjustment	<u>351,428</u>
Fund Balance - October 1, 2014, As Adjusted	<u>\$ 10,046,530</u>
Net Position - October 1, 2014	\$ 74,250,038
Effect of Adjustment	<u>351,428</u>
Net Position - October 1, 2014, As Adjusted	<u>\$ 74,601,466</u>

**CLEAR LAKE CITY WATER AUTHORITY**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2015**



**CLEAR LAKE CITY WATER AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 2,200,784	\$ 2,200,784	\$ 2,296,725	\$ 95,941
Water Service	7,070,469	7,070,469	6,232,072	(838,397)
Wastewater Service	5,138,104	5,138,104	4,416,166	(721,938)
Penalty and Interest	105,900	105,900	121,405	15,505
Tap Connection and Inspection Fees	333,310	333,310	281,965	(51,345)
Miscellaneous Revenues	204,509	204,509	327,309	122,800
<b>TOTAL REVENUES</b>	<b>\$ 15,053,076</b>	<b>\$ 15,053,076</b>	<b>\$ 13,675,642</b>	<b>\$ (1,377,434)</b>
<b>EXPENDITURES</b>				
Services Operations:				
Bulk Water Purchases	\$ 2,449,170	\$ 2,449,170	\$ 2,021,735	\$ 427,435
Payroll	4,708,348	4,708,348	4,059,932	648,416
Utilities	616,167	616,167	833,780	(217,613)
Repairs and Maintenance	802,495	802,495	485,497	316,998
Professional Fees	909,875	909,875	713,918	195,957
Other	2,391,383	2,391,383	2,510,257	(118,874)
Capital Outlay	1,208,570	1,980,460	1,847,660	132,800
<b>TOTAL EXPENDITURES</b>	<b>\$ 13,086,008</b>	<b>\$ 13,857,898</b>	<b>\$ 12,472,779</b>	<b>\$ 1,385,119</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 1,967,068</b>	<b>\$ 1,195,178</b>	<b>\$ 1,202,863</b>	<b>\$ 7,685</b>
<b>FUND BALANCE - OCTOBER 1, 2014</b>	<b>10,046,530</b>	<b>10,046,530</b>	<b>10,046,530</b>	
<b>FUND BALANCE - SEPTEMBER 30, 2015</b>	<b>\$ 12,013,598</b>	<b>\$ 11,241,708</b>	<b>\$ 11,249,393</b>	<b>\$ 7,685</b>

See accompanying independent auditor's report.

**CLEAR LAKE CITY WATER AUTHORITY**  
**SUPPLEMENTARY INFORMATION – REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**SEPTEMBER 30, 2015**

**CLEAR LAKE CITY WATER AUTHORITY  
SERVICES AND RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**1. SERVICES PROVIDED BY THE AUTHORITY DURING THE FISCAL YEAR:**

<u>  X  </u>	Retail Water	<u>  X  </u>	Wholesale Water	<u>  X  </u>	Drainage
<u>  X  </u>	Retail Wastewater	<u>  X  </u>	Wholesale Wastewater	<u>      </u>	Irrigation
<u>      </u>	Parks/Recreation	<u>      </u>	Fire Protection	<u>      </u>	Security
<u>      </u>	Solid Waste/Garbage	<u>      </u>	Flood Control	<u>      </u>	Roads
<u>      </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u>  X  </u>	Other (specify): _____				

**2. RETAIL SERVICE PROVIDERS**

**a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):**

Based on the rate order effective October 31, 2011.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 5.50	1,000	N	\$ 1.00 2.75 2.28	1,001 to 5,000 5,001 to 10,000 10,001 and up
WASTEWATER:	\$ 5.50	1,000	N	\$ 1.00 1.90*	1,001 to 5,000 5,001 and up
SURCHARGE:	N/A				

Authority employs winter averaging for wastewater usage?          X    
Yes      No

All customers who use over 5,000 gallons of water monthly will be charged at the regular rates for total water and sewer use.

Total monthly charges per 10,000 gallons usage: Water: \$23.25 Wastewater: \$17.58\* Surcharge \$-0-

\* In the absence of metered sewage flow, a residence will be charged for sewer based on a flow factor applied to the metered water usage as outlined in the Authority's rate order.

See accompanying independent auditor's report.

**CLEAR LAKE CITY WATER AUTHORITY**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**4. STANDBY FEES (authorized only under TWC Section 49.231):**

Does the Authority have Debt Service standby fees? Yes  No

Does the Authority have Operation and Maintenance standby fees? Yes  No

**5. LOCATION OF AUTHORITY:**

Is the Authority located entirely within one county?

Yes  No

Counties in which Authority is located:

Harris County, Texas  
Houston County, Texas (2 acres)

Is the Authority located within a city?

Entirely  Partly  Not at all

Cities in which Authority is located:

City of Pasadena, Texas; City of Houston, Texas; City of Webster, Texas; City of Taylor Lake Village, Texas and City of La Porte, Texas.

See accompanying independent auditor's report.

**CLEAR LAKE CITY WATER AUTHORITY**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>General Fund</u>
PERSONNEL EXPENDITURES (Including Benefits)	\$ 4,059,932
PROFESSIONAL FEES:	
Auditing	\$ 30,675
Engineering	475,420
Legal	<u>207,823</u>
TOTAL PROFESSIONAL FEES	\$ 713,918
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	<u>\$ 2,021,735</u>
UTILITIES:	
Electricity	\$ 753,463
Gas	2,240
Telephone	<u>78,077</u>
TOTAL UTILITIES	\$ 833,780
REPAIRS AND MAINTENANCE	<u>\$ 485,497</u>
ADMINISTRATIVE EXPENDITURES:	
Billing Costs	\$ 36,524
Director Fees	16,500
Dues	2,379
Insurance	159,341
Bookkeeping Assistance	45,653
Legal Notices	13,108
Office Supplies and Postage	76,116
Regulatory Assessment	50,049
Travel and Meetings	21,653
Municipal Payment	619,930
Other	<u>86,624</u>
TOTAL ADMINISTRATIVE EXPENDITURES	\$ 1,127,877
CAPITAL OUTLAY:	
Capitalized Assets	\$ 1,847,660
Expenditures Not Capitalized	<u>                    </u>
TOTAL CAPITAL OUTLAY:	<u>\$ 1,847,660</u>

See accompanying independent auditor's report.

**CLEAR LAKE CITY WATER AUTHORITY**  
**INVESTMENTS**  
**SEPTEMBER 30, 2015**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 11,217,497	\$
TexPool	XXXX0003	Varies	Daily	<u>680,198</u>	<u>                    </u>
TOTAL GENERAL FUND				<u>\$ 11,897,695</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0004	Varies	Daily	\$ 7,875,527	\$
TexPool	XXXX0005	Varies	Daily	6	<u>                    </u>
TexPool	XXXX0009	Varies	Daily	<u>99,555</u>	<u>                    </u>
TOTAL DEBT SERVICE FUND				<u>\$ 7,975,088</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0014	Varies	Daily	\$ 17,283	\$
TexPool	XXXX0028	Varies	Daily	54,775	<u>                    </u>
TexPool	XXXX0032	Varies	Daily	215,719	<u>                    </u>
TexPool	XXXX0033	Varies	Daily	35,014	<u>                    </u>
TexPool	XXXX0039	Varies	Daily	10,987,049	<u>                    </u>
TexPool	XXXX0037	Varies	Daily	<u>1,127,797</u>	<u>                    </u>
TOTAL CAPITAL PROJECTS FUND				<u>\$ 12,437,637</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 32,310,420</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

**CLEAR LAKE CITY WATER AUTHORITY**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**Clear Lake City Water Authority:**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 1,434,766,969	\$ 1,374,001,801	\$ 1,276,690,479	\$ 1,224,416,809
Improvements	4,237,877,750	3,997,927,372	3,898,939,242	3,949,669,854
Personal Property	559,961,076	515,740,290	456,819,399	625,640,254
Exemptions	<u>(1,669,285,648)</u>	<u>(1,555,412,325)</u>	<u>(1,471,397,108)</u>	<u>(1,434,137,383)</u>
<b>TOTAL PROPERTY VALUATIONS</b>	<u>\$ 4,563,320,147</u>	<u>\$ 4,332,257,138</u>	<u>\$ 4,161,052,012</u>	<u>\$ 4,365,589,534</u>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23
Maintenance	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<u>\$ 0.28</u>	<u>\$ 0.28</u>	<u>\$ 0.28</u>	<u>\$ 0.28</u>
<b>ADJUSTED TAX LEVY*</b>	<u>\$ 12,777,296</u>	<u>\$ 12,130,320</u>	<u>\$ 11,650,947</u>	<u>\$ 12,223,650</u>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>	<u>99.73 %</u>	<u>99.86 %</u>	<u>99.92 %</u>	<u>99.94 %</u>

\* Based upon adjusted tax at time of audit for the period in which the tax was levied.

Maintenance Tax – Maximum Tax Rate of \$0.05 per \$100 of assessed valuation approved by voters on August 14, 1982.

See accompanying independent auditor's report.

**CLEAR LAKE CITY WATER AUTHORITY**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2015**

HARRIS COUNTY WATER  
CONTROL AND IMPROVEMENT  
DISTRICT NO. 75  
SERIES - \$2,160,000 - 1998 - B

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2016	\$ 265,000	\$ 7,287	\$ 272,287
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	<u>\$ 265,000</u>	<u>\$ 7,287</u>	<u>\$ 272,287</u>

See accompanying independent auditor's report.



**CLEAR LAKE CITY WATER AUTHORITY**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2015**

REFUNDING SERIES - \$11,645,000 - 2009

Due During Fiscal Years Ending September 30	Principal Due March 1*	Interest Due March 1/ September 1	Total
2016	\$ 1,620,000	\$ 155,000	\$ 1,775,000
2017	665,000	109,300	774,300
2018	975,000	76,500	1,051,500
2019	325,000	50,500	375,500
2020	345,000	37,100	382,100
2021	755,000	22,900	777,900
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	<u>\$ 4,685,000</u>	<u>\$ 451,300</u>	<u>\$ 5,136,300</u>

\* Final principal payment is due September 1, 2021. All other principal payments are due March 1.

See accompanying independent auditor's report.

**CLEAR LAKE CITY WATER AUTHORITY**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2015**

REFUNDING SERIES - \$8,815,000 - 2010

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2016	\$ 1,325,000	\$ 125,625	\$ 1,450,625
2017	1,385,000	71,425	1,456,425
2018	255,000	38,626	293,626
2019	260,000	27,999	287,999
2020	270,000	16,737	286,737
2021	275,000	5,500	280,500
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	<u>\$ 3,770,000</u>	<u>\$ 285,912</u>	<u>\$ 4,055,912</u>

See accompanying independent auditor's report.

**CLEAR LAKE CITY WATER AUTHORITY**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2015**

S E R I E S - \$ 7,130,000 - 2 0 1 1 A

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2016	\$ 195,000	\$ 254,800	\$ 449,800
2017	205,000	248,800	453,800
2018	215,000	242,500	457,500
2019	225,000	235,900	460,900
2020	235,000	229,000	464,000
2021	245,000	221,494	466,494
2022	260,000	213,125	473,125
2023	275,000	203,925	478,925
2024	290,000	193,856	483,856
2025	300,000	182,975	482,975
2026	320,000	170,950	490,950
2027	335,000	157,850	492,850
2028	350,000	143,931	493,931
2029	370,000	128,850	498,850
2030	390,000	112,700	502,700
2031	410,000	95,444	505,444
2032	430,000	76,800	506,800
2033	450,000	56,719	506,719
2034	475,000	35,031	510,031
2035	500,000	11,875	511,875
2036			
2037			
2038			
	<u>\$ 6,475,000</u>	<u>\$ 3,216,525</u>	<u>\$ 9,691,525</u>

See accompanying independent auditor's report.

**CLEAR LAKE CITY WATER AUTHORITY**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2015**

SERIES - \$6,300,000 - 2012

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2016	\$ 190,000	\$ 178,830	\$ 368,830
2017	200,000	174,931	374,931
2018	210,000	169,781	379,781
2019	215,000	163,406	378,406
2020	225,000	156,806	381,806
2021	235,000	149,906	384,906
2022	245,000	142,706	387,706
2023	255,000	135,206	390,206
2024	265,000	127,406	392,406
2025	275,000	119,307	394,307
2026	285,000	110,907	395,907
2027	300,000	101,944	401,944
2028	310,000	92,413	402,413
2029	325,000	82,287	407,287
2030	335,000	71,562	406,562
2031	350,000	60,212	410,212
2032	365,000	48,147	413,147
2033	380,000	35,338	415,338
2034	395,000	21,775	416,775
2035	410,000	7,431	417,431
2036			
2037			
2038			
	<u>\$ 5,770,000</u>	<u>\$ 2,150,301</u>	<u>\$ 7,920,301</u>

See accompanying independent auditor's report.

**CLEAR LAKE CITY WATER AUTHORITY**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2015**

SERIES - \$4,380,000 - 2013

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2016	\$ 115,000	\$ 152,594	\$ 267,594
2017	120,000	150,244	270,244
2018	120,000	147,844	267,844
2019	125,000	144,769	269,769
2020	135,000	140,869	275,869
2021	140,000	136,744	276,744
2022	145,000	132,469	277,469
2023	150,000	128,044	278,044
2024	155,000	123,275	278,275
2025	160,000	118,156	278,156
2026	170,000	112,156	282,156
2027	175,000	105,256	280,256
2028	185,000	98,056	283,056
2029	190,000	90,556	280,556
2030	200,000	82,756	282,756
2031	205,000	74,656	279,656
2032	215,000	66,256	281,256
2033	225,000	57,456	282,456
2034	235,000	48,109	283,109
2035	240,000	38,312	278,312
2036	250,000	28,050	278,050
2037	260,000	17,213	277,213
2038	275,000	5,844	280,844
	<u>\$ 4,190,000</u>	<u>\$ 2,199,684</u>	<u>\$ 6,389,684</u>

See accompanying independent auditor's report.

**CLEAR LAKE CITY WATER AUTHORITY**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2015**

REFUNDING SERIES - \$5,705,000 - 2 0 1 4

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2016	\$ 375,000	\$ 160,950	\$ 535,950
2017	655,000	142,225	797,225
2018	405,000	121,025	526,025
2019	970,000	93,525	1,063,525
2020	565,000	67,063	632,063
2021	1,065,000	44,025	1,109,025
2022	935,000	14,025	949,025
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	<u>\$ 4,970,000</u>	<u>\$ 642,838</u>	<u>\$ 5,612,838</u>

See accompanying independent auditor's report.

**CLEAR LAKE CITY WATER AUTHORITY**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2015**

**ANNUAL REQUIREMENTS**  
**FOR ALL SERIES**

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal Interest Due
2016	\$ 7,535,000	\$ 2,931,139	\$ 10,466,139
2017	7,595,000	2,665,312	10,260,312
2018	6,780,000	2,413,119	9,193,119
2019	4,080,000	2,215,349	6,295,349
2020	3,830,000	2,080,902	5,910,902
2021	4,485,000	1,949,069	6,434,069
2022	3,445,000	1,806,403	5,251,403
2023	2,060,000	1,705,127	3,765,127
2024	2,155,000	1,616,045	3,771,045
2025	2,255,000	1,523,471	3,778,471
2026	2,360,000	1,426,596	3,786,596
2027	2,465,000	1,323,536	3,788,536
2028	2,585,000	1,214,685	3,799,685
2029	2,700,000	1,099,635	3,799,635
2030	2,825,000	978,245	3,803,245
2031	2,955,000	850,377	3,805,377
2032	3,095,000	722,141	3,817,141
2033	3,230,000	593,225	3,823,225
2034	3,385,000	456,828	3,841,828
2035	3,535,000	313,381	3,848,381
2036	1,895,000	201,750	2,096,750
2037	1,980,000	123,613	2,103,613
2038	2,075,000	41,844	2,116,844
	<u>\$ 79,305,000</u>	<u>\$ 30,251,792</u>	<u>\$ 109,556,792</u>

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding September 30, 2015	Paying Agent
	Principal	Interest		
\$	\$ 240,000	\$ 21,175	\$ 265,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	595,000	189,070	5,120,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	1,550,000	218,400	4,685,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	400,000	117,381	3,445,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	1,290,000	171,476	3,770,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	195,000	286,495	6,895,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	185,000	260,037	6,475,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	1,610,000	338,850	8,775,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	185,000	182,582	5,770,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX

See accompanying independent auditor's report.



<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2015</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 125,000	\$ 125,500	\$ 3,945,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	110,000	154,844	4,190,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		944,138	21,000,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	<u>735,000</u>	<u>177,601</u>	<u>4,970,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 7,220,000</u>	<u>\$ 3,187,549</u>	<u>\$ 79,305,000</u>	

See accompanying independent auditor's report.

**CLEAR LAKE CITY WATER AUTHORITY**  
**CHANGE IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**RECONCILIATION OF BONDS ISSUED:**

In addition to the bond issues listed on the previous pages, the Authority has retired the following bond issues.

Entity	Bond Issue	Amount
Harris County Municipal Utility District No. 181	Series 1983	\$ 1,300,000
Harris County Municipal Utility District No. 181	Series 1986	440,000
Harris County Water Control & Improvement District No. 75	Series 1992	3,005,000
Clear Lake City Water Authority	Series 1963	5,400,000
Clear Lake City Water Authority	Series 1967	3,025,000
Clear Lake City Water Authority	Series 1968	1,965,000
Clear Lake City Water Authority	Series 1969	1,450,000
Clear Lake City Water Authority	Series 1971	2,850,000
Clear Lake City Water Authority	Series 1975	1,000,000
Clear Lake City Water Authority	Series 1976	1,780,000
Clear Lake City Water Authority	Series 1977	1,080,000
Clear Lake City Water Authority	Series 1978	1,900,000
Clear Lake City Water Authority	Series 1980	1,450,000
Clear Lake City Water Authority	Series 1986	5,910,000
Clear Lake City Water Authority	Series 1987	9,535,000
Clear Lake City Water Authority	Series 1988	4,700,000
Clear Lake City Water Authority	Refunding Series 1990	1,440,000
Clear Lake City Water Authority	Series 1977-A	2,100,000
Clear Lake City Water Authority	Series 1989	3,350,000
Clear Lake City Water Authority	Series 1987-A	7,000,000
Clear Lake City Water Authority	Series 1990	6,400,000
Clear Lake City Water Authority	Series 1991	8,090,000
Clear Lake City Water Authority	Refunding Series 1992	5,520,000
Clear Lake City Water Authority	Series 1993	8,345,000
Clear Lake City Water Authority	Series 1993-A	7,000,000
Clear Lake City Water Authority	Series 1993-B	9,600,000
Clear Lake City Water Authority	Refunding Series 1994	18,840,000
Clear Lake City Water Authority	Series 1997	5,705,000
Clear Lake City Water Authority	Refunding Series 1999	6,065,000
Clear Lake City Water Authority	Series 1998-A	1,305,000
Clear Lake City Water Authority	Series 1998	5,410,000
Clear Lake City Water Authority	Refunding Series 1998	10,655,000
Clear Lake City Water Authority	Series 1999	6,900,000
Clear Lake City Water Authority	Series 2000	4,485,000
Clear Lake City Water Authority	Refunding Series 2002	11,405,000
Clear Lake City Water Authority	Series 2001	7,885,000
Clear Lake City Water Authority	Refunding Series 2003-A	9,155,000
Clear Lake City Water Authority	Refunding Series 2003-B	7,125,000
Clear Lake City Water Authority	Series 2005	9,600,000
Clear Lake City Water Authority	Series 2006	5,500,000
Clear Lake City Water Authority	Refunding Series 2006	4,255,000
<b>TOTAL BOND ISSUES RETIRED IN PREVIOUS FISCAL YEARS</b>		<b>\$ 219,925,000</b>
Original Bonds as listed on pages 64-67		<u>104,165,000</u>
<b>TOTAL BONDS ISSUED</b>		<b><u>\$ 324,090,000</u></b>

See accompanying independent auditor's report.

Refunding Bonds			
Total	Clear Lake City Water Authority	HC MUD No. 181	Total
\$ 219,395,400	\$ 111,323,100	\$ 5,000,000	\$116,323,100
<u>204,590,000</u>	<u>49,741,508</u>	<u>2,745,000</u>	<u>52,486,508</u>
<u>\$ 14,805,400</u>	<u>\$ 61,581,592</u>	<u>\$ 2,255,000</u>	<u>\$ 63,836,592</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2012	2011	2015	2014	2013	2012	2011
\$ 2,214,100	\$ 2,196,954	16.7 %	16.6 %	15.8 %	17.4 %	18.8 %
6,189,253	6,232,870	45.6	47.0	49.5	48.2	53.3
3,931,335	2,916,287	32.3	33.1	31.3	30.6	25.0
107,843	88,762	0.9	0.9	0.9	0.8	0.8
20,024	63,691	2.1	0.7	0.2	0.2	0.5
162,770			0.1	0.7	1.3	
204,266	184,523	2.4	1.6	1.6	1.5	1.6
<u>\$ 12,829,591</u>	<u>\$ 11,683,087</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 3,867,603	\$ 3,672,231	29.7 %	30.3 %	27.2 %	30.1 %	31.4 %
2,485,940	3,298,902	14.8	13.6	16.9	19.4	28.2
585,670	661,269	5.2	5.9	5.0	4.6	5.7
890,346	1,419,908	6.1	6.8	6.1	6.9	12.2
1,032,029	600,437	3.6	2.9	6.5	8.0	5.1
2,155,000	1,821,389	18.4	18.4	16.7	16.9	15.7
131,867	41,239	13.5	20.7	5.4	1.0	0.4
<u>\$ 11,148,455</u>	<u>\$ 11,515,375</u>	<u>91.3 %</u>	<u>98.6 %</u>	<u>83.8 %</u>	<u>86.9 %</u>	<u>98.7 %</u>
\$ 1,681,136	\$ 167,712	<u>8.7 %</u>	<u>1.4 %</u>	<u>16.2 %</u>	<u>13.1 %</u>	<u>1.3 %</u>
<u>5,676,189</u>	<u>5,508,477</u>					
<u>\$ 7,357,325</u>	<u>\$ 5,676,189</u>					

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2012	2011	2015	2014	2013	2012	2011
\$ 10,333,288	\$ 10,252,299	99.2 %	99.0 %	98.9 %	99.1 %	99.0 %
86,463	83,538	0.7	1.0	0.9	0.8	0.8
16,780	23,121	0.1		0.2	0.1	0.2
<u>\$ 10,436,531</u>	<u>\$ 10,358,958</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 256,443	\$ 250,715	2.5 %	2.6 %	2.6 %	2.5 %	2.4 %
5,790,000	6,055,000	67.2	63.9	66.7	55.5	58.5
3,197,169	2,477,722	31.7	38.1	27.7	30.6	23.9
52,335	58,651	0.8	1.0	1.0	0.5	0.6
			0.7			
189,521			1.3		1.8	
<u>\$ 9,485,468</u>	<u>\$ 8,842,088</u>	<u>102.2 %</u>	<u>107.6 %</u>	<u>98.0 %</u>	<u>90.9 %</u>	<u>85.4 %</u>
\$ 951,063	\$ 1,516,870	(2.2) %	(7.6) %	2.0 %	9.1 %	14.6 %
\$ (4,052,786)	\$					
15,410,000						
1,061,191						
(12,007,810)						
(113,956)						
<u>\$ 296,639</u>	<u>\$ - 0 -</u>					
\$ 1,247,702	\$ 1,516,870					
7,501,579	5,984,709					
<u>\$ 8,749,281</u>	<u>\$ 7,501,579</u>					
17,719	17,648					
<u>17,273</u>	<u>17,202</u>					

See accompanying independent auditor's report.

**CLEAR LAKE CITY WATER AUTHORITY  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2015**

<b>Key Administrative Personnel:</b>	<u>Date Hired</u>	<u>Fees/ Compensation for the fiscal year ending September 30, 2015</u>	<u>Title</u>
	05/17/98	\$ 72,851	General Manager/ Treasurer
	01/16/86	\$ 86,532	Director of Utilities
	11/18/77	\$ 102,050	Capital Projects Bookkeeper
	10/19/98	\$ 81,159	Tax Assessor/ Collector
	06/01/15	\$ 19,309	Accounts Manager
	08/29/83	\$ 122,538	Prior General Manager/Treasurer
	04/16/07	\$ 4,519	Prior Accounts Manager
<b>Consultants:</b>			
Coats, Rose, Yale, Ryman & Lee, P.C.	08/13/15	\$ 6,631	General Counsel
Schweinle & Associates, P.C.	07/17/86	\$ 180,656	Prior General Counsel
McCall Gibson Swedlund Barfoot PLLC	07/31/96	\$ 40,900	Auditor
Sanford Kuhl Hagan Kugle Parker Kahn LLP	02/11/10	\$ 72,748	Bond Counsel
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	06/28/01	\$ 18,497	Delinquent Tax Attorney
Lockwood, Andrews & Newnam, Inc.	12/18/97	\$ 2,667,511	Engineer
Robert W. Baird & Co.	02/12/15	\$ -0-	Financial Advisor
Mark M. Burton PLLC	12/30/14	\$ 60,871	Accounting Service

See accompanying independent auditor's report.