

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18**

TRAVIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18**

TRAVIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
ANNUAL FILING AFFIDAVIT	1
INDEPENDENT AUDITOR'S REPORT	2-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-10
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	12-13
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	14
NOTES TO THE FINANCIAL STATEMENTS	15-25
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	27
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	29-31
GENERAL FUND EXPENDITURES	32-33
INVESTMENTS	34
TAXES LEVIED AND RECEIVABLE	35-36
LONG-TERM DEBT SERVICE REQUIREMENTS (NOT APPLICABLE)	
CHANGE IN LONG-TERM BOND DEBT (NOT APPLICABLE)	
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES GENERAL FUND - FIVE YEARS	37-38
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	39-40

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTY OF TRAVIS }

I, _____ of the
(Name of Duly Authorized District Representative)

Travis County Water Control and Improvement District No. 18

(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 10th day of February, 2020, its annual audit report for the fiscal year ended September 30, 2019 and that copies of the annual audit report have been filed in the district office, located at

1502 San Juan Drive, Austin, Texas 78733

(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: _____, _____

By: _____
(Signature of District Representative)

Paul Despres, Board President
(Typed Name & Title of above District Representative)

Sworn to and subscribed to before me this the _____ day of _____, 2020.

(Seal)

(Signature of Notary)

My Commission Expires On: _____.
Notary Public in the State of Texas.

TCEQ-0723 (Rev. 07/2012)

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708
E-Mail: mgsb@mgsbpllc.com

9600 Great Hills Trail
Suite 150W
Austin, Texas 78759
(512) 610-2209
www.mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Travis County Water Control
and Improvement District No. 18
Travis County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Travis County Water Control and Improvement District No. 18 (the "District"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 District'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
Travis County Water Control
and Improvement District No. 18

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 District as of September 30, 2019, 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 the 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 District'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
Austin, Texas

February 10, 2020

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Management’s discussion and analysis of Travis County Water Control and Improvement District No. 18’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the District’s financial statements.

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 required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term 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 and elimination or reclassification of internal activities.

The Statement of Net Position 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 as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District’s net position 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 District has two governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District’s governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in the Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

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.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”) and other supplementary information. The budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets exceeded liabilities by \$11,153,119 as of September 30, 2019.

A portion of the District’s net position reflects its net investment in capital assets (e.g. water facilities, as well as land and land improvements and construction in progress, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water services.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of government-wide changes in net position:

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2019</u>	<u>2018</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 8,699,056	\$ 9,297,119	\$ (598,063)
Capital Assets (Net of Accumulated Depreciation)	<u>2,944,957</u>	<u>2,252,261</u>	<u>692,696</u>
Total Assets	<u>\$ 11,644,013</u>	<u>\$ 11,549,380</u>	<u>\$ 94,633</u>
Other Liabilities	<u>\$ 490,894</u>	<u>\$ 347,433</u>	<u>\$ (143,461)</u>
Total Liabilities	<u>\$ 490,894</u>	<u>\$ 347,433</u>	<u>\$ (143,461)</u>
Net Position:			
Net Investment in Capital Assets	\$ 3,494,937	\$ 2,789,671	\$ 705,266
Unrestricted	<u>7,658,182</u>	<u>8,412,276</u>	<u>(754,094)</u>
Total Net Position	<u>\$ 11,153,119</u>	<u>\$ 11,201,947</u>	<u>\$ (48,828)</u>

The following table provides a summary of the District's operations for the years ended September 30, 2019, and September 30, 2018. The District's net position decreased by \$48,828.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2019</u>	<u>2018</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 592,455	\$ 584,355	\$ 8,100
Charges for Services	854,968	963,710	(108,742)
Other Revenues	<u>198,450</u>	<u>115,313</u>	<u>83,137</u>
Total Revenues	<u>\$ 1,645,873</u>	<u>\$ 1,663,378</u>	<u>\$ (17,505)</u>
Expenses for Services	<u>1,694,701</u>	<u>1,466,995</u>	<u>(227,706)</u>
Change in Net Position	<u>\$ (48,828)</u>	<u>\$ 196,383</u>	<u>\$ (245,211)</u>
Net Position, Beginning of Year	<u>11,201,947</u>	<u>11,005,564</u>	<u>196,383</u>
Net Position, End of Year	<u>\$ 11,153,119</u>	<u>\$ 11,201,947</u>	<u>\$ (48,828)</u>

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2019, were \$8,156,674, a decrease of \$740,162 from the prior year.

The General Fund fund balance decreased by \$752,732, primarily due to operating expenditures and capital outlay exceeding operating revenues.

The Capital Projects Fund fund balance increased by \$12,570, primarily due to investment earnings.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$114,748 more than budgeted revenues, primarily due to higher than expected investment revenues. Actual expenditures were \$419,403 less than budgeted expenditures, primarily due to less than expected repair and maintenance expenditures.

CAPITAL ASSETS

The District's capital assets as of September 30, 2019, amounted to \$2,944,957 (net of accumulated depreciation). These capital assets include land and land improvements, construction in progress as well as the water system. See also Note 6.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated -			
Land and Land Improvements	\$ 316,075	\$ 316,075	\$
Construction in Progress	695,835	8,154	687,681
Capital Assets, Net of Accumulated Depreciation -			
Water System	1,933,047	1,928,032	5,015
Total Net Capital Assets	<u>\$ 2,944,957</u>	<u>\$ 2,252,261</u>	<u>\$ 692,696</u>

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

LONG-TERM DEBT ACTIVITY

As of September 30, 2019, the District had no long-term debt outstanding.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The adopted budget for fiscal year 2020 projects a decrease in General Fund fund balance of approximately \$2,507,000. Compared to the fiscal year 2019 budget, revenues are expected to decrease by approximately \$1,000 and expenditures are expected to increase by approximately \$1,219,000. The fiscal year 2020 tax rate has been established at \$0.075 on each \$100 of taxable value and 100% of the property tax will be used to fund general operations.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Travis County Water Control and Improvement District No. 18 c/o McLean & Howard, L.L.P., 901 S. Mopac Expressway, Suite 225, Building II, Austin, Texas 78746.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2019**

	General Fund	Capital Projects Fund
ASSETS		
Cash	\$ 841,030	\$
Investments	7,087,070	549,980
Receivables:		
Property Taxes	36,043	
Penalty and Interest on Delinquent Taxes	15,445	
Service Accounts	119,201	
Accrued Interest	48,511	
Prepaid Costs	1,776	
Capital Assets (Net of Accumulated Depreciation):		
Land and Land Improvements		
Construction in Progress		
Water System		
TOTAL ASSETS	\$ 8,149,076	\$ 549,980
LIABILITIES		
Accounts Payable	\$ 263,940	\$
Security Deposits	226,954	
TOTAL LIABILITIES	\$ 490,894	\$ -0-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 36,043	\$
Penalty and Interest on Delinquent Taxes	15,445	
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 51,488	\$ -0-
FUND BALANCES		
Nonspendable-		
Prepaid Costs	\$ 1,776	\$
Restricted for Authorized Construction		549,980
Assigned for 2020 Budget Deficit	2,506,922	
Unassigned	5,097,996	
TOTAL FUND BALANCES	\$ 7,606,694	\$ 549,980
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,149,076	\$ 549,980
NET POSITION		
Net Investment in Capital Assets		
Unrestricted		
TOTAL NET POSITION		

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 841,030	\$	\$ 841,030
7,637,050		7,637,050
36,043		36,043
15,445		15,445
119,201		119,201
48,511		48,511
1,776		1,776
	316,075	316,075
	695,835	695,835
	<u>1,933,047</u>	<u>1,933,047</u>
<u>\$ 8,699,056</u>	<u>\$ 2,944,957</u>	<u>\$ 11,644,013</u>
\$ 263,940	\$	\$ 263,940
<u>226,954</u>		<u>226,954</u>
<u>\$ 490,894</u>	<u>\$ -0-</u>	<u>\$ 490,894</u>
\$ 36,043	\$ (36,043)	\$
<u>15,445</u>	<u>(15,445)</u>	
<u>\$ 51,488</u>	<u>\$ (51,488)</u>	<u>\$ -0-</u>
\$ 1,776	\$ (1,776)	\$
549,980	(549,980)	
2,506,922	(2,506,922)	
<u>5,097,996</u>	<u>(5,097,996)</u>	
<u>\$ 8,156,674</u>	<u>\$ (8,156,674)</u>	<u>\$ - 0 -</u>
<u>\$ 8,699,056</u>		
	\$ 3,494,937	\$ 3,494,937
	<u>7,658,182</u>	<u>7,658,182</u>
	<u>\$ 11,153,119</u>	<u>\$ 11,153,119</u>

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

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

Total Fund Balances - Governmental Funds \$ 8,156,674

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 2,944,957

Deferred inflows of resources related to property tax revenues and penalty and interest revenues on delinquent taxes for the 2018 and prior tax levies became part of recognized revenue in the governmental activities of the District. 51,488

Total Net Position - Governmental Activities \$ 11,153,119

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

THIS PAGE INTENTIONALLY LEFT BLANK

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>General Fund</u>	<u>Capital Projects Fund</u>
REVENUES		
Property Taxes	\$ 593,817	\$
Water Service	810,029	
Penalty and Interest	15,375	
Tap Connection and Inspection Fees	29,564	
Investment Revenues	174,924	12,570
Miscellaneous Revenues	<u>10,956</u>	
TOTAL REVENUES	<u>\$ 1,634,665</u>	<u>\$ 12,570</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 73,250	\$
Contracted Services	437,542	
Purchased Water Service	149,361	
Utilities	145,000	
Repairs and Maintenance	402,956	
Other	351,553	
Capital Outlay	827,735	
Depreciation		
TOTAL EXPENDITURES/EXPENSES	<u>\$ 2,387,397</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCES	\$ (752,732)	\$ 12,570
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2018	<u>8,359,426</u>	<u>537,410</u>
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2019	<u>\$ 7,606,694</u>	<u>\$ 549,980</u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 593,817	\$ (1,362)	\$ 592,455
810,029		810,029
15,375		15,375
29,564		29,564
187,494		187,494
10,956		10,956
<u>\$ 1,647,235</u>	<u>\$ (1,362)</u>	<u>\$ 1,645,873</u>
\$ 73,250	\$	\$ 73,250
437,542		437,542
149,361		149,361
145,000		145,000
402,956		402,956
351,553		351,553
827,735	(827,735)	
	<u>135,039</u>	<u>135,039</u>
<u>\$ 2,387,397</u>	<u>\$ (692,696)</u>	<u>\$ 1,694,701</u>
\$ (740,162)	\$ 740,162	\$
	(48,828)	(48,828)
<u>8,896,836</u>	<u>2,305,111</u>	<u>11,201,947</u>
<u>\$ 8,156,674</u>	<u>\$ 2,996,445</u>	<u>\$ 11,153,119</u>

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

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Net Change in Fund Balances - Governmental Funds	\$ (740,162)
--	--------------

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

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(1,362)
--	---------

Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(135,039)
--	-----------

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	<u>827,735</u>
---	----------------

Change in Net Position - Governmental Activities	<u>\$ (48,828)</u>
--	--------------------

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

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1. CREATION OF DISTRICT

Travis County Water Control and Improvement District No. 18 (the “District”) was created by an Order of the Commissioners Court of Travis County effective February 9, 1956, in accordance with the Constitution of the State of Texas, and confirmed by the electorate of the District at a confirmation election held on March 25, 1959. The first bonds of the District were issued in 1959.

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 District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Texas Commission on Environmental Quality (the “Commission”).

The District is a political subdivision of the State of Texas governed by a five-member elected Board of Directors. 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 District 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 District’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 (“GASB Codification”).

GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental funds financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

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 in the government-wide Statement of Activities.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

As discussed above, the District'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 District has two governmental funds and considers each to be a major fund.

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

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 District 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 District 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, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as another financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Accounts Receivable

The District provides for uncollectible service accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. The District had no allowance for uncollectible accounts at September 30, 2019.

Capital Assets

Capital assets, which include land and land improvements, construction in progress and water system assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Buildings	40
Water System	10-45
Machinery and Equipment	5-20

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

Pensions

The District has no employees. The Internal Revenue Service has determined that the District's directors are considered to be "employees" for federal payroll tax purposes only. A separate pension plan has not been established for the directors.

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:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. As of September 30, 2019, the District has assigned \$2,506,922 of the General Fund fund balance to use for a budgeted General Fund deficit during the fiscal year ended September 30, 2020.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. LONG TERM DEBT

The District had no bonds outstanding as of the year ended September 30, 2019.

As of September 30, 2019, the District had \$120,000 bonds authorized but unissued for the purposes of acquiring, constructing and improving the water system within the District.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$4,441,030 and the bank balance was \$4,464,955. Of the bank balance, \$3,853,391 was covered by federal depository insurance and the remaining balance was covered by collateral pledged in the name of the District and held in a third-party depository.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2019, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 841,030	\$ 3,600,000	\$ 4,441,030

Investments

Under Texas law, the District 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 District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to and yield, sixth. The District's investments must be made "with judgment and care, under liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; 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 District funds without express written authority from the Board of Directors.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District 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. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of September 30, 2019, the District had the following investments and maturities.

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$3,487,070	\$3,487,070	\$	\$	\$
Certificates of Deposit	3,600,000	3,600,000			
<u>CAPITAL PROJECTS FUND</u>					
TexPool	<u>549,980</u>	<u>549,980</u>			
TOTAL INVESTMENTS	<u>\$7,637,050</u>	<u>\$7,637,050</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2019, the District's investment in TexPool was rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of one year or less.

Restrictions

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 5. RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool ("TML") to provide general liability, property, boiler and machinery, and errors and omissions liability coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise, they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established claims reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019:

	October 1, 2018	Increases	Decreases	September 30, 2019
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 316,075	\$ - 0 -	\$ - 0 -	\$ 316,075
Construction in Progress	8,154	730,770	43,089	695,835
Total Capital Assets Not Being Depreciated	<u>\$ 324,229</u>	<u>\$ 730,770</u>	<u>\$ 43,089</u>	<u>\$ 1,011,910</u>
Capital Assets Subject to Depreciation				
Water System	\$ 4,560,782	\$ 140,054	\$ - 0 -	\$ 4,700,836
Accumulated Depreciation				
Water System	\$ 2,632,750	\$ 135,039	\$ - 0 -	\$ 2,767,789
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,928,032</u>	<u>\$ 5,015</u>	<u>\$ - 0 -</u>	<u>\$ 1,933,047</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,252,261</u>	<u>\$ 735,785</u>	<u>\$ 43,089</u>	<u>\$ 2,944,957</u>

NOTE 7. PROPERTY TAX

On August 12, 1969, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation of taxable property within the District. During the year ended September 30, 2019, the District levied an ad valorem maintenance tax rate of \$0.0788 per \$100 of assessed valuation, which resulted in a tax levy of \$592,336 on the adjusted taxable valuation of \$751,714,181 for the 2018 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks system.

The District'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.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 8. LOWER COLORADO RIVER AUTHORITY

On October 8, 1984, the District entered a Water Sale Contract with the Lower Colorado River Authority (“LCRA”). The District was granted the right to withdraw water from Lake Austin, Travis County, Texas. The contract has been amended February 1, 1987, May 7, 1998, and November 1, 2007. On January 14, 2002, the District and LCRA amended the contract to include additional service area and allow a maximum withdrawal of 1,400 acre-feet of raw water per annum. Water supplied under this contract will be utilized for municipal uses only. The contract expired October 31, 2014.

On April 13, 2015, the District entered a Firm Water Contract with the LCRA. The District was granted the right to withdraw water from Lake Austin, Travis County, Texas. The contract allows for a maximum withdrawal of 1,400 acre-fee of raw water per annum. Water supplied under this contract will be utilized for municipal uses only. The term of the contract is 40 years.

On a monthly basis, the District agrees to pay an amount equal to the water rate determined by the Board of Directors of LCRA to then be in effect for all sales of water for municipal purposes, subtracting the reservation rate, and multiplying by the amount of water diverted during the previous month. On a calendar year basis, the District agrees to pay an amount equal to the rate determined by the Board of Directors of the LCRA, to then be in effect for diversion of water in amounts in excess of the maximum annual quantity (the “Inverted Block Rate”). As of September 30, 2019, the raw water rate was \$72.50/acre-foot of water and the monthly reservation fee was \$72.50/acre-foot of water. During the current fiscal year, the District incurred cost of \$149,361 in relation to this contract with the LCRA.

NOTE 9. LEASE AGREEMENT

On September 18, 2017, the District entered into an agreement (the “Equipment Lease”) to lease telephone equipment. During the year ended September 30, 2019, the District recognized telephone expense of \$1,744 related to this agreement. Future equipment rental expense under the equipment lease is \$2,782 for the fiscal year ended 2020.

THIS PAGE INTENTIONALLY LEFT BLANK

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18**

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2019

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 579,807	\$ 593,817	\$ 14,010
Water Service	850,000	810,029	(39,971)
Penalty and Interest	15,000	15,375	375
Tap Connection and Inspection Fees	15,000	29,564	14,564
Investment Revenues	60,010	174,924	114,914
Miscellaneous Revenues	<u>100</u>	<u>10,956</u>	<u>10,856</u>
TOTAL REVENUES	<u>\$ 1,519,917</u>	<u>\$ 1,634,665</u>	<u>\$ 114,748</u>
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 182,000	\$ 73,250	\$ 108,750
Contracted Services	453,500	437,542	15,958
Purchased Water Service	165,000	149,361	15,639
Utilities	160,000	145,000	15,000
Repairs and Maintenance	1,200,000	402,956	797,044
Other	196,300	351,553	(155,253)
Capital Outlay	<u>450,000</u>	<u>827,735</u>	<u>(377,735)</u>
TOTAL EXPENDITURES	<u>\$ 2,806,800</u>	<u>\$ 2,387,397</u>	<u>\$ 419,403</u>
NET CHANGE IN FUND BALANCE	\$ (1,286,883)	\$ (752,732)	\$ 534,151
FUND BALANCE - OCTOBER 1, 2018	<u>8,359,426</u>	<u>8,359,426</u>	<u></u>
FUND BALANCE - SEPTEMBER 30, 2019	<u>\$ 7,072,543</u>	<u>\$ 7,606,694</u>	<u>\$ 534,151</u>

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18**

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

SEPTEMBER 30, 2019

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

<u> X </u>	Retail Water	<u> </u>	Wholesale Water	<u> </u>	Drainage
<u> </u>	Retail Wastewater	<u> </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> </u>	Other (specify): _____				

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective September 11, 2017.

	<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:	\$ 17.50	2,000	N	\$ 1.50	2,001 to 10,000
				\$ 1.75	10,001 to 15,000
				\$ 2.25	15,001 to 25,000
				\$ 4.00	25,001 to 50,000
				\$ 4.50	50,001 to 75,000
				\$ 5.00	75,001 and up

WASTEWATER: N/A

REGULATORY ASSESSMENT FEE: 0.5% of water service fee

District employs winter averaging for wastewater usage?

 X
Yes No

Total charges per 10,000 gallons usage: Water: \$29.50 Regulatory Assessment Fee: \$0.15 Total: \$29.65

See accompanying independent auditor's report.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
5/8"			x 1.0	
≤3/4"	1,888	1,858	x 1.0	1,858
1"			x 2.5	
1½"	1	1	x 5.0	5
2"	1	1	x 8.0	8
3"	3	3	x 15.0	45
4"			x 25.0	
6"	1	1	x 50.0	50
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>1,894</u>	<u>1,864</u>		<u>1,966</u>
Total Wastewater Connections	<u>N/A</u>	<u>N/A</u>	x 1.0	<u>N/A</u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons billed to customers:	207,003,000	Water Accountability Ratio: 92.04%
		(Gallons billed /Gallons pumped)
Gallons pumped into system:	224,908,000	

See accompanying independent auditor's report.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

PROFESSIONAL FEES:	
Auditing	\$ 11,750
Engineering	32,132
Legal	<u>29,368</u>
TOTAL PROFESSIONAL FEES	<u>\$ 73,250</u>
 PURCHASED SERVICES FOR RESALE-	
Purchased Water Service	<u>\$ 149,361</u>
 CONTRACTED SERVICES:	
Appraisal District	\$ 2,632
Bookkeeping	41,950
Operations and Billing	388,577
Tax Collector	3,075
Solid Waste Disposal	<u>1,308</u>
TOTAL CONTRACTED SERVICES	<u>\$ 437,542</u>
 UTILITIES:	
Electricity	\$ 120,638
Telephone	<u>24,362</u>
TOTAL UTILITIES	<u>\$ 145,000</u>
 REPAIRS AND MAINTENANCE	<u>\$ 402,956</u>
 ADMINISTRATIVE EXPENDITURES:	
Insurance	\$ 13,996
Legal Notices	2,686
Office Supplies and Postage	13,206
Travel and Meetings	694
Other	<u>35,735</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 66,317</u>

See accompanying independent auditor's report.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

CAPITAL OUTLAY-	
Capitalized Assets	\$ <u>827,735</u>
OTHER EXPENDITURES:	
Chemicals	\$ 46,688
Laboratory Fees	5,084
Permit Fees	4,569
Inspection Fees	12,152
Regulatory Assessment	4,023
Rental Expense	177,764
Sludge Hauling	<u>34,956</u>
TOTAL OTHER EXPENDITURES	\$ <u>285,236</u>
TOTAL EXPENDITURES	<u>\$ 2,387,397</u>

See accompanying independent auditor's report.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
INVESTMENTS
SEPTEMBER 30, 2019**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0007	Varies	Daily	\$ 3,487,070	\$
Certificate of Deposit	XXXX0457	2.60%	01/30/20	240,000	3,556
Certificate of Deposit	XXXX8067	2.75%	05/27/20	240,000	2,315
Certificate of Deposit	XXXX1098	2.50%	06/26/20	240,000	1,562
Certificate of Deposit	XXXXX422	2.75%	12/20/19	240,000	5,135
Certificate of Deposit	XXXX4986	2.45%	07/16/20	240,000	1,240
Certificate of Deposit	XXXX7532	2.15%	09/02/20	240,000	396
Certificate of Deposit	XXXX1911	2.58%	08/09/20	240,000	865
Certificate of Deposit	XXXX5714	2.70%	03/04/20	240,000	3,710
Certificate of Deposit	XXXX2341	2.47%	01/03/20	240,000	4,385
Certificate of Deposit	XXXX9061	2.40%	10/15/19	240,000	5,523
Certificate of Deposit	XXXX0052	2.65%	02/25/20	240,000	3,781
Certificate of Deposit	XXXX3827	2.35%	10/30/19	240,000	4,636
Certificate of Deposit	XXXX8934	2.65%	03/15/20	240,000	3,398
Certificate of Deposit	XXXX1507	2.60%	04/20/20	240,000	2,770
Certificate of Deposit	XXXX4040	2.40%	11/01/19	240,000	5,239
TOTAL GENERAL FUND				<u>\$ 7,087,070</u>	<u>\$ 48,511</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0004	Varies	Daily	\$ 549,980	\$
TOTAL - ALL FUNDS				<u>\$ 7,637,050</u>	<u>\$ 48,511</u>

See accompanying independent auditor's report.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Maintenance Taxes	
TAXES RECEIVABLE - OCTOBER 1, 2018	\$ 37,405	
Adjustments to Beginning Balance	119	\$ 37,524
Original 2018 Tax Levy	\$ 592,890	
Adjustment to 2018 Tax Levy	(554)	592,336
TOTAL TO BE ACCOUNTED FOR		\$ 629,860
TAX COLLECTIONS:		
Prior Years	\$ 7,082	
Current Year	586,735	593,817
TAXES RECEIVABLE - SEPTEMBER 30, 2019		\$ 36,043
TAXES RECEIVABLE BY YEAR:		
2018		\$ 5,601
2017		2,506
2016		1,711
2015		1,560
2014		802
2013 and prior		23,863
TOTAL		\$ 36,043

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PROPERTY VALUATIONS:				
Land & Improvements	\$ 747,837,204	\$ 679,269,935	\$ 618,738,376	\$ 556,424,505
Personal Property	<u>3,876,977</u>	<u>3,694,540</u>	<u>3,607,086</u>	<u>3,633,952</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 751,714,181</u>	<u>\$ 682,964,475</u>	<u>\$ 622,345,462</u>	<u>\$ 560,058,457</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.0000	\$ 0.0000	\$ 0.0000	\$ 0.0000
Maintenance	<u>0.0788</u>	<u>0.0855</u>	<u>0.0939</u>	<u>0.0952</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.0788</u>	<u>\$ 0.0855</u>	<u>\$ 0.0939</u>	<u>\$ 0.0952</u>
ADJUSTED TAX LEVY*	<u>\$ 592,336</u>	<u>\$ 583,895</u>	<u>\$ 584,316</u>	<u>\$ 533,324</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.05 %</u>	<u>99.57 %</u>	<u>99.71 %</u>	<u>99.71 %</u>

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

Maintenance Tax – Maximum tax rate of \$0.50 per \$100 of assessed valuation approved by voters on August 12, 1969.

See accompanying independent auditor's report.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	\$ 593,817	\$ 579,855	\$ 583,378
Water Service	810,029	913,697	914,746
Penalty and Interest	15,375	19,067	28,002
Tap Connection and Inspection Fees	29,564	30,946	15,813
Investment Revenues	174,924	97,755	32,541
Miscellaneous Revenues	10,956	9,375	11,118
TOTAL REVENUES	\$ 1,634,665	\$ 1,650,695	\$ 1,585,598
EXPENDITURES			
Professional Fees	\$ 73,250	\$ 138,363	\$ 118,113
Contracted Services	437,542	437,015	465,130
Purchased Water Service	149,361	159,189	163,427
Utilities	145,000	154,947	136,713
Repairs and Maintenance	402,956	315,862	315,181
Other	351,553	136,109	164,998
Capital Outlay	827,735	8,154	102,368
TOTAL EXPENDITURES	\$ 2,387,397	\$ 1,349,639	\$ 1,465,930
NET CHANGE IN FUND BALANCE	\$ (752,732)	\$ 301,056	\$ 119,668
BEGINNING FUND BALANCE	8,359,426	8,058,370	7,938,702
ENDING FUND BALANCE	\$ 7,606,694	\$ 8,359,426	\$ 8,058,370
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,864	1,856	1,870

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2016	2015	2019	2018	2017	2016	2015
\$ 534,222	\$ 487,576	36.3 %	35.0 %	36.7 %	37.3 %	37.1 %
831,299	759,179	49.6	55.4	57.7	57.9	58.0
15,774	12,781	0.9	1.2	1.8	1.1	1.0
19,620	22,200	1.8	1.9	1.0	1.4	1.7
23,462	19,276	10.7	5.9	2.1	1.6	1.5
10,506	8,772	0.7	0.6	0.7	0.7	0.7
<u>\$ 1,434,883</u>	<u>\$ 1,309,784</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 34,943	\$ 37,688	4.4 %	8.4 %	7.5 %	2.4 %	2.9 %
400,128	220,172	26.8	26.5	29.3	27.9	16.8
167,724	137,895	9.1	9.6	10.3	11.7	10.5
146,182	136,775	8.9	9.4	8.6	10.2	10.4
236,791	375,951	24.7	19.1	19.9	16.5	28.7
151,922	111,025	21.5	8.3	10.4	10.6	8.5
146,147	127,208	50.6	0.5	6.5	10.2	9.7
<u>\$ 1,283,837</u>	<u>\$ 1,146,714</u>	<u>146.0 %</u>	<u>81.8 %</u>	<u>92.5 %</u>	<u>89.5 %</u>	<u>87.5 %</u>
\$ 151,046	\$ 163,070	<u>(46.0) %</u>	<u>18.2 %</u>	<u>7.5 %</u>	<u>10.5 %</u>	<u>12.5 %</u>
<u>7,787,656</u>	<u>7,624,586</u>					
<u>\$ 7,938,702</u>	<u>\$ 7,787,656</u>					
<u>1,826</u>	<u>1,672</u>					

See accompanying independent auditor's report.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2019**

District Mailing Address - Travis County Water Control
and Improvement District No. 18
1502 San Juan
Austin, TX 78733

District Telephone Number - (512) 263-2707

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2019	Expense Reimbursements for the year ended September 30, 2019	Title
Paul Despres	05/18 05/22 (Elected)	\$ -0-	\$ -0-	President
Ashley Troy	05/18 05/22 (Elected)	\$ -0-	\$ -0-	Vice President
Jennifer Sullivan	08/16 05/20 (Appointed)	\$ -0-	\$ -0-	Secretary
Anna Panossian	09/19 05/20 (Appointed)	\$ -0-	\$ -0-	Assistant Secretary/ Treasurer
David Ochsner	08/18 05/22 (Appointed)	\$ -0-	\$ -0-	Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: October 15, 2019

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060). Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**TRAVIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 18
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2019**

	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2019</u>	<u>Title</u>
Consultants:			
McLean & Howard, L.L.P.	02/13/2017	\$ 30,222	Attorney
McCall Gibson Swedlund Barfoot PLLC	09/08/2014	\$ 11,750	Auditor
Municipal Accounts & Consulting, L.P.	2014	\$ 46,835	Bookkeeper
CMA Engineering, Inc.	2014	\$ 171,289	Engineer
FirstSouthwest, a Division of Hilltop Securities Inc.	1978	\$ -0-	Financial Advisor
Mark Burton & Autumn Phillips	2014	\$ -0-	Investment Officers
Crossroads Utility Services	06/30/2017	\$ 843,929	Operator
Travis County Tax Assessor-Collector	1992	\$ 3,075	Tax Assessor/ Collector

See accompanying independent auditor's report.

