

**ANNUAL FINANCIAL REPORT
CIBOLO CREEK MUNICIPAL AUTHORITY
GUADALUPE COUNTY, TEXAS
YEAR ENDED SEPTEMBER 30, 2016**



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TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
BOARD OFFICIALS	i
BASIC FINANCIAL STATEMENTS	
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES	7
STATEMENT OF ACTIVITIES	8
BALANCE SHEET – GOVERNMENTAL FUNDS	9
RECONCILIATION OF BALANCE SHEET – GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION	10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	11
RECONCILIATION OF CHANGE IN FUND BALANCES TO CHANGE IN NET POSITION – GOVERNMENTAL FUNDS	12
STATEMENT OF NET POSITION – PROPRIETARY FUNDS – GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUND	13
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS – GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUND	14
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS – GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUND	15
NOTES TO FINANCIAL STATEMENTS	17
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	31
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	33

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TABLE OF CONTENTS (CONTINUED)

	<u>PAGE NUMBER</u>
REQUIRED SUPPLEMENTARY INFORMATION – TEXAS REQUIREMENT	
TSI-1. SERVICES AND RATES	39
TSI-2. GENERAL FUND EXPENDITURES	40
TSI-3. TEMPORARY INVESTMENTS	41
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS	42
TSI-6. CHANGES IN LONG-TERM BONDED DEBT	50
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES – GENERAL FUND AND DEBT SERVICE FUND – FIVE YEARS	52
TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS	54
N-1. ANNUAL FILING AFFIDAVIT	55
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	57
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	61
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	65
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	67
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	68
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	69

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CIBOLO CREEK MUNICIPAL AUTHORITY

BOARD OFFICIALS

PRESIDENT	KEN GREENWALD
VICE PRESIDENT	RICHARD BRAUD
SECRETARY/TREASURER	REGINNA AGEE
DIRECTOR	T. "JAKE" JACOBS
DIRECTOR	BOBBY GREAVES
INDEPENDENT AUDITORS	ABIP, PC

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Independent Auditor's Report

Board of Directors
Cibolo Creek Municipal Authority
Guadalupe County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Cibolo Creek Municipal Authority (the Authority), as of and for the year ended September 30, 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that 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 entity'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the remaining fund information of Cibolo Creek Municipal Authority as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents, 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 other supplementary information listed as Required Supplementary Information – Texas Requirement is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2017, on our consideration of Cibolo Creek Municipal Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

ABIP, PC

Certified Public Accountants
San Antonio, Texas

January 26, 2017

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**CIBOLO CREEK MUNICIPAL AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

This section of Cibolo Creek Municipal Authority’s (Authority) annual audit is a discussion and analysis of the Authority’s financial activities for the fiscal year ended September 30, 2016. Readers are encouraged to consider the information presented here in conjunction with accompanying basic financial statements.

This discussion and analysis is designed to:

- Assist the reader in focusing on significant financial issues
- Provide an overview of the Authority’s financial activity
- Identify changes in the Authority’s financial position (its ability to address subsequent year challenges)
- Identify any material deviations from the approved budget
- Identify individual fund issues or concerns

FINANCIAL HIGHLIGHTS

- The Authority’s assets exceeded its liabilities by \$38,333,600 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$35,936,060.
 1. Net investment in capital assets of \$26,096,202 includes all property and equipment, net of accumulated depreciation, and is reduced for outstanding debt that has been spent for the purchase or construction of these assets.
 2. Net position of \$9,683,358 is restricted by constraints imposed by external sources such as grantors, laws, and regulations.
 3. Unrestricted net position of \$2,554,040 represents the portion available to maintain the Authority’s ongoing obligations to creditors and citizens.
- The Authority’s governmental funds reported combined ending fund balances of \$39,770,696, a decrease of \$759,332 over the September 30, 2015 fund balance of \$40,530,028.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$2,166,170 or 34% of the total general fund expenditures.
- The capital projects fund balance decreased by \$1,360,444 due to capital projects.
- The Authority’s overall debt decreased \$1,755,000 or 4.76%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts:

- Management’s discussion and analysis (this section)
- The basic financial statements
- Required supplementary information

The basic financial statements include two types of statements that present different views of the Authority, government-wide financial statements and fund financial statements.

Government-Wide Financial Statements

These statements provide both long-term and short-term information about the Authority’s overall financial 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 these two statements is the statement of net position. This is the government-wide statement of financial position presenting information that includes all of the government's assets and liabilities, with the difference between the two reported as net position.

The second government-wide statement is the statement of activities, which reports how the Authority's net position changed during the current fiscal year. All of the current year's revenue and expenses are accounted for in this statement regardless of when cash is received or paid. Thus revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by intergovernmental revenues (governmental activities). The single governmental activity of the Authority is wastewater treatment. The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the Authority as a whole. 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, like other state and local governments, uses fund accounting to control and manage money for particular purposes or to show that it is meeting legal responsibilities for using public funds. The focus is on major funds.

The Authority has two types of funds:

Governmental Funds - The general, debt service, and capital projects funds are considered governmental funds and are reported in the fund financial statements and contain essentially the same functions as governmental activities in the government-wide financial statements. These statements provide a short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on schedules immediately following the governmental funds statements that explain the relationship or differences between them.

The basic governmental fund financial statements can be found on pages 9 to 12 of this report.

Internal Service Fund - Internal service funds are an accounting device used to accumulate and allocate costs internally among the Authority's various functions. The Authority uses an internal service fund to account for large unbudgeted emergency expenditures. Services of the internal service fund benefit governmental functions and are included within governmental activities in the government-wide financial statements.

Notes to the Financial Statements

The accompanying notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 to 28 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents a budgetary comparison schedule for the general fund as required supplementary information. This schedule demonstrates compliance with the Authority's adopted and final amended budget. This schedule can be found on pages 31 to 33 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Authority's net position at fiscal year-end is \$38,333,600. This is a \$2,397,540 increase over last year's net position figure of \$35,936,060. The following table provides a summary of the Authority's net position at September 30:

TABLE 1 - SUMMARY OF NET POSITION

	GOVERNMENTAL ACTIVITIES		AMOUNT CHANGE	PERCENTAGE CHANGE
	2015-2016	2014-2015		
Current Assets and Other Assets	\$ 40,813,652	\$ 41,417,415	\$ (603,763)	-1.46%
Capital Assets	<u>33,603,563</u>	<u>32,195,922</u>	<u>1,407,641</u>	4.37
TOTAL ASSETS	<u>74,417,215</u>	<u>73,613,337</u>	<u>803,878</u>	1.09
Total Deferred Outflows of Resources	<u>72,393</u>	<u>84,586</u>	<u>(12,193)</u>	-14.42
Other Liabilities	2,508,904	2,327,944	180,960	7.77
Long Term Liabilities	<u>33,647,404</u>	<u>35,433,919</u>	<u>(1,786,515)</u>	-5.04
TOTAL LIABILITIES	<u>36,156,308</u>	<u>37,761,863</u>	<u>(1,605,555)</u>	-4.25
Net Investment in Capital Assets	26,096,202	24,282,490	1,813,712	7.47
Restricted - Impact Fees	7,841,820	6,869,750	972,070	14.15
Restricted - Debt Service	1,841,538	1,657,283	184,255	11.12
Unrestricted	<u>2,554,040</u>	<u>3,126,537</u>	<u>(572,497)</u>	-18.31
TOTAL NET POSITION	<u>\$ 38,333,600</u>	<u>\$ 35,936,060</u>	<u>\$ 2,397,540</u>	6.67

The Authority had an increase of governmental revenues of \$637,428, or 7.0%, with expenses decreasing \$45,171, or 0.61%. The following table provides a summary of the Authority's changes in net position for the year ended September 30:

TABLE 2 - SUMMARY OF CHANGES IN NET POSITION

	GOVERNMENTAL ACTIVITIES		AMOUNT CHANGE	PERCENTAGE CHANGE
	2015-2016	2014-2015		
<u>REVENUES</u>				
Program Revenues				
Service Revenue	\$ 7,723,946	\$ 7,239,423	\$ 484,523	8.07
Reclaimed Water	132,495	36,917	95,578	-11.98
Impact Fees	1,734,395	1,714,369	20,026	1.17
Investment Income	86,085	13,268	72,817	548.82
Miscellaneous Revenues	<u>99,367</u>	<u>134,883</u>	<u>(35,516)</u>	-26.33
Total Revenues	<u>9,776,288</u>	<u>9,138,860</u>	<u>637,428</u>	6.97
<u>EXPENSES</u>				
Wastewater Treatment	6,290,108	6,332,686	(42,578)	-0.67
Interest and Other Fees	<u>1,088,640</u>	<u>1,091,233</u>	<u>(2,593)</u>	-0.24
Total Expenses	<u>7,378,748</u>	<u>7,423,919</u>	<u>(45,171)</u>	-0.61
Change in Net Position	<u>2,397,540</u>	<u>1,714,941</u>	<u>682,599</u>	39.80
<u>BEGINNING NET POSITION</u>	<u>35,936,060</u>	<u>34,221,119</u>	<u>1,714,941</u>	5.01
ENDING NET POSITION	<u>\$38,333,600</u>	<u>\$35,936,060</u>	<u>\$2,397,540</u>	6.67

FUND FINANCIAL ANALYSIS

For the fiscal year ended September 30, 2016, the Authority's governmental funds reported combined fund balances of \$39,770,696. Of this year-end total, \$2,166,170 is unassigned indicating availability for continuing the Authority's service requirements. Restricted fund balance is \$37,598,401 and represents amounts dedicated to debt service and capital projects.

Total ending fund balance of governmental funds shows a decrease of \$759,332 over last year's combined fund balance of \$40,530,028.

Major Governmental Funds

The general fund is the Authority's primary operating fund. This fund is primarily funded through service revenues and impact fees. Other notable revenue sources include reclaimed water revenues and investment income. The general fund supports the Authority's single function; wastewater treatment.

The debt service fund accounts for payments for principal and interest and other fees supporting payment of the Authority's several bonds outstanding. Revenues for this fund come from transfers from the general fund and wastewater service revenues.

The capital projects fund is currently funded through investment income and revenue bonds, which are used to repair, reconstruct, and replace capital assets required for the Authority's operations.

General Fund Budgetary Highlights

The original 2016 adopted budget was approximately \$5.6 million.

The general fund adopted budget was amended during the 2016 fiscal year. The amendments increased budgeted expenditures by approximately \$797,000 mainly for maintenance and repairs and capital outlay.

The general fund budget complied with financial policies approved by the board of directors.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation, as of September 30, 2016, totaled \$33,603,563. Investments in capital assets include land, construction in progress, wastewater systems, machinery and equipment, and building improvements. See Note 3 for additional information.

TABLE 3 - CAPITAL ASSETS

	2015-2016	2014-2015	AMOUNT CHANGE	PERCENTAGE CHANGE
Land	\$ 3,010,091	\$ 3,010,091	\$ -	0.00%
Construction in Progress	4,972,226	5,265,902	(293,676)	-5.58
Wastewater System	34,984,056	32,775,269	2,208,787	6.74
Machinery and Equipment	2,844,820	2,597,486	247,334	9.52
Building Improvements	68,857	72,837	(3,980)	-5.46
Accumulated Depreciation	<u>(12,276,487)</u>	<u>(11,525,663)</u>	<u>(750,824)</u>	6.51
 TOTAL CAPITAL ASSETS	 <u>\$33,603,563</u>	 <u>\$32,195,922</u>	 <u>\$ 1,407,641</u>	 4.37

Long-Term Debt

At the end of the fiscal year the Authority had total bonded debt principal outstanding of \$35,100,000 and related interest outstanding \$14,350,636. All bonds are supported by pledged revenue generated by wastewater treatment fees. See Note 5 for additional information.

TABLE 4 - LONG TERM DEBT OUTSTANDING

	<u>2015-2016</u>	<u>2014-2015</u>
Bonds Payable - Principal	\$35,100,000	\$36,855,000
Bonds Payable - Interest	<u>14,350,636</u>	<u>15,441,202</u>
TOTALS	<u>\$49,450,636</u>	<u>\$52,296,202</u>

BUDGET, ECONOMIC ENVIRONMENT, AND PROJECTED PROJECTS

Cibolo Creek Municipal Authority (CCMA) is in the process of constructing a series of upgrades and expansions at the regional water reclamation facility and in the collection system. These improvements are being driven by increasing growth and will provide capacity for future development within CCMA's service area, while at the same time satisfying increasingly stringent environmental standards.

The expansion of the Dietz Lift Station is underway. The construction on the expansion of the Odo J. Riedel Regional Water Reclamation Plant will begin in the first quarter of 2017. These projects are partially funded by Texas Water Development Board Clean Water State Revolving Fund revenue bonds, and partially funded by impact fees. Work on both the Town Creek Force Main and South Water Reclamation Plant will begin later this year. The South Plant Project will bring wastewater service to southern Schertz, southern Cibolo, and the Interstate 10 corridor. The need for the plant is a result of rapid development in the southern portions of the City of Schertz, and anticipated growth along Interstate 10 and in Southern Cibolo. The project will be financed by CCMA issued bonds that will be paid for and guaranteed by the City of Schertz.

The Board of Directors authorized a yearly stepped service rate increase that will allow CCMA to discontinue the use of impact fees to pay for debt service by FY 2019. This will result in impact fees being devoted to future capacity needs, reducing the amount of debt issued and saving the rate payers money long term.

REQUESTS FOR INFORMATION

This report is designed to provide the board of directors, citizens, customers, bond rating agencies, investors, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

General Manager
Cibolo Creek Municipal Authority
100 Dietz Road
Schertz, Texas 78154
(210) 658-6241

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CIBOLO CREEK MUNICIPAL AUTHORITY
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2016

ASSETS

Cash	\$24,179,831
Investments	15,762,766
Receivables	
Service Accounts	864,930
Other	300
Prepays	6,125
Capital Assets	
Land	3,010,091
Construction in Progress	4,972,226
Wastewater System	34,984,056
Machinery and Equipment	2,844,820
Building Improvements	68,857
Accumulated Depreciation	<u>(12,276,487)</u>
Total Assets	<u>74,417,515</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunding	<u>72,393</u>
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LIABILITIES

Accounts Payable	309,567
Accrued Wages Payable	89,470
Compensated Absences	91,429
Accrued Interest Payable	243,438
Noncurrent Liabilities	
Due Within One Year	1,775,000
Due in More Than One Year	<u>33,647,404</u>
Total Liabilities	<u>36,156,308</u>

NET POSITION

Net Investment in Capital Assets	26,096,202
Restricted - Impact Fees	7,841,820
Restricted - Debt Service	1,841,538
Unrestricted	<u>2,554,040</u>
 TOTAL NET POSITION	 <u>\$ 38,333,600</u>

CIBOLO CREEK MUNICIPAL AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
Governmental Activities			
Wastewater Treatment	\$ 6,290,108	\$ 9,590,836	\$ 3,300,728
Interest and Other Fees	<u>1,088,640</u>	<u>-</u>	<u>(1,088,640)</u>
Total Governmental Activities	<u>\$ 7,378,748</u>	<u>\$ 9,590,836</u>	2,212,088
<u>General Revenues</u>			
Unrestricted Investment Earnings			86,085
Miscellaneous Revenue			<u>99,367</u>
Change in Net Position			2,397,540
<u>NET POSITION – BEGINNING</u>			<u>35,936,060</u>
NET POSITION – ENDING			<u>\$ 38,333,600</u>

CIBOLO CREEK MUNICIPAL AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	MAJOR FUNDS			TOTAL FUNDS
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	
<u>ASSETS</u>				
Cash	\$ 962,399	\$ 753	\$ 23,216,679	\$ 24,179,831
Investments	8,291,047	1,832,452	4,995,048	15,118,547
Receivables				
Service Accounts	856,597	8,333	-	864,930
Other	300	-	-	300
Prepays	6,125	-	-	6,125
	<u>6,125</u>	<u>-</u>	<u>-</u>	<u>6,125</u>
 TOTAL ASSETS	 <u>\$ 10,116,468</u>	 <u>\$ 1,841,538</u>	 <u>\$ 28,211,727</u>	 <u>\$ 40,169,733</u>
 <u>LIABILITIES</u>				
Accounts Payable	\$ 12,883	\$ -	\$ 296,684	\$ 309,567
Accrued Wages Payable	89,470	-	-	89,470
Total Liabilities	<u>102,353</u>	<u>-</u>	<u>296,684</u>	<u>399,037</u>
 <u>FUND BALANCES</u>				
Nonspendable	6,125	-	-	6,125
Restricted - Impact Fees	7,841,820	-	-	7,841,820
Restricted - Debt Service	-	1,841,538	-	1,841,538
Restricted - Capital Projects	-	-	27,915,043	27,915,043
Unassigned	<u>2,166,170</u>	<u>-</u>	<u>-</u>	<u>2,166,170</u>
Total Fund Balances	<u>10,014,115</u>	<u>1,841,538</u>	<u>27,915,043</u>	<u>39,770,696</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 10,116,468</u>	 <u>\$ 1,841,538</u>	 <u>\$ 28,211,727</u>	 <u>\$ 40,169,733</u>

CIBOLO CREEK MUNICIPAL AUTHORITY
RECONCILIATION OF BALANCE SHEET
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 39,770,696

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. 33,603,563

Internal service funds are used by the Authority to manage risk. The assets and liabilities are included with governmental activities in the statement of net position but are not included at the fund level. 644,219

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:

Bonds Payable	(35,100,000)
Premium	(322,404)
Deferred Charge on Refunding (to be Amortized as Interest Expense)	72,393
Accrued Interest Payable	(243,438)
Compensated Absences	<u>(91,429)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 38,333,600

CIBOLO CREEK MUNICIPAL AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	MAJOR FUNDS			TOTAL FUNDS
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	
<u>REVENUES</u>				
Service Revenue	\$ 7,312,796	\$ 411,150	\$ -	\$ 7,723,946
Reclaimed Water	32,495	100,000	-	132,495
Impact Fees	1,734,395	-	-	1,734,395
Investment Income	24,294	5,180	54,756	84,230
Miscellaneous Revenues	<u>143,320</u>	<u>-</u>	<u>-</u>	<u>143,320</u>
Total Revenues	<u>9,247,300</u>	<u>516,330</u>	<u>54,756</u>	<u>9,818,386</u>
<u>EXPENDITURES</u>				
Wastewater Treatment				
Professional Services	197,170	-	-	197,170
Administration	2,990,267	-	-	2,990,267
OJR Plant	1,355,898	-	-	1,355,898
Collection Systems	475,802	-	-	475,802
Systems Support	354,729	-	-	354,729
Reclaimed Water System	18,799	-	-	18,799
Capital Outlay	920,806	-	1,415,200	2,336,006
Debt Service				
Principal Retirement	-	1,755,000	-	1,755,000
Interest and Fiscal Charges	<u>-</u>	<u>1,094,047</u>	<u>-</u>	<u>1,094,047</u>
Total Expenditures	<u>6,313,471</u>	<u>2,849,047</u>	<u>1,415,200</u>	<u>10,577,718</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,933,829</u>	<u>(2,332,717)</u>	<u>(1,360,444)</u>	<u>(759,332)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	2,516,972	-	2,516,972
Transfers Out	<u>(2,516,972)</u>	<u>-</u>	<u>-</u>	<u>(2,516,972)</u>
Total Other Financing Sources (Uses)	<u>(2,516,972)</u>	<u>2,516,972</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	416,857	184,255	(1,360,444)	(759,332)
<u>FUND BALANCES - BEGINNING</u>	<u>9,597,258</u>	<u>1,657,283</u>	<u>29,275,487</u>	<u>40,530,028</u>
FUND BALANCES - ENDING	<u>\$ 10,014,115</u>	<u>\$ 1,841,538</u>	<u>\$ 27,915,043</u>	<u>\$ 39,770,696</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

CIBOLO CREEK MUNICIPAL AUTHORITY
RECONCILIATION OF CHANGE IN FUND BALANCES TO
CHANGE IN NET POSITION – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ (759,332)

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

Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	2,336,006
Depreciation Expense	(884,412)

The internal service fund is used to manage risk. The net revenue (expense) is reported with governmental activities.	1,855
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Certain long-term liabilities are accrued at the government-wide level but not at the fund level. This is the current year change in those liabilities, reported as expense in the statement of activities.	(50,899)
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Bond proceeds provide current financial resources to governmental funds. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Bond Principal Repayments	1,755,000
Amortization of Bond Premium	11,515
Amortization of Deferred Charge on Refunding	<u>(12,193)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,397,540</u>
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CIBOLO CREEK MUNICIPAL AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUND
SEPTEMBER 30, 2016

ASSETS

CURRENT ASSETS

Investments

\$ 644,219

NET POSITION

NET POSITION

Unrestricted

\$ 644,219

CIBOLO CREEK MUNICIPAL AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUND
YEAR ENDED SEPTEMBER 30, 2016

<u>NONOPERATING REVENUES</u>	
Investment Income	\$ 1,855
<u>NET POSITION - BEGINNING</u>	<u>642,364</u>
TOTAL NET POSITION - ENDING	<u>\$ 644,219</u>

CIBOLO CREEK MUNICIPAL AUTHORITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUND
YEAR ENDED SEPTEMBER 30, 2016

<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Investment Income	\$ 1,855
Purchase of Investments	<u>(1,855)</u>
Net Cash Used in Investing Activities	-
 <u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	 <u>-</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 \$ <u><u>-</u></u>

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CIBOLO CREEK MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Cibolo Creek Municipal Authority (the Authority) is a governmental agency created and established by the Texas Legislature in the passage of H.B. 1339 and approved by the Governor on May 24, 1971. The creative act confers on the Authority the rights, powers, privileges, authority, and functions of the general laws of Texas applicable to municipal utility districts under Chapter 54, Title 4 of the Water Code. The Authority operates under the control of the board of directors consisting of five (5) directors elected on a staggered basis. The purpose of the Authority is to conserve and treat wastewater in the appointed area.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Authority. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges of customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major governmental funds and an individual internal service fund are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CIBOLO CREEK MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Service revenue, impact fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following major governmental funds:

The general fund is the Authority's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The capital projects fund accounts for financial resources to be used for the acquisition and construction of major capital facilities and is principally financed by the sale of revenue bonds.

The government also reports the following proprietary fund:

The internal service fund accounts for large, unbudgeted, emergency expenditures.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this are charges between the Authority's general government function and various other functions of the Authority. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applications for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods or services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

CIBOLO CREEK MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing deposits. Cash in excess of current requirements is invested in various interest-bearing instruments and is disclosed as part of investments.

The Authority is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated of not less than "AA" or its equivalent; (5) certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, or secured by obligations mentioned above; and (6) fully collateralized direct repurchase agreements having a defined termination date. In addition, the Authority is authorized to invest in local government investment pools. The investment pools operate in accordance with appropriate state laws and regulations and have regulatory oversight from the Texas Public Funds Investment Act Sec. 2256.0016. The fair value of the Authority's position in each pool is the same as the fair value of the pool shares.

E. Receivables

Accounts receivable are reported net of allowances for uncollectible accounts. The allowance account represents management's estimate of uncollectible accounts based upon experience and historical trends. At September 30, 2016 no allowance has been established as it is management's opinion that all accounts are deemed collectible.

F. Investments

Investments are separately held by the Authority's various funds. Investments are stated at amortized cost, which approximates fair value.

G. Capital Assets

Capital assets, which include land, wastewater system, buildings and improvements, machinery, equipment, and vehicles, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of one year. When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

CIBOLO CREEK MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

Capital assets are valued at cost where historical records are available and at an estimated cost where no records exist. Donated capital assets are valued at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Improvements to capital assets that materially extend the life of the asset or add to the value are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction will not be capitalized in the governmental activities on the government-wide financial statements.

Capital assets are depreciated over their useful lives on a straight-line basis as follows:

<u>ASSETS</u>	<u>YEARS</u>
Wastewater System	20 - 50
Machinery and Equipment	4 - 30
Building Improvements	10 - 20

H. Compensated Absences

Authority employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences for sickness do not vest or accumulate and are recorded as fund expenditures when they are paid. Compensated absences for vacation pay does have a vesting portion based on hours accumulated times the current rate of pay to be paid upon retirement, release from employment, or resignation. A liability for this amount is reported in government-wide financial statements and is adjusted annually.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as a liability in the governmental activities statement of net position. Bond premiums and discounts and losses on defeasance, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

CIBOLO CREEK MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Balance

The Authority has implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is delegated by the Board to the general manager.

K. Use of Estimates

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

CIBOLO CREEK MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 2: DEPOSITS AND INVESTMENTS

As of September 30, 2016, the Authority had the following investments:

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>WEIGHTED AVERAGE MATURITY (YEARS)</u>
TexPool	<u>\$ 15,762,766</u>	\$ -
Portfolio Weighted Average Maturity		<u>\$ -</u>

Credit Risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. Investing is performed in accordance with the investment policies adopted by the board of directors in complying with state statutes. State law limits investments in investment pools to those continuously rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The Authority's investment policy does not further limit its investment choices. As of September 30, 2016 the Authority's pooled investments were rated AAAM by Standard and Poor's.

Custodial Credit Risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. The Authority's policy requires deposits to be collateralized by securities pledged by the Authority's agent, the Authority's financial institution, or the financial institution's trust department, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). The board of directors approves and designates all authorized depository institutions.

As of September 30, 2016, the Authority's carrying value of bank deposits is \$24,179,831, and the bank balance of those deposits is \$24,697,504. At September 30, 2016, all bank balances were fully collateralized.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Authority's policy provides that investments are matched with anticipated cash flows to provide for adequate and timely availability of funds necessary to pay obligations as they become due.

CIBOLO CREEK MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>ENDING BALANCE</u>
<u>Governmental Activities</u>				
Capital Assets, not being Depreciated				
Land	\$ 3,010,091	\$ -	\$ -	\$ 3,010,091
Construction in Progress	<u>5,265,902</u>	<u>1,921,201</u>	<u>(2,214,877)</u>	<u>4,972,226</u>
Total Capital Assets not being Depreciated	<u>8,275,993</u>	<u>1,921,201</u>	<u>(2,214,877)</u>	<u>7,982,317</u>
 Capital Assets, being Depreciated				
Wastewater System	32,775,269	2,214,877	(6,090)	34,984,056
Machinery and Equipment	2,597,486	414,805	(167,471)	2,844,820
Building Improvements	<u>72,837</u>	<u>-</u>	<u>(3,980)</u>	<u>68,857</u>
Total Capital Assets being Depreciated	<u>35,445,592</u>	<u>2,629,682</u>	<u>(177,541)</u>	<u>37,897,733</u>
 Less Accumulated Depreciation for				
Wastewater System	(10,472,914)	(672,941)	2,436	(11,143,419)
Machinery and Equipment	(1,010,198)	(206,615)	128,877	(1,087,936)
Building Improvements	<u>(42,551)</u>	<u>(4,856)</u>	<u>2,275</u>	<u>(45,132)</u>
Total Accumulated Depreciation	<u>(11,525,663)</u>	<u>(884,412)</u>	<u>133,588</u>	<u>(12,276,487)</u>
Total Capital Assets, being Depreciated - Net	<u>23,919,929</u>	<u>1,745,270</u>	<u>(43,953)</u>	<u>25,621,246</u>
 GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS - NET	<u>\$ 32,195,922</u>	<u>\$ 3,666,471</u>	<u>\$ (2,258,830)</u>	<u>\$ 33,603,563</u>

Depreciation expense was charged to functions/programs of the Authority as follows:

GOVERNMENTAL ACTIVITIES

Wastewater Treatment	<u>\$884,412</u>
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NOTE 4: INTERFUND TRANSFERS

In the fund financial statements, the transfer from the general fund to the debt service fund in the amount of \$2,516,972 was to fund costs associated with debt service payments. Transfers between governmental activities are eliminated in the government-wide financial statements.

CIBOLO CREEK MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 5: LONG-TERM DEBT

The Authority had the following changes in long-term debt for the year ended September 30, 2016:

UNLIMITED TAX AND REVENUE BONDS	ORIGINAL AMOUNT	INTEREST RATE	BALANCE OUTSTANDING OCTOBER 1, 2015	DURING YEAR		BALANCE OUTSTANDING SEPTEMBER 30, 2016	AMOUNT DUE IN ONE YEAR
				ISSUED	(RETIRED)		
2002 Series	\$1,500,000	.3 - 3.10%	\$ 585,000	\$ -	\$ (80,000)	\$ 505,000	\$ 80,000
2010 Series	2,745,000	.25 - 4.15	2,230,000	-	(110,000)	2,120,000	110,000
2010 Series Refunding	1,475,000	3.26	950,000	-	(145,000)	805,000	150,000
2012 Series Refunding	1,080,000	1.00-2.25	630,000	-	(155,000)	475,000	155,000
2012 Series	24,440,000	.25-3.75	22,145,000	-	(770,000)	21,375,000	775,000
2014 Series	6,950,000	4.00-5.00	6,875,000	-	(145,000)	6,730,000	150,000
2015 Series Refunding	3,830,000	2.00-4.00	<u>3,440,000</u>	<u>-</u>	<u>(350,000)</u>	<u>3,090,000</u>	<u>355,000</u>
TOTALS			<u>\$ 36,855,000</u>	<u>\$ -</u>	<u>\$ (1,755,000)</u>	<u>\$ 35,100,000</u>	<u>\$ 1,775,000</u>

Annual requirements to retire long-term debt as of September 30, 2016, are as follows:

YEAR ENDED SEPTEMBER 30,	REVENUE BONDS		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2017	\$ 1,775,000	\$ 1,063,382	\$ 2,838,382
2018	1,805,000	1,033,789	2,838,789
2019	1,855,000	1,000,006	2,855,006
2020	1,720,000	963,464	2,683,464
2021	1,760,000	926,180	2,686,180
2022-2026	7,380,000	4,040,831	11,420,831
2027-2031	7,120,000	2,992,672	10,112,672
2032-2036	7,535,000	1,739,762	9,274,762
2037-2041	3,010,000	498,150	3,508,150
2042-2044	<u>1,140,000</u>	<u>92,400</u>	<u>1,232,400</u>
TOTALS	<u>\$ 35,100,000</u>	<u>\$ 14,350,636</u>	<u>\$ 49,450,636</u>

CIBOLO CREEK MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 5: LONG-TERM DEBT (CONTINUED)

Bond Redemptions

Revenue Bonds – 2002 Series

These bonds are not subject to optional redemption prior to their stated maturity dates.

Revenue Bonds – 2010 Series

Obligations having stated maturities on and after July 10, 2021 shall be subject to redemption prior to stated maturity, at the option of the Authority, in inverse order of stated maturity, on January 10, 2020, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par plus accrued interest to the redemption date.

Revenue Refunding Bonds – 2010 Series

Obligations having stated maturities on and after January 10, 2013 shall be subject to redemption prior to stated maturity, at the option of the Authority, on January 20, 2012, or on any interest payment date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, plus a redemption premium of 1%, plus accrued interest to the redemption date.

Revenue Refunding Bonds – 2012 Series

These bonds are not subject to optional redemption prior to their stated maturity dates.

Revenue Bonds – 2012 Series

Obligations having stated maturities on and after July 10, 2023 shall be subject to redemption prior to stated maturity, at the option of the Authority, in inverse order of stated maturity, on January 10, 2022, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par plus accrued interest to the redemption date.

Revenue Bonds – 2014 Series

Obligations having stated maturities on and after September 1, 2025 shall be subject to redemption, at the option of the Authority, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on September 1, 2024, or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption.

Revenue Refunding Bonds – 2015 Series

Obligations having stated maturities on and after July 10, 2020 shall be subject to redemption prior to stated maturity, at the option of the Authority, on January 10, 2019, or on any date thereafter, in whole, at the redemption price of par, plus accrued interest to the redemption date.

CIBOLO CREEK MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 5: LONG-TERM DEBT (CONTINUED)

Compensated Absences

Changes in compensated absences for the year ended September 30, 2016 were as follows:

Balance at October 1, 2015	\$ 78,398
Additions	32,631
Deletions	<u>(19,600)</u>
 BALANCE AT SEPTEMBER 30, 2016	 <u>\$ 91,429</u>

Of this balance, \$22,857 is due in the current year.

NOTE 6: COMPLIANCE WITH DEBT SERVICE REQUIREMENTS

The debt service fund is managed in accordance with related bond resolutions. The Authority maintains cash deposits in one bank account and two local government investment pools. Management deems the Authority is in compliance with debt service requirements.

Debt Service Fund Detail

Cash	\$ 753
Investments	<u>1,832,452</u>
 TOTAL	 <u>\$1,833,205</u>

NOTE 7: PENSION PLANS

The Authority has two separate plans created under two different sections of the Internal Revenue Service Code. A 403(a) plan will receive all employer contributions and a 457 plan, established in 1980 as a qualified deferred compensation plan, will receive all employee contributions.

The Authority has a contract with a major insurance company to provide services for the convenience of the employer, including the maintenance of individual accounts and other necessary recordkeeping. The insurance company offers each employee a group of variable or fixed annuity products which are approved in this State, to choose from and which provides for periodic payments at regular intervals, whether for a period certain or during one or more lives. In addition, the Authority has contracted with a company to provide retirement funds that are tied to mutual funds, money market funds, and target date funds.

The Authority has adopted certain changes to the 457 plan in order to comply with the benefit requirements of the Small Business Job Protection Act of 1996, the most significant change being the employer renouncing any claim or right which it may have retained to use amounts held under the plan for its own benefit or for the benefit of its creditors.

CIBOLO CREEK MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 7: PENSION PLANS (CONTINUED)

The plans are administered by a committee composed of the board of directors and the general manager, with the general manager being a non-voting member/recorder.

Participation in the plans by an employee begins when they begin work with the Authority. The employee must agree to defer a minimum of 6% of normal compensation (a) as a condition of employment and (b) in return for the benefits specified in the plan. The employer agrees to contribute 16.5% of each employee's normal compensation and to cause such amount to be invested in the participant's individual account. In addition, the employer agrees to contribute to the 403(a) portion of the plan a matching amount (\$1 for each \$1) for voluntary contribution in excess of the mandatory 6% (with an option to increase up to 10%) made by the participant to the 457 plan up to an additional 4% of normal compensation. Any voluntary contributions the employee may wish to make in excess of the 4% will not be matched. Matching contribution amounts must be in whole percentage increments.

Basis and matching employer contributions will vest to the employee's ownership based upon the employee's length of service as follows:

End of Year 1	0%
End of Year 2	50%
End of Year 3	50%
End of Year 4	100%

All participant contributions are always 100% vested.

The plans' benefits are paid out at normal retirement age of 65, according to the method the participant has selected with the insurance company. The plans also have provisions for disability or emergency withdrawals. Loans can be made to a participant from the vested employer basic and matching contributions after meeting various conditions for withdrawal and repayment.

The maximum amounts deferred by the 457 plan by a participant in any year shall be adjusted for cost-of-living increases under Internal Revenue Service Code 457(e) (15).

The maximum limitation by the 403(a) plan that may be legally contributed by the employer is the lesser of \$49,000 or 100% of the employee's includible compensation for their most recent year of service. The actual amount is established by the committee following the above guidelines. The total payroll for the fiscal year September 30, 2016 was \$2,005,209. The Authority's contribution to the plan was \$361,072 in the current year.

CIBOLO CREEK MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 8: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to theft of, damage to, and destruction of assets (i.e., boiler and machinery, vehicles, and other equipment). The Authority purchases commercial liability insurance, real and personal property insurance on the administrative offices, plant office and lab, plant garage and tool house, plant maintenance building, plant chemical building and worker's compensation insurance through the Texas Municipal League, a public entity risk pool currently operating as a common risk management and insurance program. The agreement for formation of the Texas Municipal League requires that the pool will be self-sustaining through member premiums and will be adjusted annually through an experience modifier. It is not possible to estimate the amount of any losses for which the Authority might be liable.

There has been no significant reduction in insurance coverage from coverage in the prior year by major category of risk. There were no settlements in excess of the insurance coverage in any of the prior three fiscal years.

NOTE 9: PROPERTY TAXES

The Authority has the right to levy and collect property taxes. However, this right has never been exercised, and the Authority presently has no plans to levy such taxes. There is no statutory limit on the possible tax rate the Authority may levy. The only limit to the tax rate is that any rate for maintenance and operations must be approved by voters and the rate for debt service is dependent on the amount of bonded debt approved by the voters.

REQUIRED SUPPLEMENTARY INFORMATION

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CIBOLO CREEK MUNICIPAL AUTHORITY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUES</u>				
Service Revenue	\$ 7,097,224	\$ 7,097,224	\$ 7,312,796	\$ 215,572
Reclaimed Water	153,335	153,335	32,495	(120,840)
Impact Fees	1,544,400	1,544,400	1,734,395	189,995
Investment Income	7,300	7,300	24,294	16,994
Miscellaneous Revenues	<u>80,000</u>	<u>80,000</u>	<u>143,320</u>	<u>63,320</u>
Total Revenues	<u>8,882,259</u>	<u>8,882,259</u>	<u>9,247,300</u>	<u>365,041</u>
<u>EXPENDITURES</u>				
Professional Services	<u>197,450</u>	<u>197,450</u>	<u>197,170</u>	<u>280</u>
Administration				
Salaries and Wages	2,111,782	2,111,782	2,031,266	80,516
Supplies and Materials	40,110	40,110	33,901	6,209
Contractual Services	965,100	965,100	817,179	147,921
Maintenance and Repairs	11,314	11,314	8,296	3,018
Insurance	<u>101,000</u>	<u>101,000</u>	<u>99,625</u>	<u>1,375</u>
	<u>3,229,306</u>	<u>3,229,306</u>	<u>2,990,267</u>	<u>239,039</u>
OJR Plant				
Supplies and Materials	230,500	230,500	155,501	74,999
Contractual Services	392,639	392,639	363,987	28,652
Maintenance and Repairs	403,800	403,800	836,410	(432,610)
Contingency	53,253	53,253	-	53,253
Capital Outlay	<u>71,630</u>	<u>662,130</u>	<u>99,021</u>	<u>563,109</u>
	<u>1,151,822</u>	<u>1,742,322</u>	<u>1,454,919</u>	<u>287,403</u>
Collection Systems				
Supplies and Materials	7,000	7,000	2,449	4,551
Contractual Services	152,500	152,500	178,246	(25,746)
Maintenance and Repairs	114,650	114,650	295,107	(180,457)
Contingency	16,583	16,583	-	16,583
Capital Outlay	<u>137,500</u>	<u>219,000</u>	<u>103,485</u>	<u>115,515</u>
	<u>428,233</u>	<u>509,733</u>	<u>579,287</u>	<u>(69,554)</u>
Systems Support				
Supplies and Materials	219,800	219,800	158,625	61,175
Contractual Services	109,400	109,400	91,787	17,613
Maintenance and Repairs	96,500	134,926	104,317	30,609
Contingency	27,185	27,185	-	27,185
Capital Outlay	<u>112,000</u>	<u>198,574</u>	<u>212,299</u>	<u>(13,725)</u>
	<u>564,885</u>	<u>689,885</u>	<u>567,028</u>	<u>122,857</u>

CIBOLO CREEK MUNICIPAL AUTHORITY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>EXPENDITURES (CONTINUED)</u>				
Reclaimed Water System				
Supplies and Materials	\$ 1,700	\$ 1,700	\$ 38	\$ 1,662
Maintenance and Repairs	27,800	27,800	18,431	9,369
Professional Fees	-	-	330	(330)
Contingency	1,475	1,475	-	1,475
	<u>30,975</u>	<u>30,975</u>	<u>18,799</u>	<u>12,176</u>
Plant Expansion				
Capital Outlay	-	-	506,001	(506,001)
Total Expenditures	<u>5,602,671</u>	<u>6,399,671</u>	<u>6,313,471</u>	<u>86,200</u>
Excess of Revenues Over Expenditures	3,279,588	2,482,588	2,933,829	451,241
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer Out	<u>(2,441,798)</u>	<u>(2,441,798)</u>	<u>(2,516,972)</u>	<u>(75,174)</u>
Net Change in Fund Balance	<u>\$ 837,790</u>	<u>\$ 40,790</u>	416,857	<u>\$ 376,067</u>
<u>FUND BALANCE - BEGINNING</u>			<u>9,597,258</u>	
FUND BALANCE - ENDING			<u>\$ 10,014,115</u>	

CIBOLO CREEK MUNICIPAL AUTHORITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2016

NOTE 1: BUDGETARY INFORMATION

The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles. Annual appropriations lapse at fiscal year end.

The original budget for the general fund was adopted by the board of directors in September 2015. Budgetary preparation and control is exercised at the functional level. Any transfer or supplemental appropriation that amends the total expenditures of a department or total budget requires board of directors' approval. Both the original and final amended budget are included.

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**REQUIRED SUPPLEMENTARY INFORMATION -
TEXAS REQUIREMENT**

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CIBOLO CREEK MUNICIPAL AUTHORITY
TEXAS SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2016

TSI-1.	SERVICES AND RATES	39
TSI-2.	GENERAL FUND EXPENDITURES	40
TSI-3.	TEMPORARY INVESTMENTS	41
TSI-4.	TAXES LEVIED AND RECEIVABLE – NO TAXES ASSESSED OR COLLECTED	
TSI-5.	LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS	42
TSI-6.	CHANGES IN LONG-TERM BONDED DEBT	50
TSI-7.	COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES – GENERAL FUND AND DEBT SERVICE FUND – FIVE YEARS	52
TSI-8.	BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS	54
N-1.	ANNUAL FILING AFFIDAVIT	55

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CIBOLO CREEK MUNICIPAL AUTHORITY
TSI-1. SERVICES AND RATES
YEAR ENDED SEPTEMBER 30, 2016

1. Services Provided by the District during the Fiscal Year:

<input type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input type="checkbox"/> Drainage
<input type="checkbox"/> Retail Wastewater	<input checked="" type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input type="checkbox"/> Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect)		
<input checked="" type="checkbox"/> Other <u>Reclaimed Water</u>		

2. **Retail service providers** Not Applicable

3. **Total Water Consumption during the Fiscal Year** (Rounded to the Nearest Thousand)

Gallons Pumped into System: N/A

Gallons Billed to Customers: N/A

4. **Standby Fees** (Authorized Only Under TWC Section 49.231)

Does the District have debt service standby fees? Yes No

Does the District have operation and maintenance standby fees? Yes No

5. **Location of District**

County(ies) in which the District is located: Guadalupe, Comal, and Bexar

Is the District located entirely within one county? Yes No

Is the District located within a City? Entirely Partly Not at all

City(ies) in which the District is located: San Antonio, Live Oak, Universal City, Schertz, Cibolo, Selma, Randolph Air Force Base

Is the District located within a City's extra territorial jurisdiction (ETJ)?

Entirely Partly Not at all

ETJs in which the District is located: San Antonio, Live Oak, Universal City, Schertz, Cibolo, Selma

Are board members appointed by an office outside the District? Yes No

CIBOLO CREEK MUNICIPAL AUTHORITY
TSI-3. TEMPORARY INVESTMENTS
YEAR ENDED SEPTEMBER 30, 2016

<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	00940200001	Various	N/A	\$ 449,227	\$ -
TexPool	00940200008	Various	N/A	<u>7,841,820</u>	<u>-</u>
				<u>8,291,047</u>	<u>-</u>
<u>DEBT SERVICE FUND</u>					
TexPool	00940200003	Various	N/A	1,806,784	-
TexPool	00940200004	Various	N/A	<u>25,668</u>	<u>-</u>
				<u>1,832,452</u>	<u>-</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	00940200008	Various	N/A	4,995,046	
TexPool	00940200005	Various	N/A	<u>2</u>	<u>-</u>
				<u>4,995,048</u>	
<u>INTERNAL SERVICE FUND</u>					
TexPool	00940200006	Various	N/A	<u>644,219</u>	<u>-</u>
TOTAL - ALL FUNDS				<u>\$ 15,762,766</u>	<u>\$ -</u>

CIBOLO CREEK MUNICIPAL AUTHORITY
TSI-5a. LONG-TERM DEBT SERVICE REQUIREMENTS – BY YEARS
YEAR ENDED SEPTEMBER 30, 2016

DUE DURING FISCAL YEARS ENDING	REVENUE SERIES 2002		
	PRINCIPAL DUE	INTEREST DUE	TOTAL
	7-10	1-10; 7-10	
2017	\$ 80,000	\$ 14,632	\$ 94,632
2018	80,000	12,513	92,513
2019	85,000	10,312	95,312
2020	85,000	7,890	92,890
2021	85,000	5,383	90,383
2022	<u>90,000</u>	<u>2,790</u>	<u>92,790</u>
TOTALS	<u>\$ 505,000</u>	<u>\$ 53,520</u>	<u>\$ 558,520</u>

CIBOLO CREEK MUNICIPAL AUTHORITY
TSI-5b. LONG-TERM DEBT SERVICE REQUIREMENTS – BY YEARS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

DUE DURING FISCAL YEARS ENDING	REVENUE SERIES 2010		
	PRINCIPAL DUE	INTEREST DUE	TOTAL
	7-10	1-10; 7-10	
2017	\$ 110,000	\$ 75,250	\$ 185,250
2018	115,000	72,294	187,294
2019	115,000	69,045	184,045
2020	120,000	65,517	185,517
2021	125,000	61,595	186,595
2022	130,000	57,290	187,290
2023	135,000	52,651	187,651
2024	140,000	47,700	187,700
2025	145,000	42,426	187,426
2026	150,000	36,820	186,820
2027	155,000	30,871	185,871
2028	160,000	24,610	184,610
2029	165,000	18,028	183,028
2030	175,000	11,058	186,058
2031	<u>180,000</u>	<u>3,735</u>	<u>183,735</u>
TOTALS	<u>\$ 2,120,000</u>	<u>\$ 668,890</u>	<u>\$ 2,788,890</u>

CIBOLO CREEK MUNICIPAL AUTHORITY
TSI-5c. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

DUE DURING FISCAL YEARS ENDING	REFUNDING SERIES 2010		
	PRINCIPAL DUE	INTEREST DUE	TOTAL
	7-10	1-10; 7-10	
2017	\$ 150,000	\$ 23,798	\$ 173,798
2018	155,000	18,827	173,827
2019	165,000	13,611	178,611
2020	165,000	8,232	173,232
2021	<u>170,000</u>	<u>2,771</u>	<u>172,771</u>
TOTALS	<u>\$ 805,000</u>	<u>\$ 67,239</u>	<u>\$ 872,239</u>

CIBOLO CREEK MUNICIPAL AUTHORITY
TSI-5d. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

DUE DURING FISCAL YEARS ENDING	REFUNDING SERIES 2012		
	PRINCIPAL DUE	INTEREST DUE	TOTAL
	1-10	1-10; 7-10	
2017	\$ 155,000	\$ 8,590	\$ 163,590
2018	160,000	5,320	165,320
2019	160,000	1,800	161,800
TOTALS	\$ 475,000	\$ 15,710	\$ 490,710

CIBOLO CREEK MUNICIPAL AUTHORITY
TSI-5e. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

DUE DURING FISCAL YEARS ENDING	REVENUE SERIES 2012		
	PRINCIPAL	INTEREST	TOTAL
	DUE 7-10	DUE 1-10; 7-10	
2017	\$ 775,000	\$ 602,775	\$ 1,377,775
2018	785,000	598,125	1,383,125
2019	800,000	590,275	1,390,275
2020	810,000	579,075	1,389,075
2021	830,000	566,115	1,396,115
2022	850,000	550,760	1,400,760
2023	870,000	533,335	1,403,335
2024	895,000	513,325	1,408,325
2025	920,000	490,950	1,410,950
2026	950,000	466,570	1,416,570
2027	980,000	439,970	1,419,970
2028	1,010,000	411,550	1,421,550
2029	1,045,000	381,250	1,426,250
2030	1,080,000	348,855	1,428,855
2031	1,120,000	314,295	1,434,295
2032	1,160,000	276,775	1,436,775
2033	1,205,000	237,335	1,442,335
2034	1,250,000	194,557	1,444,557
2035	1,295,000	149,558	1,444,558
2036	1,345,000	102,937	1,447,937
2037	<u>1,400,000</u>	<u>52,500</u>	<u>1,452,500</u>
TOTALS	<u>\$ 21,375,000</u>	<u>\$ 8,400,887</u>	<u>\$ 29,775,887</u>

CIBOLO CREEK MUNICIPAL AUTHORITY
TSI-5f. LONG-TERM DEBT SERVICE REQUIREMENTS – BY YEARS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

DUE DURING FISCAL YEARS ENDING	REVENUE SERIES 2014		
	PRINCIPAL	INTEREST	TOTAL
	DUE 9-1	DUE 3-1; 9-1	
2017	\$ 150,000	\$ 263,250	\$ 413,250
2018	150,000	260,250	410,250
2019	155,000	257,250	412,250
2020	160,000	254,150	414,150
2021	160,000	250,950	410,950
2022	165,000	247,750	412,750
2023	170,000	242,800	412,800
2024	175,000	237,700	412,700
2025	180,000	232,450	412,450
2026	185,000	225,250	410,250
2027	195,000	217,850	412,850
2028	200,000	210,050	410,050
2029	210,000	202,050	412,050
2030	220,000	193,650	413,650
2031	225,000	184,850	409,850
2032	235,000	175,850	410,850
2033	245,000	166,450	411,450
2034	255,000	156,650	411,650
2035	265,000	146,450	411,450
2036	280,000	133,200	413,200
2037	295,000	119,200	414,200
2038	305,000	104,450	409,450
2039	320,000	89,200	409,200
2040	340,000	73,200	413,200
2041	350,000	59,600	409,600
2042	365,000	45,600	410,600
2043	380,000	31,000	411,000
2044	<u>395,000</u>	<u>15,800</u>	<u>410,800</u>
TOTALS	<u>\$ 6,730,000</u>	<u>\$ 4,796,900</u>	<u>\$ 11,526,900</u>

CIBOLO CREEK MUNICIPAL AUTHORITY
TSI-5g. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

DUE DURING FISCAL YEARS ENDING	REFUNDING SERIES 2015		
	PRINCIPAL DUE	INTEREST DUE	TOTAL
	7-10	1-10; 7-10	
2017	\$ 355,000	\$ 75,087	\$ 430,087
2018	360,000	66,460	426,460
2019	375,000	57,713	432,713
2020	380,000	48,600	428,600
2021	390,000	39,366	429,366
2022	400,000	29,889	429,889
2023	410,000	20,169	430,169
2024	<u>420,000</u>	<u>10,206</u>	<u>430,206</u>
TOTALS	<u>\$ 3,090,000</u>	<u>\$ 347,490</u>	<u>\$ 3,437,490</u>

CIBOLO CREEK MUNICIPAL AUTHORITY
TSI-5h. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

DUE DURING FISCAL YEARS ENDING	ANNUAL REQUIREMENTS FOR ALL SERIES		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2017	\$ 1,775,000	\$ 1,063,382	\$ 2,838,382
2018	1,805,000	1,033,789	2,838,789
2019	1,855,000	1,000,006	2,855,006
2020	1,720,000	963,464	2,683,464
2021	1,760,000	926,180	2,686,180
2022	1,635,000	888,479	2,523,479
2023	1,585,000	848,955	2,433,955
2024	1,630,000	808,931	2,438,931
2025	1,245,000	765,826	2,010,826
2026	1,285,000	728,640	2,013,640
2027	1,330,000	688,691	2,018,691
2028	1,370,000	646,210	2,016,210
2029	1,420,000	601,328	2,021,328
2030	1,475,000	553,563	2,028,563
2031	1,525,000	502,880	2,027,880
2032	1,395,000	452,625	1,847,625
2033	1,450,000	403,785	1,853,785
2034	1,505,000	351,207	1,856,207
2035	1,560,000	296,008	1,856,008
2036	1,625,000	236,137	1,861,137
2037	1,695,000	171,700	1,866,700
2038	305,000	104,450	409,450
2039	320,000	89,200	409,200
2040	340,000	73,200	413,200
2041	350,000	59,600	409,600
2042	365,000	45,600	410,600
2043	380,000	31,000	411,000
2044	395,000	15,800	410,800
TOTALS	<u>\$ 35,100,000</u>	<u>\$ 14,350,636</u>	<u>\$ 49,450,636</u>

CIBOLO CREEK MUNICIPAL AUTHORITY
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
YEAR ENDED SEPTEMBER 30, 2016

	BOND	
	SERIES 2002	SERIES 2010
Interest Rate	.3 – 3.10%	.25 – 4.15%
Dates Interest Payable	01-10; 07-10	01-10; 07-10
Maturity Dates	2022	2031
Beginning Bonds Outstanding	\$ 585,000	\$ 2,230,000
Bonds Sold During the Fiscal Year	-	-
Bonds Retired During the Fiscal Year	80,000	110,000
Ending Bonds Outstanding	\$ 505,000	\$ 2,120,000
Interest Paid During Fiscal Year	\$ 16,673	\$ 78,990

PAYING AGENT'S NAME AND ADDRESS:

Series 2002
Bank of New York
Tower Marc Plaza 3rd Floor
10161 Centurion Parkway
Jacksonville, Florida 32256

Series 2010
Wells Fargo Bank, N.A.
MAC N9303-110
Sixth and Marquette
Minneapolis, Minnesota 55479

Series 2010, Refunding
Branch Bank & Trust Company
Governmental Finance
223 West Nash Street
Wilson, North Carolina 27893

BOND AUTHORITY

Amount Authorized by Voters
Amount Issued
Remaining to be Issued

TAX BONDS

\$ -
\$ -
\$ -

Debt Service Fund – Cash and Temporary Investments: \$1,833,205

Average Annual Debt Service Requirement: \$1,766,094

ISSUES

SERIES 2010	SERIES 2012	SERIES 2012	SERIES 2014	SERIES 2015	TOTAL
3.26%	1-2.25%	.25-3.75%	4.0-5.0%	2.0-4.0%	
01-10; 07-10 2021	01-10; 07-10 2019	01-10; 07-10 2037	03-1; 09-1 2044	01-10; 07-10 2024	
\$ 950,000	\$ 630,000	\$ 22,145,000	\$ 6,875,000	\$ 3,440,000	\$ 36,855,000
-	-	-	-	-	-
<u>145,000</u>	<u>155,000</u>	<u>770,000</u>	<u>145,000</u>	<u>350,000</u>	<u>1,755,000</u>
<u>\$ 805,000</u>	<u>\$ 475,000</u>	<u>\$ 21,375,000</u>	<u>\$ 6,730,000</u>	<u>\$ 3,090,000</u>	<u>\$ 35,100,000</u>
<u>\$ 28,607</u>	<u>\$ 11,496</u>	<u>\$ 606,240</u>	<u>\$ 266,150</u>	<u>\$ 83,592</u>	<u>\$ 1,091,748</u>

Series 2012, Refunding
 BOKA, NA dba Bank of Texas
 100 Congress, Suite 250
 Austin, Texas 78701

Series 2012 and 2014
 BOKA, NA dba Bank of Texas
 100 Congress, Suite 250
 Austin, Texas 78701

Series 2015, Refunding
 BB&T Governmental Finance
 5130 Parkway Plaza Blvd.
 Charlotte, North Carolina 28217

CIBOLO CREEK MUNICIPAL AUTHORITY
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND AND DEBT SERVICE FUND
FIVE YEARS ENDED SEPTEMBER 30, 2016

	A M O U N T S		
	2016	2015	2014
<u>GENERAL FUND REVENUES</u>			
Wastewater Service Revenues	\$ 7,345,291	\$ 6,860,998	\$ 6,392,724
Impact Fees	1,734,395	1,714,369	1,749,661
Miscellaneous Revenue	<u>167,614</u>	<u>139,607</u>	<u>79,419</u>
Total General Fund Revenues	<u>9,247,300</u>	<u>8,714,974</u>	<u>8,221,804</u>
<u>GENERAL FUND EXPENDITURES</u>			
Payroll Expenditures	2,392,338	2,375,502	2,172,065
Professional Fees	197,500	187,759	158,668
Purchased and Contracted Services	1,090,127	982,687	1,061,342
Consumable Supplies and Materials	350,514	370,257	377,360
Recurring Operating Expenditures	1,362,186	1,176,167	530,053
Capital Outlay	<u>920,806</u>	<u>3,172,576</u>	<u>1,456,058</u>
Total General Fund Expenditures	<u>6,313,471</u>	<u>8,264,948</u>	<u>5,755,546</u>
EXCESS OF GENERAL FUND REVENUES OVER EXPENDITURES			
	<u>\$ 2,933,829</u>	<u>\$ 450,026</u>	<u>\$ 2,466,258</u>
<u>DEBT SERVICE FUND REVENUES</u>			
Wastewater Service Revenues	\$ 511,150	\$ 415,342	\$ 100,000
Interest on Time Deposits	<u>5,180</u>	<u>2,674</u>	<u>657</u>
Total Debt Service Fund Revenues	<u>516,330</u>	<u>418,016</u>	<u>100,657</u>
<u>DEBT SERVICE FUND EXPENDITURES</u>			
Debt Service, Interest, and Fees	1,094,047	1,121,533	912,452
Debt Service, Principal	<u>1,755,000</u>	<u>1,695,000</u>	<u>1,535,000</u>
Total Debt Service Fund Expenditures	<u>2,849,047</u>	<u>2,816,533</u>	<u>2,447,452</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	<u>\$ (2,332,717)</u>	<u>\$ (2,398,517)</u>	<u>\$ (2,346,795)</u>
Average Annual Debt Service Requirement for Unpaid Principal and Interest	\$ 1,766,094	\$ 1,803,317	\$ 1,868,282
Excess Revenues from General Fund and Debt Service Fund before Expenditures for Debt Service	\$ 3,450,159	\$ 868,042	\$ 2,566,915
Coverage (Excess Revenues as Adjusted Plus Annual Debt Service Requirements)	1.95%	0.48%	1.37%
Estimated Number of Wastewater Connections at End of Year	39,329	38,365	37,413

		PERCENT OF FUND TOTAL REVENUES						
2013	2012	2016	2015	2014	2013	2012		
\$ 5,766,717	\$ 5,557,834	79.44%	78.73%	77.75%	71.38%	77.35%		
1,573,970	1,461,690	18.76	19.67	21.28	19.48	20.34		
<u>738,829</u>	<u>166,131</u>	<u>1.80</u>	<u>0.02</u>	<u>1.60</u>	<u>9.14</u>	<u>2.31</u>		
<u>8,079,516</u>	<u>7,185,655</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>		
2,060,968	2,060,704	25.87	27.26	26.42	25.51	28.68		
203,484	104,245	2.14	2.15	1.93	2.52	1.45		
844,030	895,915	11.79	11.28	12.91	10.45	12.46		
367,098	584,308	3.79	4.25	4.59	4.54	8.13		
592,575	493,462	14.73	13.50	6.45	7.33	6.87		
<u>1,291,230</u>	<u>872,159</u>	<u>9.96</u>	<u>36.40</u>	<u>17.70</u>	<u>15.98</u>	<u>12.14</u>		
<u>5,359,385</u>	<u>5,010,793</u>	<u>68.28</u>	<u>94.84</u>	<u>70.00</u>	<u>66.33</u>	<u>69.73</u>		
<u>\$ 2,720,131</u>	<u>\$ 2,174,862</u>	<u>31.72%</u>	<u>5.16%</u>	<u>30.00%</u>	<u>33.67%</u>	<u>30.27%</u>		
\$ 100,000	\$ 100,000							
<u>1,457</u>	<u>2,495</u>							
<u>101,457</u>	<u>102,495</u>							
929,872	569,748							
<u>1,515,000</u>	<u>715,000</u>							
<u>2,444,872</u>	<u>1,284,748</u>							
<u>\$ (2,343,415)</u>	<u>\$ (1,182,253)</u>							
\$ 1,892,279	\$ 1,914,265							
\$ 2,821,588	\$ 2,277,357							
1.49%	1.19%							
36,442	35,568							

(a) Cibolo Creek Municipal Authority does not receive tax revenue, since it does not levy taxes upon its district, but pledges net service revenue to meet debt requirements. Percentage comparisons on these Debt figures have no significance and are, therefore, omitted.

CIBOLO CREEK MUNICIPAL AUTHORITY
TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
YEAR ENDED SEPTEMBER 30, 2016

Complete Authority Mailing Address:

Post Office Box 930
 Schertz, Texas 78154

Authority Business Telephone Number:

(210) 658-6241

Submission Date of the most recent District Registration Form:

June 15, 2007

Limit on Fees of Office that a Director May Receive during a Fiscal Year:

\$ -0-

NAME	TERM OF OFFICE (ELECTED OR APPOINTED) OR DATE HIRED	FEES OF OFFICE SEPTEMBER 30, 2016	EXPENSE REIMBURSEMENTS SEPTEMBER 30, 2016	TITLE AT YEAR END
<u>BOARD MEMBERS</u>				
Ken Greenwald - Elected	11/15 - 11/19	\$ -	\$ -	President
Richard Braud - Elected	11/13 - 11/17	-	-	Vice-President
Reginna Agee - Elected	11/15 - 11/19	-	-	Secretary/Treasurer
T. Jake Jacobs - Elected	11/13 - 11/17	-	-	Director
Bobby Greaves - Elected	11/13 - 11/17	-	-	Director

KEY ADMINISTRATIVE PERSONNEL

Clint Ellis	8/13/2009	\$ 115,920	\$ -	General Manager
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Mr. Ellis also serves as Tax Assessor/Collector, although no taxes were assessed or collected in current year.

CONSULTANTS

ABIP, PC	1/1/2013	\$ 14,500	\$ -	Auditors
Lloyd Gosselink	7/23/2007	98,974	-	Attorneys at Law
Dykema Cox Smith	1/1/2016	24,080	-	Attorneys at Law
Alan Plummer Associates, Inc.	4/11/2007	562,235	-	Consulting Engineers
Connally Law	10/9/2014	12,200	-	Attorneys at Law
Marsh Law Firm	10/29/2010	8,107	-	Attorneys at Law
Moeller Ingalls, LLC	5/13/2011	178,163	-	Consulting Engineers

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

Board of Directors
Cibolo Creek Municipal Authority
Guadalupe County, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Cibolo Creek Municipal Authority (the Authority) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated January 26, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ABIP, PC

Certified Public Accountants
San Antonio, Texas

January 26, 2017

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Cibolo Creek Municipal Authority
Guadalupe County, Texas

Report on Compliance for Each Major Federal Program

We have audited Cibolo Creek Municipal Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2016. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ABIP, PC

Certified Public Accountants
San Antonio, Texas

January 26, 2017

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CIBOLO CREEK MUNICIPAL AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS		
Type of auditor’s report issued: <u>Unmodified</u>		
Internal control over financial reporting: • Material weakness(es) identified?	___ Yes	___X___ No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	___ Yes	___X___ None Reported
Noncompliance material to financial statements noted?	___ Yes	___X___ No

FEDERAL AWARDS		
Internal control over financial reporting: • Material weakness(es) identified?	___ Yes	___X___ No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	___ Yes	___X___ None Reported
Type of auditor’s report issued on compliance for Major programs: <u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	___ Yes	___X___ No

IDENTIFICATION OF MAJOR PROGRAMS		
CFDA Number(s)	Name of Federal Program or Cluster	
66.458	Environmental Protection Agency: Capitalization Grants for Clear Water State Revolving Funds	
Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?	___ Yes	___X___ No

CIBOLO CREEK MUNICIPAL AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

SECTION II: Financial Statement Findings:

NONE

Section III: Federal Award Findings and Questioned Costs:

NONE

CIBOLO CREEK MUNICIPAL AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016

NONE

CIBOLO CREEK MUNICIPAL AUTHORITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

FEDERAL GRANTOR / PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Passed Through Texas Water Development Agency: Capitalization Grants for Clear Water State Revolving Funds	66.458	73624	\$ <u>1,097,691</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>1,097,691</u>

CIBOLO CREEK MUNICIPAL AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Cibolo Creek Municipal Authority and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.