



ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2018**



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Crystal Clear Special Utility District
San Marcos, TX

Report on the Financial Statements

We have audited the accompanying financial statements of the Crystal Clear Special Utility District, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Crystal Clear Special Utility District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Crystal Clear Special Utility District's 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Crystal Clear Special Utility District, as of September 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Crystal Clear Special Utility District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2018. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$15.5 million at September 30, 2018, an increase of \$1.1 million.
- During the year, the District's operating revenues were \$1.0 million more than the \$6.4 million in operating expenses.
- 2017 Bonds of \$15 million were issued during the fiscal year to fund construction projects.

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*, and *supplementary information required by the Texas Commission on Environmental Quality*. The basic financial statements consist of the following statements:

- The *Statement of Net Position* shows the financial standing of the District as of the end of the year, including all assets and liabilities.
- The *Statement of Revenues, Expenses and Changes in Net Position* provides information about the activity of the District during the fiscal year. It reports revenues when incurred, regardless of when they are received, and expenses when incurred, regardless of when they are paid.
- The *Statement of Cash Flows* reports the sources and uses of cash during the fiscal year.

The financial statements also include notes that explain a few of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The final section of supplementary information provides even more information required by TCEQ.

FINANCIAL ANALYSIS OF THE DISTRICT

Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

BUDGETARY HIGHLIGHTS

District revenues fell short of expectations in the budget by \$395 thousand. Operating expenses were \$141 thousand less than the budget. The net change in net position was an increase of \$1.1 million, \$82 thousand less than the budget anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2018, the District had invested \$30 million in a broad range of capital assets, including land, buildings, equipment, treatment plants, and distribution systems. (See Table A-3.) More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table A-3
District's Capital Assets

	2018	2017	Percentage Change
Land	\$ 388,509	\$ 363,538	7%
Water Rights	2,522,628	2,522,628	0%
Building and Improvements	983,582	974,563	1%
Plant and Distribution System	25,015,165	20,329,036	23%
Machinery and Equipment	863,826	1,111,108	-22%
Construction in Progress	628,212	3,962,222	-84%
Totals at Historical Cost	<u>30,401,922</u>	<u>29,263,095</u>	<u>4%</u>
Total Accumulated Depreciation	<u>(6,671,242)</u>	<u>(6,326,820)</u>	<u>5%</u>
Net Capital Assets	<u>\$ 23,730,680</u>	<u>\$ 22,936,275</u>	<u>3%</u>

Long-Term Debt

At year-end, the District had \$23.5 million in principal outstanding on bonded debt and notes. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-4
District's Long Term Debt

	2018	2017	Percentage Change
Bonds Payable	\$ 18,115,000	\$ 3,160,000	473%
Notes Payable	5,375,247	5,621,267	-4%
Total Long-Term Debt	<u>\$ 23,490,247</u>	<u>\$ 8,781,267</u>	<u>168%</u>

BASIC FINANCIAL STATEMENTS

The basic financial statements include:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2018

LIABILITIES

Current Liabilities:

Accounts Payable	\$	449,042
Payroll Liabilities		10,061
Accrued Wages		24,830
Customer Deposits		660,200
Accrued Interest		180,475
Accrued Compensated Absences		32,142
Payable to Canyon Regional Water Authority		1,821,238
Bonds and Notes Payable - Current		804,855
<i>Total Current Liabilities</i>		3,982,843

Long-term Liabilities:

Bonds and Notes Payable - Net of Current Portion		22,685,392
<i>Total Long-term Liabilities</i>		22,685,392

TOTAL LIABILITIES

26,668,235

DEFERRED INFLOWS OF RESOURCES

Deferred Pension Related Inflows		8,267
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NET POSITION

Net Investment in Capital Assets		14,365,187
Restricted:		
Debt Service and USDA Reserve		445,014
Unrestricted		671,985
TOTAL NET POSITION		\$ 15,482,186

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Cash Flows from Operating Activities		
Cash Received from Customers		\$ 7,361,811
Cash Payments to Suppliers for Goods and Services		(4,094,156)
Cash Payments to Employees for Services		(1,486,185)
Net Cash Provided (Used) by Operating Activities		<u>1,781,470</u>
Cash Flows from Capital and Related Financing Activities		
Principal Payments on Bonds and Notes Payable		(291,020)
Capital, Reservation and Installation Fees		1,105,122
Interest Paid		(496,144)
Proceeds from the Issuance of Debt		15,000,000
Debt Issue Costs		(681,467)
Proceeds from the Sale of Property and Equipment		58,250
Purchase of Property, Plant and Equipment		(1,599,825)
Net Cash Provided (Used) by Capital and Related Financing Activities		<u>13,094,916</u>
Cash Flows from Investing Activities		
Interest and Investment Income		126,882
Maturity of Certificates of Deposit		439,937
Net Cash Provided (Used) by Investing Activities		<u>566,819</u>
Net Increase (Decrease) in Cash and Cash Equivalents		15,443,205
Beginning Cash and Cash Equivalents		
Unrestricted	1,298,956	
Restricted	<u>68,655</u>	<u>1,367,611</u>
Ending Cash and Cash Equivalents		
Unrestricted	2,241,048	
Restricted	<u>14,569,768</u>	<u>\$ 16,810,816</u>

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Crystal Clear Special Utility District (the "District") was created pursuant to Texas Senate Bill 116, 83rd Legislature, R.S. (2013), further codified in Texas Special District Local Laws Code Chapter 7206, enacted under the authority granted to the Texas Legislature in Texas Constitution article XVI Section 59. Prior to that date the District operated as a Water Supply Corporation. The District was organized to furnish potable water and wastewater utility services. The District is managed by a Board of Directors consisting of seven members elected by voters residing in the District's boundaries. The District serves customers in Hays, Comal and Guadalupe counties.

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

1. REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity" and GASB Statement 39 "Determining Whether Certain Organizations are Component Units". The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The District has no component units.

2. ENTERPRISE FUND

The District is an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public or other governmental entities. The activities are financed by charges to customers and the measurement of financial activity focuses on net income similar to the private sector. Revenues are recognized when earned, and expenses are recognized when incurred.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Revenues are classified as *operating* and *non-operating*. Operating revenues include charges to customers for water and wastewater services. Non-operating revenues include customer charges for capital expansion and interest income.

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

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, water rights, and water plant and distribution systems, are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Interest has been capitalized during the construction periods on water plant and distribution systems. Purchases in excess of \$5,000 with a useful life in excess of one year are capitalized and depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	3 to 10 years
Water Plants and Distribution Systems	20 to 50 years

9. DEFERRED INFLOWS AND OUTFLOWS

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

10. CUSTOMER DEPOSITS

Upon the creation of a new account, customers make a deposit toward their final bill. The amount is recorded as customer deposits liability on the Statement of Net Position.

11. LONG-TERM OBLIGATIONS

Bonds, notes and capital leases are recorded as liabilities on the statement of net position. Bond issue costs and premiums are expensed in the period they are incurred. Bonds payable are reported net of the applicable bond premium or discount. Interest costs are expensed during the construction period.

12. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When expenses qualify for restricted and unrestricted resources, the District's policy is to use restricted resources first.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE B -- CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that the District's investment practices, management reports and establishment of appropriate policies materially adhered to the requirements of the Act.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

As of September 30, 2018, the District's investments consisted of a certificate of deposit presented at amortized cost and Texas Class local government investment pools presented at net asset value. The Texas Class pool maintains a AAAM rating and a stable net asset value of \$1.00 per share. Texas Class is a 2a7-like pool which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Therefore, the Texas Class is reported at \$1 per share, which approximates fair value and is included in cash and cash equivalents. Investments as of September 30, 2018 consisted of the following:

	Reported Amount
Certificate of Deposit	\$ 100,000
Texas Class	1,030,415
Total	\$ 1,130,415

NOTE C -- RESTRICTED CASH AND CERTIFICATES

Restricted cash consists of a debt service and loan reserves related to the USDA Series 2015 Revenue Bonds and TWDB 2017 Revenue Bonds. The District is required to make monthly transfers to these accounts up to certain limits and may only spend the balances on debt service or USDA/TWDB approved activities. In addition, the proceeds of the 2017 bonds are held in escrow and released only upon approval by the TWDB.

NOTE D -- ACCOUNTS RECEIVABLE

District receivables as of September 30, 2018, consisted of the following:

Customer Balances	\$ 850,485
Unbilled Services Rendered	549,637
Bulk Water Agreement	33,653
Allowance for Uncollectible Accounts	(71,955)
Total Accounts Receivable (net)	\$ 1,361,820

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE F -- LONG-TERM DEBT (Continued)

The District's long-term debt activity as of and for the year ending September 30, 2018 is as follows:

Bonds Payable, Series	Balance			Balance Outstanding 9/30/2018	Due Within One Year
	Outstanding 10/1/2017	Additions	Retirements		
CoBank Notes	\$ 5,621,267	\$ -	\$ (246,020)	\$ 5,375,247	\$ 253,855
Revenue Bonds, Series 2015	3,160,000	-	(45,000)	3,115,000	46,000
Revenue Bonds, Series 2017	-	15,000,000	-	15,000,000	505,000
Totals	<u>\$ 8,781,267</u>	<u>\$ 15,000,000</u>	<u>\$ (291,020)</u>	<u>\$ 23,490,247</u>	<u>\$ 804,855</u>

The annual requirements to amortize the bonds and notes outstanding as of September 30, 2018, including interest payments, are as follows:

Year End September 30,	Principal Payments	Interest Payments	Total
2019	\$ 804,855	\$ 595,002	\$ 1,399,857
2020	815,260	580,422	1,395,682
2021	829,991	564,097	1,394,088
2022	844,996	546,586	1,391,582
2023	856,301	527,563	1,383,864
2024-2028	4,564,266	2,301,916	6,866,182
2029-2033	4,854,207	1,628,769	6,482,976
2034-2038	4,417,371	941,598	5,358,969
2039-2043	4,047,000	444,610	4,491,610
2044-2048	498,000	166,899	664,899
2049-2053	573,000	93,298	666,298
2054-2056	385,000	16,088	401,088
Total	<u>\$ 23,490,247</u>	<u>\$ 8,406,848</u>	<u>\$ 31,897,095</u>

NOTE H -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Plan Description

The District participates as one of 760 plans in the nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the state of Texas and administered in accordance with the TCDRS Act as an agent multiple-employer retirement system for County and District employees in the State of Texas. The Board of Trustees of TCDRS is responsible for the administration and management of the system. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE H -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Cont.)

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

	12/31/2017
Inactive Employees Receiving Benefits	0
Inactive Employees	10
Active Employees	18
	28

Net Pension Liability

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

Actuarial Assumptions

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

Inflation	2.75%
Overall Payroll Growth	0%
Investment Rate of Return	8.00%

The long-term expected rate of return on pension plan investments is 8.00%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2017 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE H -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Cont.)

Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2017:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2016	\$ 53,190	\$ 50,569	\$ 2,621
Changes for the year:			
Service Cost	81,798	-	81,798
Interest on total pension liability	10,608	-	10,608
Change of Benefit Terms	-	-	-
Economic/Demographic gains or losses	(9,839)	-	(9,839)
Changes of Assumptions	(83)	-	(83)
Refund of Contributions	(8,217)	(8,217)	-
Benefit Payments	-	-	-
Administrative Expense	-	(95)	95
Member Contributions	-	58,016	(58,016)
Net Investment Income	-	8,704	(8,704)
Employer Contributions	-	32,415	(32,415)
Other	-	1,101	(1,101)
Net Changes	<u>74,267</u>	<u>91,924</u>	<u>(17,657)</u>
Balance at December 31, 2017	<u>\$ 127,457</u>	<u>\$ 142,493</u>	<u>\$ (15,036)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained at www.tcdrs.com.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE I -- JOINT VENTURE -- CANYON REGIONAL WATER AUTHORITY

The District is a member entity of Canyon Regional Water Authority (CRWA) through a regional taxable water supply contract dated August 1, 1998. CRWA was created to purchase, own, hold, lease and otherwise acquire sources of potable water; build, operate and maintain facilities for the treatment and transportation of water; sell potable water to local governments, water supply corporations and other persons in Texas; to protect, preserve and restore the purity and sanitary condition of water in the area. The participating entities, of which there are 13, are contractually obligated to fund a pro-rata portion of CRWA's operating, debt service and project costs. The District has pledged its system revenues to fund its share of CRWA costs and debts (approximately 7%). For the fiscal year ended September 30, 2018, CRWA reported assets of \$174 million and liabilities of \$141 million, including bonds payable of \$138 million. Annual required funding payments are recorded as water purchases.

In addition, CRWA is a member of Alliance Regional Water Authority under a similar arrangement. In 2014, the District agreed to reimburse CRWA for 53.52% of CRWA's share of Alliance in exchange for the future water developed by Alliance. The agreement required the District to fund the annual requirements in addition to the past costs incurred by CRWA in relation to the Alliance project. The District makes regular contributions for annual funding, but is not required at this time to make payments on the prior costs, which are recognized as a liability on the Statement of Net Position in the amount of \$1,821,238. The District is responsible for approximately 16% of Alliance's budget and debt. For the fiscal year ended September 30, 2017, Alliance reported assets of \$13 million and liabilities of \$8 million, including bonds payable of \$7 million. Annual required funding payments are recorded as water purchases.

Furthermore, the District entered into a reservation agreement with a development neighboring the District's CCN. The reservation agreement reserves 20.191% of the District's 53.52% of the Alliance responsibility and benefits. The development is billed monthly their share of the costs resulting from the Alliance project as a reservation fee.

NOTE J -- LITIGATION

The District is subject to various claims regarding easements, decertifications from the District's CCN, water rights and impact fees. If decided adversely to the District, the outcomes would not be expected to have a significant impact on these financial statements. No loss contingencies have been recorded.

REQUIRED SUPPLEMENTARY INFORMATION

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
 FOR THE LAST TWO PLAN (CALENDAR) YEARS

Total Pension Liability		
	2016	2017
Service Cost	\$ 51,116	\$ 81,798
Interest (on the Total Pension Liability)	2,030	10,608
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	44	(9,839)
Change of Assumptions	-	(83)
Benefit Payments, Including Refunds of Employee Contributions	-	(8,217)
Net Change in Total Pension Liability	53,190	74,267
Total Pension Liability - Beginning	-	53,190
Total Pension Liability - Ending	\$ 53,190	\$ 127,457

Plan Fiduciary Net Position		
	2016	2017
Contributions - Employer	\$ 17,706	\$ 32,415
Contributions - Employee	32,109	58,016
Net Investment Income	-	8,704
Benefit Payments, Including Refunds of Employee Contributions	-	(8,217)
Administrative Expense	-	(95)
Other	754	1,101
Net Change in Plan Fiduciary Net Position	50,569	91,924
Plan Fiduciary Net Position - Beginning	-	50,569
Plan Fiduciary Net Position - Ending	\$ 50,569	\$ 142,493

Net Pension Liability - Ending	\$ 2,621	\$ (15,036)
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Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.07%	111.80%
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Covered Employee Payroll	\$ 458,699	\$ 828,805
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Net Pension Liability as a Percentage of Covered Employee Payroll	0.57%	-1.81%
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The District began participating in the plan in 2016. Information will be accumulated until ten years is presented.

SUPPLEMENTARY INFORMATION

The following Supplementary Information is required to be included as additional information by the Texas Commission on Environmental Quality (TCEQ).

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT
 TSI-1. SERVICES AND RATES (CONTINUED)
 FISCAL YEAR ENDING SEPTEMBER 30, 2018

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

Gallons pumped into system	673,256		Water Accountability Ratio: (Gallons billed/Gallons pumped)
Gallons billed to customers:	511,079		76%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby Fees? Yes No

If yes, Date of the most recent Commission Order: _____

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

If yes, Date of the most recent Commission Order: _____

5. Location of District:

Counties in which the District is located: Guadalupe, Comal, Hays

Is the District located entirely within one county? Yes No

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

Cities in which the District is located: San Marcos, Seguin, New Braunfels

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 Marcos, Seguin, New Braunfels

Are Board members appointed by an office outside the district? Yes No

If Yes, by whom? _____

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT
 TSI-3. TEMPORARY INVESTMENTS
 FISCAL YEAR ENDING SEPTEMBER 30, 2018

<u>Funds</u>	<u>Identification of 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>
Certificate of Deposit	26140	0.75%	12/18/2018	\$ 100,000	\$ -
Total				<u>\$ 100,000</u>	<u>\$ -</u>

The following section has been omitted since it does not pertain to this entity:

TSI-4. Taxes Levied and Receivable

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)
 SEPTEMBER 30, 2018

Combination Water and Sewer System Revenue Bonds, Series 2017				
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total	
2019	\$ 505,000	\$ 247,630	\$	752,630
2020	505,000	247,075		752,075
2021	510,000	245,652		755,652
2022	515,000	243,369		758,369
2023	515,000	240,124		755,124
2024	520,000	235,827		755,827
2025	530,000	230,547		760,547
2026	535,000	224,261		759,261
2027	545,000	216,940		761,940
2028	555,000	208,714		763,714
2029	560,000	199,681		759,681
2030	575,000	189,917		764,917
2031	585,000	179,504		764,504
2032	595,000	168,499		763,499
2033	605,000	156,887		761,887
2034	620,000	144,604		764,604
2035	630,000	131,728		761,728
2036	645,000	118,339		763,339
2037	660,000	104,374		764,374
2038	675,000	89,821		764,821
2039	690,000	74,737		764,737
2040	705,000	59,147		764,147
2041	725,000	42,951		767,951
2042	740,000	26,139		766,139
2043	755,000	8,796		763,796
	<u>\$ 15,000,000</u>	<u>\$ 4,035,263</u>	<u>\$</u>	<u>19,035,263</u>

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
FISCAL YEAR ENDING SEPTEMBER 30, 2018

	USDA Series 2015	TWDB Series 2017	Total
Interest Rate	2.75%	0.02-2.33%	
Dates Interest Payable	Jun 1; Dec 1	Jun 1; Dec 1	
Maturity Dates	12/1/2055	12/1/2042	
Beginning Bonds Outstanding	\$ 3,160,000	\$ -	\$ 3,160,000
Bonds Sold During the Year	-	15,000,000	15,000,000
Bonds Retired During the Year	(45,000)	-	(45,000)
Ending Bonds Outstanding	<u>\$ 3,115,000</u>	<u>\$ 15,000,000</u>	<u>\$ 18,115,000</u>
Interest Paid During the Year	<u>\$ 86,283</u>	<u>\$ 152,702</u>	<u>\$ 238,985</u>
Paying Agent's Name	USDA	BOKF, NA	
City	Seguin, TX	Austin, TX	
<i>Bond Authority</i>			
Amount Authorized by The Board of Directors	\$ 3,200,000	\$ 15,000,000	\$ 18,200,000
Amount Issued	<u>3,200,000</u>	<u>15,000,000</u>	<u>18,200,000</u>
Remaining to be Issued	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service Cash and Investments as of September 30			<u>\$ 2,313</u>
Average Annual Debt Service			<u>\$ 633,309</u>

Percent of Total Revenues

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
98.2%	97.2%	97.1%	94.0%
0.0%	0.1%	0.4%	0.7%
1.8%	2.7%	2.4%	5.3%
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
31.8%	23.3%	23.7%	23.1%
18.1%	16.0%	15.6%	20.1%
18.3%	9.6%	22.6%	12.2%
14.0%	18.1%	12.9%	10.9%
10.2%	9.7%	8.9%	10.9%
4.3%	4.7%	4.9%	4.8%
1.6%	1.1%	1.0%	1.9%
4.2%	2.5%	1.9%	1.9%
0.8%	0.7%	0.8%	0.9%
<u>103.4%</u>	<u>85.6%</u>	<u>92.3%</u>	<u>86.6%</u>
-3.4%	14.4%	7.7%	13.4%
0.1%	0.1%	0.0%	1.7%
6.7%	48.1%	18.3%	15.0%
0.0%	0.0%	0.2%	0.8%
-5.7%	-5.5%	-5.3%	-7.3%
0.0%	-1.2%	0.0%	-9.2%
<u>1.2%</u>	<u>41.5%</u>	<u>13.3%</u>	<u>1.0%</u>
<u><u>-2.2%</u></u>	<u><u>55.9%</u></u>	<u><u>21.0%</u></u>	<u><u>14.3%</u></u>

COMPLIANCE SECTION

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crystal Clear Special Utility District'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*.

We noted certain matters that we have reported to management of Crystal Clear Special Utility District in a separate letter dated January 9, 2019.

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.



Armstrong, Vaughan & Associates, P.C.

January 9, 2019

