



FINANCIAL STATEMENTS

For the Quarter Ended March 31, 2019

Prepared By:
Melba D. Carvajal
Director of Finance for Utilities



EXECUTIVE SUMMARY

Review of the Financial Statements

As of

March 31, 2019

Statement of Revenues and Expenses

Water Fund

Overall

Year-to-date revenues are reported at \$8,630,069, a decrease of \$459,969, or 5%, under the same period of the prior year—12% under budget on a flat basis. Year-to-date operating expenses are reported at \$9,135,024, an increase of \$75,896, 1% over the same period of the prior year—8% under budget on a flat basis. This resulted in year-to-date revenues under expenses of \$504,954 before the required transfers-out to fund the principal portion of debt service and capital replacements and improvements.

Revenues

Charges to Users

Charges to user revenue for all categories of customers aggregates, \$7,460,185, which is \$568,286, or 7%, under the same period of the prior year, 13% under year-to-date budget. The residential, commercial and industrial categories of customers were impacted by decreases in consumption. The residential category experienced a 6% decrease in year-to-date revenues and 10% decrease in year-to-date consumption; with revenues 14% under budget on a flat basis. The commercial category experienced an 8% decrease in year-to-date revenues and 10% decrease in year-to-date consumption; with revenues 10% under budget on a flat basis. Finally, revenues within the industrial category came in 6% under the prior year and 19% under budget, with consumption 7% under the prior year. Consumption within all categories of accounts decreased 10% from the prior year, 21% under total planned consumption of 9,301,975,000 gallons for the period and is reflected on page 3 of the financial report. In an effort to more accurately project our current position to plan based on a seven-year lookback, the usage allocation for the first six months of the year was changed from 40%/60% to 45%/55% in fiscal year 2016-17. As such, it is expected that 45% of consumption and related user charge revenues will be experienced the first half of the fiscal year, with the remaining 55% experienced the second half of the fiscal year. Regional water usage is reported at \$34,538, a 52% decrease from the prior year, 40% under budgeted revenues.

Tap Fees

This revenue line item, at \$139,575, is 25% under last year, 19% under year-to-date budget.

Connects & Reconnects

This revenue line item, at \$188,325, is 3% under last year and 1% over year-to-date budget.

Other Operating Revenues

This revenue line item is comprised of late fees, payment extension fees and traveling meter connection fees, at \$229,454, is 1% under the prior year and 7% over year-to-date budget.

Reimbursements

Reimbursements at \$31,036 came in \$1,323 under the prior year but remain significantly over budget.

Miscellaneous Revenues

This revenue line item is comprised of water tower lease fees, recovery of prior year expenses, insufficient funds charge-back fees and other fees recognized, and, at \$163,585, is 14% over the prior year and 20% over year-to-date budget.

Interest income

Interest earnings, at \$181,457, are outperforming both prior year and budget. As shown on the Investment Analysis, located on page 12 of the financial report, based upon the current portfolio, the M&O portion of the Water Fund's investment holdings are earning a blended rate of 2.10% on cash and investments; the fund as a whole, 2.01%. The blended yield on investments, excluding cash and TexPool Prime, is reported at 1.88%.

Expenses

Without exception, expense line items, year-to-date, were under budget on a flat basis. The more significant fluctuations are discussed on page 3.

Accounts

The number of water accounts serviced increased 1% from the prior year. At March 31, 2019, 47,662 water accounts were serviced compared to 47,158 the prior year, an increase of 504 new accounts over the twelve-month period. During the first six months of the current fiscal year, the number of accounts increased by 263 new accounts compared to an increase of 378 new accounts recognized the first six months of the prior year.

Sewer Fund

Overall

As presented on page 5 of the report, year-to-date revenues are reported at \$8,248,876, a decrease of \$69,119, or 1%, under the same period of the prior year—11% under budget on a flat basis. Year-to-date operating expenses are reported at \$8,629,660, an increase of \$1,111,425, or 15% over the same period of the prior year—3% under budget on a flat basis. The increase in expenses is primarily due to increased depreciation expense being reported resulting from the SWWTP upgrade project becoming operational. This resulted in net revenues under expenses of \$380,784 before the required transfers-out to fund the principal portion of debt service and capital replacements and improvements.

Revenues

Charges to Users

Charges to user revenue for all categories of customers for the six-month period aggregates \$7,298,053, which is \$211,573, or 3%, under the same period of the prior year, 12% under budget. Generally, sewer rates are applied to metered water, therefore the water consumption comparison data on page 3 is relevant in explaining revenue variances between the fiscal years. Both the residential and commercial categories of customers experienced increases in the number of accounts serviced, offset by a decrease in industrial accounts. Revenues within the residential category decreased by 4% compared to the prior year. Revenues within the commercial category when combining City of Alton revenues were in line with the prior year. Finally, revenues within the industrial category decreased by 8% compared to the prior year. Year-to-date consumption experienced in all categories of accounts came in 5% under the prior year, and 17% under budgeted consumption of 7,381,777,000 gallons for this time of year as indicated on page 6 of the report. As previously explained for water usage, the percentage usage to plan of 45%/55% was also applied to sewer usage and revenues.

Industrial Waste Surcharge

This revenue line, at \$465,541, is 12% under the year-to-date budgeted amount of \$620,000 on a flat basis, due to the enforcement of the pre-treatment program.

Reimbursements

Reimbursements, at \$36,326 are under prior year and under the year-to-date budget amount of \$91,500.

Miscellaneous Revenues

This revenue line item is comprised primarily of sewer charges billed and collected by Sharyland Water Supply Corporation and the City of Mission on our behalf pursuant to an Interlocal Agreement, recovery of prior year expenses, and other fees recognized, and, at \$333,033, is 56% over the prior year and 21% over year-to-date budget.

Interest income

Interest earnings, at \$107,470, are outperforming prior year and budget. As indicated on page 12 of the financial report, the M&O portion of the Sewer Fund's investment holdings are earning a blended rate of 0.80% on cash and investments primarily due to the liquidity requirements of the

cost/reimbursement arrangement with the Texas Water Development Board on various capital improvement projects; the fund as a whole is earning a blended yield of 2.24%. The blended yield on investments, excluding cash and TexPool Prime, is reported at 1.98%.

Expenses

Without exception, expense line items, year-to-date, were under budget. The more significant fluctuations are discussed on page 6.

Accounts

The number of sewer accounts serviced increased 1% from the prior year. At March 31, 2019, 42,600 sewer accounts were serviced compared to 42,023 the prior year, an increase of 577 new accounts over the twelve-month period. During the six months of the current fiscal year, the number of accounts increased by 314 new accounts compared to an increase of 363 new accounts recognized the first six months of the prior year.

Balance Sheets

Water & Sewer Funds -- Combined

As indicated on pages 8 and 9, combined working capital amounts to \$5,903,205, with a debt-equity ratio of 1.01/1. The restricted accounts, the portion relating to debt service, are considered adequate.

Investments - Water & Sewer Funds

A summary of the portfolio for the Water and Sewer Funds is presented on page 12 of the financial report. Overall the portfolio is allocated with \$684,440 in demand deposit accounts; \$4,775,844 in certificates of deposit earning a blended rate of 2.74%; \$22,280,046 in government securities, which are currently earning a blended rate of 1.75%; and \$16,329,350 in TexPool Prime, which earned 2.59% in March. The overall blended yield of noninterest-bearing cash, TexPool Prime and investment holdings is 2.14%. The blended yield of investments held on March 31, 2019 is presented as 1.93%. In addition, \$20,813,489 in loan proceeds from the Texas Water Development Board were held in escrow and invested in cash and money market mutual funds as of March 31, 2019.

McALLEN PUBLIC UTILITY - WATER FUND & SEWER FUND
COMBINED STATEMENT OF REVENUES AND EXPENSES & CHANGE IN NET ASSETS

For the Quarter Ended March 31, 2019

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Combined</u>
OPERATING REVENUES			
Residential Charges	\$ 4,771,823	\$ 4,790,800	\$ 9,562,623
Commercial Charges	2,490,029	1,814,544	4,304,573
Industrial Charges	163,795	99,886	263,681
City of Alton User Charges	-	337,437	337,437
Calpine/Duke Reuse Charges	-	210,000	210,000
Reuse-Water Charges	-	45,386	45,386
Regional Water Sales	34,538	-	34,538
Industrial Waste Surcharge	-	465,541	465,541
Reimbursements	31,036	36,326	67,361
Billing Charges	229,992	-	229,992
Connects/Reconnects	188,325	-	188,325
Tap Fees	139,575	-	139,575
Other Charges	393,039	333,033	726,072
Total Operating Revenues	<u>8,442,151</u>	<u>8,132,952</u>	<u>16,575,103</u>
NON-OPERATING REVENUES			
Sale of Property	6,460	8,455	14,915
Interest	181,457	107,470	288,928
Total Non-Operating Revenues	<u>187,917</u>	<u>115,925</u>	<u>303,843</u>
TOTAL REVENUES	8,630,069	8,248,876	16,878,945
EXPENSES			
Plants	2,005,507	1,962,323	3,967,830
Cost of Raw Water	718,630	-	718,630
Labs	210,929	260,221	471,149
Distribution & Collections	1,156,988	1,025,515	2,182,502
Meter Readers	451,848	-	451,848
Utility Billing	347,417	-	347,417
Customer Relations	439,799	-	439,799
Treasury Management	202,010	-	202,010
General & Administration	752,171	455,084	1,207,255
Employee Benefits	40,500	-	40,500
Insurance	19,530	21,264	40,794
Pension Expense-TMRS (GASB 68)	-	-	-
TMRS Benefits-Contra (GASB 68)	-	-	-
Debt Service	523,038	733,601	1,256,639
Billing Charges	-	114,996	114,996
Depreciation*	2,266,659 *	4,056,657 *	6,323,315
TOTAL EXPENSES	9,135,024	8,629,660	17,764,684
INCOME(LOSS) PRIOR TO CONTRIBUTIONS & TRANSFERS			
	<u>\$ (504,954)</u>	<u>\$ (380,784)</u>	<u>\$ (885,738)</u>
Contributions - Acquired Assets	-	-	-
Change in net assets	<u>\$ (504,954)</u>	<u>\$ (380,784)</u>	<u>\$ (885,738)</u>
<i>Transfer to Capital Improvement Fund</i>	\$ 585,456	\$ 535,302	\$ 1,120,758
<i>Transfer to Depreciation Fund</i>	793,331	1,622,663	2,415,993
<i>Transfer to TWDB Construction-Loan Reimbursement</i>	6,925,775	1,262,650	8,188,425
<i>Capitalized Interest</i>	-	-	-
<i>Bond Fees</i>	98,700	43,250	141,950
<i>Health Insurance Fund</i>	236,322	134,550	370,872
<i>Transfer to Sewer Fund (reimbursement)</i>	55,347	-	55,347

* Depreciation is recorded at 100% for financial statement purposes but funded at 35% within the Water Fund and 50% within the Sewer Fund.

**McALLEN PUBLIC UTILITY
WATER FUND
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
For the Quarter Ended March 31, 2019**

	Budget	Year-To-Date				Inc/Dec	50.00% Completed Actual % to Budget
		Current	Prior	Variance			
REVENUES							
1 Residential Charges	\$ 13,354,613	\$ 4,771,823	\$ 5,074,167	\$ (302,344)	-5.96%	35.73%	
2 Commercial Charges	6,193,436	2,490,029	2,709,070	(219,040)	-8.09%	40.20%	
3 Industrial Charges	520,287	163,795	173,362	(9,567)	-5.52%	31.48%	
4 Backflow Testing Charges	-	-	-	-	0.00%	0.00%	
5 Regional Water Usage	340,000	34,538	71,873	(37,335)	-51.95%	10.16%	
Total users' charges	20,408,336	7,460,185	8,028,471	(568,286)	-7.08%	36.55%	
6 Tap Fees	450,000	139,575	187,100	(47,525)	-25.40%	31.02%	
7 Connects & Reconnects	370,000	188,325	194,200	(5,875)	-3.03%	50.90%	
8 Other Operating Revenues	400,000	229,454	232,476	(3,021)	-1.30%	57.36%	
9 Other Revenues - Sale of Property	-	6,460	-	6,460	0.00%	0.00%	
11 Reimbursements - Sharyland #2	-	-	-	-	0.00%	0.00%	
16 Reimbursements - Other	35,500	31,036	32,358	(1,323)	-4.09%	87.42%	
17 Miscellaneous	235,000	163,585	143,929	19,656	13.66%	69.61%	
18 Interest Earned	78,355	181,457	41,513	139,944	337.11%	231.58%	
19 Revenues before billing charges	21,977,191	8,400,077	8,860,047	(459,969)	-5.19%	38.22%	
20 Billing Charges	460,000	229,992	229,992	-	0.00%	50.00%	
21 TOTAL REVENUES	22,437,191	8,630,069	9,090,040	(459,969)	-5.06%	38.46%	
EXPENSES							
22 Water Plants	4,607,361	2,005,507	2,164,201	D (158,694)	-7.33%	43.53%	
23 Cost of Raw Water	2,684,771	718,630	844,667	E (126,038)	-14.92%	26.77%	
24 Water Lab	418,111	210,929	187,665	F 23,263	12.40%	50.45%	
25 Trans & Distribution	2,740,585	1,156,988	1,091,888	G 65,100	5.96%	42.22%	
26 Meter Readers	1,024,058	451,848	464,584	H (12,736)	-2.74%	44.12%	
27 Utility Billing	830,118	347,417	367,829	I (20,412)	-5.55%	41.85%	
28 Customer Relations	1,083,367	439,799	437,815	J 1,984	0.45%	40.60%	
29 Treasury Management	509,386	202,010	191,529	K 10,482	5.47%	39.66%	
30 General & Admin	1,758,156	752,171	639,018	L 113,152	17.71%	42.78%	
31 Non-recurring Expense	-	-	-	-	0.00%	0.00%	
32 Employee Benefits	(6,119)	40,500	42,500	(2,000)	-4.71%	-661.87%	
33 Insurance	55,099	19,530	19,530	-	0.00%	35.45%	
34 Pension Expense-TMRS (GASB 68)	-	-	-	-	0.00%	0.00%	
35 TMRS Benefits-Contra (GASB 68)	-	-	-	-	0.00%	0.00%	
36 Sub-Total Expenses	15,704,893	6,345,327	6,451,226	(105,899)	-1.64%	40.40%	
37 Debt Service	1,231,116	523,038	379,888	143,150	37.68%	42.48%	
38 Depreciation *	4,750,491	2,266,659	2,228,014	38,645	1.73%	47.71%	
39 TOTAL EXPENSES	21,686,500	9,135,024	9,059,128	75,896	0.84%	42.12%	
40 Revenues Over (Under) Expenses	750,691	(504,954)	30,912				
41 Contributions - Acquired assets	-	-	-				
42 Change in Net Assets		(504,954)	30,912				
NON-OPERATING EXPENSES							
43 Capital Outlay	-	-	-	-			
44 Transfer to Capital Improvements	1,170,921	585,456	518,820	66,636			
45 Transfer to TWDB Construction-Loan Reimbursement	-	6,925,775	-	6,925,775			
46 Transfer to Depreciation	1,662,672	793,331	779,805	13,526			
47 Reserve for Water Rights	-	-	-	-			
48 Rebatale Arbitrage	-	-	-	-			
49 Capitalized Interest	-	-	-	-			
50 Bond Fees	-	98,700	-	98,700			
51 Health Insurance Fund	472,651	236,322	37,704	198,618			
52 Transfer to Sewer Fund (reimbursement)	-	55,347	-	55,347			

* Depreciation is recorded at 100% for financial statement purposes but funded at 35%

McALLEN PUBLIC UTILITY
WATER FUND REFERENCE NOTES
For the Quarter Ended March 31, 2019

Ref	Description	Month Ending				Fiscal Year-to-Date			% Inc (Dec)
		CONSUMPTION	31-Mar-19	31-Mar-18	Inc(Dec)	% Inc(Dec)	31-Mar-19	31-Mar-18	
A	Residential	294,018,000	315,074,900	(21,056,900)	-6.68%	1,801,857,500	1,994,476,100	(192,618,600)	-9.66%
B	Commercial	221,142,600	232,126,600	(10,984,000)	-4.73%	1,384,252,000	1,540,989,700	(156,737,700)	-10.17%
C	Industrial *	18,769,400	19,778,900	(1,009,500)	-5.10%	107,589,000	115,410,500	(7,821,500)	-6.78%
	Total	533,930,000	566,980,400	(33,050,400)	-5.83%	3,293,698,500	3,650,876,300	(357,177,800)	-9.78%

* Magic Valley Frozen Foods was sold and purchased by Superior Foods, Inc.

NUMBER OF WATER ACCOUNTS

A	Residential	**	40,065	39,638	427	1.08%
B	Commercial		7,445	7,365	80	1.09%
C	Industrial		152	155	(3)	-1.94%
	Total		47,662	47,158	504	1.07%

* Gallons year-to-date for Sharyland accounts = 18,998,300

** Number of Sharyland accounts = 267

Growth in number of new accounts for the current fiscal year:			Growth in number of new accounts prior year:		
Number of accounts at	3/31/19	47,662	3/31/2018	47,158	
Number of accounts at	9/30/18	47,399	9/30/2017	46,780	
Increase/(Decrease) in accounts		263		378	

ANALYSIS OF NET CHANGE IN YEAR-TO-DATE OPERATING EXPENDITURES:

	Wages/Benefits	Supplies & Chemicals	Other Services & Charges	Maintenance	Non-capitalized Capital Outlay	Net Change
D Water Plants	\$ (26,037)	\$ (51,833)	\$ (39,646)	\$ (30,368)	\$ (10,809)	\$ (158,694)
E Cost of Raw Water	-	-	(126,038)	-	-	(126,038)
F Water Lab	(7,005)	(1,191)	966	19,133	11,361	23,263
G Trans & Distribution	20,510	14,668	1,422	16,892	11,608	65,100
H Meter Readers	(12,828)	(3,091)	757	2,425	-	(12,736)
I Utility Billing	130	1,413	(20,065)	(6,255)	4,364	(20,412)
J Customer Relations	16,833	(689)	12,289	(26,450)	-	1,984
K Treasury Management	7,355	488	2,568	70	-	10,482
L General & Admin	110,656	750	8,604	(3,469)	(3,390)	113,152
	\$ 109,615	\$ (39,484)	\$ (159,141)	\$ (28,023)	\$ 13,134	\$ (103,899)

ANALYSIS OF ACTUAL TO BUDGETED CONSUMPTION & REVENUES

Budgeted Consumption for fy 2018-19 (gals.)	9,301,975,000	Monthly Planned Consumption	
* 45% of planned consumption	4,185,888,750	October	697,648,125
* 55% of planned consumption	5,116,086,250	November	697,648,125
		December	697,648,125
Planned consumption at 3/31/19	4,185,888,750	January	697,648,125
Actual consumption at 3/31/19	3,293,698,500	February	697,648,125
Excess/(deficiency) to planned	(892,190,250)	March	697,648,125
		April	852,681,042
Budgeted User Charge Revenues for fy 2018-19	\$ 20,408,336	May	852,681,042
* 45% of planned revenues	9,183,751	June	852,681,042
* 55% of planned revenues	11,224,585	July	852,681,042
		August	852,681,042
Planned revenues at 3/31/19	9,183,751	September	852,681,042
Actual revenues at 3/31/19	7,460,185	Total	9,301,975,000
Excess/(deficiency) to planned	\$ (1,723,566)		

* Note: The usage percentages have been changed from 40%/60% to 45%/55% to more accurately reflect actual usage.

McALLEN PUBLIC UTILITY
WATER IMPROVEMENT FUNDS
STATEMENT OF SOURCES AND USES
For the Quarter Ended March 31, 2019

Water Depreciation

Water Capital Improvement

Sources	Water Depreciation				Water Capital Improvement				
	Budget	YTD Budget	YTD	% to YTD Budget *	Budget	YTD Budget	YTD	% to YTD Budget *	
Interest Earned	\$ 83,226	\$ 41,613	\$ 75,995	182.62%	\$ 40,481	\$ 20,241	\$ 44,388	219.31%	
Miscellaneous	0	0	0	0.00%	0	0	0	0.00%	
Transfers In	1,662,672	831,336	793,331	95.43%**	1,170,921	585,461	585,456	100.00%	
Total Sources	\$ 1,745,898	\$ 872,949	\$ 869,326	99.58%	1,211,402	605,701	629,844	103.99%	
Uses									
Replacement (Infrastructure)	3,286,749	1,643,375	98,795	6.01%	0	0	0	0.00%	
Capital Outlay	652,843	326,422	247,174	75.72%	2,965,921	1,482,961	246,841	16.65%	
Transfers Out	0	0	0	0.00%	0	0	0	0.00%	
Total Uses	\$ 3,939,592	\$ 1,969,796	\$ 345,969	17.56%	\$ 2,965,921	\$ 1,482,961	\$ 246,841	16.65%	
Sources Over/ (Under) Uses	\$ (2,193,694)	\$ (1,096,847)	\$ 523,357		\$ (1,754,519)	\$ (877,260)	\$ 383,003		

* Percentage of the year completed = 50%

McALLEN PUBLIC UTILITY
SEWER FUND
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
For the Quarter Ended March 31, 2019

	Budget	Year-To-Date				50.00%
		Current	Prior Year	Variance	Inc/Dec	Year-To-Date Actual % To Budget
REVENUES						
1 Residential Charges	\$ 12,255,208	\$ 4,790,800	\$ 5,002,416	A \$ (211,616)	-4.23%	39.09%
2 Commercial Charges	5,271,464	1,814,544	1,898,254	A (83,710)	-4.41%	34.42%
3 Industrial Charges	390,849	99,886	108,576	A (8,690)	-8.00%	25.56%
4 City of Alton User Charges	650,000	337,437	268,159	A 69,278	25.83%	51.91%
5 Calpine/Duke Reuse Charges	640,000	210,000	210,000	A -	0.00%	32.81%
6 Reuse-Water Charges	100,000	45,386	22,222	A 23,165	104.24%	45.39%
Total users' charges	19,307,521	7,298,053	7,509,626	(211,573)	-2.82%	37.80%
7 Ind. Waste Surcharge	1,240,000	465,541	499,918	(34,377)	-6.88%	37.54%
8 Other Operating Revenues	-	-	-	-	0.00%	0.00%
9 Other Revenues - Sale of Property	-	8,455	(765)	9,220	0.00%	0.00%
10 Reimbursements	91,500	36,326	43,038	(6,712)	-15.60%	39.70%
11 Miscellaneous	468,000	333,033	213,768	119,264	55.79%	71.16%
12 Interest Earned	54,344	107,470	52,411	55,059	105.05%	197.76%
13 Total Revenues	21,161,365	8,248,876	8,317,995	(69,119)	-0.83%	38.98%
EXPENSES						
14 Sewer Plant	4,821,433	1,962,323	2,035,035	B (72,712)	-3.57%	40.70%
15 Sewer Lab	586,070	260,221	229,140	C 31,081	13.56%	44.40%
16 Sewer Collections	2,285,872	1,025,515	1,001,937	D 23,578	2.35%	44.86%
17 General & Admin.	1,406,104	455,084	491,125	E (36,041)	-7.34%	32.36%
18 Employee Benefits	(6,947)	-	-	-	0.00%	0.00%
19 Insurance	65,261	21,264	21,264	-	0.00%	32.58%
20 Pension Expense-TMRS (GASB 68)	-	-	-	-	0.00%	0.00%
21 TMRS Benefits-Contra (GASB 68)	-	-	-	-	0.00%	0.00%
22 Sub-Total Expenses	9,157,793	3,724,406	3,778,501	(54,094)		40.67%
22 Debt Service	1,608,818	733,601	718,621	14,980	2.08%	45.60%
23 Depreciation *	7,517,038	4,056,657	2,906,117	1,150,540	39.59%	53.97%
24 Expenses Before Billing Charges	18,283,649	8,514,664	7,403,239	1,111,425	15.01%	46.57%
25 Billing Charges	230,000	114,996	114,996	-	0.00%	50.00%
26 TOTAL EXPENSES	18,513,649	8,629,660	7,518,235	1,111,425	14.78%	46.61%
27 Revenues Over (Under) Expenses	\$ 2,647,717	\$ (380,784)	\$ 799,760			
28 Contributions - Acquired assets	-	-	-			
29 Change in Net Assets		(380,784)	799,760			
NON-OPERATING EXPENSES						
30 Capital Outlay	-	-	-	-		
31 Transfer to Capital Improvement	1,070,609	535,302	519,096	16,206		
32 Transfer to Depreciation	3,006,815	1,622,663	1,453,059	169,604		
33 Transfer to TWDB Construction-Loan Reimbursement	-	1,262,650	3,977,442	(2,714,791)		
34 Rebatable Arbitrage	-	-	-	-		
35 Capitalized Interest	-	-	-	-		
36 Bond Fees	-	43,250	-	43,250		
37 Health Insurance	269,100	134,550	21,468	113,082		

* Depreciation is recorded 100% for financial statement purposes but funded at 40% reduced from 50% effective October 1, 2018

McALLEN PUBLIC UTILITY
SEWER FUND REFERENCE NOTES
For the Quarter Ended March 31, 2019

ANALYSIS OF YEAR-TO-DATE EXPENDITURES

Ref	Description	Month Ending				Fiscal Year-to-Date			
		31-Mar-19	31-Mar-18	Inc(Dec)	% Inc(Dec)	31-Mar-19	31-Mar-18	Inc(Dec)	(Dec)
CONSUMPTION									
A	Residential	246,796,700	261,102,500	(14,305,800)	-5.48%	1,509,671,100	1,654,809,500	(145,138,400)	-8.77%
A	Commercial	190,742,900	180,973,800	9,769,100	5.40%	1,146,135,500	1,139,364,200	6,771,300	0.59%
A	Industrial	14,811,900	15,893,100	(1,081,200)	-6.80%	87,932,100	96,870,200	(8,938,100)	-9.23%
Total		452,351,500	457,969,400	(5,617,900)	-1.23%	2,743,738,700	2,891,043,900	(147,305,200)	-5.10%

Ref	Description	Month Ending				Fiscal Year-to-Date			
		31-Mar-19	31-Mar-18	Inc(Dec)	% Inc(Dec)	31-Mar-19	31-Mar-18	Inc(Dec)	(Dec)
REUSE CONSUMPTION *									
	Residential	2,458,300	1,499,700	958,600	63.92%	16,880,800	4,820,400	12,060,400	250.20%
	Commercial	2,806,000	3,179,200	(373,200)	-11.74%	20,787,000	17,313,700	3,473,300	20.06%
	Industrial	0	0	0	0.00%	0	0	0	0.00%
Total		5,264,300	4,678,900	585,400	12.51%	37,667,800	22,134,100	15,533,700	70.18%

* Excludes effluent to power plants

NUMBER OF SEWER ACCOUNTS

A	Residential	**	36,966	36,439	527	1.45%
A	Commercial		5,512	5,459	53	0.97%
A	Industrial		122	125	(3)	-2.40%
Total			42,600	42,023	577	1.37%

Growth in number of new accounts for the current fiscal year:			Growth in number of new accounts prior year:		
Number of accounts at	3/31/19	42,600	3/31/2018	42,023	
Number of accounts at	9/30/18	42,286	9/30/2017	41,660	
Increase/(Decrease) in accounts		314		363	

NUMBER OF REUSE ACCOUNTS

A	Residential	210	68	142	208.82%
A	Commercial	14	12	2	16.67%
A	Industrial	0	0	0	0.00%
Total		224	80	144	180.00%

ANALYSIS OF NET CHANGE IN YEAR-TO-DATE OPERATING EXPENDITURES:

	Wages/Benefits	Supplies	Other Services & Charges	Maintenance	Non-capitalized Capital Outlay	Total
B Sewer Plant	\$ (63,505)	\$ (2,821)	\$ (62,068)	\$ 14,868	\$ 40,815	\$ (72,712)
C Sewer Lab	17,219	2,876	(164)	2,099	9,051	31,081
D Sewer Collections	32,748	(15,572)	(22,331)	(441)	29,173	23,578
E General & Admin.	(48,851)	(1,426)	7,645	6,591	-	(36,041)
Total	\$ (62,389)	\$ (16,944)	\$ (76,918)	\$ 23,118	\$ 79,039	\$ (54,094)

ANALYSIS OF ACTUAL TO BUDGETED CONSUMPTION & REVENUES

Budgeted Consumption for fy 2018-19 (gals.)	7,381,777,000	Monthly Planned Consumption	
* 45% of planned consumption	3,321,799,650	October	553,633,275
* 55% of planned consumption	4,059,977,350	November	553,633,275
		December	553,633,275
Planned consumption at 3/31/19	3,321,799,650	January	553,633,275
Actual consumption at 3/31/19	2,743,738,700	February	553,633,275
Excess/(deficiency) to planned	(578,060,950)	March	553,633,275
		April	676,662,892
Budgeted User Charge Revenues for fy 2018-19	\$ 18,667,521	May	676,662,892
* 45% of planned revenues	8,400,384	June	676,662,892
* 55% of planned revenues	10,267,137	July	676,662,892
		August	676,662,892
Planned revenues at 3/31/19	8,400,384	September	676,662,892
Actual revenues at 3/31/19	7,088,053	Total	7,381,777,000
Excess/(deficiency) to planned	\$ (1,312,332)		

* Note: The usage percentages have been changed from 40%/60% to 45%/55% to more accurately reflect actual usage.

**McALLEN PUBLIC UTILITY
SEWER IMPROVEMENT FUNDS
STATEMENT OF SOURCES & USES**

For the Quarter Ended March 31, 2019

	Sewer Depreciation				Sewer Capital Improvement			
	Budget	YTD Budget	YTD	To Y-T-D Budget *	Budget	YTD Budget	YTD	To Y-T-D Budget *
Sources								
Interest Earned	\$ 210,415	\$ 105,208	\$ 135,296	128.60%	\$ 45,103	\$ 22,552	\$ 54,983	243.81%
Miscellaneous	-	-	-	0.00%	-	-	-	0.00%
Transfers In	3,006,815	1,503,408	1,622,663	107.93%	1,070,609	535,305	535,302	100.00%
Total Sources	\$ 3,217,230	\$ 1,608,615	\$ 1,757,959	109.28%	\$ 1,115,712	\$ 557,856	\$ 590,285	105.81%

Uses								
Replacement (Infrastructure)	560,525	280,263	11,018	3.93%	-	-	-	0.00%
Capital Outlay	1,205,209	602,605	144,282	23.94%	2,545,609	1,272,805	272,588	21.42%
Transfers Out	-	-	-	0.00%	-	-	-	0.00%
Total Uses	\$ 1,765,734	\$ 882,867	\$ 155,300	17.59%	\$ 2,545,609	\$ 1,272,805	\$ 272,588	21.42%

Sources Over/ (Under) Uses	\$1,451,496	\$725,748	\$1,602,659		(\$1,429,897)	(\$714,949)	\$317,697	
---------------------------------------	--------------------	------------------	--------------------	--	----------------------	--------------------	------------------	--

* Percentage of the year completed = 50%

**WATER & SEWER FUND
COMBINED BALANCE SHEET**

as of March 31, 2019

	<u>WATER FUND *</u>	<u>SEWER FUND *</u>	<u>COMBINED</u>
ASSETS			
<u>Current Assets</u>			
Cash & Investments			
Demand.....	\$ 330,799	\$ 308,646	\$ 639,444
Time Deposits.....	1,000,000	0	1,000,000
Investments.....	2,072,460	137,375	2,209,835
Market Value Adjustment.....	(19,945)	0	(19,945)
Mgr/Trust Cash.....	0	0	0
Receivables, net:			
Accounts.....	1,641,309	1,699,043	3,340,352
Accrued Interest.....	32,747	0	32,747
Due From Other Funds.....	752,011	2,124	754,135
Water/Sewer Line Assessments.....	0	3,550	3,550
Inventories, at cost.....	61,608	0	61,608
Miscellaneous.....	0	0	0
Prepaid expenses.....	0	0	0
Total Current Assets	\$ 5,870,988	\$ 2,150,738	\$ 8,021,726
Notes Receivable	81,269	81,349	162,618
<u>Restricted Assets</u>			
Mgr/Trust Cash.....	0	0	0
Accrued Interest.....	30,072	47,805	77,877
Due From Other Funds.....	0	0	0
Notes Receivable - Airport	0	0	0
Accounts Receivable.....	0	0	0
Sub-Total	30,072	47,805	77,877
Demand.....	43,910	3,386	47,296
Time Deposits.....	1,500,000	2,250,000	3,750,000
Investments.....	14,384,442 **	19,309,509	33,693,951
Market Value Adjustment.....	(70,301)	(91,880)	(162,181)
Total Restricted Cash & Investments	15,858,052	21,471,014	37,329,066
Total Restricted Assets	15,888,124	21,518,819	37,406,943
Propert, Plant, & Equipment.....	149,051,473	253,053,901	402,105,374
(Less: Accumulated Depreciation).....	(79,361,912)	(89,014,314)	(168,376,226)
Net Property, Plant, & Equipment	69,689,562	164,039,587	233,729,149
Other Assets, net.....	25,680,582	14,070,323	39,750,905
TOTAL ASSETS	\$ 117,210,525	\$ 201,860,816	319,071,341

* Includes Depreciation Funds, Capital Improvement Funds, & Bond Construction Funds

** Includes a portion of the restricted customer deposits totalling \$2,702,721

**WATER & SEWER FUND
COMBINED BALANCE SHEET**

as of March 31, 2019

	<u>WATER FUND</u> *	<u>SEWER FUND</u> *	<u>COMBINED</u>
LIABILITIES & FUND EQUITY			
<u>Current Liabilities</u>			
Accounts Payable.....	\$ 211,964	\$ 208,015	\$ 419,979
Accrued Expense.....	568,453	378,078	946,531
Due to Other Funds.....	0	752,011	752,011
Other.....	0	0	0
Total Current Liabilities	780,418	1,338,104	2,118,521
<u>Liabilities Payable from Restricted Assets</u>			
Accounts Payable.....	10,668	65,744	76,412
Accrued Expense.....	67,695	391,408	459,103
Due to Other Funds.....	0	2,124	2,124
Interest Payable.....	280,508	265,460	545,968
Customer Deposits.....	2,702,721	0	2,702,721
Current Portion of '96 Revenue Bonds.....	0	0	0
Current Portion of '99 and '00 Revenue Bonds.....	1,430,450	4,221,550	5,652,000
Total Liabilities Payable from Restricted Assets	4,492,042	4,946,287	9,438,329
<u>Other Non-Current Liabilities</u>			
Revenue Bonds.....	35,063,763	104,235,206	139,298,969
Arbitrage Payable.....	0	17,832	17,832
Deferred Revenues.....	238,605	2,060,383	2,298,989
Deferred inflows of resources.....	1,290,830	4,715,949	6,006,779
Noncurrent liabilities / net pension liability.....	734,795	455,926	1,190,720
TOTAL LIABILITIES	42,600,453	117,769,686	160,370,140
FUND EQUITY			
<u>Contributed Capital</u>			
Total Contributed Capital	0	0	0
<u>Retained Earnings</u>			
Reserve for Encumbrances.....	0	0	0
Reserve for Current Debt Service.....	0	621,046	621,046
Reserve for Capital Improvement.....	4,676,416	4,986,828	9,663,244
Reserve for Depreciation.....	8,123,372	14,130,492	22,253,864
Reserve for Water Rights Purchase.....	0	0	0
Unreserved.....	61,810,283	64,352,764	126,163,047
Total Retained Earnings	74,610,072	84,091,130	158,701,201
TOTAL LIABILITIES AND FUND EQUITY	\$ 117,210,525	\$ 201,860,816	\$ 319,071,340

* Includes Depreciation Funds, Capital Improvement Funds, Debt Service & Bond Construction Funds

**WATER FUND
COMBINED BALANCE SHEET**

as of March 31, 2019

ASSETS	Water Fund	RESTRICTED ASSETS				Debt Service	Combined
		Water Depr. Fund	Water Capital Impr. Fund	Water Revenue Bonds			
<u>Current Assets</u>							
Cash & Investments							
Demand.....	\$ 330,799	\$ 17,221	\$ 914	\$ 25,775	\$ -	\$ -	\$ 374,709
Time Deposits.....	1,000,000	1,250,000	250,000	-	-	-	2,500,000
Investments & Securities.....	2,072,460	6,960,763	4,439,483	-	281,476	-	13,754,181
Market Value Adjustment.....	(19,945)	(48,371)	(21,930)	-	-	-	(90,246)
Mgr/Trust Cash.....	-	-	-	-	-	-	-
Receivables							
Accounts.....	1,641,309	-	-	-	-	-	1,641,309
Accrued Interest.....	32,747	22,123	7,949	-	-	-	62,819
Due From Other Funds.....	752,011	-	-	-	-	-	752,011
Water Line Assessments.....	-	-	-	-	-	-	-
Inventories, at cost.....	61,608	-	-	-	-	-	61,608
Prepaid expenses.....	-	-	-	-	-	-	-
Total Current Assets	5,870,988	8,201,736	4,676,416	25,775	281,476		19,056,391
Notes Receivable	81,269	-	-	-	-	-	81,269
CD's restricted for customer deposits.....	-	-	-	-	-	-	-
Investments restricted for customer deposits.....	2,702,721	-	-	-	-	-	2,702,721
Property, Plant, & Equipment.....	149,051,473	-	-	-	-	-	149,051,473
(Less: Accum. Depreciation/Amortization).....	(79,361,912)	-	-	-	-	-	(79,361,912)
Net Property, Plant, & Equipment	69,689,562	-	-	-	-	-	69,689,562
Other Assets, net.....	25,680,582	-	-	-	-	-	25,680,582
TOTAL ASSETS	104,025,121	8,201,736	4,676,416	25,775	281,476		117,210,525
<u>LIABILITIES & FUND EQUITY</u>							
<u>Current Liabilities</u>							
Accounts Payable.....	211,964	-	-	-	-	-	211,964
Accrued Expense.....	568,453	-	-	-	-	-	568,453
Due To Other Funds.....	-	-	-	-	-	-	-
Other.....	-	-	-	-	-	-	-
Total Current Liabilities	780,418	-	-	-	-	-	780,418
<u>Liabilities Payable from Restricted Assets</u>							
Current Portion of Revenue Bonds.....	1,430,450	-	-	-	-	-	1,430,450
Accounts Payable.....	-	10,668	-	-	-	-	10,668
Accrued Expense.....	-	67,695	-	-	-	-	67,695
Interest Payable.....	-	-	-	-	280,508	-	280,508
Due To Other Funds.....	-	-	-	-	-	-	-
Customer Deposits.....	2,702,721	-	-	-	-	-	2,702,721
Total Liabilities Payable from Restricted Assets	4,133,171	78,363	-	-	280,508	-	4,492,042
<u>Other Non-Current Liabilities</u>							
Revenue Bonds	35,063,763	-	-	-	-	-	35,063,763
Arbitrage Payable.....	-	-	-	-	-	-	-
Deferred Revenues.....	238,605	-	-	-	-	-	238,605
Deferred inflows of resources.....	1,290,830	-	-	-	-	-	1,290,830
Noncurrent liabilities / net pension liability.....	734,795	-	-	-	-	-	734,795
TOTAL LIABILITIES	42,241,581	78,363	-	-	280,508		42,600,453
<u>FUND EQUITY</u>							
<u>Retained Earnings</u>							
Reserve for Encumbrances.....	-	-	-	-	-	-	-
Reserve for Current Debt Service.....	-	-	-	-	-	-	-
Reserve for Capital Improvement.....	-	-	4,676,416	-	-	-	4,676,416
Reserve for Depreciation.....	-	8,123,372	-	-	-	-	8,123,372
Reserve for Water Rights.....	-	-	-	-	-	-	-
Unreserved.....	61,783,540	-	-	25,775	968	-	61,810,283
Total Retained Earnings	61,783,540	8,123,372	4,676,416	25,775	968		74,610,072
TOTAL LIABILITIES & FUND EQUITY	\$ 104,025,121	\$ 8,201,736	\$ 4,676,416	\$ 25,775	\$ 281,476		\$ 117,210,525

**SEWER FUND
COMBINED BALANCE SHEET**

as of March 31, 2019

ASSETS	Sewer Fund	RESTRICTED ASSETS				Combined
		Depreciation Fund	Sewer Capital Impr. Fund	Sewer Revenue Bonds	Debt Service	
ASSETS						
<u>Current Assets</u>						
Cash & Investments						
Demand.....	\$ 308,646	\$ -	\$ 1,822	\$ 1,563	\$ -	\$ 312,031
Time Deposits.....	-	1,750,000	500,000	-	-	2,250,000
Investments & Securities.....	137,375	12,429,798	4,539,116	1,454,089	886,506	19,446,884
Market Value Adjustment.....	-	(79,137)	(12,744)	-	-	(91,880)
Mgr/Trust Cash.....	-	-	-	-	-	-
Receivables						
Accounts.....	1,699,043	-	-	-	-	1,699,043
Accrued Interest.....	-	31,954	15,851	-	-	47,805
Due From Other Funds.....	2,124	-	-	-	-	2,124
Sewer Line Assessments.....	3,550	-	-	-	-	3,550
Miscellaneous.....	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Total Current Assets	2,150,738	14,132,616	5,044,045	1,455,652	886,506	23,669,557
Notes Receivables - Hunt	81,349	-	-	-	-	81,349
Property, Plant, & Equipment.....	253,053,901	-	-	-	-	253,053,901
(Less: Accumulated Depreciation).....	(89,014,314)	-	-	-	-	(89,014,314)
Net Property, Plant, & Equipment	164,039,587	-	-	-	-	164,039,587
Other Assets.....	14,070,323	-	-	-	-	14,070,323
TOTAL ASSETS	180,341,998	14,132,616	5,044,045	1,455,652	886,506	201,860,816
LIABILITIES & FUND EQUITY						
<u>Current Liabilities</u>						
Accounts Payable.....	208,015	-	-	-	-	208,015
Accrued Expenses.....	378,078	-	-	-	-	378,078
Due to Other Funds.....	752,011	-	-	-	-	752,011
Other.....	-	-	-	-	-	-
Total Current Liabilities	1,338,104	-	-	-	-	1,338,104
<u>Liabilities Payable from Restricted Assets</u>						
Accounts Payable.....	-	-	57,217	8,527	-	65,744
Accrued Expenses.....	-	-	-	391,408	-	391,408
Due to Other Funds.....	-	2,124	-	-	-	2,124
Interest Payable.....	-	-	-	-	265,460	265,460
Current Portions of all Revenue Bonds....	4,221,550	-	-	-	-	4,221,550
Total Liabilities Payable from Restricted Assets	4,221,550	2,124	57,217	399,935	265,460	4,946,287
<u>Other Non-Current Liabilities</u>						
Deferred Revenue.....	2,060,383	-	-	-	-	2,060,383
Revenue Bonds.....	104,235,206	-	-	-	-	104,235,206
Deferred inflows of resources.....	4,715,949	-	-	-	-	4,715,949
Noncurrent liabilities/Net Pension Liability - TMRS.....	455,926	-	-	-	-	455,926
Arbitrage Payable	17,832	-	-	-	-	17,832
TOTAL LIABILITIES	117,044,950	2,124	57,217	399,935	265,460	117,769,686
FUND EQUITY						
<u>Retained Earnings</u>						
Reserve for Encumbrances.....	-	-	-	-	-	-
Reserve for Debt Service.....	-	-	-	-	621,046	621,046
Reserve for Depreciation.....	-	14,130,492	-	-	-	14,130,492
Reserve for Capital Improvement.....	-	-	4,986,828	-	-	4,986,828
Unreserved.....	63,297,048	-	-	1,055,717	-	64,352,764
Total Retained Earnings	63,297,048	14,130,492	4,986,828	1,055,717	621,046	84,091,130
	\$ 180,341,998	\$ 14,132,616	\$ 5,044,045	\$ 1,455,652	\$ 886,506	\$ 201,860,816

**McALLEN PUBLIC UTILITY
RECONCILED BANK BALANCES
As of March 31, 2019**

	POOL	TIME		GROSS				BLENDED	TOTAL	BLENDED YIELD ON INVESTMENTS ONLY	TOTAL INVESTMENTS
		CASH	APR/ROI	DEPOSITS	APR/ROI	INVESTMENTS	APR/ROI				
<u>WATER FUND</u>											
M & O	328,499	0.00%	1,009,887.81	2.76%	4,258,429	2.05%	516,751	2.59%	6,113,567	2.10%	5,268,317
% of Total	5.37%		16.52%		69.66%		8.45%				
			19.17%		80.83%		0.00%				
WATER BOND RESERVE	0	0.00%	0	0.00%	0	0.00%	53,869	2.59%	53,869	2.59%	0
% of Total	0.00%		0.00%		0.00%		100.00%				
			0.00%		0.00%		0.00%				
DEPRECIATION	17,221	0.00%	1,255,626	2.73%	4,761,181	1.44%	2,199,582	2.59%	8,233,610	1.94%	6,016,807
% of Total	0.21%		15.25%		57.83%		26.71%				
			20.87%		79.13%		0.00%				
DEBT SERVICE	-	-	-	-	-	-	111,849	2.59%	111,849	2.59%	0
% of Total	0.00%		0.00%		0.00%		100.00%				
			0.00%		0.00%		0.00%				
WATER DEBT SERVICE TWDB	-	-	-	-	-	-	169,628	2.59%	169,628	2.59%	0
% of Total	0.00%		0.00%		0.00%		100.00%				
			0.00%		0.00%		0.00%				
CAPITAL IMPROVEMENT	914	0.00%	250,969	2.72%	2,758,851	1.56%	1,680,632	2.59%	4,691,366	1.99%	3,009,820
% of Total	0.02%		5.35%		58.81%		35.82%				
			8.34%		91.66%		0.00%				
BOND CONSTRUCTION	25,775	-	-	-	-	-	0	0.00%	25,775	0.00%	0
% of Total	100.00%		0.00%		0.00%		0.00%				
			0.00%		0.00%		0.00%				
TOTAL WATER	372,409	0.00%	2,516,482	2.76%	11,778,462	1.69%	4,732,309	2.59%	19,399,662	2.01%	14,294,944
% of Total	1.92%		17.60%		82.40%		0.00%		100.00%		
<u>SEWER FUND</u>											
M & O	308,646	0.00%	0	0.00%	-	-	137,375	2.59%	446,021	0.80%	0
% of Total	69.20%		0.00%		0.00%		30.80%				
			0.00%		0.00%		0.00%				
BOND RESERVE-TWDB 2009	-	0.00%	-	0.00%	-	-	2,651,741	2.59%	2,651,741	2.59%	0
% of Total	0.00%		0.00%		0.00%		100.00%				
			0.00%		0.00%		0.00%				
DEPRECIATION	0	0.00%	1,757,422	2.73%	7,998,686	1.76%	4,431,112	2.59%	14,187,220	2.14%	9,756,109
% of Total	0.00%		12.39%		56.38%		31.23%				
			18.01%		81.99%		45.42%				
DEBT SERVICE	-	0.00%	-	0.00%	-	-	119,869	2.59%	119,869	2.59%	0
% of Total	0.00%		0.00%		0.00%		100.00%				
			0.00%		0.00%		0.00%				
SEWER DEBT TWDB- 2009-2010	-	0.00%	-	0.00%	-	-	259,045	2.59%	259,045	2.59%	0
% of Total	0.00%		0.00%		0.00%		100.00%				
			0.00%		0.00%		0.00%				
SEWER BOND CONST TWDB - F492	(438,790)	0.00%	-	0.00%	-	-	0	0.00%	-438,790	0.00%	0
* Series 2012	100.00%		0.00%		0.00%		0.00%				
			0.00%		0.00%		0.00%				
TWDB CONSTR FUND SERIES 2015	(434,129)	0.00%	-	0.00%	-	-	0	0.00%	-434,129	0.00%	0
*FUND 494	100.00%		0.00%		0.00%		0.00%				
			0.00%		0.00%		0.00%				
SEWER TWDB Debt - 2012	-	0.00%	-	0.00%	-	-	507,593	2.59%	507,593	2.59%	0
% of Total	0.00%		0.00%		0.00%		100.00%				
			0.00%		0.00%		0.00%				
CAPITAL IMPROVEMENT	1,822	0.00%	501,939	2.72%	2,502,898	2.02%	2,036,218	2.59%	5,042,877	2.32%	3,004,837
% of Total	0.04%		9.95%		49.63%		40.38%				
			16.70%		83.30%		0.00%				
BOND CONSTRUCTION	874,482	0.00%	-	0.00%	-	-	1,454,089	2.59%	2,328,570	1.62%	0
% of Total	37.55%		0.00%		0.00%		62.45%				
			0.00%		0.00%		0.00%				
TOTAL SEWER	312,031	0.00%	2,259,362	2.73%	10,501,584	1.82%	11,597,041	2.59%	24,670,018	2.24%	12,760,946
% of Total	1.26%		17.71%		82.29%		0.00%		100%		
TOTAL MPU	684,440	0.00%	4,775,844	2.74%	22,280,046	1.75%	16,329,350	2.59%	44,069,680	2.14%	27,055,890
% of Total	1.55%		17.65%		82.35%		0.00%		100.00%		

* Pending receipt of reimbursement funds from TWDB