AGENDA ITEM NO. 3

AGENDA ITEM SUMMARY FORM

MEETING DATE: October 13, 2026
PREPARED BY: Michael Burrell, Director
DEPARTMENT: Development Services

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action to receive the independent auditor's Water and Wastewater Impact Fee Report.

BACKGROUND/SUMMARY:

Effective Sept. 1, 2025, Texas Local Government Code Ch. 395 relating to impact fees was amended to require that political subdivisions must conduct an independent financial audit of existing impact fee accounts. The city currently has water and wastewater impact fee accounts, so the required audit was performed on those two accounts. The audit is submitted to the Advisory Committee in compliance with TLGC 395.059(d). A public hearing on the results of the audit will occur at the regularly scheduled City Council meeting on January 6, 2027, when the City Council holds a public hearing on the Land Use Assumptions and Capital Improvements Plans.

The independent auditor, Baker Tilley, provided detailed accounting in accordance with TLGC 395.059(c) that reviewed:
(1) the amount of funds collected from any impact fee imposed by the political subdivision in the service area;
(2) the amount of interest accumulated under Section 395.025 on impact fees collected by the political subdivision in the service area;
(3) any proposed capital improvements or facility expansions to be financed from an impact fee collected by the political subdivision in the service area that were not constructed, as described by Section 395.025, including the categories of each improvement and expansion;
(4) the amount of funds collected from impact fees by the political subdivision in the service area that have not been spent;
(5) each impact fee collected by the political subdivision in the service area;
(6) the allocation of each impact fee made to the political subdivision in the service area;
(7) any waived impact fees in the service area under Section 395.016(g);
(8) any requested refunds of impact fees in the service area under Section 395.025;
(9) any impact fees in the service area refunded under Section 395.025; and
(10) any errors or omissions of credits in impact fee calculations for impact fees in the service area.

The results of the audit are provided in the Water and Wastewater Impact Fee Report.

LEGAL REVIEW: No
FISCAL IMPACT: No
FORM 1295 FILED: Not Applicable
PRESENTATION: No
ATTACHMENTS: Yes

- Water and Wastewater Impact Fee Report

STAFF RECOMMENDATION:

The city staff recommends that the Community Impact Fee Advisory Committee receive the Water and Wastewater Impact Fee Report.

Community Impact Fee Advisory Committee:	**Recommend Approval**	**Disapproval**	**None**