

**Hays County
Water Control and
Improvement District No. 1**

**Financial Statements
and Supplemental Information
as of and for the Year Ended
September 30, 2021 and
Independent Auditors' Report**

Hays County Water Control and Improvement District No. 1

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Annual Filing Affidavit

The State of Texas

County of Hays

I, Douglas Botts, President
(Name of Duly Authorized District Representative)

of the Hays County Water Control and Improvement District No. 1

hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the Board of Directors of the District on the _____ day of _____, 20_____, its annual audit report for the fiscal year ended September 30, 2021, and that copies of the annual audit report have been filed in the District office, located at c/o Winstead PC, 401 Congress Avenue, Suite 2100, Austin, Texas 78701.

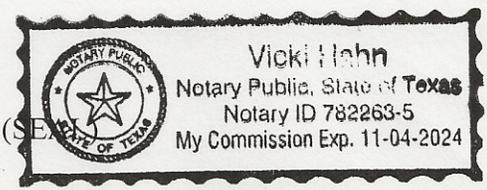
The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code and to the Texas Comptroller of Public Accounts in satisfaction of the annual filing requirements of Section 140.008 of the Texas Local Government Code.

Date: February 10, 20 22

By: [Signature]
(Signature of District Representative)

Douglas L. Botts, Board President
(Typed Name and Title of above District Representative)

Sworn to and subscribed to before me this 22nd day of February, 20 22.



[Signature]
(Signature of Notary)

Vicki HAHN
(Printed Name of Notary)

My Commission Expires On: 11/4/24
Notary Public in and for the State of Texas.



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Accountants and Consultants

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Round Rock, TX 78664

Independent Auditors' Report

To the Board of Directors of
Hays County Water Control and Improvement District No. 1:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Hays County Water Control and Improvement District No. 1 (the "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 and each major fund of the District as of September 30, 2021, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information required by the Texas Commission on Environmental Quality (the "TCEQ") and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information required by the TCEQ listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplemental information required by the TCEQ listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Maxwell Locke + Ritter LLP

Austin, Texas
February 10, 2022

Hays County Water Control and Improvement District No. 1

Management’s Discussion and Analysis For the Year Ended September 30, 2021

In accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 34, the management of Hays County Water Control and Improvement District No. 1 (the “District”) offers the following narrative on the financial performance of the District for the year ended September 30, 2021. Please read it in connection with the District’s financial statements that follow.

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the “Governmental Funds Total” column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net position and the statement of activities.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities at the close of the current fiscal year by approximately \$18.6 million, of which approximately \$6.0 million is considered unrestricted net position.
- As of the close of the current fiscal year, the District’s governmental funds reported ending fund balance of approximately \$6.9 million.
- The District has \$5,955,000 of bonds authorized by the voters, but unissued by the District.

Overview of the Basic Financial Statements

The District’s reporting is comprised of two parts:

- *Management’s Discussion and Analysis* (this section)
- Basic Financial Statements
 - *Statement of Net Position and Governmental Funds Balance Sheet*
 - *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*
 - *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund*
 - *Notes to Basic Financial Statements*

Other supplementary information is also included.

The *Statement of Net Position and Governmental Funds Balance Sheet* includes a column (titled “Governmental Funds Total”) that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District’s net position will indicate financial health.

The *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances* also includes a column (titled “Governmental Funds Total”) which derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund* presents a comparison statement between the District’s adopted budget to its actual results.

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*.

Schedules required by the Texas Commission on Environmental Quality and other supplementary information are presented immediately following the *Notes to Basic Financial Statements*.

Comparative Financial Statements

Statement of Net Position

	Governmental Activities		Change Increase
	2021	2020	(Decrease)
Current and Other Assets	\$ 7,881,622	\$ 7,944,525	\$ (62,903)
Capital Assets	33,304,022	34,010,541	(706,519)
Total Assets	41,185,644	41,955,066	(769,422)
Deferred Outflows of Resources	392,982	438,377	(45,395)
Current Liabilities	3,320,888	3,475,283	(154,395)
Long-term Liabilities	19,650,361	22,018,598	(2,368,237)
Total Liabilities	22,971,249	25,493,881	(2,522,632)
Net Investment in Capital Assets	11,704,179	10,525,434	1,178,745
Restricted	916,222	1,089,773	(173,551)
Unrestricted	5,986,976	5,284,355	702,621
Total Net Position	\$ 18,607,377	\$ 16,899,562	\$ 1,707,815

The District’s total assets were approximately \$41.2 million as of September 30, 2021. Of this amount, approximately \$33.3 million is included in capital assets. The District had outstanding liabilities of approximately \$23.0 million. Of this amount, approximately \$22.0 million is included in bonds payable.

The District’s property tax assessed value in tax year 2020 was approximately \$452.1 million compared to \$431.1 million in tax year 2019. The tax rate is set after reviewing operations and maintenance requirements and interest and sinking fund requirements. The District’s primary revenue sources are water and wastewater services, garbage and basic services, and property taxes.

Statement of Activities

	Governmental Activities		Change Increase
	2021	2020	(Decrease)
Utility services	\$ 2,532,779	\$ 2,513,674	\$ 19,105
Taxes and miscellaneous	3,942,710	3,782,265	160,445
Total Revenues	6,475,489	6,295,939	179,550
Repairs and maintenance	947,626	798,149	149,477
Purchased services	559,675	550,266	9,409
Contracted services	1,070,455	1,114,801	(44,346)
Professional fees	397,774	393,739	4,035
Utilities	74,179	72,003	2,176
Developer interest	-	239,512	(239,512)
Administrative and other	124,134	112,135	11,999
Interest and other debt service fees	497,273	848,760	(351,487)
Depreciation and amortization	1,096,558	951,390	145,168
Total Expenses	4,767,674	5,080,755	(313,081)
Change in Net Position	1,707,815	1,215,184	492,631
Beginning Net Position	16,899,562	15,684,378	1,215,184
Ending Net Position	\$ 18,607,377	\$ 16,899,562	\$ 1,707,815

Revenues were approximately \$6.5 million for the fiscal year ended September 30, 2021, which is an increase of approximately \$180,000 from the prior year. Property taxes provided approximately \$3.9 million which is 61% of total revenue. Total expenditures decreased approximately \$313,000 to approximately \$4.8 million for the fiscal year ended September 30, 2021. Net position increased approximately \$1,708,000 for the fiscal year ended September 30, 2021, compared to an increase of approximately \$1,215,000 in the previous year.

Analysis of Governmental Funds

	2021	2020	2019	2018
Cash and cash equivalents	\$ 608,002	\$ 975,163	\$ 829,976	\$ 2,137,938
Temporary investments	6,646,727	6,212,205	4,869,268	3,108,908
Receivables and other assets	599,357	725,089	500,307	331,844
Interfund receivable	10,063	14,955	39,360	4,622
Prepaid items	-	1,386	39,258	4,308
Total Assets	\$ 7,864,149	\$ 7,928,798	\$ 6,278,169	\$ 5,587,620
Accounts payable	576,697	445,480	430,461	490,454
Refundable deposits	338,138	307,392	209,255	208,486
Due to Hays WCID No. 2	-	-	44,959	31,735
Due to developer	-	396,836	-	-
Interfund payable	10,063	14,955	39,360	4,622
Total Liabilities	924,898	1,164,663	724,035	735,297
Deferred inflows of resources	25,402	15,181	9,137	3,071
Nonspendable	-	1,386	-	-
Restricted	935,695	1,470,939	1,075,972	1,177,408
Assigned	-	-	16,494	77,699
Unassigned	5,978,154	5,276,629	4,452,531	3,594,145
Total Fund Balances	6,913,849	6,748,954	5,544,997	4,849,252
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,864,149	\$ 7,928,798	\$ 6,278,169	\$ 5,587,620

The *General Fund* pays for daily operating expenditures. The General Fund fund balance increased approximately \$700,000 during the year, which resulted in an ending General Fund fund balance of approximately \$6.0 million at September 30, 2021. When comparing actual results to the budget, revenues were more than budget by approximately \$387,000 primarily due to increased water and wastewater service fees. Expenditures were more than budget by approximately \$233,000, primarily due to more than expected capital outlay. More detailed information about the District's budgetary comparison is presented in the Basic Financial Statements.

The *Debt Service Fund* includes property taxes collected to retire bond principal and to pay interest due. The Debt Service Fund remitted \$2,285,000 in bond principal and approximately \$500,000 in bond interest for the year ended September 30, 2021.

The *Capital Projects Fund* primarily purchases the District's infrastructure. The Capital Projects Fund transferred approximately \$350,000 to the General Fund to pay for capital outlay and improvements to the wastewater treatment plant for the year ended September 30, 2021.

Capital Assets Activity

	9/30/2021	9/30/2020
Capital Assets:		
Water and wastewater facilities	\$ 37,905,676	\$ 37,557,601
Land	3,597,901	3,597,901
Park improvements	1,194,011	1,194,011
Other	97,959	97,959
Buildings	901,354	901,354
Construction-in-progress	-	8,341
Less: Accumulated Depreciation	(10,392,879)	(9,346,626)
Total Net Capital Assets	\$ 33,304,022	\$ 34,010,541

More detailed information about the District’s capital assets is presented in the *Notes to Basic Financial Statements*.

Long-Term Debt Activity

	2021	2020
Bonds payable	\$ 22,040,000	\$ 24,325,000

The District owes \$22.0 million to bond holders. During the year ended September 30, 2021, the District made principal payments of \$2,285,000 and interest payments of approximately \$500,000. More detailed information about the District’s long-term debt is presented in the *Notes to Basic Financial Statements*.

Currently Known Facts, Decisions, or Conditions

For fiscal year 2022, which is the tax year 2021, the tax rate is \$0.8290 on each \$100 of taxable value of which \$0.2893 is approved for maintenance and operations and \$0.5397 is approved for debt service.

The adopted budget for 2022 projects an increase in the General Fund fund balance of approximately \$77,000 compared to a budgeted increase in fund balance of approximately \$196,000 for 2021. When compared to the 2021 final budget, revenues are expected to increase by approximately \$321,000 primarily due to a increase in the property tax rate allocated to the General Fund. Expenditures are expected to increase \$441,000 primarily due to an increase in maintenance expenditures.

Requests for Information

This financial report is designed to provide a general overview of the District’s finances and to demonstrate the District’s accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District at c/o Winstead PC, 401 Congress Avenue, Suite 2100, Austin, Texas 78701.

Hays County Water Control and Improvement District No. 1

Statement of Net Position and Governmental Funds Balance Sheet September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments (Note 2)	Statement of Net Position
Assets:						
Cash and cash equivalents	\$ 608,002	\$ -	\$ -	\$ 608,002	\$ -	\$ 608,002
Temporary investments	5,700,969	945,758	-	6,646,727	-	6,646,727
Receivables:						
Property taxes	8,822	16,580	-	25,402	-	25,402
Service accounts	373,728	-	-	373,728	-	373,728
Other	95,811	-	-	95,811	-	95,811
Due from other funds	10,063	-	-	10,063	(10,063)	-
Due from other governmental entities	104,416	-	-	104,416	-	104,416
Prepaid items	-	-	-	-	27,536	27,536
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	3,597,901	3,597,901
Water and wastewater facilities	-	-	-	-	28,146,490	28,146,490
Park improvements	-	-	-	-	806,168	806,168
Buildings	-	-	-	-	747,502	747,502
Other capital assets	-	-	-	-	5,961	5,961
Total assets	6,901,811	962,338	-	7,864,149	33,321,495	41,185,644
Deferred outflows of resources-						
Deferred charges on bond refundings	-	-	-	-	392,982	392,982
Total deferred outflows of resources	-	-	-	-	392,982	392,982
Total assets and deferred outflows of resources	\$ 6,901,811	\$ 962,338	\$ -	\$ 7,864,149	33,714,477	41,578,626
Liabilities:						
Accounts payable	\$ 576,697	\$ -	\$ -	\$ 576,697	-	576,697
Refundable deposits	338,138	-	-	338,138	-	338,138
Due to other funds	-	10,063	-	10,063	(10,063)	-
Bond interest payable	-	-	-	-	36,053	36,053
Long-term liabilities:						
Due within one year	-	-	-	-	2,370,000	2,370,000
Due after one year	-	-	-	-	19,650,361	19,650,361
Total liabilities	914,835	10,063	-	924,898	22,046,351	22,971,249
Deferred inflows of resources-						
Property taxes	8,822	16,580	-	25,402	(25,402)	-
Total deferred inflows of resources	8,822	16,580	-	25,402	(25,402)	-
Fund balances/net position:						
Fund balances:						
Restricted for-						
Debt service	-	935,695	-	935,695	(935,695)	-
Unassigned	5,978,154	-	-	5,978,154	(5,978,154)	-
Total fund balances	5,978,154	935,695	-	6,913,849	(6,913,849)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 6,901,811	\$ 962,338	\$ -	\$ 7,864,149		
Net position:						
Net investment in capital assets					11,704,179	11,704,179
Restricted for debt service					916,222	916,222
Unrestricted					5,986,976	5,986,976
Total net position					\$ 18,607,377	\$ 18,607,377

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

Hays County Water Control and Improvement District No. 1

Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances Year Ended September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments (Note 2)	Statement of Activities
Expenditures/expenses:						
Service operations:						
Repairs and maintenance	\$ 947,626	-	-	947,626	-	947,626
Bulk water purchases	559,675	-	-	559,675	-	559,675
Basic services	349,767	-	-	349,767	-	349,767
Legal fees	212,643	-	-	212,643	-	212,643
Operator fees	694,049	-	-	694,049	-	694,049
Utilities	74,179	-	-	74,179	-	74,179
Engineering fees	112,381	-	-	112,381	-	112,381
Directors' fees	40,736	-	-	40,736	-	40,736
Security	26,893	-	-	26,893	-	26,893
Tax collector/appraisal fees	8,828	17,811	-	26,639	-	26,639
Audit fees	18,000	-	-	18,000	-	18,000
Accounting fees	54,750	-	-	54,750	-	54,750
Insurance	15,273	-	-	15,273	-	15,273
Other	33,160	8,072	-	41,232	-	41,232
Debt service:						
Principal payments	-	2,285,000	-	2,285,000	(2,285,000)	-
Interest	-	500,445	-	500,445	(4,522)	495,923
Fiscal agent fees and other costs	-	1,350	-	1,350	-	1,350
Capital outlay	339,735	-	-	339,735	(339,735)	-
Depreciation and amortization	-	-	-	-	1,096,558	1,096,558
Total expenditures/expenses	3,487,695	2,812,678	-	6,300,373	(1,532,699)	4,767,674
Revenues:						
Program revenues:						
Garbage and basic services	1,402,081	-	-	1,402,081	-	1,402,081
Water and wastewater service	1,111,485	-	-	1,111,485	-	1,111,485
Tap connection/inspection fees	10,050	-	-	10,050	-	10,050
Fines and penalties	9,163	-	-	9,163	-	9,163
Total program revenues	2,532,779	-	-	2,532,779	-	2,532,779
Net program expenses						(2,234,895)
General revenues:						
Property taxes	1,299,301	2,619,310	-	3,918,611	10,221	3,928,832
Interest income and other	2,430	929	283	3,642	-	3,642
Penalties and interest on tax accounts	3,609	6,627	-	10,236	-	10,236
Total general revenues	1,305,340	2,626,866	283	3,932,489	10,221	3,942,710
Total revenues	3,838,119	2,626,866	283	6,465,268	10,221	6,475,489
Excess (deficiency) of revenues over (under) expenditures	350,424	(185,812)	283	164,895	1,542,920	1,707,815
Other financing sources (uses)-						
Transfers in (out)	349,715	-	(349,715)	-	-	-
Total other financing sources (uses)	349,715	-	(349,715)	-	-	-
Changes in fund balances/ net position	700,139	(185,812)	(349,432)	164,895	1,542,920	1,707,815
Fund balances/net position:						
Beginning of the year	5,278,015	1,121,507	349,432	6,748,954	10,150,608	16,899,562
End of the year	\$ 5,978,154	935,695	-	6,913,849	11,693,528	18,607,377

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

Hays County Water Control and Improvement District No. 1

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Program revenues:				
Garbage and basic services	\$ 1,327,726	\$ 1,327,726	\$ 1,402,081	\$ 74,355
Water and wastewater service	818,344	818,344	1,111,485	293,141
Tap connection/inspection fees	1,200	1,200	10,050	8,850
Fines and penalties	16,800	16,800	9,163	(7,637)
General revenues:				
Property taxes	1,259,917	1,259,917	1,299,301	39,384
Interest income and other	25,000	25,000	2,430	(22,570)
Penalties and interest on tax accounts	2,500	2,500	3,609	1,109
Total revenues	3,451,487	3,451,487	3,838,119	386,632
Expenditures:				
Service operations:				
Repairs and maintenance	1,008,414	1,008,414	947,626	60,788
Bulk water purchases	547,533	547,533	559,675	(12,142)
Basic services	347,280	347,280	349,767	(2,487)
Legal fees	190,660	190,660	212,643	(21,983)
Operator fees	692,218	692,218	694,049	(1,831)
Utilities	79,533	79,533	74,179	5,354
Engineering fees	120,000	120,000	112,381	7,619
Directors' fees	48,880	48,880	40,736	8,144
Security	40,850	40,850	26,893	13,957
Tax collector/appraisal fees	8,500	8,500	8,828	(328)
Audit fees	18,000	18,000	18,000	-
Accounting fees	54,000	54,000	54,750	(750)
Insurance	13,320	13,320	15,273	(1,953)
Other	86,740	85,535	33,160	52,375
Capital outlay	-	-	339,735	(339,735)
Total expenditures	3,255,928	3,254,723	3,487,695	(232,972)
Excess of revenues over expenditures	195,559	196,764	350,424	153,660
Other financing sources-				
Transfers in	-	-	349,715	349,715
Change in fund balance	195,559	196,764	700,139	503,375
Fund balance:				
Beginning of year	5,278,015	5,278,015	5,278,015	-
End of year	<u>\$ 5,473,574</u>	<u>\$ 5,474,779</u>	<u>\$ 5,978,154</u>	<u>\$ 503,375</u>

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

Hays County Water Control and Improvement District No. 1

Notes to Basic Financial Statements Year Ended September 30, 2021

1. Summary of Significant Accounting Policies

Hays County Water Control and Improvement District No. 1 (the “District”) was created on January 16, 2001 by the Hays County Commissioners Court and operates pursuant to Chapter 51 of the Texas Water Code. It is a political subdivision of the State of Texas and is operated by an elected Board of Directors (the “Board”). The 77th Legislature confirmed the creation of the District and further granted the District all powers in Chapters 49, 51, and 54 of the Texas Water Code. The District provides water, sewer, and drainage facilities and services within the District.

The reporting entity of the District encompasses those activities and functions over which the District’s elected officials exercise significant oversight or control. The District is governed by a five member Board, which has been elected by District residents or appointed by the Board. The District is not included in any other governmental “reporting entity” as defined by Governmental Accounting Standards Board (“GASB”), since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no component units included in the District’s reporting entity.

Government-Wide and Fund Financial Statements

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the “Governmental Funds Total” column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net position and the statement of activities.

The government-wide financial statements report information on all of the activities of the District. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Major revenue sources considered susceptible to accrual include interest income. No accrual for property taxes to be collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources.

The District reports the following major governmental funds:

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due.

The Capital Projects Fund is used to account for financial resources restricted for authorized construction and other capital asset acquisitions.

Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device for the General Fund. Formal budgetary integration is not employed for the Debt Service Fund or the Capital Projects Fund. The budget is proposed by the District Manager for the fiscal year commencing the following October 1, and is adopted on the modified accrual basis, which is consistent with generally accepted accounting principles.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Cash and Cash Equivalents - The District's cash and cash equivalents are considered to be cash-on-hand and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - Temporary investments throughout the year consisted of investments in an external local government investment pool. The external local government investment pool is recognized at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District is entitled to invest any and all of its funds in certificates of deposit, direct debt securities of the United States of America or the State of Texas, certain Federal agency securities and other types of municipal bonds, fully collateralized repurchase agreements, commercial paper and local government investment pools. The District's investment policies and types of investments are governed by Section 2256 of the Government Code ("Public Funds Investment Act"). The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Accounts Receivable - The District provides for uncollectible accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. As of September 30, 2021, there was no allowance for uncollectible accounts.

Prepaid Items - Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are charged to expenditures when consumed.

Capital Assets - Capital assets, which include land, water and wastewater facilities, park improvements, buildings, and other capital assets, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with a useful life of at least two years and an initial, individual cost of at least \$10,000. Such assets are recorded at historical cost if purchased or acquisition value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Capital assets (other than land) are depreciated using the straight line method over the following estimated useful lives: water and wastewater facilities - ten to forty-five years, buildings - forty years, park improvements and other capital assets - three to twenty-five years.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond insurance costs are reported as assets and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. In both the government-wide and fund financial statements, bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the period incurred.

Ad Valorem Property Taxes - Property taxes, penalties, and interest are reported as revenue in the fiscal year in which they become available to finance expenditures of the District. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Deferred Outflows and Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note 6 for additional information on deferred outflows of resources.

Fund Equity - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 10 for additional information on those fund balance classifications.

Fair Value Measurements - The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after June 15, 2021. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2022.

2. Reconciliation of Government-Wide and Fund Financial Statements

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

Fund balances - total governmental funds		\$	6,913,849
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Capital assets	\$	43,696,901	
Less: Accumulated depreciation		<u>(10,392,879)</u>	33,304,022
Revenue is recognized when earned in the government-wide statements, regardless of availability. Governmental funds report deferred inflows of resources for revenues earned but not available.			25,402
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds payable		(22,040,000)	
Bond discounts		19,639	
Bond insurance premium, net		27,536	
Deferred charges on refundings, net		392,982	
Accrued bond interest payable		<u>(36,053)</u>	<u>(21,635,896)</u>
Total net position			<u>\$ 18,607,377</u>

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

Changes in fund balances - governmental funds		\$	164,895
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report:			
Capital expenditures in year paid	\$	339,735	
Bond principal in year paid		2,285,000	
Interest expenditures in year paid		4,522	
Tax revenue when collected		<u>10,221</u>	2,639,478
Governmental funds do not report:			
Depreciation		(1,046,254)	
Amortization of bond insurance premium		(3,146)	
Amortization of bond discounts		(1,763)	
Amortization of deferred charges on refundings		<u>(45,395)</u>	<u>(1,096,558)</u>
Change in net position			<u>\$ 1,707,815</u>

3. Cash, Cash Equivalents and Temporary Investments

The District's deposits are required to be secured in the manner provided by law for the security of the funds. At September 30, 2021, such deposits, consisting of bank deposits and money market mutual funds, were entirely covered by Federal Deposit Insurance Corporation ("FDIC") insurance or secured by collateral pledged by the depository.

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy. The District's deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy, in order of priority, are safety, liquidity, and yield.

The District is entitled to invest in obligations of the United States, the State of Texas and their agencies or any state, county, city and any other political subdivisions of any state rated by a nationally recognized investment rating firm with a rating not less than A or its equivalent, certificates of deposit of state or national banks or savings and loan associations within the State, prime domestic bankers' acceptances, commercial paper with a stated maturity of 270 days or less from the date of its issuance, fully collateralized repurchase agreements, no-load money market mutual funds regulated by the United States Securities and Exchange Commission, and eligible public funds investment pools.

Investments held at September 30, 2021 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Government Investment Pool- TexPool	\$ 6,646,727	1	AAAm
Total investments	\$ 6,646,727		

Although Texas Local Governmental Investment Pool ("TexPool") is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This investment is stated at amortized cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool's investment policy. This board is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Investors manages daily operations of TexPool under a contract with the Comptroller and serves as the investment manager for the pool. TexPool's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

In accordance with GASB Statement No. 79, the external local government investment pool does not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. This pool does not impose any liquidity fees or redemption gates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At September 30, 2021, investments were included in an external local governmental investment pool with ratings from Standard & Poor’s in compliance with the District’s investment policy. The District’s investment policy requires that certificates of deposit be either federally insured or collateralized.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty’s trust department or agent but not in the District’s name. At September 30, 2021, the District was not exposed to custodial credit risk.

Interest Rate Risk - The District’s investment policy requires that the District manage its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to short-term investments with necessary liquidity to ensure that sufficient funds are available for the continued operations and debt service requirements of the District. The District considers the holdings in TexPool to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value.

4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds.” The composition of interfund balances as of September 30, 2021, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Debt Service	\$ 10,063
Total		<u>\$ 10,063</u>

5. Capital Assets

Capital assets activity for the year ended September 30, 2021, was as follows:

	Balance 9/30/2020	Additions	Deletions and Adjustments	Balance 9/30/2021
Capital assets not being depreciated-				
Land	\$ 3,597,901	\$ -	\$ -	\$ 3,597,901
Construction in progress	8,341	-	(8,341)	-
Total capital assets not being being depreciated	<u>3,606,242</u>	<u>-</u>	<u>(8,341)</u>	<u>3,597,901</u>
Capital assets being depreciated:				
Water/Wastewater/Drainage Facilities	37,557,601	348,075	-	37,905,676
Park improvements	1,194,011	-	-	1,194,011
Buildings	901,354	-	-	901,354
Other capital assets	97,959	-	-	97,959
Total capital assets being depreciated	<u>39,750,925</u>	<u>348,075</u>	<u>-</u>	<u>40,099,000</u>
Less accumulated depreciation for:				
Water/Wastewater/Drainage Facilities	(8,767,950)	(991,236)	-	(9,759,186)
Park improvements	(357,642)	(30,201)	-	(387,843)
Buildings	(132,568)	(21,284)	-	(153,852)
Other capital assets	(88,466)	(3,532)	-	(91,998)
Total accumulated depreciation	<u>(9,346,626)</u>	<u>(1,046,253)</u>	<u>-</u>	<u>(10,392,879)</u>
Capital assets being depreciated, net	<u>30,404,299</u>	<u>(698,178)</u>	<u>-</u>	<u>29,706,121</u>
Total capital assets, net of accumulated depreciation	<u>\$ 34,010,541</u>	<u>\$ (698,178)</u>	<u>\$ (8,341)</u>	<u>\$ 33,304,022</u>

6. Deferred Charges on Bond Refundings

The following is a summary of changes in deferred charges on bond refundings for the year ended September 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Deferred charges on bond refundings	\$ 438,377	-	(45,395)	392,982

7. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2021:

	<u>Balance 9/30/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2021</u>
Unlimited Tax Refunding Bonds, Series 2012 (direct placement)	\$ 1,385,000	-	(255,000)	1,130,000
Unlimited Tax Refunding Bonds, Series 2013 (direct placement)	2,445,000	-	(370,000)	2,075,000
Unlimited Tax Bonds, Series 2015	2,080,000	-	(95,000)	1,985,000
Unlimited Tax Refunding Bonds, Series 2015 (direct placement)	355,000	-	-	355,000
Unlimited Tax Refunding Bonds, Series 2016 (direct placement)	5,080,000	-	(505,000)	4,575,000
Unlimited Tax Refunding Bonds, Series 2016A (direct placement)	2,790,000	-	(280,000)	2,510,000
Unlimited Tax Bonds, Series 2017	1,890,000	-	(65,000)	1,825,000
Unlimited Tax Refunding Bonds, Series 2020 (direct placement)	1,920,000	-	(135,000)	1,785,000
Unlimited Tax Bonds, Series 2020 (direct placement)	6,380,000	-	(580,000)	5,800,000
Original Issue Discount	(21,402)	-	1,763	(19,639)
	<u>\$24,303,598</u>	<u>-</u>	<u>(2,283,237)</u>	<u>22,020,361</u>

Long-term debt at September 30, 2021, was comprised of the following individual issues:

Series	Description	Matures Through	Interest Rate %	Balance September 30, 2021	Due Within One Year
2012	Unlimited Tax Refunding Bonds (direct placement)	2025	2.5%	\$ 1,130,000	\$ 260,000
2013	Unlimited Tax Refunding Bonds (direct placement)	2026	2.3%	2,075,000	385,000
2015	Unlimited Tax Bonds	2035	2.0-3.625%	1,985,000	100,000
2015	Unlimited Tax Refunding Bonds (direct placement)	2030	2.69%	355,000	-
2016	Unlimited Tax Refunding Bonds (direct placement)	2030	1.71%	4,575,000	520,000
2016A	Unlimited Tax Refunding Bonds (direct placement)	2029	1.92%	2,510,000	290,000
2017	Unlimited Tax Bonds	2038	2.0-3.375%	1,825,000	70,000
2020	Unlimited Tax Refunding Bonds (direct placement)	2032	1.23%	1,785,000	140,000
2020	Unlimited Tax Bonds (direct placement)	2030	1.68%	5,800,000	605,000
				<u>\$ 22,040,000</u>	<u>\$ 2,370,000</u>

Debt service requirements to maturity for the District's non-direct placement bonds are as follows:

Year Ended September 30,	Annual Requirements for All Series		
	Principal	Interest	Total
2022	\$ 170,000	\$ 118,250	\$ 288,250
2023	180,000	113,849	293,849
2024	190,000	109,200	299,200
2025	200,000	104,299	304,299
2026	210,000	99,001	309,001
2027 - 2031	1,215,000	396,920	1,611,920
2032 - 2036	1,345,000	178,888	1,523,888
2037 - 2038	300,000	15,356	315,356
	<u>\$ 3,810,000</u>	<u>\$ 1,135,763</u>	<u>\$ 4,945,763</u>

Debt service requirements to maturity for the District’s direct placement bonds are as follows:

Year Ended September 30,	Annual Requirements for All Series		
	Principal	Interest	Total
2022	\$ 2,200,000	\$ 331,791	\$ 2,531,791
2023	2,275,000	289,997	2,564,997
2024	2,340,000	246,727	2,586,727
2025	2,420,000	202,149	2,622,149
2026	2,160,000	155,988	2,315,988
2027 - 2031	6,650,000	295,742	6,945,742
2032	185,000	2,281	187,281
	<u>\$ 18,230,000</u>	<u>\$ 1,524,675</u>	<u>\$ 19,754,675</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation without limitation as to rate or amount, and are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District’s waterworks.

At September 30, 2021, there were \$5,955,000 of bonds authorized by voters of the District but unissued.

8. Property Taxes

The Texas Water Code authorizes the District to levy a tax each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within its boundaries. Assessed values are established annually by the Hays Central Appraisal District. District property tax revenues are recognized when levied to the extent that they are collected and become available to finance expenditures of the District in the current fiscal period. The balance is reported as deferred revenue. Taxes receivable are due January 1 and are delinquent if received after January 31 and are subject to penalty and interest charges.

In September 2020, the District levied a tax rate of \$0.86 per \$100 of assessed valuation to finance the operating expenditures and debt service requirements of the District. The maintenance tax rate and the debt service tax rate were \$0.2850 and \$0.5750, respectively. The total 2020 tax levy was \$3,888,232 based on a taxable valuation of \$452,120,020.

9. Commitments and Contingent Liabilities

Water Supply Source - The District has contractual commitments with the West Travis County Public Utility Agency (the “WTCPUA”) and the Lower Colorado River Authority (the “LCRA”) to provide capacity for up to 1,200 Living Unit Equivalents (“LUEs”). The District executed a Firm Water Contract with the LCRA dated June 18, 2014, as amended, whereby the District obtained rights to 713 acre-feet of raw or untreated water per annum. Raw water is treated, delivered, and supplied to the District by the WTCPUA pursuant to a Water Services Agreement between the LCRA and the District dated March 26, 2003, as amended. The Water Services Agreement was assigned to the WTCPUA as a successor and assignee of the LCRA commensurate with the LCRA’s sale of certain assets to the WTCPUA. Under the Water Services Agreement, as amended, the WTCPUA is obligated to provide the District with treated water capacity of up to 1,221,120 gallons per day for up to 1,200 LUEs.

Wastewater Treatment Facilities - The District has entered into a Joint Facilities Agreement with Hays County Water Control and Improvement District No. 2 (“Hays County WCID No. 2”) whereby the District shares capacity in its wastewater treatment plant with Hays County WCID No. 2. Pursuant to the Joint Facilities Agreement, Hays County WCID No. 2 has paid the District certain wastewater treatment capacity fees and has contributed certain constructed capital assets and shared capital costs related to the expansion of the wastewater treatment and disposal facilities. In exchange for the reservation fees, the contributed capital assets, and the sharing of the capital costs, the District agrees to provide wastewater treatment and disposal capacity to Hays County WCID No. 2 and to operate and maintain the wastewater treatment plant servicing both the District and Hays County WCID No. 2.

District Development and Developer Reimbursement – Most of the development within the District has been completed. Certain commercial areas within the District remain under development and the construction of related facilities is being paid by the developers of the District. The Board authorized the funding of the projects and the reimbursement of the developer for the cost of the projects out of bond proceeds when the bonds are authorized and issued. The bond proceeds have been used to purchase capital assets within the District including related infrastructure. The District has issued bonds for reimbursement of all developer waterworks system projects, and authorized but unissued bonds remain. The District has issued all authorized bonds for reimbursement of developer sanitary sewer and drainage projects. However, use of other funds will be necessary to fully reimburse the developer for the cost of those facilities, and the District has made arrangements for funding of such reimbursements through strategic partnership agreement sales tax receipts. As of September 30, 2021, estimated developer commitments under construction contracts (complete and in-progress) totaled approximately \$865,000. This estimate is based upon information provided by the developers, which has not been confirmed by the District and does not include developer interest. A set-off agreement in the amount of \$67,642 was entered into between the developers and the District for unfunded review and inspection deposits that were previously reimbursed by the District. This amount will be set-off from remaining amounts due to the developer. In addition the District began remitting 50% of strategic partnership agreement sales tax receipts to the developer for outstanding reimbursements. During the year ended September 30, 2021, the District remitted \$19,264 to the developer.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. While the disruption is expected to be temporary, there is uncertainty around the duration. Therefore, while this issue may negatively impact the District's business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time. Management is actively managing the business to maintain the District's cash flow and believes that the District has adequate liquidity.

10. Fund Balances

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, the Board may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balances is included in the Governmental Funds Balance Sheet on page 10. Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has the authority to assign fund balance for a specific purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

11. Use of Surplus Funds

Pursuant to Texas Administrative Code Rule 293.83(c)(4), the District transferred \$349,715 of surplus funds from the Series 2020 Bond Issue to the General Fund for wastewater treatment plant improvements and related engineering fees.

12. Risk Management

The District's risk management program includes coverage through third party insurance providers for automobile liability, director and officer liability, public official position liability, and general liability. Losses in excess of the various deductible levels are covered through traditional indemnity coverage. No claims were filed during the current or prior periods.

Hays County Water Control and Improvement District No. 1

Index of Supplemental Schedules Required by The Texas Commission on Environmental Quality Year Ended September 30, 2021

Schedule Included			
Yes	No		
<u>X</u>	<u> </u>	TSI-0	Notes Required by the Water District Accounting Manual
<u>X</u>	<u> </u>	TSI-1	Schedule of Services and Rates
<u>X</u>	<u> </u>	TSI-2	Schedule of General Fund Expenditures
<u>X</u>	<u> </u>	TSI-3	Schedule of Temporary Investments
<u>X</u>	<u> </u>	TSI-4	Analysis of Taxes Levied and Receivable
<u>X</u>	<u> </u>	TSI-5	Long-Term Debt Service Requirements by Years
<u>X</u>	<u> </u>	TSI-6	Analysis of Changes in Long-Term Bonded Debt
<u>X</u>	<u> </u>	TSI-7	Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Years Ended September 30, 2021
<u>X</u>	<u> </u>	TSI-8	Board Members, Key Personnel and Consultants

Hays County Water Control and Improvement District No. 1

TSI-0 Notes Required by the Water District Accounting Manual Year Ended September 30, 2021

The notes which follow are not necessarily required for fair presentation of the audited financial statements of the District which are contained in the preceding section of this report. They are presented in conformity with requirements of the Texas Commission on Environmental Quality to assure disclosure of specifically required facts.

(A) Creation of District

See Note 1 to basic financial statements.

(B) Contingent Liabilities

See Note 9 to basic financial statements.

(C) Pension Coverage

Not applicable.

(D) Pledge of Revenues

See Note 7 to basic financial statements.

(E) Compliance with Debt Service Requirements

See Note 7 to basic financial statements.

(F) Redemption of Bonds

See Note 7 to basic financial statements.

Hays County Water Control and Improvement District No. 1

TSI-1 Schedule of Services and Rates Year Ended September 30, 2021

1. Services Provided by the District:

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input checked="" type="checkbox"/> Irrigation |
| <input checked="" type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input checked="" type="checkbox"/> Security |
| <input checked="" 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 type="checkbox"/> Other (specify): _____ | | |

2. Retail Service Providers (This information may be omitted if District does not provide retail services)

a. Retail Rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons Over Minimum	Usage Levels
Water	\$ 35.00	-	Y	\$ 2.30	0 to 2,000
				3.85	2,001 to 5,000
				4.24	5,001 to 10,000
				4.88	10,001 to 20,000
				5.86	20,001 to 25,000
				7.03	25,001 to 30,000
				10.55	30,001 to 40,000
				15.83	40,001 and above
Wastewater	\$ 35.00	-	Y	\$ 3.63	Per 1,000 gallons
Surcharge	\$ None				

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water: \$ 72.35 Wastewater: \$ 71.30

(continued)

Hays County Water Control and Improvement District No. 1

TSI-1 Schedule of Services and Rates (continued)

Year Ended September 30, 2021

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	-	-	x 1.0	-
<=3/4"	933	932	x 1.0	932
1"	14	14	x 2.5	35
1 1/2"	12	12	x 5.0	60
2"	23	23	x 8.0	184
3"	5	5	x 15.0	75
4"	1	1	x 25.0	25
6"	-	-	x 50.0	-
8"	-	-	x 80.0	-
10"	-	-	x 115.0	-
Total Water	988	987		1,311
Total Wastewater	977	976	x 1.0	976

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

Gallons pumped into system:	<u>156,761,000</u>	Water Accountability Ratio: (Gallons billed/Gallons pumped)
Gallons billed to customers:	<u>148,999,000</u>	

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: N/A

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

If yes, Date of the most recent Commission Order: N/A

(1) The annual water accountability ratio indicates a water gain due to an issue with the master meter low flow sensor not registering properly.

(continued)

Hays County Water Control and Improvement District No. 1

TSI-1 Schedule of Services and Rates (continued)

Year Ended September 30, 2021

5. Location of District:

County (ies) in which district is located:

Hays

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 District is located.

N/A

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

Entirely Partly Not at all

ETJ's in which district is located.

Dripping Springs

Are Board members appointed by an office outside the District?

Yes No

If yes, by whom?

N/A

Hays County Water Control and Improvement District No. 1

TSI-2 Schedule of General Fund Expenditures Year Ended September 30, 2021

Repairs and maintenance	\$	947,626
Purchased services for resale-		
Bulk water & wastewater service purchases		559,675
Professional fees:		
Legal		212,643
Engineering		112,381
Auditing		18,000
Accounting		54,750
Solid waste disposal		349,767
Contracted services:		
General manager		694,049
Appraisal district		8,828
Tax collector		-
Utilities		74,179
Administrative expenditures:		
Directors' fees		40,736
Insurance		15,273
Other administrative expenses		8,294
Capital Outlay:		
Capitalized assets		339,735
Expenditures not capitalized		-
Tap connection expenditures		-
Other expenditures		51,759
Total expenditures	\$	<u>3,487,695</u>

Number of persons employed by the District: 0 Full-Time 5 Part-Time

Hays County Water Control and Improvement District No. 1

TSI-3 Schedule of Temporary Investments September 30, 2021

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at September 30, 2021	Accrued Interest Receivable at September 30, 2021
<u>General Fund:</u>					
TexPool	XXX0008	Various	N/A	\$ 5,368,828	\$ -
TexPool	XXX0011	Various	N/A	<u>332,141</u>	<u>-</u>
Totals				<u>5,700,969</u>	<u>-</u>
<u>Debt Service Fund:</u>					
TexPool	XXX0009	Various	N/A	897,986	-
TexPool	XXX0010	Various	N/A	<u>47,772</u>	<u>-</u>
Totals				<u>945,758</u>	<u>-</u>
Total - All Funds				<u>\$ 6,646,727</u>	<u>\$ -</u>

Hays County Water Control and Improvement District No. 1

TSI-4 Analysis of Taxes Levied and Receivable September 30, 2021

	Maintenance Taxes	Debt Service Taxes		
Taxes Receivable September 30, 2020	\$ 6,340	\$ 8,841		
2020 Tax Roll	1,249,652	2,521,227		
Adjustments	52,131	105,822		
Total to be accounted for	<u>1,308,123</u>	<u>2,635,890</u>		
Tax collections:				
Current year	1,296,324	2,615,390		
Prior years	2,977	3,920		
Total collections	<u>1,299,301</u>	<u>2,619,310</u>		
Taxes Receivable September 30, 2021	<u>\$ 8,822</u>	<u>\$ 16,580</u>		
Taxes Receivable, by Years				
2019 and earlier	\$ 2,414	\$ 3,652		
2020	6,408	12,928		
Taxes Receivable September 30, 2021	<u>\$ 8,822</u>	<u>\$ 16,580</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Property Valuations-				
Land improvements and personal property	\$ 452,120,020	431,110,436	387,972,644	354,923,928
Tax Rates Per \$100 Valuation:				
Debt service tax rates	\$ 0.5750	0.4867	0.5272	0.5824
Maintenance tax rates	<u>0.2850</u>	<u>0.3733</u>	<u>0.3328</u>	<u>0.2926</u>
Total Tax Rates Per \$100 Valuation	<u>\$ 0.8600</u>	<u>0.8600</u>	<u>0.8600</u>	<u>0.8750</u>
Original Tax Levy	<u>\$ 3,888,232</u>	<u>3,709,647</u>	<u>3,336,565</u>	<u>3,149,102</u>
Percent of Taxes Collected to Taxes Levied	<u>99.5%</u>	<u>99.9%</u>	<u>99.9%</u>	<u>100.0%</u>

Hays County Water Control and Improvement District No. 1

TSI-5 Long-Term Debt Service Requirements by Years September 30, 2021

Due During Fiscal Years Ending 9/30	Unlimited Tax Refunding Bonds, Series 2012			Unlimited Tax Refunding Bonds, Series 2013			Unlimited Tax Bonds, Series 2015			Unlimited Tax Refunding Bonds, Series 2015		
	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
2022	\$ 260,000	28,250	288,250	385,000	48,347	433,347	100,000	65,406	165,406	-	9,550	9,550
2023	275,000	21,750	296,750	400,000	39,377	439,377	105,000	62,406	167,406	-	9,550	9,550
2024	290,000	14,875	304,875	415,000	30,057	445,057	110,000	59,256	169,256	-	9,550	9,550
2025	305,000	7,625	312,625	430,000	20,387	450,387	120,000	55,956	175,956	-	9,549	9,549
2026	-	-	-	445,000	10,369	455,369	125,000	52,357	177,357	-	9,549	9,549
2027	-	-	-	-	-	-	130,000	48,607	178,607	-	9,549	9,549
2028	-	-	-	-	-	-	135,000	44,706	179,706	-	9,549	9,549
2029	-	-	-	-	-	-	145,000	40,319	185,319	-	9,549	9,549
2030	-	-	-	-	-	-	150,000	35,607	185,607	355,000	9,549	364,549
2031	-	-	-	-	-	-	155,000	30,543	185,543	-	-	-
2032	-	-	-	-	-	-	165,000	25,313	190,313	-	-	-
2033	-	-	-	-	-	-	175,000	19,537	194,537	-	-	-
2034	-	-	-	-	-	-	180,000	13,413	193,413	-	-	-
2035	-	-	-	-	-	-	190,000	6,888	196,888	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 1,130,000	72,500	1,202,500	2,075,000	148,537	2,223,537	1,985,000	560,314	2,545,314	355,000	85,944	440,944

(continued)

Hays County Water Control and Improvement District No. 1

TSI-5 Long-Term Debt Service Requirements by Years (continued) September 30, 2021

Due During Fiscal Years Ending 9/30	Unlimited Tax Refunding Bonds, Series 2016			Unlimited Tax Refunding Bonds, Series 2016A			Unlimited Tax Bonds, Series 2017			Unlimited Tax Refunding Bonds, Series 2020		
	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
2022	\$ 520,000	78,004	598,004	290,000	48,192	338,192	70,000	52,844	122,844	140,000	22,008	162,008
2023	545,000	69,138	614,138	295,000	42,624	337,624	75,000	51,443	126,443	145,000	20,282	165,282
2024	560,000	59,846	619,846	300,000	36,960	336,960	80,000	49,944	129,944	150,000	18,495	168,495
2025	580,000	50,298	630,298	315,000	31,200	346,200	80,000	48,343	128,343	155,000	16,646	171,646
2026	600,000	40,408	640,408	315,000	25,152	340,152	85,000	46,644	131,644	155,000	14,734	169,734
2027	625,000	30,178	655,178	325,000	19,104	344,104	90,000	44,625	134,625	160,000	12,824	172,824
2028	655,000	19,522	674,522	330,000	12,864	342,864	95,000	42,375	137,375	170,000	10,850	180,850
2029	240,000	8,354	248,354	340,000	6,528	346,528	100,000	39,763	139,763	170,000	8,754	178,754
2030	250,000	4,262	254,262	-	-	-	105,000	36,762	141,762	175,000	6,658	181,658
2031	-	-	-	-	-	-	110,000	33,613	143,613	180,000	4,500	184,500
2032	-	-	-	-	-	-	115,000	30,312	145,312	185,000	2,281	187,281
2033	-	-	-	-	-	-	120,000	26,719	146,719	-	-	-
2034	-	-	-	-	-	-	125,000	22,968	147,968	-	-	-
2035	-	-	-	-	-	-	135,000	19,063	154,063	-	-	-
2036	-	-	-	-	-	-	140,000	14,675	154,675	-	-	-
2037	-	-	-	-	-	-	145,000	10,125	155,125	-	-	-
2038	-	-	-	-	-	-	155,000	5,231	160,231	-	-	-
Total	\$ 4,575,000	360,010	4,935,010	2,510,000	222,624	2,732,624	1,825,000	575,449	2,400,449	1,785,000	138,032	1,923,032

(continued)

Hays County Water Control and Improvement District No. 1

TSI-5 Long-Term Debt Service Requirements by Years (continued) September 30, 2021

Due During Fiscal Years Ending 9/30	Unlimited Tax Bonds, Series 2020			Annual Requirements For All Series		
	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
2022	\$ 605,000	97,440	702,440	2,370,000	450,041	2,820,041
2023	615,000	87,276	702,276	2,455,000	403,846	2,858,846
2024	625,000	76,944	701,944	2,530,000	355,927	2,885,927
2025	635,000	66,444	701,444	2,620,000	306,448	2,926,448
2026	645,000	55,776	700,776	2,370,000	254,989	2,624,989
2027	655,000	44,940	699,940	1,985,000	209,827	2,194,827
2028	665,000	33,936	698,936	2,050,000	173,802	2,223,802
2029	670,000	22,764	692,764	1,665,000	136,031	1,801,031
2030	685,000	11,508	696,508	1,720,000	104,346	1,824,346
2031	-	-	-	445,000	68,656	513,656
2032	-	-	-	465,000	57,906	522,906
2033	-	-	-	295,000	46,256	341,256
2034	-	-	-	305,000	36,381	341,381
2035	-	-	-	325,000	25,951	350,951
2036	-	-	-	140,000	14,675	154,675
2037	-	-	-	145,000	10,125	155,125
2038	-	-	-	155,000	5,231	160,231
Total	\$ 5,800,000	497,028	6,297,028	22,040,000	2,660,438	24,700,438

Hays County Water Control and Improvement District No. 1

TSI-6 Analysis of Changes in Long-Term Bonded Debt September 30, 2021

	Series 2012R	Series 2013R	Series 2015	Series 2015R	Series 2016R	Series 2016AR	Series 2017	Series 2020R	Series 2020	Grand Total All Series
Interest rate	2.50%	2.30%	2.0-3.625%	2.69%	1.71%	1.92%	2.0-3.375%	1.23%	1.68%	
Dates interest payable	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1, 9/1	3/1 ; 9/1	3/1, 9/1	
Maturity dates	2025	2026	2035	2030	2030	2029	2038	2032	2030	
Bonds outstanding, beginning of year	\$ 1,385,000	2,445,000	2,080,000	355,000	5,080,000	2,790,000	1,890,000	1,920,000	6,380,000	24,325,000
Bonds issued during the current year	-	-	-	-	-	-	-	-	-	-
Bonds refunded during the current year	-	-	-	-	-	-	-	-	-	-
Bonds retired during the current year	(255,000)	(370,000)	(95,000)	-	(505,000)	(280,000)	(65,000)	(135,000)	(580,000)	(2,285,000)
Bonds outstanding, end of year	\$ 1,130,000	2,075,000	1,985,000	355,000	4,575,000	2,510,000	1,825,000	1,785,000	5,800,000	22,040,000
Interest paid during the current year	\$ 34,625	56,969	68,256	9,550	86,522	53,567	54,144	23,673	113,139	500,445

Paying Agent's Name & Address:

Series 2012R and Series 2013R -
Bank of Texas, Dallas, Texas

Series 2015 and Series 2017 -
Amegy Bank, Houston, Texas

Series 2015R -
The Independent BankersBank, Farmers Branch, Texas

Series 2016R, 2016AR & 2020R -
JP Morgan Chase, Oklahoma City, Oklahoma

Series 2020 -
Truist Bank, Charlotte, North Carolina

Bond Authority:	Tax Bonds	Refunding Bonds
Bond authorized by voters	\$ 42,565,000	-
Amount issued	36,610,000	23,615,000
Remaining to be issued	\$ 5,955,000	-

Debt Service Fund cash and temporary investments
balances as of September 30, 2021

\$ 945,758

Average annual debt service payment (principal & interest)
for remaining term of all debt

\$ 1,452,967

Hays County Water Control and Improvement District No. 1

TSI-7 Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund Five Years Ended September 30, 2021

	Amounts					Percent of Fund Total Revenues				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
General Fund										
Revenues:										
Program revenues:										
Garbage and basic services	\$ 1,402,081	1,359,288	1,345,479	1,146,778	981,040	36.5 %	32.6	35.7	31.6	31.7
Water and wastewater service	1,111,485	1,012,082	952,385	1,171,046	1,080,953	29.0	24.3	25.2	32.3	35.0
Tap connection/inspection fees	10,050	128,576	60,190	182,974	1,976	0.3	3.1	1.6	5.1	0.1
Fines and penalties	9,163	13,728	28,434	20,644	19,590	0.2	0.3	0.8	0.6	0.6
General revenues:										
Property taxes	1,299,301	1,607,502	1,288,625	1,055,929	986,879	33.8	38.6	34.2	29.2	32.0
Interest income and other	2,430	41,289	94,728	42,486	14,666	0.1	1.0	2.5	1.1	0.5
Penalties and interest on tax accounts	3,609	5,184	3,207	2,508	2,679	0.1	0.1	-	0.1	0.1
Total revenues	3,838,119	4,167,649	3,773,048	3,622,365	3,087,783	100.0	100.0	100.0	100.0	100.0
Expenditures:										
Service operations:										
Repairs and maintenance	947,626	798,149	552,061	730,733	619,310	24.7	19.3	14.6	20.2	20.1
Bulk water purchases	559,675	550,266	547,794	592,229	570,928	14.6	13.2	14.5	16.3	18.5
Basic services	349,767	329,132	330,882	259,252	218,763	9.1	7.9	8.8	7.2	7.1
Legal fees	212,643	226,804	199,057	182,410	185,248	5.5	5.4	5.3	5.0	6.0
Operator fees	694,049	721,908	733,384	718,694	367,736	18.1	17.3	19.4	19.8	11.9
Utilities	74,179	72,003	77,459	71,641	69,431	1.9	1.7	2.1	2.0	2.2
Engineering fees	112,381	130,750	116,677	49,343	48,045	2.9	3.1	3.1	1.4	1.6
Directors' fees	40,736	36,114	37,978	40,747	41,247	1.1	0.9	1.0	1.1	1.3
Security	26,893	37,239	42,248	23,050	22,196	0.7	0.9	1.1	0.6	0.7
Tax collector/appraisal fees	8,828	11,512	8,535	7,074	7,308	0.2	0.3	0.2	0.2	0.2
Audit fees	18,000	18,000	17,000	18,500	20,625	0.5	0.4	0.5	0.5	0.7
Accounting fees	54,750	18,185	-	-	-	1.4	0.4	-	-	-
Tap connection/inspection fees	-	-	2,036	2,978	21,237	-	-	0.1	0.1	0.7
Insurance	15,273	14,834	13,368	12,139	9,794	0.4	0.4	0.4	0.3	0.3
Other	33,160	56,660	50,568	75,643	38,156	0.9	1.3	1.3	2.1	1.2
Capital outlay	339,735	847,888	399,859	30,009	23,622	8.9	20.3	10.6	0.8	0.8
Total expenditures	3,487,695	3,869,444	3,128,906	2,814,442	2,263,646	90.9	92.8	83.0	77.6	73.3
Other financing sources	349,715	510,785	153,039	7,332	43,298	9.1	12.3	4.1	0.2	1.4
Excess of revenues and other financing sources over expenditures	\$ 700,139	808,990	797,181	815,255	867,435	18.2 %	19.5	21.1	22.6	28.1
Debt Service Fund										
Revenues and other financing sources, net:										
General revenues:										
Property taxes	\$ 2,619,310	2,096,427	2,041,700	2,102,224	1,926,591	99.7 %	96.4	97.0	98.2	99.1
Interest income and other	929	18,752	58,854	32,497	11,747	-	0.9	2.8	1.5	0.6
Penalties and interest on tax accounts	6,627	6,892	5,169	5,225	5,486	0.3	0.3	0.2	0.3	0.3
Proceeds from sale of bonds	-	1,925,000	-	-	-	-	88.5	-	-	-
Payment to refunded bond escrow agent	-	(1,872,517)	-	-	-	-	(86.1)	-	-	-
Total revenues and other financing sources, net	2,626,866	2,174,554	2,105,723	2,139,946	1,943,824	100.0	100.0	100.0	100.0	100.0
Expenditures:										
Service operations:										
Tax collector/appraisal fees	17,811	15,010	13,522	13,800	13,976	0.7	0.7	0.6	0.6	0.7
Other	8,072	4,527	-	20	80	0.3	0.2	-	0.1	0.1
Debt service:										
Principal	2,285,000	1,625,000	1,540,000	1,500,000	1,380,000	87.0	74.7	73.1	70.1	71.0
Interest and other debt service	501,795	484,482	500,598	520,929	512,708	19.1	22.3	23.8	24.2	26.3
Total expenditures	2,812,678	2,129,019	2,054,120	2,034,749	1,906,764	107.1	97.9	97.5	95.0	98.1
Excess (deficiency) of revenues and other financing sources, net over (under) expenditures	\$ (185,812)	45,535	51,603	105,197	37,060	(7.1) %	2.1	2.5	5.0	1.9
Total Active Retail										
Water Connections	987	978	945	902	870					
Total Active Retail										
Wastewater Connections	976	964	934	891	855					

Hays County Water Control and Improvement District No. 1

TSI-8 Board Members, Key Personnel and Consultants September 30, 2021

Complete District Mailing Address: c/o Winstead PC
401 Congress Avenue, Suite 2100, Austin, Texas 78701

District Business Telephone Number: (512) 370-2939

Submission Date of the most recent District Registration Form:
(TWC Sections 36.054 and 49.054) November 30, 2020

Limit on fees of office that a director may receive during a fiscal year:
(Set by Board Resolution - TWC Sections 49.060) \$7,200

<u>Name</u>	<u>Term of Office Elected & Expires or Date Hired</u>	<u>Fees 9/30/2021</u>	<u>Expense Reimbursements 9/30/2021</u>	<u>Title at 9/30/2021</u>
Board Members:				
Douglas L. Botts	Elected 5/20 - 5/24	\$ 7,200	\$ 1,497	President
Paul Kelly	Elected 5/20 - 5/24	7,200	1,486	Vice President
Daniel B. Robison	Elected 5/20 - 5/24	5,500	910	Secretary
William "Bill" Carl Dally	Elected 5/18 - 5/22	6,600	-	Treasurer Asst. Secretary
William "Rick" Lucas. Jr.	Appointed 5/19 - 5/22	7,050	672	Asst. Secretary

Note: No director is disqualified from serving on this board under the Texas Water Code.

(continued)

Hays County Water Control and Improvement District No. 1

TSI-8 Board Members, Key Personnel and Consultants (continued) September 30, 2021

Name	Date Hired	Fees and Expense Reimbursements 9/30/2021	Title
Consultants:			
Inframark, LLC	2001	\$ 1,864,691	District Manager/ Operator
Burgess & Niple, Inc.	2021	-	Engineer
CMA Engineering, Inc.	2001	265,833	Former Engineer
Law Offices of Matthew B. Kutac PLLC	2017	142,438	Attorney
Winstead PC	2015	61,517	Attorney
Bott & Douthitt PLLC	2020	70,341	Accountant
Hays County Tax Office	2002	166	Tax Collector
Hays Central Appraisal District	2002	26,474	Tax Appraiser
Andy Barrett & Associates, PLLC	2002	21,040	Attorney
Maxwell Locke & Ritter LLP	2003	18,000	Auditor
SAMCO Capital Markets, Inc.	2004	2,500	Financial Advisor

Hays County Water Control and Improvement District No. 1

OSI-1 Principal Taxpayers September 30, 2021

Taxpayer	Type of Property	Tax Roll Year		
		2021	2020	2019
5001 Convict Hill Partnership LTD	Land & Improvements	\$ 33,030,390	\$ 32,768,010	\$ 32,482,002
Acron ARG Belterra Austin LLC	Land & Improvements	27,451,120	3,170,152	-
GSSW Belterra Springs LLC	Land & Improvements	21,900,000	19,900,000	18,750,000
Belterra Lot 3F-1 LTD	Land & Improvements	4,167,430	-	-
Hutto Highway 79 LLC	Land & Improvements	3,800,000	4,535,691	-
Belvil Lot 3C, LLC	Land & Improvements	3,700,000	4,802,267	4,398,516
Jovie Belterra LP	Land & Improvements	2,529,700	-	-
Chick Fil A Inc.	Land & Improvements	1,817,000	1,650,450	1,265,380
R&S Prep School Holdings One LLC	Land & Improvements	1,785,000	1,700,000	1,254,260
Belterra AME Investments LLC	Land & Improvements	1,574,340	1,510,420	-
M/I Homes of Austin LLC	Land & Improvements	-	1,562,860	3,322,450
Sky Cinemas	Land & Improvements	-	1,423,079	1,749,699
JP Morgan Chase Bank NA	Land & Improvements	-	-	1,263,030
Belterra Multifamily Ltd.	Land & Improvements	-	-	1,243,400
Belterra Lot 1C-1 Ltd.	Land & Improvements	-	-	1,112,170
Total		<u>\$ 101,754,980</u>	<u>\$ 73,022,929</u>	<u>\$ 66,840,907</u>
Percent of Assessed Valuation		<u>20%</u>	<u>16%</u>	<u>16%</u>

Hays County Water Control and Improvement District No. 1

OSI-2 Assessed Value by Classification

September 30, 2021

	Tax Roll Years					
	2021		2020		2019	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 447,477,429	86%	\$ 387,217,666	86%	\$ 363,745,203	84%
Multi Family	49,343,710	9%	19,900,000	5%	18,750,000	4%
Vacant Platted Lots/ Tracts	9,014,130	2%	9,452,710	2%	7,927,230	2%
Farm and Ranch Improvements	-	-	-	-	-	-
Commercial/Industrial	49,802,800	10%	53,397,412	12%	42,366,714	10%
Tangible Personal, Business	7,344,768	1%	16,425,131	4%	17,330,745	4%
Real Inventory	6,796,377	1%	2,272,560	1%	4,050,290	1%
Exempt	-	-	919,164	0%	787,750	0%
Adjustments	(48,367,411)	-9%	(37,464,623)	-8%	(23,847,496)	-6%
Total	\$ 521,411,803	100%	\$ 452,120,020	100%	\$ 431,110,436	100%