

**HCWCID NO. 1**  
**BOARD MEETING PACKET**  
**2-4-21**

## HAYS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1

TO: THE BOARD OF DIRECTORS OF HAYS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1 AND TO ALL OTHER INTERESTED PERSONS:

Notice is hereby given pursuant to Section 551 of the Texas Government Code, and the March 16, 2020 action of the Office of the Attorney General suspending certain requirements of Section 551, that the Board of Directors of Hays County Water Control and Improvement District No 1 will conduct a Special Board meeting by Zoom audio/video conference at 4:00 p.m. on Thursday, February 4, 2021, for the purposes stated herein.

In an effort to mitigate the spread of COVID-19 and pursuant to the Proclamation dated March 13, 2020 by Governor Greg Abbott (declaring Texas to be in a State of Disaster), as subsequently extended, and associated Press Release dated March 16, 2020 from the Texas Attorney General's office (suspending certain requirements of the Texas Open Meetings Act), the District will be conducting these meetings by Zoom video conference, and members of the public will be able to join by telephonic conference. **Members of the public may join this meeting toll-free by calling 1-346-248-7799 or 1-669-900-6833 (Meeting ID: 823 3338 8039; Passcode: 902078), and those who wish to provide public comments should send an email to [commentsignup@hayswcid.org](mailto:commentsignup@hayswcid.org) at least one hour prior to the meeting indicating their name and the item(s) upon which they would like to address the Board.** An electronic copy of the agenda packet will be provided under the agenda tab on the District's website at: <https://www.hayswcid.org/hwcid-1/documents> before the meeting is conducted.

1. Hear public communications and comments;
2. Review and approve September 30, 2020 annual audit of financial statements, review and acknowledge any reports to management and authorize filing of such reports with the Texas Commission on Environmental Quality, State Comptroller's Office and EMMA as related to required disclosure filing;
3. Discussion regarding potential alternatives for management of District operations and administration, including without limitation review of administrative and management services under current management and operations contract with Inframark, LLC;
4. The Board may recess into Executive Session at any time to consult with its attorneys regarding any posted matter for which the Board may seek the advice of its attorneys under Government Code 551.071 (including without limitation contemplated or potential litigation matters, and other legal matters related to agenda items) or for any action on the agenda for which a closed session is permitted by law, and will reconvene in open session for any appropriate action on any matter considered in Executive Session.
5. If necessary, reconvene in Open Session and take any necessary action with regard to matters discussed in Executive Session.
6. Adjournment.

The Board of Directors will go into Executive Session, if necessary and appropriate, pursuant to the applicable section of Subchapter D, Chapter 551, Texas Government Code Annotated, the Texas Open Meetings Act, on any matter that may come before the Board. No action decision or vote on any subject or matter may be taken unless specifically listed on the agenda for this meeting.

Note on Public Comment: Any Person wishing to address the Board will be permitted to present comments at the time the presiding officer calls for public comments in accordance with the meeting notice.

HCWCID No. 1 Notice of Special Board Meeting February 4, 2021.



Witnesses the \_\_\_\_\_ 27th \_\_\_\_\_ day of \_\_\_\_\_ January \_\_\_\_\_, 2021

HAYS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 1

  
Douglas L. Botts, President

## ITEM NO. 2

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

**Financial Statements  
and Supplemental Information  
as of and for the Year Ended  
September 30, 2020 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, \_\_\_\_\_  
(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, 2020, 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: \_\_\_\_\_, 20\_\_\_\_. By: \_\_\_\_\_  
(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 \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Signature of Notary)

(SEAL)

\_\_\_\_\_  
(Printed Name of Notary)

My Commission Expires On: \_\_\_\_\_  
Notary Public in and for the State of Texas.

## **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, 2020, 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.

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, 2020, 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.

Austin, Texas

February 4, 2021

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

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## **Management's Discussion and Analysis For the Year Ended September 30, 2020**

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, 2020. 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 \$16.9 million, of which approximately \$5.3 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 \$6.7 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 (Decrease)
	2020	2019	
Current and Other Assets	\$ 7,944,525	\$ 6,238,809	\$ 1,705,716
Capital Assets	34,010,541	29,181,264	4,829,277
Total Assets	41,955,066	35,420,073	6,534,993
Deferred Outflows of Resources	438,377	449,450	(11,073)
Current Liabilities	3,475,283	2,343,310	1,131,973
Long-term Liabilities	22,018,598	17,841,835	4,176,763
Total Liabilities	25,493,881	20,185,145	5,308,736
Net Investment in Capital Assets	10,525,434	10,168,879	356,555
Restricted	1,089,773	1,043,019	46,754
Unrestricted	5,284,355	4,472,480	811,875
Total Net Position	\$ 16,899,562	\$ 15,684,378	\$ 1,215,184

The District’s total assets were approximately \$42.0 million as of September 30, 2020. Of this amount, approximately \$34.0 million is included in capital assets. The District had outstanding liabilities of approximately \$25.5 million. Of this amount, approximately \$24.3 million is included in bonds payable.

The District’s property tax assessed value in tax year 2019 was approximately \$431.4 million compared to \$388.0 million in tax year 2018. 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 (Decrease)
	2020	2019	
Utility services	\$ 2,513,674	\$ 2,386,488	\$ 127,186
Taxes and miscellaneous	3,782,265	3,498,349	283,916
Total Revenues	6,295,939	5,884,837	411,102
Repairs and maintenance	798,149	552,061	246,088
Purchased services	550,266	547,794	2,472
Contracted services	1,114,801	1,180,943	(66,142)
Professional fees	393,739	216,057	177,682
Utilities	72,003	77,459	(5,456)
Developer interest	239,512	-	239,512
Administrative and other	112,135	168,255	(56,120)
Interest and other debt service fees	848,760	542,248	306,512
Depreciation and amortization	951,390	867,605	83,785
Total Expenses	5,080,755	4,152,422	928,333
Change in Net Position	1,215,184	1,732,415	(517,231)
Beginning Net Position	15,684,378	13,951,963	1,732,415
Ending Net Position	\$ 16,899,562	\$ 15,684,378	\$ 1,215,184

Revenues were approximately \$6.3 million for the fiscal year ended September 30, 2020, which is an increase of approximately \$411,000 from the prior year. Property taxes provided approximately \$3.8 million which is 60% of total revenue. Total expenses increased approximately \$928,000 to approximately \$5.1 million for the fiscal year ended September 30, 2020. Net position increased approximately \$1,215,000 for the fiscal year ended September 30, 2020, compared to an increase of approximately \$1,732,000 in the previous year.

### Analysis of Governmental Funds

	2020	2019	2018	2017
Cash and cash equivalents	\$ 975,163	\$ 829,976	\$ 2,137,938	\$ 1,639,514
Temporary investments	6,212,205	4,869,268	3,108,908	2,167,630
Receivables and other assets	725,089	500,307	331,844	400,481
Interfund receivable	14,955	39,360	4,622	46,560
Prepaid items	1,386	39,258	4,308	97,606
Total Assets	<u>\$ 7,928,798</u>	<u>\$ 6,278,169</u>	<u>\$ 5,587,620</u>	<u>\$ 4,351,791</u>
Accounts payable	445,480	430,461	490,454	294,353
Refundable deposits	307,392	209,255	208,486	175,760
Due to Hays WCID No. 2	-	44,959	31,735	46,161
Due to developer	396,836	-	-	-
Interfund payable	14,955	39,360	4,622	46,560
Total Liabilities	<u>1,164,663</u>	<u>724,035</u>	<u>735,297</u>	<u>562,834</u>
Deferred inflows of resources	<u>15,181</u>	<u>9,137</u>	<u>3,071</u>	<u>13,196</u>
Nonspendable	1,386	-	-	52,621
Restricted	1,470,939	1,075,972	1,177,408	919,172
Assigned	-	16,494	77,699	32,359
Unassigned	<u>5,276,629</u>	<u>4,452,531</u>	<u>3,594,145</u>	<u>2,771,609</u>
Total Fund Balances	<u>6,748,954</u>	<u>5,544,997</u>	<u>4,849,252</u>	<u>3,775,761</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,928,798</u>	<u>\$ 6,278,169</u>	<u>\$ 5,587,620</u>	<u>\$ 4,351,791</u>

The *General Fund* pays for daily operating expenditures. The General Fund fund balance increased approximately \$809,000 during the year, which resulted in an ending General Fund fund balance of approximately \$5.3 million at September 30, 2020. When comparing actual results to the budget, revenues were more than budget by approximately \$372,000 primarily due to increased water and wastewater service fees. Expenditures were more than budget by approximately \$360,000, 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 \$1,625,000 in bond principal and approximately \$436,000 in bond interest for the year ended September 30, 2020.

The *Capital Projects Fund* primarily purchases the District's infrastructure. The Capital Projects Fund incurred approximately \$5,397,000 in capital outlay expenditures for the year ended September 30, 2020.

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 United States. While the disruption is expected to be temporary, there is uncertainty around the duration. Due to the nature of the District's services, the pandemic may negatively impact the District's business, results of operations, and financial position; however, the related financial impact cannot be reasonably estimated at this time.

### Capital Assets Activity

	9/30/2020	9/30/2019
Capital Assets:		
Water and wastewater facilities	\$ 37,557,601	\$ 31,545,203
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	286,199
Less: Accumulated Depreciation	(9,346,626)	(8,441,363)
Total Net Capital Assets	<u>\$ 34,010,541</u>	<u>\$ 29,181,264</u>

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

### Long-Term Debt Activity

	2020	2019
Bonds payable	<u>\$ 24,325,000</u>	<u>\$ 19,485,000</u>

The District owes \$24.3 million to bond holders. During the year ended September 30, 2020, the District issued \$1,925,000 in Series 2020 Unlimited Tax Refunding Bonds and \$6,380,000 in Series 2020 Unlimited Tax Bonds. The District also made principal payments of \$1,625,000 during the year ended September 30, 2020. 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 2021, which is the tax year 2020, the tax rate is \$0.8600 on each \$100 of taxable value of which \$0.285 is approved for maintenance and operations and \$0.575 is approved for debt service.

The adopted budget for 2021 projects an increase in the General Fund fund balance of approximately \$196,000 compared to a budgeted increase in fund balance of approximately \$287,000 for 2020. When compared to the 2020 final budget, revenues are expected to decrease by approximately \$345,000 primarily due to a decrease in the property tax rate allocated to the General Fund. Expenditures are expected to decrease \$253,000 primarily due to a decrease in planned capital outlay 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, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments (Note 2)	Statement of Net Position
<b>Assets:</b>						
Cash and cash equivalents	\$ 960,139	\$ 15,024	\$ -	\$ 975,163	\$ -	\$ 975,163
Temporary investments	4,344,499	1,121,438	746,268	6,212,205	-	6,212,205
Receivables:						
Property taxes	6,340	8,841	-	15,181	-	15,181
Service accounts	345,550	-	-	345,550	-	345,550
Other	305,344	-	-	305,344	-	305,344
Due from other funds	14,955	-	-	14,955	(14,955)	-
Due from other governmental entities	59,014	-	-	59,014	-	59,014
Prepaid items	1,386	-	-	1,386	30,682	32,068
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	3,597,901	3,597,901
Water and wastewater facilities	-	-	-	-	28,789,651	28,789,651
Park improvements	-	-	-	-	836,369	836,369
Buildings	-	-	-	-	768,786	768,786
Other capital assets	-	-	-	-	9,493	9,493
Construction-in-progress	-	-	-	-	8,341	8,341
Total assets	6,037,227	1,145,303	746,268	7,928,798	34,026,268	41,955,066
<b>Deferred outflows of resources-</b>						
Deferred charges on bond refundings	-	-	-	-	438,377	438,377
Total deferred outflows of resources	-	-	-	-	438,377	438,377
Total assets and deferred outflows of resources	\$ 6,037,227	\$ 1,145,303	\$ 746,268	\$ 7,928,798	34,464,645	42,393,443
<b>Liabilities:</b>						
Accounts payable	\$ 445,480	\$ -	\$ -	\$ 445,480	-	445,480
Refundable deposits	307,392	-	-	307,392	-	307,392
Due to other funds	-	14,955	-	14,955	(14,955)	-
Due to developer	-	-	396,836	396,836	-	396,836
Bond interest payable	-	-	-	-	40,575	40,575
Long-term liabilities:						
Due within one year	-	-	-	-	2,285,000	2,285,000
Due after one year	-	-	-	-	22,018,598	22,018,598
Total liabilities	752,872	14,955	396,836	1,164,663	24,329,218	25,493,881
<b>Deferred inflows of resources-</b>						
Property taxes	6,340	8,841	-	15,181	(15,181)	-
Total deferred inflows of resources	6,340	8,841	-	15,181	(15,181)	-
<b>Fund balances/net position:</b>						
Fund balances:						
Nonspendable-						
Prepaid items	1,386	-	-	1,386	(1,386)	-
Restricted for:						
Debt service	-	1,121,507	-	1,121,507	(1,121,507)	-
Capital projects	-	-	349,432	349,432	(349,432)	-
Unassigned	5,276,629	-	-	5,276,629	(5,276,629)	-
Total fund balances	5,278,015	1,121,507	349,432	6,748,954	(6,748,954)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 6,037,227	\$ 1,145,303	\$ 746,268	\$ 7,928,798		
<b>Net position:</b>						
Net investment in capital assets					10,525,434	10,525,434
Restricted for debt service					1,089,773	1,089,773
Unrestricted					5,284,355	5,284,355
Total net position					\$ 16,899,562	\$ 16,899,562

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

*This document is a preliminary draft for use in internal review and discussions and is not intended for external distribution.*



# 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, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments (Note 2)	Statement of Activities
<b>Expenditures/expenses:</b>						
Service operations:						
Repairs and maintenance	\$ 798,149	-	-	798,149	-	798,149
Bulk water purchases	550,266	-	-	550,266	-	550,266
Basic services	329,132	-	-	329,132	-	329,132
Legal fees	226,804	-	-	226,804	-	226,804
Operator fees	721,908	-	-	721,908	-	721,908
Utilities	72,003	-	-	72,003	-	72,003
Engineering fees	130,750	-	-	130,750	-	130,750
Directors' fees	36,114	-	-	36,114	-	36,114
Security	37,239	-	-	37,239	-	37,239
Tax collector/appraisal fees	11,512	15,010	-	26,522	-	26,522
Audit fees	18,000	-	-	18,000	-	18,000
Accounting fees	18,185	-	-	18,185	-	18,185
Insurance	14,834	-	-	14,834	-	14,834
Developer interest	-	-	239,512	239,512	-	239,512
Other	56,660	4,527	-	61,187	-	61,187
Debt service:						
Principal payments	-	1,625,000	-	1,625,000	(1,625,000)	-
Interest	-	435,907	-	435,907	1,940	437,847
Fiscal agent fees and other costs	-	1,450	-	1,450	-	1,450
Bond issuance costs	-	47,125	393,794	440,919	(31,456)	409,463
Capital outlay	847,888	-	5,397,437	6,245,325	(6,245,325)	-
Depreciation and amortization	-	-	-	-	951,390	951,390
Total expenditures/expenses	3,869,444	2,129,019	6,030,743	12,029,206	(6,948,451)	5,080,755
<b>Revenues:</b>						
Program revenues:						
Garbage and basic services	1,359,288	-	-	1,359,288	-	1,359,288
Water and wastewater service	1,012,082	-	-	1,012,082	-	1,012,082
Tap connection/inspection fees	128,576	-	-	128,576	-	128,576
Fines and penalties	13,728	-	-	13,728	-	13,728
Total program revenues	2,513,674	-	-	2,513,674	-	2,513,674
Net program expenses						(2,567,081)
General revenues:						
Property taxes	1,607,502	2,096,427	-	3,703,929	6,044	3,709,973
Interest income and other	41,289	18,752	175	60,216	-	60,216
Penalties and interest on tax accounts	5,184	6,892	-	12,076	-	12,076
Total general revenues	1,653,975	2,122,071	175	3,776,221	6,044	3,782,265
Total revenues	4,167,649	2,122,071	175	6,289,895	6,044	6,295,939
Excess (deficiency) of revenues over (under) expenditures	298,205	(6,948)	(6,030,568)	(5,739,311)	6,954,495	1,215,184
<b>Other financing sources (uses):</b>						
Issuance of bonds	-	-	6,380,000	6,380,000	(6,380,000)	-
Issuance of refunding bonds	-	1,925,000	-	1,925,000	(1,925,000)	-
Payment to refunded bond escrow agent	-	(1,872,517)	-	(1,872,517)	1,872,517	-
Contributions	510,785	-	-	510,785	(510,785)	-
Total other financing sources, net	510,785	52,483	6,380,000	6,943,268	(6,943,268)	-
Changes in fund balances/ net position	808,990	45,535	349,432	1,203,957	11,227	1,215,184
<b>Fund balances/net position:</b>						
Beginning of the year	4,469,025	1,075,972	-	5,544,997	10,139,381	15,684,378
End of the year	\$ 5,278,015	1,121,507	349,432	6,748,954	10,150,608	16,899,562

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

*This document is a preliminary draft for use in internal review and discussions and is not intended for external distribution.*



# 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, 2020

	Budget	Actual	Variance
<b>Revenues:</b>			
Program revenues:			
Garbage and basic services	\$ 1,315,360	\$ 1,359,288	\$ 43,928
Water and wastewater service	818,344	1,012,082	193,738
Tap connection/inspection fees	1,200	128,576	127,376
Fines and penalties	16,800	13,728	(3,072)
General revenues:			
Property taxes	1,581,924	1,607,502	25,578
Interest income and other	60,000	41,289	(18,711)
Penalties and interest on tax accounts	2,500	5,184	2,684
Total revenues	3,796,128	4,167,649	371,521
<b>Expenditures:</b>			
Service operations:			
Repairs and maintenance	918,810	798,149	120,661
Bulk water purchases	534,475	550,266	(15,791)
Basic services	343,842	329,132	14,710
Legal fees	190,640	226,804	(36,164)
Operator fees	759,844	721,908	37,936
Utilities	79,090	72,003	7,087
Engineering fees	120,000	130,750	(10,750)
Directors' fees	48,880	36,114	12,766
Security	40,850	37,239	3,611
Tax collector/appraisal fees	8,500	11,512	(3,012)
Audit fees	18,000	18,000	-
Accounting fees	-	18,185	(18,185)
Insurance	13,250	14,834	(1,584)
Other	83,244	56,660	26,584
Capital outlay	349,965	847,888	(497,923)
Total expenditures	3,509,390	3,869,444	(360,054)
<b>Excess of revenues over expenditures</b>	286,738	298,205	11,467
<b>Other financing sources-</b>			
Contributions	-	510,785	510,785
<b>Change in fund balance</b>	286,738	808,990	522,252
<b>Fund balance:</b>			
Beginning of year	4,469,025	4,469,025	-
End of year	\$ 4,755,763	\$ 5,278,015	\$ 522,252

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

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# Hays County Water Control and Improvement District No. 1

## Notes to Basic Financial Statements Year Ended September 30, 2020

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### 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 77<sup>th</sup> 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, 2020, 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, other capital assets, and construction-in-progress, 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 and construction-in-progress) 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 Adopted Accounting Pronouncement**

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2020. The objective of GASB Statement No. 89 is to enhance the relevance and comparability of information about capital assets and to simplify accounting for interest costs incurred before the end of a construction period. Under GASB Statement No. 89, interest costs will no longer be capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements. Management has chosen to early implement GASB Statement No. 89 during the year ended September 30, 2020, the effect of which is reflected in the financial statements and within the footnotes.

### **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		\$	6,748,954
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Capital assets	\$	43,357,167	
Less: Accumulated depreciation		<u>(9,346,626)</u>	34,010,541
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.			15,181
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds payable	(24,325,000)		
Bond discounts	21,402		
Bond insurance premium, net	30,682		
Deferred charges on refundings, net	438,377		
Accrued bond interest payable	<u>(40,575)</u>		<u>(23,875,114)</u>
Total net position		\$	<u><u>16,899,562</u></u>

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

Changes in fund balances - governmental funds		\$	1,203,957
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report:			
Capital expenditures in year paid	\$	6,245,325	
Contributions		(510,785)	
Bond principal in year paid		1,625,000	
Interest expenditures in year paid		(1,940)	
Tax revenue when collected		6,044	
Bond insurance premium		31,456	
Bond sales and refunding activity and related bond discount/premium		<u>(6,432,483)</u>	962,617
Governmental funds do not report:			
Depreciation		(905,263)	
Amortization of bond insurance premium		(774)	
Amortization of bond discounts		(1,763)	
Amortization of deferred charges on refundings		<u>(43,590)</u>	<u>(951,390)</u>
Change in net position			<u>\$ 1,215,184</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, 2020, 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, 2020 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Government Investment Pool- TexPool	\$ 6,212,205	1	AAAm
Total investments	<u>\$ 6,212,205</u>		

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, 2020, 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, 2020, 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, 2020, is as follows:

Receivable Fund	Payable Fund	Amount
General	Debt Service	\$ 14,955
Total		<u>\$ 14,955</u>

#### 5. Capital Assets

Capital assets activity for the year ended September 30, 2020, was as follows:

	Balance 9/30/2019	Additions	Deletions and Adjustments	Balance 9/30/2020
Capital assets not being depreciated-				
Land	\$ 3,597,901	\$ -	\$ -	\$ 3,597,901
Construction in progress	286,199	8,341	(286,199)	8,341
Total capital assets not being being depreciated	<u>\$ 3,884,100</u>	<u>8,341</u>	<u>(286,199)</u>	<u>3,606,242</u>
Capital assets being depreciated:				
Water/Wastewater/Drainage Facilities	31,545,203	6,523,183	(510,785)	37,557,601
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>33,738,527</u>	<u>6,523,183</u>	<u>(510,785)</u>	<u>39,750,925</u>
Less accumulated depreciation for:				
Water/Wastewater/Drainage Facilities	(7,905,316)	(862,634)	-	(8,767,950)
Park improvements	(327,440)	(30,202)	-	(357,642)
Buildings	(111,284)	(21,284)	-	(132,568)
Other capital assets	(97,323)	(3,533)	12,390	(88,466)
Total accumulated depreciation	<u>(8,441,363)</u>	<u>(917,653)</u>	<u>12,390</u>	<u>(9,346,626)</u>
Capital assets being depreciated, net	<u>25,297,164</u>	<u>5,605,530</u>	<u>(498,395)</u>	<u>30,404,299</u>
Total capital assets, net of accumulated depreciation	<u>\$29,181,264</u>	<u>\$ 5,613,871</u>	<u>\$ (784,594)</u>	<u>\$34,010,541</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, 2020:

	Beginning Balance	Additions	Retirements	Ending Balance
Deferred charges on bond refundings	<u>\$ 449,450</u>	<u>32,517</u>	<u>(43,590)</u>	<u>438,377</u>

## 7. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2020:

	Balance 9/30/2019	Additions	Deletions	Balance 9/30/2020
Unlimited Tax Refunding Bonds, Series 2012 (direct placement)	\$ 1,625,000	-	(240,000)	1,385,000
Unlimited Tax Refunding Bonds, Series 2013 (direct placement)	2,800,000	-	(355,000)	2,445,000
Unlimited Tax Bonds, Series 2013	1,950,000	-	(1,950,000)	-
Unlimited Tax Bonds, Series 2015	2,170,000	-	(90,000)	2,080,000
Unlimited Tax Refunding Bonds, Series 2015 (direct placement)	355,000	-	-	355,000
Unlimited Tax Refunding Bonds, Series 2016 (direct placement)	5,565,000	-	(485,000)	5,080,000
Unlimited Tax Refunding Bonds, Series 2016A (direct placement)	3,065,000	-	(275,000)	2,790,000
Unlimited Tax Bonds, Series 2017	1,955,000	-	(65,000)	1,890,000
Unlimited Tax Refunding Bonds, Series 2020 (direct placement)	-	1,925,000	(5,000)	1,920,000
Unlimited Tax Bonds, Series 2020 (direct placement)	-	6,380,000	-	6,380,000
Original Issue Discount	(23,165)	-	1,763	(21,402)
	<u>\$19,461,835</u>	<u>8,305,000</u>	<u>(3,463,237)</u>	<u>24,303,598</u>

Long-term debt at September 30, 2020, was comprised of the following individual issues:

Series	Description	Matures Through	Interest Rate %	Balance September 30, 2020	Due Within One Year
2012	Unlimited Tax Refunding Bonds (direct placement)	2025	2.5%	\$ 1,385,000	\$ 255,000
2013	Unlimited Tax Refunding Bonds (direct placement)	2026	2.3%	2,445,000	370,000
2015	Unlimited Tax Bonds	2035	2.0-3.625%	2,080,000	95,000
2015	Unlimited Tax Refunding Bonds (direct placement)	2030	2.69%	355,000	-
2016	Unlimited Tax Refunding Bonds (direct placement)	2030	1.71%	5,080,000	505,000
2016A	Unlimited Tax Refunding Bonds (direct placement)	2029	1.92%	2,790,000	280,000
2017	Unlimited Tax Bonds	2038	2.0-3.375%	1,890,000	65,000
2020	Unlimited Tax Refunding Bonds (direct placement)	2032	1.23%	1,920,000	135,000
2020	Unlimited Tax Bonds (direct placement)	2030	1.68%	6,380,000	580,000
				<u>\$ 24,325,000</u>	<u>\$ 2,285,000</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
2021	\$ 160,000	\$ 122,399	\$ 282,399
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 - 2030	1,160,000	431,765	1,591,765
2031 - 2035	1,470,000	228,369	1,698,369
2036 - 2039	440,000	30,031	470,031
	<u>\$ 3,970,000</u>	<u>\$ 1,258,162</u>	<u>\$ 5,228,162</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
2021	\$ 2,125,000	\$ 378,139	\$ 2,503,139
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 - 2030	8,630,000	447,230	9,077,230
2031 - 2035	365,000	6,781	371,781
	<u>\$ 20,355,000</u>	<u>\$ 1,902,814</u>	<u>\$ 22,257,814</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.

On June 10, 2020, the District issued \$1,925,000 of Unlimited Tax Refunding Bonds, Series 2020, to currently refund \$1,840,000 of its previously issued Series 2013 bonds in order to lower its overall debt service requirements. The net proceeds of \$1,877,875 (after payment of \$47,125 in issuance costs) were used for the following: \$1,872,517 was deposited with an escrow agent to provide the debt service payment on the portion of bonds currently refunded and \$5,358 was deposited in the Debt Service Fund for principal and interest. As a result, \$1,840,000 of bond principal is considered defeased, and the liability for these bonds was removed from the basic financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$32,517. This amount is recorded as a deferred outflow of resources and amortized over the remaining life of the refunded debt. The current refunding resulted in a gross savings of \$277,620 and an economic gain of \$257,896.

On August 11, 2020, the District issued \$6,380,000 of Unlimited Tax Bonds, Series 2020, to reimburse the District's developer for construction and engineering costs, pay interest on funds advanced by the developer on behalf of the District, and pay certain other costs related to the issuance of bonds. The net proceeds of \$6,130,734 (after payment of \$249,266 in issuance costs) was deposited in the District's Capital Projects Fund to fund developer reimbursements and subsequent bond issuance costs.

At September 30, 2020, 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 2019, 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 \$0.3733 and \$0.4867, respectively. The total 2019 tax levy was \$3,709,647 based on a taxable valuation of \$431,354,295.

## **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 - The District is currently under development and the construction of 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 will be used to purchase capital assets within the District including related infrastructure. The District's engineer has considered the amount of authorized but unissued bonds for the waterworks system and that this amount should be sufficient to fully reimburse and provide waterworks utility service to the remaining undeveloped but potentially developable acreage. However, additional authorization or use of other funds will be necessary to provide sanitary sewer and drainage services or fully reimburse the developer for the cost of those facilities. As of September 30, 2020, estimated developer commitments under construction contracts (complete and in-progress) totaled approximately \$950,000. This estimate is based upon information provided by the developers, which has not been confirmed by the District and does not include developer interest.

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 United States. While the disruption is expected to be temporary, there is uncertainty around the duration. Due to the nature of the District's services, the pandemic may negatively impact the District's business, results of operations, and financial position; however, the related financial impact cannot be reasonably estimated at this time.

## **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. 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, 2020

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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, 2020
<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, 2020**

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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, 2020

### 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, 2020

### b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	-	-	x 1.0	-
<= 3/4"	902	902	x 1.0	902
1"	12	12	x 2.5	30
1 1/2"	10	10	x 5.0	50
2"	15	15	x 8.0	120
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	945	945		1,202
Total Wastewater	934	934	x 1.0	934

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

Gallons pumped into system:	131,380,000	Water Accountability Ratio: (Gallons billed/Gallons pumped)
Gallons billed to customers:	128,176,000	97.6%

### 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, 2020

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#### 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, 2020

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Repairs and maintenance	\$ 798,149
Purchased services for resale-	
Bulk water & wastewater service purchases	550,266
Professional fees:	
Legal	226,804
Engineering	130,750
Auditing	18,000
Accounting	18,185
Solid waste disposal	329,132
Contracted services:	
General manager	721,908
Appraisal district	11,512
Tax collector	-
Utilities	72,003
Administrative expenditures:	
Directors' fees	36,114
Insurance	14,834
Other administrative expenses	2,983
Capital Outlay:	
Capitalized assets	847,888
Expenditures not capitalized	-
Tap connection expenditures	-
Other expenditures	90,916
Total expenditures	<u>\$ 3,869,444</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, 2020

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at September 30, 2020	Accrued Interest Receivable at September 30, 2020
<u>General Fund:</u>					
TexPool	XXX0008	Various	N/A	\$ 4,101,473	\$ -
TexPool	XXX0011	Various	N/A	243,026	-
Totals				4,344,499	-
<u>Debt Service Fund:</u>					
TexPool	XXX0009	Various	N/A	1,082,757	-
TexPool	XXX0010	Various	N/A	38,681	-
Totals				1,121,438	-
<u>Capital Projects Fund:</u>					
TexPool	XXX0012	Various	N/A	746,268	-
Totals				746,268	-
Total - All Funds				\$ 6,212,205	\$ -

# Hays County Water Control and Improvement District No. 1

## TSI-4 Analysis of Taxes Levied and Receivable September 30, 2020

	Maintenance Taxes	Debt Service Taxes
Taxes Receivable September 30, 2019	\$ 3,455	\$ 5,682
2019 Tax Roll	1,602,419	2,089,198
Adjustments	7,968	10,388
Total to be accounted for	1,613,842	2,105,268
Tax collections:		
Current year	1,605,354	2,093,024
Prior years	2,148	3,403
Total collections	1,607,502	2,096,427
Taxes Receivable September 30, 2020	\$ 6,340	\$ 8,841
Taxes Receivable, by Years		
2018 and earlier	\$ 1,307	\$ 2,279
2019	5,033	6,562
Taxes Receivable September 30, 2020	\$ 6,340	\$ 8,841

	2019	2018	2017	2016
PROPERTY VALUATIONS-				
Land improvements and personal property	\$ 431,354,295	387,972,644	354,923,928	326,427,747
TAX RATES PER \$100 VALUATION:				
Debt service tax rates	\$ 0.4867	0.5272	0.5824	0.5785
Maintenance tax rates	0.3733	0.3328	0.2926	0.2965
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.8600	0.8600	0.8750	0.8750
ORIGINAL TAX LEVY	\$ 3,709,647	3,336,565	3,149,102	2,917,847
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	99.7%	99.9%	100.0%	100.0%



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

### TSI-5 Long-Term Debt Service Requirements by Years September 30, 2020

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
2021	\$ 255,000	34,625	289,625	370,000	56,969	426,969	95,000	68,256	163,256	-	9,550	9,550
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	\$ 1,385,000	107,125	1,492,125	2,445,000	205,506	2,650,506	2,080,000	628,570	2,708,570	355,000	95,494	450,494

(continued)

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

### TSI-5 Long-Term Debt Service Requirements by Years (continued) September 30, 2020

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
2021	\$ 505,000	86,614	591,614	280,000	53,568	333,568	65,000	54,143	119,143	135,000	23,674	158,674
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	\$ 5,080,000	446,624	5,526,624	2,790,000	276,192	3,066,192	1,890,000	629,592	2,519,592	1,920,000	161,711	2,081,711

(continued)

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

### TSI-5 Long-Term Debt Service Requirements by Years (continued) September 30, 2020

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
2021	\$ 580,000	113,139	693,139	\$ 2,285,000	500,538	2,785,538
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	<u>\$ 6,380,000</u>	<u>610,167</u>	<u>6,990,172</u>	<u>\$ 24,325,000</u>	<u>3,160,976</u>	<u>27,485,976</u>

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

### TSI-6 Analysis of Changes in Long-Term Bonded Debt September 30, 2020

	Series 2012R	Series 2013	Series 2013R	Series 2015	Series 2015R	Series 2016R	Series 2016AR	Series 2017	Series 2020R	Series 2020	Grand Total All Series
Interest rate	2.50%	2.0-2.8%	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	3/1, 9/1	
Maturity dates	2025	2032	2026	2035	2030	2030	2029	2038	2032	2030	
Bonds outstanding, beginning of year	\$ 1,625,000	1,950,000	2,800,000	2,170,000	355,000	5,565,000	3,065,000	1,955,000	-	-	19,485,000
Bonds issued during the current year	-	-	-	-	-	-	-	-	1,925,000	6,380,000	8,305,000
Bonds refunded during the current year	-	(1,840,000)	-	-	-	-	-	-	-	-	(1,840,000)
Bonds retired during the current year	(240,000)	(110,000)	(355,000)	(90,000)	-	(485,000)	(275,000)	(65,000)	(5,000)	-	(1,625,000)
Bonds outstanding, end of year	<u>\$ 1,385,000</u>	<u>-</u>	<u>2,445,000</u>	<u>2,080,000</u>	<u>355,000</u>	<u>5,080,000</u>	<u>2,790,000</u>	<u>1,890,000</u>	<u>1,920,000</u>	<u>6,380,000</u>	<u>24,325,000</u>
Interest paid during the current year	<u>\$ 40,775</u>	<u>35,580</u>	<u>65,240</u>	<u>70,506</u>	<u>9,400</u>	<u>94,774</u>	<u>58,848</u>	<u>55,444</u>	<u>5,340</u>	<u>-</u>	<u>435,907</u>

Paying Agent's Name & Address:

Series 2012R and Series 2013R -  
Bank of Texas, Dallas, Texas  
Series 2013, Series 2015 and Series 2017 -  
Amegy Bank, Houston, Texas  
Series 2015 -  
The Independent Bankers Bank, Farmers Branch, Texas  
Series 2016, 2016A & 2020 -  
JP Morgan Chase, Oklahoma City, Oklahoma  
Series 2020 -  
Truist Bank, Charlotte, North Carolina

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

Debt Service Fund cash and temporary investments  
balances as of September 30, 2020 \$ 1,136,462

Average annual debt service payment (principal & interest)  
for remaining term of all debt \$ 1,526,999

*This document is a preliminary draft for use in internal review and discussions and is not intended for external distribution.*

# 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, 2020

	Amounts					Percent of Fund Total Revenues				
	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
<b>General Fund</b>										
Revenues:										
Program revenues:										
Garbage and basic services	\$ 1,359,288	1,345,479	1,146,778	981,040	965,055	32.6 %	35.7	31.6	31.7	35.6
Water and wastewater service	1,012,082	952,385	1,171,046	1,080,953	915,343	24.3	25.2	32.3	35.0	33.8
Tap connection/inspection fees	128,576	60,190	182,974	1,976	24,934	3.1	1.6	5.1	0.1	0.9
Fines and penalties	13,728	28,434	20,644	19,590	30,073	0.3	0.8	0.6	0.6	1.1
General revenues:										
Property taxes	1,607,502	1,288,625	1,055,929	986,879	694,505	38.6	34.2	29.2	32.0	25.7
Interest income and other	41,289	94,728	42,486	14,666	8,593	1.0	2.5	1.1	0.5	0.3
Penalties and interest on tax accounts	5,184	3,207	2,508	2,679	-	0.1	-	0.1	0.1	0.1
Miscellaneous	-	-	-	-	68,685	-	-	-	-	2.5
Total revenues	4,167,649	3,773,048	3,622,365	3,087,783	2,707,188	100.0	100.0	100.0	100.0	100.0
Expenditures:										
Service operations:										
Repairs and maintenance	798,149	552,061	730,733	619,310	727,079	19.3	14.6	20.2	20.1	26.9
Bulk water purchases	550,266	547,794	592,229	570,928	566,314	13.2	14.5	16.3	18.5	20.9
Basic services	329,132	330,882	259,252	218,763	212,857	7.9	8.8	7.2	7.1	7.9
Legal fees	226,804	199,057	182,410	185,248	158,372	5.4	5.3	5.0	6.0	5.9
Operator fees	721,908	733,384	718,694	367,736	137,844	17.3	19.4	19.8	11.9	5.1
Utilities	72,003	77,459	71,641	69,431	79,538	1.7	2.1	2.0	2.2	2.9
Engineering fees	130,750	116,677	49,343	48,045	48,894	3.1	3.1	1.4	1.6	1.8
Directors' fees	36,114	37,978	40,747	41,247	38,452	0.9	1.0	1.1	1.3	1.4
Security	37,239	42,248	23,050	22,196	31,283	0.9	1.1	0.6	0.7	1.2
Tax collector/appraisal fees	11,512	8,535	7,074	7,308	5,551	0.3	0.2	0.2	0.2	0.2
Audit fees	18,000	17,000	18,500	20,625	18,467	0.4	0.5	0.5	0.7	0.7
Accounting fees	18,185	-	-	-	-	0.4	-	-	-	-
Tap connection/inspection fees	-	2,036	2,978	21,237	12,364	-	0.1	0.1	0.7	0.5
Insurance	14,834	13,368	12,139	9,794	8,423	0.4	0.4	0.3	0.3	0.3
Other	56,660	50,568	75,643	38,156	35,907	1.4	1.3	2.1	1.2	1.3
Capital outlay	847,888	399,859	30,009	23,622	-	20.3	10.6	0.8	0.8	-
Total expenditures	3,869,444	3,128,906	2,814,442	2,263,646	2,081,345	92.8	83.0	77.6	73.3	77.0
Other financing sources	510,785	153,039	7,332	43,298	-	12.3	4.1	0.2	1.4	-
Excess of revenues and other financing sources over expenditures	\$ 808,990	797,181	815,255	867,435	625,843	19.5 %	21.1	22.6	28.1	23.0
<b>Debt Service Fund</b>										
Revenues and other financing sources, net:										
General revenues:										
Property taxes	\$ 2,096,427	2,041,700	2,102,224	1,926,591	1,892,340	96.4 %	97.0	98.2	99.1	89.0
Interest income and other	18,752	58,854	32,497	11,747	6,114	0.9	2.8	1.5	0.6	0.3
Penalties and interest on tax accounts	6,892	5,169	5,225	5,486	-	0.3	0.2	0.3	0.3	-
Proceeds from sale of bonds	1,925,000	-	-	-	9,910,000	88.5	-	-	-	465.7
Payment to refunded bond escrow agent	(1,872,517)	-	-	-	(9,680,630)	(86.1)	-	-	-	(455.0)
Total revenues and other financing sources, net	2,174,554	2,105,723	2,139,946	1,943,824	2,127,824	100.0	100.0	100.0	100.0	100.0
Expenditures:										
Service operations:										
Tax collector/appraisal fees	15,010	13,522	13,800	13,976	14,732	0.7	0.6	0.6	0.7	0.6
Other	4,527	-	20	80	164	0.2	-	0.1	0.1	0.1
Debt service:										
Principal	1,625,000	1,540,000	1,500,000	1,380,000	1,240,000	74.7	73.1	70.1	71.0	58.3
Interest and other debt service	484,482	500,598	520,929	512,708	850,173	22.3	23.8	24.2	26.3	39.9
Total expenditures	2,129,019	2,054,120	2,034,749	1,906,764	2,105,069	97.9	97.5	95.0	98.1	98.9
Excess of revenues and other financing sources, net over expenditures	\$ 45,535	51,603	105,197	37,060	22,755	2.1 %	2.5	5.0	1.9	1.1
Total Active Retail Water Connections	945	945	902	870	865					
Total Active Retail Wastewater Connections	934	934	891	855	851					

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

### TSI-8 Board Members, Key Personnel and Consultants September 30, 2020

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

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District Business Telephone Number: (512) 370-2939

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

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

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Name	Term of Office Elected & Expires or Date Hired	Fees 9/30/2020	Expense Reimbursements 9/30/2020	Title at 9/30/2020
<b>Board Members:</b>				
Douglas L. Botts	Elected 5/20 - 5/24	\$ 6,900	\$ 20	President
Paul Kelly	Elected 5/20 - 5/24	6,900	-	Vice President
Daniel B. Robison	Elected 5/20 - 5/24	5,100	-	Secretary
William "Bill" Carl Dally	Elected 5/18 - 5/22	7,200	-	Treasurer Asst. Secretary
William "Rick" Lucas, Jr.	Appointed 5/19 - 5/22	7,200	247	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, 2020

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Name	Date Hired	Fees and Expense Reimbursements 9/30/2020	Title
<b>Consultants:</b>			
Inframark, LLC	2001	\$ 1,674,005	District Manager/ Operator
CMA Engineering, Inc.	2001	249,557	Engineer
Law Offices of Matthew B. Kutac PLLC	2017	141,204	Attorney
Winstead PC	2015	65,628	Attorney
		97,815	Bond Related Fees
Bott & Douthitt PLLC	2020	16,500	Accountant
Hays County Tax Office	2002	166	Tax Collector
Hays Central Appraisal District	2002	25,816	Tax Appraiser
Andy Barrett & Associates, PLLC	2002	29,440	Attorney
		58,740	Bond Related Fees
Maxwell Locke & Ritter LLP	2003	18,000	Auditor
		12,000	Bond Related Fees
SAMCO Capital Markets, Inc.	2004	2,500	Financial Advisor
		150,350	Bond Related Fees



# Hays County Water Control and Improvement District No. 1

## OSI-1 Principal Taxpayers September 30, 2020

Taxpayer	Type of Property	Tax Roll Year		
		2020	2019	2018
5001 Convict Hill Partnership LTD	Land & Improvements	\$ 35,906,877	\$ 32,482,002	\$ -
GSSW Belterra Springs LLC	Land & Improvements	19,900,000	18,750,000	21,087,280
Belvil Lot 3C, LLC	Land & Improvements	4,802,267	4,398,516	-
Hutto Highway 79 LLC	Land & Improvements	4,535,691	-	-
Acron ARG Belterra Austin LLC	Land & Improvements	3,170,152	-	-
M/I Homes of Austin LLC	Land & Improvements	2,288,890	3,322,450	1,675,880
Chick Fil A Inc.	Land & Improvements	1,747,400	1,265,380	-
R&S Prep School Holdings One LLC	Land & Improvements	1,700,000	1,254,260	1,254,260
Belterra AME Investments LLC	Land & Improvements	1,510,420	-	-
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	-
ERG Belterra Ltd.	Land & Improvements	-	-	21,720,040
LSH Properties LLC	Land & Improvements	-	-	1,059,250
SWH202 LLC	Land & Improvements	-	-	842,280
Belterra Hospitality LLC	Land & Improvements	-	-	836,290
Propane Belterra Ltd.	Land & Improvements	-	-	824,760
Hat Creek Burger Dripping Springs LLC	Land & Improvements	-	-	789,850
Keats Living Trust	Land & Improvements	-	-	609,090
Total		<u>\$ 76,984,776</u>	<u>\$ 66,840,907</u>	<u>\$ 50,698,980</u>
Percent of Assessed Valuation		<u>17%</u>	<u>15%</u>	<u>13%</u>

# Hays County Water Control and Improvement District No. 1

## OSI-2 Assessed Value by Classification

September 30, 2020

	Tax Roll Years					
	2020		2019		2018	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 387,629,394	85%	\$ 363,745,203	85%	\$ 345,916,500	89%
Multi Family	19,900,000	4%	18,750,000	5%	21,087,280	5%
Vacant Platted Lots/ Tracts	9,452,710	2%	7,927,230	2%	4,221,870	1%
Farm and Ranch Improvements	-	-	-	-	1,675,880	1%
Commercial/Industrial	53,397,412	12%	42,366,714	10%	21,367,380	6%
Tangible Personal, Business	16,293,858	4%	17,330,745	4%	1,492,708	-
Real Inventory	2,272,560	1%	4,050,290	1%	96,000	-
Exempt	919,164	-	787,750	-	790,360	-
Adjustments	(31,288,783)	-7%	(23,603,637)	-5%	(8,675,334)	-2%
Total	\$ 458,576,315	100%	\$ 431,354,295	100%	\$ 387,972,644	100%