Hays County
Water Control and
Improvement District No. 2

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

MAXWELL
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Hays County Water Control and Improvement District No. 2

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Annual Filing Affidavit

The State of Texas

County of Hays

I, Samantha Bethke of the
(Name of Duly Authorized District Representative)

Hays County Water Control and Improvement District No. 2

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 27th day of January, 20 22, its audit report for the year ended September 30, 2021, and that copies of the audit report have been filed in the District's 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 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: January 27, 2022

By: [signature]
(Signature of District Representative)

Samantha Bethke, President
(Typed Name and Title of above District Representative)

Sworn to and subscribed to before me this 27th day of January, 2022.

Vicki Hahn
Notary Public, State of Texas
Notary ID 782263-5
My Commission Exp. 11-04-2024

(SEAL)

[signature]
(Signature of Notary)

Vicki Hahn
(Printed Name of Notary)

My Commission Expires On: 11/4/2024
Notary Public in and for the State of Texas.

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Austin, TX 78701
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Round Rock, TX 78664

Independent Auditors' Report

To the Board of Directors of
Hays County Water Control and Improvement District No. 2:

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. 2 (the "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2021, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplemental information required by the TCEQ listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information required by the TCEQ listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Maxwell Locke + Ritter LLP

Austin, Texas
January 27, 2022

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

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, the management of Hays County Water Control and Improvement District No. 2 (the "District") offers the following narrative on the financial performance of the District for the year ended September 30, 2021. Please read it in connection with the District's financial statements that follow.

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

Financial Highlights

- The liabilities of the District exceeded its assets and deferred outflows of resources at the close of the current fiscal year by $612,902.
- As of the close of the current fiscal year, the District's governmental funds reported ending fund balance of $6,363,811.
- The District has $5,565,000 of waterworks, sanitary sewer and drainage system bonds and $26,710,000 of roadway system bonds authorized by the voters, but unissued by the District. See Note 10 in the *Notes to Basic Financial Statements* for more information on the District's plans related to roadway system bonds.

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* includes a column (titled "Governmental Funds Total") that derives the change in fund balance 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 amended, final budget to its actual results.

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

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

Comparative Financial Statements

Statement of Net Position

	Governmental Activities		Change Increase
	2021	2020	(Decrease)
Current and Other Assets	$ 7,170,857	$ 12,929,891	$ (5,759,034)
Capital Assets	31,630,169	32,241,258	(611,089)
Total Assets	38,801,026	45,171,149	(6,370,123)
Deferred Outflows of Resources	149,622	162,090	(12,468)
Current Liabilities	3,158,022	8,586,636	(5,428,614)
Long-term Liabilities	36,405,528	38,748,501	(2,342,973)
Total Liabilities	39,563,550	47,335,137	(7,771,587)
Net Investment in Capital Assets	(6,362,228)	(7,998,973)	1,636,745
Restricted	968,531	1,174,656	(206,125)
Unrestricted	4,780,795	4,822,419	(41,624)
Total Net Position	$ (612,902)	$ (2,001,898)	$ 1,388,996

The District's total assets were approximately $38.8 million as of September 30, 2021. Of this amount, approximately $24.2 million is accounted for by capital assets and approximately $7.4 million is accounted for by intangible assets. The District had outstanding liabilities of approximately $39.6 million of which approximately $38.8 million is included in bonds payable.

Statement of Activities

	Governmental Activities 2021	Governmental Activities 2020	Change Increase (Decrease)
Property taxes	$ 4,022,911	$ 3,670,950	$ 351,961
Basic services	1,267,490	1,140,892	126,598
Water and wastewater service	1,105,149	1,119,516	(14,367)
Tap connection/inspection fees	126,058	162,514	(36,456)
Park fees	4,500	750	3,750
Other	5,548	64,302	(58,754)
Penalties and interest	13,152	8,610	4,542
Total Revenues	6,544,808	6,167,534	377,274
Repairs and maintenance	994,924	805,624	189,300
Bulk water purchase	364,685	347,086	17,599
WTCPUA base fees	297,259	282,661	14,598
Garbage services	260,681	234,520	26,161
Legal fees	149,603	144,314	5,289
Management services	595,004	614,385	(19,381)
Engineering fees	85,628	100,062	(14,434)
Other	240,083	304,052	(63,969)
Debt service	1,128,743	1,450,755	(322,012)
Depreciation and amortization	1,039,202	987,333	51,869
Total Expenses	5,155,812	5,270,792	(114,980)
Change in Net Position	1,388,996	896,742	492,254
Beginning Net Position	(2,001,898)	(2,898,640)	896,742
Ending Net Position	$ (612,902)	$ (2,001,898)	$ 1,388,996

Total revenues were approximately $6.5 million for the fiscal year ended September 30, 2021, which is a 6.1% increase from the prior year. Tap connection and inspection fees provided approximately $126,000, property taxes provided approximately $4,023,000, and water and wastewater service provided approximately $1,105,000 during fiscal year 2021. Expenses decreased by approximately $115,000 to a total of approximately $5.2 million for the fiscal year ended September 30, 2021, with much of the decrease attributable to debt service. Net position increased approximately $1,389,000 for the year ended September 30, 2021.

Analysis of Governmental Funds

	2021	2020	2019
Cash and temporary investments	$ 6,642,455	$ 12,326,398	$ 6,453,980
Receivables and other assets	472,969	544,314	448,160
Due from other funds	2,193	63,878	26,520
Intergovernmental receivable	-	-	44,959
Prepaid costs	-	-	21,506
Total Assets	$ 7,117,617	$ 12,934,590	$ 6,995,125
Accounts payable	266,103	609,699	648,690
Customer deposits	355,685	308,549	211,611
Due to other funds	2,193	63,878	26,520
Intergovernmental payable	104,416	59,014	-
Due to developer	-	5,254,165	-
Total Liabilities	728,397	6,295,305	886,821
Deferred inflows of resources	25,409	21,882	18,713
Restricted	1,592,949	1,804,258	1,279,422
Assigned	-	-	286,277
Unassigned	4,770,862	4,813,145	4,523,892
Total Fund Balances	6,363,811	6,617,403	6,089,591
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 7,117,617	$ 12,934,590	$ 6,995,125

The *General Fund* pays for daily operating expenditures. The General Fund's fund balance decreased by approximately $42,000 during the year resulting in an ending fund balance of approximately $4,771,000 as of September 30, 2021. When comparing actual to the final budget, actual revenues were higher than budget by approximately 303,000 predominately due to higher water and wastewater service revenue. Actual expenditures were higher than budget by approximately $526,000 primarily due to more capital outlay than budgeted during the year.

The *Debt Service Fund* remitted bond principal of $2,265,000 and interest of $1,131,134 for the year ended September 30, 2021. More detailed information about the District's debt is presented in the *Notes to Basic Financial Statements*.

The *Capital Projects Fund* purchases the District's infrastructure. The Capital Projects Fund balance increased by $1,075 for the year ended September 30, 2021.

Capital Assets

	9/30/2021	9/30/2020
Capital Assets:		
Water and wastewater facilities	$ 25,405,779	$ 25,073,621
Park improvements	1,220,548	1,220,548
Construction-in-progress	85,673	7,959
Less: Accumulated Depreciation	(2,540,326)	(1,823,556)
Total Net Capital Assets	$ 24,171,674	$ 24,478,572

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

Intangible Assets

	9/30/2021	9/30/2020
Right to receive wastewater service	$ 10,129,486	$ 10,129,486
Less: Accumulated amortization	(2,670,991)	(2,366,800)
Total	$ 7,458,495	$ 7,762,686

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

Long-Term Debt Activity

	9/30/2021	9/30/2020
Series 2010 Bonds	$ -	$ 185,000
Series 2013 Bonds	2,505,000	2,650,000
Series 2014 Bonds	4,370,000	4,605,000
Series 2016R Bonds	3,680,000	3,720,000
Series 2016 Bonds	4,820,000	5,080,000
Series 2017 Bonds	8,260,000	8,595,000
Series 2018 Bonds	3,110,000	3,245,000
Series 2018 Bonds	4,820,000	5,000,000
Series 2019 Bonds	1,525,000	1,695,000
Series 2020 Bonds	5,690,000	6,270,000
Total	$ 38,780,000	$ 41,045,000

At September 30, 2021, the District owed approximately $38.8 million to bond holders. At September 30, 2021, the District had $5,565,000 of waterworks, sanitary sewer and drainage system unlimited tax bonds and $26,710,000 of roadway system unlimited tax bonds that were authorized by the District, but unissued. More detailed information about the District's long-term debt is presented in the *Notes to Basic Financial Statements.*

Currently Known Facts, Decisions, and Conditions

For fiscal year 2022, which is the tax year 2021, the tax rate has been set at $0.8404 per $100 of assessed valuation of which $0.2048 is approved for maintenance and operations and $0.6356 is approved for debt service to provide for payment of principal and interest associated with outstanding bonds. The adopted budget for fiscal year 2022 projects an increase in fund balance of the General Fund of approximately $1,200. When compared to the 2021 final budget, revenues are expected to increase by approximately $384,000 primarily due to an increase in the tax rate allocated to the General Fund. Expenditures are expected to increase by approximately $564,000 primarily due to an increase in 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 c/o Winstead PC, 401 Congress Avenue, Suite 2100, Austin, Texas 78701.

Hays County Water Control and Improvement District No. 2

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

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments (Note 2)	Statement of Net Position
Assets:						
Cash and cash equivalents	$ 1,269,199	19,367	-	1,288,566	-	1,288,566
Temporary investments	3,781,527	1,019,313	553,049	5,353,889	-	5,353,889
Receivables:						
Property taxes	9,933	15,476	-	25,409	-	25,409
Services	360,271	-	-	360,271	-	360,271
Due from other funds	1,000	1,193	-	2,193	(2,193)	-
Other receivables	86,262	-	1,027	87,289	-	87,289
Bond insurance costs	-	-	-	-	55,433	55,433
Intangible assets (net of accumulated amortization)-						
Right to receive wastewater service	-	-	-	-	7,458,495	7,458,495
Capital assets (net of accumulated depreciation):						
Water and wastewater facilities	-	-	-	-	23,360,252	23,360,252
Park improvements	-	-	-	-	725,749	725,749
Construction in progress	-	-	-	-	85,673	85,673
Total assets	$ 5,508,192	1,055,349	554,076	7,117,617	31,683,409	38,801,026
Deferred outflows of resources-						
Deferred charges on bond refundings	-	-	-	-	149,622	149,622
Liabilities:						
Accounts payable	$ 196,504	-	-	196,504	-	196,504
Refundable deposits	355,685	-	-	355,685	-	355,685
Other liabilities	69,599	-	-	69,599	-	69,599
Due to other funds	1,193	-	1,000	2,193	(2,193)	-
Intergovernmental payable	104,416	-	-	104,416	-	104,416
Bond interest payable	-	-	-	-	86,818	86,818
Long-term liabilities:						
Due within one year	-	-	-	-	2,345,000	2,345,000
Due after one year	-	-	-	-	36,405,528	36,405,528
Total liabilities	727,397	-	1,000	728,397	38,835,153	39,563,550
Deferred inflows of resources-						
Deferred revenue - property taxes	9,933	15,476	-	25,409	(25,409)	-
Fund balances/net position:						
Fund balances:						
Restricted for:						
Debt service	-	1,039,873	-	1,039,873	(1,039,873)	-
Capital projects	-	-	553,076	553,076	(553,076)	-
Unassigned	4,770,862	-	-	4,770,862	(4,770,862)	-
Total fund balances	4,770,862	1,039,873	553,076	6,363,811	(6,363,811)	-
Total liabilities, deferred inflows of resources, and fund balances	$ 5,508,192	1,055,349	554,076	7,117,617		
Net position:						
Net investment in capital assets					(6,362,228)	(6,362,228)
Restricted for debt service					968,531	968,531
Unrestricted					4,780,795	4,780,795
Total net position					$ (612,902)	$ (612,902)

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

Hays County Water Control and Improvement District No. 2

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

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments (Note 2)	Statement of Activities
Expenditures/expenses:						
Service operations:						
Repairs and maintenance	$ 994,924	-	-	994,924	-	994,924
Bulk water purchases	364,685	-	-	364,685	-	364,685
WTCPUA base fees	297,259	-	-	297,259	-	297,259
Garbage services	260,681	-	-	260,681	-	260,681
Legal fees	149,603	-	-	149,603	-	149,603
Management services	595,004	-	-	595,004	-	595,004
Engineering fees	85,628	-	-	85,628	-	85,628
Tax assessor/collector fees	5,519	21,761	-	27,280	-	27,280
Directors' fees	21,153	-	-	21,153	-	21,153
Audit fees	16,500	-	-	16,500	-	16,500
Accounting fees	54,750	-	-	54,750	-	54,750
Insurance	9,609	-	-	9,609	-	9,609
Other	98,557	12,234	-	110,791	-	110,791
Debt service:						
Principal	-	2,265,000	-	2,265,000	(2,265,000)	-
Interest	-	1,131,134	-	1,131,134	(3,391)	1,127,743
Bond issuance costs	-	-	1,000	1,000	-	1,000
Capital outlay	409,872	-	-	409,872	(409,872)	-
Amortization	-	-	-	-	322,432	322,432
Depreciation	-	-	-	-	716,770	716,770
Total expenditures/expenses	3,363,744	3,430,129	1,000	6,794,873	(1,639,061)	5,155,812
Revenues:						
Program revenues:						
Basic services	1,267,490	-	-	1,267,490	-	1,267,490
Water and wastewater service	1,105,149	-	-	1,105,149	-	1,105,149
Tap connection/inspection fees	126,058	-	-	126,058	-	126,058
Park fees	4,500	-	-	4,500	-	4,500
Total program revenues	2,503,197	-	-	2,503,197	-	2,503,197
Net program expenses						(2,652,615)
General revenues:						
Property taxes	813,206	3,206,178	-	4,019,384	3,527	4,022,911
Interest income and other	2,386	1,087	2,075	5,548	-	5,548
Penalties and interest on tax accounts	2,672	10,480	-	13,152	-	13,152
Total general revenues	818,264	3,217,745	2,075	4,038,084	3,527	4,041,611
Total revenues	3,321,461	3,217,745	2,075	6,541,281	3,527	6,544,808
Excess (deficiency) of revenues over (under) expenditures	(42,283)	(212,384)	1,075	(253,592)	1,642,588	1,388,996
Fund balances/net position:						
Beginning of year	4,813,145	1,252,257	552,001	6,617,403	(8,619,301)	(2,001,898)
End of year	$ 4,770,862	1,039,873	553,076	6,363,811	(6,976,713)	(612,902)

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

Hays County Water Control and Improvement District No. 2

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

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Property taxes	$ 798,310	$ 798,310	$ 813,206	$ 14,896
Basic services	1,148,832	1,127,635	1,267,490	139,855
Water and wastewater service	807,844	807,844	1,105,149	297,305
Tap connection/inspection fees	185,000	185,000	126,058	(58,942)
Park fees	75,000	75,000	4,500	(70,500)
Penalties and interest	1,000	1,000	2,672	1,672
Interest income and other	24,000	24,000	2,386	(21,614)
Total revenues	3,039,986	3,018,789	3,321,461	302,672
Expenditures:				
Service operations:				
Repairs and maintenance	826,089	826,089	994,924	(168,835)
Bulk water purchases	316,074	316,074	364,685	(48,611)
WTCPUA base fees	309,287	309,287	297,259	12,028
Garbage services	258,401	258,401	260,681	(2,280)
Legal fees	144,120	144,120	149,603	(5,483)
Management services	528,667	528,667	595,004	(66,337)
Engineering fees	100,000	100,000	85,628	14,372
Tax assessor/collector fees	-	-	5,519	(5,519)
Directors' fees	41,880	41,880	21,153	20,727
Audit fees	17,500	17,500	16,500	1,000
Accounting fees	54,000	54,000	54,750	(750)
Insurance	14,920	14,920	9,609	5,311
Other	112,854	111,353	98,557	12,796
Capital outlay	115,000	115,000	409,872	(294,872)
Total expenditures	2,838,792	2,837,291	3,363,744	(526,453)
Excess (deficiency) of revenues over (under) expenditures	201,194	181,498	(42,283)	(223,781)
Fund balance:				
Beginning of year	4,813,145	4,813,145	4,813,145	-
End of year	$ 5,014,339	$ 4,994,643	$ 4,770,862	$ (223,781)

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

1. Summary of Significant Accounting Policies

Hays County Water Control and Improvement District No. 2 (the "District") was created in January 2001 by the Hays County Commissioners Court and operates pursuant to Chapter 51 of the Texas Water Code. It is a political subdivision of the State of Texas and is operated by an elected Board of Directors (the "Board"). The 77th Legislature confirmed the creation of the District and further granted the District all powers in Chapters 49, 51, and 54 of the Texas Water Code. The District provides water, sewer, and drainage facilities and services within the District.

The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board, which has been elected by District residents or appointed by the Board. The District is not included in any other governmental "reporting entity" as defined by the 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.

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.

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

Intangible Assets - Intangible assets, which consist of the right to receive wastewater service, are reported in the governmental activities column in the government-wide financial statements. Intangible assets are defined by GASB Statement No. 51 as assets which lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Such assets are recorded at historical cost if purchased or estimated fair value at the date of donation if donated. Intangible assets are amortized using the straight line method over the estimated life of the assets, which in this case is estimated to be 40 years based on the initial term of the Joint Facilities Agreement entered into between the District and Hays County Water Control and Improvement District No. 1 ("Hays County WCID No. 1").

Capital Assets - Capital assets, which consist of water and wastewater facilities, park improvements, 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 estimated acquisition cost if purchased or estimated 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 construction in progress) are depreciated using the straight line method over the following estimated useful lives: water and wastewater facilities - forty years; park improvements - 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, as well as bond insurance costs, 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, as well as bond issuance costs, 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. Issuance costs, including bond insurance 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 8 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 11 for additional information on those fund balance classifications.

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

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

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

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

Use of Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

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

2. Reconciliation of Government-Wide and Fund Financial Statements

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

Fund balances - total governmental funds		$ 6,363,811
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital and intangible assets	$ 36,841,486	
Less: Accumulated depreciation and amortization	(5,211,317)	31,630,169
Revenue is recognized when earned in the government-wide statements, regardless of availability. Governmental funds report deferred inflows of resources for revenues earned but not available.		25,409
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	(38,780,000)	
Bond discounts/premiums, net	29,472	
Bond insurance premium, net	55,433	
Deferred charges on refundings, net	149,622	
Accrued bond interest payable	(86,818)	(38,632,291)
Total net position		$ (612,902)

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

Changes in fund balances - governmental funds		$ (253,592)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report:		
Capital expenditures in year paid	$ 409,872	
Bond principal in year paid	2,265,000	
Interest expenditures in year paid	3,391	
Tax revenue when collected	3,527	2,681,790
Governmental funds do not report:		
Depreciation/amortization		(1,039,202)
Change in net position		$ 1,388,996

3. Cash, Cash Equivalents and Temporary Investments

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

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

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

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

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Government Investment Pool-TexPool	$ 5,353,889	1	AAAm

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

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

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

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

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

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

4. Property Taxes

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

In September 2020, the District levied a tax rate of $0.865 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 $0.175 and $0.690, respectively. The total 2020 tax levy was $4,026,561 based on a taxable valuation of $465,498,390.

5. Interfund Receivables and Payables

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

Receivable Fund	Payable Fund	Amount
Debt Service	General	$ 1,193
General	Capital Projects	1,000
Total		$ 2,193

6. Intangible Assets

Intangible asset activity for the year ended September 30, 2021, was as follows:

	Balance September 30, 2020	Additions	Retirements and Transfers	Balance September 30, 2021
Intangible assets- Right to receive wastewater service	$ 10,129,486	-	-	10,129,486
Total intangible assets being amortized	10,129,486	-	-	10,129,486
Less accumulated amortization for- Right to receive wastewater service	(2,366,800)	(304,191)	-	(2,670,991)
Intangible assets, net	$ 7,762,686	(304,191)	-	7,458,495

7. Capital Assets

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

	Balance 9/30/2020	Additions	Deletions and Adjustments	Balance 9/30/2021
Capital assets not being depreciated-				
Construction in progress	$ 7,959	$ 85,673	$ (7,959)	$ 85,673
Total capital assets not being being depreciated	7,959	85,673	(7,959)	85,673
Capital assets being depreciated:				
Water/Wastewater/Drainage Facilities	25,073,621	324,199	7,959	25,405,779
Park improvements	1,220,548	-	-	1,220,548
Total capital assets being depreciated	26,294,169	324,199	7,959	26,626,327
Less accumulated depreciation for:				
Water/Wastewater/Drainage Facilities	(1,405,634)	(639,893)	-	(2,045,527)
Park improvements	(417,922)	(76,877)	-	(494,799)
Total accumulated depreciation	(1,823,556)	(716,770)	-	(2,540,326)
Capital assets being depreciated, net	24,470,613	(392,571)	7,959	24,086,001
Total capital assets, net of accumulated depreciation	$24,478,572	$ (306,898)	$ -	$24,171,674

8. Deferred Charges on Bond Refundings

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

	Beginning Balance	Additions	Retirements	Ending Balance
Deferred charges on bond refundings	$ 162,090	-	(12,468)	149,622

9. Long-term Debt

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

	Balance 9/30/2020	Additions	Deletions	Balance 9/30/2021
Unlimited Tax Bonds, Series 2010	$ 185,000	-	(185,000)	-
Unlimited Tax Bonds, Series 2013	2,650,000	-	(145,000)	2,505,000
Unlimited Tax Bonds, Series 2014	4,605,000	-	(235,000)	4,370,000
Unlimited Tax Bonds, Series 2016R (direct placement)	3,720,000	-	(40,000)	3,680,000
Unlimited Tax Bonds, Series 2016	5,080,000	-	(260,000)	4,820,000
Unlimited Tax Bonds, Series 2017	8,595,000	-	(335,000)	8,260,000
Unlimited Tax Road Bonds, Series 2018	3,245,000	-	(135,000)	3,110,000
Unlimited Tax Utility Bonds, Series 2018	5,000,000	-	(180,000)	4,820,000
Unlimited Tax Road Bonds, Series 2019 (direct placement)	1,695,000	-	(170,000)	1,525,000
Unlimited Tax Utility Bonds, Series 2020 (direct placement)	6,270,000	-	(580,000)	5,690,000
Original Issue Discount	(87,332)	-	5,101	(82,231)
Premium on Bond Issuances	55,833	-	(3,074)	52,759
	$41,013,501	-	(2,262,973)	38,750,528

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

Series	Description	Matures Through	Interest Rate %	Balance September 30, 2021	Due Within One Year
2013	Unlimited Tax Bonds	2033	2.6% - 3.4%	$ 2,505,000	$ 155,000
2014	Unlimited Tax Bonds	2034	2.0% - 3.4%	4,370,000	245,000
2016R	Unlimited Tax Bonds (direct placement)	2033	2.6% - 3.2%	3,680,000	240,000
2016	Unlimited Tax Bonds	2034	2.0% - 2.8%	4,820,000	270,000
2017	Unlimited Tax Bonds	2037	2.0% - 3.35%	8,260,000	350,000
2018	Unlimited Tax Road Bonds	2038	2.0% - 3.5%	3,110,000	135,000
2018	Unlimited Tax Utility Bonds	2038	3.5% - 4.0%	4,820,000	185,000
2019	Unlimited Tax Road Bonds (direct placement)	2029	2.58%	1,525,000	175,000
2020	Unlimited Tax Utility Bonds (direct placement)	2030	1.39%	5,690,000	590,000
Total				$ 38,780,000	$ 2,345,000

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

Year Ended September 30,	Annual Requirements for All Series Principal	Interest	Total
2022	$ 1,340,000	$ 870,131	$ 2,210,131
2023	1,410,000	836,181	2,246,181
2024	1,475,000	798,100	2,273,100
2025	1,550,000	757,489	2,307,489
2026	1,630,000	714,093	2,344,093
2027 - 2031	9,430,000	2,784,136	12,214,136
2032 - 2036	9,060,000	1,166,551	10,226,551
2037 - 2038	1,990,000	96,413	2,086,413
	$ 27,885,000	$ 8,023,094	$ 35,908,094

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

Year Ended September 30,	Annual Requirements for All Series Principal	Interest	Total
2022	$ 1,005,000	$ 213,601	$ 1,218,601
2023	1,035,000	194,678	1,229,678
2024	1,060,000	175,100	1,235,100
2025	1,085,000	154,995	1,239,995
2026	1,110,000	134,364	1,244,364
2027 - 2031	4,840,000	390,462	5,230,462
2032 - 2033	760,000	37,180	797,180
	$ 10,895,000	$ 1,300,380	$ 12,195,380

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

At September 30, 2021, there were $5,565,000 of waterworks, sanitary sewer and drainage system bonds authorized by voters of the District but unissued. At September 30, 2021, there were $26,710,000 of roadway system bonds authorized by voters of the District, but unissued. See Note 10 for further discussion regarding the estimated amount of roadway system bonds the District will issue.

10. 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 1,146 Living Unit Equivalents ("LUEs"). The District executed a Firm Water Contract with the LCRA dated June 6, 2014, whereby the District obtained rights to 680.35 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 August 30, 2010, as amended. The Water Services Agreement was assigned to the WTCPUA as a successor and assignee of 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 1,166,170 gallons per day for up to 1,146 LUEs.

Wastewater Treatment Facilities - The District and Hays County WCID No. 1 have entered into a Joint Facilities Agreement dated June 9, 2005, as subsequently amended. Pursuant to the Joint Facilities Agreement, the District has paid Hays County WCID No. 1 certain wastewater capacity fees and shared capital costs in exchange for the right to receive wastewater treatment and disposal capacity. In addition, the District has paid a proportionate share of construction costs related to the wastewater treatment plant expansion; these construction costs entitle the District to receive wastewater treatment and disposal capacity but do not accord the District ownership of the wastewater treatment plant. Hays County WCID No. 1 owns title to the wastewater treatment plant.

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 of the District 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 all of the capital assets within the District including related infrastructure. The estimate of total bonds needed to purchase the waterworks, sanitary sewer and drainage system infrastructure is $46,185,000. The total bonds needed to purchase the roadways were initially estimated at $32,070,000. Due to changes in law since such bond authorization, the District does not anticipate issuance of roadway system bonds in the full amount authorized. The District anticipates that issuance of roadway system bonds will be limited to reimbursement for design and construction of roads meeting the criteria of Hays County for a "thoroughfare, arterial or collector road." As of September 30, 2021, the District does not anticipate any additional issuances of roadway system bonds.

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

11. 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.

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

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

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

<u>Assigned</u> - 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.

<u>Unassigned</u> - 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 11. 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.

12. Risk Management

The District's risk management program includes coverage through third party insurance providers for 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 period.

Hays County Water Control and Improvement District No. 2

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

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

Hays County Water Control and Improvement District No. 2

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

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

(A) Creation of District

See Note 1 to basic financial statements.

(B) Contingent Liabilities

See Note 10 to basic financial statements.

(C) Pension Coverage

Not applicable.

(D) Pledge of Revenues

See Note 9 to basic financial statements.

(E) Compliance with Debt Service Requirements

See Note 9 to basic financial statements.

(F) Redemption of Bonds

See Note 9 to basic financial statements.

Hays County Water Control and Improvement District No. 2

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

1. Services Provided by the District:

☒ Retail Water	☐ Wholesale Water	☒ Drainage
☒ Retail Wastewater	☐ Wholesale Wastewater	☒ Irrigation
☒ Parks/Recreation	☐ Fire Protection	☐ Security
☒ Solid Waste/Garbage	☐ Flood Control	☒ Roads

☐ Participates in joint venture, regional system and or wastewater service (other than emergency interconnect)

☐ Other (specify): ______________________

2. Retail Service Providers:

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 Use	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 above minimum
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)

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	-	-	x 1.0	-
<=¾"	1,125	1,125	x 1.0	1,125
1"	5	5	x 2.5	12.5
1 ½"	-	-	x 5.0	-
2"	4	4	x 8.0	32
3"	1	1	x 15.0	15
4"	-	-	x 25.0	-
6"	-	-	x 50.0	-
8"	-	-	x 80.0	-
10"	-	-	x 115.0	-
Total Water	1,135	1,135		1,184.5
Total Wastewater	1,131	1,131	x 1.0	1,131

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

Gallons pumped into system: 177,517,000

Gallons billed to customers: 171,370,000

Water Accountability Ratio: (Gallons billed/Gallons pumped) 96.5%

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

(continued)

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. 2

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

Personnel expenditures (including benefits)	$	-
Professional fees:		
Auditing		16,500
Legal		149,603
Engineering		85,628
Financial advisor		-
Purchased services for resale-		
Bulk water purchases		364,685
Contracted services:		
General manager		595,004
Appraisal district		5,519
Tax collector		182
Other contracted services		-
Utilities		56,501
Repairs and maintenance		994,924
Administrative expenditures:		
Directors' fees		21,153
Office supplies		-
Insurance		9,609
Other administrative expenses		-
Capital outlay:		
Capitalized assets		409,872
Expenditures not capitalized		-
Tap connection expenditures		-
Solid waste disposal		260,681
Fire fighting		-
Parks and recreation		-
Other expenditures		393,883
Total expenditures	$	3,363,744

Number of persons employed by the District: 0 Full-Time 5 Part-Time
(Does not include independent contractors or consultants)

Hays County Water Control and Improvement District No. 2

TSI-3 Schedule of Temporary Investments
Year Ended September 30, 2021

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at September 30, 2021	Accrued Interest Receivable at September 30, 2021
General Fund-					
TexPool	XXX0003	Various	N/A	$ 3,781,527	$ -
Debt Service Fund:					
TexPool	XXX0005	Various	N/A	1,006,356	-
TexPool	XXX0004	Various	N/A	12,957	-
Totals				1,019,313	-
Capital Projects Fund -					
TexPool	XXX0007	Various	N/A	553,049	-
Totals				553,049	-
Total - All Funds				$ 5,353,889	$ -

Hays County Water Control and Improvement District No. 2

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

	Maintenance Taxes	Debt Service Taxes
Taxes Receivable, September 30, 2020	$ 9,274	$ 12,608
2020 Tax Roll	770,401	3,037,582
Adjustments	43,464	171,464
Total to be accounted for	823,139	3,221,654
Tax collections:		
Current year	813,053	3,205,754
Prior years	153	424
Total collections	813,206	3,206,178
Taxes Receivable, September 30, 2021	$ 9,933	$ 15,476

	Maintenance Taxes	Debt Service Taxes
Taxes Receivable, by Years		
2019 and before	$ 9,041	$ 11,961
2020	892	3,515
Taxes Receivable, September 30, 2021	$ 9,933	$ 15,476

	2020	2019	2018	2017
Property Valuations-				
Land improvements and personal property	$ 465,498,390	$ 419,465,171	$ 364,133,255	$ 293,212,685
Tax Rates per $100 Valuation:				
Maintenance tax rates	0.1750	0.2310	0.2943	0.2222
Debt service tax rates	0.6900	0.6440	0.5807	0.6528
Total Tax Rates per $100 Valuation	$ 0.8650	$ 0.8750	$ 0.8750	$ 0.8750
Original Tax Levy	$ 4,026,561	$ 3,674,745	$ 3,186,166	$ 2,754,888
Percent of Taxes Collected to Taxes Levied	99.9%	99.9%	99.9%	99.9%

Hays County Water Control and Improvement District No. 2

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

	Unlimited Tax Bonds Series 2013			Unlimited Tax Bonds Series 2014			Unlimited Tax Bonds Series 2016R			Unlimited Tax Bonds Series 2016		
Due During Fiscal Years Ending 9/30	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
2022	$ 155,000	102,583	257,583	245,000	138,036	383,036	240,000	95,165	335,165	270,000	115,581	385,581
2023	165,000	97,933	262,933	260,000	131,910	391,910	255,000	88,958	343,958	285,000	110,181	395,181
2024	170,000	92,653	262,653	270,000	124,110	394,110	265,000	82,364	347,364	300,000	104,481	404,481
2025	180,000	86,873	266,873	285,000	116,010	401,010	275,000	75,511	350,511	315,000	98,481	413,481
2026	190,000	80,033	270,033	300,000	107,460	407,460	285,000	68,400	353,400	330,000	92,181	422,181
2027	200,000	72,813	272,813	315,000	98,460	413,460	300,000	61,030	361,030	350,000	85,169	435,169
2028	210,000	64,563	274,563	330,000	89,010	419,010	305,000	66,600	371,600	365,000	77,294	442,294
2029	220,000	55,900	275,900	350,000	79,110	429,110	315,000	56,739	371,739	385,000	68,625	453,625
2030	235,000	46,220	281,220	365,000	68,260	433,260	330,000	46,555	376,555	400,000	59,000	459,000
2031	245,000	35,880	280,880	385,000	56,580	441,580	350,000	35,886	385,886	420,000	49,000	469,000
2032	260,000	24,610	284,610	400,000	43,876	443,876	370,000	24,571	394,571	445,000	38,501	483,501
2033	275,000	12,650	287,650	420,000	30,277	450,277	390,000	12,609	402,609	465,000	26,264	491,264
2034	-	-	-	445,000	15,575	460,575	-	-	-	490,000	13,474	503,474
2035	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-
	$ 2,505,000	772,711	3,277,711	4,370,000	1,098,674	5,468,674	3,680,000	714,388	4,394,388	4,820,000	938,232	5,758,232

(continued)

Hays County Water Control and Improvement District No. 2

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

	Unlimited Tax Bonds Series 2017			Unlimited Tax Road Bonds Series 2018			Unlimited Tax Utility Bonds Series 2018		
Due During Fiscal Years Ending 9/30	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
2022	$ 350,000	230,175	580,175	135,000	99,544	234,544	185,000	184,212	369,212
2023	365,000	223,175	588,175	140,000	96,170	236,170	195,000	176,812	371,812
2024	385,000	215,875	600,875	145,000	91,969	236,969	205,000	169,012	374,012
2025	405,000	207,694	612,694	150,000	87,619	237,619	215,000	160,812	375,812
2026	425,000	199,088	624,088	160,000	83,119	243,119	225,000	152,212	377,212
2027	445,000	189,525	634,525	165,000	78,318	243,318	240,000	143,212	383,212
2028	470,000	177,844	647,844	170,000	73,368	243,368	250,000	133,612	383,612
2029	490,000	165,506	655,506	175,000	68,268	243,268	265,000	123,612	388,612
2030	515,000	152,031	667,031	180,000	62,800	242,800	275,000	113,012	388,012
2031	540,000	136,581	676,581	185,000	57,175	242,175	290,000	103,388	393,388
2032	570,000	120,381	690,381	195,000	51,162	246,162	305,000	93,238	398,238
2033	600,000	103,281	703,281	200,000	44,825	244,825	320,000	82,562	402,562
2034	625,000	85,281	710,281	205,000	38,325	243,325	335,000	71,362	406,362
2035	660,000	65,750	725,750	215,000	31,406	246,406	350,000	58,800	408,800
2036	690,000	45,125	735,125	220,000	24,150	244,150	370,000	45,676	415,676
2037	725,000	23,563	748,563	230,000	16,450	246,450	390,000	31,800	421,800
2038	-	-	-	240,000	8,400	248,400	405,000	16,200	421,200
	8,260,000	2,340,875	10,600,875	3,110,000	1,013,068	4,123,068	4,820,000	1,859,534	6,679,534

(continued)

Hays County Water Control and Improvement District No. 2

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

	Unlimited Tax Road Bonds Series 2019			Unlimited Tax Utility Bonds Series 2020			Annual Requirements For All Series		
Due During Fiscal Years Ending 9/30	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due	Interest Due	Total
2022	$ 175,000	39,345	214,345	590,000	79,091	669,091	2,345,000	1,083,732	3,428,732
2023	180,000	34,830	214,830	600,000	70,890	670,890	2,445,000	1,030,859	3,475,859
2024	185,000	30,186	215,186	610,000	62,550	672,550	2,535,000	973,200	3,508,200
2025	190,000	25,413	215,413	620,000	54,071	674,071	2,635,000	912,484	3,547,484
2026	195,000	20,511	215,511	630,000	45,453	675,453	2,740,000	848,457	3,588,457
2027	195,000	15,480	210,480	645,000	36,696	681,696	2,855,000	780,703	3,635,703
2028	200,000	10,449	210,449	655,000	27,730	682,730	2,955,000	720,470	3,675,470
2029	205,000	5,289	210,289	665,000	18,626	683,626	3,070,000	641,675	3,711,675
2030	-	-	-	675,000	9,382	684,382	2,975,000	557,260	3,532,260
2031	-	-	-	-	-	-	2,415,000	474,490	2,889,490
2032	-	-	-	-	-	-	2,545,000	396,339	2,941,339
2033	-	-	-	-	-	-	2,670,000	312,468	2,982,468
2034	-	-	-	-	-	-	2,100,000	224,017	2,324,017
2035	-	-	-	-	-	-	1,225,000	155,956	1,380,956
2036	-	-	-	-	-	-	1,280,000	114,951	1,394,951
2037	-	-	-	-	-	-	1,345,000	71,813	1,416,813
2038	-	-	-	-	-	-	645,000	24,600	669,600
	$ 1,525,000	181,503	1,706,503	5,690,000	404,489	6,094,489	38,780,000	9,323,474	48,103,474

Hays County Water Control and Improvement District No. 2

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

	Series 2010	Series 2013	Series 2014	Series 2016R	Series 2016	Series 2017	Series 2018	Series 2018	Series 2019	Series 2020	Total
Interest rate	3.00% to 5.00%	2.60% to 3.40%	2.00% to 3.40%	2.59% to 3.23%	2.00% to 2.75%	2.00% to 3.35%	2.00% to 3.50%	3.50% to 4.00%	2.58%	1.39%	
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 date	2021	2033	2034	2033	2034	2037	2038	2038	2029	2030	
Bonds outstanding, beginning of year	$ 185,000	$ 2,650,000	$ 4,605,000	$ 3,720,000	$ 5,080,000	$ 8,595,000	$ 3,245,000	$ 5,000,000	$ 1,695,000	$ 6,270,000	$ 41,045,000
Bonds issued during current year	-	-	-	-	-	-	-	-	-	-	-
Bonds retired during current year	(185,000)	(145,000)	(235,000)	(40,000)	(260,000)	(335,000)	(135,000)	(180,000)	(170,000)	(580,000)	(2,265,000)
Bonds outstanding, end of year	$ -	$ 2,505,000	$ 4,370,000	$ 3,680,000	$ 4,820,000	$ 8,260,000	$ 3,110,000	$ 4,820,000	$ 1,525,000	$ 5,690,000	$ 38,780,000
Interest paid during current year	$ 7,770	$ 106,643	$ 142,735	$ 96,199	$ 120,781	$ 236,875	$ 102,919	$ 191,413	$ 43,730	$ 82,069	$ 1,131,134
Paying agent's name & address:	Regions Bank Houston, TX	Amegy Bank Houston, TX	Amegy Bank Houston, TX	Regions Bank Houston, TX	Amegy Bank Houston, TX	Amegy Bank Houston, TX	Amegy Bank Houston, TX	Amegy Bank Houston, TX	BOKF, NA Dallas, TX	BOKF, NA Dallas, TX	

	Waterworks, Sanitary Sewer and Drainage System Tax Bonds	(1) Roadway System Tax Bonds	Waterworks, Sanitary Sewer and Drainage System Refunding Bonds	(1) Roadway System Refunding Bonds
Bond authority:				
Bond authorized by voters	$ 46,185,000	32,070,000	46,185,000	45,070,000
Amount issued	40,620,000	5,360,000	3,885,000	-
Remaining to be issued	$ 5,565,000	26,710,000	42,300,000	45,070,000

(1) In 2007, the voters of the District authorized issuance of $32,070,000 in roadway system bonds for the purpose of constructing, maintaining and operating roads, and issuance of $45,070,000 in refunding bonds for refunding of roadway system bonds. Due to changes in law since such authorizations, the District does not anticipate issuance of roadway system bonds in the full amount authorized. The District anticipates that issuance of roadway system bonds will be limited to reimbursement for design and construction of roads meeting the criteria of Hays County for a "thoroughfare, arterial or collector road." As of September 30, 2021, the District does not anticipate any additional issuances of roadway system bonds.

Debt Service Fund cash and temporary investments balances as of September 30, 2021:	$ 1,038,680
Average annual debt service payments (principal & interest) for remaining term of debt:	$ 2,829,616

Hays County Water Control and Improvement District No. 2

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

	Amounts					Percent of Fund Total Revenues				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
General Fund										
Revenues and other financing sources:										
Water and wastewater services	$ 1,105,149	1,119,516	917,141	924,012	873,764	33.2 %	32.3	25.4	31.3	28.3
Park fees	4,500	750	72,750	91,500	66,750	0.1	-	2.0	3.1	2.2
Tap connection/inspection fees	126,058	162,514	247,294	213,097	212,432	3.8	4.7	6.9	7.2	6.9
Basic services	1,267,490	1,140,892	1,030,764	903,965	828,161	38.2	32.9	28.6	30.6	26.8
Property taxes	813,206	968,359	1,085,833	706,764	1,104,911	24.5	27.9	30.1	23.9	35.7
Penalties and interest on tax accounts	2,672	2,287	2,096	1,221	1,713	0.1	0.1	-	-	0.1
Interest income and other	2,386	43,403	104,464	26,307	1,424	0.1	1.3	2.9	0.9	-
Transfers in	-	27,385	146,314	87,747	-	-	0.8	4.1	3.0	-
Total revenues and other financing sources	3,321,461	3,465,106	3,606,656	2,954,613	3,089,155	100.0	100.0	100.0	100.0	100.0
Expenditures:										
Service operations:										
Repairs and maintenance	994,924	805,624	527,108	517,776	614,842	30.1	23.1	14.6	17.5	19.9
Bulk water purchases	364,685	347,086	265,507	270,222	237,016	11.1	10.1	7.4	9.1	7.7
WTCPUA base fees	297,259	282,661	213,819	213,819	211,564	8.9	8.3	5.9	7.2	6.8
Garbage services	260,681	234,520	210,567	185,534	157,186	7.8	6.9	5.8	6.3	5.1
Legal fees	149,603	144,314	137,964	137,700	146,348	4.5	4.2	3.8	4.7	4.7
Management services	595,004	614,385	607,912	573,847	281,750	17.9	17.6	16.9	19.4	9.1
Engineering fees	85,628	100,062	75,204	66,876	44,519	2.6	2.9	2.1	2.3	1.4
WTCPUA reservation fees	-	-	49,764	49,702	49,897	-	-	1.4	1.7	1.6
Tap inspection fees	-	-	-	-	51,080	-	-	-	-	1.7
Directors' fees	21,153	21,961	26,620	21,970	18,752	0.6	0.6	0.7	0.7	0.6
Accounting fees	54,750	18,000	-	-	-	1.6	0.5	-	-	-
Audit fees	16,500	16,500	17,500	15,500	16,500	0.5	0.5	0.5	0.5	0.5
Insurance	9,609	9,360	8,953	8,206	7,400	0.3	0.3	0.2	0.3	0.2
Financial advisor fees	-	-	2,500	2,500	2,500	-	-	0.1	0.1	0.1
Other	104,076	85,447	63,553	54,815	38,067	3.1	2.4	1.8	1.9	1.2
Capital outlay	409,872	782,210	922,052	61,053	178,416	12.3	22.5	25.6	2.1	5.8
Total expenditures	3,363,744	3,462,130	3,129,023	2,179,520	2,055,837	101.3	99.9	86.8	73.8	66.4
Excess (deficiency) of revenues and other financing sources over (under) expenditures	$ (42,283)	2,976	477,633	775,093	1,033,318	(1.3) %	0.1	13.2	26.2	33.6
Debt Service Fund										
Revenues and other financing sources										
General revenues:										
Property taxes	$ 3,206,178	2,699,422	2,157,477	2,060,822	1,073,051	99.6 %	98.7	95.7	97.0	99.1
Interest income and other	1,087	20,702	58,270	25,284	8,608	0.1	0.8	2.6	1.2	0.8
Penalties and interest on tax accounts	10,480	6,323	4,137	3,586	1,663	0.3	0.2	0.2	0.2	0.1
Transfers in	-	9,499	34,000	34,291	-	-	0.3	1.5	1.6	-
Total revenues and other financing sources	3,217,745	2,735,946	2,253,884	2,123,983	1,083,322	100.0	100.0	100.0	100.0	100.0
Expenditures:										
Service operations-										
Other	33,995	27,539	16,959	16,620	12,112	1.0	0.9	0.7	0.8	1.1
Debt service:										
Principal	2,265,000	1,605,000	1,390,000	1,030,000	510,000	70.4	58.8	61.7	48.5	47.1
Interest	1,131,134	1,092,863	1,020,053	757,467	547,642	35.2	39.9	45.3	35.7	50.6
Total expenditures	3,430,129	2,725,402	2,427,012	1,804,087	1,069,754	106.6	99.6	107.7	85.0	98.8
Excess (deficiency) of revenues and other financing sources over (under) expenditures	$ (212,384)	10,544	(173,128)	319,896	13,568	(6.6) %	0.4	(7.7)	15.0	1.2
Total Active Retail Water Connections	1,135	1,096	1,014	891	794					
Total Active Retail Wastewater Connections	1,131	1,088	1,008	886	789					

Hays County Water Control and Improvement District No. 2

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

Complete District Mailing Address:	c/o Winstead PC 401 Congress Avenue, Suite 2100, Austin, Texas 78701
District Business Telephone Number:	(512) 370-2939
Submission date of the most recent District Registration Form: (TWC Sections 36.054 and 49.054)	November 30, 2020
Limit on fees of office that a director may receive during a fiscal year: (Set by Board Resolution - TWC Sections 49.060)	$7,200

Name	Term of Office Elected & Expires or Date Hired	Fees 9/30/21	Expense Reimbursements 9/30/21	Title at Year End
Board Members:				
Bill Harris	Elected 5/18 - 5/22	$ 3,750	$ -	President
Samantha E. Bethke	Elected 5/18- 5/22	3,900	-	Vice President
Sean McGillicuddy	Elected 11/20 - 5/24	5,850	-	Secretary
William Carroll Kelly, IV	Elected 11/20 - 5/24	3,300	-	Treasurer and Assistant Secretary
Lynn Lee	Elected 11/20 - 5/24	2,550	-	Assistant Secretary
Former Board Members-				
Royce Wachsmann	Elected 5/16 - 11/20	300	-	Former President

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

(continued)

Hays County Water Control and Improvement District No. 2

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

Name	Date Hired	Fees and Expense Reimbursements 9/30/21	Title at Year End
Consultants:			
Inframark, LLC	2001	$ 549,805	General Manager and Operator
Andy Barrett and Associates PLLC	2001	18,160	Attorney
Winstead PC	2015	62,486	Attorney
Law Office of Matthew B. Kutac, PLLC	2017	86,272	Attorney
CMA Engineering, Inc.	2001	147,093	Engineer
Bott & Douthitt, PLLC	2020	46,210	Accountant
Maxwell Locke & Ritter LLP	2005	16,500 1,000	Auditor Bond Services
SAMCO Capital Markets	2005	2,500	Financial Advisor
Hays Central Appraisal District	2006	27,097	Tax Appraiser
Hays County Tax Office	2007	182	Tax Collector

Hays County Water Control and Improvement District No. 2

OSI-1 Principal Taxpayers
September 30, 2021

Taxpayer	Type of Property	Tax Roll Year 2021	2020	2019
Toll Southwest LLC	Land & Improvements	$ 3,222,280	$ 2,526,074	$ 4,523,814
Corporation of the Presiding Bishop	Land & Improvements	1,014,220	755,900	-
Homeowner	Land & Improvements	997,980	899,550	1,039,140
Kleist Living Trust	Land & Improvements	992,771	976,470	-
Homeowner	Land & Improvements	908,800	742,440	726,060
Homeowner	Land & Improvements	900,130	741,710	-
Homeowner	Land & Improvements	822,900	721,740	-
Homeowner	Land & Improvements	816,750	716,610	-
Bargen 2005 Trust	Land & Improvements	813,750	-	-
Homeowner	Land & Improvements	812,470	-	-
LH Belterra LLC	Land & Improvements	-	4,991,510	5,794,890
Sitterle Homes-Austin LLC	Land & Improvements	-	741,390	2,054,610
Trendmaker Homes Inc.	Land & Improvements	-	-	2,135,774
Grand Haven Homes LP	Land & Improvements	-	-	1,443,020
MHI Partnership Ltd.	Land & Improvements	-	-	1,194,910
Scott Felder Homes LLC	Land & Improvements	-	-	1,147,300
Scott Felder Homes LLC	Land & Improvements	-	-	845,490
Total		$ 11,302,051	$ 13,813,394	$ 20,905,008
Percent of Assessed Valuation		2%	3%	5%

Hays County Water Control and Improvement District No. 2

OSI-2 Assessed Value by Classification
September 30, 2021

	Tax Roll Years					
	2021		2020		2019	
	Amount	%	Amount	%	Amount	%
Single Family	$ 572,259,754	106%	$ 464,075,270	100%	$ 402,591,295	96%
Vacant Platted Lots/ Tracts	2,729,220	1%	4,223,080	1%	6,641,070	2%
Farm and Ranch Improvements	-	-	547,670	-	451,830	-
Commercial/Industrial	13,710	0%	13,710	-	13,710	-
Tangible Personal, Business	629,608	0%	1,745,743	-	1,340,613	-
Real Inventory	3,888,680	1%	7,560,300	2%	17,284,840	4%
Exempt	3,206,778	1%	3,266,470	1%	1,750,440	-
Adjustments	(44,335,850)	-9%	(15,933,853)	-4%	(10,608,627)	-2%
Total	$ 538,391,900	100%	$ 465,498,390	100%	$ 419,465,171	100%