

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

**Financial Statements
and Supplemental Information
as of and for the Year Ended
September 30, 2022 and
Independent Auditors' Report**

Hays County Water Control and Improvement District No. 1

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Annual Filing Affidavit

The State of Texas

County of Hays

I, Douglas Botts
(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 9th day of February, 20 23, its annual audit report for the fiscal year ended September 30, 2022, 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: 2/9, 2023 By: [Signature]
(Signature of District Representative)

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

Sworn to and subscribed to before me this 9th day of February, 20 23.



[Signature]
(Signature of Notary)

Vicki Hahn
(Printed Name of Notary)

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



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Independent Auditors' Report

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

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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") listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the other information listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Maxwell Locke + Ritter LLP

Austin, Texas
February 9, 2023

Hays County Water Control and Improvement District No. 1

Management’s Discussion and Analysis For the Year Ended September 30, 2022

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, 2022. 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 \$21.0 million, of which approximately \$7.0 million is considered unrestricted net position.
- As of the close of the current fiscal year, the District’s governmental funds reported ending fund balance of approximately \$7.9 million.
- The District has \$5,955,000 of bonds authorized by the voters, but unissued by the District.

Overview of the Basic Financial Statements

The District’s reporting is comprised of two parts:

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

Other supplementary information is also included.

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

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

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

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

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

Comparative Financial Statements

Statement of Net Position

	Governmental Activities		Change Increase
	2022	2021	(Decrease)
Current and Other Assets	\$ 8,795,346	\$ 7,881,622	\$ 913,724
Capital Assets	32,411,854	33,304,022	(892,168)
Total Assets	41,207,200	41,185,644	21,556
Deferred Outflows of Resources	347,587	392,982	(45,395)
Current Liabilities	3,343,922	3,320,888	23,034
Long-term Liabilities	17,197,124	19,650,361	(2,453,237)
Total Liabilities	20,541,046	22,971,249	(2,430,203)
Net Investment in Capital Assets	13,131,708	11,704,179	1,427,529
Restricted	880,467	916,222	(35,755)
Unrestricted	7,001,566	5,986,976	1,014,590
Total Net Position	\$ 21,013,741	\$ 18,607,377	\$ 2,406,364

The District’s total assets were approximately \$41.2 million as of September 30, 2022. Of this amount, approximately \$32.4 million is included in capital assets. The District had outstanding liabilities of approximately \$20.5 million. Of this amount, approximately \$19.7 million is included in bonds payable.

The District’s property tax assessed value in tax year 2021 was approximately \$520.2 million compared to \$451.9 million in tax year 2020. 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)
	2022	2021	
Utility services	\$ 2,726,452	\$ 2,532,779	\$ 193,673
Taxes and miscellaneous	4,351,363	3,942,710	408,653
Total Revenues	7,077,815	6,475,489	602,326
Repairs and maintenance	868,795	947,626	(78,831)
Purchased services	583,334	559,675	23,659
Contracted services	1,101,872	1,070,455	31,417
Professional fees	352,170	397,774	(45,604)
Utilities	74,099	74,179	(80)
Administrative and other	139,282	124,134	15,148
Interest and other debt service fees	447,676	497,273	(49,597)
Depreciation and amortization	1,104,223	1,096,558	7,665
Total Expenses	4,671,451	4,767,674	(96,223)
Change in Net Position	2,406,364	1,707,815	698,549
Beginning Net Position	18,607,377	16,899,562	1,707,815
Ending Net Position	\$ 21,013,741	\$ 18,607,377	\$ 2,406,364

Revenues were approximately \$7.1 million for the fiscal year ended September 30, 2022, which is an increase of approximately \$600,000 from the prior year. Property taxes provided approximately \$4.3 million which is 61% of total revenue. Total expenditures decreased approximately \$96,000 to approximately \$4.7 million for the fiscal year ended September 30, 2022. Net position increased approximately \$2,406,000 for the fiscal year ended September 30, 2022, compared to an increase of approximately \$1,708,000 in the previous year.

Analysis of Governmental Funds

	2022	2021	2020	2019
Cash and cash equivalents	\$ 574,836	\$ 608,002	\$ 975,163	\$ 829,976
Temporary investments	7,277,209	6,646,727	6,212,205	4,869,268
Receivables and other assets	918,910	599,357	725,089	500,307
Interfund receivable	1,741	10,063	14,955	39,360
Prepaid items	-	-	1,386	39,258
Total Assets	\$ 8,772,696	\$ 7,864,149	\$ 7,928,798	\$ 6,278,169
Accounts payable	507,525	576,697	445,480	430,461
Refundable deposits	349,045	338,138	307,392	209,255
Due to Hays WCID No. 2	-	-	-	44,959
Due to developer	-	-	396,836	-
Interfund payable	1,741	10,063	14,955	39,360
Total Liabilities	858,311	924,898	1,164,663	724,035
Deferred inflows of resources	13,357	25,402	15,181	9,137
Nonspendable	-	-	1,386	-
Restricted	904,380	935,695	1,470,939	1,075,972
Assigned	3,000,000	-	-	16,494
Unassigned	3,996,648	5,978,154	5,276,629	4,452,531
Total Fund Balances	7,901,028	6,913,849	6,748,954	5,544,997
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,772,696	\$ 7,864,149	\$ 7,928,798	\$ 6,278,169

The *General Fund* pays for daily operating expenditures. The General Fund balance increased approximately \$1,018,000 during the year, which resulted in an ending General Fund balance of approximately \$7.0 million at September 30, 2022. When comparing actual results to the budget, revenues were more than budget by approximately \$499,000 primarily due to increased water and wastewater service fees. Expenditures were less than budget by approximately \$442,000, primarily due to less repair and maintenance expenditures. More detailed information about the District's budgetary comparison is presented in the Basic Financial Statements.

The *Debt Service Fund* includes property taxes collected to retire bond principal and to pay interest due. The Debt Service Fund remitted \$2,370,000 in bond principal and approximately \$450,000 in bond interest for the year ended September 30, 2022.

Capital Assets Activity

	<u>9/30/2022</u>	<u>9/30/2021</u>
Capital Assets:		
Water and wastewater facilities	\$ 38,067,428	\$ 37,905,676
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
Less: Accumulated Depreciation	<u>(11,446,799)</u>	<u>(10,392,879)</u>
Total Net Capital Assets	<u>\$ 32,411,854</u>	<u>\$ 33,304,022</u>

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

Long-Term Debt Activity

	<u>9/30/2022</u>	<u>9/30/2021</u>
Bonds payable	<u>\$ 19,670,000</u>	<u>\$ 22,040,000</u>

The District owes \$19.7 million to bond holders. During the year ended September 30, 2022, the District made principal payments of \$2,370,000 and interest payments of approximately \$450,000. More detailed information about the District's long-term debt is presented in the *Notes to Basic Financial Statements*.

Currently Known Facts, Decisions, or Conditions

For fiscal year 2023, which is the tax year 2022, the tax rate is \$0.7700 on each \$100 of taxable value of which \$0.2962 is approved for maintenance and operations and \$0.4738 is approved for debt service.

The adopted budget for 2023 projects an increase in the General Fund fund balance of approximately \$143,000 compared to a budgeted increase in fund balance of approximately \$77,000 for 2022. When compared to the 2022 final budget, revenues are expected to increase by approximately \$614,000 primarily due to a increase in the property tax rate allocated to the General Fund. Expenditures are expected to increase \$548,000 primarily due to an increase in maintenance expenditures.

Requests for Information

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

Hays County Water Control and Improvement District No. 1

Statement of Net Position and Governmental Funds Balance Sheet September 30, 2022

	General Fund	Debt Service Fund	Governmental Funds Total	Adjustments (Note 2)	Statement of Net Position
Assets:					
Cash and cash equivalents	\$ 574,836	\$ -	\$ 574,836	\$ -	\$ 574,836
Temporary investments	6,369,142	908,067	7,277,209	-	7,277,209
Receivables:					
Property taxes	4,918	8,439	13,357	-	13,357
Service accounts	367,270	-	367,270	-	367,270
Other	406,905	-	406,905	-	406,905
Due from other funds	1,741	-	1,741	(1,741)	-
Due from other governmental entities	131,378	-	131,378	-	131,378
Bond insurance premium	-	-	-	24,391	24,391
Capital assets (net of accumulated depreciation):					
Land	-	-	-	3,597,901	3,597,901
Water and wastewater facilities	-	-	-	27,307,000	27,307,000
Park improvements	-	-	-	775,967	775,967
Buildings	-	-	-	726,218	726,218
Other capital assets	-	-	-	4,768	4,768
Total assets	<u>7,856,190</u>	<u>916,506</u>	<u>8,772,696</u>	<u>32,434,504</u>	<u>41,207,200</u>
Deferred outflows of resources-					
Deferred charges on bond refundings	-	-	-	347,587	347,587
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,587</u>	<u>347,587</u>
Total assets and deferred outflows of resources	<u>\$ 7,856,190</u>	<u>\$ 916,506</u>	<u>\$ 8,772,696</u>	<u>32,782,091</u>	<u>41,554,787</u>
Liabilities:					
Accounts payable	\$ 505,579	\$ 1,946	\$ 507,525	-	507,525
Refundable deposits	349,045	-	349,045	-	349,045
Due to other funds	-	1,741	1,741	(1,741)	-
Bond interest payable	-	-	-	32,352	32,352
Long-term liabilities:					
Due within one year	-	-	-	2,455,000	2,455,000
Due after one year	-	-	-	17,197,124	17,197,124
Total liabilities	<u>854,624</u>	<u>3,687</u>	<u>858,311</u>	<u>19,682,735</u>	<u>20,541,046</u>
Deferred inflows of resources-					
Property taxes	4,918	8,439	13,357	(13,357)	-
Total deferred inflows of resources	<u>4,918</u>	<u>8,439</u>	<u>13,357</u>	<u>(13,357)</u>	<u>-</u>
Fund balances/net position:					
Fund balances:					
Restricted for-					
Debt service	-	904,380	904,380	(904,380)	-
Assigned for-					
Capital improvements	3,000,000	-	3,000,000	(3,000,000)	-
Unassigned	3,996,648	-	3,996,648	(3,996,648)	-
Total fund balances	<u>6,996,648</u>	<u>904,380</u>	<u>7,901,028</u>	<u>(7,901,028)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,856,190</u>	<u>\$ 916,506</u>	<u>\$ 8,772,696</u>		
Net position:					
Net investment in capital assets				13,131,708	13,131,708
Restricted for debt service				880,467	880,467
Unrestricted				7,001,566	7,001,566
Total net position				<u>\$ 21,013,741</u>	<u>\$ 21,013,741</u>

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

Hays County Water Control and Improvement District No. 1

Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances Year Ended September 30, 2022

	General Fund	Debt Service Fund	Governmental Funds Total	Adjustments (Note 2)	Statement of Activities
Expenditures/expenses:					
Service operations:					
Repairs and maintenance	\$ 868,795	-	868,795	-	868,795
Bulk water purchases	583,334	-	583,334	-	583,334
Basic services	380,328	-	380,328	-	380,328
Legal fees	198,193	-	198,193	-	198,193
Operator fees	692,657	-	692,657	-	692,657
Utilities	74,099	-	74,099	-	74,099
Engineering fees	80,477	-	80,477	-	80,477
Directors' fees	41,926	-	41,926	-	41,926
Security	31,543	-	31,543	-	31,543
Tax collector/appraisal fees	10,081	18,806	28,887	-	28,887
Audit fees	18,500	-	18,500	-	18,500
Accounting fees	55,000	-	55,000	-	55,000
Insurance	17,927	-	17,927	-	17,927
Other	39,208	8,678	47,886	-	47,886
Debt service:					
Principal payments	-	2,370,000	2,370,000	(2,370,000)	-
Interest	-	450,027	450,027	(3,701)	446,326
Fiscal agent fees and other costs	-	1,350	1,350	-	1,350
Capital outlay	161,752	-	161,752	(161,752)	-
Depreciation and amortization	-	-	-	1,104,223	1,104,223
Total expenditures/expenses	3,253,820	2,848,861	6,102,681	(1,431,230)	4,671,451
Revenues:					
Program revenues:					
Garbage and basic services	1,435,203	-	1,435,203	-	1,435,203
Water and wastewater service	1,265,898	-	1,265,898	-	1,265,898
Tap connection/inspection fees	4,550	-	4,550	-	4,550
Fines and penalties	20,801	-	20,801	-	20,801
Total program revenues	2,726,452	-	2,726,452	-	2,726,452
Net program expenses					(1,944,999)
General revenues:					
Property taxes	1,496,721	2,791,012	4,287,733	(12,045)	4,275,688
Interest income and other	44,947	18,637	63,584	-	63,584
Penalties and interest on tax accounts	4,194	7,897	12,091	-	12,091
Total general revenues	1,545,862	2,817,546	4,363,408	(12,045)	4,351,363
Total revenues	4,272,314	2,817,546	7,089,860	(12,045)	7,077,815
Excess (deficiency) of revenues over (under) expenditures	1,018,494	(31,315)	987,179	1,419,185	2,406,364
Changes in fund balances/ net position	1,018,494	(31,315)	987,179	1,419,185	2,406,364
Fund balances/net position:					
Beginning of the year	5,978,154	935,695	6,913,849	11,693,528	18,607,377
End of the year	\$ 6,996,648	904,380	7,901,028	13,112,713	21,013,741

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

Hays County Water Control and Improvement District No. 1

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund Year Ended September 30, 2022

	Adopted Budget	Actual	Variance
Revenues:			
Program revenues:			
Garbage and basic services	\$ 1,278,206	\$ 1,435,203	\$ 156,997
Water and wastewater service	968,839	1,265,898	297,059
Tap connection/inspection fees	1,200	4,550	3,350
Fines and penalties	16,800	20,801	4,001
General revenues:			
Property taxes	1,496,278	1,496,721	443
Interest income and other	9,000	44,947	35,947
Penalties and interest on tax accounts	2,500	4,194	1,694
Total revenues	<u>3,772,823</u>	<u>4,272,314</u>	<u>499,491</u>
Expenditures:			
Service operations:			
Repairs and maintenance	1,334,262	868,795	465,467
Bulk water purchases	601,101	583,334	17,767
Basic services	350,753	380,328	(29,575)
Legal fees	198,220	198,193	27
Operator fees	713,440	692,657	20,783
Utilities	81,740	74,099	7,641
Engineering fees	107,734	80,477	27,257
Directors' fees	48,880	41,926	6,954
Security	40,855	31,543	9,312
Tax collector/appraisal fees	9,500	10,081	(581)
Audit fees	18,500	18,500	-
Accounting fees	54,750	55,000	(250)
Insurance	16,164	17,927	(1,763)
Other	119,566	39,208	80,358
Capital outlay	-	161,752	(161,752)
Total expenditures	<u>3,695,465</u>	<u>3,253,820</u>	<u>441,645</u>
Excess of revenues over expenditures	<u>77,358</u>	<u>1,018,494</u>	<u>941,136</u>
Change in fund balance	<u>77,358</u>	<u>1,018,494</u>	<u>941,136</u>
Fund balance:			
Beginning of year	<u>5,978,154</u>	<u>5,978,154</u>	<u>-</u>
End of year	<u>\$ 6,055,512</u>	<u>\$ 6,996,648</u>	<u>\$ 941,136</u>

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

Hays County Water Control and Improvement District No. 1

Notes to Basic Financial Statements Year Ended September 30, 2022

1. Summary of Significant Accounting Policies

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

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

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

The District reports the following major governmental funds:

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

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

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. The budget is proposed in September 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, 2022, there was no allowance for uncollectible accounts.

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

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

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

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

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

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

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

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

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

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

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

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

Change in Accounting Principle for Recently Adopted Accounting Pronouncement

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. These changes were incorporated in the District's financial statements for the year ended September 30, 2022 but had no effect on beginning net position.

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		\$ 7,901,028
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital assets	\$ 43,858,653	
Less: Accumulated depreciation	<u>(11,446,799)</u>	32,411,854
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.		13,357
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	(19,670,000)	
Bond discounts	17,876	
Bond insurance premium, net	24,391	
Deferred charges on refundings, net	347,587	
Accrued bond interest payable	<u>(32,352)</u>	<u>(19,312,498)</u>
Total net position		<u><u>\$ 21,013,741</u></u>

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

Changes in fund balances - governmental funds		\$ 987,179
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report:		
Capital expenditures in year paid	\$ 161,752	
Bond principal in year paid	2,370,000	
Interest expenditures in year paid	3,701	
Tax revenue when collected	<u>(12,045)</u>	2,523,408
Governmental funds do not report:		
Depreciation	(1,053,920)	
Amortization of bond insurance premium	(3,145)	
Amortization of bond discounts	(1,763)	
Amortization of deferred charges on refundings	<u>(45,395)</u>	<u>(1,104,223)</u>
Change in net position		<u><u>\$ 2,406,364</u></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, 2022, 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, 2022 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Government Investment Pool- TexPool	\$ 7,277,209	1	AAAm
Total investments	\$ 7,277,209		

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, 2022, 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, 2022, 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, 2022, is as follows:

Receivable Fund	Payable Fund	Amount
General	Debt Service	\$ 1,741
Total		<u>\$ 1,741</u>

5. Capital Assets

Capital assets activity for the year ended September 30, 2022, was as follows:

	<u>Balance 9/30/2021</u>	<u>Additions</u>	<u>Deletions and Adjustments</u>	<u>Balance 9/30/2022</u>
Capital assets not being depreciated-				
Land	\$ 3,597,901	\$ -	\$ -	\$ 3,597,901
Total capital assets not being being depreciated	<u>3,597,901</u>	<u>-</u>	<u>-</u>	<u>3,597,901</u>
Capital assets being depreciated:				
Water/Wastewater/Drainage Facilities	37,905,676	161,752	-	38,067,428
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>40,099,000</u>	<u>161,752</u>	<u>-</u>	<u>40,260,752</u>
Less accumulated depreciation for:				
Water/Wastewater/Drainage Facilities	(9,759,186)	(1,001,242)	-	(10,760,428)
Park improvements	(387,843)	(30,201)	-	(418,044)
Buildings	(153,852)	(21,284)	-	(175,136)
Other capital assets	(91,998)	(1,193)	-	(93,191)
Total accumulated depreciation	<u>(10,392,879)</u>	<u>(1,053,920)</u>	<u>-</u>	<u>(11,446,799)</u>
Capital assets being depreciated, net	<u>29,706,121</u>	<u>(892,168)</u>	<u>-</u>	<u>28,813,953</u>
Total capital assets, net of accumulated depreciation	<u>\$ 33,304,022</u>	<u>\$ (892,168)</u>	<u>\$ -</u>	<u>\$ 32,411,854</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, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Deferred charges on bond refundings	<u>\$ 392,982</u>	<u>-</u>	<u>(45,395)</u>	<u>347,587</u>

7. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2022:

	<u>Balance 9/30/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2022</u>
Unlimited Tax Refunding Bonds, Series 2012 (direct placement)	\$ 1,130,000	-	(260,000)	870,000
Unlimited Tax Refunding Bonds, Series 2013 (direct placement)	2,075,000	-	(385,000)	1,690,000
Unlimited Tax Bonds, Series 2015	1,985,000	-	(100,000)	1,885,000
Unlimited Tax Refunding Bonds, Series 2015 (direct placement)	355,000	-	-	355,000
Unlimited Tax Refunding Bonds, Series 2016 (direct placement)	4,575,000	-	(520,000)	4,055,000
Unlimited Tax Refunding Bonds, Series 2016A (direct placement)	2,510,000	-	(290,000)	2,220,000
Unlimited Tax Bonds, Series 2017	1,825,000	-	(70,000)	1,755,000
Unlimited Tax Refunding Bonds, Series 2020 (direct placement)	1,785,000	-	(140,000)	1,645,000
Unlimited Tax Bonds, Series 2020 (direct placement)	5,800,000	-	(605,000)	5,195,000
Original Issue Discount	<u>(19,639)</u>	<u>-</u>	<u>1,763</u>	<u>(17,876)</u>
	<u>\$22,020,361</u>	<u>-</u>	<u>(2,368,237)</u>	<u>19,652,124</u>

Long-term debt at September 30, 2022, was comprised of the following individual issues:

Series	Description	Matures Through	Interest Rate %	Balance September 30, 2022	Due Within One Year
2012	Unlimited Tax Refunding Bonds (direct placement)	2025	2.5%	\$ 870,000	\$ 275,000
2013	Unlimited Tax Refunding Bonds (direct placement)	2026	2.3%	1,690,000	400,000
2015	Unlimited Tax Bonds	2035	2.0-3.625%	1,885,000	105,000
2015	Unlimited Tax Refunding Bonds (direct placement)	2030	2.69%	355,000	-
2016	Unlimited Tax Refunding Bonds (direct placement)	2030	1.71%	4,055,000	545,000
2016A	Unlimited Tax Refunding Bonds (direct placement)	2029	1.92%	2,220,000	295,000
2017	Unlimited Tax Bonds	2038	2.0-3.375%	1,755,000	75,000
2020	Unlimited Tax Refunding Bonds (direct placement)	2032	1.23%	1,645,000	145,000
2020	Unlimited Tax Bonds (direct placement)	2030	1.68%	5,195,000	615,000
				<u>\$ 19,670,000</u>	<u>\$ 2,455,000</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
2023	\$ 180,000	\$ 113,849	\$ 293,849
2024	190,000	109,200	299,200
2025	200,000	104,299	304,299
2026	210,000	99,001	309,001
2027	220,000	93,232	313,232
2028 - 2032	1,275,000	359,313	1,634,313
2033 - 2037	1,210,000	133,388	1,343,388
2038	155,000	5,231	160,231
	<u>\$ 3,640,000</u>	<u>\$ 1,017,513</u>	<u>\$ 4,657,513</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
2023	\$ 2,275,000	\$ 289,997	\$ 2,564,997
2024	2,340,000	246,727	2,586,727
2025	2,420,000	202,149	2,622,149
2026	2,160,000	155,988	2,315,988
2027	1,765,000	116,595	1,881,595
2028 - 2032	5,070,000	181,428	5,251,428
	<u>\$ 16,030,000</u>	<u>\$ 1,192,884</u>	<u>\$ 17,222,884</u>

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

At September 30, 2022, 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 2021, the District levied a tax rate of \$0.829 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 \$0.2893 and \$0.5397, respectively. The total 2021 tax levy was \$4,312,791 based on a taxable valuation of \$520,240,202.

9. Commitments and Contingent Liabilities

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

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

District Development and Developer Reimbursement – Most of the development within the District has been completed. Certain commercial areas within the District remain under development and the construction of related facilities is being paid by the developers of the District. The Board authorized the funding of the projects and the reimbursement of the developer for the cost of the projects out of bond proceeds when the bonds are authorized and issued. The bond proceeds have been used to purchase capital assets within the District including related infrastructure. The District has issued bonds for reimbursement of all developer waterworks system projects, and authorized but unissued bonds remain. The District has issued all authorized bonds for reimbursement of developer sanitary sewer and drainage projects. However, use of other funds will be necessary to fully reimburse the developer for the cost of those facilities, and the District has made arrangements for funding of such reimbursements through strategic partnership agreement sales tax receipts. As of September 30, 2022, estimated developer commitments under construction contracts (complete and in-progress) totaled approximately \$800,000. This estimate is based upon information provided by the developers, which has not been confirmed by the District and does not include developer interest. A set-off agreement in the amount of \$67,642 was entered into between the developers and the District for unfunded review and inspection deposits that were previously reimbursed by the District. This amount will be set-off from remaining amounts due to the developer. In addition the District began remitting 50% of strategic partnership agreement sales tax receipts to the developer for outstanding reimbursements. During the year ended September 30, 2022, the District remitted \$65,518 to the developer.

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 TML intergovernmental risk pool coverage for general liability, errors and omissions liability, automobile liability and property, amongst other coverages. 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, 2022

Schedule Included			
<u>Yes</u>	<u>No</u>		
<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, 2022
<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, 2022

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, 2022

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, 2022

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	-	-	x 1.0	-
<=3/4"	935	933	x 1.0	933
1"	13	13	x 2.5	32.5
1 1/2"	13	13	x 5.0	65
2"	24	24	x 8.0	192
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	991	989		1,322.5
Total Wastewater	979	977	x 1.0	977

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

Gallons pumped into system:	<u>170,490,000</u>	Water Accountability Ratio: (Gallons billed/Gallons pumped)
Gallons billed to customers:	<u>171,543,000</u>	
		<u>100.1%</u>

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

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

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

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

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

(continued)

Hays County Water Control and Improvement District No. 1

TSI-1 Schedule of Services and Rates (continued)

Year Ended September 30, 2022

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, 2022

Repairs and maintenance	\$	868,795
Purchased services for resale-		
Bulk water & wastewater service purchases		583,334
Professional fees:		
Legal		198,193
Engineering		80,477
Auditing		18,500
Accounting		55,000
Solid waste disposal		380,328
Contracted services:		
Operations and Management Contractor		692,657
Appraisal district		9,748
Tax collector		333
Utilities		74,099
Administrative expenditures:		
Directors' fees		41,926
Insurance		17,927
Other administrative expenses		7,846
Capital Outlay:		
Capitalized assets		161,752
Expenditures not capitalized		-
Tap connection expenditures		-
Other expenditures		62,905
Total expenditures	\$	<u>3,253,820</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, 2022

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at September 30, 2022	Accrued Interest Receivable at September 30, 2022
<u>General Fund:</u>					
TexPool	XXX0008	Various	N/A	\$ 5,964,779	\$ -
TexPool	XXX0011	Various	N/A	<u>404,363</u>	<u>-</u>
Totals				<u>6,369,142</u>	<u>-</u>
<u>Debt Service Fund:</u>					
TexPool	XXX0009	Various	N/A	879,126	-
TexPool	XXX0010	Various	N/A	<u>28,941</u>	<u>-</u>
Totals				<u>908,067</u>	<u>-</u>
Total - All Funds				<u>\$ 7,277,209</u>	<u>\$ -</u>

Hays County Water Control and Improvement District No. 1

TSI-4 Analysis of Taxes Levied and Receivable September 30, 2022

	Maintenance Taxes	Debt Service Taxes
Taxes Receivable September 30, 2021	\$ 8,822	\$ 16,580
2021 Tax Roll	1,508,922	2,814,950
Adjustments	(16,105)	(32,079)
Total to be accounted for	<u>1,501,639</u>	<u>2,799,451</u>
Tax collections:		
Current year	1,504,714	2,807,101
Prior years	(7,993)	(16,089)
Total collections	<u>1,496,721</u>	<u>2,791,012</u>
Taxes Receivable September 30, 2022	<u>\$ 4,918</u>	<u>\$ 8,439</u>
Taxes Receivable, by Years		
2020 and earlier	\$ 2,522	\$ 3,969
2021	2,396	4,470
Taxes Receivable September 30, 2022	<u>\$ 4,918</u>	<u>\$ 8,439</u>

	2021	2020	2019	2018
Property Valuations-				
Land improvements and personal property	\$ 520,240,202	451,885,597	431,110,436	387,972,644
Tax Rates Per \$100 Valuation:				
Debt service tax rates	\$ 0.5397	0.5750	0.4867	0.5272
Maintenance tax rates	<u>0.2893</u>	<u>0.2850</u>	<u>0.3733</u>	<u>0.3328</u>
Total Tax Rates Per \$100 Valuation	<u>\$ 0.8290</u>	<u>0.8600</u>	<u>0.8600</u>	<u>0.8600</u>
Original Tax Levy	<u>\$ 4,312,791</u>	<u>3,888,232</u>	<u>3,709,647</u>	<u>3,336,565</u>
Percent of Taxes Collected to Taxes Levied	<u>99.8%</u>	<u>99.9%</u>	<u>99.9%</u>	<u>99.9%</u>

Hays County Water Control and Improvement District No. 1

TSI-5 Long-Term Debt Service Requirements by Years September 30, 2022

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
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	\$ 870,000	44,250	914,250	1,690,000	100,190	1,790,190	1,885,000	494,908	2,379,908	355,000	76,394	431,394

(continued)

Hays County Water Control and Improvement District No. 1

TSI-5 Long-Term Debt Service Requirements by Years (continued) September 30, 2022

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
2023	\$ 545,000	69,138	614,138	295,000	42,624	337,624	75,000	51,443	126,443	145,000	20,282	165,282
2024	560,000	59,846	619,846	300,000	36,960	336,960	80,000	49,944	129,944	150,000	18,495	168,495
2025	580,000	50,298	630,298	315,000	31,200	346,200	80,000	48,343	128,343	155,000	16,646	171,646
2026	600,000	40,408	640,408	315,000	25,152	340,152	85,000	46,644	131,644	155,000	14,734	169,734
2027	625,000	30,178	655,178	325,000	19,104	344,104	90,000	44,625	134,625	160,000	12,824	172,824
2028	655,000	19,522	674,522	330,000	12,864	342,864	95,000	42,375	137,375	170,000	10,850	180,850
2029	240,000	8,354	248,354	340,000	6,528	346,528	100,000	39,763	139,763	170,000	8,754	178,754
2030	250,000	4,262	254,262	-	-	-	105,000	36,762	141,762	175,000	6,658	181,658
2031	-	-	-	-	-	-	110,000	33,613	143,613	180,000	4,500	184,500
2032	-	-	-	-	-	-	115,000	30,312	145,312	185,000	2,281	187,281
2033	-	-	-	-	-	-	120,000	26,719	146,719	-	-	-
2034	-	-	-	-	-	-	125,000	22,968	147,968	-	-	-
2035	-	-	-	-	-	-	135,000	19,063	154,063	-	-	-
2036	-	-	-	-	-	-	140,000	14,675	154,675	-	-	-
2037	-	-	-	-	-	-	145,000	10,125	155,125	-	-	-
2038	-	-	-	-	-	-	155,000	5,231	160,231	-	-	-
Total	\$ 4,055,000	282,006	4,337,006	2,220,000	174,432	2,394,432	1,755,000	522,605	2,277,605	1,645,000	116,024	1,761,024

(continued)

Hays County Water Control and Improvement District No. 1

TSI-5 Long-Term Debt Service Requirements by Years (continued) September 30, 2022

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
2023	\$ 615,000	87,276	702,276	2,455,000	403,846	2,858,846
2024	625,000	76,944	701,944	2,530,000	355,927	2,885,927
2025	635,000	66,444	701,444	2,620,000	306,448	2,926,448
2026	645,000	55,776	700,776	2,370,000	254,989	2,624,989
2027	655,000	44,940	699,940	1,985,000	209,827	2,194,827
2028	665,000	33,936	698,936	2,050,000	173,802	2,223,802
2029	670,000	22,764	692,764	1,665,000	136,031	1,801,031
2030	685,000	11,508	696,508	1,720,000	104,346	1,824,346
2031	-	-	-	445,000	68,656	513,656
2032	-	-	-	465,000	57,906	522,906
2033	-	-	-	295,000	46,256	341,256
2034	-	-	-	305,000	36,381	341,381
2035	-	-	-	325,000	25,951	350,951
2036	-	-	-	140,000	14,675	154,675
2037	-	-	-	145,000	10,125	155,125
2038	-	-	-	155,000	5,231	160,231
Total	\$ 5,195,000	399,588	5,594,588	19,670,000	2,210,397	21,880,397

Hays County Water Control and Improvement District No. 1

TSI-6 Analysis of Changes in Long-Term Bonded Debt September 30, 2022

	Series 2012R	Series 2013R	Series 2015	Series 2015R	Series 2016R	Series 2016AR	Series 2017	Series 2020R	Series 2020	Grand Total All Series
Interest rate	2.50%	2.30%	2.0-3.625%	2.69%	1.71%	1.92%	2.0-3.375%	1.23%	1.68%	
Dates interest payable	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1, 9/1	3/1 ; 9/1	3/1, 9/1	
Maturity dates	2025	2026	2035	2030	2030	2029	2038	2032	2030	
Bonds outstanding, beginning of year	\$ 1,130,000	2,075,000	1,985,000	355,000	4,575,000	2,510,000	1,825,000	1,785,000	5,800,000	22,040,000
Bonds issued during the current year	-	-	-	-	-	-	-	-	-	-
Bonds refunded during the current year	-	-	-	-	-	-	-	-	-	-
Bonds retired during the current year	(260,000)	(385,000)	(100,000)	-	(520,000)	(290,000)	(70,000)	(140,000)	(605,000)	(2,370,000)
Bonds outstanding, end of year	<u>\$ 870,000</u>	<u>1,690,000</u>	<u>1,885,000</u>	<u>355,000</u>	<u>4,055,000</u>	<u>2,220,000</u>	<u>1,755,000</u>	<u>1,645,000</u>	<u>5,195,000</u>	<u>19,670,000</u>
Interest paid during the current year	<u>\$ 28,250</u>	<u>48,348</u>	<u>65,406</u>	<u>9,550</u>	<u>78,004</u>	<u>48,176</u>	<u>52,844</u>	<u>22,009</u>	<u>97,440</u>	<u>450,027</u>

Paying Agent's Name & Address:

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

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

Debt Service Fund cash and temporary investments
balances as of September 30, 2022 \$ 908,067

Average annual debt service payment (principal & interest)
for remaining term of all debt \$ 1,367,525

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, 2022

	Amounts					Percent of Fund Total Revenues				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
General Fund										
Revenues:										
Program revenues:										
Garbage and basic services	\$ 1,435,203	1,402,081	1,359,288	1,345,479	1,146,778	33.7 %	36.5	32.6	35.7	31.6
Water and wastewater service	1,265,898	1,111,485	1,012,082	952,385	1,171,046	29.6	29.0	24.3	25.2	32.3
Tap connection/inspection fees	4,550	10,050	128,576	60,190	182,974	0.1	0.3	3.1	1.6	5.1
Fines and penalties	20,801	9,163	13,728	28,434	20,644	0.5	0.2	0.3	0.8	0.6
General revenues:										
Property taxes	1,496,721	1,299,301	1,607,502	1,288,625	1,055,929	34.9	33.8	38.6	34.2	29.2
Interest income and other	44,947	2,430	41,289	94,728	42,486	1.1	0.1	1.0	2.5	1.1
Penalties and interest on tax accounts	4,194	3,609	5,184	3,207	2,508	0.1	0.1	0.1	-	0.1
Total revenues	4,272,314	3,838,119	4,167,649	3,773,048	3,622,365	100.0	100.0	100.0	100.0	100.0
Expenditures:										
Service operations:										
Repairs and maintenance	868,795	947,626	798,149	552,061	730,733	20.3	24.7	19.3	14.6	20.2
Bulk water purchases	583,334	559,675	550,266	547,794	592,229	13.7	14.6	13.2	14.5	16.3
Basic services	380,328	349,767	329,132	330,882	259,252	8.9	9.1	7.9	8.8	7.2
Legal fees	198,193	212,643	226,804	199,057	182,410	4.6	5.5	5.4	5.3	5.0
Operator fees	692,657	694,049	721,908	733,384	718,694	16.2	18.1	17.3	19.4	19.8
Utilities	74,099	74,179	72,003	77,459	71,641	1.7	1.9	1.7	2.1	2.0
Engineering fees	80,477	112,381	130,750	116,677	49,343	1.9	2.9	3.1	3.1	1.4
Directors' fees	41,926	40,736	36,114	37,978	40,747	1.0	1.1	0.9	1.0	1.1
Security	31,543	26,893	37,239	42,248	23,050	0.7	0.7	0.9	1.1	0.6
Tax collector/appraisal fees	10,081	8,828	11,512	8,535	7,074	0.2	0.2	0.3	0.2	0.2
Audit fees	18,500	18,000	18,000	17,000	18,500	0.4	0.5	0.4	0.5	0.5
Accounting fees	55,000	54,750	18,185	-	-	1.3	1.4	0.4	-	-
Tap connection/inspection fees	-	-	-	2,036	2,978	-	-	-	0.1	0.1
Insurance	17,927	15,273	14,834	13,368	12,139	0.4	0.4	0.4	0.4	0.3
Other	39,208	33,160	56,660	50,568	75,643	0.9	0.9	1.3	1.3	2.1
Capital outlay	161,752	339,735	847,888	399,859	30,009	3.8	8.9	20.3	10.6	0.8
Total expenditures	3,253,820	3,487,695	3,869,444	3,128,906	2,814,442	76.0	90.9	92.8	83.0	77.6
Other financing sources	-	349,715	510,785	153,039	7,332	-	9.1	12.3	4.1	0.2
Excess of revenues and other financing sources over expenditures	\$ 1,018,494	700,139	808,990	797,181	815,255	24.0 %	18.2	19.5	21.1	22.6
Debt Service Fund										
Revenues and other financing sources, net:										
General revenues:										
Property taxes	\$ 2,791,012	2,619,310	2,096,427	2,041,700	2,102,224	99.0 %	99.7	96.4	97.0	98.2
Interest income and other	18,637	929	18,752	58,854	32,497	0.7	-	0.9	2.8	1.5
Penalties and interest on tax accounts	7,897	6,627	6,892	5,169	5,225	0.3	0.3	0.3	0.2	0.3
Proceeds from sale of bonds	-	-	1,925,000	-	-	-	-	88.5	-	-
Payment to refunded bond escrow agent	-	-	(1,872,517)	-	-	-	-	(86.1)	-	-
Total revenues and other financing sources, net	2,817,546	2,626,866	2,174,554	2,105,723	2,139,946	100.0	100.0	100.0	100.0	100.0
Expenditures:										
Service operations:										
Tax collector/appraisal fees	18,806	17,811	15,010	13,522	13,800	0.7	0.7	0.7	0.6	0.6
Other	8,678	8,072	4,527	-	20	0.3	0.3	0.2	-	0.1
Debt service:										
Principal	2,370,000	2,285,000	1,625,000	1,540,000	1,500,000	84.1	87.0	74.7	73.1	70.1
Interest and other debt service	451,377	501,795	484,482	500,598	520,929	16.0	19.1	22.3	23.8	24.2
Total expenditures	2,848,861	2,812,678	2,129,019	2,054,120	2,034,749	101.1	107.1	97.9	97.5	95.0
Excess (deficiency) of revenues and other financing sources, net over (under) expenditures	\$ (31,315)	(185,812)	45,535	51,603	105,197	(1.1) %	(7.1)	2.1	2.5	5.0
Total Active Retail										
Water Connections	989	987	978	945	902					
Total Active Retail										
Wastewater Connections	977	976	964	934	891					

Hays County Water Control and Improvement District No. 1

TSI-8 Board Members, Key Personnel and Consultants September 30, 2022

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

District Business Telephone Number: (512) 615-0503

Submission Date of the most recent District Registration Form: November 18, 2022
(TWC Sections 36.054 and 49.054)

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

<u>Name</u>	<u>Term of Office Elected & Expires or Date Hired</u>	<u>Fees 9/30/2022</u>	<u>Expense Reimbursements 9/30/2022</u>	<u>Title at 9/30/2022</u>
Board Members:				
Douglas L. Botts	Elected 5/20 - 5/24	\$ 7,200	\$ 54	President
Paul Kelly	Elected 5/20 - 5/24	7,050	917	Vice President
Daniel B. Robison	Elected 5/20 - 5/24	7,200	1,664	Secretary
William "Bill" Carl Dally	Elected 5/22 - 5/26	7,200	-	Treasurer Asst. Secretary
William "Rick" Lucas. Jr.	Appointed 5/22 - 5/26	7,050	914	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, 2022

Name	Date Hired	Fees and Expense Reimbursements 9/30/2022	Title
Consultants:			
Inframark, LLC	2001	\$ 2,204,176	District Manager/ Operator
Burgess & Niple, Inc.	2021	123,557	Engineer
CMA Engineering, Inc.	2001	11,674	Former Engineer
Law Offices of Matthew B. Kutac PLLC	2017	114,240	Attorney
Winstead PC	2015	56,691	Attorney
Bott & Douthitt PLLC	2020	67,624	Accountant
Hays County Tax Office	2002	333	Tax Collector
Hays Central Appraisal District	2002	28,719	Tax Appraiser
Andy Barrett & Associates, PLLC	2002	19,440	Attorney
Maxwell Locke & Ritter LLP	2003	18,500	Auditor
SAMCO Capital Markets, Inc.	2004	2,500	Financial Advisor

Hays County Water Control and Improvement District No. 1

OSI-1 Principal Taxpayers September 30, 2022

Taxpayer	Type of Property	Tax Roll Year		
		2022	2021	2020
VB Westwind LLC & VB Friendly Hills LLC & VB Pecan Grove & Hayden Belterra LLC	Land Improvements	\$ 49,792,732	\$ -	\$ -
5001 Convict Hill Partnership LTD	Land & Improvements	39,609,241	33,030,390	32,768,010
GSSW Belterra Springs LLC	Land & Improvements	26,546,726	21,900,000	19,900,000
Hutto Highway 79 LLC	Land & Improvements	6,190,038	3,800,000	3,960,000
Belvil Lot 3C, LLC	Land & Improvements	6,140,125	3,700,000	3,950,000
Belterra Lot 3F-1 LTD	Land & Improvements	5,997,834	4,167,430	-
R&S Prep School Holdings One LLC	Land & Improvements	2,300,000	1,785,000	1,700,000
Jovie Belterra LP	Land & Improvements	1,843,185	2,529,700	-
Chick Fil A Inc.	Land & Improvements	1,783,600	1,715,000	1,650,450
Belterra AME Investments LLC	Land & Improvements	1,624,420	1,574,340	1,510,420
Acron ARG Belterra Austin LLC	Land & Improvements	-	27,451,120	3,170,152
M/I Homes of Austin LLC	Land & Improvements	-	-	1,562,860
Sky Cinemas	Land & Improvements	-	-	1,423,079
Total		\$ 141,827,901	\$ 101,652,980	\$ 71,594,971
Percent of Assessed Valuation		23%	20%	16%

Hays County Water Control and Improvement District No. 1

OSI-2 Assessed Value by Classification September 30, 2022

	Tax Roll Years					
	2022		2021		2020	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 648,887,185	105%	\$ 447,261,909	86%	\$ 387,217,666	86%
Multi Family	76,332,048	12%	49,343,710	10%	19,900,000	4%
Vacant Platted Lots/ Tracts	7,838,048	1%	9,014,130	2%	9,452,710	1%
Farm and Ranch Improvements	-	-	-	-	-	-
Commercial/Industrial	65,441,238	10%	49,700,800	10%	48,733,637	11%
Tangible Personal, Business	8,068,535	1%	7,344,768	1%	16,425,131	4%
Real Inventory	-	-	6,796,377	1%	2,272,560	1%
Exempt	9,102,940	1%	7,772,607	1%	919,164	-
Adjustments	(189,966,996)	-30%	(56,994,099)	-11%	(33,035,271)	-7%
Total	\$ 625,702,998	101%	\$ 520,240,202	100%	\$ 451,885,597	100%