

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
OF WASHINGTON COUNTY, TEXAS  
BRENHAM, TEXAS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES  
MAY 31, 2019

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Oak Hill Fresh Water Supply District No. 1  
of Washington County, Texas  
Brenham, Texas 78671

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oak Hill Fresh Water Supply District No. 1, as of and for the year ended May 31, 2019, 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.

**Auditor's 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 auditor's 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, each major fund, and the aggregate remaining fund information of the Oak Hill Fresh Water Supply District No. 1, as of May 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof 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 and budgetary comparison information on pages 3-8 and 24 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 Oak Hill Fresh Water Supply District No. 1's basic financial statements. The required supplemental schedules by the Texas Commission on Environmental Quality are presented for purposes of additional analysis and are not a required part of the financial statements.

The required supplemental schedules by the Texas Commission on Environmental Quality are the responsibility of management and were derived from and relate 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 required supplemental schedules by the Texas Commission on Environmental Quality are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



NEFFENDORF & KNOPP, P.C.  
Fredericksburg, Texas

October 24, 2019

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED MAY 31, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Oak Hill Fresh Water Supply District No. 1, we offer readers of the District's financial statements this narrative overview and analysis of the financial statements of the District for the year ended May 31, 2019. Please read it in conjunction with the independent auditors' report on page 1, and District's Basic Financial Statements which begin on page 10.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$808,803 (net position). Of this amount, \$282,576 (unrestricted net position) may be used to meet the District's ongoing obligations to citizen's and creditors.
- The District's net position increased by \$15,376 as a result of this year's operations.
- At May 31, 2019, the District's governmental funds reported combined ending fund balances of \$441,145, an increase of \$24,767 in comparison with the prior year.
- At May 31, 2019, the unassigned fund balance of the general fund was \$279,845.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 and 11). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (also on pages 10 & 11) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements (starting on page 12) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedule (General Fund) is presented as a required supplemental schedule on page 24. The section labeled Texas Supplementary Information (TSI) are required supplemental schedules by the Texas Commission on Environmental Quality.



## Reporting the District as a Whole

### *The Statement of Net Position and the Statement of Activities*

The analysis of the District's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider other factors as well, such as changes in the District's customers or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District has one kind of activity:

- Governmental activity - Most of the District's basic services are reported here, including water, wastewater, and administration. Property taxes, and user charges, finance most of these activities.

## Reporting the District's Most Significant Funds

### *Fund Financial Statements*

The fund financial statements on pages 10 & 11 and provide detailed information about the most significant funds - not the District as a whole. Governmental fund types include the general fund and debt service fund.

- Governmental funds - All of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the adjustments column and Note 3 to the financial statements.

Net position of the District's governmental activities increased from \$793,427 to \$808,803. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$282,576 at May 31, 2019. This increase in governmental net position was the result of three factors. First, the District's revenues exceeded the expenditures by \$15,376. Second, the District paid long-term debt in the amount of \$31,000. Third, the District recorded depreciation in the amounts of \$54,546.

**Table I**  
**Oak Hill Fresh Water Supply District No. 1**

**NET POSITION**  
in thousands

	Governmental Activities	
	2019	2018
Current and Restricted Assets	\$ 471	\$ 443
Capital Assets	978	1,018
Total Assets	\$ 1,449	1,461
Deferred Outflows of Resources	\$ 5	\$ 5
Long-Term Liabilities	\$ 613	644
Other Liabilities	32	30
Total Liabilities	\$ 645	\$ 674
Deferred Inflows of Resources	\$ -	\$ -
Net Position:		
Invested in Capital Assets	\$	\$
Net of Related Debt	365	374
Restricted	161	158
Unrestricted	283	261
Total Net Position	\$ 809	\$ 793

Table II  
Oak Hill Fresh Water Supply District No. 1

CHANGES IN NET POSITION  
in thousands

	Governmental Activities	
	2019	2018
Revenues:		
Tax Revenues	\$ 162	\$ 148
Service Revenues	162	178
Connection Fees	-	-
Penalty and Interest	1	2
Other Revenues	3	-
Total Revenue	\$ 328	\$ 328
Expenses:		
Maintenance & Operations	\$ 67	\$ 57
Insurance and Surety Bonds	3	3
Tax Appraisal & Collection	3	3
Administrative	9	6
Professional Fees	20	6
Water Services	69	68
Wastewater Services	62	64
Depreciation	54	59
Debt Service	25	26
Total Expenses	\$ 312	\$ 292
Changes in Net Position	\$ 16	\$ 36
Net Position - Beginning	793	757
Net Position - Ending	\$ 809	\$ 793



The District's total revenues decreased by \$193, less than a 1% change.

The District's total expenses increased by \$20,369 (6.9%) due primarily to an increase in maintenance & operations and professional fees.

The cost of all governmental activities this year was \$312,931. However, as shown in the Statement of Activities on page 11, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$161,931 because the other costs were paid by those who directly benefited from the programs.

#### THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of \$441,145, which is more than last year's total of \$416,378. Revenues exceeded expenditures by \$24,767 for the governmental funds.

The District adopted the General Fund Budget. Actual revenues were less than budgeted amounts and expenditures were less than budgeted amounts.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2019, the District had \$977,927 net invested in a broad range of capital assets as shown below:

	Capital Assets	
	5/31/2019	5/31/2018
Building	\$ 30,655	\$ 30,655
Water System	1,117,976	1,117,976
Sewer System	576,740	576,740
Equipment and Furniture	48,917	34,967
Total	\$ 1,774,288	\$ 1,760,338
Less Accumulated Depreciation	(796,361)	(741,815)
Capital Assets, Net	<u>\$ 977,927</u>	<u>\$ 1,018,523</u>

More detailed information about the District's capital assets is presented in Note 7 to the financial statements.

#### Debt

At year-end the District had \$613,000 in debt outstanding versus \$644,000 last year - a decrease of 4.8 percent. The District paid principal of \$31,000 on the Series 2011 Refunding Bonds and Series 2014 Unlimited Tax Bonds.

	5/31/2019	5/31/2018
Refunding Bonds	\$ 158,000	\$ 179,000
Unlimited Tax Bonds	455,000	465,000
TOTAL	<u>\$ 613,000</u>	<u>\$ 644,000</u>

More detailed information about the District's long-term liabilities is presented in Notes 8, 9 and 10 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's board of directors considered many factors when setting the fiscal-year 2019 budget and tax rates. Factors considered in establishing a budget are the funding needs of the District operations and programs necessary to meet the objectives of the District. Amounts available for appropriation and expenditures in the General Fund budget are about the same as the prior year.

If these estimates are realized, the District's budgetary General fund balance is expected to remain the same by the close of 2019.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Oak Hill Fresh Water Supply District No. 1, Dripping Springs, Texas.

BASIC FINANCIAL STATEMENTS

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET-  
MAY 31, 2019

	General Fund	Debt Service Fund	Total	Adjustments (Note 3)	Statement of Net Position May 31,	
					2019	2018
<b>ASSETS</b>						
Cash & Investments	\$ 285,903	\$ -	\$ 285,903	\$ -	\$ 285,903	\$ 255,481
Receivables:						
Taxes	3,062	1,737	4,799	-	4,799	4,166
Tax Collector	1,140	655	1,795	-	1,795	4901
Services, net of allowance for doubtful accounts of \$2,003	16,362	-	16,362	-	16,362	21,550
Prepaid Expenses	-	-	-	1,350	1,350	1,391
Deposits	190	-	190	-	190	190
Restricted Assets - Cash	-	160,645	160,645	-	160,645	155,689
Capital Assets (Net of Accumulated Depreciation) Property, Plant and Equipment	-	-	-	977,927	977,927	1,018,523
<b>Total Assets</b>	<b>\$ 306,657</b>	<b>\$ 163,037</b>	<b>\$ 469,694</b>	<b>979,277</b>	<b>1,448,971</b>	<b>1,461,891</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Loss on Refunding	-	-	-	4,505	4,505	5,205
<b>LIABILITIES</b>						
Accounts Payable	14,895	-	14,895	-	14,895	12,529
Accrued Interest Payable	-	-	-	7,923	7,923	8,235
Customer Deposits	8,855	-	8,855	-	8,855	8,905
Long-term liabilities:						
Due within one year	-	-	-	31,000	31,000	31,000
Due after one year	-	-	-	582,000	582,000	613,000
<b>Total Liabilities</b>	<b>23,750</b>	<b>-</b>	<b>23,750</b>	<b>620,923</b>	<b>644,673</b>	<b>673,669</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenues - Property Tax	3,062	1,737	4,799	(4,799)	-	-
<b>FUND BALANCES/NET POSITION</b>						
<b>Fund Balances:</b>						
Restricted for Debt Services	-	161,300	161,300	(161,300)	-	-
Unassigned	279,845	-	279,845	(279,845)	-	-
<b>Total Fund Balances</b>	<b>279,845</b>	<b>161,300</b>	<b>441,145</b>	<b>(441,145)</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 306,657</b>	<b>163,037</b>	<b>469,694</b>			
<b>Net Position:</b>						
Invested in Capital Assets, Net of Related Debt				364,927	364,927	374,523
Restricted for Debt Service				161,300	161,300	157,639
Unrestricted				282,576	282,576	261,265
<b>Total Net Position</b>				<b>\$ 808,803</b>	<b>\$ 808,803</b>	<b>\$ 793,427</b>

The accompanying notes are an integral part of this financial statement.

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED MAY 31, 2019

	General Fund	Debt Service Fund	Total	Adjustments (Note 3)	Statement of Activities May 31,	
					2019	2018
<b>Revenues:</b>						
Charges for Services	\$ 162,050	\$ -	\$ 162,050	\$ -	\$ 162,050	\$ 177,598
Property Taxes	102,941	58,357	161,298	633	161,931	148,423
Tap Connection Fees	150	-	150	-	150	300
Penalties and Interest	811	332	1,143	-	1,143	1130
Interest Earned	-	1,099	1,099	-	1,099	849
Miscellaneous	1,934	-	1,934	-	1,934	200
<b>Total Revenues</b>	<b>267,886</b>	<b>59,788</b>	<b>327,674</b>	<b>633</b>	<b>328,307</b>	<b>328,500</b>
<b>Expenditures/Expenses:</b>						
<b>Service Operations:</b>						
Maintenance & Operations	\$ 66,939	\$ -	\$ 66,939	\$ -	\$ 66,939	\$ 57,326
Bonds & Insurance	3,216	-	3,216	52	3,268	3,834
Professional Fees	20,100	-	20,100	-	20,100	6,000
Tax Appraisal & Collection	2,679	-	2,679	(12)	2,667	2,995
Administrative	7,431	-	7,431	-	7,431	5,764
Director Training	1,399	-	1,399	-	1,399	-
Water Services	69,496	-	69,496	-	69,496	68,055
Wastewater Services	61,570	-	61,570	-	61,570	64,016
<b>Capital Outlay</b>	<b>13,950</b>	<b>-</b>	<b>13,950</b>	<b>(13,950)</b>	<b>-</b>	<b>-</b>
<b>Debt Service:</b>						
Principal	-	31,000	31,000	(31,000)	-	-
Interest & Fees	-	25,127	25,127	388	25,515	25,870
Depreciation	-	-	-	54,546	54,546	58,702
<b>Total Expenditures/Expenses</b>	<b>246,780</b>	<b>56,127</b>	<b>302,907</b>	<b>10,024</b>	<b>312,931</b>	<b>292,562</b>
Excess (Deficiency of Revenues over Expenditures	21,106	3,661	24,767	(24,767)		
<b>Other Financing sources/uses:</b>						
Transfers	-	-	-	-	-	-
<b>Total Other Financing sources/uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	21,106	3,661	24,767	(24,767)		
Change in Net Position				15,376	15,376	35,938
<b>Fund Balance/Net Position:</b>						
Beginning of the Year	258,739	157,639	416,378	377,049	793,427	757,489
End of the Year	\$ 279,845	\$ 161,300	\$ 441,145	\$ 367,658	\$ 808,803	\$ 793,427

The accompanying notes are an integral part of this financial statements.

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2019

NOTE 1. CREATION OF DISTRICT

The Commissioner's Court of the County of Washington, Texas, pursuant to a hearing on June 23, 1969, and an election on July 19, 1969, ordered that a Fresh Water Supply District be created. Oak Hill Fresh Water Supply District Number One of Washington County, Texas was established to operate under Texas Water Code Chapter 53, as of August 11, 1969.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Oak Hill Fresh Water Supply District No. 1 conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Reporting Entity

The District has developed criteria to determine if the activities of any outside agencies or organizations should be included within its financial statements. The criteria includes the amount of oversight responsibility exercised by the District over the activities of an agency or organization, the scope of public service of an agency or organization, and the nature of any special financing relationships which may exist between the District and an agency or organization. Oversight responsibility includes financial interdependency, selection of the governing authority, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The District's financial statements include all funds over which the District exercises oversight responsibility. The District does not exercise oversight responsibility over any other reporting entity. Also, The District is not included as a part of any other reporting entity.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Oak Hill Fresh Water Supply District No. 1 nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include sources supported by taxes, fees and charges for services.

The Statement of Activities demonstrates how other people or entities that participate in services the District operates have shared in the payment of the direct costs.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

C. 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, as are the

proprietary and fiduciary fund financial statements. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes and charges for services. Property tax revenues and revenues received from customers are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The capital projects fund is used to account for financial resources restricted for or committed to authorized construction and other capital asset acquisitions.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net position or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with



original maturities of three months or less from the date of acquisition.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are recorded as revenue when collected, and the amount of billed but uncollected taxes are deferred pending collection.

3. Capital Assets

Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciable assets of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Water System	40
Sewer System	25 to 40
Furniture & Equipment	5 to 15

4. 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, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### 5. Fund Equity

The District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

6. Budget

The Board of Directors adopt an annual budget for the general fund in accordance with the Accounting Principles applicable to this fund.

7. Use of Estimates

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

8. GASB Accounting Standards

The District has implemented new GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Under GASB-63, amounts previously reported as deferred charges as a part of total assets and deferred amounts from refunded debt have been reported in a separate section as deferred outflows of resources and amounts previously reported as deferred revenue as a part of total liabilities have been reported in a separate section as deferred inflows of resources. Under GASB-65, bond issuance costs (excluding bond insurance) are recognized as expenses in the period incurred rather than as assets to be amortized.

NOTE 3. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total Fund Balance - Governmental Funds	\$ 441,146
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$1,760,338 and the accumulated depreciation was \$741,815. The effect of including the beginning balances for capital assets (net of depreciation) in the governmental activities is to increase net position.	1,018,523
2. Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2019 capital outlays is to increase net position.	13,950
3. The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(54,546)
4. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Principal amount of long-term debt	\$ (613,000)
Accrued interest payable	(7,923)
Deferred Loss on Refunding	4,505
	(616,418)
5. Deferred revenue is not financial resources and therefore is not reported in the funds.	4,799
6. Prepaid assets in governmental activities are not financial resources and therefore are not reported in the governmental funds.	1,350
Net Position of Governmental Activities	\$ <u>808,803</u>

Reconciliation of the Governmental Fund Statement of Revenues, Expenditure, and Changes in Fund Balance to the Statement of Activities

Total Net Change in Fund Balances - Governmental Funds	\$	24,767	
1. Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2019 capital outlays is to increase net		13,950	
2. Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(54,546)	
3. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position: Principal Payments		31,000	
4. Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds: Taxes Receivable		633	
5. Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are used. The net changes associated with these expenses/expenditures are as follows:			
Prepays	\$	(40)	
Change in accrued interest payable		312	
Amortization of Deferred Loss		(700)	(428)
Change in Net Position of Governmental Activities	\$	<u>15,376</u>	

**NOTE 4. DEPOSITS AND INVESTMENTS**

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At May 31, 2019, the carrying amount of the District's deposits was \$285,902 and the bank balance was \$298,154. The District's cash deposits at May 31, 2019 and during the year ended May 31, 2019 were not entirely covered by FDIC insurance.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Temporary investments consisted of savings accounts as follows:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>FDIC Coverage</u>	<u>Pledged Securities</u>
Savings Account - Pioneer Bank	\$ 160,645	\$ 160,645	\$ 250,000	\$ -

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the District has adopted a deposit and investment policy. That policy does address the following risks:

**Custodial Credit Risk - Deposits:** This is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District was not exposed to custodial credit risk since its deposits at year-end and during the year ended May 31, 2019 were not entirely covered by depository insurance.

**Other Credit Risk:** There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2019, the District was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

**NOTE 5. RESTRICTED ASSETS**

Restricted assets represent cash that has been set aside for future payment of the long-term debt and construction.

<u>Fund</u>	<u>Balance 05/31/19</u>
Debt Service Fund	\$ 160,645
<b>TOTAL</b>	<b>\$ 160,645</b>

**NOTE 6. PROPERTY TAXES**

Oak Hill Fresh Water Supply District contracted with the Washington County Appraisal District for the appraisal of taxes and with Brenham Independent School District for the collection of taxes. By September 1 of each year, the rate of taxation is set by the Board of Directors based upon the valuation of property within the District as of January 1. Taxes are due October 1 and become delinquent after January 31 of the following year.

For the 2018 tax roll, the District levied a total tax of \$.3819 per \$100 of assessed valuation (designated for general fund - .2426; for debt service .1393). The District's tax levy (before adjustments and corrections) was \$161,895 on the taxable valuation of \$42,391,987.



NOTE 7. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year May 31, 2019, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements	
Governmental Activities-				
Building	\$ 30,655	\$ -	\$ -	\$ 30,655
Water System	1,117,976	-	-	1,117,976
Sewer System	576,740	-	-	576,740
Equipment and Furniture	34,967	13,950	-	48,917
Total at Historical Cost	1,760,338	13,950	-	1,774,288
Less Accumulated Depreciation:				
Building	(3,081)	(1,377)	-	(4,458)
Water System	(318,801)	(34,905)	-	(353,706)
Sewer System	(384,966)	(18,155)	-	(403,121)
Equipment and Furniture	(34,967)	(109)	-	(35,076)
Total Accumulated Depreciation	(741,815)	(54,546)	-	(796,361)
Capital Assets, Net	\$ 1,018,523	\$ (40,596)	\$ -	\$ 977,927

NOTE 8. CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of changes in general long-term debt:

	Balance 6/1/18	Issued	Retired	Balance 5/31/19	Due Within One Year
Refunding Tax & Revenue Bonds – Series 2011	\$ 179,000	\$ -	\$ 21,000	\$ 158,000	\$ 21,000
Unlimited Tax Bonds - Series 2014	465,000	-	10,000	455,000	10,000
Total	\$ 644,000	\$ -	\$ 26,000	\$ 613,000	\$ 31,000

Debt service requirements to maturity for the outstanding bonds are as follows:

Year Ending May 31	Principal	Interest	Total
2020	\$ 31,000	\$ 23,597	\$ 54,597
2021	30,000	22,567	52,567
2022	30,000	21,489	51,489
2023	35,000	20,233	55,233
2024	39,000	18,768	57,768
2025-2029	123,000	75,047	198,047
2030-2034	80,000	59,583	139,583
2035-2039	100,000	41,286	141,286
2040-2044	120,000	18,612	138,612
2045-2049	25,000	538	25,538
TOTALS	\$ 613,000	\$ 301,720	\$ 914,720

NOTE 9. LONG-TERM DEBT

A. Refunding Tax and Revenue Bonds – Series 2011

Revenue notes outstanding at May 31, 2019 consist of \$280,000 Tax and Revenue Bonds, Series 2011 due in semiannual installments of \$16,000 to \$25,000 beginning August 1, 2011 through August 1, 2025; with interest rates at 2.45% to 5.075%. The District pledged all revenues from the operation of the water and sewer system to pay debt service.

B. Unlimited Tax Bonds – Series 2014

The District issued Unlimited Tax Bonds, Series 2014, in the amount of \$500,000. Interest on the bonds is payable February 1 and August 1 of each year, commencing February 1, 2015. Principal payments are payable August 1 of each year. Proceeds from the sale of the bonds will be used for water well and system improvements (\$381,442); debt service (\$88,200) and pay issuance costs (\$30,358). The interest rate on the bonds range from 0.27% to 4.3% with a maturity date of August 1, 2044.

The bonds are payable from and secured by the collection of an ad valorem tax levied on all taxable property.

Option to Redeem

The Bonds with a Stated Maturity on or after August 28, 2024, shall be subject to redemption to the option of the Issuer, as a whole or from time to time in part, in inverse order of maturity, in integral multiples of \$5,000 principal on any date (but in no event prior to August 28, 2023 upon payment of a Redemption Price equal to the principal amount thereof together with interest, if any, accrued thereon from the most recent Interest Payment Date to the Redemption Date.

C. Compliance with Debt Service Requirements

The refunding bonds ordinance requires the District to establish funds for the repayment of the debt. The Required Ultimate Balance and the Required Present Balances shown below are per the current refunding bonds ordinance as of May 31, 2019. The Actual Present Balances, which are maintained in separate accounts, appear as restricted cash in the District’s financial statements as of May 31, 2019.

	Interest & Sinking Funds	Reserve Funds
	<u>          </u>	<u>          </u>
Required Ultimate Balance – Refunding Bonds	\$ -	\$ 25,456
Required Present Balance – Refunding Bonds	\$ 16,466	\$ -
Total Required Present Balance	<u>\$ 16,466</u>	<u>\$ 25,456</u>
Actual Present Balance	<u>\$ 16,466</u>	<u>\$ 25,456</u>

NOTE 10. ADVANCE REFUNDING

During 2011, the District issued \$280,000 Tax and Revenue Refunding Bonds, Series 2011 for the purpose of providing funds to refund the outstanding Revenue Notes, Series 2001. These revenue notes were called and were redeemed on June 28, 2011 by depositing \$277,858 into an escrow account. The Series 2001 notes have been defeased and removed as a liability of the District. At



May 31, 2019, outstanding bonds of \$140,000 are considered defeased.

NOTE 11. WATER AND SEWER SERVICE RATES

The Oak Hill Fresh Water Supply District Number One of Washington County, Texas has established the following water and sewer service rates in accordance with the Rate Order revised September 14, 2010:

A. Water Rates

1. **Standard 5/8" x 3/4' household water meter**
  - a. A monthly service fee (base rate) is charged to each customer in the amount of **\$31.00**, and includes the **first 2,000 gallons**.
  - b. After the **first 2,000 gallons**, rates are **\$3.00** per 1,000 gallons of usage, or **\$0.003 per gallon**.
2. **Standard 5/8" x 3/4" or 1 inch Irrigation water meter**. Water used for irrigation purposes through a dedicated irrigation meter is charged **\$2.95** per 1,000 gallons of usage, or **\$0.00295 per gallon**.
3. **Non-Standard household service water rates**. Non-standard water service refers to water service provided by a meter larger than a standard 5/8" x 3/4" residential water meter. A monthly rate for non-standard water service is based on the following Living Unit Equivalents factors ("LUE").

<u>Meter Size</u>	<u>LUE</u>
1 inch	2.5
1.5 inch	5.0
2 inch	8.0

- a. **Non Standard base monthly rate**

1 inch meter	2.2 x (25.00)	=	<u>\$ 62.50</u>
1.5 inch meter	4.2 x (25.00)	=	<u>125.00</u>
2.0 inch meter	6.2 x (25.00)	=	<u>200.00</u>
- b. **Non Standard Gallon Charge**. Rates are **\$3.00** per 1,000 gallons of usage, or **\$0.003 per gallon**.

B. Wastewater Rates:

1. **Base Sewer Rate:** The base monthly sewer rate is **\$5.15 per 1,000 gallons** of water used as registered by the Standard Household Meter.
2. **Inflow Rate:** The monthly inflow sewer rate is **\$4.75 per 1,000 gallons**, and is calculated by subtracting the total gallons billed from all Household Water Meters from the total gallons of wastewater received by the City of Brenham

(provided by the City of Brenham), then dividing the difference by the total number of wastewater customers billed.

#### NOTE 12. CONTRACTS

A. City of Brenham

Oak Hill Fresh Water Supply District Number One of Washington County, Texas purchases wastewater treatment services from the City of Brenham, Texas under terms of an agreement effective February 5, 1986. The original contract term of one year from the effective date is automatically renewable for consecutive years thereafter; however, it may be amended or terminated upon thirty days' written notification by either party. The District is to be billed for these services based upon the City's prevailing rates for residential and commercial customers outside the City limits. For the year ended May 31, 2019, the District paid to the City of Brenham \$49,795 for wastewater treatment service.

B. Professional General Management Services, Inc.

The District entered into a professional services agreement with Professional General Management Services, Inc. (PGMS, Inc.). The contractor (PGMS, Inc.) provides various services for the District at rates provided for in the contract. For the year ended May 31, 2019, the district paid \$96,817 to PGMS, Inc.

#### NOTE 13. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

#### NOTE 14. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 24, 2019, the date which the financial statements were available to be issued. The District is not aware of any subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTAL SCHEDULE

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
 REQUIRED SUPPLEMENTARY INFORMATION- BUDGETARY COMPARISON  
 SCHEDULE- GENERAL FUND- FOR THE YEAR ENDED MAY 31, 2019

	Actual	Budgeted Amounts		Variance with
		Original	Final	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Charges for Water Service	\$ 162,050	\$ 177,000	\$ 177,000	\$ (14,950)
Property Taxes	102,941	97,759	97,759	5,182
Tap Connection Fees	150	300	300	(150)
Penalties and Interest	811	-	-	811
Interest Earned	1,934	900	900	1,034
<b>Total Revenues</b>	<b>267,886</b>	<b>275,959</b>	<b>275,959</b>	<b>(8,073)</b>
<b>Expenditures/Expenses:</b>				
<b>Service Operations:</b>				
Tax Appraisal and Collection	\$ 2,679	\$ 3,275	\$ 3,275	\$ 596
Bonds and Insurance	3,216	3,925	3,925	709
Director Training	1,399	1,350	1,350	(49)
Management and Operations	66,939	68,900	68,900	1,961
Administrative	7,431	6,125	6,125	(1,306)
Professional Fees	20,100	7,700	7,700	(12,400)
<b>Water Services:</b>				
Chemicals	5,384	9,200	9,200	3,816
Contract Labor	5,161	4,000	4,000	(1,161)
Maintenance and Repairs	39,756	42,000	42,000	2,244
Parts and Supplies	10,527	3,500	3,500	(7,027)
Regulatory Fees	832	1,225	1,225	393
Utilities	6,148	7,800	7,800	1,652
Lab Fees	1,688	3,000	3,000	1,312
Meter Replacements	-	3,000	3,000	3,000
<b>Wastewater Services:</b>				
City of Brenham	49,960	48,200	48,200	(1,760)
Chemicals	-	275	275	275
Contract Labor	5,161	15,900	15,900	10,739
Maintenance and Repairs	3,836	21,000	21,000	17,164
Part and Supplies	-	2,500	2,500	2,500
Utilities	2,613	2,350	2,350	(263)
Contingencies		20,734	20,734	20,734
Capital Outlay	13,950			(13,950)
<b>Total Expenditures</b>	<b>246,780</b>	<b>275,959</b>	<b>275,959</b>	<b>29,179</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 21,106	\$ -	\$ -	\$ 21,105
<b>Fund Balance:</b>				
Beginning of the Year	258,739	258,739	258,739	-
End of the Year	\$ 279,845	\$ 258,739	\$ 258,739	\$ 21,105

TEXAS SUPPLEMENTARY INFORMATION

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1

TEXAS SUPPLEMENTARY INFORMATION (TSI)

MAY 31, 2019

- TSI-1. Services and Rates
- TSI-2. General Fund Expenditures
- TSI-3. Temporary Investments
- TSI-4. Taxes Levied and Receivable
- TSI-5. General Long-Term Debt Service Requirements by Years
- TSI-6. Changes in General Long-Term Debt
- TSI-7. Comparative Schedule of Revenue and Expenditures -  
General and Debt Service Funds - Five Years
- TSI-8. Board Members, Key Personnel and Consultants

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
TSI-1. SERVICES AND RATES  
FOR THE FISCAL YEAR ENDED MAY 31, 2019

1. **Services Provided by the District during the Fiscal Year:**

- |  |   |                                     |
|--|---|-------------------------------------|
| <input checked="" type="checkbox"/> Retail Water   | <input type="checkbox"/> Wholesale Water      | <input type="checkbox"/> Drainage   |
| <input checked="" type="checkbox"/> Retail Wastewater  | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation  | <input type="checkbox"/> Fire Protection      | <input type="checkbox"/> Security   |
| <input 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**

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Water Rate per 2,000 Gallons Over Minimum Use</u>	<u>Wastewater Rate per 1,000 Gallons Over Maximum Use</u>
WATER:					
Monthly Service	\$ 31.00	2,000	Y	\$ 3.00*	
WASTEWATER:					
Monthly Service	\$ 5.15	1,000	Y		
SURCHARGE:					
(inflow rate)	\$ -0-	-0-	Y		\$ 4.75

District employs winter averaging for wastewater usage? Yes  No

Total water and wastewater charges  
per 10,000 gallons usage  
(including average monthly surcharges)

Water: \$ 55.00      Wastewater: \$ 47.90

b. **Water and Wastewater Retail Connections:**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤3/4"	<u>104</u>	<u>104</u>	x 1.0	<u>104</u>
1"	<u>44</u>	<u>44</u>	x 2.5	<u>110</u>
1½"			x 5.0	



2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	148	148		214
Total Wastewater	142	142	x 1.0	142

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

Gallons pumped into system: 23,943      Water Accountability Ratio:  
 (Gallons billed / Gallons pumped)  
 Gallons billed to customers: 21,042      87.88%

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: \_\_\_\_\_

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

If yes, Date of the most recent Commission Order: \_\_\_\_\_

5. Location of District (required for first audit year or when information changes, otherwise this information may be omitted):

County(ies) in which the District is located: Washington

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 the District is located: \_\_\_\_\_

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

Entirely       Partly       Not at all

ETJs in which the District is located: \_\_\_\_\_

Are Board members appointed by an office outside the      Yes       No

If Yes, by whom? \_\_\_\_\_

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
 TSI-2. GENERAL FUND EXPENDITURES  
 FOR THE FISCAL YEAR ENDED MAY 31, 2019

Personnel Expenditures (including benefits)	\$	-
<b>Professional Fees:</b>		
Audit Fee		6,100
Engineering		14,000
<b>Purchased Services for Resale:</b>		
Bulk water & wastewater Service Purchasers		49,960
Chemicals		5,384
<b>Contracted Services:</b>		
Tax Collection and Appraisal		2,679
Maintenance and Operations		66,939
Contract Labor		10,322
Lab		2,520
Utilities		8,761
Repairs and Maintenance		54,120
<b>Administrative Expenditures:</b>		
Insurance		3,216
Telephone		2,247
Office Supplies and Postage		5,183
Director Training		1,399
<b>Capital Outlay:</b>		
Capitalized Assets		13,950
<b>Debt Service:</b>		
Issuance Costs		-
Other Expenditures		-
<b>TOTAL EXPENDITURES</b>	<b>\$</b>	<b><u>246,780</u></b>

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

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
 TSI-3. TEMPORARY INVESTMENTS  
 MAY 31, 2019

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>General Fund</u>					
<u>Savings Account</u>					
Pioneer Bank	3015393	0.55%	N/A	\$ 48,068	\$ -
<u>Debt Service Fund</u>					
<u>Savings Account</u>					
Pioneer Bank	3015393	0.55%	N/A	112,577	-
TOTAL				\$ 160,645	-

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
TSI-4. TAXES LEVIED AND RECEIVABLE  
MAY 31, 2019

	Debt Service	Maintenance
	<u>Taxes</u>	<u>Taxes</u>
Taxes Receivable, June 1, 2018	\$ 1,556	\$ 2,610
2018 Year - Original Tax Roll	59,049	102,846
Adjustments	(511)	547
Total to be accounted for	<u>\$ 58,538</u>	<u>\$ 103,393</u>
Less: Collection		
Current Year	\$ 58,013	\$ 102,408
Prior Years	344	533
Total Collections	<u>\$ 58,357</u>	<u>\$ 102,941</u>
Taxes Receivable, May 31, 2019	<u>\$ 1,737</u>	<u>\$ 3,062</u>

Taxes Receivable, by years -

	2009	\$ -	\$	20
	2010	-		2
	2011	-		28
	2012	-		30
	2013	-		-
	2014	-		-
	2015	-		-
	2016	50		78
	2017	380		629
	2018	1,307		2,275
Taxes Receivable, May 31, 2019		<u>\$ 1,737</u>	\$	<u>3,062</u>

Property Valuations	2019	2018	2017	2016
Total Valuation	\$ 42,391,987	\$ 41,173,168	\$ 37,277,823	\$ 35,774,478
<u>Tax Rates per \$100 Valuation</u>				
Debt Service Tax Rates	0.1393	0.1363	0.1471	0.1568
Maintenance Tax Rates	0.2426	0.2252	0.2279	0.191
Total Tax Rates Per \$100 Valuation	<u>0.3819</u>	<u>0.3615</u>	<u>0.375</u>	<u>0.3478</u>
Original Tax Levy:	\$ 161,895	\$ 148,844	\$ 139,610	\$ 124,442
Percent of Taxes Collected to Taxes Levied	<u>99.63%</u>	<u>97.92%</u>	<u>97.52%</u>	<u>98.41%</u>

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS  
 REFUNDING BONDS - BY YEARS - MAY 31, 2019

Due During Fiscal Years Ending	Series 2011		Total Principal and Interest Due
	Total Principal Due	Total Interest Due	
2020	21,000	6,961	27,961
2021	20,000	6,090	26,090
2022	20,000	5,200	25,200
2023	25,000	4,158	29,158
2024	24,000	2,988	26,988
2025	24,000	1,812	25,812
2026	24,000	609	24,609
TOTAL	\$ 158,000	\$ 27,818	\$ 185,818

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS  
 REFUNDING BONDS - BY YEARS - MAY 31, 2019

Due During Fiscal Years Ending	Series 2014		Total Principal and Interest Due
	Total Principal Due	Total Interest Due	
2020	10,000	16,636	26,636
2021	10,000	16,477	26,477
2022	10,000	16,289	26,289
2023	10,000	16,075	26,075
2024	15,000	15,780	30,780
2025	15,000	15,407	30,407
2026	15,000	15,000	30,000
2027	15,000	14,558	29,558
2028	15,000	14,083	29,083
2029	15,000	13,581	28,581
2030	15,000	13,056	28,056
2031	15,000	12,510	27,510
2032	15,000	11,950	26,950
2033	15,000	11,376	26,376
2034	20,000	10,691	30,691
2035	20,000	9,894	29,894
2036	20,000	9,085	29,085
2037	20,000	8,266	28,266
2038	20,000	7,438	27,438
2039	20,000	6,603	26,603
2040	20,000	5,762	25,762
2041	25,000	4,810	29,810
2042	25,000	3,748	28,748
2043	25,000	2,681	27,681
2044	25,000	1,611	26,611
2045	25,000	535	25,535
TOTAL	<u>\$ 455,000</u>	<u>\$ 273,902</u>	<u>\$ 728,902</u>

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS  
 REFUNDING BONDS - BY YEARS - MAY 31, 2019

Due During Fiscal Years Ending	Annual Requirements for All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	31,000	23,597	54,597
2021	30,000	22,567	52,567
2022	30,000	21,489	51,489
2023	35,000	20,233	55,233
2024	39,000	18,768	57,768
2025	39,000	17,219	56,219
2026	39,000	15,609	54,609
2027	15,000	14,558	29,558
2028	15,000	14,083	29,083
2029	15,000	13,581	28,581
2030	15,000	13,056	28,056
2031	15,000	12,510	27,510
2032	15,000	11,950	26,950
2033	15,000	11,376	26,376
2034	20,000	10,691	30,691
2035	20,000	9,894	29,894
2036	20,000	9,085	29,085
2037	20,000	8,266	28,266
2038	20,000	7,438	27,438
2039	20,000	6,603	26,603
2040	20,000	5,762	25,762
2041	25,000	4,810	29,810
2042	25,000	3,748	28,748
2043	25,000	2,681	27,681
2044	25,000	1,611	26,611
2045	25,000	535	25,535
TOTAL	\$ 613,000	\$ 301,720	\$ 914,720



OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
 TSI-6. CHANGES IN LONG-TERM DEBT  
 FOR FISCAL YEAR ENDED MAY 31, 2019

	Series 2011 Refunding Bonds	Series 2014 Unlimited Tax Bonds	TOTAL
Interest Rate	2.45% - 5.075%	0.27% - 4.3%	
Dates Interest Payable	2/1 & 8/1	2/1 & 8/1	
Maturity Dates	8/1/13 – 8/1/25	2/1/15 – 8/1/44	
Balance Outstanding at 6/1/18	\$ 179,000	\$ 465,000	\$ 644,000
Issued	-	-	-
Retired	21,000	10,000	31,000
Balance Outstanding 5/31/19	\$ 158,000	\$ 455,000	\$ 613,000
Retirements - Interest	\$ 7,811	\$ 16,766	\$ 24,577
Paying Agent's Name & Address:			
Series 2011	Bank of Texas		
Series 2014		Bank of Texas	
Bond Authority:	Tax & Revenue Bonds *		
Amount Authorized by Voters	\$ -0-	\$ 500,000	
Amount Issued	365,000	500,000	
Remaining to be Issued	-0-	-0-	

\* Includes all bonds secured with tax revenues. Bonds in this category may also be with other revenues in combination with taxes.

Debt Service Fund Cash and Temporary  
 Investments Balances as of May 31, 2019: \$ 160,645

Average annual Debt Service payment  
 (Principal &  
 Interest) for remaining term of all debt: \$ 35,182

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
 TSI-7a. COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES  
 GENERAL FUND  
 FIVE YEARS ENDED MAY 31, 2019

	AMOUNTS				
	2019	2018	2017	2016	2015
<b>GENERAL FUND REVENUES:</b>					
Property Taxes	\$ 102,941	\$ 94,393	\$ 83,909	\$ 67,778	\$ 87,176
Service Revenue	162,050	177,598	177,321	178,456	164,939
Tap Connection Fees	150	300	100	4,700	500
Penalty & Interest	811	649	591	254	241
Interest on Investments	-	0	261	246	194
Other Revenues	1,934	200	-	-	12,220
<b>TOTAL REVENUES</b>	<b>\$ 267,886</b>	<b>\$ 273,140</b>	<b>\$ 262,182</b>	<b>\$ 251,434</b>	<b>\$ 265,270</b>
<b>EXPENDITURES:</b>					
Chemicals	\$ 5,384	\$ 9,107	\$ 5,273	\$ 7,742	\$ 3,288
Insurance & Surety Bonds	3,216	3,466	5,235	5,003	4,927
Purchased & Contracted Services	66,939	57,326	66,020	72,132	66,398
Other Expenses	4,077	3,068	4,011	5,013	6,967
Postage/Office Supplies	7,431	5,764	2,420	1,983	2,084
Professional Fees	20,100	6,000	5,967	5,800	11,420
Purchased Sewer Service	49,960	43,210	51,417	50,579	39,198
Repairs & Maintenance	66,961	70,627	60,058	49,737	20,034
Utilities	8,761	9,127	10,866	10,409	10,031
Capital Outlay	13,950	-	29,486	26,333	16,780
<b>TOTAL EXPENDITURES</b>	<b>\$ 246,780</b>	<b>\$ 207,696</b>	<b>\$ 240,753</b>	<b>\$ 234,731</b>	<b>\$ 181,127</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 21,106</b>	<b>\$ 65,444</b>	<b>\$ 21,429</b>	<b>\$ 16,703</b>	<b>\$ 84,143</b>

PERCENT OF FUND TOTAL REVENUES

2019	2018	2017	2016	2015
38.43%	34.56%	32.00%	26.96%	32.86%
60.49%	65.02%	67.63%	70.98%	62.18%
0.06%	0.11%	0.04%	1.87%	0.19%
0.30%	0.24%	0.23%	0.10%	0.09%
0.00%	0.00%	0.10%	0.10%	0.07%
0.72%	0.07%	0.00%	0.00%	4.61%
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
2.01%	3.33%	2.01%	3.08%	1.24%
1.20%	1.27%	2.00%	1.99%	1.86%
24.99%	20.99%	25.18%	28.69%	25.03%
1.52%	1.12%	1.53%	1.99%	2.63%
2.77%	2.11%	0.92%	0.79%	0.79%
7.50%	2.20%	2.28%	2.31%	4.31%
18.65%	15.82%	19.61%	20.12%	14.78%
25.00%	25.86%	22.91%	19.78%	7.55%
3.27%	3.34%	4.14%	4.14%	3.78%
5.21%	0.00%	11.25%	10.47%	6.33%
<u>92.12%</u>	<u>76.04%</u>	<u>91.83%</u>	<u>93.36%</u>	<u>68.28%</u>
<u>7.88%</u>	<u>23.96%</u>	<u>8.17%</u>	<u>6.64%</u>	<u>31.72%</u>

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
 TSI-7b. COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES  
 DEBT SERVICE FUND  
 FIVE YEARS ENDED MAY 31, 2019

	AMOUNTS				
	2019	2018	2017	2016	2015
<b>DEBT SERVICE FUND REVENUES:</b>					
Property Tax	\$ 58,357	\$ 54,007	\$ 53,914	\$ 55,396	\$ 31,159
Interest on Investments	1,099	849	651	903	259
Penalty & Interest	332	481	373	193	38
<b>TOTAL REVENUES</b>	<b>\$ 59,788</b>	<b>\$ 55,337</b>	<b>\$ 54,938</b>	<b>\$ 56,492</b>	<b>\$ 31,456</b>
<b>EXPENDITURES:</b>					
Debt Service:					
Principal Retirement	31,000	26,000	26,000	32,000	17,000
Interest Expense	24,577	25,400	26,061	26,678	17,459
Bank Charges	550	-	550	550	250
Bond Issuance Costs	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 56,127</b>	<b>\$ 51,400</b>	<b>\$ 52,611</b>	<b>\$ 59,228</b>	<b>\$ 34,709</b>
<b>EXCESS (DEFICIT) REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 3,661</b>	<b>\$ 3,937</b>	<b>\$ 2,327</b>	<b>\$ (2,736)</b>	<b>\$ (3,253)</b>
<b>TOTAL ACTIVE RETAIL</b>					
WATER CONNECTIONS	148	148	148	148	146
<b>TOTAL ACTIVE RETAIL</b>					
WASTEWATER CONNECTIONS	143	144	142	142	141

PERCENT OF FUND TOTAL EXPENDITURES

2018	2017	2016	2015	2014
103.97%	98.10%	98.1%	99.10%	- %
1.96%	1.2	1.6	0.8	-
0.59%	0.7	0.3	0.1	-
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>- %</u>
55.23%	47.30%	56.60%	54.00%	60.80%
44.77%	47.5	47.2	55.5	38.3
-	1	1	0.8	0.9
-	-	-	-	-
<u>104.80%</u>	<u>95.80%</u>	<u>104.80%</u>	<u>110.30%</u>	<u>100.00%</u>
<u>-4.80%</u>	<u>4.20%</u>	<u>-4.80%</u>	<u>-10.30%</u>	<u>-100.00%</u>

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
 TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
 MAY 31, 2019

Complete District Mailing Address:

26550 Ranch Road 12, Suite 1  
 Dripping Springs, Texas 78620  
 (512) 894-3322

District Business Telephone Number:

<u>Name and Address</u>	<u>Term of Office Elected &amp; Expires or Date Hired</u>	<u>Fees &amp; Expense Reimbursements</u>	<u>Title</u>	<u>Resident of District</u>
<u>Board Members</u>				
Billy Bowen 3925 North Briarwood Dr. Brenham, TX 77833	6/16 – 5/20	None	President	Yes
Perry Ratcliff Brenham, TX 77833	12/19 – 5/20	None	Director	Yes
Marcella Feagin 200 Oak Hill Drive Brenham, TX 77833	6/18 – 5/22	None	Secretary	Yes
Charles T. Laughlin 220 Pin Oak Drive Brenham, TX 77833	6/16 – 5/20	None	Vice-President	Yes
Jeffrey Damon 801 W. Briarwood Drive Brenham, TX 77833	6/18 – 5/22	None	Director	Yes

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

Consultants

Neffendorf & Knopp, PC 736 S. Washington St. Fredericksburg, TX 78624	2011	\$ 6,100	Auditor	No
Professional General Management Services, Inc. 26550 Ranch Road 12, Suite 1 Dripping Springs, TX 78620	2010	\$96,817	Operations & Management	No

OAK HILL FRESH WATER SUPPLY DISTRICT NO. 1  
 SCHEDULE OF INSURANCE COVERAGE  
 MAY 31, 2019

Type of Coverage	Amount of Coverage	Insurer
EMPLOYEE HONESTY, ETC.:		
Public Official	\$ 50,000	Merchants Bonding Company
Bookkeeper	\$ 5,000	Merchants Bonding Company
PROPERTY:		
Blanket Building & Contents	\$ 232,900	AAIC
LIABILITY:		
Automotive		
Property Damage and bodily injury, combined	\$ 1,000,000	AAIC
Equipment		
Equipment Breakdown Limit	\$ 232,900	AAIC
Business Income Limit	\$ 250,000	AAIC
Management Liability		
Limit of Liability	\$ 1,000,000	AAIC
Commercial General		
Each Occurrence	\$ 1,000,000	AAIC
General Aggregate	\$ 3,000,000	AAIC
Pollution	\$ 1,000,000	AAIC
Products	\$ 3,000,000	AAIC
Personal and Advertising Injury	\$ 1,000,000	AAIC
Fire Damage (any one fire)	\$ 1,000,000	AAIC
Medical Expenses (any person)	\$ 10,000	AAIC
Damage to Rented Premises	\$ 1,000,000	AAIC

AAIC -- American Alternative Insurance Corporation