

Appendix N: Audit Report Format

We require your district's audit report to be submitted in the following order:

- N1. Annual Filing Affidavit**
- N2. Independent Auditor's Report**
- N3. Management's Discussion and Analysis**
- N4. Basic Financial Statements (Columnar Format)**
 - a. Statement of Net Assets and Governmental Funds Balance Sheet*
 - b. Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balance*
 - Option 1—Shows how the District paid for the program's cost*
 - Option 2—Shows what the District did with the revenues raised*
- N5. Notes to the Basic Financial Statements**
 - Notes Required by the Agency*
 - Notes Required by GAAP*
 - Notes—Other*
- N6. Required Supplementary Information**
 - Budgetary Comparison Schedule (operating fund)*
 - Option 1—Combined view of a district with a non-appropriated budget*
 - Option 2—Expanded view of a district with a non-appropriated budget*
- N7. Texas Supplementary Information (TSI), if required**
 - TSI-1. Services and Rates*
 - TSI-2. General Fund Expenditures*
 - TSI-3. Temporary Investments*
 - TSI-4. Taxes Levied and Receivable*
 - TSI-5. Long-Term Debt Service Requirements by Years*
 - TSI-6. Changes in Long-Term Bonded Debt*
 - TSI-7. Comparative Schedule of Revenues and Expenditures—General Fund, Debt Service Fund, and Enterprise Fund (where applicable)—Five Years*
 - TSI-8. Board Members, Key Personnel, and Consultants*
- N8. Auditor's Management Letter** (if prepared by the auditor)

Appendix N1: Annual Filing Affidavit

(The Affidavit may be typed without using our form so long as the required elements are provided.)

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS }
COUNTY OF _____ }

I, _____ of the
(Name of Duly Authorized District Representative)

(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the _____ day of _____, _____, its annual audit report for the fiscal period ended _____ and that copies of the annual audit report have been filed in the District's office, located at _____

(Address of the District's Office)

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date: _____, _____ By: _____
(Signature of District Representative)

(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this _____ day of _____, _____.

(SEAL) _____
(Signature of Notary)

My Commission Expires On: _____,
Notary Public in the State of Texas.

Form TCEQ-0723 (Revised 10/2003)

Appendix N2: Independent Auditor's Report

Independent Auditor's Report

Responsibility

Your independent auditor has sole responsibility for the content of the auditor's report as a result of the audit work he has performed on your districts records.

Applicable Auditing Standards

District audits must be consistent with auditing standards established by the AICPA, which are the general, fieldwork, and reporting standards and the Statements on Auditing Standards (SAS). The AICPA publication *Audits of State and Local Governments* provides reference on the applicable guidance.

GAGAS (yellow book) is generally not applicable to district audits. If your auditor becomes aware that these standards are applicable he should inform your Board that an audit under GAAS may not be sufficient to meet requirements under the law, regulation, agreement, contract, or policy that requires the application of GAGAS. Your Board will decide whether to expand the district's audit report to include these standards. If your Board decides not to have these standards applied, your auditor will consider the impact of this decision upon his work and the district's financial statement presentation, and he will modify his report accordingly.

Reporting Standard

The reporting standard is the AICPA's *Codification of Statements on Auditing Standards*. The form and content of your auditor's report will be consistent with GASB's *Codification of Governmental Accounting and Financial Reporting Standards (Appendix O)*.

Auditor's Report on Texas Supplementary Information

Your Board may engage the auditor to report on its TSI. If engaged, his opinion will include a comment about the TSI's relationship to the district's basic financial statements. If not engaged, your auditor may include a comment about the TSI in his opinion. A separate Auditor's Report on Texas Supplementary Information will not be included in the Audit Report.

Appendix N3: Management’s Discussion and Analysis

GASB 34 requires your Board to prepare a narrative to clarify and support the substance of your district’s financial information. We propose that your district apply this guidance to tell its unique financial story. Since GASB’s guidance is restrictive, we have explained these requirements below to provide you with a standard presentation sequence.

Overview of the Financial Statements

A brief discussion of your district’s Basic Financial Statements and the relationship between the various statements.

Financial Highlights

A condensed summary of material (significant) financial information from the financial statements’ presentation. Your Board will determine the materiality of the district’s information.

Financial Analysis of the Water District as a Whole

An analysis that changes the district’s Basic Financial Statements to a high-level total format with an explanation of significant year-to-year changes. What is significant may vary depending on circumstances. Agency guideline for significant change is a variance of 10% or more.

Financial Analysis of Government Funds

If included in the district’s Basic Financial Statements, your Board must provide an analysis which explains material changes in fund balances and any restrictions, commitments, or significant limitations on the availability of those balances. If the fund balances are negative, your Board must explain its plans to eliminate the negative balances.

If not included in the district’s Basic Financial Statements, your Board must provide a narrative which gives an overview of the nature of the fund balances presented in the Basic Financial Statements in a columnar format.

Analysis of Changes in Capital Assets and Long-Term Debt (or Capital Asset Administration)

A description of significant capital asset and long term debt activity during the year, including a disclosure of capital expenditure commitments, changes in credit ratings, and debt limitations affecting the district’s financing of planned facilities or services.

Capital Asset Assessment

If your district chooses to use the modified approach to assess the condition of its capital assets for balance sheet presentation, it must give a description of the method used, a brief description of the historical condition, and a description of the current condition of the capital assets.

The Budget, Economic Environment, and Rates

Present the economic factors impacting your district's budget and the material changes from the prior year and an analysis of budget variances. Explain the fees and rates needed to meet your district's budget. Describe the known facts as of the date of the auditor's report. State the decisions or conditions that are expected to have a significant effect on the district's financial position or its results of operations.

Appendix N4: Basic Financial Statements (Columnar Format)

a. Statement of Net Assets and Governmental Funds Balance Sheet— June 30, 2004

	General Fund	Debt Service Fund*	Capital Projects Fund*	Total	Adjust- ments (Note A)#	Statement of Net Assets
ASSETS						
Cash and investments	\$6,505,557	\$459,601	\$751,591	\$7,716,749	\$	\$7,716,749
Taxes receivable	1,427,885	52,651		1,480,536		1,480,536
Other receivables	567,607		6,874	574,481		574,481
Internal receivables			12,293	12,293	(12,293)	
Prepayments	7,763			7,763		7,763
Inventories	197,308			197,308		197,308
Capital assets (net of accumulated depreciation)						
Land					301,507	301,507
Infrastructure					2,997,830	2,997,830
Other capital assets					2,219,869	2,219,869
Total assets	<u>\$8,706,120</u>	<u>\$512,252</u>	<u>\$770,758</u>	<u>\$9,989,130</u>	<u>5,506,913</u>	<u>15,496,043</u>
LIABILITIES						
Accounts payable	73,828		33,171	106,999		106,999
Salaries/benefits payable	273,367			273,367		273,367
Accrued interest payable		1,294		1,294	217	1,511
Internal payables	12,293			12,293	(12,293)	
Deferred revenues	1,534,321	42,791		1,577,112	(701,563)	875,549
Long-term liabilities:						
Due within one year					235,453	235,453
Due after one year					3,195,905	3,195,905
Total liabilities	<u>1,893,809</u>	<u>44,085</u>	<u>33,171</u>	<u>1,971,065</u>	<u>2,717,719</u>	<u>4,688,784</u>
FUND BALANCES/NET ASSETS						
Fund balances:						
Reserved for inventories	197,308			197,308	(197,308)	
Reserved, reported in:						
Debt service funds		468,167		468,167	(468,167)	
Capital projects funds			737,587	737,587	(737,587)	
Unreserved (Note B) ♦	<u>6,615,003</u>			<u>6,615,003</u>	<u>(6,615,003)</u>	
Total fund balances	<u>6,812,311</u>	<u>468,167</u>	<u>737,587</u>	<u>8,018,065</u>	<u>(8,018,065)</u>	
Total liabilities and fund balances	<u>\$8,706,120</u>	<u>\$512,252</u>	<u>\$770,758</u>	<u>\$9,989,130</u>		
Net assets:						
Invested in capital assets, net of related debt					2,087,848	2,087,848
Restricted for debt service					468,167	468,167
Restricted for capital projects					737,587	737,587
Unrestricted					<u>7,513,657</u>	<u>7,513,657</u>
Total net assets					<u>\$10,807,259</u>	<u>\$10,807,259</u>

* GASB 34 requires separate columns for major funds (including the General Fund). Nonmajor funds should be combined in a single column. Districts may report important funds as major funds even if the funds do not meet the major criteria.

Note A would provide the details for the main components of the adjustments.

♦ Note B would explain the District's rainy day fund and the reason for setting the amount aside.

Appendix N4: Basic Financial Statements (Continued)

b. Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances For the Year Ended- June 30, 2004

Option 1: Shows how the District paid for the program's cost

	General Fund	Debt Service Fund*	Capital Projects Fund*	Total	Adjustments (Note C)#	Statement of Activities
Expenditures/expenses:						
Service operations:						
Water service	\$2,694,208	\$	\$	\$2,694,208	\$159,546	\$2,853,754
Sewer service	1,955,473			1,955,473	84,850	2,040,323
Purchased water service	1,753,465			1,753,465		1,753,465
Salaries, benefits, & payroll taxes	3,305,563			3,305,563		3,305,563
Contracted services	332,210			332,210		332,210
Professional fees	388,732			388,732		388,732
Director fees	8,800			8,800		8,800
Other	9,498			9,498		9,498
Capital outlay	319,920		219,175	539,095	(539,095)	
Debt service:						
Principal		220,000		220,000	(220,000)	
Interest		204,028		204,028	217	204,245
Depreciation					306,623	306,623
Total expenditures/expenses	<u>10,767,869</u>	<u>424,028</u>	<u>219,175</u>	<u>11,411,072</u>	<u>(207,859)</u>	<u>11,203,213</u>
Revenues:						
Program revenues:						
Charges for water service	4,534,635			4,534,635		4,534,635
Charges for sewer service	3,609,298			3,609,298		3,609,298
Tap connection & inspection fees	236,963			236,963		236,963
Total program revenues	<u>8,380,896</u>			<u>8,380,896</u>		<u>8,380,896</u>
Net program revenue/expense						<u>(2,822,317)</u>
General revenues:						
Property taxes	2,848,386	391,442		3,239,828	270,601	3,510,429
Investment earnings	321,100	373	71,209	392,682		392,682
Penalties and interest	82,997			82,997		82,997
Other	294,646			294,646		294,646
Transfers—internal activities	<u>(500,000)</u>	<u>500,000</u>				
Total general revenues/transfers	<u>3,047,129</u>	<u>891,815</u>	<u>71,209</u>	<u>4,010,153</u>	<u>270,601</u>	<u>4,280,754</u>
Total revenues and transfers	<u>11,428,025</u>	<u>891,815</u>	<u>71,209</u>	<u>12,391,049</u>	<u>270,601</u>	<u>12,661,650</u>
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	660,156	467,787	(147,966)	979,977	(979,977)	
Change in net assets					1,458,437	1,458,437
Fund balance/net assets:						
Beginning of the year	<u>6,152,155</u>	<u>380</u>	<u>885,553</u>	<u>7,038,088</u>	<u>2,310,734</u>	<u>9,348,822</u>
End of the year	<u>\$6,812,311</u>	<u>\$468,167</u>	<u>\$737,587</u>	<u>\$8,018,065</u>	<u>\$2,789,194</u>	<u>\$10,807,259</u>

* GASB 34 requires separate columns for major funds (including the General Fund). Nonmajor funds should be combined in a single column. Districts may report important funds as major funds even if the funds do not meet the major criteria.

Note C would provide the details for the main components of the adjustments.

Appendix N4: Basic Financial Statements (Continued)

b. Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances For the Year Ended-June 30, 2004

Option 2: Shows what the District did with the revenues raised

	General Fund	Debt Service Fund*	Capital Projects Fund*	Total	Adjustments (Note C)#	Statement of Activities
Revenues:						
Charges for water service	\$4,534,635	\$	\$	\$4,534,635	\$	\$4,534,635
Charges for sewer service	3,609,298			3,609,298		3,609,298
Property taxes	2,848,386	391,442		3,239,828	270,601	3,510,429
Tap connection and inspection fees	236,963			236,963		236,963
Investment earnings	321,100	373	71,209	392,682		392,682
Penalties and interest	82,997			82,997		82,997
Other	<u>294,646</u>			<u>294,646</u>		<u>294,646</u>
Total revenues	<u>11,928,025</u>	<u>391,815</u>	<u>71,209</u>	<u>12,391,049</u>	<u>270,601</u>	<u>12,661,650</u>
Expenditures/expenses:						
Service operations:						
Water service	\$2,694,208	\$	\$	\$2,694,208	\$159,546	\$2,853,754
Sewer service	1,955,473			1,955,473	84,850	2,040,323
Purchased water service	1,753,465			1,753,465		1,753,465
Salaries, benefits, & payroll taxes	3,305,563			3,305,563		3,305,563
Contracted services	332,210			332,210		332,210
Professional fees	388,732			388,732		388,732
Director fees	8,800			8,800		8,800
Other	9,498			9,498		9,498
Capital outlay	319,920		219,175	539,095	(539,095)	
Debt service:						
Principal		220,000		220,000	(220,000)	
Interest		204,028		204,028	217	204,245
Depreciation					<u>306,623</u>	<u>306,623</u>
Total expenditures/expenses	<u>10,767,869</u>	<u>424,028</u>	<u>219,175</u>	<u>11,411,072</u>	<u>(207,859)</u>	<u>11,203,213</u>
Excess (deficiency) of revenues over expenditures	1,160,156	(32,213)	(147,966)	979,977	478,460	
Other financing sources/uses:						
Transfers—internal activities	<u>(500,000)</u>	<u>500,000</u>				
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	660,156	467,787	(147,966)	979,977	(979,977)	
Change in net assets					1,458,437	1,458,437
Fund balance/net assets:						
Beginning of the year	<u>6,152,155</u>	<u>380</u>	<u>885,553</u>	<u>7,038,088</u>	<u>2,310,734</u>	<u>9,348,822</u>
End of the year	<u>\$6,812,311</u>	<u>\$468,167</u>	<u>\$737,587</u>	<u>\$8,018,065</u>	<u>\$2,789,194</u>	<u>\$10,807,259</u>

* GASB 34 requires separate columns for major funds (including the General Fund). Nonmajor funds should be combined in a single column. Districts may report important funds as major funds even if the funds do not meet the major criteria.

Note C would provide the details for the main components of the adjustments.

Appendix N5: Notes to the Basic Financial Statements

Notes to the Basic Financial Statements

Notes to the financial statements are essential to fair presentation of your district's financial position and the results of its operations. The Agency recommends that your district's management include notes sufficient to provide the readers of the financial statements a clear picture of the district's financial status and an insight into the events it has experienced during the fiscal year. For discussion purposes this appendix is divided into notes we require and those required by GAAP. For financial statement presentation, the notes are one unit. Do not present them as Agency requirements and GAAP requirements.

To standardize the reporting format among districts we recommend that the notes be presented in the following order after the district's basic financial statements.

Notes Required by the Agency (including overlap with GAAP requirements)

- The Financial Reporting Entity
- Summary of Accounting Policies and Basis of Accounting
- Long Term Debt
- Property Taxes
- Commitments and Contingent Liabilities Arising from District Development
- Employees Retirement System

Agency and GAAP Requirements. Notes to the financial statements essential to fair presentation at the basic financial statement level include the Summary of Significant Accounting Policies and summary disclosure of:

- contingent liabilities
- encumbrances outstanding
- effects of subsequent events
- pension plan obligations
- accumulated unpaid employee benefits
- material violations of finance-related legal and contractual provisions
- debt service requirements to maturity
- lease commitments
- construction and other significant commitments
- changes in capital assets and long-term debt
- excess of expenditures over appropriations in individual funds
- deficit balances of individual funds
- interfund receivables and payables

Any other disclosures necessary in the circumstances would also be included (NCGA Statement 1).

Agency Requirements. The following notes are a requirement of this Agency to ensure a minimum disclosure of facts to the reader. If the topic of a note has been fully disclosed in the financial statements or a TSI then that note may reference the location of the information.

Notes A and B below are mandatory for all districts. Notes C, D, E, and F may be omitted if they are not applicable to your district.

A. Creation of District: Included in the Financial Reporting Entity, disclose: (1) who created your district; (2) when your district was created (mm/dd/yyyy); and (3) the specific laws under which your district operates. If your district has been created or amended by a legislative act, name the act(s) and its effective date.

B. Contingent Liabilities: Disclose the nature and amount of each contract your district has with third parties who will provide or have provided assets or services which will be paid from the proceeds of debt bonds issued at a future date regardless of whether that date is known.

C. Pension Coverage: If your district has employees and it offers pension benefits to its employees, your auditor's report must contain disclosures according to GASB Section P20. If the district's employees are covered only by Social Security, the note can state that the employees do not participate in a public retirement system but are covered by Social Security. A district is required to provide Social Security coverage for its employees not participating in a public retirement system (Omnibus Reconciliation Act of 1990).

D. Pledge of Revenues: Disclose what revenues are pledged for each bond resolution.

E. Compliance with Debt Service Requirements: Disclose the condition of the debt service and capital projects funds and whether they are managed according to your district's bond resolutions. Disclose the amounts escrowed and reserved and the use of those funds. If your district is not in compliance with its bond resolution, explain the noncompliance.

F. Bond Redemption: Disclose the provisions of the district's bond redemption, including the: callability; call price when bonds may be called; and other relevant provisions of each bond issue. If there are no bond redemption provisions, state this fact in the district's pledge of revenues note.

Notes Required by GAAP (or Your Auditor's Preference)

With professional advice, your district's management must include all notes necessary for full disclosure and understanding by the reader as well as the

notes needed to comply with GAAP reporting requirements. Refer to GASB publication *Codification of Governmental Accounting and Financial Reporting Standards* for more information. The required GAAP notes are:

- Summary of significant accounting policies, including:
 - A description of the government-wide financial statements,
 - A brief description of the component units of the financial reporting entity and their relationships to the primary government,
 - The measurement focus and basis of accounting used,
 - The policy for eliminating internal activity in the government-wide statement of activities,
 - The policy for capitalizing assets and for estimating the useful lives of those assets, and
 - The definition of cash and cash equivalents.
- Significant contingent liabilities and subsequent events
- Pension information
- Violations of legal and contract provisions
- Debt service requirements
- Commitments, joint ventures, and leases
- Fund deficits
- Interfund receivables and payables
- Risk management
- Property taxes
- Budget basis of accounting
- Related party transactions
- Methods of estimation of capital asset costs
- Fund balance designations
- Segment information (if your district meets the criteria established by GASB 34)

Notes—Other (when applicable)

Include any other notes that will add clarity to the financial statements. For example, the following topics might be appropriate:

- Subsequent Events
- Related Party Transactions
- Interlocal Agreements

These notes may appear in any sequence, so long as they appear *after* all of the required notes.

Appendix N6: Required Supplementary Information

Required Supplementary Information—Budgetary Comparison Schedule— General Fund—For the Year Ended June 30, 2004

Option 1: Combined view of a district with a non-appropriated budget *

	<u>Actual</u>	<u>Original Budget #</u>	Variance Positive (Negative)
Revenues:			
Charges for water service	\$4,534,635	\$4,500,000	\$34,635
Charges for sewer service	3,609,298	3,500,000	109,298
Property taxes	2,848,386	2,795,500	52,886
Tap connection and inspection fees	236,963	225,000	11,963
Investment earnings	321,100	300,000	21,100
Penalties and interest	82,997	100,000	(17,003)
Other	<u>294,646</u>	<u>300,000</u>	<u>(5,354)</u>
Total revenues	<u>11,928,025</u>	<u>11,720,500</u>	<u>207,525</u>
Expenditures/expenses:			
Service operations:			
Water service	\$2,694,208	\$2,700,000	\$5,792
Sewer service	1,955,473	2,000,000	44,527
Purchased water service	1,753,465	1,700,000	(53,465)
Salaries, benefits, and payroll taxes	3,305,563	3,300,000	(5,563)
Contracted services	332,210	300,000	(32,210)
Professional fees	388,732	375,000	(13,732)
Director fees	8,800	8,000	(800)
Other	9,498	10,000	502
Capital outlay	<u>319,920</u>	<u>325,000</u>	<u>5,080</u>
Total expenditures/expenses	<u>10,767,869</u>	<u>10,718,000</u>	<u>(49,869)</u>
Excess (deficiency) of revenues over expenditures	1,160,156	1,002,500	157,656
Other financing sources/uses:			
Transfers—internal activities	<u>(500,000)</u>	<u>(500,000)</u>	_____
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	660,156	502,500	157,656
Fund balance:			
Beginning of the year	<u>6,152,155</u>	<u>6,152,155</u>	_____
End of the year	<u>\$6,812,311</u>	<u>\$6,654,655</u>	<u>\$157,656</u>

* While water district budgets are not “legally adopted” within the meaning of GASB 34, they are adopted according to Texas law. To conform with this law and to establish a consistent reporting format all water districts (including those using proprietary funds) must present their budget comparison on this schedule.

Original Budget as adopted prior to the beginning of the fiscal year. If your district’s original budget has been amended during the fiscal year, GASB 34 requires your auditor to present a separate column for the district’s final amended budget.

Appendix N6: Required Supplementary Information (Continued)

Required Supplementary Information—Budgetary Comparison Schedule— General Fund—For the Year Ended June 30, 2004

Option 2: Expanded view of a district with a non-appropriated budget *

	Actual				Original Budget #	Variance Positive (Negative)
	Water	Sewer	Other	Total		
Revenues:						
Charges for water service	\$4,534,635	\$	\$	\$4,534,635	\$4,500,000	\$34,635
Charges for sewer service		3,609,298		3,609,298	3,500,000	109,298
Property taxes			2,848,386	2,848,386	2,795,500	52,886
Tap connections & Inspection fees	180,632	56,331		236,963	225,000	11,963
Investment earnings			321,100	321,100	300,000	21,100
Penalties and interest			82,997	82,997	100,000	(17,003)
Other			294,646	294,646	300,000	(5,354)
Total revenues	<u>4,715,267</u>	<u>3,665,629</u>	<u>3,547,129</u>	<u>11,928,025</u>	<u>11,720,500</u>	<u>207,525</u>
Expenditures/expenses:						
Service operations:						
Water service	\$2,694,208	\$	\$	\$2,694,208	\$2,700,000	\$5,792
Sewer service		1,955,473		1,955,473	2,000,000	44,527
Purchased water service	1,753,465			1,753,465	1,700,000	(53,465)
Salaries, benefits, payroll taxes	1,502,232	1,154,106	649,225	3,305,563	3,300,000	(5,563)
Contracted services			332,210	332,210	300,000	(32,210)
Professional fees			388,732	388,732	375,000	(13,732)
Director fees			8,800	8,800	8,000	(800)
Other			9,498	9,498	10,000	502
Capital outlay			<u>319,920</u>	<u>319,920</u>	<u>325,000</u>	<u>5,080</u>
Total expenditures/expenses	<u>5,949,905</u>	<u>3,109,579</u>	<u>1,708,385</u>	<u>10,767,869</u>	<u>10,718,000</u>	<u>(49,869)</u>
Excess (deficiency) of revenues over expenditures	(1,234,638)	556,050	1,838,744	1,160,156	1,002,500	157,656
Other financing sources/uses: Transfers—internal activities			(500,000)	(500,000)	(500,000)	
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	(1,234,638)	556,050	1,338,744	660,156	502,500	157,656
Fund balance:						
Beginning of the year	(1,769,997)	(993,354)	8,915,506	6,152,155	6,152,155	
End of the year	(\$3,004,635)	(\$437,304)	\$10,254,250	\$6,812,311	\$6,654,655	\$157,656

* While water district budgets are not “legally adopted” within the meaning of GASB 34, they are adopted according to Texas law. To conform with this law and to establish a consistent reporting format all water districts (including those using proprietary funds) must present their budget comparison on this schedule.

Original Budget as adopted prior to the beginning of the fiscal year. If your district’s original budget has been amended during the fiscal year, GASB 34 requires your auditor to present a separate column for the district’s final amended budget.

Appendix N7: Texas Supplementary Information

Texas Supplementary Information Requirements

All districts other than TSI exempt districts (defined in **Appendix P** on page P-34) must prepare and present the **Texas Supplementary Information (TSI) TSI-1 through TSI-8** after the notes to the basic financial statements. For organizational purposes, your district may prepare an index to the TSI similar to the TSI chart below. Examples of these schedules are provided on the following pages.

Texas Supplementary Information
TSI-1. Services and Rates
TSI-2. General Fund Expenditures
TSI-3. Temporary Investments
TSI-4. Taxes Levied and Receivable
TSI-5. Long-Term Debt Service Requirements by Years
TSI-6. Changes in Long-Term Bonded Debt
TSI-7. Comparative Schedule of Revenues and Expenditures— General Fund, Debt Service Fund, and Enterprise Fund (where applicable)—Five Years
TSI-8. Board Members, Key Personnel, and Consultants

If a TSI is not applicable, your district may use the TSI index to express the omission of this information from the audit report. One reason for an omission would be if your district has never assessed or collected taxes, then your district may omit **TSI-4**, the Taxes Levied and Receivable schedule, and disclose this omission in your district's audit report TSI index or its Table of Contents.

If your auditor prepares an Auditor's Management Letter (**Appendix N8**), your district must submit the letter with the audit report.

Enterprise Funds—As stated in our rules, districts using proprietary (enterprise) funds in their audited financial statements shall provide sufficient supplemental information to demonstrate the district's compliance with all legal restrictions on the use of the district's monies. This supplemental information is referred to as TSI in the *Guide*.

The use of proprietary funds does not exempt your district from preparing the TSI. **TSI-2** must be used and renamed to reflect your district's operating expenses in its Enterprise Fund if the district's operations are accounted for in that fund.

Alternative formats of **TSI-7** include:

- Districts that use an Enterprise Fund must use **TSI-7c** on page N-28.

- Your district may choose to amend **TSI-7** to display additional information [Other Financial Sources (Uses) and the Beginning and Ending Fund Balances] if that information would be beneficial to your Board and the district's consultants. A sample format has not been provided.

(District's Name)
TSI-1. Services and Rates
 (Fiscal Year Ending Date)

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

- | | | |
|--|---|-------------------------------------|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input 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

(You may omit this information if your district does not provide retail services)

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>Rate per 1000 Gallons Over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ _____ . _____	_____	_____	\$ _____ . _____	_____ to _____
WASTEWATER:	\$ _____ . _____	_____	_____	\$ _____ . _____	_____ to _____
SURCHARGE:	\$ _____ . _____	_____	_____	\$ _____ . _____	_____ to _____

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water: \$ _____ . _____ Wastewater: \$ _____ . _____

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"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1 1/2"	_____	_____	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	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

TSI-1. Services and Rates (Continued)

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):
(You may omit this information if your district does not provide water)

Gallons pumped into system: _____,000 Water Accountability Ratio:
(Gallons billed / Gallons pumped)
Gallons billed to customers: _____,000 _____

4. Standby Fees (authorized only under TWC Section 49.231):
(You may omit this information if your district does not levy standby fees)

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: _____

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 district? Yes No

If Yes, by whom? _____

(District's Name)
TSI-2. General Fund Expenditures
 (Fiscal Year Ending Date)

(Alter this schedule if your district uses an Enterprise Fund to account for your district's operations)

Personnel Expenditures (including benefits)*	\$	
Professional Fees:		
Auditing		
Legal		
Engineering		
Financial Advisor		
Purchased Services For Resale:		
Bulk Water and Wastewater Service Purchases		
Contracted Services:		
Bookkeeping		
General Manager		
Appraisal District		
Tax Collector		
Other Contracted Services		
Utilities		
Repairs and Maintenance		
Administrative Expenditures:		
Directors Fees		
Office Supplies		
Insurance		
Other Administrative Expenditures		
Capital Outlay:		
Capitalized Assets		
Expenditures not Capitalized		
Tap Connection Expenditures		
Solid Waste Disposal		
Fire Fighting		
Parks and Recreation		
Other Expenditures		
TOTAL EXPENDITURES	\$	

* Number of persons employed by the District: _____ Full-Time _____ Part-Time
 (You may omit the note above if your district had no personnel expenditures. Independent contractors or consultants are not employees.)

(District's Name)
TSI-3. Temporary Investments
(Fiscal Year Ending Date)

(You may omit this information if your district has no temporary investments or certificates of deposit.)

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>General Fund</u>					
Certificate of Deposit	30173	4.000%	11-05-0X	\$ 24,000	\$ 257
Total				24,000	257
<u>Debt Service Fund</u>					
Certificate of Deposit	2138100185	5.000%	12-31-0X	2,100,000	–
Certificate of Deposit	2138100249	5.250%	2-15-0X	80,000	809
Time Deposit	Acct.# 1-252	2.750%	4-01-0X	14,000	–
Total				2,194,000	809
<u>Capital Projects Fund</u>					
Certificate of Deposit	2138421459	5.000%	12-14-0X	3,000,000	18,411
Certificate of Deposit	6441121852	4.125%	3-15-0X	1,000,000	457
Certificate of Deposit	30842	4.000%	6-01-0X	204,800	464
Total				4,204,800	19,332
Total—All Funds				\$6,422,800	\$ 20,398

(District's Name)
TSI-4. Taxes Levied and Receivable
(Fiscal Year Ending Date)

(You may omit this information if your district did not levy or receive any tax monies)

	Maintenance Taxes*	Debt Service Taxes*	Other District Taxes*	
Taxes Receivable, Beginning of Year	\$ - 0 -	\$2,578	\$ - 0 -	
20X3 Original Tax Levy	30,886	401,512	- 0 -	
(less abatements)	- 0 -	- 0 -	- 0 -	
Total to be accounted for	<u>30,886</u>	<u>404,090</u>	<u>- 0 -</u>	
Tax collections:				
Current year	(30,482)	(396,265)	- 0 -	
Prior years	- 0 -	(286)	- 0 -	
Total Collections	<u>(30,482)</u>	<u>(396,551)</u>	<u>- 0 -</u>	
Taxes Receivable, End of Year	<u>\$404</u>	<u>\$7,539</u>	<u>\$ - 0 -</u>	
Taxes Receivable, By Years				
20X2	\$ - 0 -	\$2,292	\$ - 0 -	
20X3	404	5,247	- 0 -	
Taxes Receivable, End of Year	<u>\$404</u>	<u>\$7,539</u>	<u>\$ - 0 -</u>	
	<u>20X3</u>	<u>20X2</u>	<u>20X1</u>	<u>20X0</u>
Property Valuations:				
Land	\$12,396,630	\$10,068,870	\$7,531,280	\$7,017,980
Improvements	18,352,990	9,209,850	1,696,410	- 0 -
Personal Property	<u>135,920</u>	<u>95,280</u>	<u>18,280</u>	<u>- 0 -</u>
Total Property Valuations	<u>\$30,885,540</u>	<u>\$19,374,000</u>	<u>\$9,245,970</u>	<u>\$7,017,980</u>
Tax Rates per \$100 Valuation:				
Debt service tax rates *	\$1.30	\$1.30	\$1.30	\$1.30
Maintenance tax rates † *	0.10	- 0 -	- 0 -	- 0 -
Other district tax rates *	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Total Tax Rates per \$100 Valuation	<u>\$1.40</u>	<u>\$1.30</u>	<u>\$1.30</u>	<u>\$1.30</u>
Original Tax Levy:	<u>\$432,398</u>	<u>\$251,862</u>	<u>\$120,198</u>	<u>\$91,234</u>
Percent of Taxes Collected to Taxes Levied ‡	<u>99%</u>	<u>99%</u>	<u>100%</u>	<u>100%</u>

† Maximum Tax Rate Approved by Voters: \$0.25 on 4-16-1999

* If the district does not assess this type of tax, the column and the line item disclosing this tax information can be omitted.

‡ Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

(District's Name)
TSI-5. Long-Term Debt Service Requirements
(Series 20X0)—by Years
(Fiscal Year Ending Date)

(You may omit this information if your district has no outstanding bonded indebtedness)

DUE DURING FISCAL YEARS ENDING	Series 20X0		
	Principal Due mm/dd	Interest Due mm/dd, mm/dd	Total
2004	\$30,000	\$294,746	\$324,746
2005	50,000	292,496	342,496
2006	60,000	288,496	348,496
2007	60,000	283,746	343,746
2008	65,000	278,996	343,996
2009	65,000	273,808	338,808
2010	80,000	268,620	348,620
2011	80,000	262,246	342,246
2012	100,000	255,870	355,870
2013	100,000	247,870	347,870
2014	100,000	239,870	339,870
2015	110,000	231,870	341,870
2016	120,000	223,395	343,395
2017	130,000	214,020	344,020
2018	150,000	203,920	353,920
2019	150,000	192,205	342,205
2020	170,000	180,490	350,490
2021	185,000	167,186	352,186
2022	190,000	152,685	342,685
2023	210,000	137,750	347,750
2024	230,000	121,220	351,220
2025	240,000	103,095	343,095
2026	260,000	84,245	344,245
2027	285,000	63,800	348,800
2028	305,000	41,326	346,326
2029	<u>200,000</u>	<u>17,400</u>	<u>217,400</u>
	<u>\$3,725,000</u>	<u>\$5,121,371</u>	<u>\$8,846,371</u>

(District's Name)
TSI-5. Long-Term Debt Service Requirements
(Series 20X1)—by Years (Continued)
(Fiscal Year Ending Date)

(You may omit this information if your district has no outstanding bonded indebtedness)

DUE DURING FISCAL YEARS ENDING	Series 20X1		
	Principal Due mm/dd	Interest Due mm/dd, mm/dd	Total
2004	\$0	\$156,700	\$156,700
2005	0	156,700	156,700
2006	30,000	156,700	186,700
2007	40,000	153,400	193,400
2008	40,000	149,000	189,000
2009	40,000	144,600	184,600
2010	50,000	140,200	190,200
2011	50,000	134,576	184,576
2012	60,000	128,826	188,826
2013	60,000	121,776	181,776
2014	70,000	114,576	184,576
2015	70,000	106,000	176,000
2016	80,000	97,000	177,000
2017	90,000	85,000	175,000
2018	100,000	74,000	174,000
2019	110,000	61,000	171,000
2020	110,000	46,800	156,800
2021	120,000	32,500	152,500
2022	<u>130,000</u>	<u>16,900</u>	<u>146,900</u>
	<u>\$1,250,000</u>	<u>\$2,076,254</u>	<u>\$3,326,254</u>

(District's Name)
TSI-5. Long-Term Debt Service Requirements
(Series 20X2)—by Years (Continued)
(Fiscal Year Ending Date)

(You may omit this information if your district has no outstanding bonded indebtedness)

DUE DURING FISCAL YEARS ENDING	Series 20X2		
	Principal Due mm/dd	Interest Due mm/dd, mm/dd	Total
2004	\$0	\$902,844	\$902,844
2005	0	722,275	722,275
2006	0	722,275	722,275
2007	0	722,275	722,275
2008	100,000	715,525	815,525
2009	125,000	700,338	825,338
2010	125,000	683,463	808,463
2011	150,000	664,900	814,900
2012	175,000	642,963	817,963
2013	200,000	617,650	817,650
2014	250,000	588,525	838,525
2015	275,000	557,225	832,225
2016	325,000	522,863	847,863
2017	375,000	482,425	857,425
2018	450,000	434,350	884,350
2019	500,000	378,525	878,525
2020	600,000	313,325	913,325
2021	675,000	237,125	912,125
2022	800,000	148,625	948,625
2023	875,000	50,313	925,313
	<u>\$6,000,000</u>	<u>\$10,807,809</u>	<u>\$16,807,809</u>

(District's Name)
TSI-5. Long-Term Debt Service Requirements
(All Bonded Debt Series)—by Years
(Fiscal Year Ending Date)

(You may omit this information if your district has no outstanding bonded indebtedness)

DUE DURING FISCAL YEARS ENDING	<u>Annual Requirements for All Series</u>		
	Principal Due mm/dd	Interest Due mm/dd, mm/dd	Total
2004	\$30,000	\$1,354,290	\$1,384,290
2005	50,000	1,171,471	1,221,471
2006	90,000	1,167,471	1,257,471
2007	100,000	1,159,421	1,259,421
2008	205,000	1,143,521	1,348,521
2009	230,000	1,118,746	1,348,746
2010	255,000	1,092,283	1,347,283
2011	280,000	1,061,722	1,341,722
2012	335,000	1,027,659	1,362,659
2013	360,000	987,296	1,347,296
2014	420,000	942,971	1,362,971
2015	455,000	895,095	1,350,095
2016	525,000	843,258	1,368,258
2017	595,000	781,445	1,376,445
2018	700,000	712,270	1,412,270
2019	760,000	631,730	1,391,730
2020	880,000	540,615	1,420,615
2021	980,000	436,811	1,416,811
2022	1,120,000	318,210	1,438,210
2023	1,085,000	188,063	1,273,063
2024	230,000	121,220	351,220
2025	240,000	103,095	343,095
2026	260,000	84,245	344,245
2027	285,000	63,800	348,800
2028	305,000	41,326	346,326
2029	<u>200,000</u>	<u>17,400</u>	<u>217,400</u>
	<u>\$10,975,000</u>	<u>\$18,005,434</u>	<u>\$28,980,434</u>

(District's Name)
TSI-6. Change in Long-Term Bonded Debt
(Fiscal Year Ending Date)

(You may omit this information if your district has no outstanding bonded indebtedness)

	Bond Issues			Total
	Series 20X0	Series 20X1	Series 20X2	
Interest Rate	4.25 - 5.75%	4.5 - 6.5%	3.5 - 4.75%	
(Quote either interest rate range or effective interest rate)				
Dates Interest Payable	1/1; 7/1	1/1; 7/1	3/1; 9/1	
Maturity Dates	9-1-2029	7-1-2022	9-1-2023	
Beginning Bonds				
Outstanding	\$3,725,000	\$1,250,000	\$ -	\$4,975,000
Bonds Sold During the				
Fiscal Year	-	-	6,000,000	6,000,000
Bonds Retired During the				
Fiscal Year	-	-	-	-
Ending Bonds Outstanding	\$3,725,000	\$1,250,000	\$6,000,000	\$10,975,000
Interest Paid During				
the Fiscal Year	\$294,746	\$156,700	\$ -	\$451,446

Paying Agent's Name and City

Series 20X0	JP Morgan Chase Bank	Dallas, TX
Series 20X1	The Bank of New York	Jacksonville, FL
Series 20X2	First Union National Bank	Houston, TX

Bond Authority:	Tax Bonds*	Other Bonds	Refunding Bonds
Amount Authorized By Voters	\$24,000,000	\$16,300,000	\$16,280,000
Amount Issued	\$11,000,000	\$16,300,000	\$16,280,000
Remaining To Be Issued	\$13,000,000	\$ 0	\$ 0

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

Debt Service Fund cash and temporary investments balances as of (Fiscal Year Ending Date): \$ 2,239,447

Average annual debt service payment (Principal and Interest) for remaining term of all debt: \$ 1,114,632

(District's Name)
TSI-7a. Comparative Schedule of Revenues and Expenditures—General Fund—Five Years Ended
(Fiscal Year Ending Date)

GENERAL FUND:	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	20X4	20X3	20X2	20X1	20X0	20X4	20X3	20X2	20X1	20X0
REVENUES:										
Property taxes	\$30,886	\$ –	\$ –	\$ –	\$ –	9.4%	–%	–%	–%	–%
Water service	105,778	70,742	41,823	11,446	–	32.4	41.9	33.9	14.1	–
Wastewater service	59,150	41,294	21,972	3,429	–	18.1	24.5	17.8	4.2	–
Application fees	2,710	1,420	–	–	–	1.3	0.8	–	–	–
Penalty and interest	4,386	3,023	1,727	290	–	0.8	1.8	1.4	0.4	–
Tap connection fees	119,990	51,750	57,935	65,728	–	36.7	30.7	46.9	81.1	–
Interest on time deposits	3,540	537	–	182	–	1.3	0.3	–	0.2	–
TOTAL REVENUES	326,440	168,766	123,457	81,075	–	100.0	100.0	100.0	100.0	–
EXPENDITURES:										
Lease of facilities	20,514	–	–	–	–	6.3	–	–	–	–
Purchased water and wastewater services	6,306	–	–	21,600	–	1.9	–	–	26.6	–
Professional fees	44,286	26,779	17,144	9,438	1,374	13.6	15.9	13.9	11.6	–
Contracted services	1,200	21,931	16,692	8,878	3,245	0.4	13.0	13.5	11.0	–
Payroll	48,919	–	–	–	–	15.0	–	–	–	–
Utilities	67,941	26,110	18,222	4,418	656	20.8	15.5	14.8	5.4	–
Materials and supplies	3,445	1,791	1,189	525	280	1.0	1.0	1.0	1.0	–
Repairs and maintenance	64,838	34,074	25,366	2,514	–	19.9	20.2	20.5	3.1	–
Other expenditures	19,412	15,873	16,966	7,595	22,812	5.9	9.4	13.7	9.4	–
Capital outlay	64,691	45,313	35,119	34,488	–	19.8	26.8	28.5	42.5	–
TOTAL EXPENDITURES	341,552	171,871	130,698	89,456	28,367	104.6	101.8	105.9	110.6	–
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u><u>\$ (15,112)</u></u>	<u><u>\$ (3,105)</u></u>	<u><u>\$ (7,241)</u></u>	<u><u>\$ (8,381)</u></u>	<u><u>\$ (28,367)</u></u>	<u><u>(4.6)%</u></u>	<u><u>(1.8)%</u></u>	<u><u>(5.9)%</u></u>	<u><u>(10.6)%</u></u>	<u><u>–%</u></u>

(District's Name)
TSI-7b. Comparative Schedule of Revenues and Expenditures—Debt Service Fund—Five Years Ended
(Fiscal Year Ending Date)

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	20X4	20X3	20X2	20X1	20X0	20X4	20X3	20X2	20X1	20X0
DEBT SERVICE FUND:										
REVENUES:										
Property taxes	\$96,551	\$249,570	\$119,912	\$91,234	\$ –	36.0%	79.1%	70.5%	86.7%	– %
Penalty and interest	1,783	749	1,542	–	–	0.7	0.2	0.9	–	–
Interest on time deposits	<u>169,995</u>	<u>65,296</u>	<u>48,613</u>	<u>13,996</u>	<u>3,058</u>	<u>63.3</u>	<u>20.7</u>	<u>28.6</u>	<u>13.3</u>	<u>100.0</u>
TOTAL REVENUES	<u>268,329</u>	<u>315,615</u>	<u>170,067</u>	<u>105,230</u>	<u>3,058</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES:										
Tax collection services	13,685	8,027	3,102	3,734	–	2.2	2.4	1.8	3.5	–
Other expenditures	3,887	3,101	669	617	13	0.6	0.9	0.4	0.6	0.4
Debt service, interest and fees	<u>451,860</u>	<u>295,043</u>	<u>224,346</u>	<u>153,650</u>	<u>–</u>	<u>72.4</u>	<u>87.9</u>	<u>131.9</u>	<u>146.0</u>	<u>–</u>
TOTAL EXPENDITURES	<u>469,432</u>	<u>306,171</u>	<u>228,117</u>	<u>158,001</u>	<u>13</u>	<u>75.2</u>	<u>91.2</u>	<u>134.1</u>	<u>150.1</u>	<u>0.4</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>\$(201,103)</u>	<u>\$9,444</u>	<u>\$(58,050)</u>	<u>\$(52,771)</u>	<u>\$3,045</u>	<u>24.8%</u>	<u>8.8%</u>	<u>(34.1)%</u>	<u>(50.1)%</u>	<u>99.6%</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>93</u>	<u>64</u>	<u>27</u>	<u>–0–</u>	<u>–0–</u>					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>95</u>	<u>69</u>	<u>30</u>	<u>–0–</u>	<u>–0–</u>					

(District's Name)
TSI-7c. Comparative Schedule of Revenues and Expenses—Enterprise Fund—Five Years Ended
(Fiscal Year Ending Date)

	Amounts					Percent of Fund Total Revenues				
	20X4	20X3	20X2	20X1	20X0	20X4	20X3	20X2	20X1	20X0
Operating Revenues:										
Water service	\$304,112	\$221,061	\$113,277	\$62,862	\$ –	42.2%	52.8%	46.3%	36.5%	– %
Sewer service	259,150	141,294	71,972	43,429	–	35.9	33.8	29.4	25.2	–
Application fees	2,710	1,420	–	–	–	0.4	0.3	–	–	–
Penalty and interest	4,386	3,023	1,727	290	–	0.6	0.8	0.6	0.2	–
Tap connection fees	144,476	48,300	54,350	62,023	–	20.0	11.5	22.2	36.0	–
Interest on time deposits	6,400	3,450	3,585	3,705	–	0.9	0.8	1.5	2.1	–
Total Operating Revenues	<u>721,234</u>	<u>418,548</u>	<u>244,911</u>	<u>172,309</u>	<u>–</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>–</u>
Operating Expenses:										
Lease of facilities	20,514	–	–	–	–	2.8	–	–	–	–
Purchased water and wastewater services	6,306	–	–	21,600	–	0.9	–	–	12.5	–
Professional fees	44,286	26,779	17,144	9,438	1,374	6.1	6.4	7.0	5.5	–
Contracted services	1,200	21,931	16,692	8,878	3,245	0.2	5.2	6.8	5.2	–
Payroll	48,919	–	–	–	–	6.8	–	–	–	–
Utilities	67,941	26,110	18,222	4,418	656	9.4	6.2	7.4	2.6	–
Materials and supplies	3,445	1,791	1,189	525	280	0.5	0.4	0.5	0.3	–
Repairs and maintenance	64,838	34,074	25,366	2,514	–	9.0	8.1	10.4	1.5	–
Depreciation	284,103	45,313	35,119	34,488	22,812	39.4	10.8	14.3	20.0	–
Total Operating Expenses	<u>541,552</u>	<u>155,998</u>	<u>113,732</u>	<u>81,861</u>	<u>28,367</u>	<u>75.1</u>	<u>37.1</u>	<u>46.4</u>	<u>47.6</u>	<u>–</u>
Operating Income (Loss)	<u>179,682</u>	<u>262,550</u>	<u>131,179</u>	<u>90,448</u>	<u>(28,367)</u>	<u>24.9</u>	<u>62.9</u>	<u>53.6</u>	<u>52.4</u>	<u>–</u>
Non-Operating Revenues (Expenses)										
Interest revenue	226,172	85,319	48,613	13,996	–	31.4	20.4	19.8	8.1	–
Bond discount amortization	(17,572)	(11,128)	(3,771)	(3,734)	–	(2.7)	(2.7)	(1.5)	(2.2)	–
Interest expense and fiscal fees	(451,860)	(295,043)	(224,346)	(154,267)	–	(70.5)	(70.5)	(91.6)	(89.5)	–
Total Non-Operating Revenues (Expenses)	<u>(243,260)</u>	<u>(220,852)</u>	<u>(179,504)</u>	<u>(144,005)</u>	<u>–</u>	<u>(33.7)</u>	<u>(52.8)</u>	<u>(73.3)</u>	<u>(83.6)</u>	<u>–</u>
Net Income (Loss)	<u>\$(63,578)</u>	<u>\$(41,698)</u>	<u>\$(48,325)</u>	<u>\$(53,557)</u>	<u>\$(28,367)</u>	<u>(8.8)%</u>	<u>(10.1)%</u>	<u>(19.7)%</u>	<u>(31.2)%</u>	<u>– %</u>

(District's Name)
TSI-8. Board Members, Key Personnel, and Consultants
(Fiscal Year Ending Date)

Complete District Mailing Address: PO Box 74G79, Austin, TX 78731

District Business Telephone Number: (512) 555 - 1234

Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): April 11, 2003

Limit on Fees of Office that a Director may receive during a fiscal year: \$3,600
(Set by Board Resolution—TWC Section 49.060)

<u>Names:</u>	<u>Term of Office (Elected or Appointed) or Date Hired</u>	<u>Fees of Office Paid * (FYE date)</u>	<u>Expense Reimburse- ments (FYE date)</u>	<u>Title at Year End</u>
Board Members:				
Wayne Noel	(Elected) 2/00 - 2/04	\$ 3,600	\$ 2,095	President
Irma Flores	(Elected) 2/02 - 2/06	\$ 3,300	\$ 2,720	Vice-Pres.
Jason Holcomb	(Appointed) 5/18/03 - 2/06	\$ 2,700	\$ 576	Treasurer/ Secretary
Holly Stewart	(Elected) 2/00 - 2/04	\$ 3,600	\$ -0-	Director
David Arnold	(Elected) 2/00 - 2/04	\$ 3,450	\$ 1,374	Investment Officer/Director
Key Administrative Personnel:				
Pat Garrett	10/15/1997	\$35,538		General Manager
Consultants:				
Baldwin & Poole, Attorneys	12/16/1985	\$10,000		Attorneys
RoundUp Utility Contractors	4/19/2001	\$104,647		Operator
Cavazos Inc.	6/1/1995	\$ 3,000		Tax Collector
Abrego & Limaye, CPAs	10/1/1994	\$ 6,300		Auditor

* *Fees of Office* are the amounts actually paid to a director during the district's fiscal year.

Appendix N8: Auditor's Management Letter

Auditor's Management Letter

The auditor's management letter is a formal communication from the auditor to the Board of directors. During the conduct of an audit, the auditor may encounter compliance, operational, or administrative events which may not be evident in the financial statements but needs to be revealed and communicated.

Audit guidance is silent about compliance or operational matters. If these matters are not identified in the audit engagement for work by the auditor, he does not have a responsibility for communication in a management letter. While not a responsibility, the auditor may communicate these matters to the Board if they come to his attention during the audit.

Audit guidance identifies administrative matters which should be communicated if, in the auditor's opinion, the management of the water district is materially impacted. These matters are:

- The auditor's responsibility under GAAS
- Significant Accounting Policies
- Management judgements and accounting estimates
- Audit adjustments
- Auditor's judgement about the quality of the water district's accounting principles
- Other information in documents containing audited financial statements
- Disagreements with management
- Consultation with other accountants
- Major issues discussed with management prior to the auditor accepting the audit engagement
- Difficulties encountered in performing the audit

The Auditor's Role: The auditor should prepare a management letter if, in the conduct of his audit, he encounters: administrative matters cited above; compliance or operational matters which in his opinion need to be communicated in writing to the Board; or other matters required to be communicated by audit guidance, such as commenting on the district's internal control system.

Board of Directors' Role: Your Board may sense that certain matters warrant the auditor's attention. In that event, the Board may specify in its audit engagement letter the matters that the auditor will review for comment in a management letter. Refer to the **Engagement Letter** section on page 1-16.

The Agency's Role: The Agency does not require the composition of a management letter. The decision for the presentation of this document rests primarily with your auditor and secondarily with your district's Board.