

**HARDIN COUNTY
WATER CONTROL
AND
IMPROVEMENT DISTRICT #1**

**ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2022**

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INTRODUCTORY SECTION

FINANCIAL SECTION



MITCHELL T FONTENOTE CPA, INC.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
Hardin County Water Control & Improvement District #1

Opinions

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Hardin County Water Control & Improvement District #1 as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Hardin County Water Control & Improvement District #1's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Hardin County Water Control & Improvement District #1, as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hardin County Water Control & Improvement District #1, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hardin County Water Control & Improvement District #1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hardin County Water Control & Improvement District #1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hardin County Water Control & Improvement District #1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Mitchell T. Fontenote CPA, Inc.

Port Neches, Texas
April 18, 2023

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2022

Our discussion and analysis of the financial performance of the Hardin County Water Control and Improvement District #1 (the "District") provides an overview and analysis of financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the District's financial statements, which follows this section.

Financial Highlights

The District's net position increased by \$146,100.

During the year, the District's revenues increased by \$218,477 and operating expenses increased by \$14,330.

Total service revenue collected during the year were \$274,751.

Using This Annual Report

This annual report consists of a series of financial statements: The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

Reporting the District as a Whole

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that help answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. *Net Position* represents the difference between total assets and liabilities and is similar to the total owners' equity presented by a commercial enterprise. The changes in the District's net assets are one way to measure the District's financial health, or *financial position*. Over time, increases or decreases in the District's net position is an indicator of whether its *financial health* is improving or deteriorating. Other nonfinancial factors, such as changes in the District's property tax, also impact the *overall health* of the District.

Overview of the District's Financial Position and Operations

The District's net position increased by \$146,100 during the fiscal year. Unrestricted net position (the part of net position that can be used to finance day-to-day operations without constraints on established debt covenants, enabling legislation, or other legal requirements) was \$172,332 at December 31, 2022.

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1**MANAGEMENT'S DISCUSSION AND ANALYSIS****DECEMBER 31, 2022**

Table I
Hardin County Water Control & Improvement District #1
Net Position

	December 31, 2022	December 31, 2021
Current Assets	\$ 404,129	\$ 468,297
Capital Assets	4,433,165	4,435,397
Total Assets	<u>\$ 4,837,294</u>	<u>\$ 4,903,694</u>
Current Liabilities	219,894	214,894
Long-Term Liabilities	785,000	1,002,500
Total Liabilities	1,004,894	1,217,394
Net Position:		
Invested in Capital Assets	3,430,665	3,220,397
Restricted	229,403	230,081
Unrestricted	172,332	235,822
Total Net Position	<u>\$ 3,832,400</u>	<u>\$ 3,686,300</u>

Table II
Hardin County Water Control & Improvement District #1
Changes in Net Position

	December 31, 2022	December 31, 2021
Operating Revenues:		
Charges for Services	\$ 274,751	\$ 258,164
Property Tax Revenue	330,253	315,608
Other Revenues	207,414	20,170
Total Operating Revenue	<u>812,418</u>	<u>593,942</u>
Operating Expense:		
Expenditures for Water & Sewer Service	151,874	97,081
Salaries and Payroll Taxes	13,621	13,308
Contracted Services & Professional Fees	62,003	62,112
Interest & Depreciation	308,865	319,302
Other Operating	129,955	160,186
Total Operating Expense	<u>666,318</u>	<u>651,989</u>
Net Operating Income (Loss)	146,100	(58,047)
Beginning Fund Balance	3,686,300	3,744,347
Ending Fund Balance	<u>\$ 3,832,400</u>	<u>\$ 3,686,300</u>

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2022

General Fund Budgetary Highlights

The District did prepare an annual operating budget for fiscal year 2022. Actual revenues exceeded budgeted revenues by \$213,166 due to under budgeting of miscellaneous revenues. Actual expenses exceed budgeted expenses by \$253,380 due to under budget of capital outlay expenses.

Capital Assets

The District's investments in capital assets as of December 31, 2022 were \$3,430,665 (net of accumulated depreciation and amortization and related debt). This investment in capital assets includes land, a water treatment plant, transmission lines, and capitalized charges. There were no material changes in Plant in Service during the year (excluding depreciation).

Debt Administration

During the year, the District paid down debt of \$215,000 on bonds.

Requests for Information

This financial report is designated to provide a general overview of the District's finances for our customers, taxpayers, and bondholders, and other interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Hardin County Water Control & Improvement District #1
101 Pinegarden Lane
Sour Lake, Texas, 77659

BASIC FINANCIAL STATEMENTS

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1
STATEMENT OF GOVERNMENTAL FUND BALANCE AND NET POSITION
DECEMBER 31, 2022

	General Fund	Debt Service	Total Governmental Funds	Adjustments	Statement of Net Position
ASSETS					
Current Assets					
Cash	\$ 24,115	\$ -	\$ 24,115	\$ -	\$ 24,115
Cash - Restricted	-	229,403	229,403	-	229,403
Accounts Receivable	117	-	117	-	117
Total Current Assets	24,232	229,403	253,635	-	253,635
Fixed Assets					
Water & Sewer System	-	-	-	3,939,672	3,939,672
Other Assets	-	-	-	294,217	294,217
Land	-	-	-	199,276	199,276
Net Property, Plant, and Equipment	-	-	-	4,433,165	4,433,165
Other Assets					
Taxes Receivable	38,376	112,118	150,494	-	150,494
Total Other Assets	38,376	112,118	150,494	-	150,494
Total Assets	\$ 62,608	\$ 341,521	\$ 404,129	\$ 4,433,165	\$ 4,837,294
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 2,394	\$ -	\$ 2,394	\$ -	\$ 2,394
Bonds Payable - Current	-	-	-	217,500	217,500
Total Current Liabilities	2,394	-	2,394	217,500	219,894
Long-term Liabilities					
Bonds Payable	-	-	-	785,000	785,000
Total Long-Term Liabilities	-	-	-	785,000	785,000
Total Liabilities	2,394	-	2,394	1,002,500	1,004,894
Deferred Inflows					
Unearned Property Tax	11,476	33,526	45,002	(45,002)	-
Total Deferred Inflows	11,476	33,526	45,002	(45,002)	-
FUND BALANCE					
Restricted	-	307,994	307,994	(307,994)	-
Unassigned	48,739	-	48,739	(48,739)	-
Total Fund Balance	48,739	307,994	356,733	(356,733)	-
Total Liabilities and Fund Balance	\$ 62,609	\$ 341,520	\$ 404,129	\$ 600,765	\$ 1,004,894
NET POSITION					
Net Investment in Capital Assets					3,430,665
Restricted					229,403
Unrestricted					172,332
Total Net Position					\$ 3,832,400

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

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1**STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**

	General Fund	Debt Service	Total Governmental Funds	Adjustments	Statement of Activities
REVENUE					
Charges for Services	\$ 274,751	\$ -	\$ 274,751	\$ -	\$ 274,751
Penalties and Interest	-	-	-	-	-
Tap Connections and Inspection Fees	-	-	-	-	-
Other Operating Revenue	40,120	1,144	41,264	-	41,264
Total Operating Revenues	<u>314,871</u>	<u>1,144</u>	<u>316,015</u>	<u>-</u>	<u>316,015</u>
EXPENSES					
Water Service	47,957	-	47,957	-	47,957
Sewer Service	103,917	-	103,917	-	103,917
Salaries and Payroll Taxes	13,621	-	13,621	-	13,621
Contracted Services	40,958	-	40,958	-	40,958
Professional Fees	21,045	-	21,045	-	21,045
Depreciation and Amortization	-	-	-	276,301	276,301
Bond Related Expense	-	2,198	2,198	-	2,198
Other Operating Expenses	127,757	-	127,757	-	127,757
Total Expenses	<u>355,255</u>	<u>2,198</u>	<u>357,453</u>	<u>276,301</u>	<u>633,754</u>
Net Operating Income (Loss)	(40,384)	(1,054)	(41,438)	(276,301)	(317,739)
Non Operating Revenues (Expenses)					
Ad valorem Taxes	109,748	234,919	344,667	(14,414)	330,253
Donated Assets	166,150	-	166,150	-	166,150
TWDB Grant	-	-	-	-	-
Capital Outlay	(274,069)	-	(274,069)	274,069	-
Bond Principal	-	(215,000)	(215,000)	215,000	-
Bond Interest	-	(30,064)	(30,064)	(2,500)	(32,564)
Net Non-Operating Income	<u>1,829</u>	<u>(10,145)</u>	<u>(8,316)</u>	<u>472,155</u>	<u>463,839</u>
Net Change in Fund Balance	(38,555)	(11,199)	(49,754)		
Change in Net Position				195,854	146,100
Fund Balance/Net Position, Beginning of Year	<u>87,294</u>	<u>319,193</u>	<u>406,487</u>	<u>3,275,037</u>	<u>3,686,300</u>
Fund Balance/Net Position, End of Year	<u>\$ 48,739</u>	<u>\$ 307,994</u>	<u>\$ 356,733</u>	<u>\$ 3,470,891</u>	<u>\$ 3,832,400</u>

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

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hardin County Water Control & Improvement District #1 (the "District") is water district governed by the applicable laws and regulations of the Texas Water Code. It is governed by a five member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

DISTRICT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are district-wide statements. The District does not have any business type activities or fiduciary funds. All tax revenue, interest income, and any other income is used to support the programs of the District. Enterprise funds (a type of proprietary fund) are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounting for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Statement of Net Position. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. All governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting revenue are recognized when susceptible to accrual (i.e., when they become both measureable and available). "Measureable" means the amount of the transaction can be determined and "available" means collectible with the current period (30 days). The District considers property taxes as available if they are collected within the period. Expenditures are recorded when the related fund liability is incurred. The District reports deferred revenue on its Statement of Net Position. Deferred revenues arise when potential revenue does not meet both the "measureable" and "available" criteria for recognition in the current period.

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

CASH AND CASH EQUIVALENTS

The District defines cash equivalents as cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents are stated at cost; which approximates market value.

PROPERTY, PLANT, AND EQUIPMENT

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures, renewals and betterments are capitalized.

<u>Assets</u>	<u>Life</u>
Machinery & Equipment	20
Buildings	30
Amortization of Organizational & Engineering Costs	40
Water & Sewer Systems	50

USE OF ESTIMATES

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

SECURITY DEPOSITS

The District required security deposits to be paid in order for residents to obtain services. These deposits are refunded after two years if the customer has not been delinquent. The amount of the refund is to be determined by the Board and given as credit on the customer's bill.

DEBT ISSUE COSTS

The District capitalizes all debt issue costs and amortizes the costs over the life of the debt using the effective interest method.

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

PROPERTY TAXES

Property taxes are levied on October 1st by the District based on the January 1st property values as assessed by the Hardin County Appraisal District. Taxes are due without penalty until January 31st of the next calendar year. After January 31st the District has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the District.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes and reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. The following is an explanation of the reconciliation:

Capital Assets – When capital assets (land, building, water and sewer facilities, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets of the District as a whole. The details of this adjustment are as follows:

Net Capital Assets	4,433,165
	<u>\$ 4,433,165</u>

Long-term Liabilities – Long-term liabilities applicable to the District's activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. The details of this adjustment are as follows:

Deferred Outflows	(45,002)
Bonds Payable	1,002,500
	<u>\$ 957,498</u>

Explanation of differences between governmental fund operating statements and statement of activities

Differences in governmental fund operating statements and the statement of activities arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the government funds. The effects of the differences are as follows:

Property Taxes	(14,414)
	<u>\$ (14,414)</u>

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,

Cont'd

When capital assets that are used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures of governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation charged for the year. The details of these differences are as follows:

Depreciation Expense	276,301
	<u>\$ 276,301</u>

Repayment of bond principal is reported as an expenditure in governmental funds and thus, has the effect of reducing the fund balance because current financial resources have been used. For the District as a whole, however, principal payments reduce liabilities in the statement of net position and do not result in an expense in the statement of activities. Principal payments on the bonds made during the year were \$215,000.

The capital acquired from issuing new bonds is reported as other sources of funds in governmental funds, this has the effect of increasing fund balance. For the District as a whole, however, the outstanding balance of bonds is reported as a long-term liability along with any premium or discount associated with the bond. The details of these differences are as follows:

Long-term debt	1,020,000
Premium or Discount on Issuance of Bonds	<u>(17,500)</u>
	<u>\$ 1,002,500</u>

NOTE 3 – 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 protest District funds on a day-to-day basis during the period of the contract.

The District does not pool cash and investments. Instead, the District maintains separate cash accounts, in the form of checking and/or savings accounts, for each fund.

The Public Funds Investment Act requires an annual audit of investment practices. With the exception of communicating the District's investment policy to the depository bank and periodic investment reporting, audit procedures in this area disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the District was in substantial compliance with the requirements of the Act.

Cash and investments were covered by FDIC insurance and pledged securities throughout the year.

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS, Cont'd

The following is disclosed regarding coverage of combined balances on the date of the highest deposit:

1. Name of Bank: **PNC BANK, Beaumont, TX**
2. The cash balance at the bank at the end of the year was \$271,456
3. The cash balance per books at the end of the year was \$253,516
4. Total FDIC coverage at the time of the largest combined balance was \$500,000. The amount was fully covered by FDIC insurance at the end of the year.
5. The amount not covered by FDIC insurance is covered by pledged securities.

Both cash deposits and investments held at financial institutions can be categorized according to three levels of risk. These three levels are as follows:

- Category 1 – Insured, registered, or held by the District or by its agent in the District's name
- Category 2 – Uninsured and unregistered held by the financial institution's trust department or agent in the District's name
- Category 3 – Uninsured and unregistered held by the financial institution, its trust department or agent, but not in the District's name

Based on these three levels of risk, all of the District's investments are classified as Category 1.

NOTE 4 – ACCOUNTS RECEIVABLE

The District considers account receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operating expenses when that determination is made.

NOTE 5 – TAXES RECEIVABLE

Property taxes receivable are offset by deferred revenues in the financial statements at December 31, 2022.

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022****NOTE 6 – CHANGES IN FIXED ASSETS**

Capital asset activity for the District for the year ended December 31, 2022, was as follows:

	Balance 01/01/2022	Additions	Deletions	Balance 12/31/2022
Capital Assets				
Land	\$ 33,126	\$ 166,150	\$ -	\$ 199,276
Buildings & Facilities	9,750	-	-	9,750
Water & Sewer System	6,918,040	107,919	-	7,025,959
Drainage System	120,369	-	-	120,369
Machinery & Equipment	156,974	-	-	156,974
Organizational & Engineering	361,529	-	-	361,529
Total Historical Costs	7,599,788	274,069	-	7,873,857
Less Accumulated Depreciation				
Buildings & Facilities	(9,750)	-	-	(9,750)
Water & Sewer System	(2,835,331)	(250,956)	-	(3,086,287)
Drainage System	(78,973)	(6,018)	-	(84,991)
Machinery & Equipment	(48,948)	(15,697)	-	(64,645)
Organization & Engineering	(191,389)	(3,630)	-	(195,019)
Total Accumulated Depreciation	(3,164,391)	(276,301)	-	(3,440,692)
Net Capital Assets	\$ 4,435,397	\$ (2,232)	\$ -	\$ 4,433,165

NOTE 7 – BONDS PAYABLE

Bonded indebtedness of the District is reflected in the Statement of Net Position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. The District issued Series 2012 Unlimited Tax Refunding Bonds in the amount of \$2,425,000. The District issued Series 2014 Unlimited Tax Refunding Bonds in the amount of \$1,250,000. A summary of changes in general long-term debt for the year ended December 31, 2022 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 01/01/2022	Issued	Retired	Outstanding 12/31/2022	Amount Due In One Year
Bonds:							
Series 2012	2.60%	2,425,000	730,000	-	175,000	555,000	180,000
Series 2014	2.00-4.00%	1,250,000	505,000	-	40,000	465,000	40,000
Other Long-Term:							
Discount on Bonds		-	(20,000)	-	(2,500)	(17,500)	(2,500)
Total		<u>\$ 3,675,000</u>	<u>\$ 1,215,000</u>	<u>\$ -</u>	<u>\$ 212,500</u>	<u>\$ 1,002,500</u>	<u>217,500</u>

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 7 – BONDS PAYABLE, Cont'd

A summary of the annual requirement for bonds outstanding is as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2023	220,000	24,338	244,338
2024	225,000	18,363	243,363
2025	230,000	12,208	242,208
2026	85,000	7,706	92,706
2027	90,000	4,863	94,863
Thereafter	170,000	3,200	173,200
Total	<u>\$ 1,020,000</u>	<u>\$ 70,676</u>	<u>\$ 1,090,676</u>

NOTE 8 – RESERVATION OF FUND BALANCE

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

1. Non-Spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The District has \$0 classified as Non-Spendable.
2. Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The District has \$307,995 classified as Restricted.
3. Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. The District has \$0 classified as Committed.
4. Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the District. The District has \$0 classified as Assigned.
5. Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds. The District has \$48,738 classified as Unassigned.

The elected Board of Trustees for the entity has the authority to commit, assign, and restrict fund balances. In some instances, a restriction is a result of meeting contractual or otherwise legal requirements, for example, debt service requirements contained in the bond covenant.

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 9 – DONATED ASSETS

During the year, the District had 14 lots donated for a total value \$166,150. These lots were donated from the developer as the land could not be effectively sold. This is reflected on the Statement of Activities and Governmental Fund Revenues, Expenditures, and changes in Fund Balances under Non-Operating Revenues.

NOTE 10 – 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; and other various claims. The District purchases commercial insurance to indemnify it in the event of loss.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 18, 2023, the date at which the financial statements were available to be issued. There are no instances that would require disclosure.

NOTE 12 – LITIGATION

None.

REQUIRED SUPPLEMENTARY INFORMATION

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Amended Budget	Actual	Variance
REVENUE				
Charges for Services	\$ 272,333	\$ 272,333	\$ 274,751	\$ 2,418
Property Taxes	336,334	336,334	344,667	8,333
Other Revenues	5,000	5,000	207,414	202,414
Total Revenues	<u>613,667</u>	<u>613,667</u>	<u>826,832</u>	<u>213,165</u>
EXPENSES				
Service Operations:				
Water Service	60,617	60,617	47,957	12,660
Sewer Service	78,500	78,500	103,917	(25,417)
Salaries & Payroll Taxes	51,967	51,967	13,621	38,346
Contracted Services	35,333	35,333	40,958	(5,625)
Professional Fees	26,667	26,667	21,045	5,622
Other Expenses	75,825	75,825	127,757	(51,932)
Capital Outlay	48,667	48,667	274,069	(225,402)
Debt Service:				
Principal Retirement	216,667	216,667	215,000	1,667
Interest & Fiscal Charges	28,964	28,964	32,262	(3,298)
Total Expenses	<u>623,207</u>	<u>623,207</u>	<u>876,586</u>	<u>(253,379)</u>
Net Change in Fund Balance	(9,540)	(9,540)	(49,754)	(40,214)
Fund Balance, Beginning of Year	<u>406,487</u>	<u>406,487</u>	<u>406,487</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 387,407</u>	<u>\$ 387,407</u>	<u>\$ 356,733</u>	<u>\$ (80,428)</u>

TEXAS REQUIRED SUPPLEMENTARY INFORMATION

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

**NOTES REQUIRED BY THE WATER DISTRICT ACCOUNTING MANUAL
DECEMBER 31, 2022**

NOTE 1 – CREATION OF DISTRICT

The Hardin County Water Control and Improvement District #1 was created November 18, 1963, under the authority of the Texas Water Commission and operates under Chapter 51 of the Texas Water Commission. The Board of Directors held its first meeting on November 25, 1963, and the first bonds were sold on March 1, 1964.

NOTE 2 – BASIS OF ACCOUNTING

(The District's basis of accounting is covered in Notes to the Financial Statements.)

NOTE 3 – BOND INTEREST

The Unlimited Tax Refunding Bonds, Series 2012, were sold in August 2012 in the amount of \$2,425,000, with an interest rate of 2.6%. Interest is payable semi-annually February 15 and August 15. Principal payments are due February 15. This 2012 Issue was used to pay off the entire balances of the 1996 and 2004 bond issues.

The Unlimited Tax Refunding Bonds, Series 2014, were sold in July 2014 in the amount of \$1,250,000, with an interest rate of 2.00-4.00%. Interest is payable semi-annually February 15 and August 15. Principal payments are due February 15. This 2014 issue was used to make improvements to the water wells.

NOTE 4 – PLEDGE OF LEVY AND TAXES

For each year while any Bond is outstanding and the District remains in existence, there shall be and is hereby levied and assessed a continuing direct annual ad valorem tax upon each \$100 valuation of taxable property within the district at a rate from year to year sufficient, together with revenue and receipts from other sources which are legally available for such purposes: (i) to pay interest on the Bonds as it becomes due: and (ii) to provide a sinking fund for the payment of the principal of the Bonds when due or the redemption price at any earlier required redemption date, full allowance being made for anticipated delinquencies. The District shall timely assess and diligently collect such tax and apply the collections thereof solely as provided herein. Each order of the Board of Directors levying and establishing the rate of ad valorem taxes shall specify the portion of such rate levied to pay the debt service requirements on obligations of the District payable from the Bond Fund and the portion, if any, of such rate levied for operating and maintenance purposes, and all and all collections of ad valorem taxes, including penalty and interest attributable thereto, and all expenses of assessing and collecting such taxes, shall be allocated among such purposes in proportion to the respective levies in the tax year with respect to which such taxes are owed. In the absence of any specification to the contrary in the order of the Board of Directors levying and establishing the rate of ad valorem taxes, the entire amount of such taxes for such year shall be deemed to have been levied to pay the debt service requirements on obligations of the District payable from the Bond Fund.

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1
NOTES REQUIRED BY THE WATER DISTRICT ACCOUNTING MANUAL
DECEMBER 31, 2022

NOTE 5 – COMPLIANCE WITH DEBT SERVICE REQUIREMENTS

The District is in compliance with their bond indenture requirements.

Each fund shall be kept separate and apart from all other funds of the District. The Bond Fund shall constitute a trust fund which shall be held in trust for the benefit of the owners of the Bonds. All other funds shall be used solely as provided in this Order until all of the Bonds have been retired, both as to principal and interest.

Operating Fund. The Operating Fund shall comprise the funds of the District for operating and maintaining the System and paying general and administrative expenses of the District. The District shall deposit to the credit of the Operating Fund all income or increment which may grow out of the ownership and operation of the System unless derived from contracts with other persons, including private corporations, municipalities and political subdivisions which, under the terms of the authorizing orders, may be pledged for the requirements of the District's revenue bonds issued particularly to finance the facilities needed in performing any such contracts, and the District may deposit to the credit of the Operating Fund such other income or receipts of the District not otherwise required to be applied by this Order. The Operating Fund shall be used solely to: (i) pay all reasonable expenses of the administration, efficient operations and adequate maintenance of the System; (ii) transfer from time to time any excess to the credit of the Bond Fund when needed to pay the obligations of the District payable therefrom; and (iii) to the extent the balance of the Bond Fund and tax collections available for deposit thereto are sufficient to pay when due the obligations of the District payable from the Bond Fund, to pay any other expense of the District.

Bond Fund. The Bond Fund shall comprise the interest and sinking fund of the District. The District shall deposit to the credit of the Bond Fund: (i) accrued interest on the Current Interest Bonds from their date to the date of their delivery; (ii) collections of District taxes to the extent provided in "Operating Fund" section hereof; and (iii) amounts transferred from the Operating Fund to the extent provided in the first paragraph of the section. The Bond Fund, including interest earnings or amounts deposited therein, shall be applied solely to pay the principal or redemption price of an interest on the Bonds when due, the fees of the Paying Agent/Registrar and to pay when due any other bonds or notes of the District payable in whole or in part from taxes.

NOTE 5 – ENGINEERING REPORT

No requirements.

NOTE 6 – WATER AND SEWER RATES

\$40	0 – 5,00 Gallons
\$7	5,000 – 8,000 Gallons
\$2.80	8,000 and above

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

SCHEDULE OF SERVICES AND RATES

DECEMBER 31, 2022

1. Services Provided by the District

<u> X </u>	Retail Water	<u> </u>	Wholesale Water
<u> X </u>	Retail Sewer	<u> </u>	Wholesale Sewer
<u> </u>	Parks/Recreation	<u> </u>	Fire Protection
<u> </u>	Solid Waste/Garbage	<u> </u>	Flood Control
<u> </u>	Participates in Joint Venture, Regional System and/or Wastewater Service (Other than Emergency Interconnect)	<u> X </u>	Drainage
<u> </u>	Other	<u> </u>	Irrigation
		<u> </u>	Security
		<u> </u>	Roads

2. Retail Rates Based on 3/4" Meter

 Retail Rates Not Applicable

Based on Rate Order Dated:

	Minimum Charge	Minimum Usage	Flat Rate Yes/No	Rate per 1000 Gallons Over Minimum Usage Levels (Water Only)
Water/Sewer	<u> \$40.00 </u>	<u> 5000 </u>	<u> Y </u>	<u> \$75,000 to 7,999 </u>
				<u> \$2.80 8,000 + </u>
	District employee winter averaging for wastewater			
			Yes <u> </u>	
			No <u> X </u>	
Total water and sewer charges per 10,000 gallons usage (including surcharges)				<u> \$49.80 </u>

3. Does the District assess standby fees?

Yes
No X

If yes, state the amount and basis of the assessment.

Not Applicable.

4. Total water consumption (rounded to the nearest 1,000) during the fiscal year:

Gallons pumped into system: 43,273,000
Gallons billed to customers: 34,462,753

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

SCHEDULE OF SERVICES AND RATES

DECEMBER 31, 2022

5. Number of retail water and/or wastewater connections within the District as of December 31, 2022:

445

<u>Connections</u>	<u>Active Connections</u>	<u>Inactive Connections</u>
Single Family	437	14
Multi-Family	0	0
Commercial	5	0
Other - Recreational Centers, Governmental & VFD	<u>3</u>	<u>0</u>
Totals	<u>445</u>	<u>14</u>

6. Anticipated source of funds to be used for debt service payments in the following fiscal year:

A. Debt Service Tax Receipts	\$	-
B. Surplus Construction Funds		-
C. Water and/or Wastewater Revenue		-
D. Standby Fees		-
E. Beginning Debt Service Fund Cash Balances		-
F. Interest Revenue		-
G. Other		<u>-</u>
Total Anticipated to be Used	\$	<u>-</u>

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1**SCHEDULE OF GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Current		
Personnel (Including Benefits)	\$	13,621
Professional Fees		
Auditing		5,000
Attorney		10,155
Other		5,890
Purchased Services for Resale		
Bulk Water & Sewer Service Purchases		114,376
Contracted Services		
Appraisal District		7,374
Other Contracted Services		33,584
Utilities		40,225
Repairs and Maintenance		38,361
Administrative Expenditures		
Director's Fees		2,265
Office Supplies		-
Insurance		15,688
Other Administrative Expenses		33,265
Capital Outlay		
Acquisition of Fixed Assets		274,069
Other		
Chemicals		5,680
Tests & Assessments		7,458
Miscellaneous Expenditures		22,313
TOTAL EXPENDITURES	\$	629,324

Number of persons employed by the District	<u>0</u>	Full Time
(Do not include independent Contractors or Consultants)	<u>2</u>	Part Time

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

SCHEDULE OF TEMPORARY INVESTMENTS

DECEMBER 31, 2022

<u>Funds</u>	<u>Name of Institution</u>	<u>Identificatoin or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Rate</u>	<u>Balances At End of Year</u>
<u>General Fund:</u>					
Checking	PNC Bank	25358250158			\$ 18,462
Time Deposit	PNC Bank	2535820174	0.06%		\$ 5,653
<u>Debt Service Fund:</u>					
Time Deposit	PNC Bank	2535820166			\$ 229,403

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1**TAXES LEVIED AND COLLECTED
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Maintenance Taxes	Debt Service Taxes
Taxes Receivable, Beginning of Year	\$ 37,875	\$ 110,653
2021 Original Roll (Less: Abatements)	90,708	265,008
Total To Be Accounted For	128,583	375,661
Tax Collections:		
Current Year	55,395	161,840
Prior Years	34,209	99,943
Adjustments	603	1,760
Total Collections & Adjustments	90,207	263,543
Taxes Receivable, End of Year	\$ 38,376	\$ 112,118
Taxes Receivable by Year		
2008 & Prior	\$ -	\$ -
2009	-	-
2010	7	20
2011	7	20
2012	427	1,246
2013	76	221
2014	73	214
2015	8	23
2016	30	88
2017	27	79
2018	414	1,211
2019	379	1,108
2020	566	1,654
2021	1,174	3,430
2022	35,188	102,804
Taxes Receivable, End of Year	\$ 38,376	\$ 112,118

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1**TAXES LEVIED AND COLLECTED
FOR THE YEAR ENDED DECEMBER 31, 2022****PROPERTY VALUATION**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 17,426,348	\$ 9,366,996	\$ 9,537,827	\$ 9,092,457	\$ 11,311,019
Improvements	93,033,312	85,604,877	72,344,480	26,204,744	74,843,296
Personal Property	819,922	672,178	536,220	757,300	1,006,470
Total Property Valuation	<u>\$ 111,279,582</u>	<u>\$ 95,644,051</u>	<u>\$ 82,418,527</u>	<u>\$ 36,054,501</u>	<u>\$ 87,160,785</u>

TAX RATES PER \$100 VALUATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Debt Service Tax Rates	0.238150	0.261163	0.302408	0.990000	0.416294
Maintenance Tax Rates	0.081510	0.077144	0.087548	0.190790	0.072171
Total Tax Rates Per \$100	<u>0.319660</u>	<u>0.338307</u>	<u>0.389956</u>	<u>1.180790</u>	<u>0.488465</u>

TAX ROLLS

	<u>\$ 355,716</u>	<u>\$ 323,571</u>	<u>\$ 321,396</u>	<u>\$ 425,728</u>	<u>\$ 425,750</u>
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For the Year Ended December 31, 2022

Percent of Current Taxes Collected to Current Taxes Levied	67.14%
Percent of Current and Delinquent Taxes Collected to Current Taxes Levied and Delinquent Taxes Outstanding at the Beginning of the Year	109.33%

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

**TAXES LEVIED AND COLLECTED
FOR THE YEAR ENDED DECEMBER 31, 2022**

Tax rates for any other special district which:

- a) encompasses less than a county
- b) provide water, wastewater collection, drainage or roads to property in the district
- c) tax property in the District
(Do Not Include Taxes Levied by the District).

Name of Special	Services	Tax
None	None	\$0
TOTAL RATE(S) OF SPECIAL DISTRICT(S)		\$0

Tax rate for all overlapping jurisdictions. Include any taxing entries which overlap 10% or more.

	<u>Taxing Jurisdiction</u>	<u>Tax Rate</u>
A. County	Hardin County	0.58000
B. City	N/A	0.00000
C. School District	Hardin Jefferson ISD	1.25650
D. Special Districts not included above: - ESD #5 Sour Lake		0.10000
E. Total Special District		0.00000
F. Total District Tax Rate		0.31966
G. TOTAL OVERLAPPING TAX RATE (Sum of A-F)		<u>2.25616</u>

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1
GENERAL LONG-TERM DEBT SERVICE REQUIREMENTS – BY YEARS
FOR THE YEAR ENDED DECEMBER 31, 2022

SERIES 2012
Annual Requirements

Due During Fiscal Year Ending	Principal Due 8/15	Interest Due 2/15 & 8/15	Total
2023	180,000	12,090	192,090
2024	185,000	7,345	192,345
2025	190,000	2,470	192,470
	<u>\$ 555,000</u>	<u>\$ 21,905</u>	<u>\$ 576,905</u>

SERIES 2014
Annual Requirements

Due During Fiscal Year Ending	Principal Due 8/15	Interest Due 2/15 & 8/15	Total
2023	40,000	12,248	52,248
2024	40,000	11,018	51,018
2025	40,000	9,738	49,738
2026	85,000	7,706	92,706
2027	90,000	4,863	94,863
2028	95,000	2,450	97,450
2029	75,000	750	75,750
	<u>\$ 465,000</u>	<u>\$ 48,771</u>	<u>\$ 513,771</u>

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

**ANALYSIS OF CHANGES IN GENERAL LONG-TERM DEBT
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Series 2012</u>	
Interest Rates	2.60%	
Dates Interest Payable	2/15 & 8/15	
Maturity Dates	2/15	
Bonds Outstanding at Beginning of Current Year	\$730,000	
Bonds Sold During Current Year	\$0	
Retirements: Principal	<u>(\$175,000)</u>	
Bonds Outstanding at End of Current Year	<u><u>\$555,000</u></u>	
Retirements: Interest	<u>\$16,705</u>	
Paying Agent Name and Address:	Series 2012	BBVA Compass Bank Dallas, TX

	<u>Series 2014</u>	
Interest Rates	2.00-4.00%	
Dates Interest Payable	2/15 & 8/15	
Maturity Dates	2/15	
Bonds Outstanding at Beginning of Current Year	\$505,000	
Bonds Sold During Current Year	\$0	
Retirements: Principal	<u>(\$40,000)</u>	
Bonds Outstanding at End of Current Year	<u><u>\$465,000</u></u>	
Retirements: Interest	<u>\$13,448</u>	
Paying Agent Name and Address:	Series 2014	BNY Melon

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1
COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022

	AMOUNTS					PERCENT TO TOTAL FUND REVENUES				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
GENERAL FUND										
REVENUES:										
Property Taxes	\$ 109,748	\$ 74,887	\$ 75,311	\$ 49,833	\$ 62,357	18.58%	21.20%	22.02%	3.72%	13.24%
Service Revenue	274,751	258,164	258,163	256,126	189,411	46.51%	73.09%	75.49%	19.12%	40.22%
Tap Connection Fees	-	-	-	-	18,000	0.00%	0.00%	0.00%	0.00%	3.82%
Other Income	206,270	20,170	8,515	-	737	34.92%	5.71%	2.49%	0.00%	0.16%
Grants & Insurance	-	-	-	1,033,926	200,448	0.00%	0.00%	0.00%	77.17%	42.56%
Total Revenue	<u>\$ 590,769</u>	<u>\$ 353,221</u>	<u>\$ 341,989</u>	<u>\$ 1,339,885</u>	<u>\$ 470,953</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
EXPENDITURES:										
Professional Fees	\$ 75,624	\$ 18,936	\$ 26,944	\$ 27,401	\$ 26,496	12.80%	5.36%	7.88%	2.05%	5.63%
Purchased Services	114,376	85,301	93,715	119,106	31,908	19.36%	24.15%	27.40%	8.89%	6.78%
Utilities	40,225	34,440	26,403	23,956	24,789	6.81%	9.75%	7.72%	1.79%	5.26%
Repairs & Maintenance	38,361	51,028	7,200	32,545	70,819	6.49%	14.45%	2.11%	2.43%	15.04%
Other Expenditures	86,669	142,232	108,442	196,087	97,737	14.67%	40.27%	31.71%	14.63%	20.75%
Capital Outlay	274,069	52,451	83,987	821,418	186,487	46.39%	14.85%	24.56%	61.31%	39.60%
Total Expenditures	<u>\$ 629,324</u>	<u>\$ 384,388</u>	<u>\$ 346,691</u>	<u>\$ 1,220,513</u>	<u>\$ 438,236</u>	<u>106.53%</u>	<u>108.82%</u>	<u>101.37%</u>	<u>91.09%</u>	<u>93.05%</u>
Excess Revenues (Expenditures)	\$ (38,555)	\$ (31,167)	\$ (4,702)	\$ 119,372	\$ 32,717	-6.53%	-8.82%	-1.37%	8.91%	6.95%
OTHER SOURCES (USES)										
Transfer In/(Out)	\$ -	\$ 4,000	\$ (336,942)	\$ -	\$ -	0.00%	1.13%	-98.52%	0.00%	0.00%
Total Other Sources (Uses)	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ (336,942)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Change in Fund Balance	<u>\$ (38,555)</u>	<u>\$ (27,167)</u>	<u>\$ (341,644)</u>	<u>\$ 119,372</u>	<u>\$ 32,717</u>	<u>-6.53%</u>	<u>-8.82%</u>	<u>-1.37%</u>	<u>8.91%</u>	<u>6.95%</u>

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1
COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022

	AMOUNTS					PERCENT TO TOTAL FUND REVENUES				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
DEBT SERVICE FUND										
REVENUES:										
Property Taxes	\$ 234,919	\$ 251,146	\$ 258,538	\$ 337,055	\$ 356,612	99.52%	100.00%	99.57%	99.75%	98.82%
Other	1,144	-	1,126	853	4,253	0.48%	0.00%	0.43%	0.25%	1.18%
Total Revenue	<u>\$ 236,063</u>	<u>\$ 251,146</u>	<u>\$ 259,664</u>	<u>\$ 337,908</u>	<u>\$ 360,865</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
EXPENDITURES:										
Tax Collection Services	\$ 2,198	\$ 750	\$ 750	\$ 714	\$ 750	0.93%	0.30%	0.29%	0.21%	0.21%
Debt Service, Interest & Fees	245,064	245,721	241,088	357,305	354,917	103.81%	97.84%	92.85%	105.74%	98.35%
Total Expenditures	<u>\$ 247,262</u>	<u>\$ 246,471</u>	<u>\$ 241,838</u>	<u>\$ 358,019</u>	<u>\$ 355,667</u>	<u>104.74%</u>	<u>98.14%</u>	<u>93.13%</u>	<u>105.95%</u>	<u>98.56%</u>
Excess Revenues (Expenditures)	<u>\$ (11,199)</u>	<u>\$ 4,675</u>	<u>\$ 17,826</u>	<u>\$ (20,111)</u>	<u>\$ 5,198</u>	<u>-4.74%</u>	<u>1.86%</u>	<u>6.87%</u>	<u>-5.95%</u>	<u>1.44%</u>
OTHER SOURCES (USES)										
Transfer Out	\$ -	\$ -	\$ 336,942	\$ -	\$ -	0.00%	0.00%	129.76%	0.00%	0.00%
Total Other Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>	<u>0.00%</u>	<u>129.76%</u>	<u>0.00%</u>	<u>0.00%</u>
Change in Fund Balance	<u>\$ (11,199)</u>	<u>\$ 4,675</u>	<u>\$ 354,768</u>	<u>\$ (20,111)</u>	<u>\$ 5,198</u>	<u>-4.74%</u>	<u>1.86%</u>	<u>136.63%</u>	<u>-5.95%</u>	<u>1.44%</u>

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1

**INSURANCE COVERAGE
FOR THE YEAR ENDED DECEMBER 31, 2022**

Type of Coverage	From	To	Amount of Coverage	Insurer Name	Type Corporation Stock/Mutual	Policy Clause Co-Insurance
<u>Real and Personal Property Coverage</u>						
Machinery, Building, Well & Sewer Plant, etc.	10/1/2022	10/1/2023	3,634,353	Texas Municipal League	Mutual	No
<u>General Liability</u>						
Liability Coverage	10/1/2022	10/1/2023	3,000,000	Texas Municipal League	Mutual	No
Pollution Coverage	10/1/2022	10/1/2023	2,000,000	Texas Municipal League	Mutual	No
<u>Errors and Omissions</u>						
General Liability	10/1/2022	10/1/2023	3,000,000	Texas Municipal League	Mutual	No
<u>Automobile Liability</u>						
General Liability	10/1/2022	10/1/2023	2,000,000	Texas Municipal League	Mutual	No
<u>Officer & Employee Bond</u>						
	10/1/2022	10/1/2023	25,000 Each	Texas Municipal League	Stock	No

HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1**BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS****DECEMBER 31, 2022**

Complete District Mailing Address: Hardin County WCID #1
101 Pinegarden Lane
Sour Lake, TX 77659

District Business Telephone Number: (409) 791-1060

<u>Names and Addresses</u>	<u>Term or Office Elected & Expired or Date Hired</u>	<u>Fees and Expense Reimbursement</u>	<u>Title at Year End</u>	<u>Resident of District</u>
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Board Members:

Jack Maddox 1043 Pine Needles Sour Lake, TX 77659	5/22 - 5/26	\$2,265	President	Yes
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Lloyd B. Hughes 1227 East Pine Shadows Sour Lake, TX 77659	5/22 - 5/26	\$275	Vice President	Yes
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Timothy D. Jones 1007 Pine Needles Sour Lake, TX 77659	5/22 - 5/26	\$0	Secretary/Treasurer	Yes
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Allen Davis 356 W. Pineshadows Sour Lake, TX 77659	5/22 - 5/26	\$0	Director	Yes
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Steven Fox 179 Woodshire Sour Lake, TX 77659	5/22 - 5/26	\$0	Director	Yes
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Key Administrative Personnel:

Wayne Turk 101 Pinegarden Sour Lake, TX 77659	Contracted 1984	\$13,536	Office Manager	Yes
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Utility Innovations PO Box 2076 Silsbee, TX 77565	Contracted 2015	\$152,092	Operations Manager	No
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HARDIN COUNTY WATER CONTROL AND IMPROVEMENT #1**BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS****DECEMBER 31, 2022**

<u>Names and Addresses</u>	<u>Term or Office Elected & Expired or Date Hired</u>	<u>Fees and Expense Reimbursement</u>	<u>Title at Year End</u>	<u>Resident of District</u>
<u>Consultants & Providers of Professional Services:</u>				
Germer PLLC Attorneys at Law 550 Fannin Suite 400 Beaumont, TX 77701	Contracted 1992	\$10,155	Attorneys	No
Crystal Smith, Chief Appraiser Hardin County Appraisal District P.O. Box 670 Kountze, TX 77625	Contracted 1983	\$7,374	Appraisal District	No
Mitchell T Fontenote CPA, Inc. 2428 Nall Street Port Neches, TX 77651	Contracted 2014	\$5,000	Auditors	No