

*ANNUAL FINANCIAL REPORT*

of the

**Cape Royale  
Utility District**

**For the Year Ended  
June 30, 2020**

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**Cape Royale**  
**Utility District**  
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June 30, 2020

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BROOKSWATSON & CO.  
CERTIFIED PUBLIC ACCOUNTANTS

***INDEPENDENT AUDITOR'S REPORT***

To the Board of Directors of the  
Cape Royale Utility District:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Cape Royale Utility District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Cape Royale Utility District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

## *Opinion*

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 major fund of Cape Royale Utility District, as of June 30, 2020, 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.

## *Emphasis of Matter*

As discussed in Note 7, the District restated beginning net position for governmental activities due to corrections to capital assets. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Cape Royale Utility District's basic financial statements. The accompanying Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Texas Supplementary Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Brooks Watson & Co.*

BrooksWatson & Co., PLLC  
Certified Public Accountants  
Houston, Texas  
November 18, 2020

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***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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# Cape Royale Utility District

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

As management of the Cape Royale Municipal Utility District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020.

### FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities (net position) at June 30, 2020 by \$3,764,857.
- The District's total net position increased by \$467,459. Unrestricted net position of \$862,174 makes up 23% of total net position.
- The District's governmental fund reported an ending fund balance of \$846,005 at June 30, 2020, and a decrease of \$551,363 from the prior fiscal year. The general fund is the District's only governmental fund.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$846,005 or 39% of total general fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

#### Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the District's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

**Cape Royale**  
**Municipal Utility District**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended June 30, 2020

Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and utility service revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the District include general professional fees, garbage removal expenses, repairs and maintenance expenses, and operations and administrative expenses.

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's general fund is considered to be a governmental fund.

**Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the *governmental funds* and *governmental activities*.

The District maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

**Cape Royale**  
**Municipal Utility District**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended June 30, 2020

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with the general fund budget.

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The fund financial statements provide more information about the District's most significant funds, not the District as a whole.

**Notes to Financial Statements**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

In addition to basic financial statements and accompanying notes, this report also presents certain required supplementary information. A budgetary comparison schedule for the general fund has been included to comply with GASB Statement No. 34. Additionally, Texas Supplementary Information (TSI) has been included to comply with state reporting requirements.

**Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$3,764,857 at the close of the most recent fiscal year.

An important portion of the District's net position, is \$2,902,683, which reflects its investments in capital assets (e.g., land, water, sanitary sewer, and garbage system, equipment, etc.), less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Cape Royale**  
**Municipal Utility District**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended June 30, 2020

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

		<b>Governmental Activities</b>		
		<b>2020</b>	<b>2019</b>	<b>Variance</b>
Current and other assets		\$ 936,255	\$ 1,532,313	\$ (596,058)
Capital assets, net		2,902,683	1,885,536	1,017,147
	<b>Total Assets</b>	<b>3,838,938</b>	<b>3,417,849</b>	<b>421,089</b>
Current liabilities		74,081	120,451	(46,370)
	<b>Total Liabilities</b>	<b>74,081</b>	<b>120,451</b>	<b>(46,370)</b>
Net position:				
Net investment in capital assets		2,902,683	1,929,168	973,515
Unrestricted		862,174	1,368,230	(506,056)
	<b>Total Net Position</b>	<b>\$ 3,764,857</b>	<b>\$ 3,297,398</b>	<b>\$ 467,459</b>

The District's net position increased \$467,459 to \$3,764,857. The District's net investment in capital assets increased \$973,515 when compared to the prior year due to new infrastructure system investments during the current year. Current assets decreased by \$596,058 due to the expenditure of available cash on infrastructure assets. Current liabilities decreased by \$46,370 primarily as a result of payments made on outstanding payables in the current year.

**Cape Royale**  
**Municipal Utility District**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended June 30, 2020

**Statement of Activities:**

The following table provides a summary of the District's changes in net position for the years ended June 30:

	<b>Governmental Activities</b>		
	<b>2020</b>	<b>2019</b>	<b>Variance</b>
<b>Revenues</b>			
Property taxes	\$ 906,627	\$ 850,395	\$ 56,232
Utility service revenues	660,409	605,269	55,140
Other revenues	25,196	21,558	3,638
<b>Total Revenues</b>	<b>1,592,232</b>	<b>1,477,222</b>	<b>115,010</b>
<b>Expenses</b>			
Professional fees	54,495	53,102	1,393
Garbage removal	83,582	65,725	17,857
Repairs and maintenance	90,007	192,289	(102,282)
Operations and administration	770,945	649,347	121,598
Depreciation	125,744	126,512	(768)
<b>Total Expenses</b>	<b>1,124,773</b>	<b>1,086,975</b>	<b>37,798</b>
<b>Change in Net Position</b>	<b>467,459</b>	<b>390,247</b>	<b>77,212</b>
Beginning Net Position	3,297,398	2,907,151	390,247
<b>Ending Net Position</b>	<b>\$ 3,764,857</b>	<b>\$ 3,297,398</b>	<b>\$ 467,459</b>

Property tax revenue increased by \$56,232 due to an increase in appraised property tax values. Utility service revenues increased by \$55,140 due to increased water consumption by the District's residents.

Total expenses increased by \$37,798. Garbage removal expenses increased as a result of greater household removal service fees. Operations and administrative expenses increased due to greater field compensation and health insurance expenses.

**Financial Analysis of Governmental Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Cape Royale**  
**Municipal Utility District**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended June 30, 2020

***Governmental Funds***

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's governing body.

General fund balance decreased by \$551,363 due to current year expenditures exceeding revenues, which is in line with the District's budget for the current year ended.

**General Fund Budgetary Highlights**

- Actual general fund revenues were over final budgeted revenues by \$48,383.
- Total general fund expenditures budgeted were over the actual expenditures by \$281,514.

**Capital Assets**

At the end of the year, the District had invested \$2,902,683 in a variety of capital assets and infrastructure, net of depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34.

Major capital asset events during the current year include the following:

- Water well improvements for \$955,635.
- Purchase of new equipment for \$50,389.
- Purchase of new water pumps for \$73,267.
- Lift station improvements for \$57,850.

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

**Economic Factors**

The District is located in Coldspring, Texas. The District remains financially viable allowing it to continue providing quality services to its residents.



**Cape Royale**  
**Municipal Utility District**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended June 30, 2020

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Cape Royale Municipal Utility District, 1330 Cape Royale Dr., Coldspring, Texas 77331, telephone (936) 653-4861.

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## ***FINANCIAL STATEMENTS***

# Cape Royale Utility District

## STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2020

	Governmental Funds Balance Sheet	
	General	Total
<b>Assets</b>		
Cash	\$ 849,108	\$ 849,108
Receivables, net	87,061	87,061
Other assets	86	86
Land and construction in progress	-	-
Capital assets (net of accumulated depreciation)	-	-
<b>Total Assets</b>	<b>\$ 936,255</b>	<b>\$ 936,255</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 13,593	\$ 13,593
Customer deposits	50,446	50,446
Compensated absences	-	-
<b>Total Liabilities</b>	<b>64,039</b>	<b>64,039</b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue - property taxes	26,211	26,211
<b>Fund balances/Net position</b>		
Fund Balances:		
Unassigned	846,005	846,005
<b>Total Fund Balances</b>	<b>846,005</b>	<b>846,005</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 936,255</b>	<b>\$ 936,255</b>
Net Position:		
Net investment in capital assets		
Unrestricted		
		<b>Total Net Position</b>

See Notes to Financial Statements.

<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ -	\$ 849,108
-	87,061
-	86
102,980	102,980
2,799,703	2,799,703
<u>\$ 2,902,683</u>	<u>\$ 3,838,938</u>
\$ -	\$ 13,593
-	50,446
10,042	10,042
<u>10,042</u>	<u>74,081</u>
<u>(26,211)</u>	<u>-</u>
(846,005)	-
<u>(846,005)</u>	<u>-</u>
2,902,683	2,902,683
862,174	862,174
<u>\$ 3,764,857</u>	<u>\$ 3,764,857</u>

# Cape Royale Utility District

## STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2020

	Governmental Change in Fund Balances	
	General	Total
<b>Revenues</b>		
Charges for utility services	\$ 647,409	\$ 647,409
Property taxes	906,618	906,618
Tap and inspection fees	13,000	13,000
Investment income	9,196	9,196
Other income	-	-
<b>Total Revenues</b>	1,576,223	1,576,223
<b>Expenditures/Expenses</b>		
<b>Service Operations:</b>		
Professional fees	54,495	54,495
Garbage removal	83,582	83,582
Repairs and maintenance	148,152	148,152
Operations and administration	772,611	772,611
Depreciation	-	-
<b>Capital Outlay</b>	1,084,746	1,084,746
<b>Total Expenditures/Expenses</b>	2,143,586	2,143,586
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(567,363)	(567,363)
<b>Other Financing Sources (Uses)</b>		
Sale of capital asset	16,000	16,000
<b>Total Other Financing Sources (Uses)</b>	16,000	16,000
<b>Net Change in Fund Balances/ Net Position</b>	(551,363)	(551,363)
Beginning Fund Balances/ Net Position	1,397,368	1,397,368
<b>Ending Fund Balances/ Net Position</b>	\$ 846,005	\$ 846,005

See Notes to Financial Statements.

<u>Adjustments</u>	<u>Statement of Activities</u>
\$ -	\$ 647,409
9	906,627
-	13,000
-	9,196
16,000	16,000
16,009	1,592,232
-	54,495
-	83,582
(78,462)	69,690
(1,666)	770,945
125,744	125,744
(1,064,429)	20,317
(1,018,813)	1,124,773
1,034,822	467,459
(16,000)	-
(16,000)	-
1,018,822	467,459
1,900,030	3,297,398
\$ 2,918,852	\$ 3,764,857

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# Cape Royale Utility District

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

### NOTE 1 – CREATION OF DISTRICT

Cape Royale Utility District (the “District”) was created by an order of Texas Water Commission, predecessor to the Texas Commission on Environmental Quality, adopted on December 20, 1976 and confirmed at an election held on January 15, 1977. The Board of Directors held its first meeting December 28, 1976, and the first bonds were sold on November 22, 1977. The District was created to provide water and sewer services to property owners within the boundaries of the District, and operates under the provisions of Chapter 54 of the Texas Water Code.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements and accounting policies of the District are prepared in conformity with generally accepted accounting principles for local governmental units as prescribed by the Governmental Accounting Standards Board, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

#### A. Reporting Entity

The District has adopted Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity*. In accordance with this statement, a financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The District is a political subdivision of the State of Texas governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present the activities of the District, which is considered to be the primary government as well as the reporting entity. There are no other organizations which meet the criteria for inclusion herein as part of the financial reporting entity.

# Cape Royale Utility District

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2020

### B. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### C. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government reported the following major governmental fund:

The *general fund* is used to account for the operations of the District and all other financial transactions not properly includable in other funds. The principal sources of revenue are related to utility service operations and property tax. Expenditures include all costs associated with the daily operations of the District.

### D. Measurement Focus and Basis of Accounting

The government-wide statements of net position and statement of activities are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet.

The accounting and financial reporting treatment applied to a fund is determined by the measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

# Cape Royale Utility District

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2020

The District utilizes the modified accrual basis of accounting in the governmental fund type. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes and interest associated with the current period are considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

### E. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

#### 1. *Cash and cash equivalents*

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

#### 2. *Investments*

Temporary investments consist of external investment pool, stated at cost, which approximates market value.

Applicable state laws and regulations allow the District to invest its funds in direct or indirect obligations of the United States, the State, or any county, city, school district, or other political subdivision of the State. Funds may also be placed in certificates of deposit of state or national banks or savings and loan associations (depository institutions) domiciled within the State. Related state statutes and provisions included in the District's bond resolutions require that all funds invested in depository institutions be guaranteed by federal depository insurance and/or be secured in the manner provided by law for the security of public funds.

# Cape Royale Utility District

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2020

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the District reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940 are reported using the pools' share price.

*Credit Risk – Investments.* Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At year end, the District's investments included external investment pools.

*Interest Rate Risk – Investments.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in the governmental investment pools to have a maturity of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

### 3. Fair Value

The District has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

### 4. Receivables and Interfund Transactions

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are classified as "due from other funds" or "due to other funds" on the combined balance sheet.

All trade receivables are shown net of any allowance for uncollectible amounts.

### 5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., administration building, water plants, sanitary sewer system, and water distribution system), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the

# Cape Royale Utility District

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2020

government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with the construction of governmental fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	35 years
Infrastructure	35 years
Vehicles	5 years
All other equipment	5 to 10 years

### 6. *Prepaid items*

Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

### 7. *Deferred outflows/inflows of resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that

# Cape Royale Utility District

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2020

applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

### 8. *Net position flow assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

### 9. *Fund balance flow assumptions*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### 10. *Compensated Absences*

The liability for compensated absences reported in the government-wide statements consist of unpaid, accumulated vacation and compensatory time balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave at

# Cape Royale Utility District

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2020

government-wide level are recognized as an expense and liability as the benefits accrue to employees.

It is the District's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the District's governmental funds recognize accrued compensated absences when it is paid.

Upon retirement or termination, the District pays any vacation leave in a lump case payment to such employee or his/her estate.

### 11. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

### 12. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts

# Cape Royale Utility District

## NOTES TO THE FINANCIAL STATEMENTS (Continued) For the Year Ended June 30, 2020

of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### F. Revenues and expenditures/expense

#### 1. *Program revenues*

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

#### 2. *Property taxes*

Property taxes attach as an enforceable lien on real property and are levied as of October 1<sup>st</sup>. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1<sup>st</sup> of the year following the year in which imposed. On February 1<sup>st</sup> of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Uncollected amounts at year end are reported as deferred inflows of resources. Delinquent property taxes collected within 60 days subsequent to year end were not considered material.

### NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources, and, therefore, are not reported in the funds.



# Cape Royale Utility District

## NOTES TO THE FINANCIAL STATEMENTS (Continued) For the Year Ended June 30, 2020

Total fund balance	\$ 846,005
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,902,683
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	26,211
Some liabilities, including compensated absences, are not reported as liabilities in the governmental funds.	(10,042)
<b>Net Position of Governmental Activities</b>	<b>\$ 3,764,857</b>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities states that, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated lives and reported as depreciation expense.”

Net change in fund balance - governmental fund	\$ (551,363)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated lives and reported as depreciation expense.	
Capital outlay	1,142,891
Depreciation expense	(125,744)
Some liabilities and expenses are accrued for within governmental activities, but not recorded within governmental funds until paid.	
Compensated absences	1,666
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	9
<b>Change in Net Position - Governmental Activities</b>	<b>\$ 467,459</b>

# Cape Royale Utility District

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2020

### NOTE 4 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The original budget is adopted by the Board of Directors prior to the beginning of the year. The legal level of control is the fund level. Management may not amend the budget without the approval of the Board. Appropriations lapse at the end of the year.

The District has adopted a non-appropriated budget in accordance with Title 30 of the Texas Administrative Code, Section 293.97. The budget is prepared using the same method of accounting as for financial reporting and a budgetary comparison schedule for the general fund is presented as supplementary information to the basic financial statements.

During the year ended June 30, 2020, actual expenditures did not exceed appropriations at the legal level of control.

### NOTE 5 - DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District requires funds on deposit at the depository bank to be collateralized by securities. As of yearend, the District’s bank balances were fully insured by FDIC and pledged securities.

*Interest rate risk:* In compliance with the District’s Investment Policy, as of June 30, 2020, the District minimized the interest rate risk, related to current events market turmoil in the portfolio by: limiting the effective duration of security types no greater than the maximum maturity schedule as permitted by and in accordance with the Texas Water Code and Chapter 2256, Texas Government Code, the Public Funds Investment Act (the “Act”) as amended.; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Act; and investing operating funds primarily in external investment pools.

# Cape Royale Utility District

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2020

As of June 30, 2020, the District had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Days)</u>
External investment pools	\$ 602,952	33
	\$ 602,952	

### TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. There were no limitations or restrictions on withdrawals.

### B. Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are remeasured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The District's financial instruments consist of cash and cash equivalents, investments in investment pools, accounts receivable, and accounts payable. The estimated fair

# Cape Royale Utility District

## NOTES TO THE FINANCIAL STATEMENTS (Continued) For the Year Ended June 30, 2020

value of cash, cash equivalents, investments, accounts payable, and accounts receivable approximate their carrying amounts due to the short-term nature of these instruments.

### C. Receivables

The following comprise the receivable balances at year end:

	<b>General</b>
Property taxes	\$ 26,211
Utility service accounts	60,850
	\$ 87,061

### D. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2020 is as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Reclassifications (Decreases)</b>	<b>Ending Balances</b>
Capital assets, not being depreciated:				
Land	\$ 102,980	\$ -	\$ -	\$ 102,980
Construction in progress	36,060	955,635	(991,695)	-
Total capital assets not being depreciated	139,040	955,635	(991,695)	102,980
Capital assets, being depreciated:				
Buildings and improvements	263,472	-	-	263,472
Equipment and vehicles	396,145	50,389	(39,850)	406,684
Water, sewer, and garbage system	5,127,605	136,867	991,695	6,256,167
Total capital assets being depreciated	5,787,222	187,256	951,845	6,926,323
Less: accumulated depreciation	(4,040,726)	(125,744)	39,850	(4,126,620)
Net capital assets being depreciated	1,746,496	61,512	991,695	2,799,703
<b>Total Capital Assets</b>	<b>\$ 1,885,536</b>	<b>\$ 1,017,147</b>	<b>\$ -</b>	<b>\$ 2,902,683</b>

During the year, the District sold a backhoe for \$16,000. The net book value on the date of sale was \$0. Therefore, the District recognized a gain on sale of capital asset of \$16,000 for the year ended June 30, 2020.

Depreciation expense was \$125,744 for the year ended June 30, 2020.

# Cape Royale Utility District

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2020

E. Other Liabilities

The following is a summary of changes in the District's other liabilities for the year ended. The District uses the general fund to liquidate governmental activities compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 11,708	\$ -	\$ -	\$ 10,042	\$ 9,038
<b>Total Governmental Activities</b>	\$ 11,708	\$ -	\$ -	\$ 10,042	\$ 9,038
<b>Long-term Liabilities Due in More than One Year</b>				\$ 1,004	

### NOTE 6 – OTHER INFORMATION

A. 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 natural disasters for which the District carries insurance coverage. There have been no significant reductions in coverage from the prior year.

B. Maintenance Tax

In 1977, the voters of the District approved the levy and collection of a maintenance tax in an amount per \$100 of assessed valuation of taxable property within the District. During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$0.44 per \$100 of assessed valuation, which resulted in a tax levy of \$886,960 on the taxable valuation of \$201,581,896 for the 2019 tax year. This maintenance tax is to be used by the general fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

# Cape Royale Utility District

## NOTES TO THE FINANCIAL STATEMENTS (Continued) For the Year Ended June 30, 2020

The District's tax calendar is as follows:

Levy Date            October 1, or as soon thereafter as practicable

Lien Date            January 1

Due Date            Not later than January 31

Delinquent Date   February 1, at which time the taxpayer is liable for penalty and interest

### NOTE 7 – RESTATEMENT

The District restated beginning net position for governmental activities due to organization costs being improperly capitalized in prior years. The restatement of beginning position is as follows:

	<u>Governmental Activities</u>
Prior year ending net position, as reported	\$ 3,341,030
Removal of capitalized organization costs	<u>(43,632)</u>
Restated beginning net position	<u>\$ 3,297,398</u>

### NOTE 8 – SUBSEQUENT EVENTS

We have evaluated subsequent events through November 18, 2020, the date the financial statements were available to be issued. There were no subsequent events through this date which materially impact the financial statements.

***REQUIRED SUPPLEMENTARY INFORMATION***

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**Cape Royale  
Utility District**  
*BUDGETARY COMPARISON SCHEDULE*  
*GENERAL FUND*

For the Year Ended June 30, 2020

	Original & Final Budget <sup>1</sup>	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Charges for utility services	\$ 616,470	\$ 647,409	\$ 30,939
Property taxes	866,970	906,618	39,648
Tap and inspection fees	32,400	13,000	(19,400)
Investment income	12,000	9,196	(2,804)
<b>Total Revenues</b>	<u>1,527,840</u>	<u>1,576,223</u>	<u>48,383</u>
<b>Expenditures</b>			
Professional fees	68,070	54,495	13,575
Garbage removal	74,500	83,582	(9,082)
Repairs and maintenance	199,900	148,152	51,748
Administration	712,630	772,611	(59,981)
Capital Outlay	1,370,000	1,084,746	285,254
<b>Total Expenditures</b>	<u>2,425,100</u>	<u>2,143,586</u>	<u>281,514</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>			
	<u>(897,260)</u>	<u>(567,363)</u>	<u>329,897</u>
<b>Other Financing Sources (Uses)</b>			
Sale of capital asset	-	16,000	16,000
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>16,000</u>	<u>16,000</u>
<b>Net Change in Fund Balances</b>			
	<u>(897,260)</u>	<u>(551,363)</u>	<u>345,897</u>
Beginning Fund Balance		<u>1,397,368</u>	
<b>Ending Fund Balance</b>		<u>\$ 846,005</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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***TEXAS SUPPLEMENTARY INFORMATION***

# Cape Royale Utility District

## TSI-1 SERVICES AND RATES

For the Year Ended June 30, 2020

**1. Services provided by the District:**

<u>  X  </u>	Retail Water	<u>      </u>	Wholesale Water	<u>  X  </u>	Drainage
<u>  X  </u>	Retail Sewer	<u>      </u>	Wholesale Sewer	<u>      </u>	Irrigation
<u>      </u>	Parks/Recreation	<u>      </u>	Fire Protection	<u>      </u>	Security
<u>  X  </u>	Solid Waste/Garbage	<u>      </u>	Flood Control	<u>      </u>	Roads
<u>      </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u>      </u>	Other (specify): _____				

**2. a. Retail rates based on 5/8" meter and 1" meter**

Based on Rate Order Dated:

4/21/2017

		Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons Over Minimum	Usage Levels
Water	5/8"	\$ 20.00	1,000	N	\$2.05	1,001 to 4,000
	1"	\$ 28.25	1,000	N	\$3.22	4,000 to 12,000
					\$3.96	12,001 to 20,000
					\$4.56	20,001 +
Sewer		\$ 20.00	<u>      </u>	Y		
Garbage		\$ 16.00	<u>      </u>	Y		

District employs winter averaging for sewer usage?

Yes        No        X       

Total water and sewer charges per 10,000 gallons usage

\$ 65.47

**b. Retail Connections:** Number of retail water and/or wastewater connections \* within the District as of the fiscal year end. Provide actual numbers and single family equivalents (ESFC) as noted:

Type of Connection	Total Connections	Active Connections	Active SFE's
Single Family	725	716	716
Multi-Family	37	5	37
Commercial	15	14	-
Other - VFD, Recreation	3	-	-
Total water and wastewater	<u>780</u>	<u>735</u>	<u>753</u>

# Cape Royale Utility District

## TSI-1 SERVICES AND RATES

For the Year Ended June 30, 2020

<b>3.</b>	<b>Total Water Consumption (In Thousands) During the Fiscal Year:</b>		Water accountability
	Gallons pumped into system:	53,835	Ratio
	Gallons billed to customers:	39,915	86%
	Gallons used by the district	6,250	

<b>4.</b>	<b>Standby Fees:</b> Does the District assess standby fees? For the most recent full fiscal year:	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
	Debt Service:	Total levy	<input type="checkbox"/>	n/a	<input type="checkbox"/>
		Total collected	<input type="checkbox"/>	n/a	<input type="checkbox"/>
		Percentage collected	<input type="checkbox"/>	n/a	<input type="checkbox"/>
	Operation & Maintenance	Total levy	<input type="checkbox"/>	n/a	<input type="checkbox"/>
		Total collected	<input type="checkbox"/>	n/a	<input type="checkbox"/>
		Percentage collected	<input type="checkbox"/>	n/a	<input type="checkbox"/>

Have standby fees been levied in accordance with Water Code Section 49.231, thereby constituting a lien on property?      Yes       No

<b>5.</b>	<b>Location of District:</b>	
	County in which District is located.	San Jacinto
	Is the District located entirely within one county?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	Is the District located within a city?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
	City in which District is located.	n/a

Is the District located within a city's extra territorial jurisdiction (ETJ)?  
Entirely       Partly       Not at all

ETJ's in which District is located.      n/a

Is the general membership of the Board appointed by an office outside the District?  
If yes, by whom?      Yes       No

# Cape Royale Utility District

## TSI-2 GENERAL FUND EXPENDITURES

For the Years Ended June 30, 2020 and 2019

	2020	2019
<b><u>Current</u></b>		
<b>Professional Fees:</b>		
Auditing	\$ 10,984	\$ 7,200
Attorney fees	9,153	5,483
Engineering	492	1,178
Bank and other service fees	-	269
Appraisal district	33,866	31,564
	54,495	45,694
<b>Operations and Administration</b>		
Insurance	114,019	75,044
Directors compensation	1,350	1,375
Field and office compensation	435,915	358,766
Payroll taxes	36,944	26,633
Workers' compensation	7,997	7,361
Electric expenses	31,925	45,795
Office expenses	4,300	2,574
Other administrative expenses	140,161	163,265
	772,611	680,813
<b>Garbage Removal</b>	83,582	65,725
<b>Repairs and Maintenance</b>		
Streets and drainage	4,015	20,713
Materials and equipment maintenance	139,437	145,643
Buildings	4,700	4,951
	148,152	171,307
<b>Capital Outlay</b>	1,084,746	334,716
<b>Total Expenditures</b>	\$ 2,143,586	\$ 1,298,255

# Cape Royale Utility District

## TSI-3 CASH AND TEMPORARY INVESTMENTS

June 30, 2020

Funds	Identification or Certificate Number	Interest Rate (%)	Maturity Date	Balance
<b><u>General Fund</u></b>				
Bank of San Jacinto	614594	0.07%	N/A	\$ 224,763
People's State Bank	0036161	0.001%	N/A	21,093
Texpool	449/204120001	0.21%	8/2/2020	602,952
Petty cash	N/A	N/A	N/A	<u>300</u>
			<b>Total General Fund</b>	<u>849,108</u>
			<b>Total All Funds</b>	<u><u>\$ 849,108</u></u>

All interest has been received as of year end.

# Cape Royale Utility District

## TSI-4 ANALYSIS OF TAXES LEVIED AND RECEIVABLE

For the Year Ended June 30, 2020

Taxes receivable - June 30, 2019

2019 Adjusted tax roll

**Total to be Accounted For**

Tax Collections

Current year

Prior years

**Total Collections**

**Total Adjustments**

**Taxes Receivable - June 30, 2020**

**Taxes Receivable - By Year**

2019

2018

2017

2016

2015

2014

2013

2012

2011

2010

**Taxes Receivable - June 30, 2020**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Assessed</b>				
<b>Property Valuations</b>	\$ 222,423,127	\$ 210,037,640	\$ 188,680,528	\$ 173,039,710
<b>Tax Rates (Per \$100</b>				
<b>Valuations)</b>				
Debt service	\$ -	\$ -	\$ -	\$ -
Maintenance	0.44000	0.44000	0.44000	0.44000
<b>Total Tax Rate (per</b>				
<b>\$100 Valuation)</b>	\$ 0.4400	\$ 0.4400	\$ 0.4400	\$ 0.4400
<b>Tax Rolls**</b>	\$ 886,960	\$ 833,615	\$ 762,242	\$ 733,136

**For the Year Ended June 30, 2020**

Percent of current taxes collected to current taxes levied (as adjusted)

\*\* As adjusted



**General  
Fund**

\$	26,202
	886,960
	913,162
	873,287
	22,390
	895,677
	8,726
\$	26,211

\$	13,269
	5,237
	1,760
	1,157
	1,275
	1,292
	803
	671
	452
	295
\$	26,211

**2015**

\$	171,891,780
----	-------------

\$	0.34131
	0.25000

\$	0.5913
----	--------

\$	945,514
----	---------

**All Taxes**

98.5%

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# Cape Royale Utility District

## TSI-4 ANALYSIS OF TAXES LEVIED AND RECEIVABLE

For the Year Ended June 30, 2020

Tax rate for any other special district which (a) encompasses less than a county, (b) provides water, wastewater collection, drainage or roads to property in the district AND (c) taxes property in the district.

Name of Special District(s)	Service Provided	Tax Rate
N/A		\$
Total Rate(S) of Special District(s)		\$

Tax rates for overlapping jurisdictions. Include any taxing entities which overlap 10% or more of the district.

Taxing Jurisdiction

		Tax Rate
County:	San Jacinto County	\$ 0.46119
	Road & Bridge	<u>0.04289</u>
	Lateral Road District	<u>0.11065</u>
School District:	Coldspring ISD	<u>1.07210</u>
Special District(s) not included above:		
	San Jacinto County Emergency Service District	<u>0.10000</u>
Total District (from previous page)		0.44000
Total Overlapping Tax Rate		<u><u>\$ 2.2268</u></u>

# Cape Royale Utility District

## TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES

Last Five Years

	Amounts				
	2020	2019	2018	2017	2016
<b><u>General Fund Revenues</u></b>					
Service revenues	\$ 647,409	\$ 579,176	\$ 590,755	\$ 582,559	\$ 528,489
Tax revenues	906,618	843,463	781,671	738,138	547,150
Tap and inspection fees	13,000	26,093	19,200	30,400	17,904
Other charges	-	-	-	-	44
Investment revenues	9,196	14,556	5,165	940	886
Other revenues	16,000	7,002	30,339	5,318	22,227
<b>Total Revenues</b>	<b>1,592,223</b>	<b>1,470,290</b>	<b>1,427,130</b>	<b>1,357,355</b>	<b>1,116,700</b>
<b><u>General Fund Expenditures</u></b>					
Professional fees	54,495	53,102	54,360	48,435	64,708
Garbage removal	83,582	65,725	60,776	57,075	49,727
Operations and administration	772,611	652,423	654,571	625,208	596,718
Repairs and maintenance	148,152	192,289	128,835	146,524	122,615
Capital outlay	1,084,746	334,716	32,457	261,058	328,566
<b>Total Expenditures</b>	<b>2,143,586</b>	<b>1,298,255</b>	<b>930,999</b>	<b>1,138,300</b>	<b>1,162,334</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ (551,363)</b>	<b>\$ 172,035</b>	<b>\$ 496,131</b>	<b>\$ 219,055</b>	<b>\$ (45,634)</b>
<b><u>Debt Service Fund Revenues</u></b>					
Tax revenues	-	-	-	-	395,707
Penalty and interest	-	-	-	-	6,296
Investment revenues	-	-	-	-	170
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>402,173</b>
<b><u>Debt Service Fund Expenditures</u></b>					
Recurring operating expenses	-	-	-	-	1,711
Bond principal	-	-	-	-	820,000
Debt service and related costs	-	-	-	-	47,197
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>868,908</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (466,735)</b>
<b>Total Active Retail Water and/or Sewer Connections</b>	<b>716</b>	<b>720</b>	<b>708</b>	<b>678</b>	<b>683</b>

**Percent of Total Fund Revenues**

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
40.7 %	39.4 %	41.4 %	42.9 %	47.3 %
56.9	57.4	54.8	54.4	49.0
0.8	1.8	1.3	2.2	1.6
0.0	0.0	0.0	0.0	0.0
0.6	1.0	0.4	0.1	0.1
0.0	0.5	2.1	0.4	2.0
<u>99.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
3.4	3.6	3.8	3.6	5.8
5.2	4.5	4.3	4.2	4.5
48.5	44.4	45.9	46.1	53.4
9	13.1	9.0	10.8	11.0
68.1	22.8	2.3	19.2	29.4
<u>134.6</u>	<u>88.3</u>	<u>65.2</u>	<u>83.9</u>	<u>104.1</u>
<u>(35.6) %</u>	<u>11.7 %</u>	<u>34.7 %</u>	<u>16.1 %</u>	<u>(4.1) %</u>
0.0 %	0.0 %	0.0 %	0.0 %	35.4 %
0.0	0.0	0.0	0.0	0.6
0.0	0.0	0.0	0.0	0.0
<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>36.0</u>
0.0	0.0	0.0	0.0	0.2
0.0	0.0	0.0	0.0	73.4
0.0	0.0	0.0	0.0	4.2
<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>77.8</u>
<u>0.0 %</u>	<u>0.0 %</u>	<u>0.0 %</u>	<u>0.0 %</u>	<u>(77.8) %</u>

# Cape Royale Utility District

## *TSI-7 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS*

June 30, 2020

District's Mailing Address: Cape Royale Municipal Utility District  
1330 Cape Royale Drive  
Coldspring, Texas 77331

District's Business Telephone Number: (936) 653-4861

<u>Board Members</u>	<u>Term</u>	<u>Fees &amp; Expense Reimbursements</u>	<u>Title</u>
1. Denise Shield (resigned 11/20)	5/20- 5/22	\$ 250	President
2. Richard Masterson	5/20- 5/22	\$ 50	Secretary
3. Lynn Watkins	5/20- 5/22	\$ 275	Assistant Secretary
4. Alex Onjanow	5/16- 5/20	\$ 275	Investment Officer
5. Dale Toronjo	5/20- 5/22	\$ 275	Vice President
6. Doug Pulgini	11/20- 5/22	\$ -	Vice President
<b><u>Key Personnel</u></b>			
1. Larry Clark	8/19	\$ 64,312	General Manager
2. Elaine Russell	7/19	\$ 46,962	Tax Assessor
3. Mike Jacobs	7/19	\$ 63,021	Field Supervisor

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expenses</u>	<u>Title</u>
<b><u>Consultants</u></b>			
Smith, Murdaugh, Little and Bonham	1977	\$ 9,153	Attorneys
San Jacinto County Central Appraisal District	1982	\$ 33,866	Appraisal District
Davis, Heinemann & Company	1985	\$ 7,200	Auditor
John D. Bleyl	2006	\$ 493	Engineer

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