

Cape Royale Utility District

Information Required by Section 26.18, Texas Tax Code

Date: October 2, 2020

(1) Name of each member of the governing body:

Dale Toronjo

Richard D. Masterson

Lynn Watkins

Alex Onjanow

(2) Mailing address, e-mail address, and telephone number:

1330 Cape Royale Drive
Coldspring, Texas 77331
(936)653-4861
contact@cr-ud.org

(3) Official contact information for each member of the governing body:

Same as Item (2) above.

(4) District's budget for the preceding two years:

See attached.

(5) Proposed or adopted budget for the current year:

See attached.

(6) Change in amount of District budget from the preceding year to current year, by dollar amount and percentage:

Dollar Amount	Percentage
\$19,029	1.25%

(7) Amount of property tax revenue budgeted for maintenance and operations for the preceding two years and the current year:

See attached budgets.

(8) Amount of property tax revenue budgeted for debt service for the preceding two years and the current year:

The District does not budget for debt service.

(9) Tax rate for maintenance and operations adopted by the taxing unit for the preceding two years:

2020: \$0.44

2019: \$0.44

2018: \$0.44

(10) The tax rate for debt service adopted by the taxing unit for the preceding two years:

2019: \$0.00

2018: \$0.00

(11) This information required by Section 26.18 is applicable only to school districts.

(12) Tax rate for maintenance and operations proposed by the taxing unit for the current year:

2020: \$0.44

(13) Tax rate for debt service proposed by the taxing unit for the current year:

2020: \$0.00

(14) This information required by Section 26.18 is applicable only to school districts.

(15) The most recent financial audit of the District.

See attached.

2021 Budget

2020
2021

CAPE ROYALE UTILITY DISTRICT 2020-2021 BUDGET

FINAL
LARRY CLARK

#7101: Brush Site Roll-Offs

July	3480.38	
Aug	3924.59	Last Years Budget: \$22500.00
Sept	0	
Oct	156.49	Proposed Budget: \$23,500.00
Nov	1754.02	
Dec	4779.41	30 and 40 yrd at brush site
Jan	0	Projected \$1000.0 increase
Feb	1271.37	
Mar	1812.88	
Apr	1730.23	
May	0	
June	0	
Total:	18909.37	

#7102: Household Garbage

July	6844.49	
Aug	7587.79	Last Years Budget: \$50000
Sept	0	
Oct	6424.1	Proposed Budget: \$51,000.00
Nov	3500.49	
Dec	7000.98	42594.*3745+3745=50084.0
Jan	0	
Feb	3745.49	
Mar	3745.49	went from 16 to 17 Standard Dupmsters
Apr	3745.49	and added 30yrd roll-off for \$375.0
May	0	
June	0	
Total:	42594.32	

#7103: Parts and Repairs

July	122.13	
Aug	3522.46	Last Years Budget: \$65000.0
Sept	3102.83	
Oct	6129.96	Proposed Budget: \$65,000.00
Nov	6982.36	
Dec	3066.84	
Jan	1443.64	
Feb	889.54	
Mar	7133.8	
Apr	17900.4	<Fuel Tanks
May	2107.25	
June	0	
Total:	52401.21	

#7104: Drainage / Culverts

July	415	
Aug	0	Last Years Budget: \$20000.00
Sept	0	
Oct	1100	Proposed Budget: \$20,000.00
Nov	2500	
Dec	0	
Jan	0	
Feb	0	
Mar	0	
Apr	0	
May	0	
June	0	
Total:	4015	

#7105: Mobile Equipment - repair and implements and mainenance

July	52.08	
Aug	278.8	Last Years Budget: \$15000.00
Sept	12259.85	
Oct	1989.21	Proposed Budget: \$15,000.00
Nov	186.86	
Dec		* removed Asco we have a much cheaper mobile mechanic
Jan	8562.28	will be purchasing a grapple for JCB \$7500-\$8000
Feb	69.5	
Mar	10.8	
Apr		
May		
June		
Total:	23409.38	

#7106: Fuel

July	630.17	
Aug	2147.57	Last Years Budget: \$9200.00
Sept		
Oct	691.48	Proposed Budget: \$10,500.00
Nov	1642.29	
Dec	713.77	5 Field Trucks and the On-Duty Truck per week
Jan		\$8,120 actual allowing for 33% Increase
Feb	903.56	
Mar	855.49	
Apr	785.23	
May	2030	<invoice for filling tanks
June		
Total:	10424	

#7107: Electricity- Water

July	2084.81
Aug	3731.35
Sept	0
Oct	1987.1
Nov	1466.19
Dec	1609.21
Jan	0
Feb	848.52
Mar	931.67
Apr	1083.08
May	0
June	0
Total:	13741.93

Last Years Budget: \$23000.00

Proposed Budget: \$21,500.00

allowance for larger pump and boosters at well #4

#7108: Electricity- Sewer

July	1986.94
Aug	3462.29
Sept	0
Oct	502.43
Nov	1321.81
Dec	3075.22
Jan	0
Feb	1842.25
Mar	1818.05
Apr	1814.73
May	0
June	0
Total:	15823.72

Last Years Budget: \$27000.00

Proposed Budget: \$25,000.00

allowance for blowers being used in case of emergency situation

#7109: Chlorine Chemicals

July	1104.56
Aug	715.92
Sept	67.5
Oct	1268.2
Nov	450.96
Dec	865.92
Jan	0
Feb	231.82
Mar	589.78
Apr	947.14
May	0
June	0
Total:	6241.8

Last Years Budget: \$7200.00

Proposed Budget: \$7,500.00

* Expecting increased chemical cost

#7110: Chemicals Polyphosphates

July	4497.52
Aug	1742.5
Sept	1966.25
Oct	583.75
Nov	0
Dec	843.75
Jan	617.5
Feb	0
Mar	1067.5
Apr	0
May	1067.5
June	0
Total:	12386.27

Last Years Budget: \$15000.00

Proposed Budget: \$15,000.00

* will be adding orthophosphates to new well

#7111: Other Chemicals

July	
Aug	
Sept	
Oct	
Nov	
Dec	
Jan	290.51
Feb	
Mar	
Apr	
May	
June	
Total:	290.51

Last Years Budget: \$1200.00

Proposed Budget: \$1,200.00

sodium hypochlorite, calcium hypochlorite, herbicide

#7112: Contract Mowing

July	550
Aug	550
Sept	550
Oct	550
Nov	550
Dec	550
Jan	550
Feb	550
Mar	550
Apr	550
May	550
June	550
Total:	6600

Last Years Budget: \$

Proposed Budget: \$6,600.00

#7113: Pump and Motor Maintenance

July	25320.26	
Aug	905	Last Budget: \$40000.00
Sept	21320.27	
Oct	29507.99	Spent this Year: \$77,732.49
Nov		
Dec	101.97	Extended Actuals: 37,732.49
Jan		
Feb		Proposed Budget: \$60,000.00
Mar	577	
Apr		
May		This line item is consistently under budgeted
June		any overage will be used to rebuild, replace, or store spares for aging pumps
Total:	77732.49	

#7114: Brush site

July	2450	
Aug	39.45	Last Years Budget: \$1000.0
Sept		
Oct	106.47	Proposed Budget: \$5,000.00
Nov		
Dec	1500	
Jan		* over budget due to new camera system
Feb		**adding porta potty, driveway maint.
Mar		and allowance for camera repair or replacment
Apr		
May		
June		
Total:	4095.92	

#7115: Brush Hauling

July	1147	
Aug	120	Last Years Budget: \$2000
Sept		
Oct		Proposed Budget: \$2,400.00
Nov		
Dec	1427	Doug Eldridge no longer works for us
Jan		**overage was caused by Doug Eldridge
Feb	400	
Mar		*allows for 60 brush hauls
Apr	400	
May		
June		
Total:	3494	

#7116: Lab Test

July	1512.39
Aug	878.2
Sept	103.85
Oct	894.36
Nov	1420.77
Dec	732.39
Jan	630.4
Feb	409.8
Mar	1584.8
Apr	322.59
May	849
June	849
Total:	10187.55

Last Years Budget: \$8500.0

Proposed Budget: \$11,000.00

*Overage due to Gross Alpha Testing
Frequency and price increase expected

#7117: Cell Phones

July	173.74
Aug	0
Sept	175.07
Oct	584.41
Nov	0
Dec	444.01
Jan	220.59
Feb	220.57
Mar	220.57
Apr	220.11
May	0
June	0
Total:	2259.07

Last Years Budget: 1600.00

Proposed Budget: \$2,800

Added an on call Phone
Upgraded phones to be compatible with SCADA

**Last years budget should have been
\$2100 according to previous plan

Allowance added for replacement of lost or damaged phone

#7118: Field - Drug Testing

July	90
Aug	80
Sept	100
Oct	
Nov	
Dec	
Jan	
Feb	
Mar	
Apr	
May	
June	
Total:	270

Last Years Budget: \$200.00

Proposed Budget: \$200.00

#7119: Contract Meter Read

July	750		
Aug	750	Last Years Budget:	\$9000
Sept	750		
Oct	750	Proposed Budget:	\$9,000.00
Nov	750		
Dec	750		
Jan	750		
Feb	750		
Mar	750		
Apr	750		
May	750		
June	750		
Total:	9000		

#7120: Hydrant and Manholes-(Matt)

July			
Aug		Last Years Budget:	750.0
Sept			
Oct			
Nov		Proposed Budget:	\$15,000.00
Dec			
Jan			
Feb			
Mar			
Apr			
May			
June			
Total:	0		

#7121:Fencing

July			
Aug		Last Years Budget:	\$1000.0
Sept			
Oct		Proposed Budget:	\$1,000.00
Nov			
Dec			
Jan			
Feb			
Mar			
Apr			
May			
June			
Total:	0		

#7122: Valves- Maint., Inspect, PRV

July	0		
Aug	0	Last Years Budget:	\$11,400.00
Sept	0		
Oct	0	Proposed Budget:	\$12,000.00
Nov	0		
Dec	2900		
Jan	0		
Feb	2135.81		
Mar	1000		
Apr	0		
May	0		
June	0		
Total:	6035.81		

#7123: Scada- Install & Subscriptions

July			
Aug		Last Years Budget:	\$7000
Sept			
Oct		Proposed Budget:	\$20,000.00
Nov			
Dec		adding SCADA to water plants 1 and 2(\$12,400.00)	
Jan		\$6,600.00 Annual Subs.	
Feb			
Mar			
Apr			
May			
June			
Total:	0		

#7124: Generator Annual Maitn

July			
Aug		Last Years Budget:	\$5000
Sept			
Oct		Proposed Budget:	\$5,000.00
Nov			
Dec			
Jan			
Feb			
Mar			
Apr			
May			
June			
Total:	0		

#7125: Signs

July		
Aug		Last Years Budget: \$1500.00
Sept		
Oct		Proposed Budget: \$1,500.00
Nov		
Dec		
Jan		
Feb		
Mar	914.9	
Apr		
May		
June		
Total:	914.9	

#7126: Miscellaneous/ Incentives

July		
Aug		Last Years Budget: \$200.0
Sept		
Oct		Proposed Budget: \$1,500.00
Nov		
Dec		
Jan		
Feb		
Mar		
Apr		
May		
June		
Total:	0	

#7127: Bldg Repair-All

July		
Aug		Last Years Budget: \$10000.00
Sept		
Oct		Proposed Budget: \$5,000.00
Nov		
Dec		
Jan		
Feb		
Mar	4700	
Apr		
May		
June		
Total:	4700	

#7128: Sludge Removal

July		
Aug		Last Years Budget: \$8800
Sept		
Oct		Proposed Budget: \$15,000.00
Nov		
Dec	7590.86	Extended Budget: \$2215.20
Jan		
Feb		Cleaning lift stations on maintenance schedule
Mar		
Apr	3424.34	
May		
June		
Total:	11015.2	

#7129: Mitigating inflow/infiltration

July		
Aug		Last Years Budget: \$20000
Sept		
Oct		Proposed Budget: \$10,000.00
Nov		
Dec		
Jan		
Feb		
Mar		
Apr		
May		
June		
Total:	0	

#7130: Equipment Rentals

July		
Aug		Last Years Budget: \$10000
Sept		
Oct		Proposed Budget: \$5,000.00
Nov		
Dec		Over budget due to Mini Ex. Purchase
Jan	\$38,900	However need for Equipment rental substantially decreased
Feb	\$6,138.00	
Mar	\$4,000.00	
Apr		
May		
June		
Total:	49038	

#7131: Portable Testing Equipment

July			
Aug		Last Years Budget: \$1000.0	
Sept	3207.82		
Oct		Proposed Budget:	\$4,000.00
Nov			
Dec		* Purchasing hach hq40d D.O. and Ph Meter	
Jan			
Feb			
Mar			
Apr			
May			
June			
Total:	3207.82		

#7303: Employee meals lodging mileage

July			
Aug		Last Year: \$300.00	
Sept			
Oct		Proposed Budget:	\$300
Nov			
Dec			
Jan			
Feb			
Mar			
Apr			
May			
June			
Total:	\$0.00		

#7305: Professional Schools

July			
Aug			
Sept		Last Years Budget: \$750.0	
Oct			
Nov		Proposed Budget: \$	\$ 2,800.00
Dec		with renewals and classes	
Jan		6 guys two 20 hour classes each every 3 years	
Feb		Canceling Green Forest	
Mar			
Apr			
May			
June			
Total:	0		

#7306: Permits

July			
Aug		Last Years Budget:	\$3400.00
Sept			
Oct	1250	Proposed Budget:	\$5,350.00
Nov	1744.4		
Dec			
Jan	2257	Increase in permit pricing	
Feb			
Mar			
Apr	50		
May			
June			
Total:	5301.4		

#7310: Clothing Allowance

July	494.37		
Aug	332.04	Last Years Budget:	\$4,400.00
Sept	320.52		
Oct	330	est. cost 5 employees	
Nov	417	\$17.0 per Wk. = 85.0	
Dec	336.57		
Jan	401.98	Boot Allowance : \$1000.00	
Feb	333.64	was: \$400.00	
Mar	231.36	Buying Uniforms	
Apr	133.35		
May	330	Proposed Budget:	\$3,000.00
June	330		
Total:	3316.61		

#7311: Maintenance Contingency

July			
Aug		Last Years Budget:	\$2,000.00
Sept			
Oct		Proposed Budget:	\$2,500.00
Nov			
Dec		*Blending Project	
Jan		extended Budget:	\$1188.53
Feb	3072.53		
Mar	116		
Apr			
May			
June			
Total:	3188.53		

#6101: Telephone

July	759.38
Aug	764.67
Sept	745.44
Oct	743.35
Nov	745.97
Dec	741.53
Jan	652.83
Feb	660.88
Mar	597.13
Apr	652.59
May	710
June	710
Total:	8483.77

Last Years Budget: \$9100.0

Proposed Budget: \$9,100.00

#6102: Electric Other

July	357.83
Aug	379.28
Sept	569.09
Oct	439.01
Nov	370.83
Dec	338.86
Jan	193.36
Feb	286.95
Mar	325.31
Apr	289.63
May	360
June	360
Total:	4270.15

Last Years Budget: \$0.0

Proposed Budget: \$4,300.00

#6103: Security System

July	43.53
Aug	0
Sept	43.53
Oct	48.53
Nov	0
Dec	46.54
Jan	134.62
Feb	0
Mar	88.08
Apr	0
May	0
June	0
Total:	404.83

Last Years Budget: \$550.0

Proposed Budget: \$550.00

#6104: Housekeeping & Pest Control

July	130	
Aug	450	Last Years Budget: \$7500.00
Sept	200	
Oct	200	Proposed Budget: \$2,850.00
Nov	250	
Dec	450	
Jan	225.74	Miriam Henson cleaning lady 200.0 a month
Feb	200	200*12= 2400.0
Mar	200	Pest Control =450.00
Apr	200	
May	200	
June	200	
Total:	2905.74	

#6305: meals mileage

July	201.25	
Aug	189.32	Last Years Budget: \$2000.00
Sept	12	
Oct	89	Proposed Budget: \$2,000.00
Nov	90.63	
Dec	134.13	
Jan	16.5	
Feb	87	Bank, Classes and Travel
Mar	0	
Apr	0	
May	0	
June	0	
Total:	819.83	

#6313: Assoc and Dues

July		
Aug		Last Years Budget: \$1850.0
Sept	135	
Oct	114.14	Proposed Budget: \$2,850.00
Nov		
Dec	115	TAAO , Notary , Bond, TWUA, Amazon
Jan		
Feb		
Mar		
Apr		
May		
June		
Total:	364.14	

#6400: CAD Assesment Fee

July		
Aug	9403.52	Last Years Budget: \$38120.0
Sept		
Oct		Proposed Budget: \$38,120.00
Nov		
Dec	8154.2	
Jan		
Feb		
Mar	8154.2	
Apr		
May		
June	8154.2	
Total:	33866.12	

#6501: Attorney Fees- SMLB

July	480.25	
Aug	252.25	Last Years Budget: \$6000.0
Sept	675	
Oct	657	Proposed Budget: \$8,000.00
Nov	1151.75	
Dec	521.75	Extended Budget: \$1640.25
Jan	577.5	
Feb	2235.25	* Had and will have more questions
Mar	474.5	due to office personnel having new duties
Apr	615	
May		
June		
Total:	7640.25	

#6503: Audit Fees

July		
Aug		Last Years Budget: \$7500.0
Sept	7200	
Oct		Proposed Budget: \$8,500.00
Nov	1889.2	
Dec		Extended Budget: \$3484.20
Jan		
Feb		Quick book setup and assistance
Mar		next year assistance new line item
Apr	1895	
May		
June		
Total:	10984.2	

#6504: Engineer Fees-Harkness

July	492.5	
Aug		Last Years Budget: \$0.0
Sept		
Oct		Proposed Budget: \$1,000.00
Nov		
Dec		
Jan		
Feb		
Mar		
Apr		
May		
June		
Total:	492.5	

#6900: Office Supplies

July	229.52	
Aug	1336.3	Last Years Budget: \$3500.0
Sept	276.61	
Oct	256.8	Proposed Budget: \$4,000.00
Nov	248.78	
Dec	429.15	Extended Budget: \$409.91
Jan		
Feb	328.27	Wrong Checks ordered and used no refund available
Mar	732.52	
Apr	71.96	
May		
June		
Total:	3909.91	

#6901: Professional Schools

July	190	
Aug		Last Years Budget: \$900.0
Sept		
Oct	215	Proposed Budget: \$1,900.00
Nov		
Dec	340	Elaines two classes \$1290.0w/hotel
Jan		Need two classes for Heather one is \$600.0
Feb		
Mar		
Apr		
May		
June		
Total:	745	

#6902: Office Misc.

July	35.62	from tim for rutha		
Aug			Last Years Budget:	\$600
Sept	200.93	refund from ach		
Oct			Proposed Budget:	\$600.00
Nov				
Dec				
Jan				
Feb				
Mar				
Apr				
May				
June				
Total:	236.55			

#6906: Copier Lease

July	292			
Aug	292		Last Years Budget:	\$3500
Sept	292			
Oct	292		Proposed Budget:	\$3,500.00
Nov	292			
Dec	292			
Jan	292			
Feb	292			
Mar	292			
Apr	292			
May	292			
June	292			
Total:	3504			

#6909: Postage

July	658.84			
Aug	557.99		Last Years Budget:	\$7000.00
Sept	917.99			
Oct	367.99		Proposed Budget:	\$7,000.00
Nov				
Dec	435.98		Actual:	\$4092.92
Jan	617.99			
Feb	517.99			
Mar				
Apr	18.15			
May	512			
June	512			
Total:	5116.92			

#6903: Computer Software

July	38.99	
Aug	3926 C.T.	Last Years Budget: \$6500.0
Sept	19.31	
Oct	38.61	Proposed Budget: \$7,500.00
Nov		
Dec	293.61	Extended Budget: \$2888.92
Jan	280.74	Adding cloud backup system
Feb		\$255 is Quarterly
Mar	276.45	\$4601 is GDS
Apr	4601	
May		
June		
Total:	9474.71	

#6904: Computer Hardware

July		
Aug		Last Years Budget: \$650
Sept	706.66	
Oct		Proposed Budget: \$650.00
Nov		
Dec	977.43	Three computers replaced due to malfunction
Jan		Purchased color printer / scanners
Feb		
Mar		
Apr		
May		
June		
Total:	1684.09	

#6905: Computer pro service

July		
Aug		Last Years Budget: \$3500
Sept	448.34	
Oct		Proposed Budget: \$6,000.00
Nov		
Dec	156.96	Third party quickbooks setup
Jan		and guidance on this years W-2s
Feb		
Mar		\$3800.0 for Quickbooks guidance last year
Apr		
May		
June		
Total:	605.3	

#6911: Bad Debts

July

Aug

Last Years Budget: \$800.0

Sept

Oct

582.16

Proposed Budget:

\$800.00

Nov

Dec

Jan

*Tax Write Offs

Feb

Mar

Apr

May

June

Total: 582.16

#8201: Medicare/ Social Security

July	2613	
Aug	2613	Last Years Budget: \$29240.0
Sept	2613	
Oct	2613	Proposed Budget: \$33,420.00
Nov	2613	
Dec	2613	
Jan	2613	* Had more Employees then Budgeted for
Feb	2613	
Mar	2613	
Apr	2613	
May	2613	
June	2613	
Total:	31356	

#8202: Federal Unemployment

July	81	
Aug	81	Last Years Budget: \$500.00
Sept	81	
Oct	81	Proposed Budget: \$1,000.00
Nov	81	
Dec	81	
Jan	81	* Had more Employees then Budgeted for
Feb	81	
Mar	81	
Apr	81	
May	81	
June	81	
Total:	972	

#8204: IRS Underpayments Total: \$6555.60

***these are from October to January they will need to be
Broken into Fed withholding and Social and Medicare

8203: State Unemployment = We Don't Have State Taxes

8205:Salary Vacation *Donell will assist me in switching this**

#8301: General Insurance

July			
Aug		Last Years Budget: \$	
Sept			
Oct	7007	Proposed Budget:	\$7,600.00
Nov			
Dec			
Jan			
Feb			
Mar	1893	Refund Coming	
Apr	502.74	Added Bruces Truck	
May			
June		w/refund total: \$7509.74	
Total:	9402.74		

#8302: Errors and Ommissions

July			
Aug		Last Years Budget: \$875.0	
Sept			
Oct	629.16	Proposed Budget:	\$875.00
Nov			
Dec		* part of general insurance	
Jan			
Feb			
Mar			
Apr			
May			
June			
Total:	629.16		

* 8301, 8302, and 8303 are the Districts Insurance
 Expense = \$15632.96

#8303: Workers Compensation

July			
Aug		Last Years Budget: \$7500.00	
Sept			
Oct	7996.8	Proposed Budget:	\$8,000.00
Nov			
Dec		* part of general insurance	
Jan			
Feb			
Mar			
Apr			
May			
June			
Total:	7996.8		

#8310: Retirement Dist cont

July	380
Aug	380
Sept	380
Oct	380
Nov	380
Dec	380
Jan	380
Feb	380
Mar	380
Apr	380
May	380
June	380
Total:	4560

Last Years Budget: \$10000.0

Proposed Budget: \$12,500.00

If all employees Partake

#8315: Health Insurance

July	6308.68
Aug	12365.08
Sept	
Oct	18386.76
Nov	9618.02
Dec	5376.32
Jan	12521.81
Feb	9172.05
Mar	9672.05
Apr	9172.05
May	9175
June	9175
Total:	110942.8

Last Years Budget: \$84,075.00

Proposed Budget: \$83,930.00

We extended budget due to increase in prices and employees

New Plan
b4 employee= \$97,732.08
d/v= \$100.00
distr. Pays= \$80,729.52

#8320: Directors compensation

July	125
Aug	125
Sept	125
Oct	125
Nov	125
Dec	125
Jan	125
Feb	125
Mar	125
Apr	125
May	125
June	125
Total:	1500

Last Years Budget: \$1750.0

Proposed Budget: \$1,500.00

#8321: Directors Confrence

July		
Aug	165	Last Years Budget: \$1000.0
Sept		
Oct		Proposed Budget: \$500.00
Nov		
Dec		
Jan		
Feb		*Onjanow Seminar
Mar		
Apr		
May		
June		
Total:	165	

#8322: Directors Expense

July		
Aug		Last Years Budget: \$550.0
Sept	200	
Oct		Proposed Budget: \$900.00
Nov	675	
Dec	528.38 <dinner	
Jan		Renewal and Bonds for Board Members
Feb		
Mar		
Apr		
May		
June		
Total:	1403.38	

#8800: Election Fees

July		
Aug		Last Years Budget: \$3000.0
Sept		
Oct		Proposed Budget: \$3,000.00
Nov		
Dec		
Jan		
Feb		
Mar		
Apr		
May		
June		
Total:	0	

Capital Expenses for July 2020 to June 2021

Sliplining:	\$ 75,000.00	WANT
Office Remodel:	\$ 112,670.00	WANT
Coatings:	\$ 92,600.00	NEED
Chlorine Building:	\$ 12,000.00	NEED
SCADA WTP 1 and 2:	\$ 15,000.00	NEED
Pipe Support Project:	\$ 25,000.00	NEED
UTV (inspector):		NEED Can purchase for use on 7/1
Well Plugging 1&2:	\$ 18,500.00	NEED
Liftstation:	\$ 112,967.00	NEED

\$ 463,737.00

Expenses		
Office Expense	\$ 443,240.00	\$ 283,450.00
District Expense		\$ 169,295.00
Field Expense	\$ 611,860.00	\$ 735,260.00
Capital Expense	\$ 1,370,000.00	\$ 463,737.00
Total Expense	\$ 2,425,100.00	\$ 1,651,742.00

**Actuals Spent for 2019-2020 year
\$2,230,786.00**

2019-2020 Budget Year Reserve	2020-2021 expected Revenue
\$ 820,858.00	\$ 1,546,869.00
We will be under Budget	2020-2021 expected Expense
\$ 194,314.00	\$ 1,651,742.00
	20-21 Total Funds w/19-20 Bgt Yr. Reserve
	\$ 2,367,727.00
	2020-2021 Ending Reserve
	\$ 715,985.00

2020 Budget

		FY18-19	Projected FY18-19	FY19-20	
		Budget	Actuals	Budget	Comments
Revenue					
305	Water Sales	275,300	255,860	274,000	
315	Sewer Sales	165,400	169,060	169,200	
316	Trash & Garbage Sales	137,600	140,380	169,770	<i>Increase from 16.00 to 19.50/mo</i>
320	Late Charges	3,500	3,230	3,500	
325	Tap Fees	19,200	28,390	24,000	<i>15 taps</i>
340	Service Fees	8,400	8,490	8,400	
360	Tax Certificates	1,200	1,210	1,200	
378	M & O Taxes	815,090	824,390	890,770	
128	Allowance for Uncollectibles	(20,000)	(19,810)	(25,000)	
710	Interest	10,200	15,060	12,000	
720	Sale of Assets	0	1,200	0	
Total Revenues		1,415,890	1,427,460	1,527,840	
	Beginning Reserve Fund	840,000		1,579,000	
TOTAL REVENUES & RESERVE FUND		2,255,890	2,267,460	3,106,840	

		FY18-19	Projected FY18-19	FY19-20	Comments
		Budget	Actuals	Budget	
Office Expense					
503	Compensation - Office	201,090	196,540	191,880	COL Index: 2.00% increase
504	Compensation - Part Time Office	0	0	0	Max merit: 2.0%
505	Compensation - Directors	1,750	1,340	1,750	
512	District Contribution to 457 Plan	0	0	10,000	
514	Payroll Tax	30,190	27,480	29,240	
518	State Unemployment Taxes	150	375	500	
519	Workers Compensation	7,100	9,810	7,500	
520	Medical Insurance	92,400	78,560	84,075	
530	Employee - Meal Mileage, Lodging	3,000	2,400	2,000	
531	Assoc Dues / Memberships	1,410	1,390	1,850	
535	Professional Schools	400	1,190	900	
540	Directors Expense	500	633	550	
541	Directors Conference	1,000	0	1,000	
550	Equipment Leases	3,700	3,790	3,500	Copier lease only
562	Security Systems	520	510	550	
600	Admin Bldg Expense	8,500	6,410	7,500	
605	General Insurance	6,600	6,830	7,200	
606	Errors & Omissions	875	850	875	
610	Office Supplies	4,000	3,080	3,500	
615	Postage	7,000	6,320	7,000	
620	Telephone	8,400	8,390	9,100	
625	Computer - Equipment	650	0	650	
630	Computer - Software	2,000	7,550	6,500	
635	Computer - Prof Services	4,000	3,140	3,500	
650	Fees - Legal	6,200	5,990	6,000	
652	Fees - Legal / Election Expense	0	0	2,800	
655	Fees- Audit	7,000	7,200	7,500	
665	Fees - Professional	4,000	290	3,500	
669	Fees - CAD Assessment	35,000	29,860	38,120	
670	Fees - Legal Notice	900	750	1,600	
678	Fees - Bank, Credit Card Services	40	50	1,200	
680	Miscellaneous	600	670	600	
685	Bad Debts	800	20	800	
Total Office Expenses		439,775	411,418	443,240	

		FY18-19	Projected FY18-19	FY19-20	
Field Expense		Budget	Actuals	Budget	Comments
401	Comp - Field Operations	183,980	156,590	175,000	COL Index: 2.00% increase
402	Comp - Field Part Time	12,480	0	27,660	Max merit: 2.0%
405	Clothing Allowance	2,500	3,560	4,400	
406	Cell Phones	1,600	2,160	2,000	
410	Employee - Meals Mileage, Lodging	300	232	300	
415	Assoc. Dues / Memberships	420	205	450	
419	Pump and Motor Maintenance	25,000	46,130	40,000	
420	Professional Schools	750	950	750	
421	Chemicals - Chlorine	7,200	7,370	7,200	
422	Chemicals - Polyphosphates	12,750	12,934	15,000	
423	Chemicals - Other	2,000	600	1,200	
424	Lab Test	8,500	7,610	8,500	
425	Maintenance Repairs/Materials	32,000	29,890	65,000	Clorine room included
426	Sludge Removal	6,200	11,950	8,800	
427	Mitigating Inflow/Infiltration	20,000	800	20,000	
428	Maintenance Contingecy	2,000	2,930	2,000	
429	Mobile Equipment - M&O	15,000	11,780	15,000	
430	Equipment Rentals	10,000	0	10,000	
431	Garbage Removal	47,000	41,380	50,000	Add another 8 yd dumpster
432	Trash Removal	18,200	20,730	22,500	
433	Bulk Item Removal	2,000	3,280	2,000	
434	Engineering - Misc	2,500	890	2,500	
436	Electric - Water	23,000	18,230	23,000	
437	Electric - Sewer	26,800	25,230	27,200	
438	Fees - License	3,100	3,300	3,400	
439	Signs	1,500	0	1,500	
440	Miscellaneous	200	0	200	
441	Admin Bldg Repair	1,500	1,970	1,500	
442	Bldg Repairs - Other	4,500	3,760	10,000	
443	Brush & Garbage Site Repairs	1,000	5,740	1,000	
444	Portable Testing Equipment	1,000	0	1,000	
446	Drainage/Cross St. Culverts	10,000	9,610	20,000	
448	Field - Medical	200	0	200	
449	Fencing Repair	1,000	0	1,000	
450	Flushing Valve/PRV Maint/Inspection	11,400	18,500	11,400	
451	Fuels (Diesel & Gasoline)	8,500	9,280	9,200	
452	Lift Station Prev Maint	7,000	0	7,000	
453	Generator Maintenance	5,000	4,820	5,000	
457	Contract Meter Reading	0	3,000	9,000	
Total Field Expenses		518,080	465,411	611,860	

	FY18-19 Budget	Projected FY18-19 Actuals	FY19-20 Budget	Comments
Capital Expenses				
816	Collection line slip-lining	180,000	128,520	180,000
809	New well	0	12,570	1,190,000
Total Capital Projects		427,000	288,500	1,370,000
Summary				
Operating Funds				
	Total Revenue (Less Uncollectibles)	1,415,890	1,427,460	1,527,840
	Beginning Reserve	840,000		1,579,000
Estimated Operating Funds		2,255,890	2,267,460	3,106,840
Expenses				
	Office Expense	439,775	411,418	443,240
	Field Expense	518,080	465,411	611,860
	Capital Expense	427,000	288,500	1,370,000
Total Expense		1,384,855	1,165,329	2,425,100
Ending Reserve				681,740

Approved by the Board of Directors of Cape Royale Utility District at the regular board meeting held on June 20, 2019.

Board President, Pat Hitt

Board Secretary, Lynn Watkins

2019 Budget

**Cape Royale Utility District
2018 - 2019 Budget**

Adopted June 21, 2018

INCOME BUDGET 2018-2019

<u>ACCT#</u>	<u>DESCRIPTION</u>	<u>ADOPTED BUDGET</u>
305	WATER SALES	275,300
315	SEWER SALES	165,400
316	TRASH SALES	137,600
320	LATE FEES	3,500
325	TAP FEES	19,200
340	SERVICE FEES	8,400
360	TAX CERTIFICATES	1,200.00
379	M&O TAXES	815,090.00
	Income Total:	<u>1,425,690</u>
	Interest Income	<u>10,200</u>
	Total w/Interest:	<u>\$1,435,890.00</u>

Cape Royale Utility District
2018 - 2019 Budget

Adopted June 21, 2018

FIELD BUDGET 2018-2019

<u>ACCT#</u>	<u>DESCRIPTION</u>	<u>ADOPTED BUDGET</u>
401	COMP-FIELD OPERATIONS	183,980
402	COMP - FIELD PART TIME	12,480
405	CLOTHING ALLOWANCE	2,500
406	CELL PHONE	1,600
410	EMPLOYEE- MEALS, MILEAGE, LODGING ASSOCIATION DUES AND	300
415	MEMBERSHIPS	450
419	PUMP AND MOTOR MAINTENANCE	25,000
420	PROFESSIONAL SCHOOLS	750
421	CHEMICALS - CHLORINE	7,200
422	CHEMICALS - POLYPHOSPHATES	12,750
423	CHEMICALS - OTHER	2,000
424	LAB TEST	8,500
425	MAINTENANCE REPAIRS/MATERIALS	32,000
426	SLUDGE REMOVAL	6,200
427	MITIGATING INFLOW/INFILTRATION	20,000
428	MISCELLANEOUS MAINTENANCE	2,000
429	MOBILE EQUIPMENT - M&O	15,000
430	EQUIPMENT RENTAL/LEASE	10,000
431	GARBAGE REMOVAL	47,000
432	TRASH REMOVAL	18,200
433	BULK ITEM REMOVAL	2,000

FIELD BUDGET 2018-2019

<u>ACCT#</u>	<u>DESCRIPTION</u>	<u>ADOPTED BUDGET</u>
434	ENGINEERING - MISCELLANEOUS	2,500
436	ELECTRICITY - WATER	23,000
437	ELECTRICITY - SEWER	26,800
438	FEES - LICENSE	3,100
439	SIGNS	1,500
440	MISCELLANEOUS	200
441	ADMINSTRATION BUILDING REPAIR	1,500
442	BUILDING REPAIRS -OTHER	4,500
443	BRUSH AND GARBAGE SITE REPAIRS	1,000
444	PORTABLE TESTING EQUIPMENT	1,000
446	DRAINAGE/CROSS STREET CULVERTS	10,000
448	FIELD - MEDICAL	200
449	FENCING REPAIR	1,000
450	FLUSHING VALVE/PRV MAIN. INSP.	11,400
451	FUELS	8,500
452	LIFT STATION PREV MAINTENANCE	7,000
453	GENERATOR MAINTENANCE	5,000
454	BRUSH REMOVAL	4,800
455	WATER WELL MAINTENANCE	1,500
456	CONTRACT MOWING	6,600
	Total:	531,010

**Cape Royale Utility District
2018 - 2019 Budget**

Adopted June 21, 2018

OFFICE BUDGET 2018-2019

<u>ACCT#</u>	<u>DESCRIPTION</u>	<u>ADOPTED BUDGET</u>
503	COMP-OFFICE	<u>201,100</u>
504	COMP-OFFICE PART TIME	<u>0</u>
505	COMP-DIRECTORS	<u>1,750</u>
514	PAYROLL TAX	<u>30,190</u>
518	STATE UNEMPLOY. TAXES	<u>150</u>
519	WORKERS COMP	<u>7,100</u>
520	EMPLOYEE /HEALTH INSU.	<u>92,400</u>
530	EMPL-MEAL/MILEAGE/LO	<u>3,000</u>
531	ASSOC/DUES&MEMBERS	<u>1,410</u>
535	PROFESSIONAL SCHOOLS	<u>400</u>
540	DIRECTORS EXPENSE	<u>500</u>
541	DIRECTORS CONFERENCE	<u>1,000</u>
550	EQUIPMENT LEASING	<u>3,700</u>
562	SECURITY SYSTEMS	<u>520</u>
600	ADMIN BLDG EXPENSE	<u>8,500</u>
605	GENERAL INSURANCE	<u>6,600</u>
606	ERRORS & OMISSIONS	<u>875</u>
610	OFFICE SUPPLIES	<u>4,000</u>
615	POSTAGE	<u>7,000</u>
620	TELEPHONE	<u>8,400</u>
625	COMPUTER- EQUIPMENT	<u>650</u>

Cape Royale Utility District
2018 - 2019 Budget

Adopted June 21, 2018

OFFICE BUDGET 2018-2019

<u>ACCT#</u>	<u>DESCRIPTION</u>	<u>ADOPTED BUDGET</u>
630	COMPUTER- SOFTWARE	2,000
635	COMP-PROFF. SERVICES	4,000
650	FEES-LEGAL	6,200
652	FEES/ELECTION EXPENSE	0
655	FEES- AUDIT	7,000
665	FEES- PROFESSIONAL	100
669	FEES- CAD ASSESSMENT	35,000
670	FEES- LEGAL NOTICE	900
678	FEES- BANK SERVICES	40
680	MISCELLANOUS	600
685	BAD DEBITS	800
Total:		435,885

**Cape Royale Utility District
2018 - 2019 Budget**

Adopted June 21, 2018

CAPITOL PROJECTS BUDGET 2018-2019

<u>DESCRIPTION</u>	<u>ADOPTED BUDGET</u>
WATER DISTRUBUTION-PRODUCTION	50,000
WASTEWATER COLLECTION SYSTEM	180,000
LIFTSTATION UPGRADE	50,000
ADMIN-BLDG. REMODEL	55,000
MOBIL EQUIPMENT STORAGE	80,000
PURCHASE OF BORING MACHINE	12,000
TOTAL:	<u>427,000</u>

SUMMARY

INCOME/REVENUE		1,435,890
FIELD EXPENSE	531,010	
OFFICE EXPENSE	435,885	
CAPITOL PROJECTS	<u>427,000</u>	
TOTAL:	<u>1,393,895</u>	
ENDING RESERVE:		<u><u>41,995</u></u>

2019 Audit

CAPE ROYALE UTILITY DISTRICT

Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



Davis, Heinemann & Company, P.C.

Certified Public Accountants

1300 11th Street Suite 500

Huntsville, Texas 77340

(936) 291-3020

Cape Royale Utility District
Annual Financial Report
For The Year Ended June 30, 2019

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Introductory Section

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS

§
§
§

COUNTY OF SAN JACINTO

I, Pat Hitt, President of the Board of Directors of Cape Royale Utility District (the "District") hereby swear, or affirm, that the district named above has reviewed, approved and filed at a meeting of the Board of Directors of the District on November 8, 2019 copies of its annual audit report of the fiscal year or period ended June 30, 2019 and that copies of the annual audit report have been filed in the district office, located at 1330 Cape Royale Drive, Coldspring, Texas 77331.

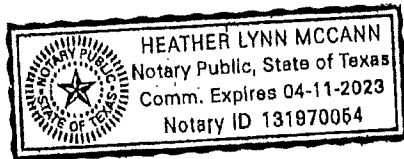
The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

Date: November 8, 2019



By: Pat Hitt
Pat Hitt
President, Board of Directors

Sworn to and subscribed to before me by Pat Hitt on November 8, 2019.



Heather L. McCann
Notary Public, State of Texas

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Financial Section

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DAVIS, HEINEMANN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

1300 11TH STREET, SUITE 500

P.O. BOX 6308

HUNTSVILLE, TEXAS 77342

PHONE (936) 291-3020

FAX (936) 291-9607

Independent Auditor's Report

To the Board of Directors
Cape Royale Utility District
1330 Cape Royale Drive
Coldspring, Texas 77331

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cape Royale Utility District ("the District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cape Royale Utility District as of June 30, 2019, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cape Royale Utility District's basic financial statements. The Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,



Davis, Heinemann & Company, P.C.

Huntsville, TX
September 16, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Cape Royale Utility District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$3,341.0 thousand at June 30, 2019.
- During the year, the District's expenses were \$390.2 thousand less than the \$1,477.2 thousand generated in taxes, service charges and other revenues for governmental activities.
- The total cost of the District's programs was \$1,086.0 thousand.
- The General Fund reported fund balance this year of \$1,397.4 thousand.

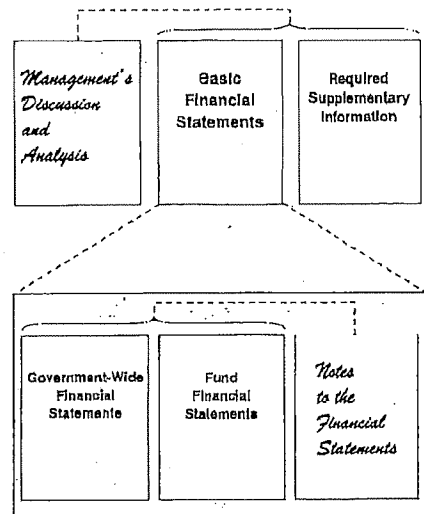
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first statements are fund financial statements with adjustments resulting in *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the District's Annual Financial Report



Summary ↔ Detail

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows, liabilities, and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the total of the District's assets and deferred outflows and total of liabilities and deferred inflows—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as water and sewer operations and general administration. Property taxes, standby fees and service charges finance these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and when applicable by bond covenants.
- The Board of Directors establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$3,341.0 thousand at June 30, 2019. (See Table A-1).

Table A-1
Cape Royale Utility District's Net Position
(In thousand of dollars)

	Governmental Activities		Change
	2019	2018	2019-2018
Current assets:			
Cash and cash equivalents	\$ 1,447.3	\$ 1,230.1	\$ 217.2
Property taxes receivable	26.2	19.3	6.9
Accounts receivable	58.7	62.1	(3.4)
Deposits	0.1	0.1	-
Total current assets:	<u>1,532.3</u>	<u>1,311.6</u>	<u>220.7</u>
Noncurrent assets:			
Capital assets	6,537.1	6,222.3	314.8
Less accumulated depreciation	(4,608.0)	(4,501.4)	(106.6)
Total noncurrent assets	<u>1,929.1</u>	<u>1,720.9</u>	<u>208.2</u>
Total Assets	<u>3,461.4</u>	<u>3,032.5</u>	<u>428.9</u>
Liabilities:			
Accounts payable and accrued liabilities	120.4	81.7	38.7
Total Liabilities	<u>120.4</u>	<u>81.7</u>	<u>38.7</u>
Net Position:			
Invested in capital assets	1,929.1	1,721.0	208.1
Unrestricted	1,411.9	1,229.8	182.1
Total Net Position	<u>\$ 3,341.0</u>	<u>\$ 2,950.8</u>	<u>\$ 390.2</u>

The remaining cash and taxes due in the Debt Service fund were transferred to the General Fund. The \$1,411.9 thousand of unrestricted net position represents resources available to fund the programs of the District next year.

Assets increased \$428.9 thousand compared to the prior year primarily due to an increase in cash. Liabilities increased by \$38.7 thousand compared to the prior year primarily due to an increase in accounts payable.

Changes in net position. The District's total revenues were \$1,477.2 thousand. A significant portion, fifty-eight (58) percent, of the District's revenue comes from taxes. Thirty-nine (39) percent comes from service charges. An additional three (3) percent comes from interest and miscellaneous income.

Table A-2
Changes in Cape Royale Utility District's Net Position
(In thousands of dollars)

	Governmental Activities		Change
	2019	2018	2019-2018
Revenues:			
Taxes	\$ 850.4	\$ 769.4	\$ 81.0
Charges for services	579.2	590.7	(11.5)
Tap connection fees	26.1	19.2	6.9
Earnings on investments	14.5	5.2	9.3
Miscellaneous income	7.0	30.3	(23.3)
Total Revenues	1,477.2	1,414.8	62.4
Expenditures:			
Professional fees	53.1	54.4	(1.3)
Purchased and contracted services	65.7	60.8	4.9
Maintenance and supplies	192.3	124.0	68.3
Recurring operating expenditures	649.4	662.9	(13.5)
Depreciation expense	126.5	118.3	8.2
Total Expenses	1,087.0	1,020.4	66.6
Excess (Deficiency) Before Other Resources, Uses & Transfers	\$ 390.2	\$ 394.4	\$ (4.2)

Table A-2 presents the sources of revenue and the cost of each of the District's largest expenditure categories.

- The cost of all *governmental* activities this year was \$1,087.0 thousand.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$850.4 thousand.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental activities totaled \$1,477.2 thousand. The increase in revenues when compared to the prior year was primarily due to an increase in tax collections. The tax rate remained the same as the prior year. Recurring operating expenditures decreased primarily due to a decrease in plant maintenance.

General Fund Budgetary Highlights

Over the course of the year, the District did not revise its budget. Actual expenditures were \$95.6 thousand less than final budget amounts primarily due to less being spent in capital projects than was budgeted.

Capital outlay increased substantially over the prior year due to budgeted projects. \$427 thousand was budgeted and \$334.7 was spent on capital projects during the current year as compared with \$37.3 thousand spent in the prior year.

In addition, resources available were \$34.4 thousand more than the final budgeted amount due to higher than anticipated tax collections of \$28.4 thousand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the District had Invested \$6,537.1 thousand in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.)

Table A-3
Cape Royale Utility District's Capital Assets
(In thousands of dollars)

	Governmental Activities		Change
	2019	2018	2019-2018
Organizational Costs	\$ 610.9	\$ 610.9	\$ -
Land & Building	366.5	261.9	104.6
CIP	36.1	118.6	(82.5)
Water & Sewer System	5,127.5	4,837.6	289.9
Machinery & Equipment	396.1	393.3	2.8
Totals at historical cost	6,537.1	6,222.3	314.8
Total accumulated depreciation	(4,608.0)	(4,501.4)	(106.6)
Net capital assets	<u>\$ 1,929.1</u>	<u>\$ 1,720.9</u>	<u>\$ 208.2</u>

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

Long Term Debt

At year-end the District had no outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- General operating fund revenues for fiscal year 2020 are expected to be approximately \$1,527.8 thousand, which is \$92.0 more than the amount budgeted in fiscal year 2019. This increase is primarily the result of higher projected revenues from M&O taxes and an increase in fees effective August 15, 2019.
- General operating fund budgeted appropriations for 2020 are expected to be \$2,425.1 thousand, approximately \$1,031.2 thousand more than 2019, primarily due to the projected construction of a new well that is estimated to cost \$1,190.0 thousand. The District expects to finance this well from current revenues and cash reserves and does not anticipate incurring any debt.

If these estimates are realized, the District's budgetary general fund balance is expected to decrease \$897.3 for the fiscal year 2020.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's administration office.

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Basic Financial Statements

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CAPE ROYALE UTILITY DISTRICTSTATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2019

	General Fund	Adjustments (EXHIBIT A-2)	Statement of Net Position
ASSETS AND OTHER DEBITS			
Assets:			
Unrestricted Cash	\$ 1,447,356	\$ -	\$ 1,447,356
Receivables			
Taxes	26,202	-	26,202
Accounts, Net	58,669	-	58,669
Deposits	86	-	86
Capital Assets, Net	-	1,929,168	1,929,168
Total Assets	<u>\$ 1,532,313</u>	<u>1,929,168</u>	<u>3,461,481</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 56,665	-	56,665
Other Payables	1,689	-	1,689
Security Deposits	50,389	-	50,389
Compensated Absences Payable	-	11,708	11,708
Total Liabilities	<u>108,743</u>	<u>11,708</u>	<u>120,451</u>
Deferred Inflows of Resources:			
Deferred Tax Revenue	26,202	(26,202)	-
Total Inflows of Resources	<u>26,202</u>	<u>(26,202)</u>	<u>-</u>
Fund Balances:			
Unassigned Fund Balance	1,397,368	(1,397,368)	-
Total Fund Balance	<u>1,397,368</u>	<u>(1,397,368)</u>	<u>-</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 1,532,313</u>		
Net Position:			
Net Investment in Capital Assets		1,929,168	1,929,168
Unrestricted		1,411,862	1,411,862
Total Net Position		<u>\$ 3,341,030</u>	<u>\$ 3,341,030</u>

The accompanying notes are an integral part of this statement.

CAPE ROYALE UTILITY DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2019

Total fund balances - governmental funds balance sheet	\$ 1,397,368
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	1,929,168
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	26,202
Payables for compensated absences which are not due in the current period are not reported in the funds.	<u>(11,708)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 3,341,030</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

CAPE ROYALE UTILITY DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Adjustments (EXHIBIT A-4)	Statement of Activities
Revenue:			
Taxes	\$ 843,463	\$ 6,932	\$ 850,395
Charges for Services	579,176	-	579,176
Tap Connection Fees	26,093	-	26,093
Earnings on Investments	14,556	-	14,556
Proceeds from the Disposal of Asset	1,200	-	1,200
Miscellaneous Income	5,802	-	5,802
Total Revenues	<u>1,470,290</u>	<u>6,932</u>	<u>1,477,222</u>
Expenditures:			
Professional Fees	53,102	-	53,102
Purchased and Contracted Services	65,725	-	65,725
Maintenance and Supplies	192,289	-	192,289
Recurring Operating Expenditures	652,423	123,436	775,859
Capital Outlay	334,716	(334,716)	-
Total Expenditures	<u>1,298,255</u>	<u>(211,280)</u>	<u>1,086,975</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	172,035	218,212	
Change in Net Position			390,247
Fund Balances - Beginning	1,225,333	1,725,450	2,950,783
Fund Balances - Ending	<u>\$ 1,397,368</u>	<u>\$ 1,943,662</u>	<u>\$ 3,341,030</u>

The accompanying notes are an integral part of this statement.

CAPE ROYALE UTILITY DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds	\$ 172,035
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	334,716
The depreciation of capital assets used in governmental activities is not reported in the funds.	(126,512)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	6,932
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>3,076</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 390,247</u>

The accompanying notes are an integral part of this statement.

CAPE ROYALE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

A. Summary of Significant Accounting Policies

The combined financial statements of Cape Royale Utility District (the "District") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Cape Royale Utility District was created by an order of the 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 on 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.

1. Reporting Entity

The District's basic financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District
- the exclusion of the organization would result in misleading or incomplete financial statements

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular

CAPE ROYALE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

b. **Measurement Focus, Basis of Accounting**

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. **Financial Statement Amounts**

a. **Property Taxes**

Property taxes are levied by October 1 or as soon thereafter as practicable on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes without specific statutory authority from the Texas Legislature.

CAPE ROYALE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

b. Inventories and Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	35
Buildings	35
Building Improvements	35
Vehicles	5
Office Equipment	5
Equipment	10

d. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Compensated Absences

On retirement, the District pays any accrued sick leave and vacation leave in a lump sum payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

CAPE ROYALE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Directors. Committed fund balance amounts cannot be used for any other purpose unless the Board of Directors removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Directors. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

4. Budgetary Data

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to the beginning of the fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board of Directors is then called for the purpose of adopting the proposed budget. At least three days public notice of the meeting must have been given.

Once a budget is approved, it can be amended only by approval of a majority of the members of the Board of Directors. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board of Directors and are not made after fiscal year end. During the year the budget was not amended. All budget appropriations lapse at year end.

CAPE ROYALE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

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

Cash Deposits:

At June 30, 2019, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,447,356 and the bank balance was \$1,457,216. The District's cash deposits at June 30, 2019 and during the year ended June 30, 2019, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

At June 30, 2019, the District also had deposits of \$594,410 in government investment pools that are considered cash equivalents due to their liquidity.

Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

CAPE ROYALE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Fair Value Measurement

The District categorizes its fair value measurements with 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 measured 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 above.

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 presently has no recurring fair value measurements.

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

CAPE ROYALE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 102,980	\$ -	\$ -	\$ 102,980
Construction in progress	118,708	36,060	118,708	36,060
Total capital assets not being depreciated	<u>221,688</u>	<u>36,060</u>	<u>118,708</u>	<u>139,040</u>
Capital assets being depreciated:				
Organization Costs	610,873	-	-	610,873
Buildings and improvements	158,921	104,551	-	263,472
Equipment and Vehicles	393,268	22,807	19,930	396,145
Water, Sewer and Garbage System	4,837,599	290,006	-	5,127,605
Total capital assets being depreciated	<u>6,000,661</u>	<u>417,364</u>	<u>19,930</u>	<u>6,398,095</u>
Less accumulated depreciation for:				
Organization Costs	549,787	17,454	-	567,241
Buildings and Improvements	115,495	4,620	-	120,115
Equipment and Vehicles	231,055	25,672	-	256,727
Water, Sewer and Garbage System	3,585,118	78,766	-	3,663,884
Total accumulated depreciation	<u>4,481,455</u>	<u>126,512</u>	<u>-</u>	<u>4,607,967</u>
Total capital assets being depreciated, net	<u>1,519,206</u>	<u>290,852</u>	<u>19,930</u>	<u>1,790,128</u>
Governmental activities capital assets, net	<u>\$ 1,740,894</u>	<u>\$ 326,912</u>	<u>\$ 138,638</u>	<u>\$ 1,929,168</u>

CAPE ROYALE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Depreciation was charged to functions as follows:

General Government	\$ 126,512
	<u>\$ 126,512</u>

E. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2019, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Compensated absences *	\$ 14,784	\$ -	\$ 3,076	\$ 11,708	\$ -
Total governmental activities	<u>\$ 14,784</u>	<u>\$ -</u>	<u>\$ 3,076</u>	<u>\$ 11,708</u>	<u>\$ -</u>

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	General

F. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of June 30, 2019, as follows:

<u>Year Ending June 30,</u>	
2020	\$ 3,504
2021	3,504
2022	3,504
2023	2,044
Total Minimum Rentals	<u>\$ 12,556</u>
Rental Expenditures in 2019	<u>\$ 3,406</u>

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2019, the District obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The District pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The District continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

CAPE ROYALE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

H. Health Care Coverage

During the year ended June 30, 2019, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$807 per month per employee and dependents to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The District also provides dental and vision insurance to employees at a cost of \$35 per month.

I. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at June 30, 2019.

J. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on October 1 or as soon thereafter as practicable and become delinquent February 1. The tax rate for October 1, 2018 tax levy was \$0.4400 per \$100 of assessed valuation.

K. Retirement Plan

Effective April 16, 2001, the District entered into an agreement for the employees to participate in a 457 Deferred Compensation Plan. All eligible employees may contribute 100% of includible compensation up to the maximum of \$18,000 for calendar year 2018 and \$19,000 for calendar year 2019. All qualified contributions are deferred for federal income tax purposes. There are no employer contributions.

Beginning in July 2019, the District adopted a SIMPLE IRA for which the District contributes 3% of compensation for the year and employees have the option to make contributions.

L. Water, Sewer and Garbage Service

The District established the following water and sewer service rates effective April 21, 2017.

1. Water Rates

	<u>5/8" or 3/4" Meter</u>	<u>1" Meter</u>	<u>2" Meter</u>			
First 1,000 Gallons - Minimum	\$20.00	\$28.25	\$89.00			
Next 3,000 Gallons	<table border="0" style="width: 100%;"> <tr> <td style="width: 33%;">\$2.05 per 1,000 Gallons</td> <td style="width: 33%;"></td> <td style="width: 34%;"></td> </tr> </table>			\$2.05 per 1,000 Gallons		
\$2.05 per 1,000 Gallons						
Next 8,000 Gallons	<table border="0" style="width: 100%;"> <tr> <td style="width: 33%;">\$3.22 per 1,000 Gallons</td> <td style="width: 33%;"></td> <td style="width: 34%;"></td> </tr> </table>			\$3.22 per 1,000 Gallons		
\$3.22 per 1,000 Gallons						
Next 8,000 Gallons	<table border="0" style="width: 100%;"> <tr> <td style="width: 33%;">\$3.96 per 1,000 Gallons</td> <td style="width: 33%;"></td> <td style="width: 34%;"></td> </tr> </table>			\$3.96 per 1,000 Gallons		
\$3.96 per 1,000 Gallons						
Over 20,000 Gallons	<table border="0" style="width: 100%;"> <tr> <td style="width: 33%;">\$4.56 per 1,000 Gallons</td> <td style="width: 33%;"></td> <td style="width: 34%;"></td> </tr> </table>			\$4.56 per 1,000 Gallons		
\$4.56 per 1,000 Gallons						

Rates for a connection over 2" will be established by a separate agreement.

CAPE ROYALE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Multiple residential or commercial units connected by a single meter are billed the greater of the metered use computed on the schedule set forth above or an amount determined by multiplying the minimum monthly rate times the number of units.

2. Sewer Rates

Sewer rates are billed at a flat fee of \$20.00 per residential customer. Commercial customers are billed at a fee of \$32.74 for the first 1,000 gallons and \$1.10 per every 1,000 gallons thereafter.

3. Garbage Rates

Garbage rates are billed at a flat rate of \$16.00 per residence per month and \$16.00 for commercial.

4. Water and Sewer Service Customers

The following is a comparison of the number of metered water service customers (Single Family Residence) by the District.

June 30, 2013	671
June 30, 2014	680
June 30, 2015	685
June 30, 2016	683
June 30, 2017	683
June 30, 2018	708
June 30, 2019	720

M. Subsequent Events

The District did not have any reportable subsequent events through September 16, 2019, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2019.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

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CAPE ROYALE UTILITY DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes	\$ 815,090	\$ 815,090	\$ 843,463	\$ 28,373
Charges for Services	586,700	586,700	579,176	(7,524)
Tap Connection Fees	19,200	19,200	26,093	6,893
Earnings on Investments	10,200	10,200	14,556	4,356
Proceeds from Disposal of Asset	-	-	1,200	1,200
Miscellaneous income	4,700	4,700	5,802	1,102
Total Revenues	1,435,890	1,435,890	1,470,290	34,400
Expenditures:				
Professional Fees	54,800	54,800	53,102	1,698
Purchased and Contracted Services	67,200	67,200	65,725	1,475
Maintenance and Supplies	141,850	141,850	192,289	(50,439)
Recurring Operating Expenditures	703,045	703,045	652,423	50,622
Capital Outlay	427,000	427,000	334,716	92,284
Total Expenditures	1,393,895	1,393,895	1,298,255	95,640
Excess (Deficiency) of Revenues Over (Under) Expenditures	41,995	41,995	172,035	130,040
Other Financing Sources (Uses):				
Net Change in Fund Balances	41,995	41,995	172,035	130,040
Fund Balances - Beginning	1,225,333	1,225,333	1,225,333	-
Fund Balances - Ending	<u>\$ 1,267,328</u>	<u>\$ 1,267,328</u>	<u>\$ 1,397,368</u>	<u>\$ 130,040</u>

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Other Supplementary Information

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CAPE ROYALE UTILITY DISTRICT
LIST OF TEXAS SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2019

- TSI-1 Schedule of Services and Rates
- TSI-2 Schedule of General Fund Expenditures
- TSI-3 Schedule of Temporary Investments - Not Applicable
- TSI-4 Analysis of Taxes Levied and Receivable
- TSI-5 General Long-Term Debt Service Requirements by Years - Not Applicable
- TSI-6 Analysis of Changes in General Long-Term Debt - Not Applicable
- TSI-7 Comparative Schedule of Revenues and Expenditures - Five Years
- TSI-8 Board Members, Key Personnel, and Consultants

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CAPE ROYALE UTILITY DISTRICT
 SCHEDULE OF SERVICES AND RATES
 FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT TSI-1

1. Services Provided by the District:

<input checked="" type="checkbox"/>	Retail Water	<input type="checkbox"/>	Wholesale Water	<input checked="" type="checkbox"/>	Drainage
<input checked="" type="checkbox"/>	Retail Sewer	<input type="checkbox"/>	Wholesale Sewer	<input type="checkbox"/>	Irrigation
<input type="checkbox"/>	Parks/Recreation	<input type="checkbox"/>	Fire Protection	<input type="checkbox"/>	Security
<input checked="" type="checkbox"/>	Solid Waste/Garbage	<input type="checkbox"/>	Flood Control	<input type="checkbox"/>	Roads
<input type="checkbox"/>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<input type="checkbox"/>	Other				

2. Retail Rates Based on 5/8" Meter and 1" Meters

Based on Rate Order Dated: 4/21/2017

		Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 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	4,001	to 12,000
					\$ 3.96	12,001	to 20,000
					\$ 4.56	20,000	to OVER
SEWER:		\$ 20.00	-	Y			
GARBAGE:		\$ 16.00	-	Y			
SURCHARGE:		N/A					

Sewer usage employs winter averaging Yes No

Total water and sewer charges per 10,000 gallons usage (including surcharges) \$ 65.47

3. Total water consumption during the fiscal year:

Gallons pumped into system	<u>47,594,100</u>
Gallons billed to customers	<u>33,928,400</u>
Gallons used by the district	<u>4,857,100</u>

4. Number of retail water and/or wastewater* connections within the District as of fiscal year ended June 30, 2019:

Connections	Active Connections	Active SFE Connections	Inactive Connections**
Single Family	<u>720</u>	<u>720</u>	<u>5</u>

See Accompanying Auditor's Report

CAPE ROYALE UTILITY DISTRICT
 SCHEDULE OF SERVICES AND RATES
 FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT TSI-1

PROVIDE SINGLE FAMILY EQUIVALENTS (SFE'S) FOR THE CONNECTIONS BELOW:

	# of Active Connections	Active SFE Connections	Inactive SFE Connections
Multi-Family	<u>5</u>	<u>37</u>	<u>0</u>
Commercial	<u>15</u>	<u>0</u>	<u>0</u>
Other - VFD, Recreation	<u>3</u>	<u>0</u>	<u>0</u>
TOTAL	<u>743</u>	<u>757</u>	<u>5</u>

*Number of connections relates to water service, if provided. Otherwise, the number of wastewater connects should be provided.

***"Inactive" means that water and wastewater connections were made, but service is not being provided.

5. Standby Fees:

Does the District assess standby fees? Yes _____ No X
 If yes, specify amount and basis of the assessment.

Operation and Maintenance: TOTAL LEVY: N/A
 TOTAL COLLECTED: N/A
 PERCENTAGE COLLECTED: N/A

(Check One) X Per Year _____ Per Quarter _____ Per Month

Have standby fees been levied in accordance with Water Code Section 50.056, thereby constituting a lien on property?

_____ Yes _____ No

6. Anticipated sources of funds to be used for debt service payments in the in the district's following fiscal year:

Debt Service Tax Receipts \$ -

7. District Location:

County (Counties) in which district is located. San Jacinto County, Texas

Is the District located entirely within one county? Yes X No _____

Is the District located within a City? Entirely _____ Partly _____ Not at all X

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

Entirely _____ Partly _____ Not at all X

Is the general membership of the Board appointed by an office outside the district? Yes _____ No X

See Accompanying Auditor's Report

CAPE ROYALE UTILITY DISTRICT
SCHEDULE OF GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT TSI-2

Personnel (including benefits)	\$ 480,021		
Professional Fees:			
Auditing	7,200		
Legal	4,900		
Engineering	1,178		
Utilities	56,471		
Repairs and Maintenance	268,368		
Capital Outlay	334,716		
Administrative Expenses			
Director's Fees & Expenses	2,008		
Office Expenses	22,397		
Insurance	7,771		
Other Administrative Fees	47,499		
Solid Waste Disposal	<u>65,726</u>		
TOTAL EXPENDITURES	\$ <u><u>1,298,255</u></u>		
Number of persons employed by the District: (Do not include independent contractors or consultants)		<u>6</u>	Full-Time
		<u>2</u>	Part-Time

CAPE ROYALE UTILITY DISTRICT
ANALYSIS OF TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT TSI-4

	Maintenance Taxes				
TAXES RECEIVABLE AT BEGINNING OF YEAR	\$		19,269		
2018 Original Tax Roll			833,615		
Total to be Accounted For			<u>852,884</u>		
TAX COLLECTIONS:					
Current Year Collections			821,057		
Prior Year Collections			10,997		
Total Collections			<u>832,054</u>		
ADJUSTMENTS					
			<u>5,372</u>		
TAXES RECEIVABLE AT END OF YEAR	\$		<u>26,202</u>		
TAXES RECEIVABLE BY YEARS:					
2009 & Prior	\$		96		
2010			469		
2011			633		
2012			996		
2013			1,326		
2014			1,842		
2015			1,850		
2016			2,223		
2017			3,512		
2018			13,255		
TAXES RECEIVABLE AT END OF YEAR	\$		<u>26,202</u>		
PROPERTY VALUATIONS:					
Land	\$	2018	2017	2016	2015
Improvements	\$	65,956,100	62,431,198	59,080,420	59,669,260
		<u>144,081,540</u>	<u>126,249,330</u>	<u>113,959,290</u>	<u>112,222,520</u>
TOTAL PROPERTY VALUATIONS	\$	<u>210,037,640</u>	<u>188,680,528</u>	<u>173,039,710</u>	<u>171,891,780</u>
TAX RATES FOR \$100 VALUATIONS					
Debt Service Tax Rate	\$	0.00000	0.00000	0.00000	0.34131
Maintenance Tax Rate		<u>0.44000</u>	<u>0.44000</u>	<u>0.44000</u>	<u>0.25000</u>
TOTAL TAX RATE	\$	<u>0.44000</u>	<u>0.44000</u>	<u>0.44000</u>	<u>0.59131</u>
TAX ROLLS	\$	833,615	762,242	733,136	945,514
Percent of current taxes collected to taxes levied		98%	0%	99%	98%

CAPE ROYALE UTILITY DISTRICT
 ANALYSIS OF TAXES LEVIED AND RECEIVABLE
 FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT TSI-4

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
<u>N/A</u>	<u></u>	\$ <u></u>
<u></u>	<u></u>	<u></u>
Total Rate (s) of Special District (s)		\$ <u><u></u></u>

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

Taxing Jurisdiction	Tax Rate
County: San Jacinto County	\$ <u>0.47116</u>
Road and Bridge	<u>0.04590</u>
Lateral Road District	<u>0.11791</u>
School District: Coldspring-Oakhurst I.S.D.	<u>1.15500</u>
Special District (s) not included above:	
San Jacinto County Emergency Service District	<u>0.10000</u>
Total District (from previous page)	<u>0.44000</u>
Total Overlapping Tax Rate	\$ <u><u>2.32997</u></u>

Note: All Taxing Jurisdictions cover 100% of District.

CAPE ROYALE UTILITY DISTRICT

EXHIBIT TSI-7

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019

	Amount				
	2019	2018	2017	2016	2015
GENERAL FUND REVENUES:					
Tax Revenues	\$ 843,463	\$ 781,671	\$ 738,138	\$ 547,150	\$ 508,236
Service Revenues	579,176	590,755	582,559	528,489	490,220
Tap Connections	26,093	19,200	30,400	17,904	8,100
Standby Charges	-	-	-	44	-
Earnings on Investments	14,556	5,165	940	886	511
Miscellaneous Revenues	7,002	30,339	5,318	22,227	14,720
Total General Fund Revenues	1,470,290	1,427,130	1,357,355	1,116,700	1,021,787
GENERAL FUND EXPENDITURES:					
Professional Fees	53,102	54,360	48,435	64,708	49,409
Purchased & Contracted Services	65,725	60,776	57,075	49,727	58,089
Consumable Supplies & Materials	192,289	128,835	146,524	122,615	114,210
Recurring Operating Expenses	652,423	654,571	625,208	596,718	631,593
Capital Outlay	334,716	32,457	261,058	328,566	79,102
Total General Fund Expenditures	1,298,255	930,999	1,138,300	1,162,334	932,403
EXCESS GENERAL FUND REVENUES OVER EXPENDITURES:	\$ 172,035	\$ 496,131	\$ 219,055	\$ (45,634)	\$ 89,384
DEBT SERVICE FUND REVENUES:					
Tax Revenues	\$ -	\$ -	\$ -	\$ 395,707	\$ 483,760
Penalty & Interest	-	-	-	6,296	13,639
Earnings on Investments	-	-	-	170	223
Misc. Inc.	-	-	-	-	-
Total Debt Service Revenues	-	-	-	402,173	497,622
DEBT SERVICE FUND EXPENDITURES:					
Professional Fees	-	-	-	-	-
Recurring Operating Expenses	-	-	-	1,711	6,180
Debt Service and Related Costs	-	-	-	47,197	71,353
Bond Principal	-	-	-	820,000	400,000
Total Debt Service Expenditures	-	-	-	868,908	477,533
EXCESS DEBT SERVICE REVENUES OVER EXPENDITURES:	\$ -	\$ -	\$ -	\$ (466,735)	\$ 20,089
Total Active Retail Water and/or Wastewater Connections	720	708	678	683	685

See Accompanying Auditor's Report

CAPE ROYALE UTILITY DISTRICT

EXHIBIT TSI-7

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

	Amount				
	2019	2018	2017	2016	2015
GENERAL FUND REVENUES:					
Tax Revenues	57.37 %	54.77 %	54.38 %	49.00 %	49.74 %
Service Revenues	39.39	41.39	42.92	47.33	47.98
Tap Connections	1.77	1.35	2.24	1.60	0.79
Standby Charges	-	-	-	-	-
Earnings on Investments	0.99	0.36	0.07	0.08	0.05
Miscellaneous Revenues	0.48	2.13	0.39	1.99	1.44
Total General Fund Revenues	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
GENERAL FUND EXPENDITURES:					
Professional Fees	3.61	3.81	3.57	5.79	4.84
Purchased & Contracted Services	4.47	4.26	4.20	4.45	5.69
Consumable Supplies & Materials	13.08	9.03	10.79	10.98	11.18
Recurring Operating Expenses	44.37	45.87	46.06	53.44	61.81
Capital Outlay	22.77	2.27	19.23	29.42	7.74
Total General Fund Expenditures	<u>88.30</u>	<u>65.24</u>	<u>83.85</u>	<u>104.08</u>	<u>91.26</u>
EXCESS GENERAL FUND REVENUES OVER EXPENDITURES:					
	<u>11.70 %</u>	<u>34.76 %</u>	<u>16.15 %</u>	<u>(4.08) %</u>	<u>8.74 %</u>
DEBT SERVICE FUND REVENUES:					
Tax Revenues	- %	- %	- %	98.39 %	97.21 %
Penalty, Interest & Cost	-	-	-	1.57	2.74
Earnings on Investments	-	-	-	0.04	0.05
Misc. Inc.	-	-	-	-	-
Total Debt Service Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>100.00</u>	<u>100.00</u>
DEBT SERVICE FUND EXPENDITURES:					
Professional Fees	-	-	-	-	-
Recurring Operating Expenses	-	-	-	0.43	1.24
Debt Service and Related Costs	-	-	-	11.74	14.34
Bond Principal	-	-	-	203.89	80.38
Total Debt Service Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>216.06</u>	<u>95.96</u>
EXCESS DEBT SERVICE REVENUES OVER EXPENDITURES:					
	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>(116.06) %</u>	<u>4.04 %</u>

See Accompanying Auditor's Report

CAPE ROYALE UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT TSI-8

1330 Cape Royale Drive
 Coldspring, Texas 77331
 (936) 653-4861

<u>Name & Address</u>	<u>Term of Office Elected & Expires/Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>	<u>Resident of District?</u>
Patricia Hitt 81 Crown Drive Coldspring, Texas 77331	05/06/18 05/06/20	\$ 300	President	Yes
Cerley Lynn Watkins 80 Kings Point Coldspring, Texas 77331	05/06/20 05/06/22	\$ 250	Secretary	Yes
Susan Denice Hall 10 Edgewater Ln. Coldspring, Texas 77331	05/06/20 05/06/22	\$ 275	Asst. Secretary	Yes
Alex Onjanow 20 Berry Blossom Dr. The Woodlands, Texas 77380	05/06/16 05/06/20	\$ 125	Investment Officer	Yes
Dale Toronjo 50 Sunny Hill Coldspring, Texas 77331	05/06/18 05/06/20	\$ 225	Vice President	Yes

Note: No director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developer or with any of the District's consultants. No director is disqualified from serving on this board under the Texas Water Code.

Key Personnel

Bruce Conner P.O. Box 1606 Coldspring, Texas 77331	5/01	\$ 64,206	Field Operations Supervisor	No
Ruth Ann Conner P.O. Box 1606 Coldspring, Texas 77331	8/89	\$ 59,243	Office Manager Tax Assessor/Collector Investment Collector	No
Timothy L. Tucker 1445 Old Woodville Rd. Livingston, Texas 77351	4/06	\$ 63,637	General Manager	No

Consultants

Lori Aylett Smith, Murdaugh, Little and Bonham 2727 Allen Parkway #1100 Houston, Texas 77019	1977	\$ 4,900	Attorneys	No
San Jacinto County Central Appraisal District Coldspring, Texas 77331	1982	\$ 31,564	Central Appraisal District	N/A
Davis, Hellemann & Company, P.C. P.O. Box 6308 Huntsville, TX 77342	1985	\$ 7,000	Auditor	No
John D. Bleyl Bleyl Engineering 100 Nugent Street Conroe, Texas 77301	2006	\$ 1,177	Engineer	No

CAPE ROYALE UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Debt Service Fund	Total Governmental Funds
Revenue:			
Taxes	\$ 781,671	\$ -	\$ 781,671
Charges for Services	590,755	-	590,755
Tap Connection Fees	19,200	-	19,200
Earnings on Investments	5,165	-	5,165
Proceeds from the Disposal of Asset	1,300	-	1,300
Miscellaneous Income	29,039	-	29,039
Total Revenues	<u>1,427,130</u>	<u>-</u>	<u>1,427,130</u>
Expenditures:			
Professional Fees	54,360	-	54,360
Purchased and Contracted Services	60,776	-	60,776
Maintenance and Supplies	124,011	-	124,011
Recurring Operating Expenditures	654,571	-	654,571
Capital Outlay	37,281	-	37,281
Total Expenditures	<u>930,999</u>	<u>-</u>	<u>930,999</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>496,131</u>	<u>-</u>	<u>496,131</u>
Other Financing Sources (Uses):			
Transfers In	20,033	-	20,033
Transfers Out	-	(20,033)	(20,033)
Total Other Financing Sources (Uses)	<u>20,033</u>	<u>(20,033)</u>	<u>-</u>
Change in Net Position			
Fund Balances - Beginning	709,169	20,033	729,202
Fund Balances - Ending	<u>\$ 1,225,333</u>	<u>\$ -</u>	<u>\$ 1,225,333</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

CAPE ROYALE UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Adjustments (EXHIBIT A-4)	Statement of Activities
Revenue:			
Taxes	\$ 843,463	\$ 6,932	\$ 850,395
Charges for Services	579,176	-	579,176
Tap Connection Fees	26,093	-	26,093
Earnings on Investments	14,556	-	14,556
Proceeds from the Disposal of Asset	1,200	-	1,200
Miscellaneous Income	5,802	-	5,802
Total Revenues	<u>1,470,290</u>	<u>6,932</u>	<u>1,477,222</u>
	43160		
Expenditures:			
Professional Fees	53,102	-	53,102
Purchased and Contracted Services	65,725	-	65,725
Maintenance and Supplies	192,289	-68278	192,289
Recurring Operating Expenditures	652,423	123,436	775,859
Capital Outlay	334,716	+291435 (334,716)	-
Total Expenditures	<u>1,298,255</u>	<u>(211,280)</u>	<u>1,086,975</u>
	+367236		
Excess (Deficiency) of Revenues Over (Under) Expenditures	172,035	218,212	
Change In Net Position			390,247
Fund Balances - Beginning	1,225,333	1,725,450	2,950,783
Fund Balances - Ending	<u>\$ 1,397,368</u>	<u>\$ 1,943,662</u>	<u>\$ 3,341,030</u>

The accompanying notes are an integral part of this statement.

Adjustments (EXHIBIT A-4)	Statement of Activities
\$ (12,301)	\$ 769,370
-	590,755
-	19,200
-	5,165
-	1,300
-	29,039
<u>(12,301)</u>	<u>1,414,829</u>
-	54,360
-	60,776
-	124,011
121,822	776,393
<u>(32,457)</u>	<u>4,824</u>
<u>89,365</u>	<u>1,020,364</u>
<u>(496,131)</u>	<u>-</u>
-	20,033
-	<u>(20,033)</u>
-	-
394,465	394,465
1,827,116	2,556,319
<u>\$ 1,725,450</u>	<u>\$ 2,950,784</u>