

COUNTY LINE SPECIAL UTILITY DISTRICT

Financial Statements and Auditor's Report
December 31, 2018

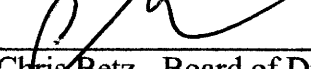
With TSI Supplementary Information

ANNUAL FILING AFFIDAVIT

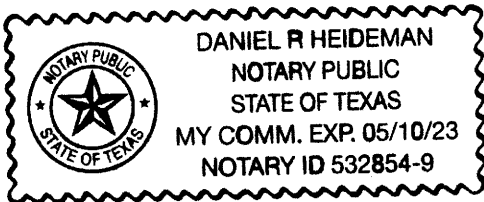
STATE OF TEXAS }
COUNTY OF HAYS }


I, Christopher Betz, of the County Line Special Utility District hereby swear, or affirm, that the District above has reviewed and approved at the meeting of the District's Board of Directors on the 17 day of June, 2019 its annual audit report for the fiscal period ended December 31, 2018 and the copies of the annual audit report have been filed in the District's office, located at 8870 Camino Real, Uhland, Texas 78640.

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

Date: June 17, 2019 By: 
Chris Betz - Board of Directors President

Sworn to and subscribed to before me this 17 day of June, 2019.




Daniel R. Heideman

My commission expires on: _____
Notary Public in the State of Texas

COUNTY LINE SPECIAL UTILITY DISTRICT

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December 31, 2018

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williams crow mask

Deep roots. Deep resources. Deep in the heart of Texas

INDEPENDENT AUDITOR'S REPORT

Board of Directors
County Line Special Utility District
Uhland, Texas

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the County Line Special Utility District (District) as of and for the year ended December 31, 2018, 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 an opinion on these financial statements based on my audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the business-type activities of the County Line Special Utility District as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management Discussion and Analysis, the Supplementary Information beginning, and the Texas Supplemental Information (TSI). Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 standard 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 my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2019, on our consideration of County Line's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County Line's internal control over financial reporting and compliance.

Williams, Crow, Mask, LLP
April 2, 2019
San Antonio, Texas

Williams, Crow, Mask, LLP

COUNTY LINE SPECIAL UTILITY DISTRICT

Management's Discussion and Analysis

December 31, 2018

USING THIS ANNUAL REPORT

Within this section of the County Line Special Utility District (the District) annual financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2018. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. This analysis should be read in conjunction with the basic financial statements that follow this section.

OVERVIEW OF THE DISTRICT

County Line Special Utility District (the District) was created pursuant to the provision of Texas Water Code, Chapters 49 and 65 and Texas Administrative Code 293.11 and 293.12 to purchase, own, hold, lease and otherwise acquire sources of water supply; to build, operate and maintain facilities for the transportation of water; and to sell water and wastewater services to towns, cities, and other political subdivisions of this state, to private business entities and to individuals.

In order to provide the system's customers with a recognized political subdivision that would have the power needed to obtain alternative and more favorable method of financing for future improvements, County Line Water Supply Company became a Special Utility District. County Line Special Utility District was created on June 1, 2010, for financial reporting purposes.

Financial Highlights

The table of financial highlights is as follows:

Total assets increased (decreased)	\$1,836,378
Total liabilities increased (decreased)	\$ 248,609
Total net assets increased (decreased)	\$1,587,769
Total revenues increased (decreased)	\$ 921,891
Total operating expenses increased (decreased)	\$ (106,162)
Total administrative expenses increased (decreased)	\$ 116,507

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) The Statement of Net Assets which include all of the District's assets and liabilities, and provides information about the nature and amounts of investment in resources and obligations to creditors; (2) The Statement of Revenues, Expenditures and Changes in Net Assets show the business-type activities of the district and provides information regarding income and expense (both operating and non-operating) that affect the net assets; and (3) The Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the period using the direct method of reporting cash flows from operating, investing, and capital financing activities.

COUNTY LINE SPECIAL UTILITY DISTRICT

Management's Discussion and Analysis

December 31, 2018

Enterprise Funds

Enterprise funds (Proprietary fund) are used to report the same functions present as business-type activities. County Line SUD operates solely as an enterprise fund.

Notes to the Financial Statements

Integral to the financial statements are the Notes to the Financial Statements. These notes provide additional information that is essential to a full understanding of the financial data provided in the basic statements.

The District has prepared notes sufficient to provide the readers of these financial statements a clearer picture of the District's financial position and insight into the results of its operations. These notes comply with the standardized reporting requirements for districts by TCEQ and are in conformity with GAAP.

Statement of Net Assets

The statement of net assets for a district is similar to the balance sheet presented as a basic financial statement for private-sector companies. The statements of net assets include all of the district's assets and liabilities. A major function of the statement of net assets is to measure the ability of a District to meet its current and long-term obligations. The biggest difference between the statement of net assets and the private-sector balance sheet is in the reporting of the difference between total assets and total liabilities. In the balance sheet of a private-sector business, the difference between the total assets and total liabilities is a measure of the value of the business that the owners would realize if they sell their share of the business.

Instead of measuring the "owners' equity," state and local governments report the net value of "net assets" in these major categories:

- Restricted
- Temporarily Restricted
- Unrestricted
- Invested in Capital Assets, Net of Related Debt

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this section also presents certain required supplemental information by TCEQ in the Texas Supplemental Schedule section which may be beneficial to the reader.

COUNTY LINE SPECIAL UTILITY DISTRICT

Management's Discussion and Analysis

December 31, 2018

FINANCIAL ANALYSIS

The following condensed Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets show a two-year operating comparison of the District.

Statement of Net Assets

	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 4,722,313	5,653,620
Capital assets	<u>13,410,019</u>	<u>10,642,334</u>
Total assets	<u><u>18,132,332</u></u>	<u><u>16,295,954</u></u>
Current liabilities	1,973,253	2,378,934
Non-current liabilities outstanding	<u>6,141,575</u>	<u>5,487,285</u>
Total liabilities	<u><u>8,114,828</u></u>	<u><u>7,866,219</u></u>
Investment in capital asset, net	6,804,544	4,638,143
Temporarily restricted	2,356,172	1,379,866
Unrestricted	<u>856,788</u>	<u>2,411,726</u>
Total net assets	<u><u>10,017,504</u></u>	<u><u>8,429,735</u></u>
	<u><u>\$ 18,132,332</u></u>	<u><u>16,295,954</u></u>

Changes in the District's net assets can be determined by reviewing the following condensed Statement of Revenue, Expenses, and Net Assets for the two years ended December 31, 2018 and 2017.

Statement of Revenues, Expenses and Change in Net Assets

	<u>2018</u>	<u>2017</u>
Revenues:		
Operating revenue	\$ 4,020,638	2,906,778
Non-operating revenue	<u>87,907</u>	<u>279,876</u>
Total revenues	<u><u>4,108,545</u></u>	<u><u>3,186,654</u></u>
Expenses:		
Operations	1,998,548	2,104,710
Administration	<u>522,228</u>	<u>405,721</u>
Total expenses	<u><u>2,520,776</u></u>	<u><u>2,510,431</u></u>
Increase (decrease) in Net Assets	1,587,769	676,223
Total Net Assets – Beginning of year	<u>8,429,735</u>	<u>7,753,512</u>
Total Net Assets – End of Year	<u><u>\$ 10,017,504</u></u>	<u><u>\$ 8,429,735</u></u>

Direct water sales were 60% of all revenues. Other revenues were 40% of revenues.

COUNTY LINE SPECIAL UTILITY DISTRICT

Management's Discussion and Analysis

December 31, 2018

Capital Assets and Debt

At December 31, 2018, the District had \$13,410,019 in net capital assets. Additional information on the District's capital assets can be found in Note 6.

	<u>Balance</u> <u>12-31-2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12-31-2018</u>
Capital assets not being depreciated				
Land and easements	\$ 145,960	-	-	145,960
Water rights	<u>1,874,390</u>	<u>716,707</u>	-	<u>2,591,097</u>
Total assets not being depreciated	2,020,350	716,707	-	2,737,057
Capital assets being depreciated/amortized				
SUD conversion and Legal fees	157,181	-	-	157,181
System	5,920,524	1,553,711	-	7,474,235
Equipment	5,640	119,597	-	125,237
Water plants	5,777,681	-	-	5,777,681
Waste water	-	1,069,862	-	1,069,862
Building and Improvements	117,174	125,407	-	242,581
Vehicles	<u>87,692</u>	<u>36,560</u>	-	<u>124,252</u>
Total capital assets being depreciated/amortized	<u>12,065,892</u>	<u>2,905,137</u>	-	<u>14,971,029</u>
Less accumulated depreciation/amortization	<u>3,910,083</u>	<u>387,984</u>	-	<u>4,298,067</u>
Total assets being depreciated/amortized, net	<u>8,155,809</u>	<u>2,517,153</u>	-	<u>10,672,962</u>
Total capital assets	<u>\$ 10,176,159</u>	<u>3,233,860</u>	<u>-</u>	<u>13,410,019</u>

The District had outstanding debt of \$6,495,959. Of this amount, \$354,384 is considered to be current. Additional information on the District's outstanding debt may be found in Note 6.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

There are currently no known or anticipated economic factors affecting next year's budget. No significant changes to the District's budget for 2019 are anticipated.

CONTACTING THE DISTRICT'S MANAGEMENT

This report is designed to provide our customers and creditors with a general overview of the district's finances and to show the district's accountability for the funds it receives. Questions and requests may be made by contacting the District's office at 131 So. Camino Real, Umland, Texas, 78640. (512-398-4748)

COUNTY LINE SPECIAL UTILITY DISTRICT

Statement of Net Position

December 31, 2018

Assets

Current assets:

Cash and cash equivalents	\$ 1,578,626
Investments	2,670,935
Water fees receivable (net)	158,252
Inventory	<u>14,500</u>
Total current assets	<u>4,422,313</u>

Property and equipment, at cost:

Land and easements	145,960
Water rights	2,591,097
Depreciable assets (net of depreciation)	<u>10,672,962</u>
Total capital assets	13,410,019

Other assets:

CRWA operating fees	<u>300,000</u>
	<u>\$ 18,132,332</u>

Liabilities and Net Assets

Current liabilities:

Accrued benefits	\$ 7,296
Accounts payable	10
Deferred revenues	1,065,890
Customer deposits payable	545,673
Current portion of long-term debt	<u>354,384</u>
Total current liabilities	<u>1,973,253</u>

Notes payable, net of current portion

<u>6,141,575</u>
8,114,828

Net assets:

Invested in Capital Assets, Net of Related Debt	6,804,544
Unrestricted	856,788
Temporarily restricted	<u>2,356,172</u>
Total net assets	<u>10,017,504</u>
	<u>\$ 18,132,332</u>

COUNTY LINE SPECIAL UTILITY DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
December 31, 2018

Operating revenue	\$ 4,020,638
Operating expenses	<u>(1,998,548)</u>
Net operating revenues (expenses)	2,022,090
Non-operating revenues (expenses)	
Interest income	78,661
Other income	9,246
Administrative expenses	<u>(522,228)</u>
Total Non-operating revenue (expenses)	<u>(434,321)</u>
Change in net Assets	1,587,769
Net assets at beginning of year	<u>8,429,735</u>
Net assets at end of year	<u>\$ 10,017,504</u>

COUNTY LINE SPECIAL UTILITY DISTRICT

Statement of Cash Flows

Proprietary Fund

December 31, 2018

Net cash provided by operating activities	
Payments received from customers	\$ 3,803,032
Payments received from other sources	9,246
Operating costs	(1,599,456)
Administrative costs	(508,544)
Interest income	<u>78,661</u>
Net cash flow provided by operating activities	<u>1,782,939</u>
Cash flows from investing activities	
Net change in fixed assets	<u>(3,155,669)</u>
Net cash flow used by investing activities	<u>(3,155,669)</u>
Cash flows from financing activities	
Net proceeds from notes payable	<u>491,570</u>
Net cash flow provided by financing activities	<u>491,570</u>
Net increase (decrease) in cash and cash equivalents	(881,160)
Beginning cash and cash equivalents	<u>5,130,721</u>
Ending cash and cash equivalents	<u>\$ 4,249,561</u>
Reconciliation of net changes in assets to net cash provided by operating activities:	
Change in Net Assets	\$ 1,587,769
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and Amortization	387,984
Changes in operating assets and liabilities:	
Decrease (increase) in assets:	
Operating accounts receivable	28,244
Prepaid assets	3,153
Operating fees	18,750
Increase (decrease) in liabilities:	
Accrued benefits	6,032
Accounts payable	10
Deferred revenues	(341,872)
Customer deposits payable	<u>92,869</u>
Net cash flow used by operating activities	<u>\$ 1,782,939</u>

COUNTY LINE SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2018

(1) Reporting Entity

County Line Special Utility District (the District) was created pursuant to the provision of Texas Water Code, Chapters 49 and 65 and Texas Administrative Code 293.11 and 293.12 to purchase, own, hold, lease and otherwise acquire sources of water supply; to build, operate and maintain facilities for the transportation of water; and to sell water and wastewater services to towns, cities, and other political subdivisions of this state, to private business entities and to individuals. County Line Water Supply Company was dissolved, and all assets and liabilities and equity of that organization were transferred to the newly created County Line Special Utility District. This transfer took place on June 1, 2010, for financial reporting purposes.

The Board of Directors (Board), a seven-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to providing water services within the jurisdiction of the County Line Special Utility District. Members of the Board are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters.

(2) Summary of Significant Accounting Policies

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units in conjunction with the "Water District's Financial Management Guide" published by the Texas Commission on Environmental Quality (TCEQ). The accounting and reporting policies conform to those principles prescribed by the Governmental Accounting Standards Board (GASB) and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*.

Proprietary Funds

Proprietary funds are those funds used to account for the District's ongoing organization and activities which are similar to those found in the business sector and are referred to as business type activities. The measurement focus is upon capital maintenance and upon determination of net position and changes in net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. Operating expenses for the enterprise fund include costs of sales, administrative expenses, and depreciation of capital assets. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Additionally, the District would first use restricted, then committed, then assigned, and lastly unassigned amounts of unrestricted fund balances when expenditures are made.

COUNTY LINE SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2018

Budgetary Information

The District follows the procedures outlined below in establishing budgetary data reflected in the financial statements:

- 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.
- Prior to the start of the fiscal year, the budget is legally enacted through passage of an ordinance by the District.

(2) Summary of Significant Accounting Policies (continued)

Operating and Non-Operating Revenue and Expense Policy

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operating activities. As business-type activities, the District's operating revenues are defined as the result of exchange transactions with those who purchase, use or directly benefit from the services provided by the District. Non-operating items include activities that have the characteristic on non-exchange transactions such as grants and contributions and other items that are defined as non-operating by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds Governmental Entities that Use Proprietary Fund Accounting*, and GASB 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities are reported as non-operating revenues or non-operating expense utilizing the direct method.

Cash and Temporary Investments (Cash Equivalents)

The District's cash and temporary investments consist of cash on hand, amounts in demand deposits, and money market funds. The District classifies certificates of deposit with maturities greater than three months as investments.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gain are recognized.

Receivables and Payables

All receivables and payables are reported at their gross value. The District uses the direct write-off method to account for bad debt associated with receivables. Payables are reported in the period the liability is incurred. The District believes that sufficient detail of receivable and payable balances are provided and therefore, provides no additional disclosure.

COUNTY LINE SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2018

Inventory and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory. Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items.

Due from Developers/Deferred Revenues

The District has adopted a policy regarding the development of currently unimproved lots by developers. The developer purchases the District's service at the prevailing rate at the date of the agreement. The developer then pays the District approximately one-half of the total fee at the time of contract execution. These revenues are prepaid in nature because no service has been rendered, and are, therefore, categorized as deferred revenues. These revenues are recognized into income as each lot is placed in service. The unpaid balance of the contract amount, at the time of the execution of the developer contract, is recognized as a receivable under the caption of "Due from developers".

(2) Summary of Significant Accounting Policies (continued)

Capital Assets

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

Improvements which add substantial life are capitalized and are depreciated over their remaining useful lives using the straight-line method as follows:

	Est. Depreciable Life (Yrs.)
Distribution System	40-50
Van Trailer and Improvements	10-50
Machinery and Equipment	5-30
Fencing	20
Building	20
Furniture and Fixtures	3-10
Communication Equipment	10
Other depreciable assets	5-8

Amortization of SUD Conversion

The District's membership voted in 2010 and approved the conversion from its then current status to a Special Utility District under Chapter 65 of the Texas Water Code. Section 65.014 permits a Special Utility District to file a resolution with the Commission requesting that a district be created. The application was completed, and SUD conversion was achieved in June of 2010.

COUNTY LINE SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2018

Accounting principles generally accepted in the United States of America require that the District capitalize the costs associated with these assets and amortize those costs over the life of the asset or loan, and not less than 60 months, respectively, rather than expensing the entire amount in the year acquired. The expense associated with this amortization appears in the basic financial statements as "Amortization."

Employee Benefits

County Line Special Utility District provides vacation and sick leave for all qualifying employees. Employees are allowed to accumulate vacation leave, and it is payable if the employee terminates. Sick leave may also be accumulated; however, it is not payable upon termination. The Vacation and sick accrual schedules are as follows:

	Year of Service	Annual Accrual	Carry Over Amount
Vacation	1-3 Years	40 Hours	None
	4-10 Years	80 Hours	None
	Over 10 Years	120 Hours	None
Sick	All	48 Hours	160 Hours

(2) Summary of Significant Accounting Policies (continued)

Long-Term Obligations

The District reports long-term debt as liabilities in the statement of net assets. Capitalized leases are deferred and amortized over the life of the lease based on the imputed interest rate and term of the leases.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review

Subsequent events were evaluated through April 2, 2019 which is the report date. There were no significant subsequent events.

Related Party Transactions

The District policy regarding related party transactions requires all activities between the District and either Board members, staff or relatives to be disclosed and approved by the Board.

COUNTY LINE SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2018

(3) Cash, Temporary Investments and Investments

Cash Deposits

The District's cash deposits at December 31, 2018 were entirely covered by the FDIC insurance or by pledged collateral held by the District's agent bank.

Investments

The District is required by Government Code Chapter 2256, *The Public Funds Investment Act* (the "Act") to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) bid solicitation preferences for certificates of deposit and, (9) stated compliance with this Investment Policy.

This Act requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the basic 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 which investments are acceptable for the District. These may include, with certain restrictions; (1) obligations of the U.S. Treasury, certain U.S. agencies, the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) fully collateralized repurchase agreements with certain criteria, (6) bankers acceptances, (7) mutual funds, (8) investment pools, and (9) guaranteed investment contracts. The District policy authorizes all the State allowable investments. If additional types of securities are approved for investment by public funds by state statute, the District will have to amend its policy before the new investment types can be considered for investment by the District.

The District's board believes that the District has complied in all material respects with the requirements of the Act and the District's investment policies.

The District's cash, temporary investments and investments are as follows:

	<u>Type</u>	<u>Rate</u>	<u>Amounts</u>	<u>Interest Earned</u>	<u>Diversification Percentage</u>
Cash and temporary investments:					
First Lockhart National Bank	CK	0.10%	\$ 614,767	1,009	14.47%
First Lockhart National Bank	MM	0.50%	<u>963,859</u>	<u>1,375</u>	<u>22.68%</u>
			1,578,626	2,384	37.15%
Investments:					
First Lockhart National Bank	CD	1.45%	208,974	835	4.92%
First Lockhart National Bank	CD	0.60%	105,789	-	2.49%
Logic Investments		Vary	<u>2,356,172</u>	<u>75,442</u>	<u>55.45%</u>
			<u>2,670,935</u>	<u>76,277</u>	<u>62.85%</u>
Closed Investments					
			<u>\$ 4,249,561</u>	<u>78,661</u>	<u>100.00%</u>

COUNTY LINE SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2018

Analysis of Specific Deposit and Investment Risks

GASB Statement 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.

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 did not have any significant credit risk

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 collateralize with securities held by the pledging financial institution's trust department or agent. At year-end the District had no exposure to custodial credit risk.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District's exposure to concentration of credit risk is shown in the table below as a percentage of each investment type. The District adopted Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on at least a monthly basis. The diversification of the portfolio at year end is shown in the table above.

(3) Cash, Temporary Investments and Investments(continued)

Analysis of Specific Deposit and Investment Risks (continued)

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to limit interest and market rate risk from changes in interest rates, the District's adopted Investment Policy sets a maximum stated maturity limit of two years

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the District had no exposure to foreign currency risks.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest earning investment using 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 "non-participating" means that the investment's value does not vary with market interest rate changes. Non-negotiable certificates of deposits are examples of non-participating interest-earning investment contracts.

COUNTY LINE SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2018

Public Funds Investment Pools

Public funds investment pools in Texas (Pools) are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds investment Act (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 the AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the fair value of its underlying investment portfolio within one half of one percent of the value of its share.

The district's investment 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 Pool, in which case they are reported at share value. A 2a7-like Pool is one which is not registered with 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.

(4) Capital, Restricted and Temporarily Restricted Assets

As of December 31, 2018, the District held no restricted assets. The District had temporarily restricted assets in the amount of \$2,356,172. These temporarily restricted assets are made up of member deposits held in reserve. The District also had total net assets of unrestricted assets in the amount of \$856,788. The remaining net assets of \$6,804,544 are investments in capital assets, net of associated debt.

(5) Receivables

Accounts receivable from members represent unpaid water usage. The District uses the direct write-off method for bad debts. At December 31, 2018 the accounts receivable amount was \$158,252.

Summary of Water Receivables and Usage

Balance at <u>12/31/2017</u>	<u>Water Billing</u>	<u>Payments Received</u>	Balance at <u>12/31/2018</u>
\$ 186,496	\$ 2,450,838	\$ 2,479,082	\$ 158,252
Water pumped		294,298,500 gallons	
Water sold		267,957,600 gallons	
Number of meters at year end		3,325	

COUNTY LINE SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2018

(6) Capital Assets

A summary of changes in capital assets for the year ended December 31, 2018, follows:

	<u>Balance</u> <u>12-31-2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12-31-2018</u>
Capital assets not being depreciated				
Land and easements	\$ 145,960	-	-	145,960
Water rights	<u>1,874,390</u>	<u>716,707</u>	-	<u>2,591,097</u>
Total assets not being depreciated	<u>2,020,350</u>	<u>716,707</u>	-	<u>2,737,057</u>
Capital assets being depreciated/amortized				
SUD conversion and Legal fees	157,181	-	-	157,181
System	5,920,524	1,553,711	-	7,474,235
Equipment	5,640	119,597	-	125,237
Water plants	5,777,681	-	-	5,777,681
Waste water	-	1,069,862	-	1,069,862
Building and Improvements	117,174	125,407	-	242,581
Vehicles	<u>87,692</u>	<u>36,560</u>	-	<u>124,252</u>
Total capital assets being depreciated/amortized	<u>12,065,892</u>	<u>2,905,137</u>	-	<u>14,971,029</u>
Less accumulated depreciation/amortization	<u>3,910,083</u>	<u>387,984</u>	-	<u>4,298,067</u>
Total assets being depreciated/amortized, net	<u>8,155,809</u>	<u>2,517,153</u>	-	<u>10,672,962</u>
Total capital assets	<u>\$ 10,176,159</u>	<u>3,233,860</u>	-	<u>13,410,019</u>

Depreciation and amortization expense for the year was \$387,984.

COUNTY LINE SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2018

(7) Capital Assets

The District issued long-term debt instruments in order to acquire and/or construct major capital facilities for the water system. During the year ended December 31, 2018, the following changes occurred in long-term liabilities:

<u>Bonds</u>	<u>Original Amount</u>	<u>Maturity date</u>	<u>Coupon rate</u>	<u>Amount due at 12/31/18</u>	<u>Amount due Within one year</u>
CRWA Series 2003	\$ 899,600	2028	5.52-5.88%	503,825	41,231
CRWA Series 2005	2,629,081	2024	6.44%	1,180,783	179,167
CRWA Series 2008	1,165,440	2038	5.14%	892,299	27,921
CRWA Series 2017	2,249,000	2037	3.84%	2,245,255	41,202
ARWA Series 2015A	408,830	2035	0.38-2.41%	364,271	19,099
ARWA Series 2017A	<u>1,009,524</u>	2047	0.77-3.08%	<u>1,009,524</u>	<u>27,014</u>
Bond Totals	\$ 8,361,475			6,195,957	335,634

<u>Note Payable</u>	<u>Original Amount</u>	<u>Maturity date</u>	<u>Amount Due at 12/31/18</u>	<u>Amount due Within one year</u>
CRWA	\$ 375,000	2034	300,000	18,750

Debt service requirements are as follows:

<u>Year ended December 31,</u>	<u>Requirements</u>
2019	\$ 354,384
2020	431,109
2021	448,727
2022	466,056
2023	487,134
Thereafter	<u>4,308,547</u>
	<u>\$ 6,495,957</u>

(8) Risk Management

General Liability

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; personal injuries; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers and from participation in a risk pool.

COUNTY LINE SPECIAL UTILITY DISTRICT

Notes to the Financial Statements

December 31, 2018

(8) Risk Management (continued)

General Liability (continued)

The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage. District management is not aware of any pending or alleged claims for which expected liability would exceed the policy limits of present insurance coverage. The following table shows the District's coverage:

<u>Type of policy</u>	<u>Coverage Period</u>		<u>Coverage Amount</u>
	<u>Beginning</u>	<u>Ending</u>	
Workers' Compensation	12/07/18	12/07/19	Statutory
Vehicle	12/07/18	12/07/19	1,000,000
Umbrella	12/07/18	12/07/19	4,300,000
Directors	12/07/18	12/07/19	4,000,000
Employee	12/07/18	12/07/19	100,000
General liability	12/07/18	12/07/19	2,000,000

Workers' Compensation

The District purchases workers' compensation insurance annually on the open market. Premiums are based on the estimated District payroll by risk factor and rates. The premiums are adjusted by the District's experience modifier. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for in the financial statements.

(9) Officers, Directors and Key Personnel

Name		Position	Term expires May
Board of Directors:			
Chris Betz	Elected	President	2019
Warren McEnulty	Elected	V-President	2020
Toni Brewer	Elected	Sec/Trea	2018
William Ilse	Elected	Director	2018
Ken Dodson	Elected	Director	2020
Vikki Hunter	Elected	Director	2020
Joseph Barr	Elected	Director	2019
Key Personnel:			
Daniel Heideman	Manager		
Doug Schnautz	Asst. Manager		
Susan Browning	Office Manager		
John Hohn	Attorney		
Williams, Crow, Mask, LLP	Auditor		

COUNTY LINE SPECIAL UTILITY DISTRICT
 Comparative Schedule of Water and Related Revenues
 For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Water sales (net of refunds)	\$ 2,450,838	2,055,655
New account fees	1,337,270	676,173
Installment fees	226,230	112,176
Administrative fees	6,300	5,750
Other fees	<u>-</u>	<u>57,024</u>
Total operating revenues	4,020,638	2,906,778
Other Revenues		
Lease income	6,646	20,650
Interest income	78,661	35,512
Other income	<u>2,600</u>	<u>223,714</u>
Total other revenues	<u>87,907</u>	<u>279,876</u>
Total Revenues	<u>\$ 4,108,545</u>	<u>3,186,654</u>

COUNTY LINE SPECIAL UTILITY DISTRICT
 Schedule of Functional Expenses – Actual vs Budget
 For the Year Ended December 31, 2018

	Operating		Administrative		Totals	
	Actual	Budget	Actual	Budget	Actual	Budget
Salaries	\$ 246,057	240,000	149,617	50,000	395,674	290,000
Payroll taxes	18,836	20,000	11,452	4,000	30,288	24,000
Benefits	21,781	20,000	22,736	4,000	44,517	24,000
Bank fees	-	-	85	-	85	-
CRWA expenses	842,337	775,000	-	-	842,337	775,000
Dues and fees	16,835	4,000	12,063	10,000	28,898	14,000
EAA water rights	23,808	25,000	-	-	23,808	25,000
Engineering expenses	55,344	45,000	-	-	55,344	45,000
Insurance	20,300	15,000	-	-	20,300	15,000
Interest expense	-	-	265,854	195,000	265,854	195,000
Line locates	2,068	1,500	-	-	2,068	1,500
Professional fees	-	-	12,177	10,500	12,177	10,500
Plant chemicals	2,859	5,000	-	-	2,859	5,000
Meeting expenses	-	-	1,973	1,500	1,973	1,500
Office supplies	-	-	17,368	12,000	17,368	12,000
Postage and freight	-	-	10,151	9,000	10,151	9,000
RM-distribution sys.-mat	-	130,000	-	-	-	130,000
RM-distribution sys.-labor	90,219	35,000	-	-	90,219	35,000
RM-plant-materials	3,341	1,000	-	-	3,341	1,000
RM-plant-labor	1,578	30,000	-	-	1,578	30,000
RM-plant-other	198,302	50,000	1,358	2,500	199,660	52,500
Samples	5,445	4,000	-	-	5,445	4,000
Small tools	1,634	5,000	-	-	1,634	5,000
Stipend	-	-	6,525	10,000	6,525	10,000
Surveys	1,750	-	-	-	1,750	-
TCEQ	-	15,000	-	-	-	15,000
Training and development	2,121	5,000	-	-	2,121	5,000
Telephone and comm	2,310	3,000	2,713	2,500	5,023	5,500
Utilities	33,888	30,000	514	450	34,402	30,450
Vehicle	18,974	12,000	-	-	18,974	12,000
Uniforms	8,419	2,400	-	-	8,419	2,400
Amortization	-	-	3,930	-	3,930	-
Depreciation	380,342	-	3,712	-	384,054	-
	<u>\$ 1,998,548</u>	<u>1,472,900</u>	<u>522,228</u>	<u>311,450</u>	<u>2,520,776</u>	<u>1,784,350</u>

COUNTY LINE SPECIAL UTILITY DISTRICT
 Comparative Schedule of Expenses
 For the Years Ended December 31, 2018 and 2017

	<u>2018</u>			<u>2017</u>		
	<u>Operations</u>	<u>Administrative</u>	<u>Total</u>	<u>Operations</u>	<u>Administrative</u>	<u>Total</u>
Salaries	\$ 246,057	149,617	395,674	206,239	103,098	309,337
Payroll taxes	18,836	11,452	30,288	16,025	8,026	24,051
Benefits	21,781	22,736	44,517	17,233	8,631	25,864
Bank fees	-	85	85	-	108	108
CRWA expenses	842,337	-	842,337	1,182,682	-	1,182,682
Dues and fees	16,835	12,063	28,898	-	6,586	6,586
EAA water rights	23,808	-	23,808	24,479	-	24,479
Engineering expenses	55,344	-	55,344	32,354	-	32,354
Insurance	20,300	-	20,300	18,682	-	18,682
Interest expense	-	265,854	265,854	-	213,191	213,191
Line locates	2,068	-	2,068	1,868	-	1,868
Professional fees	-	12,177	12,177	-	18,835	18,835
Meeting expenses	-	1,973	1,973	-	1,323	1,323
Office supplies	-	17,368	17,368	-	16,808	16,808
Postage and freight	-	10,151	10,151	-	8,938	8,938
Plant chemicals	2,859	-	2,859	2,040	-	2,040
RM-distribution sys.-labor	90,219	-	90,219	55,132	-	55,132
RM-plant-materials	3,341	-	3,341	-	-	-
RM-plant-labor	1,578	-	1,578	1,752	-	1,752
RM-plant-other	198,302	1,358	199,660	152,312	1,825	154,137
Samples	5,445	-	5,445	4,280	-	4,280
Small tools	1,634	-	1,634	10,597	-	10,597
Stipend	-	6,525	6,525	-	6,327	6,327
Surveys	1,750	-	1,750	14,980	-	-
Taxes	-	-	-	-	689	689
TCEQ	-	-	-	16,568	-	16,568
Training and development	2,121	-	2,121	4,457	-	4,457
Telephone and comm	2,310	2,713	5,023	3,891	2,437	6,328
Utilities	33,888	514	34,402	34,993	1,258	36,251
Vehicle	18,974	-	18,974	14,392	-	14,392
Uniforms	8,419	-	8,419	4,430	-	4,430
Amortization	-	3,930	3,930	-	3,929	3,929
Depreciation	380,342	3,712	384,054	285,324	3,712	289,036
	<u>\$ 1,998,548</u>	<u>522,228</u>	<u>2,520,776</u>	<u>2,104,710</u>	<u>405,721</u>	<u>2,495,451</u>



williams crow mask

Deep roots. Deep resources. Deep in the heart of Texas

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
County Line Special Utility District
Uhland, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller General of the United States, the financial statements of County Line Special Utility District (District) which comprise the balance sheet as of December 31, 2018, fund balance, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated April 2, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of County Line Special Utility District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our

audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of the Report

The purpose of this report is solely to describe the scope of my testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williams, Crow, Mask, LLP
April 2, 2019
San Antonio, Texas

Williams, Crow, Mask, LLP

COUNTY LINE SPECIAL UTILITY DISTRICT

TSI 1: Services and Rates

For the Year Ended December 31, 2018

1) The District provides water service for retail and wholesale.

2) Retail Service Providers

a. Retail rates for a 5/8" meter (or equivalent)

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate</u>	Rate per 1,000 Gallons over <u>Minimum</u>	<u>Usage Levels</u>
Water	\$ 36.50		Y	\$ 3.25	0-10,000
				\$ 3.50	10,001-15,000
				\$ 3.75	15,001-20,000
				\$ 4.00	20,001 +

District employs winter averaging for wastewater usage? No

Total charges per 10,000 gallons usage: \$69.00

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>
Unmetered		
5/8'	3,309	3,159
3/4'		
1.0"	9	9
1.5"	1	1
2.0"	3	3
3.0"		
4.0"	3	3
6.0"		
8.0"		
10.0"		
Total Water	<u>3,325</u>	<u>3,175</u>
Total Wastewater	<u>0</u>	<u>0</u>

COUNTY LINE SPECIAL UTILITY DISTRICT

TSI 1: Services and Rates (continued)
For the Year Ended December 31, 2018

3) Total Water Consumption during the twelve months of FY 2018

Gallons pumped into system	294,298,500
Less:	
Water losses	(24,740,900)
Internal uses	<u>(1,600,000)</u>
	<u>267,957,600</u>
Gallons billed to customers	<u>254,222,300</u>
Water Accountability Ration:	91.05%

4) Standby Fees: N/A

5) Location of District:

County in which the District is located:	Hays, Caldwell
Cities in which the District is located:	Uhland, Kyle
What are the District's ETJ:	Uhland, Kyle, San Marcos
Are Board members appointed by an office outside the District:	No

COUNTY LINE SPECIAL UTILITY DISTRICT

TSI 2: Enterprise Fund Expenses
For the Year Ended December 31, 2018

	Operations	Administrative	Total
Salaries	\$ 246,057	149,617	395,674
Payroll taxes	18,836	11,452	30,288
Benefits	21,781	22,736	44,517
Bank fees	-	85	85
CRWA expenses	842,337	-	842,337
Dues and fees	16,835	12,063	28,898
EAA water rights	23,808	-	23,808
Engineering expenses	55,344	-	55,344
Insurance	20,300	-	20,300
Interest expense	-	265,854	265,854
Line locates	2,068	-	2,068
Professional fees	-	12,177	12,177
Meeting expenses	-	1,973	1,973
Office supplies	-	17,368	17,368
Postage and freight	-	10,151	10,151
Plant chemicals	2,859	-	2,859
RM-distribution-system labor	90,219	-	90,219
RM-plant-materials	3,341	-	3,341
RM-plant-labor	1,578	-	1,578
RM-plant-other	198,302	1,358	199,660
Samples	5,445	-	5,445
Small tools	1,634	-	1,634
Stipend	-	6,525	6,525
Surveys	1,750	-	1,750
Training and development	2,121	-	2,121
Telephone and communication	2,310	2,713	5,023
Utilities	33,888	514	34,402
Vehicle	18,974	-	18,974
Uniforms	8,419	-	8,419
Amortization	-	3,930	3,930
Depreciation	380,342	3,712	384,054
	\$ 1,998,458	522,228	2,520,776

Number of employees: 7

COUNTY LINE SPECIAL UTILITY DISTRICT

TSI 3: Temporary Investments
For the Year Ended December 31, 2018

	<u>Identification Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
COD (First Lockhart NB)	305377	1.45%	12/29/14	\$ 208,974	-
COD (First Lockhart NB)	55228	0.60%	04/23/14	105,789	-
Investment Fund (Logic)	3800511001	Vary	Open	<u>2,356,172</u>	-
				<u>\$ 2,670,935</u>	

COUNTY LINE SPECIAL UTILITY DISTRICT

TSI 4: Taxes Levied and Receivable
For the Year Ended December 31, 2018

Does Not Apply

COUNTY LINE SPECIAL UTILITY DISTRICT

TSI 5: Long Term Debt Service Requirements

CRWA Note - by Years

December 31, 2018

<u>Years Ending</u> <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	18,750	-	18,750
2020	18,750	-	18,750
2021	18,750	-	18,750
2022	18,750	-	18,750
2023	18,750	-	18,750
Remainder	<u>206,250</u>	-	<u>206,250</u>
	\$ <u>300,000</u>	\$ -	\$ <u>300,000</u>

COUNTY LINE SPECIAL UTILITY DISTRICT
 TSI 5: Long Term Debt Service Requirements (Continued)
 Series 2003 - by Years
 December 31, 2018

<u>Years Ending</u> <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	41,231	29,188	70,419
2020	43,480	26,822	70,302
2021	45,729	24,310	70,039
2022	47,978	21,647	69,625
2023	50,227	18,834	69,061
Remainder	<u>275,180</u>	<u>46,224</u>	<u>321,404</u>
	\$ <u>503,825</u>	\$ <u>167,025</u>	\$ <u>670,850</u>

COUNTY LINE SPECIAL UTILITY DISTRICT
 TSI 5: Long Term Debt Service Requirements (Continued)
 Series 2005 - by Years
 December 31, 2018

<u>Years Ending</u> <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	179,167	75,097	254,264
2020	191,160	63,498	254,658
2021	203,906	51,115	255,021
2022	215,900	37,923	253,823
2023	230,142	23,946	254,088
Remainder	<u>160,508</u>	<u>9,040</u>	<u>169,548</u>
	\$ <u>1,180,783</u>	\$ <u>260,619</u>	\$ <u>1,441,402</u>

COUNTY LINE SPECIAL UTILITY DISTRICT
 TSI 5: Long Term Debt Service Requirements (Continued)
 Series 2008 - by Years
 December 31, 2018

<u>Years Ending</u> <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	27,921	45,751	73,672
2020	29,136	44,308	73,444
2021	29,742	42,810	72,552
2022	31,563	41,274	72,837
2023	33,384	39,643	73,027
Remainder	<u>740,553</u>	<u>318,496</u>	<u>1,059,049</u>
	\$ <u>892,299</u>	\$ <u>532,282</u>	\$ <u>1,424,581</u>

COUNTY LINE SPECIAL UTILITY DISTRICT
 TSI 5: Long Term Debt Service Requirements (Continued)
 Series 2017 - by Years
 December 31, 2018

<u>Years Ending</u> <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	41,202	65,639	106,841
2020	101,954	64,941	166,895
2021	103,454	63,400	166,854
2022	104,203	61,695	165,898
2023	106,452	59,823	166,275
Remainder	<u>1,787,990</u>	<u>488,628</u>	<u>2,276,618</u>
	\$ <u>2,245,255</u>	\$ <u>804,126</u>	\$ <u>3,049,381</u>

COUNTY LINE SPECIAL UTILITY DISTRICT
 TSI 5: Long Term Debt Service Requirements (Continued)
 Series 2015A - by Years
 December 31, 2018

<u>Years Ending</u> <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	19,099	6,542	25,641
2020	19,271	6,392	25,663
2021	19,616	6,212	25,828
2022	19,787	6,002	25,789
2023	20,132	5,761	25,893
Remainder	<u>266,366</u>	<u>38,762</u>	<u>305,128</u>
	\$ <u>364,271</u>	\$ <u>69,671</u>	\$ <u>433,942</u>

COUNTY LINE SPECIAL UTILITY DISTRICT
 TSI 5: Long Term Debt Service Requirements (Continued)
 Series 2017A - by Years
 December 31, 2018

<u>Years Ending</u> <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	27,014	24,466	51,480
2020	27,358	24,248	51,606
2021	27,530	24,003	51,533
2022	27,875	23,722	51,597
2023	28,047	23,401	51,448
Remainder	<u>871,700</u>	<u>338,607</u>	<u>1,210,307</u>
	\$ <u>1,009,524</u>	\$ <u>458,447</u>	\$ <u>1,467,971</u>

COUNTY LINE SPECIAL UTILITY DISTRICT

TSI 6: Changes in Long-Term Bonded Debt
For the Year Ended December 31, 2018

Bonds Issued	Original Amount	Maturity Date	Coupon Rate	Outstanding at 12/31/17	Bond Debt Retired	Outstanding at 12/31/18	Interest Paid During 2018
CRWA Series 2003	899,600	2028	5.52-5.88%	539,607	(35,782)	503,825	31,401
CRWA Series 2005	2,629,081	2024	6.44%	1,334,963	(154,180)	1,180,783	85,972
CRWA Series 2008	1,165,440	2038	5.14%	916,265	(23,966)	892,299	47,101
CRWA Series 2017	2,249,000	2037	3.84%	2,249,000	(3,745)	2,245,255	66,553
ARWA Series 2015A	408,830	2035	0.380-2.41%	382,337	(18,066)	364,271	6,661
ARWA Series 2017A	1,009,524	2047	0.77-3.08%	1,018,462	(8,938)	1,009,524	28,166
Totals	\$ 8,361,475			\$ 6,440,634	(244,677)	6,195,957	265,854

Average annual debt service payment for remaining term of all debt: \$510,531

COUNTY LINE SPECIAL UTILITY DISTRICT
TSI 7: Comparative Schedule of Revenue and Expenditures
Enterprise Fund – Five Years
For the Year Ended December 31, 2014 through 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Revenue					
Water sales (net of refunds)	\$ 2,450,838	2,055,655	1,930,624	1,915,932	1,721,056
New account fees	1,337,270	676,173	455,054	257,041	815,686
Installment fees	232,530	117,926	90,664	111,480	155,675
Other incomes	-	<u>57,024</u>	-	-	-
Total Operating Revenues	<u>4,020,638</u>	<u>2,906,778</u>	<u>2,476,342</u>	<u>2,284,453</u>	<u>2,692,417</u>
Operating Expenses					
Salaries	246,057	206,239	241,170	212,248	159,188
Payroll taxes	18,836	16,025	19,514	16,463	13,772
Benefits	21,781	17,233	19,595	12,937	33,054
CRWA expenses	842,337	1,182,682	770,547	756,089	626,629
Dues and fees	16,835	-	4,257	-	-
EAA water rights	23,808	24,479	24,479	24,479	20,079
Engineering expenses	55,344	32,354	43,061	-	-
Insurance	20,300	18,682	14,683	15,180	18,315
Line locates	2,068	1,868	1,811	1,429	1,173
Plant chemicals	2,859	2,040	3,019	1,783	2,567
RM-distribution system-materials	-	-	127,473	81,351	124,508
RM-distribution system-labor	90,219	55,132	33,724	7,850	6,272
RM-plant-materials	3,341	-	558	128	1,110
RM-plant-labor	1,578	1,752	33,461	17,766	52,987
RM-plant-other	198,302	152,312	54,501	18,940	19,810
Samples	5,445	4,280	4,112	3,075	4,270
Small tools	1,634	10,597	5,300	1,714	753
Surveys	1,750	14,980	-	-	-
TCEQ	-	16,568	16,110	13,859	13,271
Telephone	2,310	3,891	3,891	3,645	3,494
Training and development	2,121	4,457	3,093	1,229	925
Utilities	33,888	34,993	32,130	34,390	38,946
Vehicle	18,974	14,392	14,077	15,522	12,685
Uniforms	8,419	4,430	4,018	2,807	2,377
Depreciation/Amortization	<u>380,342</u>	<u>285,324</u>	<u>254,875</u>	<u>254,875</u>	<u>238,808</u>
Total Operating Expenses	<u>1,998,548</u>	<u>2,104,710</u>	<u>1,729,459</u>	<u>1,497,759</u>	<u>1,394,993</u>
Net Operating Revenues (Expenses)	2,022,090	802,068	746,883	786,694	1,297,424
Non-operating Revenues (Expenses)					
Interest income	78,661	35,512	16,943	4,434	5,356
Other income	9,246	244,364	78,369	19,511	17,826
Administrative	(256,374)	(192,530)	(124,788)	(125,405)	(140,713)
Interest expense	<u>(265,854)</u>	<u>(213,191)</u>	<u>(195,745)</u>	<u>(232,507)</u>	<u>(267,449)</u>
Total Non-operating Revenues (Expenses)	<u>(434,321)</u>	<u>(125,845)</u>	<u>(225,221)</u>	<u>(333,967)</u>	<u>(384,980)</u>
Change in Net Assets	<u>\$ 1,587,769</u>	<u>676,223</u>	<u>521,662</u>	<u>452,727</u>	<u>912,444</u>

COUNTY LINE SPECIAL UTILITY DISTRICT
 TSI 8: Board Members, Key Personnel and Consultants
 December 31, 2018

Name		Position	Term expires May	Paid 2018
Board of Directors:				
Chris Betz	Elected	President	2019	\$ 2850
Warren McEnulty	Elected	V-President	2020	525
Toni Brewer	Elected	Sec/Trea	2018	150
William Ilse	Elected	Director	2018	750
Ken Dodson	Elected	Director	2020	600
Vikki Hunter	Elected	Director	2020	450
Joseph Barr	Elected	Director	2019	300

Key Personnel:

Daniel Heideman	Manager
Doug Schnautz	Asst. Manager
Susan Browning	Office Manager

John Hohn	Attorney
Williams, Crow, Mask, LLP	Auditor