

LAKE AMANDA WATER CONTROL  
AND IMPROVEMENT DISTRICT #1  
Colmesneil, Texas

FINANCIAL STATEMENTS

December 31, 2017

C O N T E N T S

Annual Filing Affidavit .....3

Independent Auditors' Report .....4

Management's Discussion and Analysis .....6

Basic Financial Statements:

    Statement of Net Position and Governmental Funds Balance Sheet ..... 10

    Statement of Activities and Governmental Funds Revenues,  
    Expenditures and Changes in Fund Balance..... 11

    Notes to the Financial Statements ..... 12

Supplementary Information:

    Supplemental Schedules Included Within This Report ..... 17

    TSI-1. Services and Rates ..... 18

    TSI-2. General Fund Expenses ..... 19

    TSI-4. Taxes Levied and Receivable..... 20

    TSI-7a. Comparative Schedule of Revenues and Expenses - Five Years..... 21

    TSI-8. Board Members, Key Personnel and Consultants ..... 23

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTY OF: TYLER }

I \_\_\_\_\_ Kirwin Drouet \_\_\_\_\_

(Printed: Name of President, Chairman, Director or Attorney)

of the \_\_\_\_\_ LAKE AMANDA WATER CONTROL AND IMPROVEMENT DISTRICT #1 \_\_\_\_\_  
(Name of District)

hereby swear, or affirm, that the district named above has filed copies of its annual audit report of the fiscal year or period ended December 31, 2017 in the district office and with the city or county listed below.

This annual filing affidavit and the attached copy of the annual audit report are being submitted to the Commission in satisfaction of all annual filing requirements within Section 50.374 of the Texas Water Code.

\_\_\_\_\_ TYLER \_\_\_\_\_  
(Name of City or County where audit report is filed)

Date: \_\_\_\_\_ January 19 \_\_\_\_\_ 2018 .

\_\_\_\_\_  
(Signature of District Official)

\_\_\_\_\_ President \_\_\_\_\_  
(Title of District Official)

Kirwin Drouet \_\_\_\_\_  
(Typed Name of District Official)

Sworn to and subscribed to before me this 19<sup>th</sup> day of January, 2018.



(Seal)

\_\_\_\_\_  
(Signature of Notary)

Miranda Leigh Pattillo  
(Printed Name of Notary)

My Commission Expires On: Feb 9, 2021  
Notary Public in and for the State of Texas

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Lake Amanda Water Control &  
Improvement District #1  
Colmesneil, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities of Lake Amanda Water Control and Improvement District #1 (the "District"), as of and for the year ended December 31, 2017 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 and the standards applicable to financial audits contained in Government 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 from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 of Lake Amanda Water Control and Improvement District #1, as of December 31, 2017, 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 on pages 5 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lake Amanda Water Control and Improvement District #1's financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 (except for the information marked "Unaudited"), the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lufkin, Texas  
January 19, 2018

  
CERTIFIED PUBLIC ACCOUNTANTS

LAKE AMANDA WATER CONTROL AND IMPROVEMENT DISTRICT #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Lake Amanda Water Control and Improvement District #1 ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2017.

Financial Highlights

- The assets of the District exceed its liabilities at the close of 2017 by \$115,471. Of this amount \$40,039 is unrestricted, \$32,863 is restricted, and \$42,569 is invested in capital assets. The unrestricted net position of the District's governmental activities may be used to meet the government's ongoing obligations.
- The District's total net position increased by \$87,529 in 2017.
- At December 31, 2017, the District's governmental funds reported an ending fund balance of \$35,129.

Overview of the Financial Statements

The annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The District is a self-supporting entity and uses a governmental funds to report operations. The District has two funds and for this reason, the fund financial statements and the government-wide financial statements have been combined by providing a columnar (line-by-line) reconciliation on the face of the financial statements.

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

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

The statement of activities presents information showing how the District's net position changes during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

LAKE AMANDA WATER CONTROL AND IMPROVEMENT DISTRICT #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$115,471 at the close of the most recent year.

A portion of the District's net position (37%) reflects its investment in capital assets (e.g. equipment, vehicles, and buildings). The District uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending.

NET POSITION		
	2017	2016 (Unaudited)
Current and Other Assets:		
Current assets	\$ 59 644	\$ 1 442
Non-current assets	75 432	26 500
TOTAL ASSETS	\$ 135 076	\$ 27 942
Liabilities:		
Current liabilities	\$ 19 605	\$ -
TOTAL LIABILITIES	19 605	-
Net Position:		
Net investment in capital assets	42 569	26 500
Restricted	32 863	-
Unrestricted	40 039	1 442
TOTAL NET POSITION	115 471	27 942
TOTAL LIABILITIES AND NET POSITION	\$ 135 076	\$ 27 942

The remaining balance of unrestricted net position may be utilized to meet the government's on-going obligations to citizens and creditors.

CHANGES IN NET POSITION		
	2017	Inception (August 18, 2016 to December 31, 2016) (Unaudited)
Revenues:		
Property taxes	\$ 66 713	\$ -
Interest income	21	1
TOTAL REVENUES	66 734	1
Expenses:		
Contracted services	8 169	200
Other operating expenditures	4 016	559
TOTAL EXPENSES	12 185	759
Contributions	32 980	28 700
INCREASE IN NET POSITION	87 529	27 942
Net position - Beginning of period	27 942	-
NET POSITION - END OF YEAR	\$ 115 471	\$ 27 942

The government's total net position increased by \$87,529 during the current year.

LAKE AMANDA WATER CONTROL AND IMPROVEMENT DISTRICT #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Financial Analysis of the Government's Funds

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

**Governmental Funds.** The focus of the District's governmental funds is to provide information on near-term inflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of December 31, 2017, the District's governmental funds reported an ending fund balance of \$35,129, an increase of \$33,687 in comparison with the prior year.

**General Fund Budgetary Highlights.** As the first year of operations, a budget was not created for 2017.

**Capital Assets.** The District's investment in capital assets as of December 31, 2017 was \$42,569. The investment in capital assets includes improvements to the existing dam.

CAPITAL ASSETS		
	2017	2016 (Unaudited)
Improvements in progress	\$ 42 569	\$ 26 500
TOTAL	\$ 42 569	\$ 26 500

Economic Factors and Next Year's Budgets and Rates

- The 2018 projected budget anticipates a surplus of \$153,964. The District intends to set aside that amount for future capital purchases.
- The tax rate for year 2018 remains at \$0.68 per \$100 valuation.

Request for Information

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show accountability for the funding it receives. If you have any questions about this report or need additional financial information, send your requests to the Lake Amanda Water Control and Improvement District #1, P. O. Box 420, Colmesneil, Texas 75938.

BASIC FINANCIAL STATEMENTS

LAKE AMANDA WATER CONTROL AND IMPROVEMENT DISTRICT #1  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
December 31, 2017

	GENERAL FUND	DEBT SERVICE FUND	TOTAL	ADJUSTMENTS	STATEMENT OF NET POSITION
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 7 528	\$ -	\$ 7 528	\$ -	\$ 7 528
Tax receivable, net allowance \$2,063	4 359	47 757	52 116	-	52 116
<b>TOTAL CURRENT ASSETS</b>	<u>11 887</u>	<u>47 757</u>	<u>59 644</u>	<u>-</u>	<u>59 644</u>
Noncurrent Assets:					
Restricted cash	19 605	13 258	32 863	-	32 863
Capital Assets:					
Improvement in progress	-	-	-	42 569	42 569
<b>TOTAL CAPITAL ASSETS, NET</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42 569</u>	<u>42 569</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>19 605</u>	<u>13 258</u>	<u>32 863</u>	<u>42 569</u>	<u>75 432</u>
<b>TOTAL ASSETS</b>	<u>\$ 31 492</u>	<u>\$ 61 015</u>	<u>\$ 92 507</u>	<u>\$ 42 569</u>	<u>\$ 135 076</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Bid bond payable	\$ 19 605	\$ -	\$ 19 605	\$ -	\$ 19 605
<b>TOTAL CURRENT LIABILITIES</b>	<u>19 605</u>	<u>-</u>	<u>19 605</u>	<u>-</u>	<u>19 605</u>
DEFERRED INFLOWS					
Unearned tax revenue	4 359	33 414	37 773	(37 773)	-
<b>TOTAL DEFERRED INFLOWS</b>	<u>4 359</u>	<u>33 414</u>	<u>37 773</u>	<u>(37 773)</u>	<u>-</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<u>23 964</u>	<u>33 414</u>	<u>57 378</u>	<u>(37 773)</u>	<u>-</u>
FUND BALANCE/ NET POSITION					
Restricted for debt service	-	27 601	27 601	(27 601)	-
Unassigned fund balance	7 528	-	7 528	(7 528)	-
<b>TOTAL FUND BALANCE</b>	<u>7 528</u>	<u>27 601</u>	<u>35 129</u>	<u>(35 129)</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u>\$ 31 492</u>	<u>\$ 61 015</u>	<u>\$ 92 507</u>	<u>\$ (72 902)</u>	<u>\$ 19 605</u>
Net Position:					
Invested in capital assets				\$ 42 569	\$ 42 569
Restricted				32 863	32 863
Unrestricted				40 039	40 039
<b>TOTAL NET POSITION</b>				<u>\$ 115 471</u>	<u>\$ 115 471</u>

The accompanying notes are an integral part of these financial statements.

LAKE AMANDA WATER CONTROL AND IMPROVEMENT DISTRICT #1  
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE  
 For the Year Ended December 31, 2017

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>	<u>ADJUSTMENTS</u>	<u>STATEMENT OF ACTIVITIES</u>
Operating Revenues:					
General Revenues:					
Property taxes	\$ 1 339	\$ 27 601	\$ 28 940	\$ 37 773	\$ 66 713
TOTAL OPERATING REVENUES	<u>1 339</u>	<u>27 601</u>	<u>28 940</u>	<u>37 773</u>	<u>66 713</u>
Operating Expenditures:					
Service Operations:					
Contract services	8 169	-	8 169	-	8 169
Capital expenditures	16 069	-	16 069	(16 069)	-
Other operating expenditures	4 016	-	4 016	-	4 016
Depreciation	-	-	-	-	-
TOTAL OPERATING EXPENDITURES	<u>28 254</u>	<u>-</u>	<u>28 254</u>	<u>(16 069)</u>	<u>12 185</u>
Nonoperating Revenues/Expenditures:					
Contributions	32 980	-	32 980	-	32 980
Interest income	21	-	21	-	21
TOTAL NONOPERATING REVENUES/EXPENDITURES	<u>33 001</u>	<u>-</u>	<u>33 001</u>	<u>-</u>	<u>33 001</u>
CHANGE IN FUND BALANCE/ NET POSITION	6 086	27 601	33 687	53 842	87 529
Fund Balance/Net Position:					
Beginning of year	<u>1 442</u>	<u>-</u>	<u>1 442</u>	<u>26 500</u>	<u>27 942</u>
END OF YEAR	<u>\$ 7 528</u>	<u>\$ 27 601</u>	<u>\$ 35 129</u>	<u>\$ 80 342</u>	<u>\$ 115 471</u>

The accompanying notes are an integral part of these financial statements.

LAKE AMANDA WATER CONTROL AND IMPROVEMENT DISTRICT #1  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lake Amanda Water Control and Improvement District #1 (the District) was created by the Tyler County Commissioners Court on August 18, 2016 and ratified by the voters of the District on November 8, 2016. The District was created to maintain and repair the Lake Amanda Dam operating under Chapter 51 of the Texas Water Code. The District is a political subdivision of the State of Texas and operates under a five-member Board of Directors.

Principles Determining Scope of Reporting Entity

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). In addition, the accounting records of the District are maintained generally in accordance with the Water District Financial Management Guide published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

Government-wide and Fund Financial Statements

Government-wide and Fund Financial Statements (i.e. statement of net position, statement of activities) report information on all the activities of the District.

The statement of activities demonstrates the degree to which the direct expenses are offset by general revenue. *Direct expenses* are those that are clearly identifiable with a specific function. General revenues consist of taxes and other revenues.

Separate financial statements are provided for governmental funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* which recognizes all long-term assets and receivables as well as long term debt obligations. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund and debt service fund financial statements are reported using the *current financial resource, measurement focus, and the modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if it is collected within 60 days of the end of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

LAKE AMANDA WATER CONTROL AND IMPROVEMENT DISTRICT #1  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred tax revenues are those taxes which the District reasonably expects to collect in a future reporting period, shown as deferred inflow of resources on the governmental fund statements.

The District has two governmental funds and considers these funds to be major funds:

General Fund - To account for resources not required to be accounted for in another fund, maintenance and operating revenues and general operating expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Budgets and Budgetary Accounting

The District is required by state law to adopt an annual budget. The budget is to be approved by the Board of Directors and may be amended or modified as needed during the year. The budget is not prepared on the accrual basis of accounting which is not consistent with accounting principles generally accepted in the United States of America. Budgetary accounting is followed as a means of controlling spending by the Board of Directors and management.

The budget for the general fund is prepared on the cash receipts and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. Appropriations lapse at year end.

The District did not adopt a budget for fiscal year 2017 since it was the first year of operations.

Cash and Investments

The District's only investments are a money market checking accounts for both the general and debt service funds. Investments are reported at cost, which approximates fair value.

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.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for uncollectible real property taxes. The District has provided an allowance for uncollectible real property taxes equivalent to approximately 3% of estimated current year levies. Because of the inherent uncertainties in estimating uncollectible accounts, it is at least reasonably possible that the estimates used will change in the near term.

Capital Assets

Capital Assets which include dam improvements in progress are reported in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The District had no depreciable assets at December 31, 2017.

LAKE AMANDA WATER CONTROL AND IMPROVEMENT DISTRICT #1  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Equity

The unassigned fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes.

Encumbrance System

The District does not use an encumbrance system of recording liabilities and expenditures.

Government-Wide Net Assets/Fund Balances - Governmental Funds

As of these financial statements, the District has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

Assigned Fund Balance - The portion of fund balance that the Board and management of Lake Amanda Water Control and Improvement District #1 intends to use for specific purposes. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.

Unassigned Fund Balance - The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is generally the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

NOTE B - DEPOSITS AND INVESTMENTS

Cash and Investments

Deposits are carried at cost, which approximates fair value. At December 31, 2017, the carrying amounts of deposits were \$40,392 and the bank balances were the same.

The District periodically carries certain assets with financial institutions which are subject to credit risk by the amount such assets exceed Federal deposit insurance limits. The District monitors the financial stability of banks it does business with and considers amounts advanced in excess of FDIC insurance limits to present no significant additional risk.

NOTE C - PROPERTY TAXES

Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year. A lien on all taxable real property is effective on January 1 of the tax year. Property tax revenues are recognized when they become available. Available tax revenues include those property tax receivables expected to be collected within sixty days after year end.

LAKE AMANDA WATER CONTROL AND IMPROVEMENT DISTRICT #1  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 December 31, 2017

NOTE C - PROPERTY TAXES - CONTINUED

Property within the District is assessed by the Tyler County Appraisal District. The property taxes due to the District are collected by the Tyler County Tax Collector's office.

NOTE D - CAPITAL ASSETS

A summary of changes in Capital Assets for the year ended December 31, 2017 are as follows:

	BALANCE 01/01/17	ADDITIONS	DELETIONS	BALANCE 12/31/17
Capital Assets not Being Depreciated:				
Construction in progress	\$ 26 500	\$ 16 069	\$ -	\$ 42 569
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	\$ 26 500	\$ 16 069	\$ -	\$ 42 569

On June 14, 2017, the District acquired the lake bed and dam of Lake Amanda from the Lake Amanda Property Owners Association (LAPOA). No cash consideration was paid to the LAPOA under this transaction and no costs were recorded on the District's books.

No depreciation expense was charged to the functions/program of the District.

NOTE E - RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; natural disasters, etc. The District continues to carry commercial insurance for all of these types of risks of loss. There have been no significant costs in excess of premiums incurred by the District during the period ended December 31, 2017.

NOTE F - CONTINGENT LIABILITIES

The District entered into an agreement for various legal services with their attorney. Under the terms of the agreement, all legal fees or expenses will be due and payable upon the deliverance of the bonds used to finance the repair of the Lake Amanda dam and are totally contingent upon the actual delivery and payment of the bonds. The District is contingently liable for \$49,390 in legal fees as of December 31, 2017 under the terms of the agreement.

Prior to the District acquiring the lake bed and dam on Lake Amanda, these assets were owned by the LAPOA. On June 14, 2017, the LAPOA deeded these assets to the District in consideration of the District financing and repairing the damage to the Lake Amanda dam. Prior to such transfer, the LAPOA entered into an agreement with Purkeypile Consulting LLC (Purkeypile) for various engineering services. The LAPOA made contributions to the District for payments to Purkeypile under this agreement prior to transferring the property to the District. In connection with this transfer, the District entered into a reimbursement agreement and a note payable with the LAPOA whereby the District agrees to reimburse the LAPOA for all costs incurred in connection with the repair to the Lake Amanda dam. Under the terms of the note, there was an interest rate of 0% and the maturity of the note is thirty (30) days after the funding of the bonds to be used to repair the dam. The note provides that the District will have no obligation to repay any of the note that relates to any costs loaned by the LAPOA to the District that are not reimbursed by the bonds issued. As of December 31, 2017, the District is contingently liable to the LAPOA for \$42,855 that was paid and any additional liabilities applicable to the reimbursement agreement.

NOTE G - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date in which the financial statements were made available, January 19, 2018.

SUPPLEMENTARY INFORMATION

LAKE AMANDA WATER CONTROL AND IMPROVEMENT DISTRICT #1  
SUPPLEMENTAL SCHEDULES INCLUDED WITHIN THIS REPORT  
Year Ended December 31, 2017

- ( X ) A. TSI-1. Services and Rates
- ( X ) B. TSI-2. General Fund Expenses
- ( ) C. TSI-3. Temporary Investments
- ( X ) D. TSI-4. Taxes Levied and Receivable
- ( ) E. TSI-5. Long-Term Debt Service Requirements by Years
- ( ) F. TSI-6. Changes in Long-Term Bonded Debt
- ( X ) G. TSI-7c. Comparative Schedule of Revenues and Expenses - Five Years
- ( X ) H. TSI-8. Board Members, Key Personnel and Consultants
- ( ) I. Schedule of Budgeted Revenues and Expenses - Budget and Actual - General Fund

LAKE AMANDA WATER CONTROL & IMPROVEMENT DISTRICT #1  
TSI-1. SERVICES AND RATES  
For the Year Ended December 31, 2017

Schedule A

1. Services provided by the District:

- |  |   |  |
|--|---|--|
| <input type="checkbox"/> Retail Water  | <input type="checkbox"/> Wholesale Water          | <input checked="" type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater   | <input type="checkbox"/> Wholesale Wastewater     | <input type="checkbox"/> Irrigation          |
| <input type="checkbox"/> Parks/Recreation  | <input type="checkbox"/> Fire Protection          | <input type="checkbox"/> Security            |
| <input type="checkbox"/> Solid Waste/Garbage   | <input checked="" type="checkbox"/> Flood Control | <input type="checkbox"/> Roads               |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service<br>(other than emergency interconnect) |   |  |
| <input checked="" type="checkbox"/> Other (specify): <u>Improvement of water quality in lower Neches River</u>                           |   |  |

2. Retail Service Providers: NA

3. Total Water Consumption (In Thousands) During The Fiscal Year: NA

4. Standby Fees:  Standby Fees Not Applicable

5. Location of District:

County(ies) in which district is located. Tyler County, Texas

Is the District located entirely within one county?  Yes  No

Is the District located within a city?  Entirely  Partly  Not at all

City(ies) in which district is located. \_\_\_\_\_

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

Entirely  Partly  Not at all

ETJ's in which district is located. \_\_\_\_\_

Are Board members appointed by an office outside the district?

Yes  No

If Yes, by whom? \_\_\_\_\_

See independent auditors' report.

LAKE AMANDA WATER CONTROL & IMPROVEMENT DISTRICT #1  
TSI-2 GENERAL FUND EXPENSES  
For the Year Ended December 31, 2017

Schedule B

Contract Services:	
Survey Costs	\$ 5 015
Rent	550
Other Operating:	
Postage	170
Insurance	1 433
Bank Charges	249
Office supplies	90
Legal ads/advertising	2 075
Capital Expenditures	16 069
	<hr/>
TOTAL OPERATING EXPENSES	\$ <u>12 185</u>

Number of persons employed by the District: -0-

See independent auditors' report.

LAKE AMANDA WATER CONTROL & IMPROVEMENT DISTRICT #1  
 TSI-4. TAXES LEVIED AND RECEIVABLE  
 Year Ended December 31, 2017

Schedule D

	DEBT SERVICE TAXES AD VALOREM TAX	GENERAL AD VALOREM TAX
Taxes receivable at beginning of year	\$ -	\$ -
2017 tax roll billing	62 709	6 069
Adjustments	<u>(1 694)</u>	<u>(371)</u>
TOTAL TO BE ACCOUNTED FOR	<u>61 015</u>	<u>5 698</u>
Tax Collections:		
Current year levy	13 258	1 339
Prior year levies	<u>-</u>	<u>-</u>
TOTAL COLLECTIONS	<u>13 258</u>	<u>1 339</u>
TAXES RECEIVABLE AT END OF YEAR	\$ <u>47 757</u>	\$ <u>4 359</u>
Taxes Receivable, by Years		
2017*           \$ 52 116		

\*First taxable year

ASSESSED VALUATION SUMMARY (AD VALOREM TAX)

	2017 ROLL
<u>Property Valuation</u>	
Land and improvements	\$ <u>10 114 310</u>
<u>Tax Rates Per \$100 Valuation</u>	
Debt service tax rate	\$ <u>.62</u>
Maintenance tax rate	<u>.06</u>
Original tax levy	\$ <u>68 777</u>
Percent of taxes collected to taxes levied	<u>21%</u>

See independent auditors' report.

LAKE AMANDA WATER CONTROL & IMPROVEMENT DISTRICT #1  
TSI-7a. COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES  
Five Years Ended December 31,

Schedule G

	2017	INCEPTION (AUGUST 18, 2016) TO DECEMBER 31, 2016	PERCENT OF TOTAL REVENUE 2017	
Operating Revenues:				
Property taxes revenues	\$ 66 713	\$ -	100.0	%
TOTAL OPERATING REVENUES	66 713	-	100.0	
Less Operating Expenses:				
Contract Services	8 169	759	12.2	
Other Operating	4 016	-	6.0	
TOTAL OPERATING EXPENSES	12 185	759	18.3	
NET INCOME FROM OPERATIONS	12 185	(759)	18.3	
Nonoperating Revenues (Expenses):				
Contributions	32 980	28 700	49.4	
Interest income	21	1	-	
TOTAL NONOPERATING REVENUES (EXPENSES)	33 001	28 701	49.4	
CHANGE IN NET POSITION	\$ 87 529	\$ 27 942	131.2	%
Total active retail water and/or wastewater connections	N/A	N/A		

Note: The District began on August 18, 2016. Five year totals will be accumulated when applicable.

See independent auditors' report.

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LAKE AMANDA WATER CONTROL & IMPROVEMENT DISTRICT #1  
 TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
 December 31, 2017  
 (Unaudited)

Schedule H

Complete District Mailing Address: P. O. Box 420 Colmesneil, Texas 75938  
 District Business Telephone Number: 713-816-1101  
 Submission Date of the most recent District Registration Form: November 30, 2016

NAME AND ADDRESS	TERM OF OFFICE (ELECTED OR APPOINTED) OR DATE HIRED	FEES FYE 12-31-2017	EXPENSE REIMBURSEMENTS FYE 12-31-2017	TITLE AT YEAR END	RESIDENT OF DISTRICT?
<u>Board Members:</u>					
Kirwin Drouet 1314 Kent Oak Drive Houston, Texas 77077	(Elected) 11/16 to 11/20	\$ -	\$ 40	President	No
Gene Cappadonna 29 Westchester Drive Conroe Texas 77304	(Elected) 11/16 to 11/18	\$ -	\$ -	Executive VP & Secretary	No
Clyde LeJune 482 CR 3190 Colmesneil, Texas 75938	(Elected) 11/16 to 11/18	\$ -	\$ -	Vice President	Yes
Donald Sousley 547 CR 3170 Colmesneil, Texas 75938	(Elected) 11/16 to 11/18	\$ -	\$ 40	Treasurer	Yes
Heyward Fetner 116 PR 7278 Colmesneil, Texas 75938	(Elected) 11/15 to 11/18	\$ -	\$ -	Member	No
<u>Key Administrative Personnel</u>	None	\$ -	\$ -	N/A	N/A

LAKE AMANDA WATER CONTROL & IMPROVEMENT DISTRICT #1  
 TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS - CONTINUED  
 December 31, 2017  
 (Unaudited)

Schedule L

NAME AND ADDRESS	TERM OF OFFICE (ELECTED OR APPOINTED) OR DATE HIRED	FEES FYE 12/31/2017	EXPENSE REIMBURSEMENTS FYE 12/31/2017	TITLE AT YEAR END	RESIDENT OF DISTRICT?
<u>Consultants:</u>					
John Stover/Skelton Slusher 1616 South Chestnut Lufkin, Texas 75901	August 22, 2016	\$ *	\$ -	Attorney	No
Dee Purkeypile 229 North Main Street Eureka Springs, Arkansas 72632	August 18, 2016	\$ 42 355	\$ -	Engineer	No
John Howell/GMS Group 5075 Westheimer, Suite 1175 Houston, Texas 77056	January 10, 2018	\$ -	\$ -	Financial Advisor	No
Axley & Rode, LLP 1307 South First Street Lufkin, Texas 75901	January 10, 2018	\$ -	\$ -	Contract Accountant and Auditor	No
<u>Investment Officer:</u>					
Kirwin Drouet		\$ -	\$ -	Director	No

\* All fees through December 31, 2017 deferred until bond financing is closed per fee arrangement.

NOTE: No director is disqualified from serving on this board under the Texas Water Code.

See independent auditors' report.