

Uvalde County Underground Water Conservation District

**Annual Financial Report
For the Year Ended September 30, 2020**

Ede & Company, LLC
Certified Public Accountants

Orange County Underground Water Conservation District
Annual Financial Report
For the Year Ended September 30, 2020

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS X
X
COUNTY OF UVALDE X

I, Laura Ligoeky of the UVALDE COUNTY WATER CONSERVATION DISTRICT hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 25th day of March, 2021, its annual audit report for the fiscal year ended September 30, 2020 and that copies of the annual report have been filed in the district office located, at UVALDE, TX.

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

Dated March 25, 2021

By: [Signature]
(Signature of District Representative)

Laura Ligoeky, President
(Type Name & Title of above District Representative)

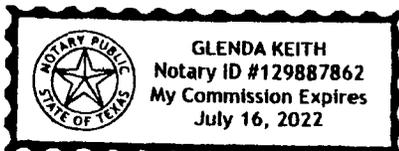
Sworn to and Subscribed to before me this 25th day of March, 2021.

[Signature]
(Signature of Notary)

Commission Expires on 7-16-22

Glenda Keith
(Print Name of Notary)

Notary Public in and for the State of Texas.



Eric Ede
Anna Ede Jones

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Knippa, Texas 78870
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Uvalde County Underground Water Conservation District
200 E. Nopal, Suite 203
Uvalde, Texas 78802

We have audited the accompanying financial statements of the governmental activities and each major fund of the Uvalde County Underground Water Conservation District, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 and each major fund of the Uvalde County Underground Water Conservation District, as of September 30, 2020, 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

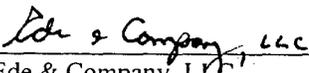
Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Uvalde County Underground Water Conservation District’s basic financial statements. The analysis of taxes receivable is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The analysis of taxes receivable is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the analysis of taxes receivable is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Ede & Company, LLC
Certified Public Accountants
Knippa, Texas

March 22, 2021

**UVALDE COUNTY UNDERGROUND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, the management of the Uvalde County Underground Water Conservation District (the "District") offers the following narrative on the financial performance of the District for the year ended September 30, 2020. Please read it in connection with the District's financial statements that follow.

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Total Governmental Funds" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$844,465 at September 30, 2020.
- During the year, the District's expenses were \$110,438 less than the \$366,949 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was virtually unchanged from last year, and no new programs were added this year.
- The general fund reported a fund balance this year of \$844,465.
- The District's net position increased \$110,438 which represents a 7.92 percent increase from 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District: The *Statement of Net Position and Governmental Funds Balance Sheet* includes a column (titled "Total Governmental Funds") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health. The *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances* includes a column (titled "Total Governmental Funds") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$862.4 thousand at September 30, 2020. (See Table A-1).

Table A-1
Uvalde County Underground Water Conservation District
Summary Statement of Net Position
(in thousands dollars)

	Governmental Activities		Total Percentage Change
	2020	2019	2020-2019
Current assets:			
Cash and cash equivalents	\$ 858.0	\$ 737.3	16.37%
Property taxes receivable	17.9	15.8	13.29%
Due from other governments	2.3	0.4	475.00%
Prepayments	2.4	-	100.00%
Total current assets	<u>880.6</u>	<u>753.5</u>	<u>16.87%</u>
Noncurrent assets:			
Capital Assets	8.4	8.4	0.00%
Less accumulated depreciation	(8.4)	(8.4)	0.00%
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>0.00%</u>
Total Assets	<u>880.6</u>	<u>753.5</u>	<u>16.87%</u>
Current liabilities:			
Accounts payable and accrued liabilities	15.8	-	100.00%
Deposits payable	2.5	1.3	92.31%
Total Liabilities	<u>18.3</u>	<u>1.3</u>	<u>1307.69%</u>
Net Position:			
Invested in capital assets	-	-	0.00%
Unrestricted	862.4	752.1	14.67%
Total Net Position	<u>\$ 862.4</u>	<u>\$ 752.1</u>	<u>14.67%</u>

The District's unrestricted net position, which can be used to finance day to day operations, totaled \$862.4 thousand. The overall financial condition of the District increases from 2019 to 2020.

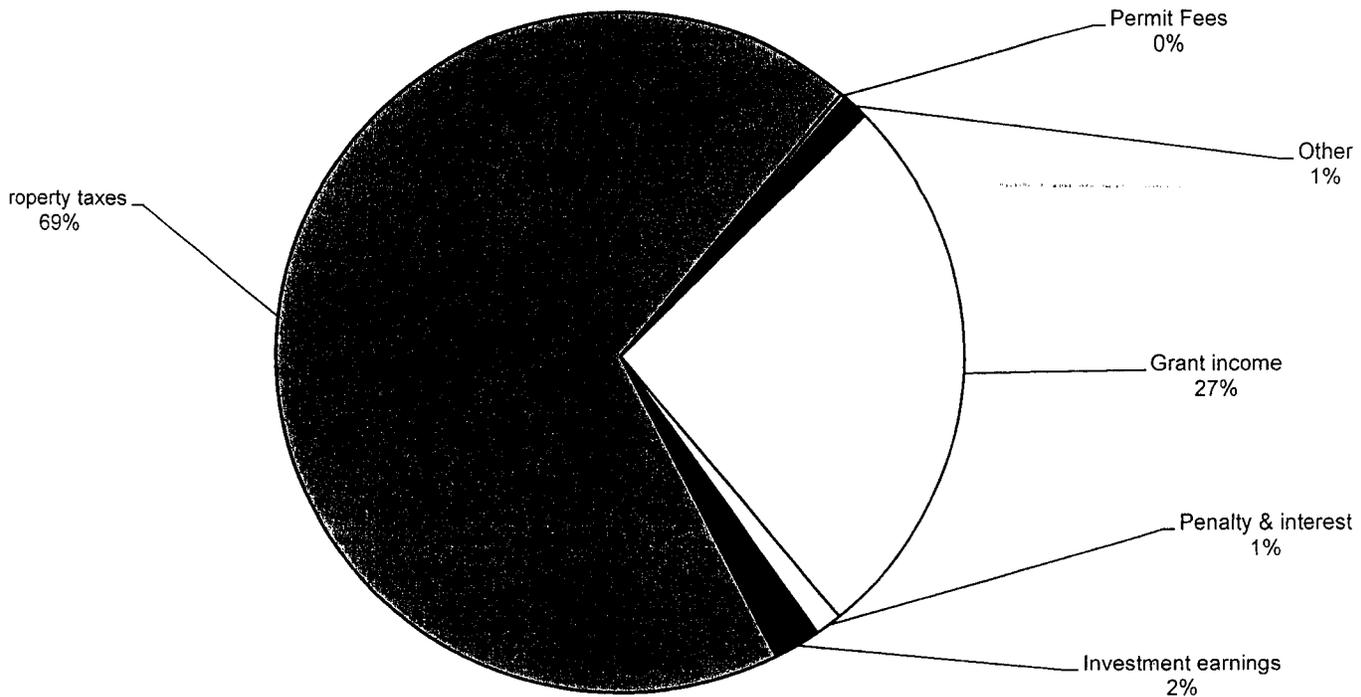
Changes in net position. The District's total revenues were \$364.6 thousand. A significant portion, 66 percent, of the District's revenue comes from property taxes, 27 percent Grant Revenue, 1 percent comes from penalty & interest on property taxes, and 2 percent relates investment earnings.

The total cost of all programs and services was \$256.5 thousand; 100 percent of these costs are for General Government.

Table A-2
Changes in Uvalde County Water Conservation District's Net Position
(In thousands dollars)

	Governmental Activities		Total Percentage Change
	2020	2019	2020-2019
General Revenue			
Property Taxes	250.3	233.5	7.19%
Investment Earnings	8.1	4.3	88.37%
Grant Income	96.1	106.9	-10.10%
Other	10.1	18.5	-45.41%
Total Revenue	<u>364.6</u>	<u>363.2</u>	<u>0.39%</u>
Program Expenses			
General Government	256.5	424.4	-39.56%
Total Expense	<u>256.5</u>	<u>424.4</u>	<u>-39.56%</u>
Increase (Decrease) in Net Position	<u>\$ 108.1</u>	<u>\$ (61.2)</u>	<u>-276.63%</u>

2020 Revenue Sources



2020 EXPENSES

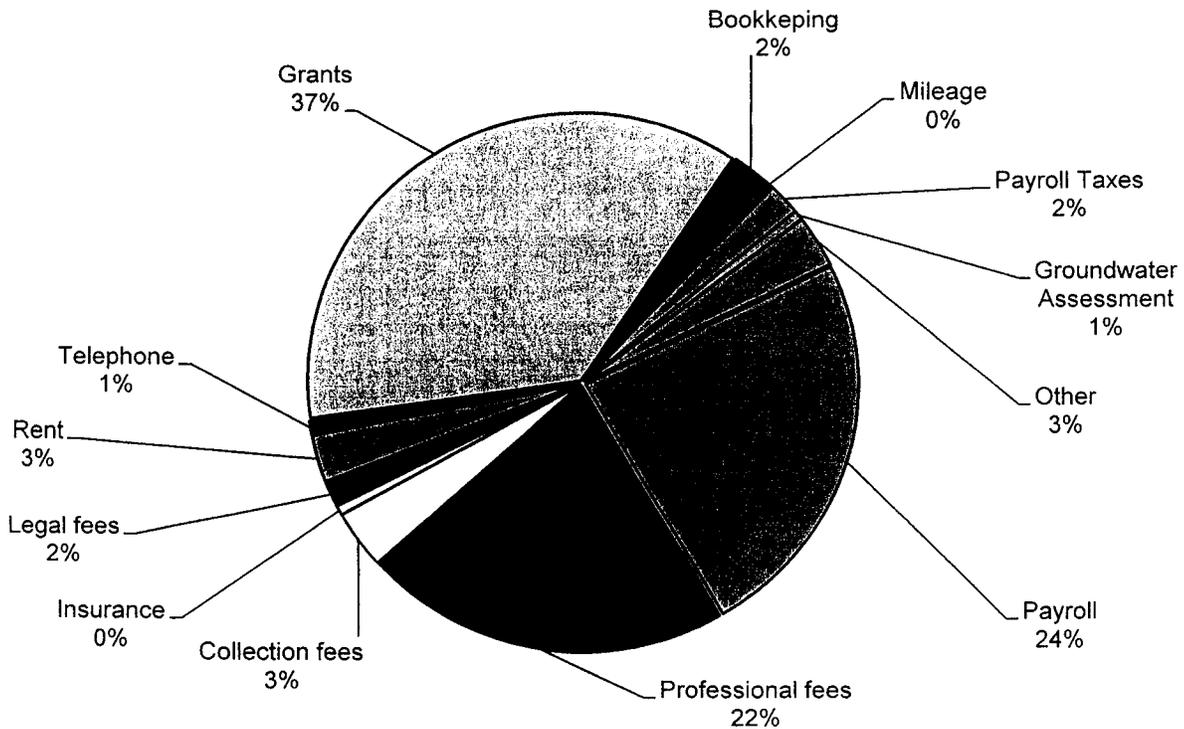


Table A-3 presents the cost of each of the District's largest expenses.

- The cost of all *governmental* activities this year was \$256.5 thousand.
- The cost of all *governmental* activities in the previous year was \$424.4 thousand.

Cost of Selected District Expenses
(in thousands of dollars)

	Total Costs of Services		
	2020	2019	Percent Change
Payroll	61.1	61.1	0.00%
Professional fees	55.7	150.1	-62.89%
Collection fees	9.1	8.8	3.41%
Insurance	1.4	1.1	27.27%
Legal Fees	4.1	59.4	-93.10%
Rent	7.4	7.3	1.37%
Telephone	2.2	3.0	-26.67%
Grants	94.1	106.9	100.00%
Other expenditures	21.4	26.7	-19.85%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues for the District's governmental fund types (the General Fund) totaled \$364.62 thousand in 2020. Revenues in 2020 included property taxes of \$250.3 thousand compared to \$233.6 thousand in 2019. The increase in property taxes was due to a slight increase in property valuations and a increase in property tax rates from .0122 in 2019 to .0126 in 2020. Total expenditures of \$256.5 thousand were 65.46 % lower than 2019.

General Fund Budgetary Highlights

The District revised its budget during the year as needed.

- Actual expenditures were \$18,700 above final budget amounts. Also, resources available were \$126,984 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the District had invested \$8,417 in equipment & furniture. (See Table A-4.)

Table A-4
District's Capital Assets
(in thousands of dollars)

	Governmental Activities		Total Percentage Change 2020-2019
	2020	2019	
Equipment & furniture	\$ 8.4	\$ 8.4	0.00%
Totals at historical cost	8.4	8.4	0.00%
Total Accumulated Depreciation	(8.4)	(8.4)	0.00%
Net Capital Assets	\$ -	\$ -	0.00%

Long-Term Debt

The District had no long-term debt during 2020.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Uvalde County Underground Water Conservation District
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2020

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 858,015.62	\$ -	\$ 858,015.62
Taxes receivable	17,928.35	-	17,928.35
Due From Other Governments	2,334.51	-	2,334.51
Prepayments	2,369.37	-	2,369.37
Capital assets (net of accumulated depreciation) Office Equipment and Furniture	-	-	-
Total assets	\$ 880,647.85	\$ -	\$ 880,647.85
LIABILITIES			
Accounts payable	\$ 15,764.43	\$ -	\$ 15,764.43
Deposits payable	2,490.00	-	2,490.00
Payroll taxes payable	-	-	-
Total liabilities	18,254.43	-	18,254.43
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenue- Property Taxes	17,928.35	(17,928.35)	-
Total Deferred Inflows of Resources	17,928.35	(17,928.35)	-
FUND BALANCES/NET POSITION			
Fund balances:			
Unassigned	844,465.07	(844,465.07)	-
Total Fund Balance	844,465.07	(844,465.07)	-
Total liabilities deferred infows and fund balances	\$ 880,647.85		
Net Position:			
Invested in capital assets, net of related debt		-	-
Unrestricted		862,393.42	862,393.42
Total net position	\$ 862,393.42	\$ 862,393.42	\$ 862,393.42

The accompanying notes are an integral part of this statement.

Uvaide County Underground Water Conservation District
Statement of Activities and Governmental Funds
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2020

	General Fund	Adjustments	Statement of Activities
Revenues:			
Property taxes	\$ 250,275.68	\$ 2,354.37	\$ 252,630.05
Property taxes penalty & interest	4,634.19	-	4,634.19
Permit Fees	890.00	-	890.00
Grant Income	96,088.58	-	96,088.58
Investment earnings	8,141.72	-	8,141.72
Other income	4,564.54	-	4,564.54
Total revenues	<u>364,594.71</u>	<u>2,354.37</u>	<u>366,949.08</u>
Expenditures/expenses:			
Service operations:			
Bookkeeping	5,550.00	-	5,550.00
Collection Fees	9,138.36	-	9,138.36
Computer Expense	3,759.86	-	3,759.86
Conference Fees	180.00	-	180.00
Dues & Subscriptions	1,388.00	-	1,388.00
Publishing/Public Education	300.00	-	300.00
Equipment Maintenance	-	-	-
Payroll Taxes	4,960.59	-	4,960.59
Grants	94,088.58	-	94,088.58
Groundwater Assesment	1,500.00	-	1,500.00
Insurance	1,425.32	-	1,425.32
Legal Fees	4,136.06	-	4,136.06
Professional Services (Contract)	55,666.22	-	55,666.22
Legal Notices/Election	841.52	-	841.52
Mileage - Employees	1,371.10	-	1,371.10
Travel Directors	163.16	-	163.16
Miscellaneous	165.02	-	165.02
Office Supplies & Postage	665.39	-	665.39
Rent	7,373.80	-	7,373.80
Well Monitoring Meters	-	-	-
Salary - General Manager	37,286.04	-	37,286.04
Salary - Office Manager	23,793.00	-	23,793.00
Telephone & Internet	2,157.73	-	2,157.73
Reference Books	601.00	-	601.00
Capital outlay	-	-	-
Depreciation	-	-	-
Total expenditures/expenses	<u>256,510.75</u>	<u>-</u>	<u>256,510.75</u>
Excess (deficiency) of revenues over expenditures/Change in net position	108,083.96	2,354.37	110,438.33
Fund balance/net position:			
Beginning of the year	736,381.11	15,573.98	751,955.09
End of the year	<u>\$ 844,465.07</u>	<u>\$ 17,928.35</u>	<u>\$ 862,393.42</u>

The accompanying notes are an integral part of this statement.

Uvalde County Underground Water Conservation District

Notes to the Financial Statements

For the Year Ended September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Uvalde County Underground Water Conservation District was created by Acts of Senate bill 1058 of the State of Texas on November 19, 1993. The District was established to monitor and conserve the underground water within the jurisdiction of the District.

The District's Board of Directors, an eight member group, has governance responsibilities over all activities related to the District's operations within the jurisdiction of Uvalde County Underground Water Conservation District. Because members of the Board of Directors are elected by the taxing entities, they have the primary accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined in Government Accounting Standards Board ("GASB") Statement No. 14.

B. Government-wide and Fund Financial Statements

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Total Governmental Funds" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net position and the statement of activities.

The government-wide financial statements report information on all of the activities of the District. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government.

C. 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. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The general fund column of the government-wide financial statements is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Major revenue sources considered susceptible to accrual include interest income. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources.

Expendable assets are assigned to the various governmental funds according to the purpose for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

D. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the statement of net position column of the government-wide statement of net position but are not reported in the general fund column.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$5,000 for equipment, and all additions to infrastructure are capitalized. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Buildings, furniture and equipment of the District are depreciated using the straight line method over the estimated useful lives.

E. Budgetary Data

The official budget was prepared on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America, for the general fund. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. During September of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget.
- c. Prior to October 1, the budget is legally enacted through passage of a resolution by the Board.

The budget is prepared and controlled at the function level within each fund and is amended at this level as needed. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval.

F. Fund Balance

The District classifies its fund balance according to the following categories:

Nonspendable – amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The District's nonspendable fund balances are for items that are no longer in spendable form because they have been spent for inventories and prepaid expenses.

Restricted – amounts subject to externally imposed and legally enforceable constraints, for example, by creditors, grantors, contributors, or by enabling legislation.

Committed – amounts subject to internal constraints imposed by formal action of the District’s Board of Directors, by the approval of a vote or resolution at a public meeting.

Assigned – amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is established either by the Board of Directors or by the Board delegating this authority to the general manager for specific purposes.

Unassigned – the residual amount in the general fund that has not been assigned to other funds and that is not restricted, committed, or assigned for specific purposes.

When an expenditure is incurred for purposes for which more than one category of fund balance is available, the District reduces fund balances in the following order: restricted, committed, assigned, and then unassigned.

G. Net Position

Net position on the statement of net position includes the following:

Net Investment in Capital Assets – the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding any unspent bond proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

Unrestricted – the difference between assets and liabilities that is not reported in Net Investment in Capital Assets.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

I. Reconciliation of Government-wide and General Fund Financial Statements

**Reconciliation of General Fund Balance to
Net Position of Governmental Activities
September 30, 2020**

Total General Fund Balance	\$ 844,465.07
Amounts reported in governmental activities in the statement of net assets are different because:	
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the governmental funds.	-
Accumulated depreciation has not been included in the general fund financial statements.	-
Revenue reported as deferred revenue in the general fund was recorded as revenue in the government-wide financial statements.	<u>17,928.35</u>
Net Position of Governmental Activities	<u>\$ 862,393.42</u>

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities**

Net Change in Governmental Fund Balances	\$ 108,083.96
 Amounts reported for the governmental activities in the statement of activities are different because:	
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis	2,354.37
Governmental funds report capital outlays as expenditures. However, they are reported as increases in capital assets in the government-wide financial statements.	-
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of the current year's depreciation is to decrease net assets.	-
 Change in Net Position of Governmental Activities	 <u>\$ 110,438.33</u>

NOTE 2 – DEPOSITS, SECURITIES AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits

State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. As of September 30, 2020, the District's cash balance deposited in Banks totaled \$648,123 and were entirely covered by Federal Deposit Insurance Corporation ("FDIC") insurance or secured by collateral pledged by the depository. Since the District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not participating in foreign currency transactions.

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity 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) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed

investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Uvalde County Underground Water Conservation District is in compliance with the requirements of the Act and with local policies.

Additional polices and contractual provisions governing deposits and investments for Uvalde County Underground Water Conservation District are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to depository bank certificates of deposits and state sponsored investment pools.

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District investments in both depository bank certificates of deposits and state sponsored investment pools.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in foreign currencies.

NOTE 3 – CAPITAL ASSET ACTIVITY

Capital asset activity for the twelve months ended September 30, 2020, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental activities:</u>				
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	\$ -	\$ -	\$ -	\$ -
Furniture and Equipment	8,417	-	-	8,417
Total capital assets being depreciated	<u>8,417</u>	<u>-</u>	<u>-</u>	<u>8,417</u>
Less accumulated depreciation for:				
Buildings and Improvements	-	-	-	-
Furniture and Equipment	8,417	-	-	8,417
Total accumulated depreciation	<u>8,417</u>	<u>-</u>	<u>-</u>	<u>8,417</u>
Total capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 – PENSION PLAN OBLIGATION

The District's employees do not participate in a public retirement system, but are covered by Social Security.

Required Supplementary Information

Uvalde County Underground Water Conservation District
Statement of Revenue, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended September 30, 2020

	Actual	Original Budget	Final Amended Budget	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 250,275.68	\$ 237,610.84	\$ 237,610.84	\$ 12,664.84
Property taxes penalty & interest	4,634.19	-	-	4,634.19
Permit Fees	890.00	-	-	890.00
Grant Income	96,088.58	-	-	96,088.58
Investment earnings	8,141.72	-	-	8,141.72
Other income	4,564.54	-	-	4,564.54
Total revenues	<u>364,594.71</u>	<u>237,610.84</u>	<u>237,610.84</u>	<u>126,983.87</u>
Expenditures				
Service operations:				
Advertising	-	250.00	250.00	250.00
Bookkeeping	5,550.00	5,500.00	5,500.00	(50.00)
Collection Fees	9,138.36	9,000.00	9,000.00	(138.36)
Computer Expense	3,759.86	3,500.00	3,500.00	(259.86)
Conference Fees	180.00	3,000.00	3,000.00	2,820.00
Dues & Subscriptions	1,388.00	1,750.00	1,750.00	362.00
Publishing/Public Education	300.00	1,000.00	1,000.00	700.00
Equipment Maintenance	-	150.00	150.00	150.00
Payroll Taxes	4,960.59	5,090.00	5,090.00	129.41
Grants	94,088.58	-	-	(94,088.58)
Groundwater Assesment	1,500.00	5,000.00	5,000.00	3,500.00
Insurance	1,425.32	1,150.00	1,150.00	(275.32)
Legal Fees	4,136.06	42,900.00	42,900.00	38,763.94
Professional Services (Contract)	55,666.22	71,000.00	71,000.00	15,333.78
Legal Notices/Election	841.52	1,400.00	1,400.00	558.48
Mileage - Employees	1,371.10	5,000.00	5,000.00	3,628.90
Travel Directors	163.16	1,500.00	1,500.00	1,336.84
Miscellaneous	165.02	500.00	500.00	334.98
Office Supplies & Postage	665.39	2,000.00	2,000.00	1,334.61
Rent	7,373.80	7,342.00	7,342.00	(31.80)
Well Monitoring Meters	-	5,500.00	5,500.00	5,500.00
Salary - General Manager	37,286.04	37,286.00	37,286.00	(0.04)
Salary - Office Manager	23,793.00	23,793.00	23,793.00	-
Telephone & Internet	2,157.73	3,200.00	3,200.00	1,042.27
Reference Books	601.00	1,000.00	1,000.00	399.00
Total expenditures	<u>256,510.75</u>	<u>237,811.00</u>	<u>237,811.00</u>	<u>(18,699.75)</u>
Excess (deficiency) of revenues over expenditures	108,083.96	(200.16)	(200.16)	108,284.12
Fund balance				
Beginning of the year	736,381.11	736,381.11	736,381.11	-
End of the year	<u>\$ 844,465.07</u>	<u>\$ 736,180.95</u>	<u>\$ 736,180.95</u>	<u>\$ 108,284.12</u>

**UVALDE COUNTY UNDERGROUND WATER CONSERVATION DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

<u>LAST TEN YEARS ENDED SEPTEMBER 30,</u>	<u>TAX RATE</u>	<u>ASSESSED VALUE FOR TAX PURPOSES (in thousands)</u>	<u>BEGINNING BALANCE 10/1/19</u>	<u>CURRENT YEAR TOTAL LEVY</u>	<u>ENTIRE YEAR'S ADJUSTMENTS</u>	<u>TOTAL COLLECTIONS</u>	<u>BALANCE 9/30/20</u>
PRIOR			907.66		(33.65)	46.29	827.72
2011	.0164	1,230,679	418.41		(0.00)	30.74	387.67
2012	.0164	1,227,883	410.95		(0.00)	29.74	381.21
2013	.0160	1,250,758	395.15		0.00	32.28	362.87
2014	.0156	1,313,271	439.84		0.00	40.79	399.05
2015	.0156	1,355,854	566.07		(0.00)	109.01	457.06
2016	.0120	1,796,862	1,148.79		(5.26)	202.81	940.72
2017	.0120	1,809,607	1,721.36		(3.73)	648.36	1,069.27
2018	.0120	1,895,344	3,058.43		(21.08)	1,226.44	1,810.91
2019	.0122	1,913,592	6,686.29		(100.78)	3,582.91	3,002.60
Current	.0126	2,005,000		252,630.05	(103.42)	244,237.36	8,289.27
			<u>15,752.95</u>	<u>252,630.05</u>	<u>(267.92)</u>	<u>250,186.73</u>	<u>17,928.35</u>