

Evergreen Underground Water Conservation District

Annual Financial Report

For the Year Ended September 30, 2021

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Independent Auditor's Report

Board of Directors
Evergreen Underground Water Conservation District
110 Wyoming Blvd.
Pleasanton, Texas 78064

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Evergreen Underground Water Conservation District, as of and for the year ended September 30, 2021, 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, each major fund, and the aggregate remaining fund information of the Evergreen Underground Water Conservation District, as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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


Ede & Company, LLC
Certified Public Accountants
Knippa, Texas

August 25, 2022

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2021

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, the management of the Evergreen Underground Water Conservation District (the "District") offers the following narrative on the financial performance of the District for the year ended September 30, 2021. 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 \$5,007,616 at September 30, 2021.
- During the year, the District's expenses were \$206,870 less than the \$1,150,572 generated in taxes, service fees and other revenues for governmental activities.
- The total cost of the District's programs were approximately the same as last year.
- The general fund reported a fund balance this year of \$4,784,785..
- The District's net position increased \$206,870 which represents a 4.3 percent increase from 2020.

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 \$5,007.6 thousand at September 30, 2021. (See Table A-1).

Table A-1
Evergreen Underground Water Conservation District
Summary Statement of Net Positions
(in thousands dollars)

	Governmental Activities		Total Percentage Change 2021 - 2020
	2021	2020	
Current assets:			
Cash and cash equivalents	\$ 4,774.1	\$ 4,583.1	4.2%
Property taxes receivable	106.8	104.2	2.5%
Accounts Receivable	-	-	0.0%
Due from other governments	2.8	3.7	-24.3%
Prepaid expenses	8.9	8.6	3.5%
Total current assets	4,892.6	4,699.6	4.1%
Noncurrent assets:			
Capital Assets	450.9	432.0	4.4%
Less accumulated depreciation	(326.1)	(305.4)	6.8%
Total noncurrent assets	124.8	126.6	-1.4%
Total Assets	5,017.4	4,826.2	4.0%
Current liabilities:			
Accounts payable and accrued liabilities	1.0	3.6	-72.2%
Compensated absences	8.7	8.8	-1.1%
Total Liabilities	9.7	12.4	-21.8%
Net Position:			
Invested in capital assets	124.8	117.8	5.9%
Unrestricted	4,882.8	4,696.0	4.0%
Total Net Position	\$ 5,007.6	\$ 4,813.8	4.0%

The District's unrestricted net position, which can be used to finance day to day operations, totaled \$4,882.8 thousand. The overall financial condition of the District increases from 2020 to 2021.

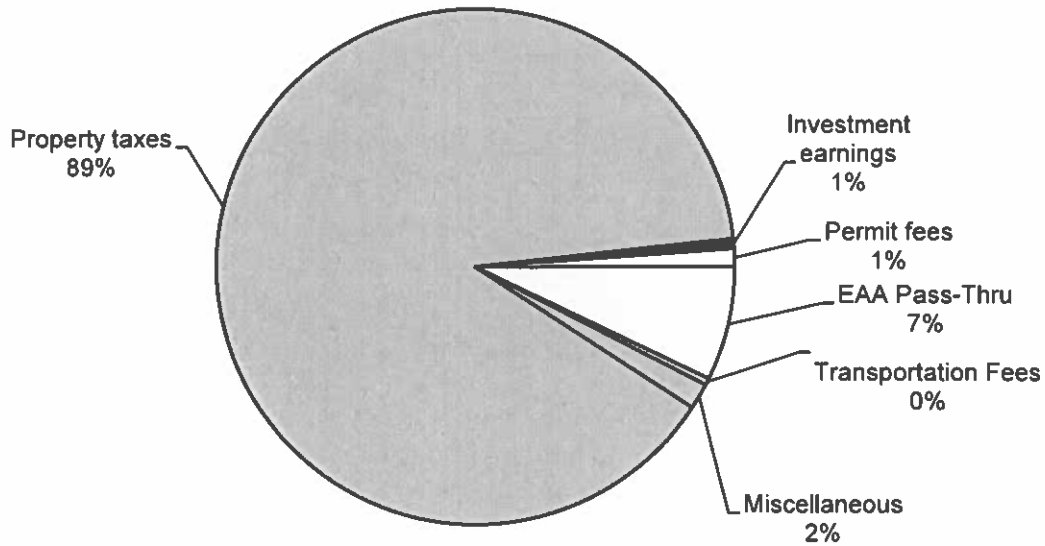
Changes in net position. The District's total revenues were \$1,150.6 thousand. A significant portion, 89 percent, of the District's revenue comes from property taxes. (See Figure A-3.) 1 percent comes from Investment earnings, 1 percent relates permits & fees.

The total cost of all programs and services was \$943.7 thousand; 100 percent of these costs are for General Government.

(In thousands dollars)

	Governmental Activities		Total Percentage Change 2021-2020
	2021	2020	
General Revenue			
Property Taxes	\$ 1,024.5	\$ 1,056.4	-3.0%
Permits & fees	18.0	13.9	29.5%
EAA Weather Modification Pass-Thru	82.0	163.0	-49.7%
Other	26.1	77.9	-66.5%
Total Revenue	1,150.6	1,311.2	-12.2%
Program Expenses			
General Government	1,002.2	1,002.2	0.0%
Total Expense	1,002.2	1,002.2	0.0%
Increase (Decrease) in Net Position	\$ 148.4	\$ 309.0	-52.0%

2021 Revenue Sources



2021 Expenses

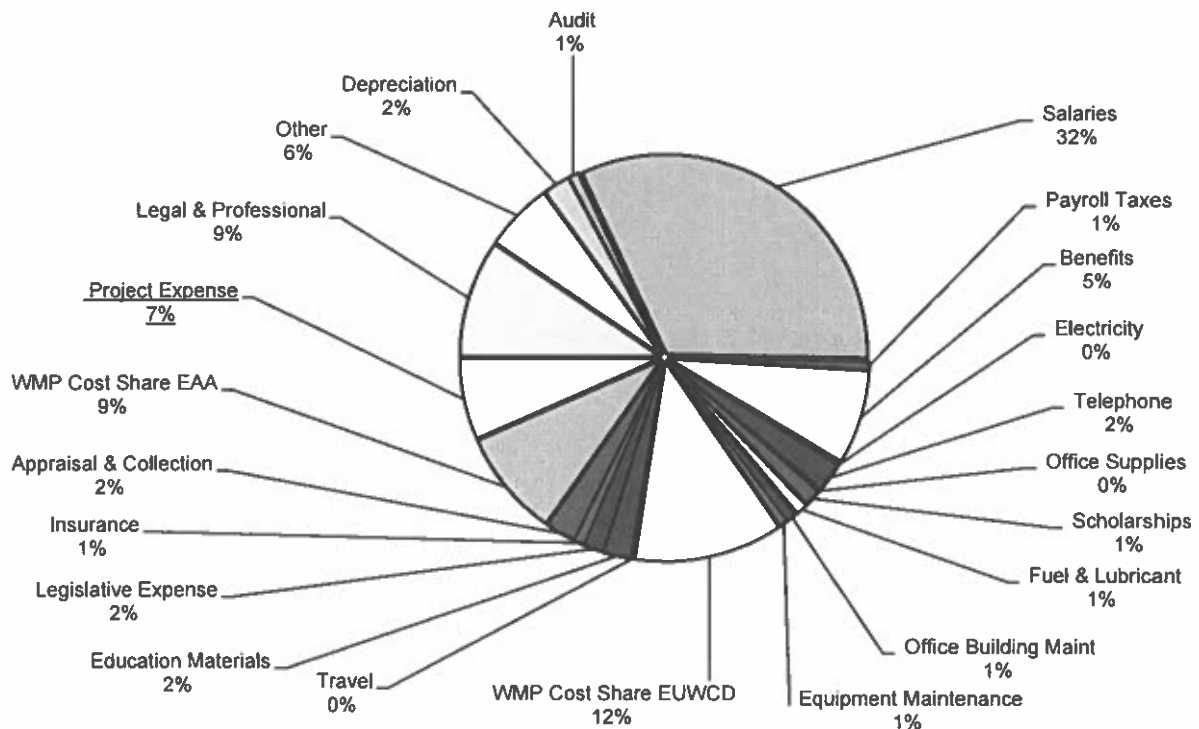


Table A-3 presents the cost of each of the District's largest functions as well as the major administrative categories.

- The cost of all *governmental* activities this year \$943.7 thousand.
- The cost of all *governmental* activities in the previous year was \$1,002.2 thousand.

Table A-3
Net Cost of Selected District Functions & Major Administrative Categories
(in thousands of dollars)

	Total Costs of Services		Percent Change
	2021	2020	
Salaries	304.0	299.1	1.6%
Benefits	71.9	71.0	1.3%
Telephone	22.0	21.7	1.4%
Office Supplies	2.1	3.2	-34.4%
Scholarships	13.5	14.5	-6.9%
Fuel & Lubricant	9.5	11.1	-14.4%
Office Building Maintenance	9.1	8.1	12.3%
Travel	2.0	2.7	-25.9%
Educational Materials	20.6	3.1	564.5%
Legal & Professional	89.6	89.3	0.3%
Legislative Expense	15.2	14.1	7.8%
Election	-	-	0.0%
Audit	7.9	7.9	0.0%
Insurance	8.0	7.0	14.3%
Appraisal & Collection Expense	22.7	25.3	-10.3%
WMP Cost Share EUWCD	112.8	112.8	0.0%
WMP Cost Share EAA	82.0	190.0	-56.8%
Project Expense	62.0	0.5	12300.0%
Depreciation	20.6	11.0	87.3%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget. Even with these adjustments, actual expenditures were \$48,146 below final budget amounts. Resources available were \$222,114 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021 the District had invested \$450.9 thousand in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

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

	Governmental Activities		Percentage Change 2021-2020
	2021	2020	
Land	\$ 5.2	\$ 5.2	0.0%
Building and Improvements	191.1	191.1	0.0%
Aquifer Recharge Signs	7.8	7.8	0.0%
Field Equipment	51.3	32.5	0.0%
Office Furniture and Equipment	75.0	75.0	0.0%
Vehicles	120.5	120.5	0.0%
Totals at historical cost	450.9	432.1	4.4%
Total Accumulated Depreciation	(326.0)	(305.5)	6.7%
Net Capital Assets	\$ 124.9	\$ 126.6	-1.3%

Long-Term Debt

The District had no long-term debt during 2021.

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.

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Evergreen Underground Water Conservation District
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2021

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 4,774,051.04	\$ -	\$ 4,774,051.04
Taxes receivable (net)	106,769.19	-	106,769.19
Accounts Receivable	-	-	-
Due From Other Governments	2,804.93	-	2,804.93
Prepaid expenses	8,914.16	-	8,914.16
Capital assets (net of accumulated depreciation)			
Land, Buildings & Equipment		124,822.85	124,822.85
Total assets	<u>\$ 4,892,539.32</u>	<u>\$ 124,822.85</u>	<u>\$ 5,017,362.17</u>
LIABILITIES			
Accounts payable	\$ 985.45	\$ -	\$ 985.45
Deposits	-	-	-
Due To Other Governments	-	-	-
Payroll taxes payable	-	-	-
Compensated absences	-	8,760.32	8,760.32
Total liabilities	<u>985.45</u>	<u>8,760.32</u>	<u>9,745.77</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenue- Property Taxes	106,769.19	(106,769.19)	-
Total Deferred Inflows of Resources	<u>106,769.19</u>	<u>(106,769.19)</u>	<u>-</u>
FUND BALANCES/NET POSITION			
Fund balances:			
Unassigned	4,784,784.68	(4,784,784.68)	-
Total liabilities deferred infows and fund balances	<u>\$ 4,892,539.32</u>	<u>(4,882,793.55)</u>	<u>9,745.77</u>
Net Position:			
Invested in capital assets, net of related debt		124,822.85	124,822.85
Unrestricted		4,882,793.55	4,882,793.55
Total net position		<u>\$ 5,007,616.40</u>	<u>\$ 5,007,616.40</u>

The accompanying notes are an integral part of this statement.

Evergreen Underground Water Conservation District
Statement of Activities and Governmental Funds
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	General Fund	Adjustments	Statement of Activities
Revenues:			
Property taxes	\$ 1,008,832.87	\$ 15,667.06	\$ 1,024,499.93
Penalty and Interest	14,880.57		14,880.57
Permit Fees	12,965.00	-	12,965.00
Miscellaneous	1,591.76	-	1,591.76
Weather Modification Program Reimbursements	2,400.00	-	2,400.00
Transportation Fees	5,062.49	-	5,062.49
EAA - Weather Modification Pass-Thru	82,000.00	-	82,000.00
Project and Studies - GMA13	-	-	-
Investment earnings	7,172.54	-	7,172.54
Total revenues	<u>1,134,905.23</u>	<u>15,667.06</u>	<u>1,150,572.29</u>
Expenditures/expenses:			
Service operations:			
Salaries	304,034.06	-	304,034.06
Payroll Taxes	6,316.64	-	6,316.64
Benefits	71,855.51	-	71,855.51
Consultant & Contract Labor	-	-	-
Electricity	2,765.31	-	2,765.31
Water	1,141.68	-	1,141.68
Telephone	21,960.77	-	21,960.77
Postage	1,590.77	-	1,590.77
Office Supplies	2,148.65	-	2,148.65
Computer Software Expense	19,344.12	-	19,344.12
Public Notices & Fees	2,604.62	-	2,604.62
Scholarships	13,500.00	-	13,500.00
Fuel & Lubricant	9,482.35	-	9,482.35
Vehicle Repair & Maintenance	6,330.61	-	6,330.61
Office Building Maintenance	9,136.09	-	9,136.09
Office Building Security	1,525.94	-	1,525.94
Equipment Maintenance	4,416.76	-	4,416.76
Meetings, Education & Training	1,402.60	-	1,402.60
Travel	2,034.24	-	2,034.24
Dues & Subscriptions	2,983.00	-	2,983.00
Educational Materials	20,640.00	-	20,640.00
Legal & Professional	89,643.00	-	89,643.00
Legislative Expense	15,235.42	-	15,235.42
Election	-	-	-
Audit	7,900.00	-	7,900.00
Insurance	8,011.94	-	8,011.94
Groundwater-Monitoring/Testing	2,017.70	-	2,017.70
Lab Equipment & Repair	716.35	-	716.35
Water Permit Expense	-	-	-

Evergreen Underground Water Conservation District
Statement of Activities and Governmental Funds
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Appraisal & Collection Expense	22,741.73	-	22,741.73
WMP Cost Share EUWCD	112,830.00	-	112,830.00
WMP Cost Share EAA Pass-Thru	82,000.00	-	82,000.00
Project Expense	62,000.00	-	62,000.00
GMA 13 Expenses	14,656.25	-	14,656.25
GMA 15 Expenses	-	-	-
Miscellaneous Expense	122.58	-	122.58
Investment Management Fees & Bank Charges	-	-	-
Capital Outlay	18,847.98	(18,847.98)	-
Depreciation	-	20,613.28	20,613.28
Total expenditures/expenses	<u>941,936.67</u>	<u>1,765.30</u>	<u>943,701.97</u>
Excess (deficiency) of revenues over expenditures	192,968.56	13,901.76	206,870.32
Change in net position			
Fund balance/net position:			
Beginning of the year	4,591,816.12	208,929.96	4,800,746.08
End of the year	<u>\$ 4,784,784.68</u>	<u>\$ 222,831.72</u>	<u>\$ 5,007,616.40</u>

The accompanying notes are an integral part of this statement.

Evergreen Underground Water Conservation District
Notes to the Financial Statements
For the Year Ended September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Evergreen Underground Water Conservation District was created by the 59th Legislature of the State of Texas on April 6, 1965, under House Bill Number 116. The District was, under the provisions of Article 16, Section 59 of the constitution of the State of Texas. The District was established to conserve and assure quality water resources within the District. The District is governed by a board of directors consisting of eight elected members, and one member who is appointed by the governor.

The District's Board of Directors, has governance responsibilities over all activities related to the District's operations within the jurisdiction of Evergreen Underground Water Conservation District. Because members of the Board of Directors are elected by the public, they have the primary accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial reporting Standards.

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 what the District did with the revenue it raised.. 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. Property taxes are recognized as revenues in the year for which they are levied.

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. Wells, furniture and equipment of the District are depreciated using the straight line method over the estimated useful lives. Wells 20 years, and Equipment 5 years.

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**

Total Fund Balance - Government	\$ 4,784,784.68
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 funds.	136,675.81
Accumulated depreciation has not been included in the general fund financial statements.	(20,613.28)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting	-
Revenue reported as deferred revenue in the general fund was recorded as revenue in the government-wide financial statements.	<u>106,769.19</u>
Net Position of Governmental Activities	\$ <u>5,007,616.40</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	\$	192,968.56
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**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		15,667.06
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Governmental funds report capital outlays as expenditures. However, they are reported as increases in capital assets in the government-wide financial statements.		18,847.98
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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 position.		(20,613.28)
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Change in Net Position of Governmental Activities	\$	<u>206,870.32</u>
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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, 2019, the District's cash balance deposited in Banks totaled \$4,304,367 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 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. The District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing deposits and investments 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 – DUE FROM OTHER GOVERNMENTS

This balance represents taxes and penalty and interest that were collected by the Tax Assessor-Collectors, before September 30, 2021, but not remitted to the District.

NOTE 4 – CAPITAL ASSET ACTIVITY

Capital asset activity for the twelve months ended September 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Capital assets not being depreciated:</i>				
Land	5,158	-	-	5,158
<i>Capital assets being depreciated:</i>				
Building & Improvements	191,115	-	-	191,115
Signs	7,800	-	-	7,800
Field Equipment	32,490	18,848	-	51,338
Furniture & Equipment	74,968	-	-	74,968
Vehicles	120,492	-	-	120,492
Total capital assets being depreciated	426,865	18,848	-	445,713
Less accumulated depreciation for:				
Building & Improvements	100,024	4,525	-	104,549
Signs	7,800	-	-	7,800
Field Equipment	24,123	6,559	-	30,682
Furniture & Equipment	65,023	3,516	-	68,539
Vehicles	108,466	6,014	-	114,480
Total accumulated depreciation	305,436	20,613	-	326,049
Total capital assets being depreciated, net	121,430	(1,765)	-	119,664
 GOVERNMENTAL ACTIVITIES	 137,601	 (1,765)	 -	 124,822

NOTE 5 – PENSION PLAN OBLIGATIONS

The District has a defined contribution (money purchase) pension plan (plan) that was adopted in 1999. To be eligible for the plan, a participant must be a full-time employee. A participant is fully vested after five (5) years of service. The plan's benefit provisions were established and may be amended by the District's board of directors. The District is required to contribute a minimum of 6.2% of eligible payroll each year. The plan also allows voluntary after-tax employee contributions.

The District's total payroll for all employees (full-time and part-time) was \$304,034 for the year ended September 30, 2021. Employer contributions to the plan were \$17,263. The District's policy is to fund all plan costs as they accrue.

NOTE 6 – VACATION, SICK PAY, AND OTHER COMPENSATED ABSENCES

District employees are entitled to certain compensated absences based on their length of employment. Compensated absences for vacation and sick pay have a vesting portion based on hours accumulated times the current rate of pay to be paid upon retirement, release from employment, or resignation. A liability for this amount is reflected in the government wide financial statements.

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Required Supplementary Information

Evergreen Underground Water Conservation District
Budgetary Comparison Statement - General Fund
For the Year Ended September 30, 2021

	Actual	Original Budget	Final Amended Budget	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 1,008,832.87	\$ 952,050.78	\$ 952,050.78	\$ 56,782.09
Penalty and Interest	14,880.57	-	-	14,880.57
Permit Fees	12,965.00	7,500.00	7,500.00	5,465.00
Miscellaneous	1,591.76	100.00	100.00	1,491.76
Weather Modification Program Reimbursement	2,400.00	2,400.00	2,400.00	-
Transportation Fees	5,062.49	6,000.00	6,000.00	(937.51)
EAA - Weather Modification Pass-Thru	82,000.00	175,000.00	175,000.00	(93,000.00)
Project and Studies - GMA13	-	-	-	-
Investment earnings	7,172.54	40,000.00	40,000.00	(32,827.46)
Total revenues	<u>1,134,905.23</u>	<u>1,183,050.78</u>	<u>1,183,050.78</u>	<u>(48,145.55)</u>
Expenditures/expenses:				
Service operations:				
Salaries	304,034.06	306,434.00	306,434.10	2,400.04
Payroll Taxes	6,316.64	8,379.29	8,379.29	2,062.65
Benefits	71,855.51	74,362.91	74,362.90	2,507.39
Consultant & Contract Labor	-	-	-	-
Electricity	2,765.31	2,500.00	2,500.00	(265.31)
Water	1,141.68	900.00	1,200.00	58.32
Telephone	21,960.77	27,000.00	27,000.00	5,039.23
Postage	1,590.77	2,000.00	2,000.00	409.23
Office Supplies	2,148.65	4,000.00	4,000.00	1,851.35
Computer Software Expense	19,344.12	10,000.00	20,000.00	655.88
Public Notices & Fees	2,604.62	5,000.00	5,000.00	2,395.38
Scholarships	13,500.00	16,000.00	16,000.00	2,500.00
Fuel & Lubricant	9,482.35	15,000.00	15,000.00	5,517.65
Vehicle Repair& Maintenance	6,330.61	7,500.00	7,500.00	1,169.39
Office Building Maintenance	9,136.09	10,000.00	10,000.00	863.91
Office Building Security	1,525.94	2,000.00	2,000.00	474.06
Equipment Maintenance	4,416.76	9,000.00	9,000.00	4,583.24
Meetings, Education & Training	1,402.60	6,200.00	6,600.00	5,197.40
Travel	2,034.24	7,500.00	7,500.00	5,465.76
Dues & Subscriptions	2,983.00	3,500.00	3,500.00	517.00
Educational Materials	20,640.00	36,000.00	36,000.00	15,360.00
Legal & Professional	89,643.00	100,000.00	100,000.00	10,357.00
Legislative Expense	15,235.42	16,000.00	16,000.00	764.58
Election	-	40,000.00	-	-
Audit	7,900.00	8,000.00	8,000.00	100.00
Insurance	8,011.94	10,000.00	10,000.00	1,988.06
Groundwater-Monitoring/Testing	2,017.70	85,329.59	68,629.49	66,611.79
Lab Equipment & Repair	716.35	1,000.00	1,000.00	283.65
Water Permit Expense	-	1,000.00	1,000.00	1,000.00

Evergreen Underground Water Conservation District
Budgetary Comparison Statement - General Fund
For the Year Ended September 30, 2021

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Variance Positive (Negative)</u>
Appraisal & Collection Expense	22,741.73	25,500.00	25,500.00	2,758.27
WMP Cost Share EUWCD	112,830.00	117,395.00	117,395.00	4,565.00
WMP Cost Share EAA Pass-Thru	82,000.00	175,000.00	175,000.00	93,000.00
Project Expense	62,000.00	50,000.00	62,000.00	-
GMA 13 Expenses	14,656.25	-	15,000.00	343.75
GMA 15 Expenses	-	-	-	-
Miscellaneous Expense	122.58	300.00	300.00	177.42
Investment Management Fees & Bank Chrg	-	250.00	250.00	250.00
Capital Outlay	18,847.98	-	-	(18,847.98)
Total expenditures/expenses	<u>941,936.67</u>	<u>1,183,050.79</u>	<u>1,164,050.78</u>	<u>222,114.11</u>
Excess (deficiency) of revenues over expenditures	192,968.56	(0.01)	19,000.00	173,968.56
Fund balance				
Beginning of the year	4,591,816.12	4,591,816.12	4,591,816.12	-
End of the year	<u>\$ 4,784,784.68</u>	<u>\$ 4,591,816.11</u>	<u>\$ 4,610,816.12</u>	<u>\$ 173,968.56</u>

