EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

abip

CPAs | ADVISORS

CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**

EUWCD

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

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For the fiscal year ended September 30, 2024

EUWCD

FINANCIAL SECTION

EUWCD

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Evergreen Underground Water Conservation District
110 Wyoming Boulevard
Pleasanton, Texas 78064

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Evergreen Underground Water Conservation District (the District) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 District, as of September 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

7330 San Pedro Ave | Suite 901 | San Antonio, TX 78216 | (210) 341-2581 | Fax: (210) 341-2588 | abipcpa.com

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

ABIP, PC

San Antonio, Texas
May 30, 2025

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

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, 2024. 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 in the "Total Governmental Funds" column. 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 $5,694,836 at September 30, 2024.
- During the year, the District's expenses were $257,438 less than the $1,540,672 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 $5,195,957.
- The District's net position increased $250,065, which represents a 46 percent increase from 2023 (as restated).

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 statement include two kinds of statements that present different views of the District. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations by individual funds. For governmental activities, these statements tell how services are financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was $5,694,836 at September 30, 2024 (see Table A-1).

TABLE A-1

NET POSITION
(in thousands)

	Governmental Activities		Total Percentage Change
	2024	2023	2024-2023
Current assets:			
Cash and cash equivalents	$ 5,208	$ 4,994	4.29%
Property taxes receivable	95	97	-1.73%
Accounts receivable	11	-	0.00%
Due from other governments	4	4	-8.95%
Prepaid expenses	12	11	7.25%
Total current assets	5,330	5,106	4.39%
Noncurrent assets:			
Capital assets	848	794	6.82%
Less accumulated depreciation	(424)	(403)	5.18%
Total noncurrent assets	424	391	8.52%
Total assets	5,754	5,497	4.68%
Current liabilities:			
Accounts payable and accrued liabilities	39	16	141.86%
Right to use liability - leases	7	10	-34.39%
Compensated absences	14	18	-21.21%
Total liabilities	59	44	35.09%
Net position			
Net investment in capital assets	418	364	14.76%
Unrestricted	5,277	5,089	3.70%
Total net position	$ 5,695	$ 5,453	4.43%

The District's unrestricted net position, which can be used to finance day to day operations, totaled $5,277,094. The overall financial condition of the District increased from 2023 to 2024.

Changes in net position – the District's total revenues were $1,540,672. A significant portion, 81 percent of the District's revenue comes from property taxes (see figure A-1). 10 percent comes from EAA Pass-Thru, 1 percent relates to permits and fees.

The total cost of all programs and services was $1,283,234; 100 percent of these costs are for general government.

TABLE A-2

CHANGES IN NET POSITION
(in thousands)

	Governmental Activities 2024	Governmental Activities 2023	Total Percentage Change 2024-2023
General revenue			
Property taxes	$ 1,249	$ 1,145	9.1%
Permits and fees	15	15	1.6%
EAA Weather Modification Pass-Thru	150	202	-25.8%
Other	126	20	530.1%
Total revenues	1,541	1,382	11.5%
Program expenses			
General government	1,283	1,162	10.4%
Total expenses	1,283	1,162	10.4%
Change in net position	257	220	17.0%
Other financing sources (uses)			
Transfers out	(7)	-	
Net position at beginning of year	5,453	5,233	
Prior period adjustment	(8)	-	
Net position at beginning of year (restated)	5,445	5,233	
Net position at end of year	$ 5,695	$ 5,453	

FIGURE A-1

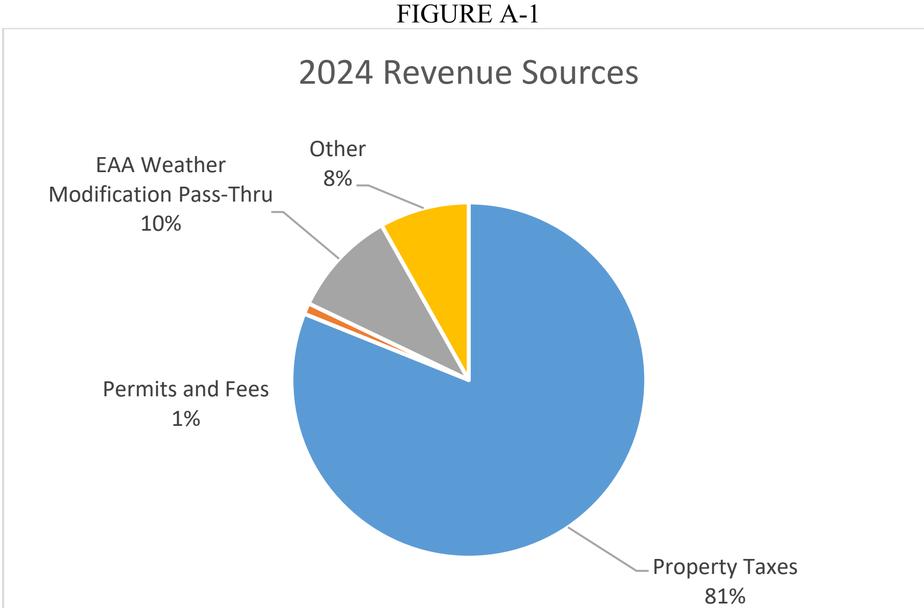


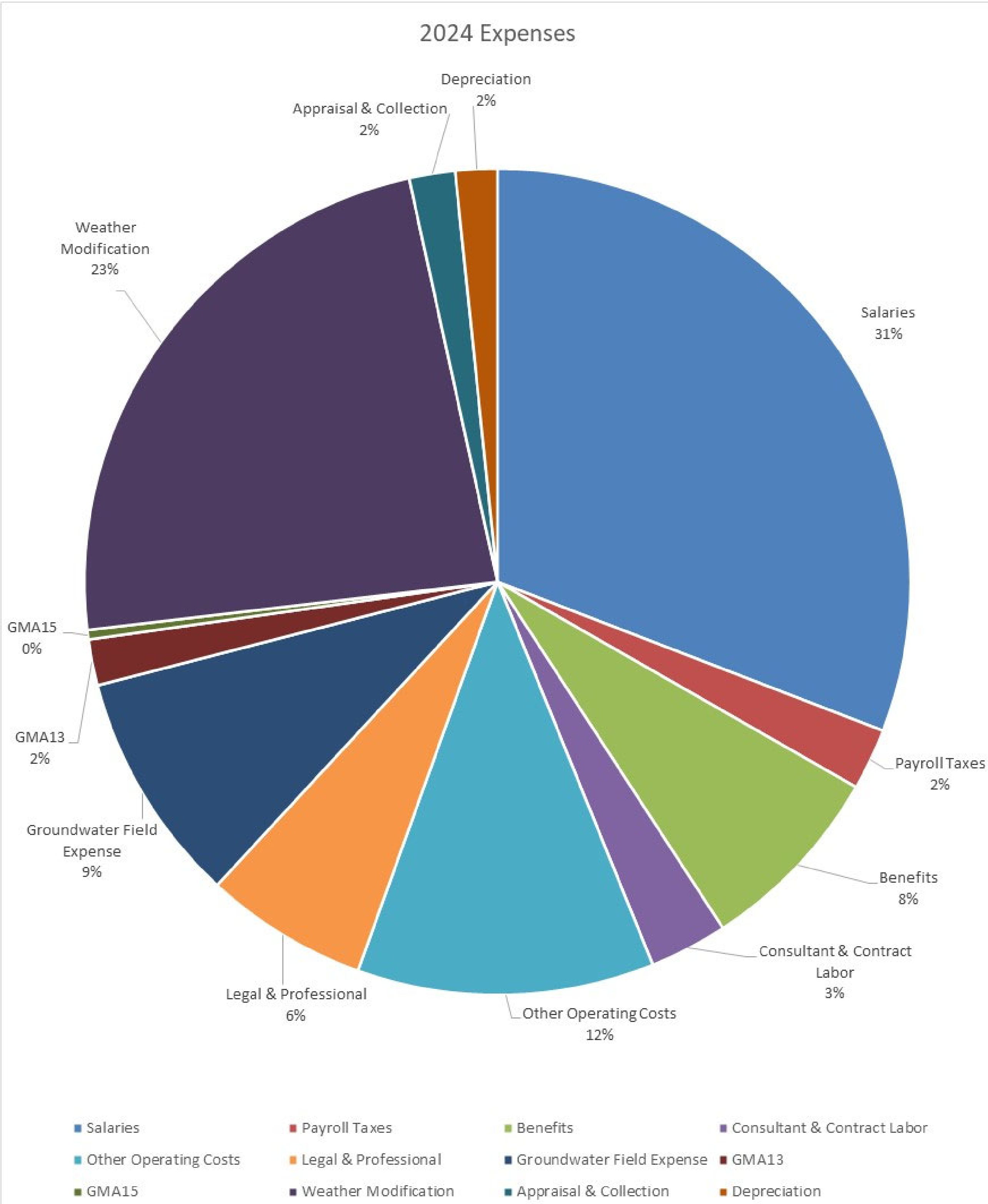
TABLE A-3

NET COST OF SELECTED DISTRICT FUNCTIONS AND
MAJOR ADMINISTRATIVE CATEGORIES
(in thousands)

	Total Cost of Services		Total Percentage Change
	2024	2023	2024-2023
Salaries	$ 396	$ 317	25.0%
Payroll taxes	31	7	343.5%
Benefits	97	114	-15.2%
Consultant & contract labor	39	-	100.0%
Utilities	22	3	529.1%
Cell phones	3	20	-82.7%
Postage	3	1	104.5%
Miscellaneous	-	-	100.0%
Office supplies	7	3	135.4%
Computer / software expense	33	16	110.2%
Notice fees / printing	6	5	14.9%
Scholarships	14	12	10.2%
Vehicle repair & maintenance	3	28	-87.8%
Office maintenance	14	23	-40.6%
Meeting, education & training	5	1	243.4%
Travel	6	5	17.5%
Dues & subscriptions	3	3	2.5%
Education materials	-	20	-100.0%
Election	-	12	-100.0%
Legal & professional	82	90	-8.7%
Legislative	15	18	-16.6%
Audit	9	9	5.3%
Insurance	7	8	-6.0%
Groundwater monitoring / testing	9	9	-4.7%
Field equipment maintenance	4	-	100.0%
Projects & studies	104	-	100.0%
GMA13	23	-	100.0%
GMA15	5	-	100.0%
Weather Modification - Pass thru	150	202	-25.8%
Weather Modification - EUWCD	150	150	0.0%
Appraisal & collection	23	32	-27.2%
Depreciation	21	53	-60.6%
Total cost of services	$ 1,282	$ 1,161	

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 was $1,282 thousand.
- The cost of all governmental activities in the previous year was $1,161 thousand.



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 $385,898 below final budget amounts. Resources available were $166,612 below the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the District had invested $424,303 in a broad range of capital assets, including land, equipment, buildings and vehicles (see Table A-4).

TABLE A-4

CAPITAL ASSETS
(in thousands)

	Governmental Activities		Total Percentage Change
	2024	2023	2024-2023
Land	$ 5	$ 5	0.0%
Buildings and improvements	191	191	0.0%
Aquifer recharge signs	8	8	0.0%
Monitor well	281	281	0.0%
Field equipment	58	58	0.0%
Office furniture and equipment	146	92	59.4%
Vehicles	159	159	0.0%
Totals at historical cost	848	794	6.9%
Total accumulated depreciation	(424)	(403)	5.2%
Net capital assets	$ 424	$ 391	8.5%

Long-Term Liabilities

The District's liabilities consisted of compensated absences and right to use liability – leases at the end of the year.

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.

BASIC FINANCIAL STATEMENTS

EUWCD

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

STATEMENT OF NET POSITION

September 30, 2024

ASSETS	
Cash and investments	$ 5,208,193
Taxes receivable (net)	95,319
Due from other governments	3,642
Accounts receivable	11,022
Prepaid expenses	11,797
Capital assets (net of accumulated depreciation)	
Land, buildings and equipment	424,303
Total assets	5,754,276
LIABILITIES	
Accounts payable	28,932
Payroll liabilities	9,765
Right to use liability - leases	6,561
Compensated absences	14,182
Total liabilities	59,440
NET POSITION	
Net investment in capital assets	417,742
Unrestricted	5,277,094
Total net position	$ 5,694,836

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

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

STATEMENT OF ACTIVITIES

For the fiscal year ended September 30, 2024

Revenues:	
Property taxes	$ 1,230,923
Penalty and interest	18,544
Permit fees	9,740
Miscellaneous	2,386
Transportation fees	5,505
EAA - Weather Modification Pass-Thru	149,935
Investment earnings	123,639
Total revenues	1,540,672
Expenditures:	
Service operations:	
Salaries	395,799
Payroll taxes	30,928
Benefits	96,695
Consultant & contract labor	39,114
Utilities	21,918
Cell phones	3,491
Postage	2,700
Miscellaneous	301
Office supplies	6,663
Computer / software expense	32,837
Notice fees / printing	5,686
Scholarships	13,500
Vehicle repair & maintenance	3,379
Office maintenance	13,756
Meeting, education & training	4,756
Travel	6,027
Dues & subscriptions	3,331
Legal & professional	81,948
Legislative	14,742
Audit	8,950
Insurance	7,259
Groundwater monitoring / testing	8,701
Field equipment maintenance	4,159
Projects & studies	103,714
GMA13	23,078
GMA15	4,750
Weather Modification - Pass thru	149,935

(continued)

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

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

STATEMENT OF ACTIVITIES

For the fiscal year ended September 30, 2024

Expenditures (continued):	
Service operations (continued):	
Weather Modification - EUWCD	$ 150,440
Appraisal & collection	23,034
Interest on right to use leases	623
Depreciation	21,020
Total expenditures	1,283,234
Excess (deficiency) of revenues over expenditures	257,438
Other financing sources (uses)	
Transfers out	(7,373)
Total transfers to other funds	(7,373)
Total other financing sources (uses)	(7,373)
Net position, beginning of year	5,452,633
Prior period adjustment	(7,862)
Net position, beginning of year (restated)	5,444,771
Net position, end of year	$ 5,694,836

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

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2024

	General Fund
ASSETS	
Cash and investments	$ 5,208,193
Taxes receivable (net)	95,319
Due from other governments	3,642
Accounts receivable	11,022
Prepaid expenses	11,797
Total assets	$ 5,329,973
LIABILITIES	
Accounts payable	$ 28,932
Payroll liabilities	9,765
Total liabilities	38,697
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	95,319
FUND BALANCE	
Nonspendable:	
Prepaids	$ 11,797
Unassigned	5,184,160
Total fund balance	5,195,957
Total liabilities, deferred inflows of resources, and fund balance	$ 5,329,973

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

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

September 30, 2024

Total fund balance - governmental funds balance sheet	$ 5,195,957
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	848,176
Accumulated depreciation has not been included in the general fund financial statements.	(423,873)
Right to use liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds.	(6,561)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting.	(14,182)
Revenue reported as deferred revenue in the general fund was recorded as revenue in the government-wide financial statements.	95,319
Net position of governmental activities - statement of net position	$ 5,694,836

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

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND

For the fiscal year ended September 30, 2024

	Governmental Funds
Revenues:	
Property taxes	$ 1,232,974
Penalty and interest	18,544
Permit fees	9,740
Miscellaneous	2,386
Transportation fees	5,505
EAA - Weather Modification Pass-Thru	149,935
Investment earnings	123,639
Total revenues	1,542,723
Expenditures:	
Service operations:	
Salaries	398,910
Payroll taxes	30,928
Benefits	96,695
Consultant & contract labor	39,114
Utilities	21,918
Cell phones	3,491
Postage	2,700
Miscellaneous	301
Office supplies	6,663
Computer / software expense	32,837
Notice fees / printing	5,686
Scholarships	13,500
Vehicle repair & maintenance	3,379
Office maintenance	13,756
Meeting, education & training	4,756
Travel	6,027
Dues & subscriptions	3,331
Legal & professional	81,948
Legislative	14,742
Audit	8,950
Insurance	7,259
Groundwater monitoring / testing	8,701
Field equipment maintenance	4,159
Projects & studies	103,714

(continued)

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

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND

For the fiscal year ended September 30, 2024

	General Fund
Expenditures (continued):	
Service operations (continued):	
GMA13	$ 23,078
GMA15	4,750
Weather Modification - Pass thru	149,935
Weather Modification - EUWCD	150,440
Appraisal & collection	23,034
Principal on right to use leases	3,560
Interest on right to use leases	623
Capital outlay	54,552
Total expenditures	1,323,437
Excess (deficiency) of revenues over expenditures	219,286
Other financing sources (uses)	
Transfers out	(7,373)
Total other financing sources (uses)	(7,373)
Total other financing sources (uses)	(7,373)
Net position, beginning of year	4,991,906
Prior period adjustment	(7,862)
Net position, beginning of year (restated)	4,984,044
Net position, end of year	$ 5,195,957

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

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the fiscal year ended September 30, 2024

Total net change in fund balance - governmental fund	$	211,913
Amounts reported for 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.		1,060
Governmental funds report capital outlays as expenditures. However, they are reported as increases in capital assets in the government-wide financial statements.		54,552
Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(21,020)
The repayment of the principal of right to use lease liabilities consumes the current financial resources of governmental funds but has no effect on net position.		3,560
Change in net position of governmental activities - statement of activities	$	250,065

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

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

STATEMENT OF FIDUCIARY NET POSITION – CUSTODIAL FUNDS

September 30, 2024

	GMA 13 Custodial Fund
ASSETS	
Cash and cash equivalents	$ 63,318
TOTAL ASSETS	$ 63,318
LIABILITIES	
Accounts payable	$ 10,702
TOTAL LIABILITIES	10,702
NET POSITION	
Restricted for other purposes	52,616
TOTAL LIABILITIES AND NET POSITION	$ 63,318

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

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN FIDUCIARY FUND NET POSITION – CUSTODIAL FUND

For the fiscal year ended September 30, 2024

	GMA 13 Custodial Fund
Revenues:	
Additions	$ 73,993
Total revenues	73,993
Expenditures:	
Disbursements	28,750
Total expenditures	28,750
Excess (deficiency) of revenues over expenditures	45,243
Other financing sources (uses)	
Transfers in	7,373
Total other financing sources (uses)	7,373
Total other financing sources (uses)	7,373
Net position, beginning of year	-
Net position, end of year	$ 52,616

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

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the fiscal year ended September 30, 2024

(1) Summary of significant accounting policies

Reporting entity

The Evergreen Underground Water Conservation District (the District) was created by the 59^{th} 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 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.

Government-wide and fund financial statements

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.

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.

Governmental fund financial statements are 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 60 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.

(1) Summary of significant accounting policies (continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balance 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 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.

Custodial fund – the custodial fund is used to account for the GMA 13 funds that the District holds on a custodial basis until the funds are paid out for GMA 13 disbursements.

Capital assets

Capital assets generally result from expenditures in the governmental funds.

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.

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:

- 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.

- A meeting of the Board is then called for the purpose of adopting the proposed budget.

- 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 and is amended at this level as needed. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval.

(1) Summary of significant accounting policies (continued)

Fund balance

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

- Non-spendable – 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.

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.

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.

(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, 2024, the District's cash balance deposited in banks totaled $5,316,471 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

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 the District 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 District 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 District 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 deposit 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 invests in both depository bank certificates of deposits and state sponsored investment pools

(2) Deposits, securities, and investments (continued)

District policies and legal and contractual provisions governing investments (continued)

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.

(3) Due from other governments

This balance represents taxes, penalty and interest that were collected by the tax assessor-collectors before September 30, 2024, but not remitted to the District.

(4) Capital asset activity

Capital asset activity for the twelve months ended September 30, 2024, was as follows:

	Balance 09/30/23	Increases	Decreases	Balance 09/30/24
Capital assets not being depreciated:				
Land	$ 5,158	$ -	$ -	$ 5,158
Totals	5,158	-	-	5,158
Capital assets being depreciated:				
Building and improvements	191,115	-	-	191,115
Signs	7,800	-	-	7,800
Monitor well	280,872	-	-	280,872
Field equipment	57,771	-	-	57,771
Furniture and equipment	91,814	54,552	-	146,366
Vehicles	159,094	-	-	159,094
Total capital assets being depreciated	788,466	54,552	-	843,018
Less accumulated amortization for:				
Building and improvements	110,320	2,886	-	113,206
Signs	7,800	-	-	7,800
Monitor well	28,087	-	-	28,087
Field equipment	46,372	5,056	-	51,428
Furniture and equipment	82,061	5,358	-	87,419
Vehicles	128,213	7,720	-	135,933
Total accumulated depreciation	402,853	21,020	-	423,873
Total capital assets being depreciated, net	385,613	33,532	-	419,145
Governmental activities capital assets, net	$ 390,771	$ 33,532	$ -	$ 424,303

(5) Long-term liabilities

Changes in long-term liabilities

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2024, are as follows:

	Balance 09/30/23	Additions	Reductions	Balance 09/30/24	Amounts Due Within One Year
Right to use lease liability	$ 10,121	$ -	$ 3,560	$ 6,561	$ 3,705
Compensated absences	17,293	-	3,111	14,182	-
Totals	$ 27,414	$ -	$ 6,671	$ 20,743	$ 3,705

Right to use lease liability

The District has entered into various leases as a lessee. These leases vary in nature, substance, terms, and conditions dependent upon the asset being leased. Examples of assets leased are copiers. Beginning FY 2022, leases are presented in the financial statements and accompanying footnotes in accordance with GASB 87. GASB 87 requires leases to be categorized as either short-term (12 months or less in length, including renewal options) or long-term. In determining future minimum lease payments and receipts, the District includes the right to extend option terms in the noncancelable lease term. Short-term lease transactions are reflected in the government-wide and fund financial statements.

Future principal and interest payments due to maturity as of the end of the fiscal year are as follows:

Year Ending September 30,	Principal	Interest	Total
2025	$ 3,705	$ 195	$ 3,900
2026	2,856	49	2,905
Totals	$ 6,561	$ 244	$ 6,805

(6) 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 $398,908 for the year ended September 30, 2024. Employer contributions to the plan were $22,466. The District's policy is to fund all plan costs as they accrue.

(7) 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.

(8) Prior Period Adjustment

The beginning fund balance of the General Fund has been restated to correct errors in amounts recorded in the prior year. A reconciliation of the prior period ending fund balance to the current year beginning fund balance is as follows:

Beginning fund balance	$ 4,991,906
Adjustment due to correction of error	(7,862)
Beginning fund balance, as restated	$ 4,984,044

(9) Related Parties

The Treasurer of the District is the Executive Vice President and member of the Board of Directors of the bank whom the District has a depository contract with. All the necessary disclosures have been made, and all transactions have been made at arms-length.

(10) Subsequent events

The District has evaluated subsequent events through May 30, 2025, the date in which the financial statements were available to be issued. The District is not aware of any subsequent events that materially impact the financial statements.

EUWCD

REQUIRED SUPPLEMENTARY INFOMATION

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

EUWCD

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND

For the fiscal ended September 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Amended	Actual	(Negative)
Revenues:				
Property taxes	$ 1,256,335	$ 1,256,335	$ 1,232,974	$ (23,361)
Penalty and interest	-	-	18,544	18,544
Permit fees	10,000	7,500	9,740	2,240
Miscellaneous	200	100	2,386	2,286
Transportation fees	5,000	6,000	5,505	(495)
EAA - Weather Modification Pass-Thru	203,335	229,400	149,935	(79,465)
Investment earnings	122,000	210,000	123,639	(86,361)
Total revenues	1,596,870	1,709,335	1,542,723	(166,612)
Expenditures:				
Service operations:				
Salaries	393,581	400,181	398,910	1,271
Payroll taxes	9,925	9,615	30,928	(21,313)
Benefits	133,299	128,299	96,695	31,604
Consultant & contract labor	45,000	-	39,114	(39,114)
Utilities	24,500	24,500	21,918	2,582
Cell phones	7,000	7,000	3,491	3,509
Postage	3,000	1,500	2,700	(1,200)
Miscellaneous	550	550	301	249
Office supplies	7,000	4,000	6,663	(2,663)
Computer / software expense	33,000	30,000	32,837	(2,837)
Notice fees / printing	5,500	4,000	5,686	(1,686)
Scholarships	17,000	17,000	13,500	3,500
Vehicle repair & maintenance	12,500	25,000	3,379	21,621
Office maintenance	27,000	17,000	13,756	3,244
Meeting, education & training	4,835	4,500	4,756	(256)
Travel	7,000	5,000	6,027	(1,027)
Dues & subscriptions	8,500	28,500	3,331	25,169
Legal & professional	100,000	100,000	81,948	18,052
Legislative	16,000	16,000	14,742	1,258
Audit	9,000	8,500	8,950	(450)
Insurance	11,063	8,500	7,259	1,241
Groundwater monitoring / testing	100,000	100,000	8,701	91,299
Field equipment maintenance	5,000	1,000	4,159	(3,159)
Projects & studies	159,317	319,750	103,714	216,036
GMA 13	24,000	24,000	23,078	922
GMA 15	4,750	3,500	4,750	(1,250)
WMP Cost Share EAA	-	175,000	149,935	25,065
WMP Cost Share EUWCD	150,440	150,440	150,440	-
Appraisal & collection	31,000	31,000	23,034	7,966
Principal on right to use leases	-	-	3,560	(3,560)
Interest on right to use leases	-	-	623	(623)
Capital outlay	46,176	65,000	54,552	10,448
Total expenditures	1,395,936	1,709,335	1,323,437	385,898

(continued)

EVERGREEN UNDERGROUND WATER CONSERVATION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND

For the fiscal ended September 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Amended	Actual	
Excess (deficiency) of revenues over (under) expenditures	$ 200,934	$ -	$ 219,286	$ 219,286
Other financing sources (uses)				
Transfers out	-	-	(7,373)	(7,373)
Total transfers to other funds	-	-	(7,373)	(7,373)
Fund balance, beginning of year	4,991,906	4,991,906	4,991,906	-
Prior period adjustment	-	-	(7,862)	(7,862)
Fund balance, beginning of year (restated)	4,991,906	4,991,906	4,984,044	(7,862)
Fund balance, ending of year	$ 4,991,906	$ 4,991,906	$ 5,195,957	$ 204,051