

Wintergarden Groundwater Conservation District
Annual Financial Report
For the Year Ended September 30, 2020

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Independent Auditor's Report

Board of Directors
Wintergarden Groundwater Conservation District
P. O. Box 1433
Carrizo Springs, Texas 78834

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wintergarden Groundwater 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, each major fund, and the aggregate remaining fund information of the Wintergarden Groundwater Conservation District, as of September 30, 2020, 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.

Emphasis of Matter**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of Changes in Net Pension Liability and Related Ratios, and the schedule of Employer Contributions, as listed 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 Wintergarden Groundwater Conservation District's basic financial statements. The Schedule of Delinquent Taxes Receivable is presented for purposes of additional analysis and is not a required part of the basic financial statements. This statement has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


Ede & Company, LLC
Certified Public Accountants
February 9, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Wintergarden Groundwater Conservation District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$1,289,995 at September 30, 2020.
- During the year, the District's expenses were \$158,906.86 more than the \$689,322.97 generated in taxes, service fees 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 \$980,218.95.
- The District's net position increased \$158,906.86 which represents a 22.7 percent decrease 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 the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the district's finances. All of the District's activities are accounted for in the General Fund.

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.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's population.

The government-wide financial statements of the District include the *Governmental activities*. All of the District's basic services are included here.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$1,290.0 thousand at September 30, 2020 (See Table A-1.)

	Governmental Activities		Total Percentage Change
	2020	2019	2020 - 2019
Current assets:			
Cash and cash equivalents	\$ 1,006.2	\$ 824.5	22.0%
Property taxes receivable	86.7	89.8	-3.5%
Due from other governments	0.5	1.3	-61.5%
Deposits	0.1	0.1	0.0%
Total current assets	<u>1,093.5</u>	<u>915.7</u>	<u>19.4%</u>
Noncurrent assets:			
Pension Assets	14.2	6.1	132.8%
Capital Assets	321.7	321.7	0.0%
Less accumulated depreciation	(114.6)	(97.2)	17.9%
Total noncurrent assets	<u>207.1</u>	<u>224.5</u>	<u>-7.8%</u>
Total Assets	<u>1,314.8</u>	<u>1,146.3</u>	<u>14.7%</u>
Deferred Outflows of Resources			
Deferred Outflow - Pensions	6.9	11.1	-37.8%
Total Deferred Outflows of Resources	<u>6.9</u>	<u>11.1</u>	<u>-37.8%</u>
Current liabilities:			
Accounts payable and accrued liabilities	25.3	24.6	2.8%
Net Pension Liability	1.3	-	0.0%
Payroll taxes	-	2.3	-100.0%
Total Liabilities	<u>26.6</u>	<u>26.9</u>	<u>-1.1%</u>
Deferred Inflows of Resources			
Deferred Inflow - Pensions	5.0	0.2	2400.0%
Total Deferred Inflows of Resources	<u>5.0</u>	<u>0.2</u>	<u>2400.0%</u>
Net Position			
Invested in capital assets	207.1	224.5	-7.8%
Unrestricted	<u>1,082.9</u>	<u>905.9</u>	<u>19.5%</u>
Total Net Position	<u>\$ 1,290.0</u>	<u>\$ 1,130.4</u>	<u>14.1%</u>

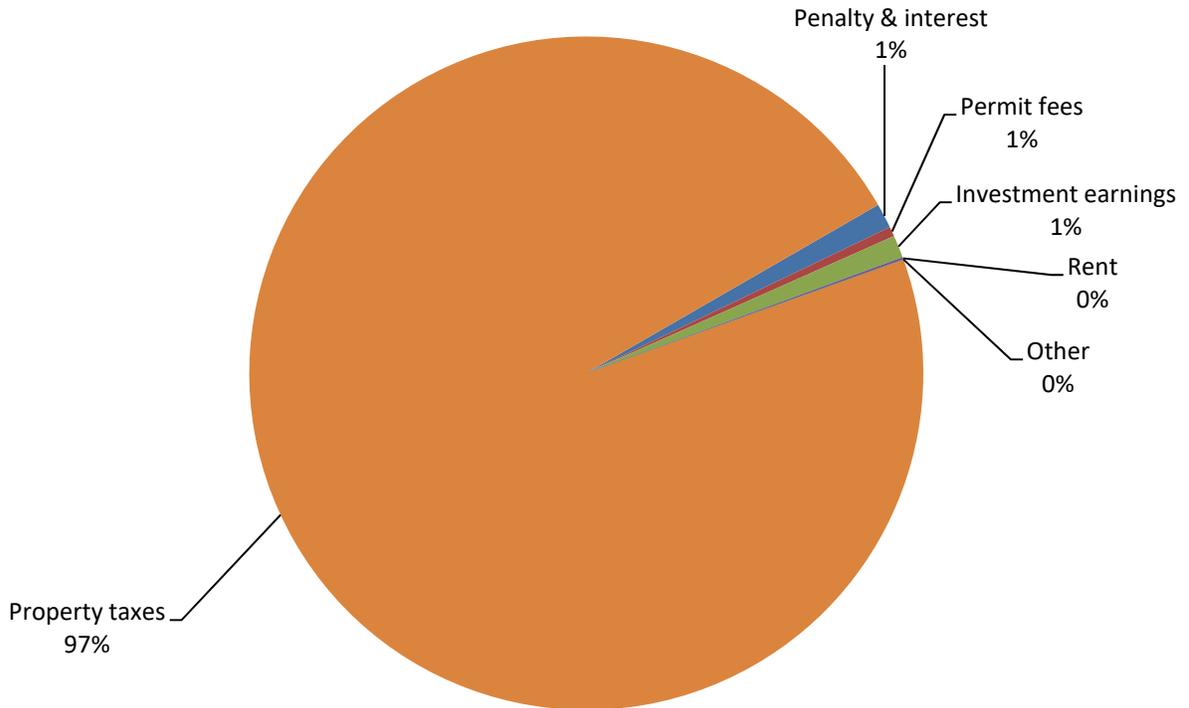
Changes in net position. The District's total revenues were \$689.3 thousand. A significant portion, 97 percent, of the District's revenue comes from property taxes. (See Figure A-3.) 1 percent comes from penalty & interest on property taxes, 1 percent relates rent, and 1% comes from investment earnings.

The total cost of all programs and services was \$530.4 thousand; 100 percent of these costs are for General Government.

Table A-2
 Changes in Wintergarden Groundwater Conservation District's Net Position
 (In thousands dollars)

	Governmental Activities		Total Percentage Change 2020-2019
	2020	2019	
General Revenue			
Property Taxes and Penalties & Interest	\$ 677.9	\$ 502.7	34.9%
Investment earnings	7.4	7.2	2.8%
Permit Fees	3.2	3.8	-15.8%
Other	0.8	3.3	-75.8%
Total Revenue	689.3	517.0	33.3%
Program Expenses			
General Government	530.4	849.6	-37.6%
Total Expense	530.4	849.6	-37.6%
Increase (Decrease) in Net Position	\$ 158.9	\$ (332.6)	-147.8%

2020 Revenue Sources



2020 Expenses

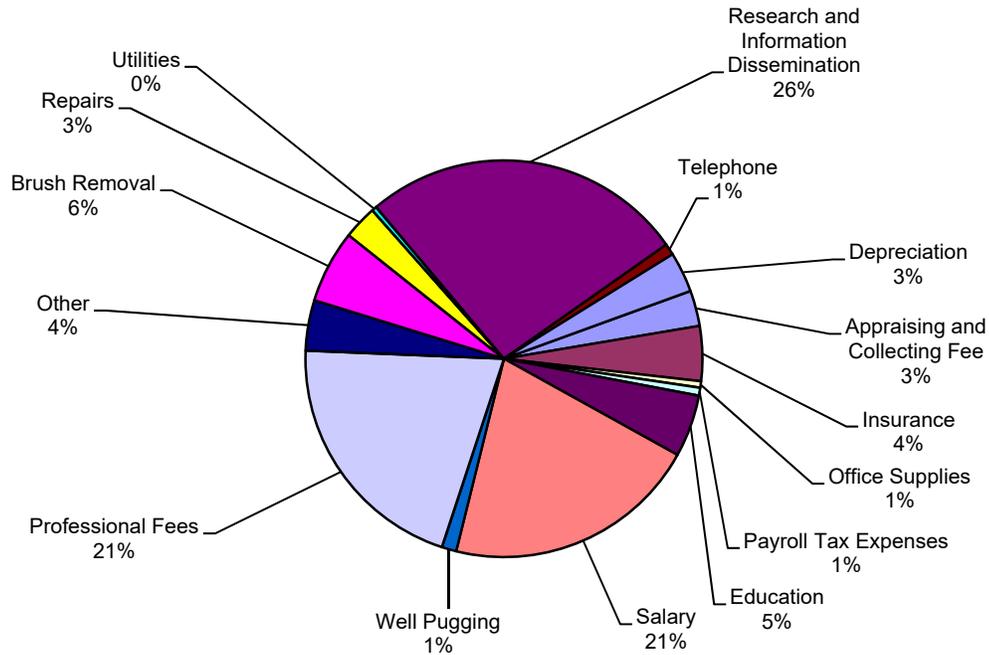


Table A-3 presents the cost of each of the District's largest functions as well as the major administrative categories.

- The cost of all *governmental* activities this year was \$530.4 thousand.

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

	Total Costs of Services		
	2020	2019	Percent Change
Appraising and Collecting Fee	15.4	12.6	22.2%
Insurance	23.7	10	137.0%
Office Supplies	2.8	2.2	27.3%
Payroll Tax Expenses	3.4	6.8	-50.0%
Utilities	2.1	1.2	75.0%
Salary	110.3	103.1	7.0%
Education	27	15	80.0%
Professional Fees	109.3	176.2	-38.0%
Brush Removal	31.5	26.4	19.3%
Rain Water Harvesting	0	11.2	-100.0%
Research and Information Dissemination	140	414.2	-66.2%
Telephone	4.9	3.9	25.6%
Depreciation	17.4	17.4	0.0%

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.

Wintergarden Groundwater Conservation District
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2020

	General Fund	Adjustments	Statement of Net Position
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 1,006,206.89	\$ -	\$ 1,006,206.89
Prepaid Expenses	-	-	-
Taxes receivable (net)	86,683.44	-	86,683.44
Due From Other Governments	486.44	-	486.44
Deposits	110.00	-	110.00
Net Pension Asset		14,166.00	14,166.00
Capital assets (net of accumulated depreciation)			
Dams, Vehicles & Equipment	-	207,114.13	207,114.13
Total assets	<u>\$ 1,093,486.77</u>	<u>\$ 221,280.13</u>	<u>\$ 1,314,766.90</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	-	6,861.80	6,861.80
Total Deferred Outflows of Resources	<u>-</u>	<u>6,861.80</u>	<u>6,861.80</u>
LIABILITIES			
Accounts payable	\$ 25,261.09	\$ -	\$ 25,261.09
Payroll taxes payable	1,323.29	-	1,323.29
Net Pension Liability	-	-	-
Total liabilities	<u>26,584.38</u>	<u>-</u>	<u>26,584.38</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension		5,049.00	5,049.00
Unavailable Revenue - Property Taxes	86,683.44	(86,683.44)	-
Total Deferred Inflows of Resources	<u>86,683.44</u>	<u>(81,634.44)</u>	<u>5,049.00</u>
FUND BALANCES/NET POSITION			
Fund balances:			
Unassigned Fund Balance	980,218.95	(980,218.95)	-
Total liabilities deferred inflows, and fund balances	<u>\$ 1,093,486.77</u>	<u>(1,061,853.39)</u>	<u>31,633.38</u>
Net Position:			
Invested in capital assets, net of related debt		207,114.13	207,114.13
Unrestricted		1,082,881.19	1,082,881.19
Total net position		<u>\$ 1,289,995.32</u>	<u>\$ 1,289,995.32</u>

The accompanying notes are an integral part of this statement.

Wintergarden Groundwater 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
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Property Taxes	\$ 675,673.38	\$ (5,999.07)	\$ 669,674.31
Property Taxes Penalty & Interest	8,172.92	-	8,172.92
Permit Fees	3,220.00	-	3,220.00
Rent	825.00	-	825.00
Other Income	-	-	-
Investment Earnings	7,430.74	-	7,430.74
Total revenues	<u>695,322.04</u>	<u>(5,999.07)</u>	<u>689,322.97</u>
Expenditures/expenses:			
Service operations:			
Appraising and Collecting Fee	15,386.96	-	15,386.96
Automobile Expense	1,715.36	-	1,715.36
Brush Removal	31,463.84	-	31,463.84
Dues and Subscriptions	4,282.39	-	4,282.39
Education	26,950.00	-	26,950.00
Insurance	23,715.76	-	23,715.76
Legal Notices & Other Publications	1,568.70	-	1,568.70
Miscellaneous	-	-	-
Office Supplies	2,795.57	-	2,795.57
Payroll Tax Expenses	3,389.12	-	3,389.12
Retirement	7,724.31	(1,095.46)	6,628.85
Salary	110,347.40	-	110,347.40
Postage and Delivery	302.65	-	302.65
Printing and Reproduction	456.30	-	456.30
Professional Fees	109,287.15	-	109,287.15
Property Tax	279.43	-	279.43
Janitorial	1,650.00	-	1,650.00
Recharge Dam	106.09	-	106.09
Rental	1,340.12	-	1,340.12
Repairs	14,588.67	-	14,588.67
Research/Information Dissemination	139,985.79	-	139,985.79
Telephone	4,861.82	-	4,861.82
Travel & Entertainment: Meals	1,122.94	-	1,122.94
Utilities	2,133.03	-	2,133.03
Water Well Application Refund	1,065.00	-	1,065.00
Well Plugging/Monitoring	6,310.36	-	6,310.36
Capital Outlay	1,298.92	-	1,298.92
Depreciation	-	17,383.89	17,383.89
Total expenditures/expenses	<u>514,127.68</u>	<u>16,288.43</u>	<u>530,416.11</u>
Excess (deficiency) of revenues over expenditures	181,194.36	(22,287.50)	158,906.86
Change in net position			
Fund balance/net position:			
Beginning of the year	799,024.59	332,063.87	1,131,088.46
End of the year	<u>\$ 980,218.95</u>	<u>\$ 309,776.37</u>	<u>\$ 1,289,995.32</u>

The accompanying notes are an integral part of this statement.

Wintergarden Groundwater 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 Wintergarden Groundwater Conservation District was created by Acts of House Bill No. 3602 of the State of Texas on May 10, 1997, under the provisions of Article 16, Section 59 of the constitution of the State of Texas. The District was established to provide for the conservation, preservation, protection, recharging, and prevention of waste of underground water reservoirs or their subdivisions. The boundaries of the District are coextensive with the boundaries of Zavala, Dimmit, and La Salle Counties. The District is governed by a board of directors who serve for terms of four years.

The District's Board of Directors, has governance responsibilities over all activities related to the District's operations within the jurisdiction of Wintergarden Groundwater 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

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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers who goods or services provided by a given function or segment. Other items not properly included among program revenues are reported instead as general revenues. Since the District chooses to report all of its activities in the general fund, no individual fund statements are presented.

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.

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.

Wintergarden Groundwater Conservation District
Notes to the Financial Statements
For the Year Ended September 30, 2020

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. 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.

F. 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	\$	980,218.95
Amounts reported in governmental activities in the statement of net position are different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		224,498.02
Included in the items related to debt is the recognition of the District's Net Asset required by GASB 68, and a Deferred Resource Outflow and Deferred Resources Inflows..		15,978.80
Revenue reported as deferred revenue in the general fund was recorded as revenue in the government-wide financial statements.		86,683.44
Accumulated depreciation has not been included in the general fund financial statements.		<u>(17,383.89)</u>
Net Position of Governmental Activities	\$	<u>1,289,995.32</u>

Wintergarden Groundwater Conservation District
Notes to the Financial Statements
For the Year Ended September 30, 2020

**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	\$	181,194.36
 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.		
		(5,999.07)
 Current year capital outlays are expenditures in the fund financial statements, but the should be shown as increases in capital assets in the government-wide financial statements.		
		-
 Current year changes due to GASB 68 decreased expenditures in the amount of \$1,095.46. The net effect on the change in the ending net position was a increase in the amount of \$1,095.46.		
		1,095.46
 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.		
		<u>(17,383.89)</u>
 Change in Net Position of Governmental Activities	 \$	 <u><u>158,906.86</u></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. 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.

Wintergarden Groundwater Conservation District

Notes to the Financial Statements

For the Year Ended September 30, 2020

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 polices 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 three tax collecting agents, before September 30, 2020, but not remitted to the District.

NOTE 4 – CAPITAL ASSET ACTIVITY

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

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Capital assets being depreciated:</i>				
Buildings, Dams, Vehicles & Equipment	321,679	-	-	321,679
Total capital assets being depreciated	321,679	-	-	321,679
Less accumulated depreciation for:				
Dams, Vehicles & Equipment	97,180	17,383	-	114,564
Total accumulated depreciation	97,180	17,383	-	114,564
Total capital assets being depreciated, net	224,499	(17,383)	-	207,115

NOTE 5 – PENSION PLAN OBLIGATIONS

Plan Description.

Wintergarden Groundwater Conservation District provides retirement, disability, and survivor benefits for all of its employees (excluding temporary) through a non-traditional defined benefit pension plan in

Wintergarden Groundwater Conservation District
Notes to the Financial Statements
For the Year Ended September 30, 2020

the statewide Texas County and District Retirement System (“TCDRS”). This is accounted for as an agent multiple-employer defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCDRS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or the website at www.TCDRS.org.

Benefits Provided#

The plan provisions are adopted by Board of Directors of the District, within the options available in the state statutes governing TCDRS (“TCDRS Act”). Members can retire at ages 60 and above with eight or more years of service, with 30 years of service regardless of age, when the sum of their age and years of service equals 75 or more, or if they become disabled. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the District. Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest and employer-financed monetary credits. The level of these monetary credits is adopted by Commissioners Court, within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. The District’s current match is 100%

Employees Covered by Benefit Terms

At the measurement date, the following employees were covered by the benefit terms of the Wintergarden Groundwater Conservation District plan:

Membership Information		
Members	Dec.31,2018	Dec.31,2019
Number of inactive employees entitled to but not yet receiving benefits:	0	0
Number of active employees:	2	2
Average monthly salary*:	\$ 6,045	\$ 4,261
Average age*:	64.7	44.21
Average length of service in years*:	19.75	10.38
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	0	1
Average monthly benefit:	\$0	\$433

*Averages reported for all active and inactive employees.
Average service includes all proportionate service.

Wintergarden Groundwater Conservation District
Notes to the Financial Statements
For the Year Ended September 30, 2020

Contributions

The District has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 7.00% for the months of the accounting year in 2019, and 7.00% for the months of the accounting year in 2020. The deposit rate payable by the employee members for calendar year 2019 and 2020 is the rate of 7.0% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Actuarial assumptions:

For the District's fiscal year ending September 30, 2020, the net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

All actuarial assumptions that determined the total pension liability as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68. In the 2017 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale, 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

TCDRS system-wide economic assumptions:

Real rate of return	5.25% per year
Inflation	2.75% per year
Long-term investment return	8.0%

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	0.00%

The payroll growth assumption is for the aggregate covered payroll of an employer.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on April 2020 information for a 10 year time horizon. Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

Wintergarden Groundwater Conservation District

Notes to the Financial Statements

For the Year Ended September 30, 2020

NOTE 5: PENSION PLAN, continued

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
U.S. Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	7.00%	5.20%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds	8.00%	2.30%

(1) Target asset allocation adopted at the June 2020 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 capital market assumptions.

(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan

Wintergarden Groundwater Conservation District
Notes to the Financial Statements
For the Year Ended September 30, 2020

investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternatives methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable. Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments.

Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Wintergarden Groundwater Conservation District
Notes to the Financial Statements
For the Year Ended September 30, 2020

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2018	\$ 80,905	\$ 87,025	\$ (6,120)
Changes for the year:			
Service cost	16,390	-	16,390
Interest on total pension liability	7,726	-	7,726
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(3,523)	-	(3,523)
Effect of assumptions changes or inputs	-	-	-
Refund of Contributions	-	-	-
Benefit payments	(3,901)	(3,901)	-
Administrative expenses	-	(85)	85
Member contributions	-	7,039	(7,039)
Net investment income	-	14,281	(14,281)
Employer contributions	-	7,039	(7,039)
Other	-	364	(364)
Balances as of December 31, 2019	\$ 97,597	\$ 111,762	\$ (14,165)

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Sensitivity Analysis

The following presents the net pension liability of the district, calculated using the discount rate of 8.10%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 107,096	\$ 97,597	\$ 89,305
Fiduciary net position	111,762	111,762	111,762
Net pension liability/(Asset)	\$ (4,666)	\$ (14,165)	\$ (22,457)

Pension Plan Fiduciary Net Position

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Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at www/tcdrs.org.

F. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the current year, the district recognized pension expense of \$6,628.85.

Wintergarden Groundwater Conservation District
Notes to the Financial Statements
For the Year Ended September 30, 2020

As of December 31, 2020, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 3,280	\$ 341
Changes in assumptions	-	14
Net difference between projected and actual earnings	1,769	-
Contributions made subsequent to measurement date	N/A	6,374
Total	\$ 5,049	\$ 6,729

Amounts currently reported deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2020	(242)
2021	(488)
2022	(223)
2023	(1,685)
2024	(320)
Thereafter	(1,603)

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Required Supplementary Information

Wintergarden Groundwater Conservation District
Budgetary Comparison Statement - General Fund
For the Year Ended September 30, 2020

	Actual	Original Budget	Final Amended Budget	Variance Positive (Negative)
Revenues:				
Property Taxes	\$ 675,673.38	\$ 630,388.23	\$ 687,000.00	\$ (11,326.62)
Property Taxes Penalty & Interest	8,172.92	-	-	8,172.92
Permit Fees	3,220.00	-	-	3,220.00
Rent	825.00	3,300.00	825.00	-
Other Income	-	-	35,905.03	(35,905.03)
Investment Earnings	7,430.74	10,706.13	9,206.13	(1,775.39)
Total revenues	<u>695,322.04</u>	<u>644,394.36</u>	<u>732,936.16</u>	<u>(37,614.12)</u>
Expenditures/expenses:				
Service operations:				
Appraising and Collecting Fee	15,386.96	13,899.96	16,346.20	959.24
Automobile Expense	1,715.36	5,200.00	2,250.00	534.64
Brush Removal	31,463.84	75,000.00	50,000.00	18,536.16
Dues and Subscriptions	4,282.39	4,000.00	4,500.00	217.61
Education	26,950.00	15,500.00	15,750.00	(11,200.00)
Election	-	3,000.00	-	-
Insurance	23,715.76	17,057.00	17,123.53	(6,592.23)
Legal Notices & Other Publications	1,568.70	1,000.00	1,669.04	100.34
Office Supplies	2,795.57	2,500.00	3,200.00	404.43
Payroll Tax Expenses	3,389.12	11,659.87	8,656.02	5,266.90
Retirement	7,724.31	10,531.91	15,297.12	7,572.81
Salary	110,347.40	151,455.84	110,347.90	0.50
Postage and Delivery	302.65	700.00	500.00	197.35
Printing and Reproduction	456.30	225.00	600.00	143.70
Professional Fees	109,287.15	112,000.00	134,687.11	25,399.96
Property Tax	279.43	307.63	279.43	8,376.59
Janitorial	1,650.00	1,500.00	1,650.00	-
Recharge Dam	106.09	100,000.00	35,000.00	34,893.91
Rental	1,340.12	1,500.00	1,300.00	(40.12)
Repairs	14,588.67	11,500.00	30,100.00	15,511.33
Research/Information Dissemination	139,985.79	125,000.00	162,686.70	22,700.91
Telephone	4,861.82	3,500.00	5,100.00	238.18
Travel & Entertainment: Meals	1,122.94	2,350.00	1,350.00	227.06
Utilities	2,133.03	1,500.00	2,150.00	16.97
Water Well Application Refund	1,065.00	-	-	(1,065.00)
Well Plugging/Monitoring	6,310.36	18,000.00	16,000.00	9,689.64
Rainwater Harvesting	-	11,200.00	11,200.00	11,200.00
Well Metering	-	50,000.00	5,000.00	-
Capital Outlay	1,298.92	1,200.00	1,200.00	(98.92)
Well Sampling	-	1,000.00	1,000.00	1,000.00
Total expenditures/expenses	<u>514,127.68</u>	<u>752,287.21</u>	<u>654,943.05</u>	<u>144,191.96</u>
Excess (deficiency) of revenues over expenditures	181,194.36	(107,892.85)	77,993.11	106,577.84
Fund balance:				
Beginning of the year	799,024.59	799,024.59	799,024.59	-
End of the year	<u>\$ 980,218.95</u>	<u>\$ 691,131.74</u>	<u>\$ 877,017.70</u>	<u>\$ 106,577.84</u>

WINTERGARDEN GROUNDWATER CONSERVATION DISTRICT

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Pension Liability										
Service cost	\$ 16,390	16,304	16,477	16,315	15,019	6,230	N/A	N/A	N/A	N/A
Interest on total pension liability	7,726	6,011	4,318	2,110	1,115	247	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	-	-	(354)	-	N/A	N/A	N/A	N/A
Effect of assumption changes or input	-	-	591	-	191	-	N/A	N/A	N/A	N/A
Effect of economic gains or losses	(3,523)	683	(305)	347	(4,400)	6	N/A	N/A	N/A	N/A
Benefit payments/refund of contributions	(3,901)	-	-	-	-	-	N/A	N/A	N/A	N/A
Net change in total pension liability	16,692	22,998	21,081	18,772	11,571	6,483	N/A	N/A	N/A	N/A
Total pension liability, beginning	80,905	57,907	36,826	18,054	6,483	-	N/A	N/A	N/A	N/A
Total pension liability, ending	\$ 97,597	80,905	57,907	36,826	18,054	6,483	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	\$ 7,039	10,156	9,913	9,522	9,068	746	N/A	N/A	N/A	N/A
Member contributions	7,039	10,156	9,913	9,522	9,068	746	N/A	N/A	N/A	N/A
Investment income net of investment expenses	14,281	(1,025)	6,284	1,485	(167)	6	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(3,901)	-	-	-	-	-	N/A	N/A	N/A	N/A
Administrative expenses	(85)	(70)	(45)	(16)	(8)	(1)	N/A	N/A	N/A	N/A
Other	364	612	266	895	(1)	-	N/A	N/A	N/A	N/A
Net change in fiduciary net position	24,737	19,829	26,331	21,408	17,960	1,497	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	87,025	67,196	40,865	19,458	1,498	-	N/A	N/A	N/A	N/A
Fiduciary net position, ending	\$ 111,762	87,025	67,196	40,866	19,458	1,497	N/A	N/A	N/A	N/A
Net pension liability/asset	\$ (14,165)	(6,120)	(9,289)	(4,040)	(1,404)	4,986	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	114.51%	107.56%	116.04%	110.97%	107.78%	23.09%	N/A	N/A	N/A	N/A
Pension covered payroll	\$ 100,563	145,084	141,617	136,023	129,542	127,941	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	-14.09%	-4.22%	-6.56%	-2.97%	-1.08%	3.90%	N/A	N/A	N/A	N/A

WINTERGARDEN GROUNDWATER CONSERVATION DISTRICT

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pension Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2009	Not Available	Not Available	Not Available	Not Available	Not Available
2010	Not Available	Not Available	Not Available	Not Available	Not Available
2011	Not Available	Not Available	Not Available	Not Available	Not Available
2012	Not Available	Not Available	Not Available	Not Available	Not Available
2013	Not Available	Not Available	Not Available	Not Available	Not Available
2014	675	746	(71)	10,662	7.0%
2015	8,200	9,068	(868)	129,542	7.0%
2016	8,148	9,522	(1,374)	136,023	7.0%
2017	6,514	9,913	(3,399)	141,617	7.0%
2018	6,050	10,156	(4,106)	145,084	7.0%
2019	4,123	7,039	(2,916)	100,563	7.0%

(1) Payroll is calculated based on contributions as reported to TCDRS

**WINTERGARDEN GROUNDWATER CONSERVATION DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

ZAVALA COUNTY

LAST TEN YEARS ENDED SEPTEMBER 30,	TAX RATE	ASSESSED VALUE FOR TAX PURPOSES (in thousands)	BEGINNING BALANCE 10/1/19	CURRENT YEAR TOTAL LEVY	ENTIRE YEAR'S ADJUSTMENTS	TOTAL COLLECTIONS	BALANCE 9/30/20
PRIOR			14,448.39		1,168.56	638.46	12,641.37
2012	.025	343,968,581	949.08		13.91	88.06	847.11
2013	.0115	404,543,217	621.26		6.35	55.09	559.82
2014	.0058	651,903,987	371.46		2.46	39.49	329.51
2015	.00515	1,071,741,942	548.39		2.54	78.21	467.64
2016	.00573	1,355,467,092	957.97		(2.49)	271.54	688.92
2017	.0062	1,083,982,096	1,417.01		2.94	279.32	1,134.75
2018	.0040	935,248,000	1,099.38		3.98	286.37	809.03
2019	.0040	1,073,403,500	1,604.82		28.83	433.64	1,142.35
Current	.0043	1,277,200,930		54,919.64	(457.76)	53,489.08	1,888.32
			<u>\$ 22,017.76</u>	<u>\$ 54,919.64</u>	<u>769.32</u>	<u>\$ 55,659.26</u>	<u>\$ 20,508.82</u>

LA SALLE COUNTY

LAST TEN YEARS ENDED SEPTEMBER 30,	TAX RATE	ASSESSED VALUE FOR TAX PURPOSES (in thousands)	BEGINNING BALANCE 10/1/19	CURRENT YEAR TOTAL LEVY	ENTIRE YEAR'S ADJUSTMENTS	TOTAL COLLECTIONS	BALANCE 9/30/20
PRIOR			10,513.07		32.41	173.45	10,307.21
2012	.025	889,310,227	1,688.08		1.20	52.51	1,634.37
2013	.0115	2,495,677,826	1,611.95		0.29	48.35	1,563.31
2014	.0058	4,906,960,542	1,352.48		645.25	(653.65)	1,360.88
2015	.00515	7,959,390,604	5,352.96		(477.25)	1,395.88	4,434.33
2016	.00573	7,575,431,257	7,032.97		1,042.28	(713.69)	6,704.38
2017	.0062	4,892,211,452	904.02		113.74	168.20	622.08
2018	.0040	4,338,395,250	(2,014.37)		110.26	231.18	(2,355.81)
2019	.0040	5,666,255,798	2,341.30		81.72	1,207.36	1,052.22
Current	.0043	7,408,175,349		318,551.54	5,165.73	309,727.60	3,658.21
			<u>\$ 28,782.46</u>	<u>\$ 318,551.54</u>	<u>6,715.63</u>	<u>\$ 311,637.19</u>	<u>\$ 28,981.18</u>

DIMIT COUNTY

LAST TEN YEARS ENDED SEPTEMBER 30,	TAX RATE	ASSESSED VALUE FOR TAX PURPOSES (in thousands)	BEGINNING BALANCE 10/1/19	CURRENT YEAR TOTAL LEVY	ENTIRE YEAR'S ADJUSTMENTS	TOTAL COLLECTIONS	BALANCE 9/30/20
PRIOR			25,431.52		(1,535.05)	436.99	26,529.58
2012	.025	1,010,298,622	9,721.33		5,298.15	510.49	3,912.69
2013	.0115	2,548,690,347	4,670.44		2,715.11	129.41	1,825.92
2014	.0058	5,081,619,229	2,110.83		878.08	70.50	1,162.25
2015	.00515	6,898,801,359	1,341.73		(302.47)	242.70	1,401.50
2016	.00573	6,015,071,268	1,805.53		(243.57)	214.53	1,834.57
2017	.0062	3,776,499,194	2,399.36		(1,018.79)	973.60	2,444.55
2018	.0040	5,375,469,500	3,933.03		1,385.43	547.70	1,999.90
2019	.0040	5,666,193,510	3,632.01		283.48	1,080.95	2,267.58
Current	.0043	6,888,445,349		296,203.15	(11,413.32)	304,170.08	3,446.39
			<u>\$ 55,045.78</u>	<u>\$ 296,203.15</u>	<u>(3,952.95)</u>	<u>\$ 308,376.95</u>	<u>\$ 46,824.93</u>