

COLORADO COUNTY GROUNDWATER

CONSERVATION DISTRICT

Financial Statements

with

Independent Auditor's Report

For the Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Colorado County Groundwater Conservation District

We have audited the accompanying financial statements of the governmental activities and each major fund of the Colorado County Groundwater Conservation District (the "District") as of and for the year ended December 31, 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 an opinion 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Colorado County Groundwater Conservation District as of December 31, 2020, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Brenham, Texas
June 4, 2021

Seidel Schwab

Colorado County Groundwater Conservation District

P. O. Box 667
Columbus, Texas 78934

Management's Discussion and Analysis for the Year Ended December 31, 2020

Governmental Accounting Standards Board Statement 34 requires that management of the District present an analysis and discussion of the attached financial statement and of the financial activities of the District. Management will attempt to give a brief overview of the District's financial activities for the fiscal year ended December 31, 2020.

Financial Highlights

- Revenues for the year ended December 31, 2020, exceeded expenses by a total of \$42,031.
- The District's net position as of December 31, 2020, is \$891,327, with \$85,688 invested in capital assets, net of related liabilities.
- The District liabilities total \$10,460 as of December 31, 2020, and deferred inflows related to property taxes is \$71,202.

Overview of the Financial Statements

The District's basic financial statements consist of government-wide financial statements, fund financial statements and the notes to the financial statements.

The government-wide financial statements, which are comprised of the Statement of Net Position and the Statement of Activities, include all assets and liabilities using the full accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of Colorado County Groundwater Conservation District, assets exceeded liabilities and deferred inflow of resources by \$891,327 at the close of the most recent fiscal year.

	<u>2020</u>	<u>2019</u>
Current and Other Assets	\$ 887,301	\$ 852,494
Capital Assets	<u>85,688</u>	<u>88,473</u>
<u>Total Assets</u>	972,989	940,967
Current Liabilities	7,937	7,477
Noncurrent Liabilities		
Compensated Absences	<u>2,523</u>	<u>2,403</u>
<u>Total Liabilities</u>	10,460	9,880
Deferred Inflows of Resources	71,202	81,790
Net Position:		
Invested in Capital Assets, net of related debt	85,688	88,473
Unrestricted	<u>805,639</u>	<u>760,823</u>
<u>Total Net Position</u>	<u>\$ 891,327</u>	<u>\$ 849,296</u>

The District's net position increased by \$42,123. Key elements of this increase are as follows:

	<u>Year Ended December 31, 2020</u>	<u>Year Ended December 31, 2019</u>
Revenues		
Tax collections	\$ 235,506	\$ 233,505
Fees and penalties	850	8,100
Interest earned	12,162	16,235
Miscellaneous	<u>-</u>	<u>15</u>
<u>Total Revenue</u>	248,518	257,855
Expenses		
Administrative	15,063	17,543
Conservation	300	225
Facilities	11,411	7,147
Personnel	156,511	152,413
Professional fees	20,418	22,213
Depreciation	<u>2,784</u>	<u>2,784</u>
<u>Total Expenses</u>	<u>206,487</u>	<u>202,325</u>
Change in Net Position	42,031	55,530
Beginning Net Position	<u>849,296</u>	<u>793,768</u>
Ending Net Position	<u>\$ 891,327</u>	<u>\$ 849,297</u>

Property tax revenues increased by approximately \$2,000 compared to the prior year due to an increase in property tax valuations compared to prior years. Fees and penalties revenue decreased by approximately \$7,250 compared to the prior year mainly due to a higher than usual penalties assessed to drillers for violations during the prior year. Interest earned on

certificates of deposit decreased due to lower rates and smaller balances earning interest compared to the prior year.

Personnel expense increased by approximately \$4,100 compared to prior year due to the employees receiving a pay increase at the beginning of 2020. Facilities expense increased by approximately \$4,300 compared to the prior year, primarily as a result of the need to replace the air conditioning unit at the District’s office. Professional fees decreased by approximately \$1,800 compared to the prior year due to decrease in legal advocacy expenses incurred during 2020.

Budgetary Highlights

The District annually adopts an operating budget. Total actual operating revenues were \$3,341 more than budgeted, with property taxes, and fees and penalties exceeding expectations during 2020. Total operating expenditures were \$19,022 under budget, as the District did not incur as many professional and administration expenses as anticipated.

Capital Assets

The District owns capital assets that have a value after depreciation of \$85,688. Capital assets are summarized as follows:

	12/31/20	12/31/19
Land	\$ 22,115	\$ 22,115
Autos	17,399	17,399
Buildings	83,527	83,527
Total capital assets	123,041	123,041
Accumulated depreciation	(37,353)	(34,568)
Total capital assets, net of accumulated depreciation	\$ 85,688	\$ 88,473

Currently Known Facts and Summation

The financial report is designed to provide a general overview of Colorado County Groundwater Conservation District’s finances and to reflect the District’s accountability for funds received. If you have questions about this report or need additional information, contact the District at P. O. Box 667, Columbus, Texas 78934.

COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT

Statement of Net Position and
Governmental Funds Balance Sheet
December 31, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 655,475	\$ -	\$ 655,475
Certificates of deposit	191,269	-	191,269
Due from Colorado County Appraisal District	25,347	-	25,347
Taxes receivable	12,635	-	12,635
Interest receivable	323	-	323
Prepaid expenses		2,252	2,252
Capital assets:			
Non-depreciable	-	22,115	22,115
Depreciable, net	-	63,573	63,573
Total Assets	<u>\$ 885,049</u>	<u>\$ 87,940</u>	<u>\$ 972,989</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 7,937	\$ -	\$ 7,937
Noncurrent liabilities			
Compensated absences	-	2,523	2,523
Total Liabilities	<u>7,937</u>	<u>2,523</u>	<u>10,460</u>
DEFERRED INFLOWS OF RESOURCES			
Delinquent property taxes	12,588	(12,588)	-
Deferred property taxes	71,202	-	71,202
Total deferred inflows of resources	<u>83,790</u>	<u>(12,588)</u>	<u>71,202</u>
FUND BALANCE/NET POSITION			
Fund balance:			
Unassigned	343,322	(343,322)	-
Assigned	450,000	(450,000)	-
Total fund balance	<u>793,322</u>		
Total liabilities and fund balance	<u>\$ 885,049</u>		
Net position:			
Net investment in capital assets		85,688	85,688
Unrestricted		805,639	805,639
Total net position		<u>\$ 891,327</u>	<u>\$ 891,327</u>

The notes to the financial statements are an integral part of this statement.

COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT
 Reconciliation of the Balance Sheet to the Statement of Net Position
 Governmental Funds
 December 31, 2020

Fund Balances - total governmental funds		\$ 793,322
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:</p>		
Governmental capital assets	\$ 123,041	
Less accumulated depreciation	<u>(37,353)</u>	85,688
<p>Long term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds.</p>		
		(2,523)
<p>Prepaid items benefit future periods and are included as an asset on the Statement of Net Position.</p>		
		2,252
<p>Unavailable revenues reported in the governmental funds are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.</p>		
		12,588
Net Position of Governmental Activities		<u><u>\$ 891,327</u></u>

The notes to the financial statements are an integral part of this statement.

COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT
Statement of Activities and
Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended December 31, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenue:			
Property taxes	\$ 234,702	\$ 804	\$ 235,506
Fees and penalties	850	-	850
Interest earned	<u>12,162</u>	<u>-</u>	<u>12,162</u>
Total revenues	<u>247,714</u>	<u>804</u>	<u>248,518</u>
Expenditures:			
Current:			
Administrative	15,479	(416)	15,063
Conservation	300	-	300
Facilities	11,411	-	11,411
Personnel	156,511	-	156,511
Professional fees	20,418	-	20,418
Depreciation	<u>-</u>	<u>2,784</u>	<u>2,784</u>
Total expenditures	<u>204,119</u>	<u>2,368</u>	<u>206,487</u>
Change in fund balance/net position	43,595	(1,564)	42,031
Fund balance/net position:			
Beginning of the year	<u>749,727</u>	<u>99,569</u>	<u>849,296</u>
End of the year	<u><u>\$ 793,322</u></u>	<u><u>\$ 98,005</u></u>	<u><u>\$ 891,327</u></u>

The notes to the financial statements are an integral part of this statement.

COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2020

Net changes in Fund Balances - total governmental funds	\$ 43,595
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of these assets are depreciated over their estimated useful lives:</p>	
Current year depreciation	(2,784)
<p>Expenditures reported in the statement of activities are expensed once economic performance has occurred. In the Governmental funds expenditures are recognized when they are paid.</p>	
	416
<p>Deferred inflows for unavailable revenue in the governmental funds are not deferred in the statement of activities</p>	
	804
Change in Net Assets of Governmental Activities	\$ 42,031

The notes to the financial statements are an integral part of this statement.

COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenue:				
Property taxes	\$ 226,323	\$ 226,323	\$ 234,702	\$ 8,379
Fees and penalties	550	550	850	300
Interest earned	17,500	17,500	12,162	(5,338)
Total revenues	<u>244,373</u>	<u>244,373</u>	<u>247,714</u>	<u>3,341</u>
Expenditures:				
Current:				
Administration	19,290	20,160	15,479	(4,681)
Conservation	1,850	600	300	(300)
Facilities	7,200	13,315	11,411	(1,904)
Personnel	158,580	160,170	156,511	(3,659)
Professional fees	35,720	28,395	20,418	(7,977)
Capital outlay	500	500	-	(500)
Total expenditures	<u>223,140</u>	<u>223,140</u>	<u>204,119</u>	<u>(19,021)</u>
Net change in fund balance	21,233	21,233	43,595	22,362
Fund balance, beginning of year	749,727	749,727	749,727	-
Ending fund balance	<u>\$ 770,960</u>	<u>\$ 770,960</u>	<u>\$ 793,322</u>	<u>\$ 22,362</u>

The notes to the financial statements are an integral part of this statement.

COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

December 31, 2020

1. Summary of significant accounting policies

The Colorado County Groundwater Conservation District (“the District”) was created in accordance with Chapter 36 of the Texas Water Code, under the authority of Section 59, Article XVI of the Texas Constitution, pursuant to an enabling act of the 80th Texas legislature (House Bill 4032) effective June 15, 2007, and confirmed by the electorate of Colorado County on November 6, 2007. The purpose of the District is to provide for the conservation, preservation and management of groundwater and the related issues of waste.

The accounting policies of Colorado County Groundwater Conservation District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

Colorado County Groundwater Conservation District includes all of Colorado County, Texas, not otherwise included in other groundwater conservation districts as of the District’s effective date. The District is governed by seven directors elected by the voters of Colorado County for four year staggered terms. Four directors are elected by the voters of the county commissioner’s precinct in which they reside, and three directors are elected at-large by the voters of the District.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental activities and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

Fund Financial Statements

Fund financial statements of the reporting entity are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, as follows:

COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

December 31, 2020

Governmental Funds

General Fund – The District’s General Fund accounts for the activities of the District. There are no component units required to be included in the District’s reporting entity because of the significance of their operations or financial relationships with the District.

C. Measurement focus and basis of accounting

On the government-wide Statement of Net Position and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable” and “available.” Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used 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 period. Penalties and interest, and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include payments on general long-term debt which are recognized when due.

D. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Ad valorem taxes

The District uses the accrual basis to account for property taxes. This method recognizes tax revenues as income in the period for which levied, regardless of when they are due or collected. Taxes collected prior to the levy period are reflected as a deferred inflow of resources.

COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

December 31, 2020

F. Risk management

The District is exposed to various risks of loss from torts: theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters.

G. Capital assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets valued at historical cost, except for donated fixed assets which are recorded at their estimated fair value at the time of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful live using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Autos	5 years
Buildings	30 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. Deferred outflows/inflows of resource

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s)

COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

December 31, 2020

and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The items “delinquent property taxes” and “deferred property taxes” are reported in the governmental funds balance sheet and only “deferred property taxes” in the government-wide statement of net position. The “delinquent property taxes” source represents the uncollected delinquent taxes receivable while the “deferred property taxes” represents the October 1 tax levy used to finance next year’s budget. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available and earned for governmental funds and earned for government-wide.

I. Budgets and Budgetary Accounting

Budgets are generally adopted on a basis consistent with GAAP. The legal level of budgetary control is appropriated at the category level. Therefore, a budget amendment is required to increase the appropriations for any category. All appropriations lapse at fiscal year-end.

J. Compensated absences

Compensated absences are those absences for which employees will be paid, such as vacation leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or are contingent on a specific event that is outside the control of the District, and its employees are accounted for in the period in which such services are rendered or in which such events take place.

In governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditure and fund liability in the fund that will pay for the compensated absences. Therefore, a liability for these amounts is recognized only if they have matured, for example, as a result of employee resignations and retirements. In the government-wide financial statements, compensated absences are accrued as incurred.

K. Fund equity

Government-wide statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

December 31, 2020

- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund statements

Governmental fund equity is classified as fund balance.

Classification of fund balances

The *nonspendable* fund balance includes the portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include supplies inventories and prepaid items.

Some resources are spendable but are legally or contractually required to be maintained intact. Such resources include the principal of an endowment.

The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, contributors), laws and regulations of other governments, or through enabling legislation. The enabling legislation authorizes the District to assess, levy, charge or otherwise mandate payment of resources from external resource providers; those resources can be used only for the specific purposes stipulated in the legislation.

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by formal Board actions, no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

The *assigned* fund balance includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by the Board or its designated officials to assign amounts to be used for specific purposes, but are neither restricted nor committed. Constraints imposed on the use of assigned amounts can be removed with no formal Board actions. The assigned fund balance is only reported in the General Fund.

COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

December 31, 2020

The *unassigned* fund balance represents spendable net resources that have not been restricted, committed, or assigned to specific purposes.

Spending Prioritization in Using Available Resources

When both restricted resources and other resources (i.e., committed, assigned, and unassigned) can be used for the same purpose, the District budget considers restricted resources to be spent first.

When committed, assigned, and unassigned resources can be used for the same purpose, the flow assumption in the District’s budget is to spend in the sequence of committed resources first, assigned second, and unassigned last.

2. Assigned fund balance

Assigned general fund balances at December 31, 2020 were comprised of the following:

Capital Outlay	\$	100,000
Professional Fees		350,000
	\$	<u>450,000</u>

3. Cash and deposits with financial institutions

The District’s cash as of December 31, 2020 includes a deposit account at a financial institution with a balance of \$140,723, an investment in a State Money Pool (TexPool) with a balance of \$264,329 and a savings account with a balance of \$250,423. The District also has certificates of deposit at several financial institutions totaling \$191,269 at December 31, 2020.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the District’s deposits may not be returned to it. The District does not have a depository policy for custodial risk. As of December 31, 2020, deposits of the District are within Federal Depository Insurance Corporation insured limits at each of the District’s depositories or are collateralized with securities held by the District, its agent, or by the pledging financial institution’s trust department or agent in the name of the District. At December 31, 2020, the District’s carrying amount of deposits was \$582,415 and the bank balances totaled \$582,294.

“TexPool” is a local government investment pool created and managed by the Texas State Treasurer to invest funds on behalf of Texas political subdivisions. The pool seeks to maintain a \$1.00 value per share as required by the Texas Public Fund Investment Act. Its’ fair value approximates carrying value. The weighted average maturities of the pool cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool was rated AAA by Standard & Poor’s. Authorized investments for TexPool funds include government

COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

December 31, 2020

securities, repurchase and reverse repurchase agreements and no-load money market mutual funds.

4. Property tax

Property taxes are levied by October 1 of each year for the following calendar year. Taxes are due on receipt of the tax statement and are delinquent if not paid before February 1 of the year following the year of assessment. On January 1 of each year, the District has an enforceable tax lien on property to secure the payment of all taxes and the payment of any penalties and interest ultimately imposed.

Taxes levied for fiscal year ending December 31, 2020, were at the tax rate of \$0.0095 per \$100 valuation. The tax for the 2020 fiscal year was levied in 2019 on property within the District having an assessed valuation of approximately \$2,430,965,475.

The District set and approved the 2020 tax rate to be \$0.0093 per \$100 valuation. Property taxes for 2020 were levied for the 2021 fiscal year. Therefore, the 2020 tax monies collected in the months of October, November, and December, 2020, have been presented as deferred inflows of resources.

5. Long-term liability – compensated absences

During the year ended December 31, 2020, the following changes occurred in the long-term liabilities:

	Beginning Balance 12/31/2019	Increases/ (Decreases)	Ending Balance 12/31/2020	Due Within One-year
Compensated absences	\$ 2,403	\$ 120	\$ 2,523	\$ -

COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

December 31, 2020

6. Capital assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable:				
Land	<u>\$ 22,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,115</u>
Depreciable:				
Autos	17,399	-	-	17,399
Buildings	<u>83,527</u>	-	-	<u>83,527</u>
Total depreciable	<u>100,926</u>	<u>-</u>	<u>-</u>	<u>100,926</u>
Total at historical cost	123,041	-	-	123,041
Less accumulated depreciation:				
Autos	17,399	-	-	17,399
Building	<u>17,169</u>	<u>2,784</u>	-	<u>19,954</u>
Total accumulated depreciation	<u>34,568</u>	<u>2,784</u>	<u>-</u>	<u>37,353</u>
Total capital assets, being depreciated, net	<u>\$ 88,473</u>	<u>\$ (2,784)</u>	<u>\$ -</u>	<u>\$ 85,688</u>

Depreciation expense totaled \$2,784 for the year ending December 31, 2020.

7. Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

December 31, 2020

8. Commitments

In February 2020, the District entered into a lease agreement for a copy machine in its office. Future minimum lease payments are as follows for the years ending December 31:

2021	\$	1,560
2022		1,560
2023		1,560
2024		1,560
2025		130
		<u>\$ 6,370</u>

The rental expense related to the lease for the year ended December 31, 2020 totaled \$1,430.

9. Retirement Contribution

The District contributes up to a three percent match for contributions made by full-time employees to a Savings Incentive Match Plan for employee's individual retirement account (SIMPLE IRA). The financial institution holding the SIMPLE IRA serves as fiduciary for the accounts. The District recorded contributions of \$3,751 into the SIMPLE IRAs for the year ended December 31, 2020. A total of \$724 was payable to the SIMPLE IRAs at December 31, 2020.