

ANNUAL FINANCIAL REPORT

SANDY LAND UNDERGROUND WATER
CONSERVATION DISTRICT

FOR THE YEAR ENDED DECEMBER 31, 2020

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2020

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FINANCIAL SECTION

Independent Auditors' Report on Financial Statements

Board of Directors
Sandy Land Underground Water
Conservation District
P.O. Box 130
Plains, Texas 79355

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sandy Land Underground Water Conservation 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 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Sandy Land Underground Water Conservation District as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

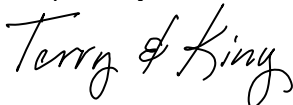
Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sandy Land Underground Water Conservation District's basic financial statements. The accompanying other schedules listed in the table of contents as Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Respectfully submitted,



Terry & King, CPAs, P.C.

Lubbock, Texas

April 24, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Sandy Land Underground Water Conservation District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2020. Please read this in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased as a result of this year's operations. While net position of our governmental activities decreased by \$2,876 or less than 1%, net position of our business-type activities increased by \$86,657 or 11%.
- During the year, the District had expenses that were \$62,263 less than the \$514,139 generated in tax and other revenues for governmental programs (before inter-fund transfers). This compares to the prior year when expenses were less than revenues by \$12,463.
- In the District's business type activities, revenues were more than expenses by \$21,518 before inter-fund transfers.
- Total cost of all of the District's programs was \$465,213, a decrease of \$49,076 from the prior year.
- The General Fund reported a surplus this year of \$80,786 prior to interfund transfers out of \$65,139.
- The resources available for appropriation were \$13,718 more than budgeted for the General Fund. Expenditures for Programs and General Administration were less than the budgeted amounts for an overall favorable variance in spending of \$67,060.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. 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. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole -- The Statement of Net Position and the Statement of Activities

Our analysis of the District as a whole begins on page 5. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in it. You can think of the District's net position—the differences between assets and liabilities—as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities – Most of the District's basic services are reported here, including general administration, permitting of water wells, education, evaluation of water depletion and all field activities. Property taxes finance most of these activities.
- Business-type activities – The District provides low interest rate loans to borrowers within the District's boundary.

Reporting the District's Most Significant Funds – Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. Some funds are required to be established by State law. At times a District may establish other funds to help it control and manage money for particular purposes, such as special projects or to show that it is meeting legal responsibilities for using certain Federal or State grants. The District's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds*—Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The

Governmental fund statements provide a detailed *short-term view* of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation on Exhibits C-1R and C-3.

Proprietary funds—When the District charges customers for the services it provides—whether to outside customers or to other units of the District—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District’s enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE DISTRICT AS A WHOLE

The District’s combined net position was \$2,273,223 as of December 31, 2020. Our following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the District’s governmental and business-type activities.

Table A-1
Summary of Net Position
December 31, 2020

	Governmental Activities			Business-type Activities			Total Primary Government		
	2020	2019	% Change	2020	2019	% Change	2020	2019	% Change
Current Assets	\$ 1,165,191	\$ 1,141,031	2%	\$ 1,552,460	\$ 835,745	86%	\$ 2,717,651	\$ 1,976,776	37%
Non-current Assets	-	-	0%	621,047	616,730	1%	621,047	616,730	1%
Capital Assets, net	<u>205,352</u>	<u>232,478</u>	-12%	-	-	0%	<u>205,352</u>	<u>232,478</u>	-12%
Total Assets	1,370,543	1,373,509	0%	2,173,507	1,452,475	50%	3,544,050	2,825,984	25%
Current Liabilities	2,077	2,167	-4%	181,250	90,625	100%	183,327	92,792	98%
Long-Term Liabilities	-	-	0%	<u>1,087,500</u>	<u>543,750</u>	100%	<u>1,087,500</u>	<u>543,750</u>	100%
Total Liabilities	2,077	2,167	-4%	1,268,750	634,375	100%	1,270,827	636,542	100%
Net Position									
Net investment in capital assets	205,352	232,478	-12%	-	-	0%	205,352	232,478	-12%
Restricted	-	65,139	-100%	904,757	634,375	43%	904,757	699,514	29%
Unrestricted	<u>1,163,114</u>	<u>1,073,725</u>	8%	-	<u>183,725</u>	-100%	<u>1,163,114</u>	<u>1,257,450</u>	-8%
Total Net Position	<u>\$ 1,368,466</u>	<u>\$ 1,371,342</u>	0%	<u>\$ 904,757</u>	<u>\$ 818,100</u>	11%	<u>\$ 2,273,223</u>	<u>\$ 2,189,442</u>	4%

Net position of the District's governmental activities decreased less than 1% (\$1,368,466 compared to \$1,371,342). Unrestricted net position -- the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements -- changed from \$1,073,725 at December 31, 2019 to \$1,163,114 at the end of this year. Net position of the District's business-type activities increased by 11%, from \$818,100 to \$904,757.

Table A-2
Changes in Net Position

	Governmental Activities			Business-type Activities			Total Primary Government		
	2020	2019	% Change	2020	2019	% Change	2020	2019	% Change
Program Revenues:									
Charges for Services	54,068	34,695	56%	25,350	24,919	2%	79,418	59,614	33%
Grants & Contributions	72,000	72,000	0%	-	-	0%	72,000	72,000	0%
General Revenues:									
Property Taxes	380,664	378,611	1%	-	-	0%	380,664	378,611	1%
Investment Earnings	7,335	19,091	-62%	9,505	15,764	-40%	16,840	34,855	-52%
Other	72	138	-48%	-	-	0%	72	138	-48%
Total Revenues	514,139	504,535	2%	34,855	40,683	-14%	548,994	545,218	1%
Expenses:									
General Administration	371,609	430,857	-14%	-	-	0%	371,609	430,857	-14%
Education & Information Program	80,267	61,215	31%	-	-	0%	80,267	61,215	31%
Agricultural Loan Program	-	-	0%	13,337	22,217	-40%	13,337	22,217	-40%
	451,876	492,072	-8%	13,337	22,217	-40%	465,213	514,289	-10%
Excess (Deficiency) Before Other Resources, Uses & Transfers	62,263	12,463	400%	21,518	18,466	17%	83,781	30,929	171%
Other Resources & (Uses):									
Gain/(Loss) on Sale of Assets	-	-	0%	-	-	0%	-	-	0%
Transfers In (Out)	(65,139)	-	100%	65,139	-	-100%	-	-	0%
Increase (Decrease) in Net Position	(2,876)	12,463	-123%	86,657	18,466	369%	83,781	30,929	171%
Beginning Net Position	1,371,342	1,358,879	1%	818,100	799,634	2%	2,189,442	2,158,513	1%
Ending Net Position	1,368,466	1,371,342	0%	904,757	818,100	11%	2,273,223	2,189,442	4%

The District's total revenues were \$548,994. A significant portion, 14%, of the District's total revenue comes from charges for services. Revenues available to fund governmental activities consist mainly of property taxes.

The total cost of all programs and services was \$465,213. Expenses for governmental activities consisted of costs for general administration, education and other water conservation support services.

Governmental Activities

Revenues for the District's governmental activities increased from \$504,535 to \$514,139.

- The District property tax rates increased from \$0.01333 to \$0.01489 per \$100 valuation. Due to the increased in tax rate, the current levy increased \$6,673 from the prior year.
- The cost of all *governmental* activities this year was \$451,876 compared to \$492,072 last year.

Business-type Activities

- Revenues of the District's business-type activities (see table A-2) were \$34,855 for the year ended December 31, 2020. Expenses for the District's business-type activities were \$13,337 for the year, resulting in a net profit of \$21,518 prior to transfers. The General Fund transferred \$65,139 to the Ag Loan Fund to reclass the balance of reserve funds required by the Texas Water Development Board.

THE DISTRICT'S FUNDS

- As the District completed the fiscal year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a *combined* fund balance of \$881,118, which is an increase from the prior year's total of \$855,631.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the District had \$473,990 invested in capital assets, including buildings, furniture and equipment.

<u>Governmental Activities:</u>	<u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>2020</u>
Buildings & Improvements	\$ 200,012	\$ -	\$ -	\$ 200,012
Construction in Progress	-	6,000	-	6,000
Furniture & Equipment	267,978	-	-	267,978
Accumulated Depreciation	(235,512)	(33,126)	-	(268,638)
Net Capital Assets	<u>\$ 232,478</u>	<u>\$ (27,126)</u>	<u>\$ -</u>	<u>\$ 205,352</u>

More detailed information on capital assets is provided in the Notes to the Financial Statements.

Debt

As of December 31, 2020, the District had two loans in its loan program totaling \$1,268,750, which is a net increase from the prior year amount of \$634,375.

Business-type Activities:

	<u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>2020</u>
Texas Water Development Board:				
2018	634,375	-	90,625	543,750
2020	-	725,000	-	725,000
Total Long-Term Debt	<u>\$ 634,375</u>	<u>\$ 725,000</u>	<u>\$ 90,625</u>	<u>\$1,268,750</u>

More detailed information on debt is provided in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The District’s elected officials considered many factors when setting the fiscal year 2021 budget, tax rates, and fees. Factors considered include the current economy, property tax values and the needs of the District in the coming year.

The property tax values are approximately the same. The Board of Directors has adopted tax rates, budgets and set fees accordingly. It is planned that the District’s Net Position at the end of the fiscal year ending December 31, 2021 will remain basically the same with perhaps a slight increase.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District’s management in Plains, Texas.

BASIC FINANCIAL STATEMENTS

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

STATEMENT OF NET POSITION
December 31, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 843,580	\$ -	\$ 843,580
Restricted:			
Cash and Cash Equivalents	-	1,327,957	1,327,957
Accounts Receivable	-	-	-
Receivables (Net):			
Due from Other Governments	39,615	-	39,615
Ad Valorem Taxes Receivable, net	281,996	-	281,996
Current Portion-Notes Receivable	-	224,503	224,503
Non-Current Assets:			
Long-Term Portion of Notes Receivable (Net)	-	621,047	621,047
Capital Assets:			
Construction in Progress	6,000	-	6,000
Buildings & Improvements (Net)	128,144	-	128,144
Furniture & Equipment (Net)	71,208	-	71,208
<u>TOTAL ASSETS</u>	<u>\$ 1,370,543</u>	<u>\$ 2,173,507</u>	<u>\$ 3,544,050</u>
LIABILITIES:			
Accounts Payable	\$ 2,077	\$ -	\$ 2,077
Non-Current Liabilities:			
Due Within One Year	-	181,250	181,250
Due in More Than One Year	-	1,087,500	1,087,500
<u>Total Liabilities</u>	<u>\$ 2,077</u>	<u>\$ 1,268,750</u>	<u>\$ 1,270,827</u>
NET POSITION			
Net investment in capital assets	\$ 205,352	\$ -	\$ 205,352
Restricted for TWDB Reserves	-	115,792	115,792
Restricted for long-term debt retirement	-	788,965	788,965
Unrestricted Net Position	1,163,114	-	1,163,114
<u>Total Net Position</u>	<u>\$ 1,368,466</u>	<u>\$ 904,757</u>	<u>\$ 2,273,223</u>

The accompanying notes are an integral part of this statement.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Government Activities:							
General Administration & Operation	\$ 371,609	\$ 54,068	\$ -	\$ -	\$ (317,541)	\$ -	\$ (317,541)
Education Program	80,267	-	72,000	-	(8,267)	-	(8,267)
Total Government Activities	451,876	54,068	72,000	-	(325,808)	-	(325,808)
Business-type Activities							
Agricultural Loan Program	13,337	25,350	-	-	-	12,013	12,013
Total Business-Type Activities	13,337	25,350	-	-	-	12,013	12,013
Total Primary Government	\$ 465,213	\$ 79,418	\$ 72,000	\$ -	\$ (325,808)	\$ 12,013	\$ (313,795)
General Revenues:							
Property Taxes, Levied for General Purposes					\$ 380,664	\$ -	\$ 380,664
Investment Earnings					7,335	9,505	16,840
Miscellaneous					72	-	72
Transfers					(65,139)	65,139	-
Total General Revenue					322,932	74,644	397,576
Change in Net Position					(2,876)	86,657	83,781
Net Position -- Beginning					1,371,342	818,100	2,189,442
Net Position -- Ending					\$ 1,368,466	\$ 904,757	\$ 2,273,223

The accompanying notes are an integral part of this statement.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2020

	General Fund	Education Program	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash and Cash Equivalents	\$ 773,864	\$ 69,716	\$ 843,580
Due from Other Governments	39,615	-	39,615
Taxes Receivable, Net	<u>281,996</u>	<u>-</u>	<u>281,996</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,095,475</u>	<u>\$ 69,716</u>	<u>\$ 1,165,191</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 1,913	\$ 164	\$ 2,077
<u>Total Liabilities</u>	<u>1,913</u>	<u>164</u>	<u>2,077</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	<u>281,996</u>	<u>-</u>	<u>281,996</u>
<u>Total Deferred Inflows of Resources</u>	<u>281,996</u>	<u>-</u>	<u>281,996</u>
FUND BALANCES:			
Committed - Education Program	-	69,552	69,552
Unassigned	<u>811,566</u>	<u>-</u>	<u>811,566</u>
<u>Total Fund Equity</u>	<u>811,566</u>	<u>69,552</u>	<u>881,118</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>	<u>\$ 1,095,475</u>	<u>\$ 69,716</u>	<u>\$ 1,165,191</u>

The accompanying notes are an integral part of this statement.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2020

Total Fund Balances -- Governmental Funds Balance Sheet	\$ 881,118
Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds	281,996
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>205,352</u>
Net Position of Governmental Activities -- Statement of Net Position	<u>\$ 1,368,466</u>

The accompanying notes are an integral part of this statement.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	General Fund	Education Program	Total Governmental Funds
REVENUES:			
Property Taxes (Including Penalty and Interest)	\$ 381,901	\$ -	\$ 381,901
Application Fees	24,700	-	24,700
Interest	7,335	-	7,335
Revenues from Member Districts	-	72,000	72,000
Fuel Sales	29,368	-	29,368
Miscellaneous	72	-	72
<u>Total Revenues</u>	<u>443,376</u>	<u>72,000</u>	<u>515,376</u>
EXPENDITURES:			
Current:			
Fuel Purchases	23,097	-	23,097
Salaries	128,153	40,000	168,153
Payroll Taxes	2,776	580	3,356
Medical & Retirement	45,439	4,400	49,839
Advertising	1,047	1,200	2,247
Contract Labor	5,519	-	5,519
Dues, Fees & Subscriptions	3,743	50	3,793
Education Materials	-	1,280	1,280
Election Expense	-	-	-
Field Equipment & Supplies	15,088	-	15,088
Hydrologist Expense	10,950	-	10,950
Insurance	4,627	7,525	12,152
Legislative Expense	13,183	-	13,183
Miscellaneous	350	-	350
Office Supplies & Postage	4,811	3,881	8,692
Professional Fees	14,188	-	14,188
Repairs & Maintenance	1,150	-	1,150
Research Project	10,810	-	10,810
Scholarships	17,350	-	17,350
Tax Collection Expense	2,838	-	2,838
Travel	390	556	946
Utilities & Telephone	9,146	780	9,926
Vehicle Expenditure & Mileage	2,135	1,908	4,043
Well Permits	15,800	-	15,800
Payments to Education Program	24,000	-	24,000
Capital Outlay	6,000	-	6,000
<u>Total Expenditures</u>	<u>362,590</u>	<u>62,160</u>	<u>424,750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	80,786	9,840	90,626
Other Financing Sources and (Uses):			
Operating Transfers In/(Out)	(65,139)	-	(65,139)
Sale of Fixed Asset	-	-	-
<u>Total Other Financing Sources and (Uses)</u>	<u>(65,139)</u>	<u>-</u>	<u>(65,139)</u>
Net Change in Fund Balances	15,647	9,840	25,487
Fund Balances -- Beginning	795,919	59,712	855,631
<u>Fund Balances -- Ending</u>	<u>\$ 811,566</u>	<u>\$ 69,552</u>	<u>\$ 881,118</u>

The accompanying notes are an integral part of this statement.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

Net Change in Fund Balances -- Total Governmental Funds	\$ 25,487
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount of capital outlays during the current period.	6,000
The depreciation of capital assets is not reported in the funds. This is the amount of current depreciation on these assets.	(33,126)
Certain property tax revenues are unavailable in the funds. These are the amounts that have not been collected and are therefore do not provide current financial resources. This is the amount that these accounts have changed during the current period.	<u>(1,237)</u>
Change in Net Position -- Statement of Activities	<u>\$ (2,876)</u>

The accompanying notes are an integral part of this statement.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
December 31, 2020

	<u>Proprietary Fund</u>
	Agricultural Loan Program
	<u>Program</u>
ASSETS:	
Cash and Cash Equivalents	\$ -
Restricted:	
Cash and Cash Equivalents	1,212,165
Cash - TWDB Reserves	115,792
Accounts Receivable	-
Current Portion-Notes Receivable	224,503
Non-Current Assets:	
Long-Term Portion of Notes Receivable	<u>621,047</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,173,507</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ -
Non-Current Liabilities:	
Due Within One Year	181,250
Due in More Than One Year	<u>1,087,500</u>
<u>Total Liabilities</u>	<u>1,268,750</u>
NET POSITION:	
Restricted for long-term debt retirement	788,965
Restricted per TWDB Contract	115,792
Unrestricted Net Position	<u>-</u>
<u>Total Net Position</u>	<u>904,757</u>

The accompanying notes are an integral part of this statement.

EXHIBIT D-2

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION--
Proprietary Funds
For the Year Ended December 31, 2020

	<u>Proprietary Fund</u>
	<u>Agricultural Loan Program</u>
<u>Operating Revenues</u>	
Loan Interest & Fees	\$ 25,350
Miscellaneous	-
<u>Total Operating Revenues</u>	<u>25,350</u>
 <u>Operating Expenses</u>	
Professional Fees	713
Interest on Long-Term Debt	12,624
<u>Total Operating Expenses</u>	<u>13,337</u>
 <u>Operating Income (Loss)</u>	 <u>12,013</u>
 <u>Non-Operating Revenues (Expenses)</u>	
Interest & Dividend Income	9,505
<u>Total Non-Operating Revenue (Expenses)</u>	<u>9,505</u>
 Income (Loss) Before Operating Transfers	 21,518
Operating Transfers In (Out)	<u>65,139</u>
 Net Income (Loss)	 86,657
 Net Position, Beginning	 <u>818,100</u>
 <u>Net Position, Ending</u>	 <u><u>904,757</u></u>

The accompanying notes are an integral part of this statement.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended December 31, 2020

	<u>Proprietary Fund</u>
	<u>Agricultural Loan Program</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Interest received on notes receivable	\$ 25,350
Interest paid on long-term debt	(12,624)
Payments to Suppliers	1,229
Net Cash Provided by Operating Activities:	<u>13,955</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments on interfund balances	-
Transfers (to)/from Other Funds	65,139
Net Cash Provided by Noncapital Financing Activities:	<u>65,139</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on long-term debt	(90,625)
Proceeds from long-term debt	725,000
Net Cash (used) by Capital and Related Financing Activities:	<u>634,375</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	9,505
Principal collected on notes receivable	293,365
Principal loaned on notes receivable	(271,563)
Transfers (to)/from temporary investments	-
Net Cash Provided by Investing Activities:	<u>31,307</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	744,776
Cash and restricted cash - Beginning	<u>583,181</u>
Cash and restricted cash - Ending	<u><u>1,327,957</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	12,013
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	-
Change in assets and liabilities:	
Receivables, net	1,942
Accounts and other payables	-
Net Cash Provided by Operating Activities:	<u><u>13,955</u></u>

The accompanying notes are an integral part of this statement.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note A: Summary of Significant Accounting Policies

The Sandy Land Underground Water Conservation District was created by Senate Bill No. 1777 on June 14, 1989. The District was created under Article 16, Section 59 of the Constitution of Texas Statutes, together with all amendments and additions thereto including particularly Article 7880-3C, Vernon's Texas Civil Statutes (Chapter 306, Page 559, Acts of the Fifty-first Legislature of Texas, 1949).

The District operates under Chapter 36 of the Texas Water Code and is therefore committed to the conserving, preserving, protecting, recharging and prevention of waste of the underground water of the Ogallala Aquifer within its boundaries.

The Board of Directors (Board), a five member group constituting an on-going entity, is the level of government which has governance responsibilities for the conserving, preserving, protecting, recharging and prevention of waste of the underground water of the Ogallala Aquifer, as permitted by Ch. 36 of the Texas Water Code, within the Districts' boundaries which include all of Yoakum County, Texas. The Board receives funding from local and state sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The basic financial statements of the Sandy Land Underground Water Conservation District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities related to business-type activities and enterprise funds, the District applies all applicable GASB pronouncements.

1. The Reporting Entity

The District, for financial purposes, includes all of the funds and account groups relevant to the operations of the Sandy Land Underground Water Conservation District. The District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity", as revised by GASB Statement No. 39, and there are no component units included within the reporting entity.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 2
December 31, 2020

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the over-reporting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all of taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's Funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund: This is the primary operating fund of the District. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Education Fund: This fund is to report the revenues and expenses for the joint venture with other water conservation districts to educate others about water conservation practices.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 3
December 31, 2020

Note A: Summary of Significant Accounting Policies--Continued

a. Basis of Presentation (continued)

In addition, the District reports the following fund types:

Enterprise Funds: Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resource measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 4
December 31, 2020

Note A: Summary of Significant Accounting Policies--Continued

b. Measurement Focus, Basis of Accounting (continued)

received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, and judgments, which are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilizes the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The fund equity is segregated in net investment in capital assets, restricted net position, and unrestricted net position.

c. Fund Balance Classification

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has \$904,757 restricted for retirement of TWDB long-term debt.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. Currently, the District has fund balances committed of \$69,552 for the education program.

Unassigned: This classification includes the residual fund balance for the General Fund.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

When the District incurs an expenditure or expense for which both committed and unassigned resources may be used, it is the District's policy to use committed resources first, then unassigned resources.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 5
December 31, 2020

Note A: Summary of Accounting Policies--Continued

3. Financial Statement Amounts

a. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

For purposes of the statement of cash flows, the District considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents.

Investments for the District are reported at fair value.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1st for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. On January 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. As of December 31, 2020, the amount deemed uncollectible by this estimate was \$3,374. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect cost applicable to future periods and are recorded as prepaid items.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 6
December 31, 2020

Note A: Summary of Accounting Policies--Continued

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair market value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 Years
Building Improvements	20 Years
Vehicles	5-15 Years
Furniture and Equipment	3-15 Years
Computer Equipment	3 Years

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

See Note D for information on notes receivable.

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 7
December 31, 2020

Note B: Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violations</u>	<u>Action Taken</u>
None Reported	Not Applicable

Note C: Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits

At December 31, 2020, the carrying amount of the District's deposits (cash and certificates of deposit) was \$2,171,537 and the bank balance was \$2,176,412. The District's cash deposits at December 31 and throughout the year were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the financial statements disclosed that in the areas of investment practices, management reports an establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 8
December 31, 2020

Note C: Deposits and Investments (continued)

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk.

At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 9
December 31, 2020

Note C: Deposits and Investments (continued)

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment.

At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment.

At year end, the District was not exposed to foreign currency risk.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 10
December 31, 2020

Note D: Notes Receivable

The District has an agreement with the Texas Water Development Board in which the District receives funds from the T.W.D.B. and in turn loans those funds to qualified borrowers for the purpose of purchasing eligible water conservation equipment.

Loans are made to individuals for up to 80% of the cost of the capital purchase not to exceed \$150,000 per individual. These loans are to be repaid in annual installments, not to exceed 7 years.

Changes in notes receivable for the year ended December 31, 2020 are as follows:

<u>Note Origination Year</u>	<u>Number of Loans Outstanding at Year-End</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Receivable Within One Year</u>
2013	0	1.60%	\$ 56,365	\$ -	\$ 56,365	\$ -	\$ -
2014	8	1.60%	134,008	-	67,004	67,004	67,004
2015	5	2.13%	101,279	-	33,760	67,519	33,759
2016	1	2.13%	25,310	-	6,327	18,983	6,328
2018	7	3.99%	358,827	-	102,542	256,285	51,251
2019	4	3.99%	191,562	-	27,366	164,196	27,366
2020	<u>4</u>	2.17%	<u>-</u>	<u>271,563</u>	<u>-</u>	<u>271,563</u>	<u>38,795</u>
	<u>29</u>		<u>\$ 867,351</u>	<u>\$ 271,563</u>	<u>\$ 293,364</u>	<u>\$ 845,550</u>	<u>\$ 224,503</u>

The District recognized interest income of \$25,110 from notes receivable for the year ended December 31, 2020.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 11
December 31, 2020

Note E: Loans

Loan agreements have been entered into with the Texas Water Development Board to commit money to the District from the Agricultural Soil and Water Conservation Fund. The amounts were to be loaned from the District to qualified borrowers for up to 80% of the purchase price of eligible water conservation equipment not to exceed \$150,000 per individual. In 2018, the District borrowed \$725,000 bearing interest of 1.99%. In 2020, the District borrowed \$725,000 bearing interest of 0.17%. These notes are accounted for in the Agricultural Loan Program Fund.

Changes in loans for the year ended December 31, 2020 are as follows:

<u>Agricultural Loan Program</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Texas Water Development Board	\$ 634,375	\$ 725,000	\$ 90,625	\$ 1,268,750	\$ 181,250

Interest paid for the year ending December 31, 2020 was \$12,624.

Loan payment requirements are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 181,250	\$ 12,087	\$ 193,337
2022	181,250	10,096	191,346
2023	181,250	8,138	189,388
2024	181,250	6,181	187,431
2025	181,250	4,223	185,473
2026-2028	<u>362,500</u>	<u>2,728</u>	<u>365,228</u>
<u>TOTALS</u>	<u>\$1,268,750</u>	<u>\$ 43,453</u>	<u>\$ 1,312,203</u>

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 12
December 31, 2020

Note F: Capital Assets

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

<u>Governmental Activities:</u>	<u>Balance</u> <u>01-01-20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-20</u>
Buildings & Improvements	\$ 200,012	\$ -	\$ -	\$ 200,012
Construction in Progress	-	6,000	-	6,000
Furniture & Equipment	<u>267,978</u>	<u>-</u>	<u>-</u>	<u>267,978</u>
Total Capital Assets	<u>467,990</u>	<u>6,000</u>	<u>-</u>	<u>473,990</u>
<u>Less Accumulated</u> <u>Depreciation</u>				
Buildings & Improvements	65,069	6,798	-	71,867
Furniture & Equipment	<u>170,443</u>	<u>26,328</u>	<u>-</u>	<u>196,771</u>
Total Accumulated Depreciation	235,512	33,126	-	268,638
Net Capital Assets	<u>\$ 232,478</u>	<u>\$(27,126)</u>	<u>-</u>	<u>\$205,352</u>

Depreciation was charged to functions as follows:

General Administration	\$ 15,019
Education Program	<u>18,107</u>
Total Depreciation	<u>\$ 33,126</u>

Note H: Retirement Plan

Full-time employees of the District participate in an employer funded simplified employee pension plan in lieu of social security. An amount equal to 11% of each eligible employee's gross wages is placed in a separate account for each employee. This is a defined contribution plan. All amounts deposited plus all accrued earnings are the employee's, after vesting, to be drawn at their discretion after retirement. The District contributed \$18,497 to employee SEP accounts during the current period.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 13
December 31, 2020

Note I: Litigation and Contingencies

There was no reportable litigation pending or in progress against the District at December 31, 2020.

Note J: Joint Venture

The District participates in a joint venture for education services with the following water conservation districts as the fiscal agent:

Llano Estacado Underground Water Conservation District
South Plains Underground Water Conservation District

The District as fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to future additional benefit or burden to the member districts. The fiscal agent is responsible for all financial activities of the joint venture.

Note K: Risk Management

The District manages risk by purchasing property, liability, and workers compensation insurance through the Texas Water Conservation Association Risk Management Fund (TWCARMF). TWCARMF is a self-insurance pool formed by the Texas water districts and authorities. The Fund provides workers' compensation, liability, and property coverage for its member districts and authorities.

The Workers' Compensation, Liability, and Property programs were established as of July 1, 1988. The Fund's membership consists of approximately 81 water districts and authorities. Members join the Fund through interlocal cooperation agreements. Members pay contributions to the Fund for purposes of obtaining coverage against risks associated with workers' compensation, liability, and property. The Fund operates as a risk-sharing pool by assuming the risks related to the contributions paid by each member regardless of whether the group continues to be a participating member of the Association. With the exception of any deductibles or retrospective rated coverage, the members fully transfer their risks to the Fund.

REQUIRED SUPPLEMENTARY INFORMATION

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2020

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<u>Revenues</u>				
Property Taxes (Including Penalty and Interest)	\$ 375,000	\$ 372,608	\$ 381,901	\$ 9,293
Application Fees	25,000	25,500	24,700	(800)
Interest	4,650	6,550	7,335	785
Fuel Sales	25,000	25,000	29,368	4,368
Miscellaneous	-	-	72	72
<u>Total Revenues</u>	<u>429,650</u>	<u>429,658</u>	<u>443,376</u>	<u>13,718</u>
<u>Expenditures</u>				
Fuel Purchases	25,000	25,000	23,097	1,903
Salaries	140,500	140,500	128,153	12,347
Payroll Taxes	3,200	3,200	2,776	424
Medical & Retirement	46,500	46,500	45,439	1,061
Advertising	6,000	6,000	1,047	4,953
Contract Labor	6,500	6,500	5,519	981
Dues, Fees & Subscriptions	5,100	5,100	3,743	1,357
Election Expense	2,000	2,000	-	2,000
Field Equipment & Supplies	13,500	17,250	15,088	2,162
Hydrologist Expense	15,000	15,000	10,950	4,050
Insurance	5,000	5,000	4,627	373
Legislative Expense	24,000	14,250	13,183	1,067
Miscellaneous	1,900	1,900	350	1,550
Office Supplies & Postage	4,900	4,900	4,811	89
Professional Fees	18,500	18,500	14,188	4,312
Repairs & Maintenance	3,000	3,000	1,150	1,850
Research Project	5,000	11,000	10,810	190
Scholarships	18,500	18,500	17,350	1,150
Tax Collection Expense	3,250	3,250	2,838	412
Travel	7,500	7,500	390	7,110
Utilities & Telephone	10,000	10,000	9,146	854
Vehicle Expenditure & Mileage	10,800	9,800	2,135	7,665
Well Permits	25,000	25,000	15,800	9,200
Payments to Education Program	24,000	24,000	24,000	-
Capital Outlay	5,000	6,000	6,000	-
<u>Total Expenditures</u>	<u>429,650</u>	<u>429,650</u>	<u>362,590</u>	<u>67,060</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In (Out)	-	(65,139)	(65,139)	-
Sale of Fixed Assets	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>(65,139)</u>	<u>(65,139)</u>	<u>-</u>
<u>Excess of Revenues and Other Sources</u>				
<u>Over (Under) Expenditures and Other Uses</u>	<u>-</u>	<u>(65,131)</u>	<u>15,647</u>	<u>80,778</u>
Fund Balance, Beginning of Year	795,919	795,919	795,919	-
<u>Fund Balance, End of Year</u>	<u>\$ 795,919</u>	<u>\$ 730,788</u>	<u>\$ 811,566</u>	<u>\$ 80,778</u>

OTHER SUPPLEMENTARY INFORMATION

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
Year Ended December 31, 2020

Year of Levy	Tax Rate	Assessed/Appraised Value for Tax Purposes	Beginning Balance 01-01-20	Current Year's Total Levy	Total Collections	Entire Year's Adjustments	Ending Balance 12-31-20
2011 and Prior	--	--	\$ 351	\$ -	\$ 12	\$ (22)	\$ 317
2012	0.00988	4,732,186,235	83	-	8	-	75
2013	0.01100	4,231,363,636	107	-	9	-	98
2014	0.01070	4,328,393,792	181	-	15	-	166
2015	0.01658	2,810,723,117	320	-	37	(15)	268
2016	0.01658	1,822,531,814	699	-	109	(16)	574
2017	0.01581	2,067,267,552	761	-	174	(23)	564
2018	0.01581	2,192,104,264	1,489	-	464	(82)	943
2019	0.01333	2,802,790,698	281,905	-	278,873	201	3,233
2020	0.01489	2,553,962,391	-	380,285	100,740	(415)	279,130
	<u>TOTALS</u>		<u>\$285,896</u>	<u>\$ 380,285</u>	<u>\$ 380,441</u>	<u>\$ (372)</u>	<u>\$ 285,368</u>