

ANNUAL FINANCIAL REPORT

SANDY LAND UNDERGROUND WATER
CONSERVATION DISTRICT

FOR THE YEAR ENDED DECEMBER 31, 2023

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2023

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FINANCIAL SECTION

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Independent Auditors' Report on Financial Statements

Board of Directors
Sandy Land Underground Water
Conservation District
Plains, Texas 79355

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Sandy Land Underground Water Conservation District, as of December 31, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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,

A handwritten signature in cursive script that reads "Terry & King".

Terry & King, CPAs, P.C.
Lubbock, Texas
April 8, 2024

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, 2023. 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 increased by \$112,184 or 7%, net position of our business-type activities increased by \$22,795 or 2%.
- During the year, the District had expenses that were \$112,184 less than the \$615,399 generated in tax and other revenues for governmental activities. This compares to the prior year when expenses were less than revenues by \$86,081.
- In the District's business type activities, revenues were more than expenses by \$22,795.
- Total cost of all of the District's programs was \$531,571, a decrease of \$3,323 from the prior year.
- The General Fund reported a surplus this year of \$131,733.
- The resources available for appropriation were \$35,882 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 \$58,087.

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 \$2,588,081 as of December 31, 2023. 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, 2023

	Governmental Activities			Business-type Activities			Total Primary Government		
	2023	2022	% Change	2023	2022	% Change	2023	2022	% Change
Current Assets	\$ 1,365,391	\$ 1,214,527	12%	\$ 1,669,520	\$ 1,051,866	59%	\$ 3,034,911	\$ 2,266,393	34%
Non-current Assets	-	-	0%	420,301	581,002	-28%	420,301	581,002	-28%
Capital Assets, net	<u>260,380</u>	<u>300,010</u>	-13%	-	-	0%	<u>260,380</u>	<u>300,010</u>	-13%
Total Assets	<u>1,625,771</u>	<u>1,514,537</u>	7%	<u>2,089,821</u>	<u>1,632,868</u>	28%	<u>3,715,592</u>	<u>3,147,405</u>	18%
Current Liabilities	2,734	3,684	-26%	270,067	181,250	49%	272,801	184,934	48%
Long-Term Liabilities	-	-	0%	<u>828,920</u>	<u>507,045</u>	63%	<u>828,920</u>	<u>507,045</u>	63%
Total Liabilities	<u>2,734</u>	<u>3,684</u>	-26%	<u>1,098,987</u>	<u>688,295</u>	60%	<u>1,101,721</u>	<u>691,979</u>	59%
Deferred Inflows of Resources:									
Ag Loan Payments	-	-	0%	<u>25,790</u>	<u>2,324</u>	1010%	<u>25,790</u>	<u>2,324</u>	1010%
Total Deferred Inflows of Resources	-	-	0%	<u>25,790</u>	<u>2,324</u>	1010%	<u>25,790</u>	<u>2,324</u>	1010%
Net Position									
Net investment in capital assets	260,380	300,010	-13%	-	-	0%	260,380	300,010	-13%
Restricted	-	-	0%	965,044	942,249	2%	965,044	942,249	2%
Unrestricted	<u>1,362,657</u>	<u>1,210,843</u>	13%	-	-	0%	<u>1,362,657</u>	<u>1,210,843</u>	13%
Total Net Position	<u>\$ 1,623,037</u>	<u>\$ 1,510,853</u>	7%	<u>\$ 965,044</u>	<u>\$ 942,249</u>	2%	<u>\$ 2,588,081</u>	<u>\$ 2,453,102</u>	6%

Net position of the District's governmental activities increased 7% (\$1,623,037 compared to \$1,510,853). 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 \$1,210,843 at December 31, 2022 to \$1,362,657 at the end of this year. Net position of the District's business-type activities increased by 2%, from \$942,249 to \$965,044.

Table A-2
Changes in Net Position

	Governmental Activities			Business-type Activities			Total Primary Government		
	2023	2022	% Change	2023	2022	% Change	2023	2022	% Change
Program Revenues:									
Charges for Services	86,957	116,624	-25%	20,962	18,879	11%	107,919	135,503	-20%
Grants & Contributions	72,000	72,000	0%	-	-	0%	72,000	72,000	0%
General Revenues:									
Property Taxes	421,212	397,012	6%	-	-	0%	421,212	397,012	6%
Investment Earnings	17,559	20,060	-12%	30,189	18,440	64%	47,748	38,500	24%
Other	1,471	180	717%	-	-	0%	1,471	180	717%
Total Revenues	599,199	605,876	-1%	51,151	37,319	37%	650,350	643,195	1%
Expenses:									
General Administration	378,927	390,685	-3%	-	-	0%	378,927	390,685	-3%
Airport Fuel Sales	33,839	48,320	-30%	-	-	0%	33,839	48,320	-30%
Education & Information Program	90,449	80,790	12%	-	-	0%	90,449	80,790	12%
Agricultural Loan Program	-	-	0%	28,356	15,099	88%	28,356	15,099	88%
	503,215	519,795	-3%	28,356	15,099	88%	531,571	534,894	-1%
Excess (Deficiency) Before Other Resources, Uses & Transfers	95,984	86,081	12%	22,795	22,220	3%	118,779	108,301	10%
Other Resources & (Uses):									
Gain/(Loss) on Sale of Assets	16,200	-	100%	-	-	0%	16,200	-	100%
Transfers In (Out)	-	-	0%	-	-	0%	-	-	0%
Increase (Decrease) in Net Position	112,184	86,081	30%	22,795	22,220	3%	134,979	108,301	25%
Beginning Net Position	1,510,853	1,424,772	6%	942,249	920,029	2%	2,453,102	2,344,801	5%
Ending Net Position	1,623,037	1,510,853	7%	965,044	942,249	2%	2,588,081	2,453,102	6%

The District's total revenues were \$666,550. A significant portion, 16%, 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 \$531,571. 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 decreased from \$605,876 to \$599,199.

- The District property tax rates decreased from \$0.01038 to \$0.009474 per \$100 valuation. Due to a increase in taxable property values, the current levy increased \$20,529 from the prior year.
- Fuel sales decreased from \$53,024 in the prior year to \$33,557 in the current year.
- The cost of all *governmental* activities this year was \$463,585 compared to \$519,795 last year.

Business-type Activities

- Revenues of the District's business-type activities (see table A-2) were \$51,151 for the year ended December 31, 2023. Expenses for the District's business-type activities were \$28,356 for the year, resulting in a net profit of \$22,795 prior to transfers.

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 \$1,024,166, which is an increase from the prior year's total of \$873,455.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had \$594,006 invested in capital assets, including buildings, furniture and equipment.

<u>Governmental Activities:</u>	<u>2022</u>	<u>Additions</u>	<u>Reclass/ Deletions</u>	<u>2023</u>
Buildings & Improvements	\$ 252,382	\$ -	\$ -	\$ 252,382
Vehicles, Furniture & Equipment	381,569	-	(39,945)	341,624
Accumulated Depreciation	<u>(333,941)</u>	<u>(39,630)</u>	<u>39,945</u>	<u>(333,626)</u>
Net Capital Assets	<u>\$ 300,010</u>	<u>\$ (39,630)</u>	<u>\$ -</u>	<u>\$ 260,380</u>

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

Debt

As of December 31, 2023, the District had three loans in its loan program totaling \$1,082,045, which is a net increase from the prior year amount of \$688,295.

Business-type Activities:

	<u>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>2023</u>
Texas Water Development Board:				
2018	362,500	-	90,625	271,875
2020	325,795	-	90,625	235,170
2023	-	575,000	-	575,000
Total Long-Term Debt	<u>\$ 688,295</u>	<u>\$ 575,000</u>	<u>\$ 181,250</u>	<u>\$1,082,045</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 2024 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, 2024 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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 963,457	\$ -	\$ 963,457
Restricted:			
Cash and Cash Equivalents	-	1,526,264	1,526,264
Accounts Receivable	-	4,309	4,309
Receivables (Net):			
Due from Other Governments	54,366	-	54,366
Ad Valorem Taxes Receivable, net	338,491	-	338,491
Current Portion-Notes Receivable	-	138,947	138,947
Inventories	9,077	-	9,077
Non-Current Assets:			
Long-Term Portion of Notes Receivable (Net)	-	420,301	420,301
Capital Assets:			
Buildings & Improvements (Net)	149,646	-	149,646
Furniture & Equipment (Net)	110,734	-	110,734
<u>TOTAL ASSETS</u>	<u>\$ 1,625,771</u>	<u>\$ 2,089,821</u>	<u>\$ 3,715,592</u>
LIABILITIES:			
Accounts Payable	\$ 2,734	\$ 1,350	\$ 4,084
Accrued Interest Expense	-	15,592	15,592
Non-Current Liabilities:			
Due Within One Year	-	253,125	253,125
Due in More Than One Year	-	828,920	828,920
<u>Total Liabilities</u>	<u>\$ 2,734</u>	<u>\$ 1,098,987</u>	<u>\$ 1,101,721</u>
DEFERRED INFLOWS OF RESOURCES:			
Ag Loan Payments	-	25,790	25,790
<u>Total Deferred Inflows of Resources</u>	<u>-</u>	<u>25,790</u>	<u>25,790</u>
NET POSITION			
Net investment in capital assets	\$ 260,380	\$ -	\$ 260,380
Restricted for TWDB Reserves	-	119,057	119,057
Restricted for long-term debt retirement	-	845,987	845,987
Unrestricted Net Position	1,362,657	-	1,362,657
<u>Total Net Position</u>	<u>\$ 1,623,037</u>	<u>\$ 965,044</u>	<u>\$ 2,588,081</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, 2023

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	\$ 378,927	\$ 53,400	\$ -	\$ -	\$ (325,527)	\$ -	\$ (325,527)
Airport Fuel Sales	33,839	33,557			(282)		
Education Program	90,449	-	72,000	-	(18,449)	-	(18,449)
<u>Total Government Activities</u>	<u>503,215</u>	<u>86,957</u>	<u>72,000</u>	<u>-</u>	<u>(344,258)</u>	<u>-</u>	<u>(343,976)</u>
Business-type Activities							
Agricultural Loan Program	28,356	20,962	-	-	-	(7,394)	(7,394)
<u>Total Business-Type Activities</u>	<u>28,356</u>	<u>20,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,394)</u>	<u>(7,394)</u>
Total Primary Government	\$ 531,571	\$ 107,919	\$ 72,000	\$ -	\$ (344,258)	\$ (7,394)	\$ (351,370)
General Revenues:							
Property Taxes, Levied for General Purposes					\$ 421,212	\$ -	\$ 421,212
Investment Earnings					17,559	30,189	47,748
Miscellaneous					1,471	-	1,471
Gain on Sale of Fixed Asset					16,200	-	16,200
Transfers					-	-	-
Total General Revenue					<u>456,442</u>	<u>30,189</u>	<u>486,631</u>
Change in Net Position					112,184	22,795	134,979
Net Position -- Beginning					<u>1,510,853</u>	<u>942,249</u>	<u>2,453,102</u>
Net Position -- Ending					<u>\$ 1,623,037</u>	<u>\$ 965,044</u>	<u>\$ 2,588,081</u>

The accompanying notes are an integral part of this statement.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2023

	<u>General Fund</u>	<u>Education Program</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and Cash Equivalents	\$ 915,582	\$ 47,875	\$ 963,457
Due from Other Governments	54,366	-	54,366
Taxes Receivable, Net	338,491	-	338,491
Inventories	<u>9,077</u>	<u>-</u>	<u>9,077</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 1,317,516</u>	 <u>\$ 47,875</u>	 <u>\$ 1,365,391</u>
 LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 2,487	\$ 247	\$ 2,734
<u>Total Liabilities</u>	<u>2,487</u>	<u>247</u>	<u>2,734</u>
 DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	<u>338,491</u>	<u>-</u>	<u>338,491</u>
<u>Total Deferred Inflows of Resources</u>	<u>338,491</u>	<u>-</u>	<u>338,491</u>
 FUND BALANCES:			
Nonspendable - Inventories	9,077	-	9,077
Committed - Education Program	-	47,628	47,628
Unassigned	<u>967,461</u>	<u>-</u>	<u>967,461</u>
<u>Total Fund Equity</u>	<u>976,538</u>	<u>47,628</u>	<u>1,024,166</u>
 <u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>	 <u>\$ 1,317,516</u>	 <u>\$ 47,875</u>	 <u>\$ 1,365,391</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, 2023

Total Fund Balances -- Governmental Funds Balance Sheet	\$ 1,024,166
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	338,491
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>260,380</u>
Net Position of Governmental Activities -- Statement of Net Position	<u>\$ 1,623,037</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, 2023

	General Fund	Education Program	Total Governmental Funds
REVENUES:			
Property Taxes (Including Penalty and Interest)	\$ 420,109	\$ -	\$ 420,109
Well Permit Fees	48,400	-	48,400
Management Fees	5,000	-	5,000
Interest	17,559	-	17,559
Revenues from Member Districts	-	72,000	72,000
Fuel Sales	33,557	-	33,557
Miscellaneous	1,471	-	1,471
<u>Total Revenues</u>	<u>526,096</u>	<u>72,000</u>	<u>598,096</u>
EXPENDITURES:			
Current:			
Fuel Purchases	32,221	-	32,221
Salaries	137,095	43,608	180,703
Payroll Taxes	3,362	735	4,097
Medical & Retirement	49,562	9,608	59,170
Advertising and Public Relations	4,741	1,100	5,841
Contract Labor	5,620	-	5,620
Dues, Fees & Subscriptions	5,332	305	5,637
Education Materials	-	-	-
Election Expense	-	-	-
Field Equipment & Supplies	7,320	-	7,320
Hydrologist Expense	22,800	-	22,800
Insurance	6,685	3,820	10,505
Legislative Expense	14,568	-	14,568
Miscellaneous	268	-	268
Office Supplies & Postage	4,899	2,508	7,407
Professional Fees	10,140	-	10,140
Repairs & Maintenance	2,421	870	3,291
Research Project	2,973	1,223	4,196
Scholarships	17,700	-	17,700
Tax Collection Expense	3,321	-	3,321
Travel	4,263	1,893	6,156
Utilities & Telephone	11,291	780	12,071
Vehicle Expenditure & Mileage	3,381	2,772	6,153
Well Permit Refunds	20,400	-	20,400
Payments to Education Program	24,000	-	24,000
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>394,363</u>	<u>69,222</u>	<u>463,585</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	131,733	2,778	134,511
Other Financing Sources and (Uses):			
Operating Transfers In/(Out)	-	-	-
Sale of Fixed Asset	-	16,200	16,200
<u>Total Other Financing Sources and (Uses)</u>	<u>-</u>	<u>16,200</u>	<u>16,200</u>
Net Change in Fund Balances	131,733	18,978	150,711
Fund Balances -- Beginning	<u>844,805</u>	<u>28,650</u>	<u>873,455</u>
<u>Fund Balances -- Ending</u>	<u>\$ 976,538</u>	<u>\$ 47,628</u>	<u>\$ 1,024,166</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, 2023

Net Change in Fund Balances -- Total Governmental Funds	\$ 150,711
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.	-
The depreciation of capital assets is not reported in the funds. This is the amount of current depreciation on these assets.	(39,630)
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>1,103</u>
Change in Net Position -- Statement of Activities	<u>\$ 112,184</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, 2023

	<u>Proprietary Fund</u>
	Agricultural Loan Program
ASSETS:	
Cash and Cash Equivalents	\$ -
Restricted:	
Cash and Cash Equivalents	1,407,207
Cash - TWDB Reserves	119,057
Accounts Receivable	4,309
Current Portion-Notes Receivable	138,947
Non-Current Assets:	
Long-Term Portion of Notes Receivable	<u>420,301</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 2,089,821</u>
LIABILITIES:	
Current Liabilities:	
Refund Payable	\$ 1,350
Accrued Interest Expense	15,592
Non-Current Liabilities:	
Due Within One Year	253,125
Due in More Than One Year	<u>828,920</u>
<u>Total Liabilities</u>	<u>1,098,987</u>
DEFERRED INFLOWS OF RESOURCES:	
Ag Loan Payments	<u>25,790</u>
<u>Total Deferred Inflows of Resources</u>	<u>25,790</u>
NET POSITION:	
Restricted for long-term debt retirement	845,987
Restricted per TWDB Contract	119,057
Unrestricted Net Position	<u>-</u>
<u>Total Net Position</u>	<u>965,044</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, 2023

	<u>Proprietary Fund</u>
	<u>Agricultural Loan Program</u>
<u>Operating Revenues</u>	
Loan Interest & Fees	\$ 20,230
Miscellaneous	732
<u>Total Operating Revenues</u>	<u>20,962</u>
<u>Operating Expenses</u>	
Fees	-
Management Fees	5,000
Interest on Long-Term Debt	23,356
<u>Total Operating Expenses</u>	<u>28,356</u>
<u>Operating Income (Loss)</u>	<u>(7,394)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest & Dividend Income	30,189
<u>Total Non-Operating Revenue (Expenses)</u>	<u>30,189</u>
Income (Loss) Before Operating Transfers	22,795
Operating Transfers In (Out)	<u>-</u>
Net Income (Loss)	22,795
Net Position, Beginning	<u>942,249</u>
<u>Net Position, Ending</u>	<u><u>965,044</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, 2023

	Proprietary Func
	Agricultural Loan Program
CASH FLOWS FROM OPERATING ACTIVITIES:	
Interest received on notes receivable	\$ 20,506
Interest paid on long-term debt	(7,764)
Payments to Suppliers	(2,455)
Net Cash Provided by Operating Activities:	10,287
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on long-term debt	(181,250)
Proceeds from long-term debt	575,000
Net Cash (used) by Capital and Related Financing Activities:	393,750
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	30,189
Principal collected on notes receivable	179,487
Principal loaned on notes receivable	-
Net Cash Provided by Investing Activities:	209,676
Net Increase/(Decrease) in Cash and Cash Equivalents	613,713
Cash and restricted cash - Beginning	912,551
Cash and restricted cash - Ending	1,526,264
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	(7,394)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	-
Change in assets and liabilities:	
Receivables, net	(3,033)
Current Payables	1,350
Accrued Liabilities	15,592
Deferred Inflows	3,772
Net Cash Provided by Operating Activities:	10,287

The accompanying notes are an integral part of this statement.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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, 2023

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, 2023

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, 2023

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

Nonspendable: These are amounts that are not in a form that can be spent. The District has nonspendable fund balances of \$9,077 for fuel inventory held at year-end.

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 \$965,044 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 \$47,628 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, 2023

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, 2023, the amount deemed uncollectible by this estimate was \$6,046. 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.

Inventories for fuel purchased for resale are recorded at cost.

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, 2023

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, 2023

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, 2023, the carrying amount of the District's deposits (cash and certificates of deposit) was \$2,489,721 and the bank balance was \$2,492,003. 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 and 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, 2023

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, 2023

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, 2023

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, 2023 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>
2018	5	3.99%	131,854	-	43,941	87,913	43,942
2019	4	3.99%	175,178	-	37,937	37,937	37,937
2020	1	2.17%	20,845	-	20,845	-	-
2021	1	2.17%	49,897	-	8,316	41,581	8,316
2022	<u>4</u>	2.17%	<u>341,265</u>	<u>-</u>	<u>48,752</u>	<u>292,513</u>	<u>48,752</u>
	15		<u>\$ 719,039</u>	<u>\$ -</u>	<u>\$ 159,791</u>	<u>\$ 559,248</u>	<u>\$ 138,947</u>

The District recognized interest income of \$20,176 from notes receivable for the year ended December 31, 2023.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 11
December 31, 2023

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%. In 2023, the District borrowed \$575,000 bearing interest of 5.40%. These notes are accounted for in the Agricultural Loan Program Fund.

Changes in loans for the year ended December 31, 2023 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	\$ 688,295	\$ 575,000	\$ 181,250	\$ 1,082,045	\$ 253,125

Interest expense for the year ending December 31, 2023 was \$23,356.

Loan payment requirements are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 253,125	\$ 38,585	\$ 291,710
2025	253,125	31,021	284,146
2026	216,420	25,183	241,603
2027	71,875	19,406	91,281
2028	71,875	15,525	87,400
2029-2031	<u>215,625</u>	<u>23,288</u>	<u>238,913</u>
<u>TOTALS</u>	<u>\$ 1,082,045</u>	<u>\$ 153,008</u>	<u>\$ 1,235,053</u>

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 12
December 31, 2023

Note F: Capital Assets

Capital asset activity for the period ended December 31, 2023, was as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>01-01-23</u>	<u>Additions</u>	<u>Reclass/ Deletions</u>	<u>Balance</u> <u>12-31-23</u>
Buildings & Improvements	\$ 252,382	\$ -	\$ -	\$ 252,382
Vehicles, Furniture & Equipment	<u>381,569</u>	<u>-</u>	<u>(39,945)</u>	<u>341,624</u>
Total Capital Assets	<u>633,951</u>	<u>-</u>	<u>(39,945)</u>	<u>594,006</u>
<u>Less Accumulated</u>				
<u>Depreciation</u>				
Buildings & Improvements	92,446	10,290	-	102,736
Furniture & Equipment	<u>241,495</u>	<u>29,340</u>	<u>(39,945)</u>	<u>230,890</u>
Total Accumulated Depreciation	333,941	39,630	(39,945)	333,626
Net Capital Assets	<u>\$ 300,010</u>	<u>\$(39,630)</u>	<u>-</u>	<u>\$260,380</u>

Depreciation was charged to functions as follows:

General Administration	\$ 18,403
Education Program	<u>21,227</u>
Total Depreciation	<u>\$ 39,630</u>

Note G: 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 \$19,145 to employee SEP accounts during the current period.

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

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December 31, 2023

Note H: Litigation and Contingencies

There was no reportable litigation pending or in progress against the District at December 31, 2023.

Note I: 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 J: 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, 2023

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<u>Revenues</u>				
Property Taxes (Including Penalty and Interest)	\$ 400,000	\$ 395,214	\$ 420,109	\$ 24,895
Application Fees	50,000	50,000	48,400	(1,600)
Management Fees	5,000	5,000	5,000	-
Interest	5,000	5,000	17,559	12,559
Fuel Sales	35,000	35,000	33,557	(1,443)
Miscellaneous	-	-	1,471	1,471
<u>Total Revenues</u>	<u>495,000</u>	<u>490,214</u>	<u>526,096</u>	<u>35,882</u>
<u>Expenditures</u>				
Fuel Purchases	33,000	33,000	32,221	779
Salaries	147,500	147,350	137,095	10,255
Payroll Taxes	3,450	3,450	3,362	88
Medical & Retirement	52,050	52,050	49,562	2,488
Advertising and Public Relations	6,000	6,000	4,741	1,259
Contract Labor	6,500	6,500	5,620	880
Dues, Fees & Subscriptions	5,100	6,100	5,332	768
Election Expense	2,000	2,000	-	2,000
Field Equipment & Supplies	13,500	13,500	7,320	6,180
Hydrologist Expense	18,000	23,000	22,800	200
Insurance	5,000	5,000	6,685	(1,685)
Legislative Expense	24,000	24,000	14,568	9,432
Miscellaneous	1,900	1,900	268	1,632
Office Supplies & Postage	6,900	6,900	4,899	2,001
Professional Fees	18,500	10,650	10,140	510
Repairs & Maintenance	3,000	3,000	2,421	579
Research Project	5,000	5,000	2,973	2,027
Scholarships	19,500	19,500	17,700	1,800
Tax Collection Expense	5,250	5,250	3,321	1,929
Travel	7,500	7,500	4,263	3,237
Utilities & Telephone	10,000	12,000	11,291	709
Vehicle Expenditure & Mileage	4,800	4,800	3,381	1,419
Well Permits	25,000	25,000	20,400	4,600
Payments to Education Program	24,000	24,000	24,000	-
Capital Outlay	5,000	5,000	-	5,000
<u>Total Expenditures</u>	<u>452,450</u>	<u>452,450</u>	<u>394,363</u>	<u>58,087</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In (Out)	-	-	-	-
Sale of Fixed Assets	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Excess of Revenues and Other Sources</u>				
<u>Over (Under) Expenditures and Other Uses</u>	<u>42,550</u>	<u>37,764</u>	<u>131,733</u>	<u>93,969</u>
Fund Balance, Beginning of Year	<u>844,805</u>	<u>844,805</u>	<u>844,805</u>	<u>-</u>
<u>Fund Balance, End of Year</u>	<u>\$ 887,355</u>	<u>\$ 882,569</u>	<u>\$ 976,538</u>	<u>\$ 93,969</u>

OTHER SUPPLEMENTARY INFORMATION

SANDY LAND UNDERGROUND WATER CONSERVATION DISTRICT
Plains, Texas

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
Year Ended December 31, 2023

Year of Levy	Tax Rate	Assessed/Appraised Value for Tax Purposes	Beginning Balance 01-01-23	Current Year's Total Levy	Total Collections	Entire Year's Adjustments	Ending Balance 12-31-23
2014 and Prior	--	--	\$ 540	\$ -	\$ 28	\$ (26)	\$ 486
2015	0.01658	2,810,723,117	193	-	11	(15)	167
2016	0.01658	1,822,531,814	275	-	10	(21)	244
2017	0.01581	2,067,267,552	403	-	19	(29)	355
2018	0.01581	2,192,104,264	426	-	44	(24)	358
2019	0.01333	2,802,790,698	1,017	-	149	(63)	805
2020	0.01489	2,553,962,391	2,683	-	1,651	(186)	846
2021	0.01970	1,940,472,081	5,017	-	2,704	(987)	1,326
2022	0.01038	3,840,423,892	332,182	-	329,932	111	2,361
2023	0.00947	4,424,371,965	-	419,165	81,394	(182)	337,589
<u>TOTALS</u>			<u>\$ 342,736</u>	<u>\$ 419,165</u>	<u>\$ 415,942</u>	<u>\$ (1,422)</u>	<u>\$ 344,537</u>