

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**SEPTEMBER 30, 2020**

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
For the Year Ended September 30, 2020

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For the Year Ended September 30, 2020

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# ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTY OF: MOORE }

I, Bob Zimmer  
(Name of Duly Authorized District Representative)

of the North Plains Groundwater Conservation District  
(Name of District)

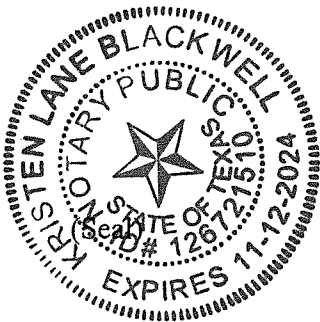
hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the Board of Directors of the District on the 15th day of January, 2021 its annual audit report for the fiscal year or period ended September 30, 2020, and that copies of the annual audit report have been filed in the District office, located at 603 East First, Dumas, Texas 79029.  
(Address of District)

Date: January 15th, 2021.

By: Bob Zimmer  
(Signature of District Representative)

Bob Zimmer - President  
(Typed Name & Title of above District Representative)

Sworn to and subscribed to before me this 15<sup>th</sup> day of January, 2021.



Kristen L. Blackwell  
(Signature of Notary)

My Commission Expires On: November 12 2024, Notary Public in and for the State of Texas.

# COY BARTON, C.P.A.

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CERTIFIED PUBLIC ACCOUNTANT

116 EAST SEVENTH

P.O. BOX 800 - TELEPHONE 806-935-4188

DUMAS, TEXAS 79029

MEMBER OF

THE AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

THE AICPA'S PRIVATE COMPANIES  
PRACTICE SECTION

TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

### *Unmodified Opinion on Basic Financial Statements Accompanied By Required Supplementary Information and Other Supplementary Information*

To the Board of Directors  
North Plains Groundwater Conservation District  
P.O. Box 795  
Dumas, Texas

Members of the Board:

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Plains Groundwater Conservation District (the District) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of North Plains Groundwater Conservation District, as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 12 and 56 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. The District also included a Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Contributions to the Texas County and District Retirement System in the required supplementary information. 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*

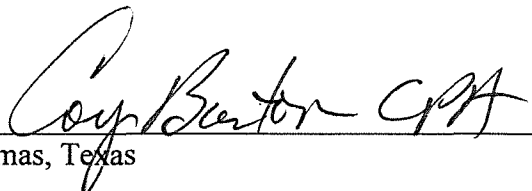
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Plains Groundwater Conservation District's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were 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, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, on our consideration of North Plains Groundwater Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

  
Dumas, Texas

December 17, 2020

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Introductory To Management's Discussion and Analysis**  
For the Year Ended September 30, 2020

To the Taxpayers of North Plains Groundwater Conservation District:

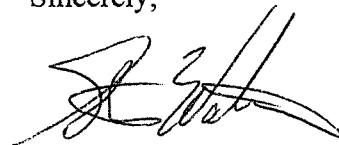
The Annual Financial Report of North Plains Groundwater Conservation District for the year ended September 30, 2020, is hereby submitted. The District is responsible for the completeness and fairness of these financial statements.

The financial statements are presented in the following sections: Introductory, Management's Discussion and Analysis, Basic Financial Statements, Notes to the Financial Statements, Required Supplementary Information, Combining Schedules, Other Schedules, and Reports on Internal Control and on Compliance and Other Matters.

This financial report is designed to provide the taxpayers of our District information concerning the financial condition of the District.

Because long range planning is an important part of the District's operations, we know that the continued success of our conservation program is safeguarded. North Plains Groundwater Conservation District is financially strong and well positioned for water conservation issues in the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Walthour', with a stylized flourish at the end.

Steve Walthour  
Manager



## **NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of North Plains Groundwater Conservation District, discuss and analyze the District's financial performance for the year ended September 30, 2020. Please read it in conjunction with our transmittal letter on page 5, the Independent Auditor's Report on pages 2-4, and the District's Basic Financial Statements, which begin on page 13.

### **FINANCIAL HIGHLIGHTS**

The District's net position increased by \$0.02 million, or nearly 4.15%, as a result of this year's operations. Net position is accounted for in the governmental activities.

During the year, the District had expenditures that were \$0.02 million less than the \$2.88 million generated in tax and other revenues for governmental programs.

Total cost of all of the District's programs, after charges for services and operating grants, was \$2.34 million.

The General Fund ended the year with a fund balance of \$3.10 million, which is more than last year's balance of \$2.10 million.

The resources available for appropriation were \$0.39 million less than the expenditures budgeted for in the General Fund.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 13 and 14). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 15) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements (starting on page 20) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

North Plains Groundwater Conservation District  
Management's Discussion and Analysis (continued)

The section labeled Other Schedules contains more detailed information regarding the basic financial statements, other property tax information, and agency funds.

**Reporting the District as a Whole**

***The Statement of Net Position and the Statement of Activities***

The analysis of the District's overall financial condition and operations begins on page 13. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided by the amount provided by the taxpayers, state grant funds, and miscellaneous revenues. All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current year or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of 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. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's property tax base.

In the Statement of Net Position and the Statement of Activities, we show the following activities for the District:

- Governmental activities – All of the District's basic services are reported here, including conservation education and protection of underground water supplies.
- Business-type activities – The District has no business-type activities.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The fund financial statements begin on page 15 and provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds as special revenue funds. The District has no special revenue funds. The following describes the District's fund accounting approach:

North Plains Groundwater Conservation District  
Management's Discussion and Analysis (continued)

- Governmental funds – Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

**The District as Trustee**

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money held for 2020 production penalties. The District's fiduciary activity is reported in the Statement of Net Position - Fiduciary Funds on page 19. We exclude this resource from the District's other financial statements because the District cannot use this asset to finance its operations. The District is only responsible for ensuring that the assets reported in this fund are used for their intended purposes.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The District implemented GASBS Nos. 34 and 37 in prior years. We have presented both current and prior year data and discuss significant changes in the accounts. Our analysis, as follows, focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$4.34 million to \$4.52 million. 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, was \$3.27 million at September 30, 2020. The increase in governmental net position was the result of the District's revenues exceeding the expenditures by about \$0.18 million.

North Plains Groundwater Conservation District  
Management's Discussion and Analysis (continued)

**Table I**  
**North Plains Groundwater Conservation District**

<b>NET POSITION</b> (in thousands)			
	Governmental Activities 2020	<b>Total 2020</b>	Total 2019
Current and other assets	\$ 3,505	\$ <b>3,505</b>	\$ 2,296
Capital assets	<u>2,276</u>	<u><b>2,276</b></u>	<u>2,409</u>
Total Assets	<u>5,781</u>	<u><b>5,781</b></u>	<u>4,705</u>
Deferred Outflows of Resources	<u>60</u>	<u><b>60</b></u>	<u>102</u>
Long-term liabilities	1,148	<b>1,148</b>	310
Other liabilities	<u>113</u>	<u><b>113</b></u>	<u>99</u>
Total Liabilities	<u>1,261</u>	<u><b>1,261</b></u>	<u>409</u>
Deferred Inflows of Resources	<u>61</u>	<u><b>61</b></u>	<u>59</u>
Net Position:			
Investment in capital assets	1,128	<b>1,128</b>	2,099
Restricted for Debt Service	1,120	<b>1,120</b>	11
Unrestricted	<u>2,271</u>	<u><b>2,271</b></u>	<u>2,229</u>
Total Net Position	<u>\$ 4,519</u>	<u><b>\$ 4,519</b></u>	<u>\$ 4,339</u>

North Plains Groundwater Conservation District  
Management's Discussion and Analysis (continued)

**Table II**  
**North Plains Groundwater Conservation District**

**CHANGES IN NET POSITION**  
(in thousands)

	Governmental Activities 2020	Total 2020	Total 2019
Revenues:			
Program Revenues:			
Charges for services	\$ 202	\$ 202	\$ 175
Operating grants and contributions	154	154	115
General Revenues:			
Taxes	2,296	2,296	2,253
Interest revenue	25	25	21
Miscellaneous	199	199	169
Total Revenues	<u>2,876</u>	<u>2,876</u>	<u>2,733</u>
Expenses:			
Personnel	1,157	1,157	1,134
Professional fees	192	192	172
Contracted services	144	144	110
Technology, communication, and utilities	158	158	124
Vehicle, repairs, and supplies	68	68	88
Administrative expenditures	140	140	186
Conservation outreach	237	237	185
Conservation demonstration project	201	201	209
Aquifer science	108	108	105
Debt service	14	14	1
Depreciation - unallocated	277	277	253
Total Expenses	<u>2,696</u>	<u>2,696</u>	<u>2,567</u>
Increase (decrease) in net position before transfers and special items	180	180	166
Net Position at Beginning of Year	<u>4,339</u>	<u>4,339</u>	<u>4,173</u>
Net Position at End of Year	<u>\$ 4,519</u>	<u>\$ 4,519</u>	<u>\$ 4,339</u>

North Plains Groundwater Conservation District  
Management's Discussion and Analysis (continued)

The District took actions this year to compensate for some increases in costs:

- Expenditures were monitored monthly by management.
- Costs were analyzed on a regular basis to ensure the District was getting the best price and value.

The cost of all governmental activities this year was \$2.70 million. However, as shown in the Statement of Activities on page 14, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$2.34 million because some of the costs were paid by those who directly benefited from the programs (\$0.20 million) or by other governments that subsidized certain programs with grants (\$0.15 million).

## **THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of \$3.22 million, which is more than last year's total of \$2.11 million. Included in this year's total change in fund balance is an increase of \$1.00 million in the District's General Fund.

The Board of Directors revised the District's budget during the year. These budget amendments fell into one category. This category involved amendments not increasing the budget.

The District's General Fund balance of \$3.10 million reported on page 15 differs from the General Fund's budgetary fund balance of \$1.81 million reported in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund on page 56. This is principally due to less expenditures than expected.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2020, the District had \$2.28 million invested in a broad range of capital assets, including facilities and equipment for water conservation. This amount represents a net decrease of \$0.13 million or 5.53% less than last year.

North Plains Groundwater Conservation District  
Management's Discussion and Analysis (continued)

This year's major additions included (in thousands):

Buildings and improvements	\$	65
Machinery and equipment		78
Total	\$	<u>143</u>

More detailed information about the District's capital assets is presented in Note III.G. to the financial statements.

### **Debt**

At year-end, the District had \$1.15 million in long-term loans. More detailed information about the District's long-term liabilities is presented in Note III.L. to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the fiscal year 2021 budget tax rates. Some of those factors were grant aid from the state and water conservation issues.

These indicators were taken into account when adopting the General Fund budget for 2021. Amounts available for appropriation in the General Fund budget are \$2.98 million, a decrease of 1.73% from the final 2020 budget. The District will use its revenues to finance programs currently offered. Budgeted expenditures in 2021 are expected to decrease nearly 5.03% to approximately \$3.09 million from approximately \$3.25 million in 2020. The District has grant programs for the 2021 budget.

If these estimates are realized, the District's budgetary General Fund balance is expected to decrease by \$1.08 million at the close of 2021.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, 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 questions about this report or need additional financial information, contact the District's office at North Plains Groundwater Conservation District, P.O. Box 795, Dumas, Texas, 79029.

## **BASIC FINANCIAL STATEMENTS**



NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Statement of Net Position  
September 30, 2020

EXHIBIT A-1

	Primary Government
	Governmental Activities
<hr/>	
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,858,869
Investments - Current	1,450,000
Taxes Receivable, Net	52,546
Due from Other Governments	3,977
Prepaid Items	12,776
Capital Assets:	
Land	301,497
Buildings and Improvements, Net	691,412
Furniture and Equipment, Net	1,282,944
Net Pension Asset	126,437
Total Assets	<hr/> 5,780,458 <hr/>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflow Related to Pension Plan	60,384
Total Deferred Outflows of Resources	<hr/> 60,384 <hr/>
 <b>LIABILITIES</b>	
Accounts Payable	41,032
Wages and Salaries Payable	28,396
Compensated Absences Payable	38,598
Accrued Interest Payable	5,548
Noncurrent Liabilities:	
Debt Due Within One Year	162,000
Notes Payable - Noncurrent	986,000
Total Liabilities	<hr/> 1,261,574 <hr/>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflow Related to Pension Plan	60,635
Total Deferred Inflows of Resources	<hr/> 60,635 <hr/>
 <b>NET POSITION</b>	
Net Investment in Capital Assets	1,127,853
Restricted for Debt Service	1,119,584
Unrestricted	2,271,196
Total Net Position	<hr/> <hr/> \$ 4,518,633 <hr/>

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

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Statement of Activities  
For the Year Ended September 30, 2020

EXHIBIT B-1

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
Personnel	\$ 1,157,014	\$ 62,846	\$ -	\$ (1,094,168)
Professional Fees	192,560	-	-	(192,560)
Contracted Services	144,338	-	-	(144,338)
Technology, Communication, and Utilities	158,365	-	-	(158,365)
Vehicles, Repairs, and Supplies	68,282	-	-	(68,282)
Administration Expenditures	139,796	139,796	-	-
Conservation Demonstration Project	201,003	-	153,700	(47,303)
Aquifer Science	108,012	-	-	(108,012)
Conservation Outreach	237,230	-	-	(237,230)
Interest on Debt	13,700	-	-	(13,700)
Depreciation - Unallocated	276,590	-	-	(276,590)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 2,696,890</b>	<b>\$ 202,642</b>	<b>\$ 153,700</b>	<b>(2,340,548)</b>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				2,295,698
Penalty and Interest on Taxes				18,024
Miscellaneous Revenue				181,631
Investment Earnings				25,081
<b>Total General Revenues</b>				<b>2,520,434</b>
Change in Net Position				179,886
Net Position-- Beginning				4,338,747
Net Position - Ending				<b>\$ 4,518,633</b>

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

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Balance Sheet  
Governmental Funds  
September 30, 2020

	General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,739,285	\$ 119,584	\$ 1,858,869
Investments - Current	1,450,000	-	1,450,000
Taxes Receivable	58,385	-	58,385
Allowance for Uncollectible Taxes (credit)	(5,839)	-	(5,839)
Due from Other Governments	3,977	-	3,977
Prepaid Items	12,776	-	12,776
Total Assets	<u>\$ 3,258,584</u>	<u>\$ 119,584</u>	<u>\$ 3,378,168</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 41,032	\$ -	\$ 41,032
Wages and Salaries Payable	28,396	-	28,396
Compensated Absences Payable	38,598	-	38,598
Total Liabilities	<u>108,026</u>	<u>-</u>	<u>108,026</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	52,546	-	52,546
Total Deferred Inflows of Resources	<u>52,546</u>	<u>-</u>	<u>52,546</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
Prepaid Items	12,776	-	12,776
Restricted Fund Balance:			
Retirement of Long-Term Debt	1,000,000	119,584	1,119,584
Assigned Fund Balance:			
Groundwater Conservation Management Fund	2,085,236	-	2,085,236
Total Fund Balances	<u>3,098,012</u>	<u>119,584</u>	<u>3,217,596</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,258,584</u>	<u>\$ 119,584</u>	<u>\$ 3,378,168</u>

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

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Position  
September 30, 2020

EXHIBIT C-2

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<b>Total Fund Balances - Governmental Funds</b>	\$	3,217,596
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Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of the assets was \$4,346,468 and the accumulated depreciation was \$1,937,405. In addition, long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		2,099,063
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Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2020 capital outlays and debt principal payments is to increase net position.		305,380
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This is the sixth year of the implementation of GASB Statement No.68 for the TCDRS Pension plan. This fiscal year required that the District report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a Net Pension Asset of \$126,437, a Deferred Resource Outflow of \$60,384, and Deferred Resource Inflow of \$60,635. The net effect of these was to increase the ending net position.		126,186
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The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(276,590)
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(953,002)
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<b>Net Position of Governmental Activities</b>	\$	4,518,633
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The notes to the financial statements are an integral part of this statement.

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Statement of Revenues, Expenditures, and Changes in Funds Balances  
Governmental Funds  
For the Year Ended September 30, 2020

	General Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 2,286,621	\$ -	\$ 2,286,621
Penalty and Interest on Taxes	18,024	-	18,024
State Grants	124,576	-	124,576
Federal Grants	29,124	-	29,124
Fees for District Services	202,642	-	202,642
Investment Earnings	25,081	-	25,081
Other Revenue	181,631	-	181,631
Total Revenues	2,867,699	-	2,867,699
<b>EXPENDITURES:</b>			
Current:			
General Government:			
Personnel	1,197,673	-	1,197,673
Professional Fees	192,560	-	192,560
Contracted Services	144,338	-	144,338
Technology, Communication, and Utilities	158,365	-	158,365
Vehicles, Repairs, and Supplies	68,282	-	68,282
Administration Expenditures	139,796	-	139,796
Conservation Demonstration Project	201,003	-	201,003
Aquifer Science	108,012	-	108,012
Conservation Outreach	237,230	-	237,230
Debt Service:			
Principal on Debt	-	162,000	162,000
Interest on Debt	-	8,379	8,379
Capital Outlay:			
Capital Outlay	143,380	-	143,380
Total Expenditures	2,590,639	170,379	2,761,018
Excess (Deficiency) of Revenues Over (Under) Expenditures	277,060	(170,379)	106,681
<b>OTHER FINANCING SOURCES (USES):</b>			
Loan Proceeds	-	1,000,000	1,000,000
Transfers In	1,000,000	278,638	1,278,638
Transfers Out	(278,638)	(1,000,000)	(1,278,638)
Total Other Financing Sources (Uses)	721,362	278,638	1,000,000
Net Change in Fund Balances	998,422	108,259	1,106,681
Fund Balance - October 1 (Beginning)	2,099,590	11,325	2,110,915
Fund Balance - September 30 (Ending)	\$ 3,098,012	\$ 119,584	\$ 3,217,596

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

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures  
And Changes in Fund Balances to the Statement of Activities  
For the Year Ended September 30, 2020

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 1,106,681</b>
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2020 capital outlays and debt principal payments is to increase the change in net position.	305,380
The entries required by GASB Statement No. 68 did require that some expenses on B-1 be adjusted. The total net credits to expenses were \$40,659. The net effect is an increase in the change in net position.	40,659
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(276,590)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position	(996,244)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 179,886</b>

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

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Statement of Net Position  
Fiduciary Funds  
September 30, 2020

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	Agency Funds
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ASSETS	
Cash and Cash Equivalents	\$ 13,336
Total Assets	<u>\$ 13,336</u>
LIABILITIES	
Accounts Payable	\$ 13,336
Total Liabilities	<u>\$ 13,336</u>

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

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

North Plains Groundwater Conservation District was created on January 27, 1955, in accordance with Article 16, Section 59, of the Constitution of Texas, and Vernon's Civil Statutes. The District was formed for the purpose of encouraging the conservation and protection of underground water supplies and the more efficient use of water. The Board of Directors, a seven-member elected group, has governance responsibilities over all activities related to the conservation and protection of underground water supplies within the jurisdiction of North Plains Groundwater Conservation District. The Board of Directors has the authority to make decisions, appoint a manager, significantly influence operations, and has the primary accountability for fiscal matters. The basic financial statements of the District include all activities for which the Board exercises these governance responsibilities. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in **GASB Statement No. 56**, and it complies with the requirements of contracts and grants of agencies from which it receives funds. The District is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in its Statement No. 14, *The Financial Reporting Entity*. There are no component units included within the reporting entity.

**B. Basis of Presentation, Basis of Accounting**

**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 nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues 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 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.



**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**B. Basis of Presentation, Basis of Accounting** (continued)

The District reports the following major governmental fund(s):

**The General Fund** – The District accounts for financial resources used for general operations in this fund. It is a budgeted fund, and any unassigned fund balances are considered resources available for current operations.

Additionally, the District reports the following fund type(s):

Governmental Funds:

**Debt Service Funds** – This fund accounts for financial resources that are restricted, committed, or assigned to expenditures for principal and interest on long-term debt of governmental activities.

Fiduciary Funds:

**Agency Funds - 2020 Late Reporting Fund** – The District accounts for funds received for penalties assessed by the District for late reporting for the 2019 production period. The money is held in trust to be refunded to persons assessed a penalty for late filing of 2019 Production Reports who file their 2020 Annual Groundwater Production Reports by January 15, 2021. This is not a budgeted fund. These funds have no equity, assets are equal to liabilities, and do not include revenues or expenditures for general operations of the District. The District accounts for resources held for others in a custodial capacity in agency funds. The District has elected to defer GASB Statement No. 84 until periods beginning after December 15, 2019.

**C. Measurement Focus, Basis of Accounting**

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded 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 and grants. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**C. Measurement Focus, Basis of Accounting (continued)**

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, the 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 and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Grant funds are considered earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

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 fiduciary funds are accounted for on a flow of economic resources measurement focus and utilize 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.

**D. Pensions**

The fiduciary net position of the Texas County and District Retirement System (TCDRS) has been determined on the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, and information about assets, liabilities and additions to/deductions from TCDRS' fiduciary net position. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**E. Fund Balance Classification**

Non-spendable: This classification includes amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

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.

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.

Assigned: This classification includes amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the District's adopted policy, the General Manager may assign amounts for specific purposes.

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

The District would typically use Restricted fund balances first, followed by Committed resources, then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**F. Financial Statement Amounts**

**1. 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.

State statutes authorize the District to invest according to the District's Investment Policy. Investments for the District are reported at fair value.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**F. Financial Statement Amounts (continued)**

**2. Property Taxes**

Property taxes are levied by October 1st on 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 31st 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 are based upon historical experience in collecting property taxes. As of September 30, 2020, the amount deemed uncollectible by this estimate was \$5,839. 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.

**3. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. 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>
Infrastructure	10-50
Buildings and improvements	20-50
Vehicles	7-10
Machinery and equipment	5-20

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**F. Financial Statement Amounts (continued)**

**4. 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 on the government-wide Statement of Net Position.

**5. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The District has long-term obligations as of September 30, 2020, to the Texas Water Development Board-Agricultural Water Conservation Fund.

**6. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**7. Infrastructure Assets**

The District had no infrastructure assets for the year ended September 30, 2020. The District is a Phase 3 governmental entity and elected to report infrastructure on a prospective basis beginning October 1, 2003.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**F. Financial Statement Amounts (continued)**

8. Encumbrances

Appropriations lapse at September 30th, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances as of September 30, 2020.

9. Health Care Coverage

Beginning October 1, 2009, the District provided health care coverage for employees only and offered dependent insurance coverage at the employees' expense. All contributions for health care were paid to TML Health. The terms of coverage and premium costs are included in the contractual provisions with the insurer. The District also has a health reimbursement account for each employee in which the District contributes up to \$1,000 per year. This health reimbursement account is managed by TML Health. The total health care expense to the District for the year ended September 30, 2020, was \$100,850.

10. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the District purchased insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past five fiscal years.

11. Shared Facilities

North Plains Groundwater Conservation District had no shared facilities or other contractual relationships with other entities that would be required to be reported.

12. New Financial Accounting Standards

The GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. This Statement establishes a guideline for identifying fiduciary activities and determining if these activities should be reported in the governmental funds' financial statements as a Special Revenue Fund. The objective of this Statement is to make fiduciary activity reporting more consistent and comparable. This Statement is effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**F. Financial Statement Amounts (continued)**

**12. New Financial Accounting Standards (continued)**

The GASB issued Statement No. 87, *Leases*, in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in March 2018. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's resources flows. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

The GASB issued Statement No. 95, *Postponement of Required Implementation Dates* in May 2020. The effective dates of the following GASB statements were postponed by one year: Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 84, *Fiduciary Activities*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Project*; Statement No. 90, *Major Equity Interest*; Statement No. 91, *Conduit Debt Obligations*; Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*. The effective date of Statement No. 87, *Leases* was postponed eighteen months.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Data**

The budget is formally adopted by the Board of Directors at a duly advertised public meeting, in accordance with law prior to the expenditure of funds.

The Board of Directors adopts an “appropriated budget” for the General Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for the General Fund. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in Exhibit G-1.

Should any change in the approved budget be required, budget amendment requests are presented to the Board of Directors for consideration. Amendments are made before the fact and once approved are reflected in the official minutes. During the year, the budget was properly amended in accordance with the above procedures. The District amended the budget with no change in the total budget during the year ended September 30, 2020. The District increased contracted services by \$25,000; personnel by \$50,000; professional fees by \$40,000; technology, communications, and utilities by \$20,000; and conservation demonstration project by \$25,000; and decreased conservation outreach project by \$55,000; administration expenditures by \$25,000; and capital outlay by \$80,000.

**B. 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>Violation</u>	<u>Action Taken</u>
None Reported	Not Applicable



**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Cash, Cash Equivalents, and Investments**

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits

State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

During the year, the District's deposits were covered by depository insurance and collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. At September 30, 2020, the District's deposits were covered with depository insurance in the amount of \$1,613,536 and collateralized with securities held by the pledging financial institution's trust department or agent in the District's name in the amount of \$4,506,161.

Foreign Currency Risk

The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by limiting all deposits denominated in a foreign currency. The District was not exposed to any foreign currency risk at September 30, 2020.

As of September 30, 2020, the following are the District's cash and cash equivalents with respective maturities and credit rating:

	Fair Value	Percent	Maturity in Less than 1 Year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
<u>Type of Deposit</u>						
FDIC Insured Accounts	\$ 1,858,757	100%	\$ 1,858,757	\$ -	\$ -	N/A
Petty Cash	112	-	112	-	-	N/A
Total Cash and Cash Equivalents	<u>\$ 1,858,869</u>	<u>100%</u>	<u>\$ 1,858,869</u>	<u>\$ -</u>	<u>\$ -</u>	

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**A. Cash, Cash Equivalents, and Investments (continued)**

Investments

District Policies and Legal and Contractual Provisions Governing Investments

**Compliance with the Public Funds Investment Act**

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) no load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. North Plains Groundwater Conservation District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for North Plains Groundwater Conservation District are specified below:

Credit Risk

To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments that comply with the Public Funds Investment Act and all federal, state, and local statutes, rules, or regulations. As of September 30, 2020, the District's investments were not a credit risk and complied with the Public Funds Investment Act.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**A. Cash, Cash Equivalents, and Investments (continued)**

Custodial Credit Risk for Investments

To limit the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. The District had no investments that were considered securities at September 30, 2020.

Concentration of Credit Risk

To limit the risk of loss attributed to the magnitude of the District's investment in a single issuer, the District's investment policy emphasizes safety of principal and liquidity. The policy requires prudence with respect to single investments. The District was not exposed to any concentration of credit risk for the year ended September 30, 2020.

Investment Rate Risk

To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires that internally created pool fund groups have a maximum dollar weighted maturity of 180 days and other investments shall not exceed one year from time of purchase unless specifically authorized by the Board for a given investment. The District was not exposed to any investment rate risk at September 30, 2020.

Other Credit Risk Exposure

The District had no other known credit risk exposure at September 30, 2020.

Defaults and Recovery of Prior Period Losses

The District had no defaults or prior period losses for the year ended September 30, 2020.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**A. Cash, Cash Equivalents, and Investments (continued)**

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurement in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

As of September 30, 2020, North Plains Groundwater Conservation District had the following investments subject to the fair value measurement:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificate of Deposits	<u>\$ 1,450,000</u>	<u>\$ 1,450,000</u>	<u>\$ -</u>	<u>\$ -</u>

**B. Disaggregation of Receivables**

Receivables at September 30, 2020, were as follows:

	<u>Property Taxes (net)</u>	<u>Due from Other Governments</u>	<u>Due from Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
<b>Governmental Activities:</b>					
General Fund	\$ 52,546	\$ 3,977	\$ -	\$ -	\$ 56,523
Nonmajor Governmental Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>\$ 52,546</u>	<u>\$ 3,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,523</u>

**C. Property Taxes**

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1st in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1st of the year following the October 1st levy date.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
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**C. Property Taxes (continued)**

The assessed value of the property tax roll on August 1, 2019, upon which the levy for the 2019-2020 fiscal year was based, was \$7,710,684,439. Taxes are delinquent if not paid by June 30th. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

Property tax revenues are considered available (1) when they become due or past due and receivable within the current period, and (2) when they are expected to be collected during a 60-day period after the close of the District's fiscal year.

The tax rate assessed for the year ended September 30, 2020, to finance General Fund operations was \$0.032600 per \$100 valuation. Current tax collections for the year ended September 30, 2020, were 98.95% of the year-end current tax levy.

Delinquent taxes are deposited into the General Fund. Allowances for uncollectible taxes within the General Fund are based on historical experience in collecting taxes. 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.

As of September 30, 2020, property taxes receivable, net of estimated uncollectible taxes, totaled \$52,546 for the General Fund. The following is a summary of net property taxes receivable:

Delinquent taxes receivable at September 30, 2020	\$ 58,385
Allowance for uncollectible taxes (credit)	<u>(5,839)</u>
Net Property Taxes Receivable at September 30, 2020	<u><u>\$ 52,546</u></u>

The allowance for uncollectible taxes is calculated by the District at 10% of delinquent taxes receivable at year end.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
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**D. Due from Other Governments**

Due from other governments at September 30, 2020, consisted of the following:

	<u>General Fund</u>
Receivable - Hutchinson County Tax Assessor/Collector - property taxes	\$ 50
Receivable - Sherman County Appraisal District - property taxes	303
Receivable - Lipscomb County Tax Assessor/Collector - property taxes	326
Receivable - Moore County Tax Assessor/Collector - property taxes	1,272
Receivable - Hartley County Appraisal District - property taxes	271
Receivable - Ochiltree County Appraisal District - property taxes	1,378
Receivable - Dallam County Appraisal District	<u>377</u>
Total Due From Other Governments	<u><u>\$ 3,977</u></u>

All due from other governments are expected to be collected within one year.

**E. Interfund Balances and Transfers**

The District had no interfund balances for the year ended September 30, 2020.

The District had the following interfund transfers at September 30, 2020:

<b>Transfers to General Fund from:</b>	
Nonmajor Governmental Funds	<u><u>\$ 1,000,000</u></u>
<b>Transfers to Nonmajor Governmental Funds from:</b>	
General Fund	<u><u>\$ 278,638</u></u>

**F. Deferred Outflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and therefore will *not* be recognized as an outflow of resources (expenditure/expense) until that time. The District has only one type of item, which arises only under a full accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *Deferred Outflows Related to TCDRS*, is reported only in the Government-wide Statement of Net Position. The Government-wide Statement of Net Position reports the District's share of the unrecognized plan deferred outflows of resources which TCDRS uses in calculating the ending net pension liability, as well as the District's contributions to TCDRS in the current fiscal year. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
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**G. Capital Asset Activity**

Capital asset activity for the District for the year ended September 30, 2020, was as follows:

	Primary Government				
	Beginning Balance	Additions	Retirements	Other Additions/ Deletions	Ending Balance
<b>Governmental Activities:</b>					
Land	\$ 301,497	\$ -	\$ -	\$ -	\$ 301,497
Total Assets Not Being Depreciated	301,497	-	-	-	301,497
Buildings and improvements	1,134,003	64,999	-	-	1,199,002
Machinery and equipment	2,910,968	78,381	30,462	-	2,958,887
Totals Assets Being Depreciated	4,044,971	143,380	30,462	-	4,157,889
Construction in progress	-	-	-	-	-
Totals at Historical Cost	4,346,468	143,380	30,462	-	4,459,386
Less Accumulated Depreciation for:					
Buildings and improvements	469,626	37,964	-	-	507,590
Machinery and equipment	1,467,779	238,626	30,462	-	1,675,943
Total Accumulated Depreciation	1,937,405	276,590	30,462	-	2,183,533
Governmental Activities					
Capital Assets, Net	<u>\$ 2,409,063</u>	<u>\$ (133,210)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,275,853</u>

Depreciation expense was charged to governmental activities as follows:

Buildings and improvements	\$ 37,964
Machinery and equipment	<u>238,626</u>
Total Depreciation Expense	<u>\$ 276,590</u>

The depreciation expense was recorded as unallocated depreciation for the current year.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
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**H. Disaggregation of Payables**

Payables at September 30, 2020, were as follows:

	Accounts Payable	Accrued Wages and Salaries	Due to Other Funds	Compensated Absences	Other	Total
<b>Governmental Activities:</b>						
General Fund	\$ 41,032	\$ 28,396	\$ -	\$ 38,598	\$ -	\$ 108,026
Nonmajor Governmental Funds	-	-	-	-	-	-
Total Governmental Activities	<u>\$ 41,032</u>	<u>\$ 28,396</u>	<u>\$ -</u>	<u>\$ 38,598</u>	<u>\$ -</u>	<u>\$ 108,026</u>

**I. Deferred Inflows of Resources**

In addition to liabilities, both the Governmental Funds Balance Sheet and the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. One item, which arises only under a modified accrual basis of accounting, is *unavailable revenue*. Unavailable revenue is reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenue from property taxes. The next item is *Deferred Inflow Related to TCDRS*, which arises only under a full accrual basis of accounting, and is reported only in the Government-wide Statement of Net Position. The Government-wide Statement of Net Position reports the District's share of unrecognized plan deferred inflows of resources which TCDRS uses in calculating the ending net pension liability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**J. Capital Leases**

The District had no capital leases at September 30, 2020.



**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**K. Compensated Absences**

During the year ended September 30, 2020, compensated absences consisted of the following:

Annual Leave	<u>\$ 38,598</u>
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Full-time employees except the General Manager accrue annual leave as follows:

<u>Years of Employment</u>	<u>Annual Leave Accrual per Month</u>
0-5	8 hours
5-10	10 hours
11 or more	12 hours

The General Manager receives 20 hours per month annual leave.

The District will continue to allow employees to accumulate annual leave to a maximum of 36 days.

Full-time employees accrue one working day of sick leave each month of employment. Employees may accumulate sick leave to a maximum of 60 days. An employee will not be paid sick leave upon termination of employment. Because the employee does not vest sick leave, no sick leave has been accrued at September 30, 2020. The District's contingent liability for sick leave at September 30, 2020, was \$28,275 because the sick leave was contingent on continued employment of the employee.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
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**L. Long-Term Debt**

A summary of changes in long-term debt for year ended September 30, 2020, is as follows:

Description	Interest Rate Payable	Original Issue Amount	Interest Current Year	Amount Outstanding October 1, 2019	Issued	Retired	Other Increases (Decreases)	Amount Outstanding September 30, 2020	Amount Due within One Year
<b>Long-term Loans</b>									
Texas Water Development Board - Agricultural Water Conservation Fund	0.11%	\$ 620,000	\$ 341	\$ 310,000	\$ -	\$ 62,000	\$ -	\$ 248,000	\$ 62,000
Texas Water Development Board - Ag Loan Program	1.59%	\$ 1,000,000	\$ 8,038	\$ -	\$ 1,000,000	\$ 100,000	\$ -	\$ 900,000	\$ 100,000
Total Loans				<u>\$ 310,000</u>	<u>\$ 1,000,000</u>	<u>\$ 162,000</u>	<u>\$ -</u>	<u>\$ 1,148,000</u>	<u>\$ 162,000</u>
<b>Net Pension Liability</b>									
Unfunded Defined Benefit Retirement Plan Obligation	N/A	N/A	N/A	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Obligations of the District				<u>\$ 310,000</u>	<u>\$ 1,000,000</u>	<u>\$ 162,000</u>	<u>\$ -</u>	<u>1,148,000</u>	<u>\$ 162,000</u>
Due within one year								<u>(162,000)</u>	
Due in more than one year								<u>\$ 986,000</u>	

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan. The unfunded status of the plan as of September 30, 2020, was \$-0-. At the time of the audit, the latest information available from the actuaries was as of December 31, 2019. There was no unfunded liability at that date. The District has a Net Pension Asset reported in the Statement of Net Position (Exhibit A-1).

The District received a \$1,000,000 loan from the Texas Water Development Board in November 2019 under TWDB Project No. 21781, as authorized and required by the Agricultural Water Conservation Bond Program, Texas Water Code 17.871 – 17.912, and is also governed by the terms of 31 TAC Chapter 367 and TWDB Resolution 19. The purpose of the loan is to provide financial assistance to eligible political subdivisions to make loans to persons for projects authorized by the District. The District will approve loans for irrigation water delivery

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**L. Long-Term Debt (continued)**

equipment, irrigation application systems, and soil moisture equipment. The District has pledged net reserves of the District as security for the loan. The loan will be repaid in annual installments of \$100,000 for principle plus interest beginning May 15, 2020. The interest rate is 1.59%. The maturity date of the loan is May 15, 2029. The current year interest paid is \$8,038. The District has no loans outstanding to persons approved by the District as of September 30, 2020.

The District entered into a loan agreement with Texas Water Development Board dated October 21, 2014, in the amount of \$620,000. The loan is from the Agricultural Water Conservation Fund to finance the project identified as Project No. 21743. The District qualifies for a loan under 31 TAC Chapter 367 and agreed under TWDB Resolution No. 14-42. This loan is authorized and required by the Agricultural Water Conservation Bond Program, Texas Water Code Sect. 17.871-17.912. The purpose of the loan is to upgrade the District's irrigation system facilities in order to demonstrate the application of practical water-conservation strategies using the latest on-farm irrigation management technologies and conservation methods. The interest rate is 0.11%. The principal was due beginning February 1, 2015, in the amount of \$62,000. Principal and interest is paid each February 1st until the maturity date of February 1, 2024. The amount of interest paid in fiscal year 2020 was \$341.

**M. Debt Service Requirements - Long-Term Debt**

Debt service requirements for long-term debt are as follows:

<b><u>Governmental Activities</u></b>			
<b><u>Year Ending September 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2021	\$ 162,000	\$ 14,583	\$ 176,583
2022	162,000	12,925	174,925
2023	162,000	11,266	173,266
2024	162,000	9,608	171,608
2025	100,000	7,950	107,950
Thereafter	400,000	15,900	415,900
Total Governmental Activities	<u>\$ 1,148,000</u>	<u>\$ 72,232</u>	<u>\$ 1,220,232</u>

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
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**N. Commitments under Noncapitalized Leases**

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of September 30, 2020, in the General Fund as follows:

<u>Year Ending September 30,</u>	
2021	\$ 17,292
2022	17,292
2023	17,292
2024	1,309
2025	<u>-</u>
Total Minimum Rentals	<u><u>\$ 53,185</u></u>

Rental expenditures in the General Fund for the year ended September 30, 2020, were \$19,624.

The imputed interest on the leases was approximately 7%.

The District has elected to implement GASB Statement No.87, *Leases*, in fiscal year 2022 due to the postponement of GASB Statement No. 87 by GASB Statement No. 95, *Postponement of Required Implementation Dates*.

**O. Governmental 457 Retirement Plan**

On May 11, 2004, the District adopted the North Plains Groundwater Conservation District 457 Plan. This Governmental 457 Plan includes all employees except part-time employees who normally work less than 20 hours per week and top-heavy, highly compensated employees within the meaning of Title I of ERISA. The effective date of the Plan was June 15, 2004, with a plan year ending December 31st. A participant attains normal retirement age when the participant attains age 65. Employees are eligible to participate in the Plan at age 18 and 3 months of continuous service. The Plan entry dates are each January 1st, April 1st, July 1st, and October 1st. The employee's salary reduction contributions have no limitations except under federal income tax laws. The trustee of the Plan is Amarillo National Bank. The District contributed up to 7% for any employee that will at least match the District's contribution on a

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
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**O. Governmental 457 Retirement Plan** (continued)

one-to-one basis until December 31, 2012. The Plan allows for employees to take out loans on the value of their respective retirement accounts. The loans are paid back in equal bi-weekly installments. Currently, seven employees have loans outstanding with varying amounts.

Annual Report Year	Net Assets of Plan	Liabilities of Plan	Fiscal Year Covered Payroll	Fiscal Year Employer Contributions
2004	\$ 267,601	\$ -	\$ 281,011	\$ 21,012
2005	339,166	-	407,775	21,639
2006	384,850	-	415,290	17,121
2007	149,488	-	415,608	21,654
2008	113,076	-	464,751	23,112
2009	196,047	-	529,173	31,694
2010	287,253	-	588,185	36,607
2011	340,160	-	672,455	39,305
2012	450,148	-	240,079	10,886
2013	494,471	-	58,499	-
2014	501,898	-	243,882	-
2015	499,624	-	256,564	-
2016	491,814	-	133,755	-
2017	504,539	-	136,355	-
2018	461,964	-	323,931	-
2019	506,245	-	254,501	-

The fair value of the Plan assets at September 30, 2020, was \$506,245. There was no unfunded obligation to the District from this Plan at September 30, 2020. The Plan assets are not an asset of the District.

**P. Defined Benefit Pension Plans**

*1. Plan Description*

North Plains Groundwater Conservation District (the District) participates in a statewide agent multi-employer public employee retirement system consisting of 780 non-traditional defined benefit pension plans. The plan is administered by the Texas County and District Retirement System (TCDRS). TCDRS in the aggregate issues an annual financial report on a calendar year basis. All full-time employees of the District are covered by the system. The annual financial report is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas, 78768-2034.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
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**P. Defined Benefit Pension Plans (continued)**

*2. Benefits Provided*

TCDRS provides retirement, disability, and survivor benefits for all full-time and part-time non-temporary employees. The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions upon termination of employment forfeit contributions made by their employer. Beginning January 1, 2000, the service of retirees of any employer electing lump-sum payment option may choose to receive at retirement a lump-sum payment up to the amount of the employee's accumulated contributions, with interest (personal account balance), with a corresponding reduction in his or her monthly retirement benefit.

Benefit amounts are determined by the sum of the employee's personal account balance and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the expected benefits can be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits, with interest, and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

*3. Employees Covered by Benefit Terms*

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	5
Active employees	<u>14</u>
	<u>19</u>

*4. Contributions*

TCDRS does not receive any state funding. As an agent, multiple-employer plan, each participating employer in the system funds its plan independently. A combination of three elements funds each employer's plan: employee deposits, employer contributions, and investment income.

- a) The deposit rate for employees is 7% of compensation, as adopted by the employer's governing body.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
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**P. Defined Benefit Pension Plans (continued)**

*4. Contributions (continued)*

- b) Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees. The District's contribution rate is 7%.
- c) Investment income funds a large part of the benefits employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements, and/or buffer against future adverse experience.

In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

The Board hires independent outside consulting actuaries to conduct an annual valuation to measure the funding status and to determine the required employer contribution rate for each employer plan. In order to calculate the employer contribution rate, the actuary does the following:

- a) Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments;
- b) Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits; and
- c) Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
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**P. Defined Benefit Pension Plans (continued)**

*4. Contributions (continued)*

The valuation of each employer plan is based on the system funding policy and the assets, benefits and participant profile of each participating employer plan. The four key components in the determination of employer contribution rates are: the actuarial cost method, amortization policy, the asset valuation method, and the actuarial assumptions.

*5. Actuarial Cost Method*

TCDRS has adopted the replacement life entry age cost method, a conservative cost method and an industry standard. The goal of this cost method is to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin. Under this approach, benefits are funded in advance as a level of percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year.

*6. Amortization Policy*

The portion of the contribution rate that funds any remaining unfunded amounts for benefits that are not covered by the normal cost is called the unfunded actuarial accrued liability (UAAL) rate. UAAL amounts occur when benefit enhancements are adopted that have not been funded in advance, or when actual investment or demographic experience varies from the actuarial assumptions (actuarial gains and losses). UAAL amounts are amortized on a level-of-percentage-of-covered-payroll basis over a closed period with a layered approach.

The closed periods ensure all unfunded liabilities are financed over no more than 20 years from the time they occur. Each year new layers are established to amortize changes in the UAAL due to actuarial gains and losses, as well as any plan benefit changes elected by the employer for that year.

Benefit enhancements are amortized over a 15-year closed period. All other changes in the UAAL are amortized over 20-year closed periods. These amortization periods are generally more conservative than those of most other public retirement plans and are stricter than the minimum amortization period required under state law.

Notwithstanding the layered approach, the total UAAL payment may not be less than the required payment obtained by amortizing the entire UAAL over a 20-year period.

If the plan is overfunded, the overfunded actuarial accrued liability (OAAL) is calculated annually using a 30-year open amortization period.



**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
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**P. Defined Benefit Pension Plans (continued)**

*7. Asset Valuation Method*

When determining the actuarial value of assets used for measuring a plan's funded status, TCDRS smooths each year's actuarial investment gains and losses and recognizes them over a five-year period to better reflect the system's long-term investment horizons and to keep employer contribution rates more stable. As actuarial asset investment gains and losses are recognized, they become part of the actuarial gains and losses for the year and are funded according to the amortization policy. The five-year period helps stabilize employer rates while still ensuring that rates are reflective of current market conditions.

In addition, TCDRS has the ability to set aside reserves from investment earnings that are used to help offset future negative economic cycles. These reserves are held separately and are not counted as part of a participating employer's plan assets until they are passed through to employers when determined necessary by TCDRS. Reserves help maintain rate stability for employers. In addition, reserves ensure that employers do not adopt benefit increases based on a temporarily lower plan cost at a high point in a market cycle and, conversely, are not as pressured to immediately reduce benefit levels during a low point in a market cycle.

*8. Actuarial Assumptions*

All actuarial assumptions that determined the total pension liability as of December 31, 2019, were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
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**P. Defined Benefit Pension Plans (continued)**

*8. Actuarial Assumptions (continued)*

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males, and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected.  2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule.  2016: No changes in plan provisions were reflected in the Schedule.  2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.  2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
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**P. Defined Benefit Pension Plans (continued)**

*8. Actuarial Assumptions (continued)*

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2019 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016, for more details.

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

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**P. Defined Benefit Pension Plans (continued)**

*9. Discount Rate*

The discount rate used to measure the total pension liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

*10. Changes in the Net Pension Liability*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/18	\$ 753,597	\$ 795,697	\$ (42,100)
Changes for the year:			
Service Cost	95,665	-	95,665
Interest on total pension liability	68,505	-	68,505
Effect on plan changes	-	-	-
Effect of economic/demographic gains or losses	8,454	-	8,454
Effect of assumptions, changes, or inputs	-	-	-
Refund of contributions	(3,071)	(3,071)	-
Benefit payments	(4,112)	(4,112)	-
Administrative expenses	-	(797)	797
Member contributions	-	61,546	(61,546)
Net investment income	-	130,552	(130,552)
Employer contributions	-	61,546	(61,546)
Other	(1)	4,113	(4,114)
Balances at 12/31/19	<u>\$ 919,037</u>	<u>\$ 1,045,474</u>	<u>\$ (126,437)</u>

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**P. Defined Benefit Pension Plans (continued)**

*11. Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

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

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total Pension Liability	\$ 1,033,831	\$ 919,037	\$ 820,356
Fiduciary Net Position	1,045,474	1,045,474	1,045,474
Pension Liability/(Asset)	<u>\$ (11,643)</u>	<u>\$ (126,437)</u>	<u>\$ (225,118)</u>

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

**Changes Since the Prior Actuarial Valuation**

The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

*1. TCDRS System-Wide Economic Assumptions*

Real rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.00%

The assumed long-term investment return of 8% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 8% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**P. Defined Benefit Pension Plans (continued)**

*12. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)*

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

*2. Employer-Specific Economic Assumptions*

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

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

*3. Mortality Assumptions*

For depositing members the Mortality Assumption was 130% of the RP-2014 Active Employee Mortality for males and 110% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 ultimate scale after 2014.

For the year ended December 31, 2019, the District recognized pension expense of \$23,493. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 45,647	\$ 8,574
Changes in assumptions	-	2,530
Difference between projected and actual earnings	14,988	-
Contributions paid to TCDRS subsequent to the measurement date	-	49,280
Total at September 30, 2020	<u>\$ 60,635</u>	<u>\$ 60,384</u>

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**P. Defined Benefit Pension Plans (continued)**

*3. Mortality Assumptions (continued)*

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

<u>Year Ended September 30:</u>	
2021	\$ (12,081)
2022	(13,584)
2023	(6,502)
2024	(17,364)
2025	-
Thereafter	-

**Q. Other Post-Employment Benefits**

The District has no post-employment benefit liability under GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*.

**R. Commitments and Contingencies**

The District participates in state grant programs which are governed by rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the District's opinion, there were no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded for such contingencies.

**S. Fund Balances – Governmental Funds**

As of September 30, 2020, fund balances of the governmental funds are classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**S. Fund Balances – Governmental Funds (continued)**

Committed - amounts that can be used only for specific purposes determined by a formal action of North Plains Groundwater Conservation District's Board of Directors. North Plains Groundwater Conservation District's Board of Directors is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by North Plains Groundwater Conservation District's Board of Directors.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the General Manager may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

As of September 30, 2020, fund balances are composed of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Non-spendable:			
Prepays	\$ 12,776	\$ -	\$ 12,776
Restricted:			
Long-term Debt	1,000,000	119,584	1,119,584
Committed:	-	-	-
Assigned:			
Groundwater Conservation Management Fund	2,085,236	-	2,085,236
Unassigned funds:	-	-	-
Total Fund Balances	<u>\$ 3,098,012</u>	<u>\$ 119,584</u>	<u>\$ 3,217,596</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of the committed funds, then assigned funds, and finally unassigned funds, as needed, unless North Plains Groundwater Conservation District has provided otherwise in its commitment or assignment actions.



**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**T. State Grants**

In the normal course of operations, the District receives grant funds from various state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability reimbursed which may arise as the result of the audits is not believed to be material. The District expended the following state grants:

	Identifying Number	State Amount
<b>Governmental Funds - State</b>		
Texas Water Development Board - Ag Loan Project No. 21781 (Received \$1,000,000 loan and expended \$-0-)	L1001034	\$ -
Texas Water Development Board - Agricultural Water Conservation Fund Equipment Grant	1713582118	438
Texas Water Development Board - Irrigation Metering Grant	1513581860	51,458
Texas Water Development Board - Agricultural Water Conservation Fund - Irrigation Metering Grant	1513581886	72,680
Total State Awards		<u>\$ 124,576</u>

No State Single Audit is required for State of Texas Awards.

**U. Federal Grants**

In the normal course of operations, the District receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability reimbursed which may arise as the result of the audits is not believed to be material. The District expended the following federal grants:

	Identifying Number	Federal Amount
<b>Governmental Funds - Federal</b>		
Conservation Innovations Grant Program passed through U.S. Department of Agriculture Natural Resources CFDA No. 10.912	NR207442XXXC05	<u>\$ 29,124</u>

No Federal Single Audit is required.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**V. Chapter 312 Agreement – Tax Abatement**

On July 18, 2017, North Plains Groundwater Conservation District approved and authorized a tax abatement agreement with Nextera Energy Resources under the Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code, which authorizes counties, cities, and other tax units to provide temporary property tax abatements for limited periods of time as an inducement for the development or redevelopment of property. The Tax Abatement Agreement will contribute to the retention or expansion of primary employment or would attract major investments in the Nextera Energy Resources Reinvestment Zones that would be of benefit to the property that is within the Nextera Energy Resources Reinvestment Zones and the District. Nextera Energy Resources has agreed to construct improvements consisting of a wind power facility of an estimated cost of \$482,625,000. The Tax Abatement begins January 1<sup>st</sup> of the calendar year after the project commences commercial operations and ending upon the conclusion of ten full calendar years. The Abatement percentage of value of eligible property that is to be abated each year is one hundred percent. The District may declare a default if the company breaches any material term or condition of the agreement. If the company fails to make proper improvements as provided by the agreement or fails to cure a default after proper notice and expiration of the period, the District will be entitled to cancel the agreement and recapture property tax lost as a result of the agreement, subject to right to cure and provisions regarding notice. There is no abatement of taxes for the year ended September 30, 2020.

In May 2011 North Plains Groundwater Conservation District entered into an agreement with Suzlon Wind VIII, LLC, and authorized a tax abatement governed by Chapter 312 of the Texas Tax Code, as amended.

The abatement is for improvements for wind energy facilities. The tax abatement is as follows:

A.	1st year (2012) -	90%
B.	2nd year (2013) -	90%
C.	3rd year (2014) -	90%
D.	4th year (2015) -	80%
E.	5th year (2016) -	90%
F.	6th year (2017) -	70%
G.	7th year (2018) -	60%
H.	8th year (2019) -	50%
I.	9th year (2020) -	0%

The District may declare a default if the company breaches any material term or condition of the agreement. The District may recapture any lost property tax revenue upon default.

The 2019 assessed valuation for the company was \$57,500. The 2019 taxes for the company to North Plains Groundwater Conservation District was \$266.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
September 30, 2020

**W. Litigation**

At September 30, 2020, North Plains Groundwater Conservation District had no known or threatened pending litigations which would materially affect the District's financial condition.

**X. Debt Issuances and Defeased Debt**

The District received a \$1,000,000 loan from the Texas Water Development Board in November 2019 under TWDB Project No. 21781, as authorized and required by the Agricultural Water Conservation Bond Program. (See Note III.L for additional details).

The District had no defeased debt for the year ended September 30, 2020.

**Y. COVID-19 Pandemic**

The United States economy has suffered economic losses due to the COVID-19 pandemic. This pandemic began in March 2020 and is still ongoing as of the date of this audit report. The District suffered economic losses from the pandemic of in excess of \$70,000.

**Z. Subsequent Events**

The District has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued (December 17, 2020), and there were no material subsequent event required to be disclosed.

## **REQUIRED SUPPLEMENTARY INFORMATION**

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - General Fund  
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 2,287,440	\$ 2,287,440	\$ 2,286,621	\$ (819)
Penalty and Interest on Taxes	15,600	15,600	18,024	2,424
State Grants	350,000	350,000	124,576	(225,424)
Federal Grants	40,000	40,000	29,124	(10,876)
Fees for District Services	130,000	130,000	202,642	72,642
Investment Earnings	20,000	20,000	25,081	5,081
Other Revenue	187,000	187,000	181,631	(5,369)
Total Revenues	3,030,040	3,030,040	2,867,699	(162,341)
EXPENDITURES:				
Current:				
General Government:				
Personnel	1,201,666	1,251,666	1,197,673	53,993
Professional Fees	183,000	223,000	192,560	30,440
Contracted Services	136,000	161,000	144,338	16,662
Technology, Communication, and Utilities	140,000	160,000	158,365	1,635
Vehicles, Repairs, and Supplies	91,000	91,000	68,282	22,718
Administration Expenditures	213,500	188,500	139,796	48,704
Conservation Demonstration Project	244,000	269,000	201,003	67,997
Aquifer Science	250,000	250,000	108,012	141,988
Conservation Outreach	495,000	440,000	237,230	202,770
Capital Outlay:				
Capital Outlay	300,000	220,000	143,380	76,620
Total Expenditures	3,254,166	3,254,166	2,590,639	663,527
Excess (Deficiency) of Revenues Over (Under) Expenditures	(224,126)	(224,126)	277,060	501,186
OTHER FINANCING SOURCES (USES):				
Transfers In	1,000,000	1,000,000	1,000,000	-
Transfers Out	(1,062,341)	(1,062,341)	(278,638)	783,703
Total Other Financing Sources (Uses)	(62,341)	(62,341)	721,362	783,703
Net Change	(286,467)	(286,467)	998,422	1,284,889
Fund Balance - October 1 (Beginning)	2,099,590	2,099,590	2,099,590	-
Fund Balance - September 30 (Ending)	\$ 1,813,123	\$ 1,813,123	\$ 3,098,012	\$ 1,284,889

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Schedule of Changes in Net Pension Liability and Related Ratios  
Texas County & District Retirement System  
For the Year Ended September 30, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
<b>A. Total Pension Liability</b>		
Service Cost	\$ 95,665	\$ 107,729
Interest (on the Total Pension Liability)	68,505	59,663
Changes of Benefit Terms	-	(20,902)
Difference between Expected and Actual Experience	8,454	-
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(7,184)	(42,668)
Net Change in Total Pension Liability	\$ 165,440	\$ 103,822
Total Pension Liability - Beginning	753,597	649,775
Total Pension Liability - Ending	\$ 919,037	\$ 753,597
<b>B. Total Fiduciary Net Position</b>		
Contributions - Employer	\$ 61,546	\$ 58,342
Contributions - Employee	61,546	58,342
Net Investment Income	130,552	(12,827)
Benefit Payments, Including Refunds of Employee Contributions	(7,183)	(42,668)
Administrative Expense	(797)	(639)
Other	4,113	2,278
Net Change in Plan Fiduciary Net Position	\$ 249,777	\$ 62,828
Plan Fiduciary Net Position - Beginning	795,697	732,869
Plan Fiduciary Net Position - Ending	\$ 1,045,474	\$ 795,697
<b>C. Net Pension Liability (Asset)</b>	\$ (126,437)	\$ (42,100)
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	113.76%	105.59%
<b>E. Covered Payroll</b>	\$ 879,224	\$ 833,451
<b>F. Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	(14.38%)	(5.05%)

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
\$	111,665	\$	118,409	\$	95,661	\$	92,715
	49,837		33,114		27,011		18,878
	(13,474)		-		(12,606)		-
	-		3,622		(51,759)		(6,633)
	-		-		4,024		-
	(3,651)		(1,004)		(3,641)		-
\$	144,377	\$	154,141	\$	58,690	\$	104,960
	505,398		351,257		292,567		187,607
\$	649,775	\$	505,398	\$	351,257	\$	292,567
\$	64,270	\$	67,751	\$	63,696	\$	56,712
	64,270		67,751		63,696		56,712
	79,043		26,980		(3,231)		8,324
	(3,651)		(1,004)		(3,641)		-
	(487)		(293)		(218)		(137)
	1,666		12,736		(26)		(10)
\$	205,111	\$	173,921	\$	120,276	\$	121,601
	527,758		353,836		233,560		111,959
\$	732,869	\$	527,757	\$	353,836	\$	233,560
\$	(83,094)	\$	(22,359)	\$	(2,579)	\$	59,007
	112.79%		104.42%		100.73%		79.83%
\$	918,142	\$	967,868	\$	909,948	\$	810,178
	(9.05%)		(2.31%)		(0.28%)		7.28%

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Schedule of Contributions  
Texas County & District Retirement System  
For the Fiscal Year 2020

	2020	2019	2018
Actuarially Determined Contribution	\$ 35,345	\$ 35,838	\$ 40,582
Contributions in Relation to the Actuarially Determined Contributions	(61,546)	(58,342)	(64,270)
Contribution Deficiency (Excess)	\$ (26,201)	\$ (22,504)	\$ (23,688)
Covered Employee Payroll	\$ 879,224	\$ 833,451	\$ 918,142
Contributions as a Percentage of Covered Employee Payroll	7.00%	7.00%	7.00%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.



2017		2016		2015	
\$	54,201	\$	51,594	\$	40,914
	(67,751)		(63,696)		(56,712)
\$	(13,550)	\$	(12,102)	\$	(15,798)
\$	967,868	\$	909,948	\$	810,175
	7.00%		7.00%		7.00%

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Required Supplementary Information**  
For the Year Ended September 30, 2020

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected.  2017: New mortality assumptions were reflected.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Notes to the Required Supplementary Information**  
For the Year Ended September 30, 2020

Changes in Plan Provisions  
Reflected in the Schedule of  
Employer Contributions

2015: No changes in plan provisions were reflected in the Schedule.

2016: No changes in plan provisions were reflected in the Schedule.

2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

2018: No changes in plan provisions were reflected in the Schedule.

2019: No changes in plan provisions were reflected in the Schedule.

## **COMBINING SCHEDULES**

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2020

	TWDB CONTRACT	Default Reserve Account	Ag Loan Main	Ag Loan Interest & Sinking
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 100	\$ 11,225	\$ 100	\$ 100
Total Assets	<u>\$ 100</u>	<u>\$ 11,225</u>	<u>\$ 100</u>	<u>\$ 100</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
Retirement of Long-Term Debt	100	11,225	100	100
Total Fund Balances	<u>100</u>	<u>11,225</u>	<u>100</u>	<u>100</u>
Total Liabilities and Fund Balances	<u>\$ 100</u>	<u>\$ 11,225</u>	<u>\$ 100</u>	<u>\$ 100</u>

Ag Loan Default Reserve	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
\$ 108,059	\$ 119,584	\$ 119,584
<u>\$ 108,059</u>	<u>\$ 119,584</u>	<u>\$ 119,584</u>
108,059	119,584	119,584
<u>108,059</u>	<u>119,584</u>	<u>119,584</u>
<u>\$ 108,059</u>	<u>\$ 119,584</u>	<u>\$ 119,584</u>

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
For the Year Ended September 30, 2020

	TWDB CONTRACT	Default Reserve Account	Ag Loan Main	Ag Loan Interest & Sinking
<b>EXPENDITURES:</b>				
Debt Service:				
Principal on Debt	62,000	-	-	100,000
Interest on Debt	341	-	-	8,038
Total Expenditures	62,341	-	-	108,038
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,341)	-	-	(108,038)
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan Proceeds	-	-	1,000,000	-
Transfers In	62,341	-	100	108,138
Transfers Out	-	-	(1,000,000)	-
Total Other Financing Sources (Uses)	62,341	-	100	108,138
Net Change in Fund Balance	-	-	100	100
Fund Balance - October 1 (Beginning)	100	11,225	-	-
Fund Balance - September 30 (Ending)	\$ 100	\$ 11,225	\$ 100	\$ 100

Ag Loan Default Reserve	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
-	162,000	162,000
-	8,379	8,379
-	170,379	170,379
-	(170,379)	(170,379)
-	1,000,000	1,000,000
108,059	278,638	278,638
-	(1,000,000)	(1,000,000)
108,059	278,638	278,638
108,059	108,259	108,259
-	11,325	11,325
<u>\$ 108,059</u>	<u>\$ 119,584</u>	<u>\$ 119,584</u>



## **OTHER SCHEDULES**

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Debt Service Fund TWDB Contract  
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
EXPENDITURES:				
Debt Service:				
Principal on Debt	\$ 62,000	\$ 62,000	\$ 62,000	\$ -
Interest on Debt	341	341	341	-
Total Expenditures	62,341	62,341	62,341	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,341)	(62,341)	(62,341)	-
OTHER FINANCING SOURCES (USES):				
Transfers In	62,341	62,341	62,341	-
Total Other Financing Sources (Uses)	62,341	62,341	62,341	-
Change in Fund Balance	-	-	-	-
Fund Balance - October 1 (Beginning)	100	100	100	-
Fund Balance - September 30 (Ending)	\$ 100	\$ 100	\$ 100	\$ -

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Debt Service Fund Default Reserve Account  
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
Change in Fund Balance	-	-	-	-
Fund Balance - October 1 (Beginning)	11,225	11,225	11,225	-
Fund Balance - September 30 (Ending)	\$ 11,225	\$ 11,225	\$ 11,225	\$ -

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Debt Service Fund Ag Loan Main  
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
OTHER FINANCING SOURCES (USES):				
Loan Proceeds	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -
Transfers In	100	100	100	-
Transfers Out	(1,000,000)	(1,000,000)	(1,000,000)	-
Total Other Financing Sources (Uses)	100	100	100	-
Change in Fund Balance	100	100	100	-
Fund Balance - October 1 (Beginning)	-	-	-	-
Fund Balance - September 30 (Ending)	\$ 100	\$ 100	\$ 100	\$ -

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Debt Service Fund Ag Loan Interest & Sinking  
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
EXPENDITURES:				
Debt Service:				
Principal on Debt	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Interest on Debt	8,038	8,038	8,038	-
Total Expenditures	108,038	108,038	108,038	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(108,038)	(108,038)	(108,038)	-
OTHER FINANCING SOURCES (USES):				
Transfers In	108,138	108,138	108,138	-
Total Other Financing Sources (Uses)	108,138	108,138	108,138	-
Change in Fund Balance	100	100	100	-
Fund Balance - October 1 (Beginning)	-	-	-	-
Fund Balance - September 30 (Ending)	\$ 100	\$ 100	\$ 100	\$ -

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Debt Service Fund Ag Loan Default Reserve  
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
OTHER FINANCING SOURCES (USES):				
Transfers In	\$ 108,059	\$ 108,059	\$ 108,059	\$ -
Total Other Financing Sources (Uses)	108,059	108,059	108,059	-
Change in Fund Balance	108,059	108,059	108,059	-
Fund Balance - October 1 (Beginning)	-	-	-	-
Fund Balance - September 30 (Ending)	\$ 108,059	\$ 108,059	\$ 108,059	\$ -

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Schedule of General Fund Expenditures**  
For the Year Ended September 30, 2020

<b>PERSONNEL (INCLUDING BENEFITS)</b>		\$ 1,197,673
<b>PROFESSIONAL FEES:</b>		
Audit	22,000	
Legal	95,894	
Other professional fees	74,666	
Total Professional Fees		192,560
<b>CONTRACTED SERVICES:</b>		
Appraisal District and Tax Collector fees expenses	91,369	
Other	52,969	
Total Contracted Services		144,338
<b>TECHNOLOGY, COMMUNICATION, AND UTILITIES</b>		158,365
<b>VEHICLE, REPAIRS, AND SUPPLIES</b>		68,282
<b>ADMINISTRATIVE EXPENDITURES:</b>		
Director's expenditures	38,775	
Supplies	10,489	
Insurance	27,216	
Other administrative expenditures	63,316	
Total Administrative Expenditures		139,796
<b>CONSERVATION OUTREACH</b>		237,230
<b>CONSERVATION DEMONSTRATION PROJECT</b>		201,003
<b>AQUIFER SCIENCE</b>		108,012
<b>CAPITAL OUTLAY:</b>		
Acquisition of fixed assets		143,380
<b>DEBT SERVICES</b>		-
<b>TOTAL EXPENDITURES</b>		<u><u>\$ 2,590,639</u></u>

Number of persons employed by the District: 14 Full-time 1 Part-time

# **NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

## **Schedule of Certificates of Deposit**

For the Year Ended September 30, 2020

<b>Funds</b>	<b>Identification or Certification Number</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Balance at End of Year</b>
General Fund:				
Certificate of Deposit - Dalhart Federal Savings and Loan Dalhart, Texas	6026088088	1.00%	05/03/21	\$ 100,000
Certificate of Deposit - Dalhart Federal Savings and Loan Dalhart, Texas	6026091833	1.50%	02/16/21	150,000
Certificate of Deposit - First National Bank Dumas, Texas	82818	1.70%	01/16/21	100,000
Certificate of Deposit - Perryton National Bank Perryton, Texas	21457	0.60%	08/23/21	100,000
Certificate of Deposit - First State Bank Dumas, Texas	21046	1.00%	04/03/21	100,000
Certificate of Deposit - Happy State Bank Dumas, Texas	11297	1.2530%	02/16/21	150,000
Certificate of Deposit - Happy State Bank Dumas, Texas	12046	0.3590%	08/07/21	100,000
Certificate of Deposit - First Bank Southwest Perryton, Texas	10000222	1.50%	10/03/20	100,000
Certificate of Deposit - First State Bank Spearman, Texas	45152	1.70%	01/23/21	150,000
Certificate of Deposit - Western Bank Gruver, Texas	20855	1.50%	02/18/21	250,000
Certificate of Deposit - Interstate Bank SS Perryton, Texas	13004190	2.00%	03/27/21	150,000
<b>TOTAL GENERAL FUND</b>				<u>\$ 1,450,000</u>



**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Analysis of Taxes Levied and Receivable**  
For the Year Ended September 30, 2020

	<b>Maintenance and Operating Taxes</b>
<b>TAXES RECEIVABLE, BEGINNING OF THE YEAR</b>	\$ 48,299
2019 Original Tax Levy (less adjustments plus supplements)	2,296,705
Total to be Accounted for	2,345,004
Tax Collections:	
Current Year	2,270,095
Prior Years	16,524
Total Collections	2,286,619
<b>TAXES RECEIVABLE, END OF YEAR</b>	<b>\$ 58,385</b>
<b>TAX RECEIVABLE, BY YEARS</b>	
2018 and Prior	\$ 36,526
2019	21,859
<b>TAXES RECEIVABLE, END OF YEAR</b>	<b>\$ 58,385</b>

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Property Valuation (Includes land improvements and personal property)	\$ 7,710,684,439	\$ 7,486,087,893	\$ 7,279,332,450	\$ 7,107,950,369	\$ 8,676,394,427
Tax Rates Per \$100 Value (Maintenance and operating only)	\$ 0.032600	\$ 0.033136	\$ 0.033714	\$ 0.034146	\$ 0.026829
Original Tax Levy (Before adjustments)	\$ 2,294,097	\$ 2,290,921	\$ 2,265,673	\$ 2,234,998	\$ 2,189,942
Percent of Taxes Collected to Taxes Levied	98.95%	98.55%	98.33%	99.39%	98.80%

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Comparative Schedule of Revenues and Expenditures - General Fund**  
For the Year Ended September 30, 2020

	<b>Amounts</b>				
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>REVENUES:</b>					
Taxes, penalties, and interest	\$2,304,645	\$ 2,271,837	\$ 2,274,746	\$2,256,612	\$2,196,444
State grant revenue	124,576	114,893	141,637	257,215	219,788
Federal grant revenue	29,124	-	30,000	43,946	46,054
Interest revenue	25,081	20,561	13,222	6,860	7,498
Fees for District services	202,642	133,000	87,584	115,691	98,400
Miscellaneous revenues	181,631	193,992	168,348	220,652	184,607
<b>TOTAL REVENUES</b>	<b>2,867,699</b>	<b>2,734,283</b>	<b>2,715,537</b>	<b>2,900,976</b>	<b>2,752,791</b>
<b>EXPENDITURES:</b>					
Personnel	1,197,673	1,143,791	1,094,882	1,191,072	1,237,986
Professional fees	192,560	172,308	136,393	198,068	189,037
Contracted services	144,338	109,996	95,184	110,580	105,120
Technology, communication, and utilities	158,365	124,296	127,207	121,259	123,662
Vehicle, repairs, and supplies	68,282	88,216	78,425	80,563	78,089
Administrative expenditures	139,796	186,375	177,362	197,921	166,012
Conservation outreach	237,230	184,733	273,675	258,771	368,105
Conservation demonstration project	201,003	209,103	187,642	205,320	191,846
Aquifer science	108,012	105,455	32,418	34,091	19,591
Capital outlay	143,380	262,724	163,542	82,942	235,621
<b>TOTAL EXPENDITURES</b>	<b>2,590,639</b>	<b>2,586,997</b>	<b>2,366,730</b>	<b>2,480,587</b>	<b>2,715,069</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 277,060</b>	<b>\$ 147,286</b>	<b>\$ 348,807</b>	<b>\$ 420,389</b>	<b>\$ 37,722</b>

Percent of Fund Total Revenues				
2020	2019	2018	2017	2016
80.4	83.1	83.8	77.8	79.8
4.3	4.2	5.2	8.9	8.0
1.0	-	1.1	1.5	1.6
0.9	0.7	0.5	0.2	0.3
7.1	4.9	3.2	4.0	3.6
6.3	7.1	6.2	7.6	6.7
100.00	100.00	100.00	100.00	100.00
41.7	41.8	40.3	41.1	45.0
6.7	6.3	5.0	6.8	6.9
5.0	4.0	3.5	3.8	3.8
5.5	4.5	4.7	4.2	4.5
2.4	3.2	2.9	2.8	2.8
4.9	6.8	6.5	6.9	6.0
8.3	6.8	10.1	8.9	13.4
7.0	7.7	6.9	7.1	7.0
3.8	3.9	1.2	1.1	0.7
5.0	9.6	6.1	2.8	8.6
90.3	94.6	87.2	85.5	98.7
9.7	5.4	12.8	14.5	1.3

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT****Insurance Coverage**

For the Year Ended September 30, 2020

<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Name</u>	<u>Policy Clause: Co-Insurance (Deductible)</u>
Blanket Bond	\$ 60,000	Western Surety Company	None
Automobile Liability Coverage	\$ 1,000,000	Texas Water Conservation Association Risk Management	\$1,000 deductible
General Liability	\$ 1,000,000	Texas Water Conservation Association Risk Management	\$1,000 deductible
Errors and Omissions Liability	\$ 1,000,000	Texas Water Conservation Association Risk Management	\$1,000 deductible
Property Coverage	\$ 2,259,805	Texas Water Conservation Association Risk Management	\$2,500 deductible
Automobile Physical Damage	Actual Cash Value	Texas Water Conservation Association Risk Management	Varies by Vehicle
Public Official	\$ 70,000	The Hartford	None

# **NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

## **Board Members, Key Personnel, and Consultants**

For the Year Ended September 30, 2020

Complete District Mailing Address: P. O. Box 795, Dumas, Texas 79029-0795  
 District Business Telephone Number: (806) 935-6401

<u>Names</u>	<u>Term of Office Elected and Expires</u>	<u>Title at Year End</u>	<u>Resident of District?</u>
<b>Board Members:</b>			
Daniel L. Krienke	Elected 11/16 - 11/20	President	Yes
Bob Zimmer	Elected 11/16 - 11/20	Vice-President	Yes
Mark Howard	Elected 11/18 - 11/22	Secretary	Yes
Harold Grall	Elected 11/18 - 11/22	Director	Yes
Gene Born	Elected 11/16 - 11/20	Director	Yes
Justin Crownover	Elected 11/18 - 11/22	Director	Yes
Zachary Yoder	Elected 11/18 - 11/22	Director	Yes

<u>Names</u>	<u>Date Hired</u>	<u>Salary</u>	<u>Title at Year End</u>	<u>Resident of District?</u>
<b>Key Administrative Personnel:</b>				
Steve Walthour	05/07	\$ 151,352	Manager	Yes
(General Manager and Investment Officer)				

<u>Names</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>	<u>Resident of District?</u>
<b>Consultants:</b>				
Lemon Law Firm	03/08/55	\$ 95,894	Attorney	Yes
Coy Barton, CPA	10/01/64	\$ 22,000	Auditor	Yes

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

**Schedule of Expenditure of State Awards**

For the Year Ended September 30, 2020

<u>Name</u>	<u>State Award Number</u>	<u>Expenditures</u>
<b>State Awards</b>		
Texas Water Development Board - Ag Loan Project No. 21781 (Received \$1,000,000 loan and expended \$-0-)	L1001034	\$ -
Texas Water Development Board - Agricultural Water Conservation Fund Equipment Grant	1713582118	\$ 438
Texas Water Development Board - Irrigation Metering Grant	1513581860	51,458
Texas Water Development Board - Agricultural Water Conservation Fund - Irrigation Metering Grant	1513581886	72,680
Total State Awards		\$ 124,576

No Single Audit is required.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Schedule of Expenditure of Federal Awards**  
For the Year Ended September 30, 2020

<u>Name</u>	<u>CFDA No.</u>	<u>Federal Award Number</u>	<u>Expenditures</u>
Conservation Innovation Grant Program passed through US Department of Agriculture Natural Resources	10.912	NR207442XXXC05	\$ 29,124

No Single Audit is required.

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Schedule of Delinquent Taxes Receivable**  
For the Year Ended September 30, 2020

<u>County</u>	<u>Beginning Balance 10/01/19</u>	<u>Current Year's Total Levy</u>	<u>Total Collections</u>	<u>Adjustments</u>	<u>Ending Balance 09/30/20</u>
Hansford	\$ 6,829	\$ 184,540	\$ 182,884	\$ (89)	\$ 8,396
Hartley	1,443	244,033	243,779	66	1,763
Hutchinson	4,677	37,365	34,915	(876)	6,251
Lipscomb	5,216	208,063	207,586	(204)	5,489
Moore	12,955	654,252	658,079	3,928	13,056
Ochiltree	13,906	497,124	498,042	3,282	16,270
Sherman	3,613	163,893	158,706	(3,397)	5,403
Dallam	<u>(340)</u>	<u>304,827</u>	<u>302,628</u>	<u>(102)</u>	<u>1,757</u>
Total	<u>\$ 48,299</u>	<u>\$ 2,294,097</u>	<u>\$ 2,286,619</u>	<u>\$ 2,608</u>	<u>\$ 58,385</u>



**REPORTS ON INTERNAL CONTROL AND  
ON COMPLIANCE AND OTHER MATTERS**

# COY BARTON, C.P.A.

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CERTIFIED PUBLIC ACCOUNTANT

116 EAST SEVENTH

P.O. BOX 800 - TELEPHONE 806-935-4188

DUMAS, TEXAS 79029

MEMBER OF

THE AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

THE AICPA'S PRIVATE COMPANIES  
PRACTICE SECTION

TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

### *On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*

To the Board of Directors  
North Plains Groundwater Conservation District  
P.O. Box 795  
Dumas, Texas

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Plains Groundwater Conservation District as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise North Plains Groundwater Conservation District's basic financial statements, and have issued our report thereon dated December 17, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered North Plains Groundwater Conservation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Plains Groundwater Conservation District's internal control. Accordingly we do not express an opinion on the effectiveness of North Plains Groundwater Conservation District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

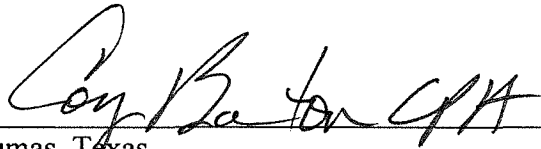
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether North Plains Groundwater Conservation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
\_\_\_\_\_  
Dumas, Texas

December 17, 2020

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Schedule of Findings and Responses**  
For the Year Ended September 30, 2020

<b>Findings</b>	<b>Responses</b>
None	None

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Schedule of Status of Prior Audit Findings**  
For the Year Ended September 30, 2020

<b>Findings</b>	<b>Status of Prior Year's Findings/Noncompliance</b>
None	None

**NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**  
**Corrective Action Plan**  
For the Year Ended September 30, 2020

<b>Findings</b>	<b>Corrective Action Plan</b>
None	None