

Jackson County Water Control and Improvement District No. 1

Annual Financial Report

For the Year Ended December 31, 2020

*Garland R. Sandhop
Certified Public Accountant
Edna, Texas*

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS
COUNTY OF JACKSON

I, Keith Powers, of the Jackson County Water Control and Improvement District No. 1 hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the ____ day of _____, 2021, its annual audit report for the fiscal period ended December 31, 2020 and that copies of the annual audit report have been filed in the District's office, located at Lolita, Texas 77971.

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date: _____, 2021 By: _____

Sworn to and subscribed to before me this _____ day of _____, 2021.

(Seal)

(Signature of Notary)

My Commission Expires On: _____, _____
Notary Public in the State of Texas

Member of
Texas Society of Certified Public Accountants
American Institute of Certified Public Accountants
Texas Association of Certified Public Accountants

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Independent Auditor's Report

Board of Directors
Jackson County Water Control and
Improvement District No. 1
PO Box 407
Lolita, Texas 77971

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson County Water Control and Improvement District No. 1, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson County Water Control and Improvement District No. 1, as of December 31, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 23 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County Water Control and Improvement District No. 1's basic financial statements. The Schedule of Temporary Investments is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Temporary Investments is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Schedule of Temporary Investments is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Garland R. Sandhop
Certified Public Accountant

June 4, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the District's financial statements provides a narrative overview of the District's financial activities for the fiscal year ended December 31, 2020. The information presented here should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$789,848.14 (net assets). Of this amount, \$263,602.15 (unrestricted net assets) may be used to meet the District's ongoing obligations.
- The District's total net assets increased by \$29,870.79 due to expenditures exceeding revenues.
- As of the close of the current fiscal year the District's governmental funds reported combined ending fund balances of \$211,979.05 an increase of \$43,254.44. Unrestricted fund balance totaled \$211,979.05 and is available for use to meet the District's ongoing operations.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$211,979.05 or (0.92) times the total general fund expenditures.
- During the fiscal year, the District's government-wide revenue totaled \$274,272.28 generated from property taxes, charges for services, sales of bulk water, and other activities. The District's government-wide expenditures totaled \$230,017.84.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District as well as all liabilities. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets over time may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the district's net assets changed during the most recent fiscal year using full accrual basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The district-wide financial statements can be found on pages 8 to 11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *current sources and uses of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the district's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental funds financial statements can be found on pages 8 through 11 of this report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the District-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The fiduciary fund financial statements can be found on page 12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 22 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

Required supplementary information can be found on pages 23 through 24 of this report.

District-wide Financial Analysis

Net assets may serve over time as a useful indicator of a District's financial position. The District's assets exceeded liabilities by \$789,848.14 at the close of the most recent fiscal year, December 31, 2020.

A portion of the District's net assets, 70.10%, reflects its investment in capital assets less any related debt used to acquire those assets. The District uses capital assets to provide services to customers of the District; therefore, these assets are not available for future spending or for use in liquidation of outstanding debt. The resources required to repay outstanding debt must be provided from other sources, such as provision of service to customers.

Jackson County Water Control and Improvement District No. 1**Management's Discussion and Analysis****December 31, 2020**

The District's net assets at calendar year end is summarized as follows:

	Governmental Activities		
Current and other assets	\$ 273,221.38	\$ 242,965.73	\$ 30,255.65
Capital assets	<u>639,114.24</u>	<u>660,340.91</u>	<u>(21,226.67)</u>
Total assets	<u>912,335.62</u>	<u>903,306.64</u>	<u>9,028.98</u>
Current liabilities	\$ 9,619.23	\$ 15,760.03	\$ (6,140.80)
Non-current liabilities	<u>112,868.25</u>	<u>127,569.26</u>	<u>(14,701.01)</u>
Total liabilities	<u>122,487.48</u>	<u>143,329.29</u>	<u>(20,841.81)</u>
Net assets:			
Invested in capital assets, net of related debt	\$ 526,245.99	\$ 532,771.65	\$ (6,525.66)
Unrestricted	<u>263,602.15</u>	<u>227,205.70</u>	<u>36,396.45</u>
	<u>\$ 789,848.14</u>	<u>\$ 759,977.35</u>	<u>\$ 29,870.79</u>

At December 31, 2020, none of the District's net assets is subject to external restrictions on how they may be used. \$263,602.15 (33.46%) in unrestricted net assets may be used to meet the District's ongoing obligations.

At December 31, 2020 and 2019, the District reports positive balances in all categories of net assets.

The District's net assets increased by \$29,870.79.

Jackson County Water Control and Improvement District No. 1**Management's Discussion and Analysis
December 31, 2020**

	Governmental Activities		
	12/31/2020	12/31/2019	Variance
Revenues:			
Program Revenues:			
Charges for services	\$ 194,980.50	\$ 198,592.06	\$ (3,611.56)
General Revenues			
Property taxes	49,112.46	42,824.41	6,288.05
Investment earnings	2,017.05	2,105.63	(88.58)
Miscellaneous all other revenues	<u>21,586.28</u>	<u>1,270.18</u>	<u>20,316.10</u>
Total revenues	<u>\$ 267,696.29</u>	<u>\$ 244,792.28</u>	<u>\$ 22,904.01</u>
Expenses:			
Water and sewer services	\$ 131,121.21	\$ 114,765.91	\$ 16,355.30
Salaries, benefits and payroll taxes	16,675.71	16,198.88	476.83
Contracted services	52,132.91	48,894.25	3,238.66
Professional fees	9,472.02	10,096.00	(623.98)
Other	435.87	28,791.14	(28,355.27)
Interest	6,761.11	7,538.44	(777.33)
Depreciation	<u>21,226.67</u>	<u>21,272.61</u>	<u>(45.94)</u>
Total expenses	<u>\$ 237,825.50</u>	<u>\$ 247,557.23</u>	<u>\$ (9,731.73)</u>
Increase (decrease) in net assets	\$ 29,870.79	\$ (2,764.95)	\$ 32,635.74
Net assets beginning	<u>\$ 759,977.35</u>	<u>\$ 762,742.30</u>	<u>\$ (2,764.95)</u>
Net assets ending	<u>\$ 789,848.14</u>	<u>\$ 759,977.35</u>	<u>\$ 29,870.79</u>

- Program revenues decreased by \$3,611.56.
- Property tax collections increased by \$6,288.05.
- Investment earnings decreased by \$88.58.
- Miscellaneous revenue increased by \$20,316.10.
- Expenses decreased by \$9,731.73. The significant increase in expenditures was due to increased expenditures related to water and sewer services.

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budgetary controls are utilized for fiscal management and accountability.

Governmental funds. General government functions are reported in the General Fund, which is the chief operating fund of the District. The focus of the District's *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. *Unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$211,979.05, all of which is unreserved and available to meet the District's ongoing obligations. Unrestricted fund balance increased by \$143,254.44 as a result of operations. Revenues exceeded budgeted revenues by \$10,113.58 and expenditures were \$7,914.36 more than budgeted.

As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents (.64) times the total general fund expenditures.

Capital Assets

Capital asset balances for December 31, 2020 and 2019 are as follows:

	Governmental Activities		
	12/31/2020	12/31/2019	Variance
Business-type activities			
Land and improvements	\$ 6,930.00	\$ 6,930.00	\$ -
Infrastructure	952,256.58	952,256.58	\$ -
Buildings and equipment	228,600.87	228,600.87	-
Total capital assets at historical cost	\$ 1,187,787.45	\$ 1,187,787.45	\$ -
Less accumulated depreciation	(548,673.21)	(527,446.54)	(21,226.67)
Capital assets, net	<u>\$ 639,114.24</u>	<u>\$ 660,340.91</u>	<u>\$ (21,226.67)</u>

- Depreciation totaled \$21,226.67 for the year ended December 31, 2020.
- Capital outlay totaled \$0 for the year ended December 31, 2020.

Debt Administration

Following is comparison of outstanding debt for the years ended December 31, 2020 and 2019:

	Governmental Activities		
	12/31/2020	12/31/2019	Variance
Notes Payable:			
Prosperity Bank	\$ 112,868.25	\$ 127,569.26	\$ (14,701.01)
Total Notes Payable	<u>\$ 112,868.25</u>	<u>\$ 127,569.26</u>	<u>\$ (14,701.01)</u>

- No new notes payable were issued in 2020.
- Scheduled principal payments on debt totaled \$14,701.01.

Economic Factors and Next Year's Budgets and Rates

- District Management plans no changes to rates in calendar year 2021.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Jackson County Water Control and Improvement District No. 1, P.O. Box 407, Lolita, Texas 77971.

BASIC FINANCIAL STATEMENTS

Jackson County Water Control and Improvement District No. 1

Statement of Net Assets and Governmental Funds Balance Sheet

December 31, 2020

	GENERAL	TOTAL	ADJUST- MENTS (pages 8 & 9)	STATEMENT OF NET ASSETS
ASSETS				
Cash and investments	\$182,517.79	\$182,517.79	\$ -	\$182,517.79
Investments	17,200.00	17,200.00	-	17,200.00
Taxes receivable	29,534.68	29,534.68	-	29,534.68
Other receivables	20,486.04	20,486.04	-	20,486.04
Accrued interest receivable	27.60	27.60	-	27.60
Due from other governments	15,472.27	15,472.27	-	15,472.27
Prepaid expenses	6,289.00	6,289.00	-	6,289.00
Prepaid loan fees	-	-	1,694.00	1,694.00
Capital assets (net of accumulated depreciation)				
Land	-	-	6,930.00	6,930.00
Infrastructure	-	-	562,993.20	562,993.20
Other capital assets	-	-	69,191.04	69,191.04
TOTAL ASSETS	<u>\$271,527.38</u>	<u>\$271,527.38</u>	<u>\$640,808.24</u>	<u>\$912,335.62</u>
LIABILITIES AND FUND EQUITY				
Accounts payable	7,668.11	7,668.11	-	7,668.11
Salaries/benefits payable	1,797.25	1,797.25	-	1,797.25
Deferred revenue	49,929.10	49,929.10	(49,929.10)	-
Interfund payable	153.87	153.87		153.87
Long-term liabilities				
Due within one year	-	-	15,651.31	15,651.31
Due after one year	-	-	97,216.94	97,216.94
Total Liabilities	<u>59,548.33</u>	<u>59,548.33</u>	<u>62,939.15</u>	<u>122,487.48</u>
FUND BALANCE / NET ASSETS				
Fund balances:				
Unreserved	<u>211,979.05</u>	<u>211,979.05</u>	<u>211,979.05</u>	
Total fund balances	<u>211,979.05</u>	<u>211,979.05</u>	<u>211,979.05</u>	
TOTAL LIABILITIES AND FUND EQUITY	<u>\$271,527.38</u>	<u>\$271,527.38</u>		
Net assets:				
Invested in capital assets, net of related debt			526,245.99	526,245.99
Unrestricted			<u>263,602.15</u>	<u>263,602.15</u>
Total net assets			<u>\$789,848.14</u>	<u>\$789,848.14</u>

See accompanying notes and independent
auditor's report.

Jackson County Water Control and Improvement District No. 1

**Disclosures for Financial Statements
December 31, 2020**

**Reconciliation of differences between the Governmental Fund Balance
Sheet and the Statement of Net Assets**

Prepaid loan fees	\$ 1,694.00
Capital assets	639,114.24
Deferred revenue	49,929.10
Long-term liabilities	<u>(112,868.25)</u>
Total differences	<u>\$ 577,869.09</u>

Jackson County Water Control and Improvement District No. 1

Statement of Activities and Governmental Funds Revenues,
Expenditures, and Changes in Fund Balance
December 31, 2020

	GENERAL FUND	TOTAL	ADJUSTMENTS (page 11)	STATEMENT OF ACTIVITIES
REVENUES				
Charges for services	\$195,131.15	\$195,131.15	\$ (150.65)	\$194,980.50
Property taxes	55,537.80	55,537.80	(6,425.34)	49,112.46
Penalties and interest	10.72	10.72	-	10.72
Investment earnings	2,017.05	2,017.05	-	2,017.05
Other revenue	21,575.56	21,575.56	-	21,575.56
Total Revenues	<u>274,272.28</u>	<u>274,272.28</u>	<u>(6,575.99)</u>	<u>267,696.29</u>
EXPENDITURES				
Service operations:				
Appraisal and collection fees	1,583.48	1,583.48	-	1,583.48
Contracted services	52,132.91	52,132.91	-	52,132.91
Director fees	487.50	487.50	-	487.50
Dues and fees	400.00	400.00	-	400.00
Grant application	1,068.20	1,068.20	-	1,068.20
Insurance	7,074.52	7,074.52	-	7,074.52
Licenses	50.00	50.00	-	50.00
Office expense	2,656.15	2,656.15	-	2,656.15
Professional fees	9,472.02	9,472.02	-	9,472.02
Salaries, benefits, & payroll taxes	16,675.71	16,675.71	-	16,675.71
Sewer samples and chemicals	5,392.02	5,392.02	-	5,392.02
Supplies and maintenance	94,944.48	94,944.48	-	94,944.48
Travel	1,331.55	1,331.55	-	1,331.55
Utilities	16,133.31	16,133.31	-	16,133.31
Other	153.87	153.87	282.00	435.87
Capital outlay	-	-	-	-
Debt service:				
Principal	14,701.01	14,701.01	(14,701.01)	-
Interest	6,761.11	6,761.11	-	6,761.11
Depreciation	-	-	21,226.67	21,226.67
Total expenditures/expenses	<u>231,017.84</u>	<u>231,017.84</u>	<u>6,807.66</u>	<u>237,825.50</u>
Excess (deficiency) of revenues over expenditures	<u>43,254.44</u>		<u>(13,383.65)</u>	
Other financing sources/uses:				
Loan proceeds	-	-	-	-
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	<u>43,254.44</u>	<u>43,254.44</u>	<u>43,254.44</u>	
Change in net assets			29,870.79	29,870.79
FUND BALANCE/NET ASSETS:				
Beginning of the year	<u>168,724.61</u>	<u>168,724.61</u>	<u>571,989.84</u>	<u>759,977.35</u>
End of the year	<u>\$211,979.05</u>	<u>\$211,979.05</u>	<u>\$601,860.63</u>	<u>\$789,848.14</u>

**Reconciliation of differences between the Statement of Activities and Governmental
Funds Revenues, Expenditures and Changes in Fund Balance**

Charges for services	\$ (150.65)
Property taxes receivable	(6,425.34)
Amortization	(282.00)
Capital outlay	-
Depreciation	(21,226.67)
Debt principal	<u>14,701.01</u>
Net differences	<u>\$ (13,383.65)</u>

Jackson County Water Control and Improvement District No. 1

**Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2020**

	AGENCY FUNDS CUSTOMER DEPOSIT FUND
ASSETS	
Cash and Cash Equivalents	\$ 27,081.46
Investments	2,100.00
Interfund receivable	153.87
Total Assets	<u>29,335.33</u>
LIABILITIES:	
Current Liabilities:	
Due to Customers	<u>29,335.33</u>
Total Liabilities	<u>29,335.33</u>
NET ASSETS	
Total Net Assets	<u>\$ -</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS
NOTES REQUIRED BY THE AGENCY

**THE FINANCIAL REPORTING ENTITY AND
CREATION OF DISTRICT**

The Jackson County Water Control and Improvement District No. 1 (the District) was established by an Act of the 54th Legislature of the State of Texas in 1955 under acts of Section 4.SB 160 of the above body. This was the result of a duly held election held on June 18, 1955 whereby the results were 57 for and 2 against the issuance of bonds to create the District. The District operates under Chapter 3A of Title 128 of the Revised Civil Statutes of Texas and all amendments and additions thereto. The first bonds issued by the District were issued and dated as of September 1, 1956 in the amount of \$100,000.00. Bonds were also issued and dated as of January 1, 1958 in the amount of \$84,000.00 and February 1, 1958 in the amount of \$20,000.00. The District was created to provide water and sewer services to the households in the District.

A. SUMMARY OF ACCOUNTING POLICIES AND BASIS OF ACCOUNTING

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

1. Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic--but not the only--criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, and the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District is not a component unit or has no component units. The District receives funding from taxes and primarily water and sewer services.

2. Basis of Presentation, Basis of Accounting**a. Basis of Presentation**

Government-Wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, water and sewer charges, intergovernmental revenues, and other transactions.

The statement of activities presents expenses and revenues for the District's activities.

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

The District reports the following governmental funds:

General Fund - The General (System) Fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund.

In addition, the District reports the following fund:

Fiduciary Fund - Fiduciary Funds are used to account for assets held by the District or as an agent for other funds and/or other governments. The District's Fiduciary fund is entirely comprised of customers' water and sewer deposits. Fiduciary Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time 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) value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenues from water and sewer charges are recognized as billed.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Revenues from local sources consist primarily of property taxes and water and sewer charges. Property tax revenues 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. 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 judgment, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 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 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property 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.

b. Inventories and Prepaid Items

The District records purchases of supplies as expenditures at cost.

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

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Infrastructure	50
Equipment	10 - 20

See Note J.

d. 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 Out are netted and presented as a single "Transfers" line on the governmental-wide statement of activities. Similarly, Interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net asset.

e. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of the management's estimates.

B.LONG-TERM DEBT

On December 31, 2020, the District was obligated to the following debt:

\$ 127,569.26

	Balance 1/1/2020	Additions	Retired	Balance 12/31/2020	Due Within One Year
Notes payable:					
Prosperity Bank	\$ 127,569.26	\$ -	\$ 14,701.01	\$ 112,868.25	\$ 15,651.31
Governmental Activities:					
Long-Term Liabilities	\$ 127,569.26	\$ -	\$ 14,701.01	\$ 112,868.25	\$ 15,651.31

On December 13, 2006, the District borrowed \$260,000.00 from Prosperity Bank to use for the improvements of the water and sewer facilities. The note is for twenty years bearing 5.5% interest due \$1,788.51 monthly. The debt is secured by the District's water and sewer facilities.

The District's future annual debt service requirements are as follows:

2021	15,651.31	5,810.81	21,462.12
2022	16,534.17	4,927.95	21,462.12
2023	17,466.81	3,995.31	21,462.12
2024	18,452.09	3,010.03	21,462.12
2025	19,412.09	2,050.03	21,462.12
2026-2027	<u>25,351.78</u>	<u>2,872.55</u>	<u>28,224.33</u>
Total	\$ 112,868.25	\$ 22,666.68	\$ 135,534.93

Interest expense for the year ended December 31, 2020 is \$6761.11.

C. PROPERTY TAXES

	Maintenance Taxes
Taxes Receivable, Beginning of Year	\$ 35,960.02
Plus: 2020 Original Tax Levy	42,858.59
Plus: Adjustments	<u>99.52</u>
Total to be accounted for	<u>78,918.13</u>
Tax collections:	
Current year	21,440.13
Prior years	<u>27,943.32</u>
Total collections	<u>49,383.45</u>
Taxes Receivable, End of Year	<u>\$ 29,534.68</u>
Taxes Receivable, By Years	
2020	21,670.34
2019	\$ 1,947.21
2018	1,755.15
2017	909.81
2016	772.70
Prior	<u>2,479.47</u>
Taxes Receivable, End of Year	<u>\$ 29,534.68</u>

D. COMMITMENTS AND CONTINGENT LIABILITIES ARISING FROM DISTRICT DEVELOPMENT

There were no commitments or contingent liabilities that came to our attention that would have a material effect on the financial statements as of December 31, 2020.

There is no litigation pending that came to our attention that would have a material effect on the financial statements as of December 31, 2020.

E. EMPLOYEES RETIREMENT SYSTEMa. Retirement Plan

There is no retirement plan set up for the employees of the District.

2. Social Security Coverage

The District has one employee participating in the Social Security and Medicare programs.

3. Accumulated unpaid employee benefits

The District employs part-time staff. There are no unpaid employee benefits at December 31, 2020

F. ENCUMBRANCES OUTSTANDING

The District does not employ encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

G. SUBSEQUENT EVENTS

In the opinion of the District's administration, no events have occurred through June 4, 2021 the date the financial statements were available to be issued, which would materially affect the financial statements.

H. ACCUMULATED UNPAID EMPLOYEE BENEFITS

There were no unpaid employee benefits at December 31, 2020.

I. MATERIAL VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS.

There were no violations of finance-related legal and contractual provisions as of December 31, 2020.

J. CAPITAL ASSETS

Balances are actual accumulated costs.

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

	Primary Government			
	Beginning			Ending
	Balance	Increases	Decreases	Balance
Business-type activities				
Capital assets not being depreciated:				
Land and improvements	\$ 6,930.00	\$ -	\$ -	\$ 6,930.00
Total capital assets not being depreciated	6,930.00	-	-	6,930.00
Other capital assets:				
Distribution and collection systems	952,256.58	-	-	952,256.58
Buildings and equipment	228,600.87		-	228,600.87
Total other capital assets at historical cost	1,180,857.45		-	1,180,857.45
Less accumulated depreciation for:				
Distribution and collection systems	(374,938.89)	(14,324.49)	-	(389,263.38)
Buildings and equipment	(152,507.65)	(6,902.18)	-	(159,409.83)
Total accumulated depreciation	(527,446.54)	(21,226.67)	-	(548,673.21)
Other capital assets, net	653,410.91	(21,226.67) *	-	632,184.24
Business-type activities capital assets, net	\$ 660,340.91	\$ (21,226.67)	\$ -	\$ 639,114.24

*Depreciation expense was charged to functions as follows:

Business-type activities:	
Water and sewer	<u>\$ 21,226.67</u>
Total business-type activities depreciation expense	<u>\$ 21,226.67</u>

K. INTERFUND RECEIVABLES AND PAYABLES**a. Due To and From Other Funds**

Balances due to and due from other funds at December 31, 2019 consisted of the following:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Amount</u>	<u>Purpose</u>
Agency Fund	Meter and sewer Fund	153.87	Expenses

b. Transfers To and From Other Funds

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
Agency Fund	Water and sewer Fund	153.87	Expenses

L. DEPOSITS AND INVESTMENTS**1. Deposits**

At December 31, 2020, the carrying amount of the District's deposits was \$230,419.28. The District's deposits consist of demand deposits and savings accounts. Bank deposits are held at Prosperity Bank, the District's depository bank. At year-end, total bank deposits were \$201,817.79. Of the bank balances, the FDIC covered \$200,000.00.

Customer deposits are restricted for refunds of customer deposits when water and sewer service is disconnected and/or for payment of customer accounts in the event of customer nonpayment.

The cash deposits held at the financial institution can be categorized according to three levels of risk. These levels are:

- Category 1 – Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 – Uncollateralized.

Based on these three levels of risk, all of the District's cash deposits are classified as category 1.

2. Investments

The District is allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are guaranteed by the State of Texas or the United States; (4) obligations of state agencies, counties, cities and other political subdivisions of any state which is of investment quality and which has received a rating of not less than A or its equivalent; (5) fully collateralized or insured time deposits; (6) fully collateralized direct repurchase agreements; (7) and other securities or obligations approved by the District and eligible under the Public Funds Investment Act. The District had \$17,200.00 in General Fund certificates of deposit and \$2,100.00 in Fiduciary Fund certificates of deposit at December 31, 2020.

3. Restricted and pledged assets and revenues

	Customer Deposits	Total
Cash - restricted	\$ 27,081.46	\$ 27,081.46
Investments - restricted	2,100.00	2,100.00
Interfund receivable	153.87	153.87
	<u>\$ 29,335.33</u>	<u>\$ 29,335.33</u>

M. RECEIVABLES

	General Fund	Total
Taxes	\$ 29,534.68	\$ 29,534.68
Less: Allowance for uncollectible	-	-
	<u>\$ 29,534.68</u>	<u>\$ 29,534.68</u>
Water and sewer services	\$ 20,486.04	\$ 20,486.04
Less: Allowance for uncollectible	-	-
	<u>\$ 20,486.04</u>	<u>\$ 20,486.04</u>
Accrued interest receivable	\$ -	\$ -
Taxes due from tax collector	\$ 15,472.27	\$ 15,472.27
Penalties and interest due from tax collector	\$ -	\$ -

Uncollectible accounts

The District uses the specific write-off method of accounting for uncollectible customer water and sewer accounts by charging such losses to operations in the period in which uncollectibility is determined. This method does not differ materially from generally accepted accounting principles. No receivables were written-off as uncollectible for the year ended December 31, 2020.

N. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage, or destruction of assets, errors, and omissions, injuries to employees, and natural disasters. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding coverage for each of the past three fiscal years.

O. WATER AND SEWER RATES

	<u>Effective Current Date</u>	<u>Rate</u>		<u>Type of Customer</u>
Water	2/15/2016	\$ 27.00	First 3,000 gals.	Residential
		\$ 2.60	Next 2,000 gals. (per thousand)	Commercial
		\$ 2.75	Next 2,500 gals. (per thousand)	Governmental
		\$ 2.90	Next 5,000 gals. (per thousand)	
		\$ 3.05	Next 10,000 gals. (per thousand)	
		\$ 3.20	Over 22,500 gals. (per thousand)	
Sewer	2/15/2016	\$ 28.00	First 3,000 gals.	Residential
		\$ 0.60	Next 2,000 gals. (per thousand)	Commercial
		\$ 0.75	Next 2,500 gals. (per thousand)	Governmental
		\$ 0.85	Next 5,000 gals. (per thousand)	
		\$ 0.95	Per thousand, thereafter	
Tap fees	Actual cost	Actual cost	Actual cost	Residential

Rates for water sold to customers outside the District, \$27.00 per the first 3,000 gallons, and the same rates above for usage over 3,000 gallons.

Rates for water and sewer for year ending December 31, 2020 were \$27.00 and \$28.00, respectively, for the first 3000 gallons.

O. BUDGETS AND BUDGETARY ACCOUNTING

The District adopts an annual appropriated budget for the General Fund. This budget is used as a guide by management to limit expenditures to revenues received.

Excess of Actual Revenues Over Budget

Actual revenues for the General Fund exceeded budgeted revenues by \$38,760.28 for the year ended December 31, 2020.

Excess of Revenues over Expenditures

For the year ended December 31, 2020, the General Fund's revenues exceeded expenditures by \$43,494.44.

P. RELATED PARTY TRANSACTIONS

No related party transactions came to our attention.

REQUIRED SUPPLEMENTARY INFORMATION
NOTES REQUIRED BY THE AGENCY AND GAAP

Jackson County Water Control and Improvement District No. 1

Budgetary Comparison Schedule
December 31, 2020

	<u>Actual</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Charges for water and sewer services	\$195,131.15	\$193,959.00	n/a	\$1,172.15
Property taxes	55,537.80	41,553.00		13,984.80
Penalties and interest	10.72	-		10.72
Investment earnings	2,017.05	-		2,017.05
Other revenue	<u>21,575.56</u>	<u>-</u>		<u>21,575.56</u>
Total Revenues	<u>274,272.28</u>	<u>235,512.00</u>		<u>38,760.28</u>
Expenditures/expenses:				
Service operations:				
Appraisal and collections fees	1,583.48	1,180.00		(403.48)
Contracted services	52,132.91	52,000.00		(132.91)
Director fees	487.50	675.00		187.50
Grant application	1,068.20	-		(1,068.20)
Inspections	-	1,800.00		1,800.00
Insurance	7,074.52	6,810.00		(264.52)
Licenses	50.00	-		(50.00)
Miscellaneous	-	4,424.00		4,424.00
Office expenses	2,656.15	4,983.00		2,326.85
Professional fees	9,472.02	6,700.00		(2,772.02)
Salaries, benefits, and payroll taxes	16,675.71	17,910.00		1,234.29
Sewer sample and chemicals	5,392.02	6,250.00		857.98
Supplies and maintenance	94,944.48	98,100.00		3,155.52
Travel	1,331.55	1,620.00		288.45
Utilities	16,133.31	16,900.00		766.69
Other	553.87	400.00		(153.87)
Capital Outlay	<u>-</u>	<u>16,000.00</u>		<u>16,000.00</u>
Total expenditures/expenses	<u>209,555.72</u>	<u>235,752.00</u>		<u>26,196.28</u>
Excess (deficiency) of revenues over expenditures	64,716.56	(240.00)		64,956.56
Other financing sources/uses				
Transfers--internal activities	-	-		-
Loan proceeds	-	-		-
Debt service				
Principal	(14,701.01)	-		(14,701.01)
Interest	<u>(6,761.11)</u>	<u>-</u>		<u>(6,761.11)</u>
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	43,254.44	(240.00)		43,494.44
Fund balance:				
Beginning of the year	<u>168,724.61</u>	<u>168,724.61</u>		<u>-</u>
End of the year	<u>\$211,979.05</u>	<u>\$168,484.61</u>		<u>\$43,494.44</u>

1. BUDGETS

The budget for the Governmental Fund adopted during the year by the District was prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The General Fund has a legally adopted budget.

TEXAS SUPPLEMENTARY INFORMATION (TSI)

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and is not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

Jackson County Water Control and Improvement District No. 1**TSI-1 Services and Rates
December 31, 2020****1. Services Provided by the District during the Fiscal Year:**

☒ Retail Water	☐ Wholesale Water	☐ Drainage
☒ Retail Wastewater	☐ Wholesale Wastewater	☐ Irrigation
☐ Parks/Recreation	☐ Fire Protection	☐ Security
☐ Solid Waste/Garbage	☐ Flood Control	☐ Roads
☐ Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect)		
☐ Other (specify): _____		

2. Retail Service Providers**a. Retail Rates for a 5/8" meter (or equivalent):**

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum Use</u>	<u>Usage Levels</u>
Water:	\$27.00*	3,000	N/A	\$2.60	3,000 to 5,000
Wastewater:	\$28.00 *	3,000	N/A	\$0.60	3,000 to 5,000
Surcharge:	_____	_____	_____	_____	_____

District employs winter averaging for wastewater usage? Yes ☐ No ☒Total charges per 10,000 gallons usage: Water: \$46.56 Wastewater \$33.37**b. Water and Wastewater Retail Connections:**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ 3/4"	231	227	x 1.0	215
1"			x 2.5	
1 1/2"			x 5.0	
2"	2	2	x 8.0	16
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	233			231
Total Wastewater		229	x 1.0	

TSI-1. Services and Rates (Continued)

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

Gallons pumped into the system: 14,469,509

Water Accountability Ratio:
(Gallons billed/Gallons pumped)

Gallons billed to customers: 14,165,547

97.90%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees?

Yes ☐ No ☒

If yes, Date of the most recent Commission Order:

Does the District have Operation and Maintenance standby fees?

Yes ☐ No ☒

If yes, Date of the most recent Commission Order:

5. Location of District

County (ies) in which the District is located: Jackson

Is the District located entirely within one county?

Yes ☒ No ☐

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

Is the District located within a city's extra territorial jurisdiction? (ETJ)

Entirely ☐ Partly ☐ Not at all ☒

Are Board members appointed by an office outside the district?

Yes ☐ No ☒

Personnel Expenditures (including benefits)*

Wages and benefits	\$ 16,675.71
Travel	1,331.55

Professional Fees:

Auditing	3,335.00
Engineering	3,162.02
Other	2,975.00

Contracted Services:

Appraisal district	1,464.27
Tax collector	119.21
Other contracted services	52,132.91

Utilities

16,133.31

Repairs and Maintenance

Sewer samples and chemicals	5,392.02
Supplies and maintenance	94,944.48

Administrative Expenditures:

Directors fees	487.50
Grant application	1,068.20
Insurance	7,074.52
Licenses	50.00
Office supplies	2,656.15
Other Administrative Expenditures	553.87

Capital Outlay:

Capitalized assets

Inspection Expenditures**Debt Service**

Principal	14,701.01
Interest	<u>6,761.11</u>

TOTAL EXPENDITURES\$ 231,017.84* Number of persons employed by the District: 0 Full-Time 2 Part-Time

Jackson County Water Control and Improvement District No. 1

**TSI-3. Temporary Investments
December 31, 2020**

FUNDS	IDENTIFICATION OR CERTIFICATE NUMBER	INTEREST RATE	MATURITY DATE	BALANCE AT END OF YEAR	ACCRUED INTEREST RECEIVABLE AT END OF YEAR
General Fund					
Certificate of Deposit	100010066	0.40%	8/6/2021	\$ 6,100.00	\$ 2.03
Certificate of Deposit	21001750	0.50%	6/7/2021	5,000.00	2.08
Certificate of Deposit	100010093	0.35%	12/10/2021	5,000.00	1.46
Certificate of Deposit	100010492	0.35%	12/15/2021	<u>1,100.00</u>	<u>0.32</u>
General Fund Total				17,200.00	5.89
Agency Fund					
Certificate of Deposit	21001751	0.50%	6/7/2021	<u>2,100.00</u>	<u>0.88</u>
Total - all funds				<u>\$ 19,300.00</u>	<u>\$ 6.77</u>

Jackson County Water Control and Improvement District No. 1

**TSI-4. Taxes Levied and Receivable
December 31, 2020**

	General Fund Taxes				
Taxes Receivable, Beginning of Year	\$ 35,960.02				
2020 Original Tax Levy	42,858.59				
Plus: Adjustments	99.52				
Total to be accounted for	78,918.13				
Tax collections and adjustments:					
Current year	21,440.13				
Prior years	27,943.32				
Adjustments to prior years	-				
Total Collections and Adjustments	49,383.45				
Taxes Receivable, End of Year	\$ 29,534.68				
Taxes Receivable, By Years					
2020	\$ 21,670.34				
2019	1,947.21				
2018	1,755.15				
2017	909.81				
2016	772.70				
Prior	2,479.47				
Taxes Receivable, End of Year	\$ 29,534.68				
Property Valuations:	2020	2019	2018	2017	2016
Minerals & Industrial	\$ 3,060,190	\$ 3,021,370	\$ 2,827,840	\$ 2,737,340	\$ 2,551,770
Land	6,982,760	5,162,360	5,014,440	4,939,410	4,875,880
Improvements	14,555,237	12,616,171	12,480,321	12,492,731	12,028,826
Personal Property	380,331	392,819	342,271	264,403	324,627
Total Property Valuations	\$ 24,978,518	\$ 21,192,720	\$ 20,664,872	\$ 20,433,884	\$ 19,781,103
Tax Rates per \$100 Valuation					
Maintenance tax rates	0.2170	0.2384	0.2357	0.2274	0.2200
Total Tax Rates per \$100 Valuation	0.2170	0.2384	0.2357	0.2274	0.2200
Original Tax Levy:	\$ 42,858.59	\$ 40,781.66	\$ 40,781.66	\$ 38,770.21	\$ 35,726.20
Percent of Taxes Collected to Taxes Levied	115.23%	111.94%	87.19%	96.54%	108.38%

Jackson County Water Control and Improvement District No. 1**TSI-5. Long-Term Debt Service Requirements By Years
December 31, 2020**

Prosperity Bank Note Payable			
Due during fiscal year ending	Principal due monthly	Interest due monthly	Total
2021	15,651.31	5,810.81	21,462.12
2022	16,534.17	4,927.95	21,462.12
2023	17,466.81	3,995.31	21,462.12
2024	18,452.09	3,010.03	21,462.12
2025	19,412.09	2,050.03	21,462.12
2026	20,592.48	869.64	21,462.12
2027	4,759.30	47.12	4,806.42
	<u>\$ 112,868.25</u>	<u>\$ 20,710.89</u>	<u>\$ 133,579.14</u>

Cummulative Notes Payable			
Due during fiscal year ending	Principal due monthly	Interest due monthly	Total
2021	15,651.31	5,810.81	21,462.12
2022	16,534.17	4,927.95	21,462.12
2023	17,466.81	3,995.31	21,462.12
2024	18,452.09	3,010.03	21,462.12
2025	19,412.09	2,050.03	21,462.12
2026	20,592.48	869.64	21,462.12
2027	4,759.30	47.12	4,806.42
	<u>\$ 112,868.25</u>	<u>\$ 20,710.89</u>	<u>\$ 133,579.14</u>

Jackson County Water Control and Improvement District No. 1**TSI-6. Changes in General Long-Term Debt
December 31, 2020**

	<u>Note Payable</u>	
	<u>Prosperity Bank</u>	<u>Total</u>
Interest rate	5.5%	
Date payments due	13th of each month	
Maturity dates	12/13/26	
Notes outstanding at beginning of year	\$ 127,569.26	\$ 127,569.26
Notes during the current year	-	-
Retirements during the current year	<u>(14,701.01)</u>	<u>(14,701.01)</u>
Notes outstanding at end of current year	<u>\$ 112,868.25</u>	<u>\$ 112,868.25</u>
Interest paid during the current year	<u>\$ 6,761.11</u>	<u>\$ 6,761.11</u>
Lender:	Prosperity Bank El Campo, TX	
Average annual debt service payment (principal & interest) for remaining term of all debt:		\$ 21,661.37

Jackson County Water Control and Improvement District No. 1

TSI-7. Comparative Schedule of Revenues and Expenses
General Fund - Five Year
December

	AMOUNTS				PERCENT OF FUND TOTAL REVENUE		
	2020	2019	2018	2017	2020	2019	2018
GENERAL FUND REVENUES							
Service revenues	\$ 195,131.15	\$ 196,489.70	\$ 194,085.72	\$ 183,342.62	\$ 181,948.21	71.15%	79.77%
Tax revenues	55,537.80	41,420.13	33,253.54	37,352.84	37,250.86	20.25%	13.67%
Penalty and interest	10.72	1,002.94	732.12	749.31	1,091.45	0.00%	0.30%
Investment income	2,017.05	2,105.63	711.32	504.30	386.43	0.74%	0.29%
Loan proceeds	-	-	-	-	7,930.33	0.00%	0.00%
Other Revenue	21,575.56	2,273.12	13,090.56	23,279.39	37,850.00	7.87%	5.38%
Total General Fund Revenues	274,272.28	243,291.52	241,873.26	245,228.46	266,457.28	100.00%	99.42%
GENERAL FUND EXPENDITURES							
Appraisal and collection fees	1,583.48	1,476.69	1,252.62	1,277.28	1,697.44	0.58%	0.51%
Contract services	52,132.91	48,894.25	48,596.03	52,914.00	47,704.50	19.01%	19.97%
Directors' fees	487.50	487.50	487.50	472.50	472.50	0.18%	0.20%
Dues and fees	400.00	-	-	-	-	0.15%	0.00%
Grant application	1,068.20	171.20	-	-	-	0.39%	0.06%
Inspection fees	-	1,949.31	1,789.00	2,792.66	2,708.85	0.00%	0.71%
Insurance and bonds	7,074.52	4,501.60	7,721.80	7,299.55	2,460.04	2.58%	1.64%
License	50.00	565.00	-	-	-	0.02%	0.21%
Office expense	2,656.15	2,906.82	3,715.75	4,233.29	2,889.62	0.97%	1.06%
Professional fees	9,472.02	10,096.00	6,300.00	5,950.00	5,880.00	3.45%	3.68%
Salaries	14,147.43	14,950.00	14,300.00	14,100.00	14,100.00	5.16%	5.45%
Sewer sample and chemical expense	5,392.02	7,257.93	5,387.63	4,169.68	6,590.07	1.97%	2.65%
Supplies and maintenance	94,944.48	105,558.67	60,005.61	98,502.42	42,368.94	34.62%	38.49%
Taxes	2,528.28	1,248.88	867.77	1,506.19	1,078.65	0.92%	0.46%
Travel expense	1,331.55	1,482.25	1,630.20	1,673.65	1,774.90	0.49%	0.54%
Utilities	16,133.31	16,450.23	16,395.87	16,741.44	16,055.10	5.88%	6.00%
Other	153.87	467.85	400.00	493.53	17.00	0.06%	0.17%
Capital outlay	-	21,625.18	-	-	32,677.33	0.00%	7.88%
Principal	14,701.01	13,923.68	16,608.19	16,440.05	12,265.89	5.36%	5.08%
Interest	6,761.11	7,538.44	8,351.99	9,304.39	9,909.95	2.47%	2.75%
Total General Fund Expenditures	231,017.84	261,551.48	193,809.96	237,870.63	200,650.78	84.26%	95.38%
EXCESS GENERAL FUND REVENUES							
OVER (UNDER) EXPENDITURES	\$ 43,254.44	\$ (18,259.96)	\$ 48,063.30	\$ 7,357.83	\$ 65,806.50	15.74%	-6.68%
						19.77%	1.66%

Jackson County Water Control and Improvement District No. 1**TSI-8. Board Members, Key Personnel, and Consultants****December 31, 2020**

Complete District Mailing Address: Jackson County Water Control and Improvement District No. 1
P.O. Box 407
Lolita, Texas 77971

District Business Telephone Number: (361) 874-4369

Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): January 19, 2016

Limit on Fees of Office that a Director may receive during a fiscal year: N/A
(Set by Board Resolution - TWC Section 49.060)

Names:	Term of Office Elected and Expires or Date Hired	Fees and Expense Reimbursements (12-31-20)	Title at Year End	Resident of District
Board Members:				
Keith Powers P.O. Box 283 Lolita, Texas 77971	5-16 to 5-22	\$97.50	President	Yes
Sarah Thedford P.O. Box 314 Lolita, Texas 77971	5-15 to 5-21	\$97.50	Secretary	Yes
Stephen Lang P.O. Box 205 Lolita, Texas 77971	5-18 to 5-21	\$97.50	Director	Yes
Ronald Schumaker P. O. Box 407 Lolita, Texas 77971	5-16 to 5-22	\$97.50	Vice President	Yes
Brian Cunningham P. O. Box 444 Lolita, Texas 77971	5-17 to 5-21	\$97.50	Director	Yes
Key Administrative Personnel:				
Joe Zamora, Jr. Wadsworth, Texas 77483	N/A - Contract	\$42,551.75	Superintendent	No
Lanail Olsovsky Lolita, Texas 77971	4-29-92	\$1,476.75	Secretary	No
Consultants:				
Linebarger Heard Goggan Blair Graham Pena & Sampson LLP P.O. Box 17428 Austin, Texas 78760	1-1-00	Paid direct by County of Jackson	Attorneys	No
Jackson County Appraisal District 404 N. Allen St. Edna, Texas 77957	11-85	\$1,352.97	Appraisal District	No

Jackson County Water Control and Improvement District No. 1**TSI-8. Board Members, Key Personnel, and Consultants
December 31, 2020**

Names:	Term of Office Elected and Expires or Date Hired	Fees and Expense Reimbursements (12-31-20)	Title at Year End	Resident of District
Davis Engineering, Inc 17506 N Rim Drive Leander, Texas 78641	6/12/2006	\$0.00	Engineer of Record	No
Jackson County Tax Assessor Collector Monica Foster 115 W. Main Edna, Texas 77957	1/1/2005	\$123.72	Tax assessing and collection	No
Garland R. Sandhop, CPA 608 N. Wells St. Edna, Texas 77957	1960's	\$6,280.00	Auditor	No

