

**TRINITY BAY CONSERVATION DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS

§

COUNTIES OF CHAMBERS AND JEFFERSON §

I, Scott Kahla, President of the Board of Directors of the Trinity Bay Conservation 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 3 day of March, 2022 its annual report for the year or period ended September 30, 2021 and that copies of the annual audit have been filed in the District office, located at 2500 SH 124, Stowell, Texas. The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

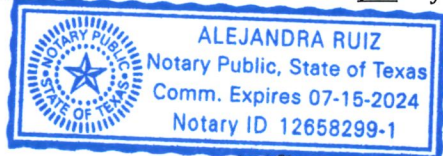
Date: March 16, 2022

By: *Scott Kahla*  
(Signature of District Representative)

Scott Kahla, President of the Board of Directors  
(Typed Name and Title of above District Representative)

Sworn to and subscribed to before me this 16<sup>th</sup> day of March, 2022

(Seal)



*Alejandra Ruiz*  
(Signature of Notary)

My commission expires on 07-15, 2024, Notary Public in and for the State of Texas.

J. Pat O'Neill, III, CPA  
Michael W. Kiefer, CPA  
Troy W. Domingue, CPA



Stanley (Chip) Majors, Jr., CPA, CITP, CGMA  
Jane P. Burns, CPA, CDFA  
Jeremy R. Triska, CPA

March 3, 2022

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Trinity Bay Conservation District  
Stowell, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Trinity Bay Conservation District as of and for the year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise the Trinity Bay Conservation 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 of material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Trinity Bay Conservation District as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 through 9; the Schedules of Changes in Employer's Net Pension Liability and Related Ratios and Employer Contributions on pages 45 through 46; the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Fund on page 47; and the Statement of Revenues, Expenses and Changes in Net Position – Budget and Actual – Water and Wastewater Fund on page 48 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 Standard 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 on pages 4 through 9 and pages 45 through 46 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 this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The required supplementary information on pages 47 through 48 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.

#### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Trinity Bay Conservation District's basic financial statements. The Texas Supplementary Information listed in the Table of Contents on pages 49 through 61 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information listed in the Table of Contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The current year financial information included in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedules of Services and Rates and Board Members, Key Personnel and Consultants 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 this information.

### **Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2022, on our consideration of Trinity Bay 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 solely 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 the effectiveness of Trinity Bay Conservation District's 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 Trinity Bay Conservation District's internal control over financial reporting and compliance.

*Wathen, DeShong & Juncker, L.L.P.*

**WATHEN, DeSHONG & JUNCKER, L.L.P.**  
Certified Public Accountants

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the Trinity Bay Conservation District, we offer readers of the Trinity Bay Conservation District financial statements this narrative overview and analysis of the financial activities of the Trinity Bay Conservation District for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the independent auditor's report and the District's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

- The assets of the Trinity Bay Conservation District exceeded its liabilities as of September 30, 2021, by \$34,589,593 (net position).
- The Trinity Bay Conservation District's total net position increased by \$375,391. The District had expenses associated with all activities totaling \$8,917,913 and total revenues were \$9,293,304.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Trinity Bay Conservation District's basic financial statements. These financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements 3) notes to the financial statements and 4) required supplementary information which includes this management's discussion. In addition to the basic financial statements, this report also contains other supplementary information as listed in the Table of Contents.

**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 a private-sector business.

The Statement of Net Position presents information on all of the Trinity Bay Conservation District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Trinity Bay Conservation District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 periods (e.g., earned but unused vacation).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements can be found on pages 10-11 of this report.

TRINITY BAY CONSERVATION DISTRICT

Management's Discussion and Analysis  
For The Year Ended September 30, 2021

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**Fund financial statements** - A fund is a self-balancing set of 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. The District's funds can be divided into two categories- governmental funds and proprietary 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. Nonfinancial assets and long-term liabilities that will not be paid with current assets are excluded. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Proprietary Funds** - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District's enterprise funds consist of a water and wastewater fund which is combined with the debt service and construction funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 16-19 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 financial statements. The notes to the Financial Statements can be found on pages 20 through 44.

**Other information.** In addition to the basic financial statements and accompanying notes, required supplementary information presents additional information related to the pension activity of the District, and budgetary comparison schedules for the District to demonstrate compliance with the budget. This required supplementary information can be found on pages 45 through 48. Texas supplementary information provides schedules relating to services and rates, fund expenditures and expenses, investments, taxes, long-term debt, comparative statements of revenue and expenditures, comparative statements of revenue and expenses, board members, key personnel and consultants, and can be found on pages 49 through 61.

TRINITY BAY CONSERVATION DISTRICT

Management's Discussion and Analysis  
For The Year Ended September 30, 2021

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Trinity Bay Conservation District, assets and deferred outflows exceeded liabilities and deferred inflows by \$34.6 million at September 30, 2021. At September 30, 2021, the District has invested \$29.7 million in capital assets, net of related debt. Approximately \$1.16 million of the District's net position is restricted for debt service. The \$3.7 million of unrestricted net position represents resources available to fund the programs of the District next year. This compares to \$29.5 million invested in capital assets, net of related debt, \$1.15 million restricted for debt service, and \$3.5 million of unrestricted net position at September 30, 2020.

**NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 3,692,678	\$ 3,308,799	\$ 3,915,996	\$ 3,821,767	\$ 7,608,674	\$ 7,130,566
Capital assets	9,313,331	9,860,878	26,781,198	27,037,522	36,094,529	36,898,400
Total Assets	13,006,009	13,169,677	30,697,194	30,859,289	43,703,203	44,028,966
Deferred outflows of resources	504,586	239,043	504,586	239,042	1,009,172	478,085
Current and other liabilities	248,740	334,625	2,288,427	1,969,882	2,537,167	2,304,507
Long-term liabilities	800,299	665,603	6,398,840	7,073,301	7,199,139	7,738,904
Total Liabilities	1,049,039	1,000,228	8,687,267	9,043,183	9,736,306	10,043,411
Deferred inflows of resources	193,238	124,719	193,238	124,719	386,476	249,438
Net Position						
Net investment in						
Capital assets	9,860,876	9,691,354	19,853,450	19,853,450	29,714,326	29,544,804
Restricted	-	-	1,160,947	1,153,039	1,160,947	1,153,039
Unrestricted	2,407,442	2,592,419	1,306,878	923,940	3,714,320	3,516,359
Total Net Position	\$ 12,268,318	\$ 12,283,773	\$ 22,321,275	\$ 21,930,429	\$ 34,589,593	\$ 34,214,202

**Changes in net position.** The District's total revenues were \$9.3 million in 2021. The District's revenue originates from charges for services totaling \$5.0 million or 54% and property taxes of \$3.4 million or 37% of total revenue.

The total cost of all programs and services was \$8.9 million, a decrease of \$885,427 over 2020. Normal operating expenses by function included water and wastewater of \$5.4 million, drainage \$2.7 million, administration \$663,550, and interest on debt \$197,463. The District's had an increase in net position of \$375,391



TRINITY BAY CONSERVATION DISTRICT

Management's Discussion and Analysis  
For The Year Ended September 30, 2021

**CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Charges for services						
Construction services	\$ -	\$ 356,590	\$ -	\$ 378,948	\$ -	\$ 735,538
Water and wastewater	-	-	4,991,102	4,708,378	4,991,102	4,708,378
General revenues						
Property taxes	3,434,637	3,534,230	-	-	3,434,637	3,534,230
Other taxes	18,488	11,896	-	-	18,488	11,896
Investment income	6,387	6,083	8,313	10,405	14,700	16,488
Other	(43,890)	142,752	878,266	542,290	834,376	685,042
Total Revenues	<u>3,415,622</u>	<u>4,051,551</u>	<u>5,877,681</u>	<u>5,640,021</u>	<u>9,293,303</u>	<u>9,691,572</u>
Expenses						
General administration	663,550	822,821	-	-	663,550	822,821
Drainage	2,695,614	3,062,289	-	-	2,695,614	3,062,289
Water and wastewater	-	-	5,357,812	5,502,254	5,357,812	5,502,254
Project expenses	-	-	-	188,564	-	188,564
Interest on long-term debt	3,473	4,884	197,463	222,528	200,936	227,412
Total Expenses	<u>3,362,637</u>	<u>3,889,994</u>	<u>5,555,275</u>	<u>5,913,346</u>	<u>8,917,912</u>	<u>9,803,340</u>
Transfers	(68,440)	-	68,440	-	-	-
Increase (decrease) in net position	(15,455)	161,557	390,846	(273,325)	375,391	(111,768)
Net position - beginning	12,283,773	11,590,775	21,930,429	22,735,195	34,214,202	34,325,970
Prior period adjustment	-	531,441	-	(531,441)	-	-
Net position - ending	<u>\$ 12,268,318</u>	<u>\$ 12,283,773</u>	<u>\$ 22,321,275</u>	<u>\$ 21,930,429</u>	<u>\$ 34,589,593</u>	<u>\$ 34,214,202</u>

**Governmental activities:** Net position of the governmental activities of the District's decreased by \$15,455.

**Business type activities.** Business-type activities increased the District's net position by \$390,846.

TRINITY BAY CONSERVATION DISTRICT

Management's Discussion and Analysis  
For The Year Ended September 30, 2021

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

**Governmental funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

Revenues for the District's governmental fund types (the General Fund) totaled \$3.6 million in 2021, a decrease of \$472,759 from 2020. Revenues in 2021 included property taxes of \$3.4 million compared to \$3.5 million in 2020. Total expenditures were \$3.0 million with \$88,162 of capital expenditures. Governmental expenditures included 73.6% of the expenditures for drainage maintenance and improvements, 21.8% were for general administrative services of the District, and debt service accounted for the remaining 4.6% of expenditures.

**Budgetary Highlights**

Amendments were made to the original budget during the year as needed. The budget revisions are presented in the amended columns of the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Fund, which can be found on page 47 and the Statement of Revenues, Expenses and Changes in Net Position – Budget and Actual – Enterprise Fund on page 48. Revenues for the Governmental Funds were below budgeted amounts by 6.2%, while Enterprise Fund revenues were above budgeted amounts by 1.9%. Governmental Funds operating expenditures were under budget by 17.3%, while Enterprise Funds operating expenses (excluding depreciation) were over budget by 5.1%.

**Capital Assets**

The Trinity Bay Conservation District's investment in capital assets at September 30, 2021, was \$ 36,094,529 net of accumulated depreciation. This investment in capital assets includes land, buildings, utility systems, infrastructure, machinery and equipment, and represents a net decrease of \$803,871 after considering current depreciation expense of \$ 1,930,932.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ -	\$ -	\$ 1,107,128	\$ 1,107,128	\$ 1,107,128	\$ 1,107,128
Easements	681,333	681,333	-	-	681,333	681,333
Construction in progress	51,715	-	1,866,892	1,807,826	1,918,607	1,807,826
Assets held under capital lease	638,015	638,015	-	-	638,015	638,015
Buildings and improvements	-	-	3,776,265	3,776,265	3,776,265	3,776,265
Infrastructure	13,101,300	13,094,358	42,404,297	41,405,059	55,505,597	54,499,417
Machinery and equipment	3,953,805	3,943,705	1,172,903	1,172,903	5,126,708	5,116,608
Automobiles and trucks	483,993	483,993	516,988	516,988	1,000,981	1,000,981
Furniture and fixtures	159,086	159,086	113,352	113,352	272,438	272,438
Total at historical cost	19,069,247	19,000,490	50,957,825	49,899,521	70,027,072	68,900,011
Total accumulated depreciation	(9,755,916)	(9,139,612)	(24,176,627)	(22,861,999)	(33,932,543)	(32,001,611)
Capital assets, net	<u>\$ 9,313,331</u>	<u>\$ 9,860,878</u>	<u>\$ 26,781,198</u>	<u>\$ 27,037,522</u>	<u>\$ 36,094,529</u>	<u>\$ 36,898,400</u>

TRINITY BAY CONSERVATION DISTRICT

Management's Discussion and Analysis  
For The Year Ended September 30, 2021

**Long-Term Debt**

At September 30, 2021, the Trinity Bay Conservation District had \$6,391,672 of bonded debt outstanding. More detailed information about the District's debt is presented in the notes to the financial statements.

**LONG-TERM DEBT**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Bonds payable, 2014 Series	\$ -	\$ -	\$ 2,560,000	\$ 2,635,000	\$ 2,560,000	\$ 2,635,000
Bonds payable, 2012 Series	-	-	3,540,000	4,180,000	3,540,000	4,180,000
Unamortized Bond Premium	-	-	291,672	338,329	291,672	338,329
Total bonded debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,391,672</u>	<u>\$ 7,153,329</u>	<u>\$ 6,391,672</u>	<u>\$ 7,153,329</u>

Total long-term debt at September 30, 2021 decreased \$761,657 from the prior year. The reduction was due to scheduled payments of bond principal and the amortization of the bond premium. For the fiscal year ended September 30, 2021, interest expense was \$ 197,463.

**Economic Factors and Next Year's Budgets**

General fund revenues are budgeted at \$4.0 million. Property tax revenues for 2022 for the general fund are budgeted at \$3.6 million, which is an increase of \$165,512 as compared September 30, 2021 reported income.

Expenditures for the general fund are budgeted at \$3.8 million for the fiscal year ending September 30, 2022, as compared to actual expenditures of \$3.8 million for the fiscal year just ended.

Water and wastewater revenue are budgeted at \$5.8 million, which is an increase of \$444,275 from actual revenue of for the fiscal year just ended.

Budgeted expenses for the water and wastewater fund, prior to depreciation and debt service are \$4.8 million for operations and \$981,300 for debt service. Actual expenses for the year ended September 30, 2021, prior to capitalization of fixed assets, was \$4.6 million for operations and projects, and \$812,463 related to debt service.

**Requests for Information**

This financial report is designed to provide a general overview of the Trinity Bay Conservation District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Financial Department.

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# TRINITY BAY CONSERVATION DISTRICT

## STATEMENT OF NET POSITION SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,293,723	\$ 994,777	\$ 4,288,500
Taxes Receivable, Net	304,691	-	304,691
Accounts Receivable, Net	-	655,746	655,746
Due from Other Governments	10,355	-	10,355
Due from Other Funds	(44,372)	44,372	-
Other Receivables	400	44,642	45,042
Inventories	-	102,804	102,804
Prepaid Items	127,881	127,881	255,762
Restricted Cash and Cash Equivalents - Noncurrent	-	1,945,774	1,945,774
Capital Assets:			
Land Purchase and Improvements	-	1,107,128	1,107,128
Easements, Net	681,333	-	681,333
Buildings, Net	-	3,287,945	3,287,945
Infrastructure, Net	8,205,850	20,312,848	28,518,698
Machinery and Equipment, Net	169,954	206,385	376,339
Capital Lease Assets, Net	204,479	-	204,479
Construction in Progress	51,715	1,866,892	1,918,607
Total Assets	13,006,009	30,697,194	43,703,203
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to Pension Plan	504,586	504,586	1,009,172
Total Deferred Outflows of Resources	504,586	504,586	1,009,172
<b>LIABILITIES</b>			
Accounts Payable	46,332	492,191	538,523
Wages and Salaries Payable	55,116	54,896	110,012
Compensated Absences Payable	48,496	69,574	118,070
Customer Deposits	-	820,252	820,252
Intergovernmental Payable	-	17,194	17,194
Due to Other Governments	64,067	-	64,067
Accrued Interest Payable	-	27,663	27,663
Capital Leases Payable - Current	34,729	-	34,729
Noncurrent Liabilities:			
Debt Due Within One Year	-	806,657	806,657
Debt Due in More Than One Year	-	5,585,015	5,585,015
Net Pension Liability	769,177	769,177	1,538,354
Compensated Absences - Long-Term	31,122	44,648	75,770
Total Liabilities	1,049,039	8,687,267	9,736,306
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow Related to Pension Plan	193,238	193,238	386,476
Total Deferred Inflows of Resources	193,238	193,238	386,476
<b>NET POSITION</b>			
Net Investment in Capital Assets	9,860,876	19,853,450	29,714,326
Restricted for Debt Service	-	1,160,947	1,160,947
Unrestricted	2,407,442	1,306,878	3,714,320
Total Net Position	\$ 12,268,318	\$ 22,321,275	\$ 34,589,593

The accompanying notes are an integral part of these financial statements.

# TRINITY BAY CONSERVATION DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>
		Charges for Services
<b>Primary Government</b>		
GOVERNMENTAL ACTIVITIES:		
General Administration	\$ 663,550	\$ -
Drainage	2,695,614	-
Interest on Debt	3,473	-
Total Governmental Activities	3,362,637	-
BUSINESS-TYPE ACTIVITIES:		
Water and Wastewater	5,555,275	4,991,102
Total Business-Type Activities	5,555,275	4,991,102
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 8,917,912</b>	<b>\$ 4,991,102</b>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Other Taxes

Penalty and Interest on Taxes

Miscellaneous Revenue

Investment Earnings

Developer Contributions

FEMA Grant Deobligation

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and  
Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (663,550)	\$ -	\$ (663,550)
(2,695,614)	-	(2,695,614)
<u>(3,473)</u>	<u>-</u>	<u>(3,473)</u>
<u>(3,362,637)</u>	<u>-</u>	<u>(3,362,637)</u>
-	<u>(564,173)</u>	<u>(564,173)</u>
-	<u>(564,173)</u>	<u>(564,173)</u>
<u>(3,362,637)</u>	<u>(564,173)</u>	<u>(3,926,810)</u>
3,360,489	-	3,360,489
18,488	-	18,488
74,148	-	74,148
79,282	327,578	406,860
6,387	8,313	14,700
-	550,688	550,688
(123,172)	-	(123,172)
<u>(68,440)</u>	<u>68,440</u>	<u>-</u>
<u>3,347,182</u>	<u>955,019</u>	<u>4,302,201</u>
(15,455)	390,846	375,391
<u>12,283,773</u>	<u>21,930,429</u>	<u>34,214,202</u>
<u>\$ 12,268,318</u>	<u>\$ 22,321,275</u>	<u>\$ 34,589,593</u>



**FUND FINANCIAL STATEMENTS**

# TRINITY BAY CONSERVATION DISTRICT

## BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2021

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,198,236	\$ 95,488	\$ 3,293,724
Taxes Receivable	435,273	-	435,273
Allowance for Uncollectible Taxes (credit)	(130,582)	-	(130,582)
Due from Other Governments	10,355	-	10,355
Due from Other Funds	31,422	-	31,422
Prepaid Expense	127,881	-	127,881
Other Receivables	400	-	400
Total Assets	\$ 3,672,985	\$ 95,488	\$ 3,768,473
<b>LIABILITIES</b>			
Accounts Payable	\$ 46,337	\$ -	\$ 46,337
Wages and Salaries Payable	55,116	-	55,116
Due to Other Governments	-	64,066	64,066
Due to Other Funds	44,372	31,422	75,794
Total Liabilities	145,825	95,488	241,313
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	273,460	-	273,460
Total Deferred Inflows of Resources	273,460	-	273,460
<b>FUND BALANCES</b>			
Unassigned Fund Balance	3,253,700	-	3,253,700
Total Fund Balances	3,253,700	-	3,253,700
Total Liabilities, Deferred Inflows & Fund Balances	\$ 3,672,985	\$ 95,488	\$ 3,768,473

The accompanying notes are an integral part of these financial statements.

# TRINITY BAY CONSERVATION DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2021

<b>Total Fund Balances - Governmental Funds</b>	\$ 3,253,700
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	273,460
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	9,313,331
Long-term liabilities, including capital lease liabilities and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(114,347)
Net pension assets (obligations are not available to pay for current expenditures, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(457,826)
<b>Net Position of Governmental Activities</b>	<u><u>\$ 12,268,318</u></u>

The accompanying notes are an integral part of these financial statements.

# TRINITY BAY CONSERVATION DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 3,380,429	\$ -	\$ 3,380,429
Other Taxes	18,488	-	18,488
Penalty and Interest on Taxes	74,148	-	74,148
Investment Earnings	6,387	-	6,387
Other Revenue	79,288	-	79,288
	<u>3,558,740</u>	<u>-</u>	<u>3,558,740</u>
<b>EXPENDITURES:</b>			
Current:			
General Administration:			
Personnel Costs	194,323	-	194,323
Professional Fees	73,631	-	73,631
Contract and Outside Services	131,216	-	131,216
Repairs and Maintenance	34,623	-	34,623
Utilities	26,595	-	26,595
Sundry	3,533	-	3,533
Supplies	186,669	-	186,669
Drainage:			
Personnel Costs	1,625,381	-	1,625,381
Pension Plan Contributions	194,511	-	194,511
Professional Fees	23,449	-	23,449
Contract and Outside Services	21,853	-	21,853
Repairs and Maintenance	244,425	-	244,425
Capital Expenditures	88,162	-	88,162
Debt Service:			
Principal on Debt	134,794	-	134,794
Interest on Debt	3,473	-	3,473
	<u>2,986,638</u>	<u>-</u>	<u>2,986,638</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>572,102</u>	<u>-</u>	<u>572,102</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	18,885	-	18,885
Transfers Out (Use)	(87,325)	-	(87,325)
FEMA Grant Deobligation	(123,172)	-	(123,172)
	<u>(191,612)</u>	<u>-</u>	<u>(191,612)</u>
Net Change in Fund Balances	380,490	-	380,490
Fund Balance - October 1 (Beginning)	2,873,210	-	2,873,210
Fund Balance - September 30 (Ending)	<u>\$ 3,253,700</u>	<u>\$ -</u>	<u>\$ 3,253,700</u>

The accompanying notes are an integral part of these financial statements.

# TRINITY BAY 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, 2021

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 380,490
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(19,940)
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements.	68,758
Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources.	(616,303)
The repayment of the principal portion of long-term debt consumes current financial resources of the governmental funds; however, it has no impact on the net position of the government-wide activities.	134,793
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds. These include changes in net pension asset, and compensated absences.	36,747
<b>Change in Net Position of Governmental Activities</b>	<u>\$ (15,455)</u>

The accompanying notes are an integral part of these financial statements.

# TRINITY BAY CONSERVATION DISTRICT

## STATEMENT OF NET POSITION PROPRIETARY FUND SEPTEMBER 30, 2021

	Business-Type Activities
	Water and Wastewater
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 994,777
Accounts Receivable, Net	655,746
Due from Other Funds	44,372
Other Receivables	44,642
Prepaid Expenses	127,881
Inventories	102,804
Total Current Assets	<u>1,970,222</u>
Noncurrent Assets:	
Restricted Cash and Cash Equivalents - Noncurrent	1,945,774
Capital Assets:	
Land Purchase and Improvements	1,107,128
Buildings and Improvements	3,776,265
Accumulated Depreciation - Buildings and Improvements	(488,320)
Infrastructure	42,404,297
Accumulated Depreciation - Infrastructure	(22,091,449)
Machinery and Equipment	1,803,243
Accumulated Depreciation - Machinery and Equipment	(1,596,858)
Construction in Progress	1,866,892
Total Noncurrent Assets	<u>28,726,972</u>
Total Assets	<u>30,697,194</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflow Related to Pension Plan	504,586
Total Deferred Outflows of Resources	<u>504,586</u>

The accompanying notes are an integral part of these financial statements.

	Business-Type Activities
	Water and Wastewater
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 492,191
Wages and Salaries Payable	54,896
Compensated Absences Payable	69,574
Customer Deposits	820,252
Intergovernmental Payable	17,194
Accrued Interest Payable	27,663
Bonds Payable - Current	806,657
Total Current Liabilities	<u>2,288,427</u>
Noncurrent Liabilities:	
Bonds Payable - Noncurrent	5,340,000
Unamortized Premiums (Discounts) on Bonds	245,015
Compensated Absences - Long-Term	44,648
Net Pension Liability	769,177
Total Noncurrent Liabilities	<u>6,398,840</u>
Total Liabilities	<u>8,687,267</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflow Related to Pension Plan	<u>193,238</u>
Total Deferred Inflows of Resources	<u>193,238</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	19,853,450
Restricted for Debt Service	1,160,947
Unrestricted	1,306,878
Total Net Position	<u>\$ 22,321,275</u>

# TRINITY BAY CONSERVATION DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities
	Water and Wastewater
OPERATING REVENUES:	
Charges for Services	\$ 4,991,102
Other Revenue	327,578
Total Operating Revenues	5,318,680
OPERATING EXPENSES:	
Operating Expenses	
Personnel Costs	2,049,012
Professional Fees and Outside Services	527,830
Repairs and Maintenance	326,983
Other Operating Costs	251,689
Supplies	887,670
	4,043,184
Depreciation	1,314,628
Total Operating Expenses	5,357,812
Operating Income (Loss)	(39,132)
NONOPERATING REVENUES (EXPENSES):	
Investment Earnings	8,313
Developer contributions	550,688
Interest Expense	(197,463)
Total Nonoperating Revenue (Expenses)	361,538
Income Before Transfers	322,406
Nonoperating Transfers In	87,325
Transfers Out (Use)	(18,885)
Change in Net Position	390,846
Total Net Position - October 1 (Beginning)	21,930,429
Total Net Position - September 30 (Ending)	\$ 22,321,275

The accompanying notes are an integral part of these financial statements.



# TRINITY BAY CONSERVATION DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities
	Water and Wastewater
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 4,901,422
Cash Received from Assessments - Others	377,165
Cash Payments to Employees for Services	(2,066,951)
Cash Payments for Suppliers	<u>(1,890,136)</u>
Net Cash provided by Operating Activities	<u>1,321,500</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfer from Other Funds	87,325
Transfers to Other Funds	<u>(18,885)</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>68,440</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition of Capital Assets	(507,616)
Interest Paid on Debt	(49,737)
Retirement of Long-Term Debt	(715,000)
Customer Security Deposit	35,425
Project Expenses	<u>(197,463)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,434,391)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest Received on Investments	<u>8,313</u>
Net Decrease in Cash and Cash Equivalents	(36,138)
Cash and Cash Equivalents at the Beginning of the Year	<u>2,976,689</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 2,940,551</u>

The accompanying notes are an integral part of these financial statements.

# TRINITY BAY CONSERVATION DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities
	Water and Wastewater
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss)	\$ (39,132)
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities:	
Depreciation	1,314,628
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (Increase) in Receivables	(40,093)
Decrease (Increase) in Prepaid Expenses	(127,881)
Decrease (Increase) in Inventories	37,607
Increase (Decrease) in Accounts Payable	193,012
Increase (Decrease) in Wages Payable	7,406
Increase (Decrease) in Compensated Absences Payable	4,008
Increase (Decrease) in Intergovernmental Payable	1,298
Increase (Decrease) in Pension Accounts	<u>(29,353)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,321,500</u>
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents	\$ 994,777
Restricted Cash and Cash Equivalents	<u>1,945,774</u>
Total Cash and Cash Equivalents	<u>\$ 2,940,551</u>

During the fiscal year ended September 30, 2021, the water and wastewater infrastructure additions included \$550,688 in developer contributions.

The accompanying notes are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements include the accounts of all District operations. The measure for including organizations as component units of the District was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic, but not the only, criteria for inclusion is the degree of oversight responsibility maintained by the Board of Directors. Examples of oversight responsibility include financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Based on these criteria, no potential component unit has been excluded from these statements. There are no component units included in the District's reporting entity.

**Reporting entity**

Trinity Bay Conservation District (the District) was organized in 1949, under the provision of Section 59, Article XVI of the Constitution of the State of Texas. The District is located within Chambers and Jefferson Counties. The District operates under a Board of Directors comprised of five members elected by the citizens residing within the District. It is the Board of Directors' responsibility to appoint a general manager who is the chief administrator and executive officer of the District.

The District's major operations include maintenance of drainage facilities within the District. Additionally, the District operates an enterprise fund for the provision of water and wastewater services. The District operates under Chapter 49 of the Texas Water Code.

The following is a summary of the District's more significant accounting policies:

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**Government-Wide Statements**

The Statement of Net Position 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, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed through user charges.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide Statements (Continued)**

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. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements**

Fund financial statements report detailed information about the District. Separate financial statements are provided for governmental funds and proprietary funds. The focus of governmental and proprietary fund financial statements is on the major funds rather than reporting funds by type. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

**Governmental Fund Types**

All governmental funds are reported using *modified accrual basis of accounting* and the *current financial resources measurement focus*. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Revenues are considered to be available when they are collectible within 60 days of the current fiscal period or soon enough thereafter to pay liabilities of the current period. Property taxes receivable, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property taxes are recorded and deferred until they become available. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

The District has the following major governmental fund:

*General Fund* - This fund is the general operating fund of the District and is used to account for resources and functions traditionally associated with governments that are not required to be accounted for in another fund.

Additionally, the District reports the following other governmental fund:

*Capital Projects Fund* - This fund is used to account for all major capital expenditures not financed by the proprietary or trust funds. The District has a capital project fund for drainage construction projects funded primarily by capital grants.

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Proprietary Fund Types

All proprietary funds are accounted for using the *accrual basis of accounting* and the *economic resources measurement focus*. These funds account for operations that are primarily financed by user charges. Revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating expenses of the District's proprietary fund include the personnel costs, costs of operating the systems, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District's fund included in this category is the Water and Wastewater Fund. The Water and Wastewater Fund is used to account for operations financed and operated in a manner similar to private business enterprises, where the intent of the Board is that the cost of providing certain goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges for those services.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles, as applicable to governmental entities, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Budgets and Budgetary Accounting

Prior to September 30, of each year, the District adopts a budget for the fiscal year beginning October 1, of that year. The budget, which includes anticipated revenues and expenditures, is adopted for the Governmental Fund Types and all Proprietary Funds. The budget is amended by the District as needed throughout the year.

#### Interfund Transactions and Balances

Interfund transactions intended to reflect the transfer of resources between funds are reflected as transfers. Certain transactions representing short-term liabilities between funds are recorded as receivables and payables in the respective funds at the time the transactions are reported on the fund basis statements.

#### Cash and Time Deposits

Cash in excess of current operating requirements is invested in time deposits in order to earn a higher rate of interest. The District generally does not invest in any other securities. For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a maturity of one year or less when purchased to be cash equivalents. Cash deposits and certificates of deposit are reported at their carrying amount, which reasonably estimates fair value.

#### Accounts Receivable

Accounts receivable from water and wastewater services are presented net of the allowance for doubtful accounts of \$442,027 at September 30, 2021. The increase in the allowance of \$9,773 has been netted against charges for service revenue.

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Restricted Assets

The Water and Wastewater Enterprise Fund, based on certain bond covenants, is required to establish and maintain resources (cash and temporary investments) that can be used to service outstanding debt. Additionally, funds collected for construction and meter deposits are segregated and restricted for future disposition.

#### Inventory

Inventories of materials and supplies are maintained for the drainage operations of the general fund and for the proprietary funds. The inventory in each fund is recorded at cost (first-in, first-out basis), which is lower than market.

#### Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Donated capital assets are capitalized at estimated fair market value on the date donated. Infrastructure such as drainage systems are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. The minimum capitalization threshold is any individual item with a total cost greater than \$2,000.

Major outlays for capital asset construction and improvements are capitalized as construction-in-progress as projects are constructed. Upon completion, the projects are transferred to depreciable assets.

Capital assets are being depreciated using the straight-line method and depreciation expense for governmental assets is specifically identified by function with general assets being allocated based on a percentage of governmental functional expenditures over total governmental expenditures. Depreciation expense for the proprietary funds is recorded in each respective proprietary fund. The following estimated useful lives are used for calculating depreciation expense:

<u>Assets</u>	<u>Years</u>
Infrastructure	15 - 40
Building & Improvements	15 - 40
Systems	15 - 40
Vehicles	5 - 7
Machinery & Equipment	5 - 10
Office Equipment	3 - 5

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an addition to net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Balances**

Governmental Accounting Standards Board (GASB) Statement No. 54-*Fund Balance Reporting and Government Fund Type Definitions* establishes fund balance classifications based primarily on the extent to which the District is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

In the fund financial statements, governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board of Directors through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the Board of Directors. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in any other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net position is reported as restricted when constraints placed on net position are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.



# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

Net positions represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

*Net investment in capital assets* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

*Restricted net position* – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted net position* – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

**Subsequent Events**

In accordance with ASC 855, the management of Trinity Bay Conservation District has evaluated subsequent events through March 3, 2022, the date on which the financial statements were available for issue.

2) **COMPLIANCE AND ACCOUNTABILITY**

**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:

None reported.

**Deficit Fund Balance or Fund Net Assets of Individual Funds**

No funds reported a deficit fund balance or deficit fund net assets at year-end.

3) **CASH DEPOSITS AND INVESTMENTS**

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

**Cash Deposits**

At September 30, 2021, the carrying amount of the District’s deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$6,234,274 and the bank balance was \$6,664,188. The District’s cash deposits at September 30, 2021, and during the year ended September 30, 2021, were entirely covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name.

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

### 3) CASH DEPOSITS AND INVESTMENTS (CONTINUED)

#### Investments

The District is required by Government Code Chapter 2256, the Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar - weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

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

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

District's investments at September 30, 2021 consisted solely of certificate of deposits in the amount of \$5,007,608. Cash and investments are reported in the financial statements as follows:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Governmental activities - unrestricted	\$ 256,565	\$ 3,037,158	\$ 3,293,723
Business-type Activities - unrestricted	962,873	31,904	994,777
Business-type Activities - restricted			
Interest and Sinking Fund	4,014	171,419	175,433
Bond Reserve Fund	3,214	982,300	985,514
Customer Meter Deposits	-	784,827	784,827
	<u>\$ 1,226,666</u>	<u>\$ 5,007,608</u>	<u>\$ 6,234,274</u>

#### Analysis of Specific Deposit and Investment Risks

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

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At September 30, 2021, the District's investments were covered by collateral with a fair value equal to the investment. At year-end, the District was not significantly exposed to credit risk. At September 30, 2021, all certificates of deposit held were fully insured by the FDIC, or by pledged collateral held by the District's agent bank in the District's name.

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

3) **CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

*Custodial Credit Risk:* Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year-end, the District was not exposed to custodial credit risk.

*Concentration of Credit Risk:* This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year-end, the District was not exposed to concentration of credit risk.

*Interest Rate Risk:* This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to interest rate risk.

*Foreign Currency Risk:* This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

4) **PROPERTY TAXES**

Taxable property within the District is subject to assessment, levy and collection of ad valorem taxes necessary to support the general governmental services. The Act under which the District was created provided for the levy of an operations and maintenance tax of \$0.25 per \$100 of assessed value. This rate was subsequently amended on May 2, 1957, to \$.50 per \$100 of assessed value. The tax rate for debt service is unlimited. The total tax rate for the fiscal year ended September 30, 2021, was \$0.3949 per \$100 assessed valuation based on the total net assessed value of \$857,973,575.

Taxes are levied on October 1 of each year, and are payable without penalty or interest through the following January 31. The District recognizes property tax revenue when levied to the extent that it results in current receivables. Property taxes are collected and remitted to the District by the Chambers County and Jefferson County Tax Assessor Collectors' offices.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. However, as the District no longer has debt to service with tax collections, all delinquent taxes collected are now allocated to maintenance. Allowances for uncollectible taxes receivable of \$130,582 at September 30, 2021, are based on 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.

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

5) **DUE FROM OTHER GOVERNMENTS**

As of September 30, 2021, amounts due from other governments consisted of the following:

	Amount	Purpose
Governmental Activities:		
Due from Chambers County	\$ 10,349	Tax Collection Proceeds
Due from Jefferson County	6	Tax Collection Proceeds
Total -- governmental activities	10,355	
Total - all funds	\$ 10,355	

6) **INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables/payables are scheduled to be repaid within one year and consisted of the following:

	Receivable	Payable
General Fund		
Capital Projects	\$ 31,422	\$ -
Water and Wastewater	-	44,372
	31,422	44,372
Capital Projects		
General Fund	-	31,422
Water and Wastewater		
General Fund	44,372	-
Total	\$ 75,794	\$ 75,794

The outstanding balances between funds generally result from a time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The General Fund transferred \$87,325 to the Water and Wastewater Fund during the year ended September 30, 2021. The Water and Wastewater Fund transferred \$18,885 to the General Fund during the year ended September 30, 2021.

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

7) **PROPERTY, PLANT AND EQUIPMENT**

Capital asset activity for the governmental activities for the year ended September 30, 2021, is described in the table below:

<b>Governmental Activities</b>	Balance October 1, 2020	Increases	Transfers and Retirements	Balance September 30, 2021
Capital assets, not being depreciated				
Easements	\$ 681,333	\$ -	\$ -	\$ 681,333
Construction in progress	-	51,715	-	51,715
Total capital assets, not being depreciated	681,333	51,715	-	733,048
Capital assets, being depreciated				
Office furniture, fixtures and equipment	159,086	-	-	159,086
Vehicles	483,993	-	-	483,993
Machinery and equipment	3,943,705	10,100	-	3,953,805
Assets held under capital lease	638,015	-	-	638,015
Infrastructure - Drainage	13,094,358	6,942	-	13,101,300
Total capital assets, being depreciated	18,319,157	17,042	-	18,336,199
Less accumulated depreciation				
Office furniture, fixtures and equipment	(145,242)	(10,544)	-	(155,786)
Vehicles	(394,982)	(33,017)	-	(427,999)
Machinery and equipment	(3,756,949)	(86,196)	-	(3,843,145)
Assets held under capital lease	(342,391)	(91,145)	-	(433,536)
Infrastructure - Drainage	(4,500,048)	(395,402)	-	(4,895,450)
Total accumulated depreciation	(9,139,612)	(616,304)	-	(9,755,916)
Total capital assets, being depreciation, net	9,179,545	(599,262)	-	8,580,283
Capital assets, net	\$ 9,860,878	\$ (547,547)	\$ -	\$ 9,313,331

Depreciation expense was charged to the functions/programs of the District as follows:

General Administration	\$ 10,544
Drainage	605,760
Total	\$ 616,304

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

7) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Capital asset activity for the business-type activities for the year ended September 30, 2021, is described in the table below:

<b>Business-type Activities</b>	Balance October 1, 2020	Increases	Transfers and Retirements	Balance September 30, 2021
Capital assets, not being depreciated				
Land	\$ 1,107,128	\$ -	\$ -	\$ 1,107,128
Construction in progress	1,807,826	59,066	-	1,866,892
Total capital assets, not being depreciated	<u>2,914,954</u>	<u>59,066</u>	<u>-</u>	<u>2,974,020</u>
Capital assets, being depreciated				
Buildings and improvements	3,776,265	-	-	3,776,265
Office furniture, fixtures and equipment	113,352	-	-	113,352
Vehicles	516,988	-	-	516,988
Machinery and equipment	1,172,903	-	-	1,172,903
Infrastructure - Water and Wastewater	41,405,059	999,238	-	42,404,297
Total capital assets, being depreciated	<u>46,984,567</u>	<u>999,238</u>	<u>-</u>	<u>47,983,805</u>
Less accumulated depreciation				
Buildings and improvements	(394,368)	(93,952)	-	(488,320)
Office furniture, fixtures and equipment	(73,236)	(6,843)	-	(80,079)
Vehicles	(435,377)	(37,286)	-	(472,663)
Machinery and equipment	(967,460)	(76,656)	-	(1,044,116)
Infrastructure - Water and Wastewater	(20,991,558)	(1,099,891)	-	(22,091,449)
Total accumulated depreciation	<u>(22,861,999)</u>	<u>(1,314,628)</u>	<u>-</u>	<u>(24,176,627)</u>
Total capital assets, being depreciation, net	<u>24,122,568</u>	<u>(315,390)</u>	<u>-</u>	<u>23,807,178</u>
Capital assets, net	<u>\$ 27,037,522</u>	<u>\$ (256,324)</u>	<u>\$ -</u>	<u>\$ 26,781,198</u>
Total depreciation expense			<u>\$ 1,314,628</u>	

Construction in progress consisted primarily of water and sewer extensions and lift station rehabilitations.

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

8) **DUE TO OTHER GOVERNMENTS**

The District's obligations to other governments as of September 30, 2021, consisted of TCEQ fees in the amount of \$17,194.

9) **LONG-TERM DEBT**

Long-term debt activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Revenue refunding bonds,					
Series 2012	\$ 4,180,000	\$ -	\$ (640,000)	\$ 3,540,000	\$ 660,000
Revenue bonds, Series 2014	2,635,000	-	(75,000)	2,560,000	100,000
Bond premiums	338,329	-	(46,657)	291,672	46,657
Total bonded debt	\$ 7,153,329	\$ -	\$ (761,657)	\$ 6,391,672	\$ 806,657

***Revenue Refunding Bonds, Series 2012***

During fiscal year 2012, the District issued Revenue Refunding bonds, Series 2012, with a face value of \$9,220,000, for the purpose of refunding all of the District's then outstanding bonds (Series 1998A, Series 1998B and Series 2002). The interest rates on the Series 2012 Bonds range from 2.0% to 3.5%. The bonds are secured and payable by a lien on the net revenues from the operations of the District's waterworks and sanitary sewer system, as defined in the bond order. The District is required to deposit monthly into an interest and sinking fund, an amount as will be sufficient to pay the principal and interest on the next payment date.

Additionally, the District is required to maintain a reserve fund equal to the largest year of future debt service. The reserve was fully funded at the time of issuance of the bonds. The reserve is to be used to pay the principal and interest on the bonds at any time when there is not sufficient money available in the interest and sinking fund for such purpose. If the reserve is reduced below the stated funding level, monthly deposits are to be made until the reserve fund has been restored.

There are a number of limitations, restrictions, and provisions contained in the bond indentures. The District is in compliance with all significant limitations, restrictions, and provisions.

***Revenue Bonds, Series 2014***

During fiscal year 2015, the District issued Revenue bonds, Series 2014, with a face value of \$2,910,000, for the purpose of constructing the District's office facilities. The interest rates on the Series 2014 Bonds range from 3.0% to 4.0%. The bonds are secured and payable by a lien on the net revenues from the operations of the District's waterworks and sanitary sewer system, as defined in the bond order. The District is required to deposit monthly into an interest and sinking fund, an amount as will be sufficient to pay the principal and interest on the next payment date.

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

9) **LONG-TERM DEBT (CONTINUED)**

Additionally, the District is required to maintain a reserve fund equal to the largest year of total future debt service with consideration of the 2012 Bonds reserve funds. The reserve was fully funded at the time of issuance of the bonds. The reserve is to be used to pay the principal and interest on the bonds at any time when there is not sufficient money available in the interest and sinking fund for such purpose. If the reserve is reduced below the stated funding level, monthly deposits are to be made until the reserve fund has been restored.

There are a number of limitations, restrictions, and provisions contained in the bond indentures. The District is in compliance with all significant limitations, restrictions, and provisions.

The following is a schedule of annual requirements necessary to amortize all bonded indebtedness outstanding of the Water and Wastewater Enterprise Fund as of September 30, 2021, including total principal of \$6,100,000 and total interest of \$1,225,476.

Due During Fiscal Years Ending September 30,	Total Principal Due	Total Interest Due	Total Principal and Interest
2022	\$ 760,000	\$ 221,300	\$ 981,300
2023	785,000	195,200	980,200
2024	795,000	168,226	963,226
2025	830,000	140,850	970,850
2026	870,000	112,300	982,300
2027-2031	1,210,000	318,600	1,528,600
2032-2034	850,000	69,000	919,000
	\$ 6,100,000	\$ 1,225,476	\$ 7,325,476

The amount available in the Water and Sewer Enterprise Fund debt service accounts as of September 30, 2021, is \$1,160,947 to service the above bonded indebtedness. This consists of \$175,433 in interest and sinking funds and \$985,514 in reserve funds.



# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

10) **CHANGES IN OTHER LONG-TERM LIABILITIES**

During the year ended September 30, 2021, in addition to the bonded indebtedness noted in footnote 9 and pension benefits noted in footnote 12, the District had the following Changes in Other Long-Term Liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Capital leases	\$ 169,522	\$ -	\$ (134,793)	\$ 34,729	\$ 34,729
Compensated absences	87,013	41,101	(48,496)	79,618	48,496
Total long-term liabilities	<u>\$ 256,535</u>	<u>\$ 41,101</u>	<u>\$ (183,289)</u>	<u>\$ 114,347</u>	<u>\$ 83,225</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 110,214	\$ 73,582	\$ (69,574)	\$ 114,222	\$ 69,574
Total long-term liabilities	<u>\$ 110,214</u>	<u>\$ 73,582</u>	<u>\$ (69,574)</u>	<u>\$ 114,222</u>	<u>\$ 69,574</u>

**Capital Leases**

In prior years, the District entered into leases for machinery and equipment which meet the criteria for capitalization. The leases include a governmental clause whereby the leases may be terminated at the end of (or with appropriate notice during) budget periods if such funding is not budgeted and District funds are not appropriated. However, the District considers the leases to be capital leases and have accounted for them as such in the financial statements.

Capital assets held under capital leases at September 30, 2021, amounted to \$638,015 and are included in capital assets. The related present values of the remaining obligations under the capital leases of \$34,729 are included in long-term liabilities (\$34,729 in governmental-type activities and \$-0- in business-type activities.)

The future minimum obligations under capital leases at September 30, 2021, are as follows:

Due During Fiscal Years Ending September 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$ 34,729	\$ 186	\$ -	\$ -	\$ 34,915
	<u>\$ 34,729</u>	<u>\$ 186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,915</u>

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

### 10) CHANGES IN OTHER LONG-TERM LIABILITIES (CONTINUED)

#### Compensated Absences Payable

District employees are entitled to certain compensated absences based on the length of their employment. Sick leave does not vest or accumulate and is recorded as an expenditure when paid. No employee will be paid for unused sick leave upon separation of employment, unless specified by contract. Vacation time may be carried from one year to the next year. Employees will be paid for unused vacation time up to one and one-half times their annual vacation days upon separation of employment. Unused accrued vacation in excess of these days will not be reimbursed. The liability for accumulated vacation benefits of \$193,840 is reflected on the Statement of Net Position.

### 11) OTHER REQUIRED DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the basic financial statements, of certain information:

- A) General fund expenditures exceeded the budgeted amounts by: Repairs and Maintenance \$40,933, Professional Fees \$14,380.
- B) Enterprise fund expenses exceed the budgeted amounts by: Personnel \$9,862, Supplies \$203,170, Repairs and Maintenance \$17,278, Maintenance of Plants/Buildings \$40,891, Utilities \$22,447.

### 12) PENSION PLAN

#### Plan Description

Trinity Bay Conservation District provides retirement, disability and survivor benefits for all of its full-time and part-time non-temporary employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of separate nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at [www.tcdrs.org](http://www.tcdrs.org).

#### Benefits provided

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 ages 60 and above with 8 or more years of service or with 30 years regardless of age, or when the sum of their age and years of 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-finance benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

12) **PENSION PLAN (CONTINUED)**

Benefit amounts are determined by sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of those monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to 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 contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	17
Active employees	<u>43</u>
	<u>82</u>

### ***Funding Policy***

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

The employer contributed using the actuarially determined rate of 15.44% for the months of the accounting year in 2020 and 15.44% for the months of the accounting year in 2021. The contribution rate payable by the employee members for calendar years 2020 and 2021 is the rate of 7.00%, as adopted by the governing body of the employer.

### ***Annual Pension Cost***

For the employer's accounting year ended September 30, 2021, the annual pension cost for the TCDRS plan for its employees was \$385,311 and the actual contribution was \$385,311.

The required contribution was determined as part of the December 31, 2020 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2020 included (a) 7.5 percent investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.6 percent. Both (a) and (b) included an inflation component of 2.50 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

12) **PENSION PLAN (CONTINUED)**

***Net Pension Liability / (Asset)***

	December 31, 2019	December 31, 2020
Total pension liability	\$ 11,022,610	\$ 12,527,144
Fiduciary net position	9,819,600	10,988,790
Net pension liability / (asset)	\$ 1,203,010	\$ 1,538,354
Fiduciary net position as a % of total pension liability	89.09%	87.72%
Pensionable covered payroll <sup>(1)</sup>	\$ 2,902,886	\$ 2,788,366
Net pension liability as a % of covered payroll	41.44%	55.17%

<sup>(1)</sup> Payroll is calculated based on contributions as reported to TCDRS.

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

***Discount Rate***

	December 31, 2019	December 31, 2020
Discount rate <sup>(2)</sup>	8.10%	7.60%
Long-term expected rate of return, net of investment expenses <sup>(2)</sup>	8.10%	7.60%
Municipal bond rate <sup>(3)</sup>	Does not apply	Does not apply

<sup>(2)</sup> The rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

<sup>(3)</sup> The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

***Other Key Actuarial Assumptions***

All actuarial assumptions that determined the total pension liability as of December 31, 2020 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. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

	Beginning Date	Ending Date
Valuation date	December 31, 2019	December 31, 2020
Measurement date	December 31, 2019	December 31, 2020
Reporting date	October 1, 2020	September 30, 2021

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

12) **PENSION PLAN (CONTINUED)**

***Actuarial Methods and Assumptions Used for GASB Calculations***

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age Normal <sup>(1)</sup>
Amortization Method	
Recognition of economic/ demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation.
Investment Rate of Return	7.60%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Trinity Bay Conservation District are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	60 and above
Turnover	New employees are assumed to replace any terminated members and have similar entry ages. The rates vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.
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.

<sup>(1)</sup> Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

### 12) PENSION PLAN (CONTINUED)

#### *Actuarial Methods and Assumptions Used for Funding Valuation*

##### *Economic Assumptions*

TCDRS system-wide economic assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

The assumed long-term investment return of 7.5% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.5% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

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 3.00% (made up of 2.50% 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.

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	1.50%

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

#### *Long-term Expected Rate of Return*

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 2021 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 long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

### 1.2) PENSION PLAN (CONTINUED)

#### *Long-term Expected Rate of Return (Continued)*

Asset Class	Benchmark	Target Allocation <sup>(1)</sup>	Geometric Real Rate of Return <sup>(2)</sup>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) index	5.00%	4.25%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment - Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Assoc. Distressed Securities Index <sup>(4)</sup>	4.00%	5.70%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnership (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

<sup>(1)</sup> Target asset allocation adopted at the March 2021 TCDRS Board Meeting.

<sup>(2)</sup> Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's 2021 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

#### **Discount Rate**

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1) calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax exempt municipal bond should be used to discount the projected benefit payments for those years.

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

### 12) PENSION PLAN (CONTINUED)

#### *Discount Rate (Continued)*

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes.

Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.



# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

12) PENSION PLAN (CONTINUED)

*Changes in Net Pension Liability*

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances as of December 31, 2019	\$ 11,022,610	\$ 9,819,600	\$ 1,203,010
Changes for the year:			
Service Cost	363,225	-	363,225
Interest on total pension liability <sup>(1)</sup>	903,634	-	903,634
Effect of plan changes <sup>(2)</sup>	-	-	-
Effect of economic/demographic gains or losses	(37,801)	-	(37,801)
Effect of assumptions changes or inputs	744,321	-	744,321
Refund of contributions	(35,465)	(35,465)	-
Benefit payments	(433,380)	(433,380)	-
Administrative expenses	-	(8,041)	8,041
Member contributions	-	195,186	(195,186)
Net Investment income	-	1,014,751	(1,014,751)
Employer contributions	-	430,524	(430,524)
Other <sup>(3)</sup>	-	5,615	(5,615)
	<u>\$ 12,527,144</u>	<u>\$ 10,988,790</u>	<u>\$ 1,538,354</u>
Balances as of December 31, 2020	<u>\$ 12,527,144</u>	<u>\$ 10,988,790</u>	<u>\$ 1,538,354</u>

<sup>(1)</sup> Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Relates to allocation of system-wide items.

**Sensitivity Analysis**

The following presents the net pension liability of the employer, calculated using the discount rate of 7.60%, as well as what the Trinity Bay Conservation District net pension liability would be if it were calculated using a discount rate that is 1 percent point lower (6.60%) or 1 percent higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 14,248,198	\$ 12,527,144	\$ 11,091,147
Fiduciary net position	<u>10,988,790</u>	<u>10,988,790</u>	<u>10,988,790</u>
Net pension liability / (asset)	<u>\$ 3,259,408</u>	<u>\$ 1,538,354</u>	<u>\$ 102,357</u>

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

12) PENSION PLAN (CONTINUED)

	January 1, 2020 to December 31, 2020
Service cost	\$ 363,225
Interest on total pension liability <sup>(1)</sup>	903,634
Effect on plan changes	-
Administrative expenses	8,041
Member contributions	(195,186)
Expected investment return net of investment expenses	(801,521)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	9,655
Recognition of assumption changes or inputs	134,987
Recognition of investment gains or losses	(90,612)
Other <sup>(2)</sup>	(5,615)
 Pension expense / (income)	 \$ 326,608

<sup>(1)</sup> Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

<sup>(2)</sup> Relates to allocation of system-wide items.

***Pension Expense / (Income)***

***Deferred inflows and outflows of resources are as follows as of December 31, 2020:***

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 53,857	\$ 93,437
Changes of assumption	-	634,071
Net difference between projected and actual earnings	332,621	-
	386,478	727,508
Contributions made subsequent to measurement date	n/a	281,664
	\$386,478	\$1,009,172

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

Year ended December 31:	
2021	\$ 39,717
2022	131,088
2023	(36,052)
2024	88,528
2025	117,749
Thereafter	-

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

### 12) PENSION PLAN (CONTINUED)

#### *Allocation of Pension Amounts to Funds or Departments*

Governmental Accounting Standards Board Statement No. 68 does not establish specific requirements for allocation of the net pension liability or other pension-related amounts to individual funds or departments.

GASB Implementation Guide 2015-1 question 5.129.1 states: For proprietary and fiduciary funds, consideration should be given to NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, paragraph 42, as amended, which requires that long-term liabilities that are directly related to and expected to be paid from those funds be reported in the statement of net position.

During the year ended September 30, 2020, management has elected to allocate the accounting and reporting of pension-related activity between the General Fund and the Proprietary Fund. This resulted in a prior period adjustment between both funds during the current year.

### 13) COMMITMENTS AND CONTINGENCIES

The District is a party to various claims and legal actions arising in the ordinary course of operations. In the opinion of management, all such matters are adequately covered by insurance or if not so covered, are without merit, or involve such amounts that unfavorable disposition would not have a material effect on the operation of the District.

### 14) TAX ABATEMENTS

The Trinity Bay Conservation District is committed to an expansion of its tax base, an increase to its population, the promotion of development in the District, and to an ongoing improvement in the quality of life for its residents. The District offers tax abatements for new and existing industries that bring new wealth within the boundaries of the District. Property eligible for tax abatement per the guidelines and criteria is defined as: property utilized by new and existing industries expected to result in an addition to the tax base of at least \$500,000 after the period of abatement expires. As provided in the Act, abatement may only be granted for the value of eligible property subsequent to and listed in an abatement agreement between the District and the property owner where the District has, by official action, expressed an intent to be bound by the terms of the agreement in accordance with Section 312.206(a) of the Texas Property Code.

Upon determination that all requirements for tax abatement have been satisfied by the applicant, the value and terms of the abatements will be for a period of eight (5) years in accordance with the Value and Term Abatement established in resolution no. 16-11 of the Board of Directors of the District. Abatement shall be granted effective with the January 1 valuation date immediately following the date of approval of the abatement agreement and completion of construction of the property.

For the fiscal year ended September 30, 2021, the District abated property valued at \$758,270, which resulted in abated property taxes totaling \$1,805. All abatement agreements were in relation to commercial property and there was one agreement for the fiscal year ended September 30, 2021.

### 15) RECLASSIFICATION OF PRIOR PERIOD PRESENTATION

Certain prior period balances have been reclassified for consistency with the current year presentation.

# TRINITY BAY CONSERVATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

### 16) GRANTS

The District is party to interlocal agreements with Chambers County for purposes of constructing water facilities and improvements to current drainage systems. Mayhaw Bayou Improvements, Smith Point Water Line, and Highway 61 Sanitary Sewer projects were in progress during the fiscal year. The County is a recipient of grant funds from the General Land Office (GLO), and grant funds from the Texas Department of Rural Affairs (TDRA). In consideration of the construction by the District, the County agrees to compensate the District for the costs of labor and equipment incurred by the District in connection with the projects. Rates of reimbursement are outlined in the interlocal agreements.

For the year ended September 30, 2021 revenue received from Chambers County totaled \$12,813 and is reported as Other Revenue on the Statement of Activities. Costs incurred by the District primarily consists of payroll, and fuel expenses. Expenses relating to materials are not significant in relation to the overall costs of the projects. Project costs are reported as operating expenses in the Water and Sewer Fund and expenditures in the General Fund.

**REQUIRED SUPPLEMENTARY INFORMATION**

# TRINITY BAY CONSERVATION DISTRICT

## SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Total Pension Liability				
Service cost	\$ 363,225	\$ 318,356	\$ 300,678	\$ 282,338
Interest on total pension liability	903,634	832,415	767,222	705,447
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	744,321	-	-	17,221
Effect of economic/demographic (gains) or losses	(37,802)	80,530	50,582	43,379
Benefit payments / refunds of contributions	<u>(468,844)</u>	<u>(327,736)</u>	<u>(334,751)</u>	<u>(274,569)</u>
Net change in total pension liability	1,504,534	903,565	783,731	773,816
Total pension liability, beginning	<u>11,022,610</u>	<u>10,119,045</u>	<u>9,335,314</u>	<u>8,561,498</u>
Total pension liability, ending (a)	<u>12,527,144</u>	<u>11,022,610</u>	<u>10,119,045</u>	<u>9,335,314</u>
Fiduciary Net Position				
Employer contributions	430,524	448,206	378,993	361,041
Member contributions	195,186	203,202	171,823	163,685
Investment income net of investment expenses	1,014,751	1,338,472	(148,188)	1,001,585
Benefit payments / refunds of contributions	(468,844)	(327,736)	(334,751)	(274,569)
Administrative expenses	(8,041)	(7,483)	(6,548)	(5,376)
Other	<u>5,614</u>	<u>12,450</u>	<u>7,250</u>	<u>3,301</u>
Net change in fiduciary net position	1,169,190	1,667,111	68,579	1,249,667
Fiduciary net position, beginning	<u>9,819,600</u>	<u>8,152,489</u>	<u>8,083,910</u>	<u>6,834,243</u>
Fiduciary net position, ending (b)	<u>10,988,790</u>	<u>9,819,600</u>	<u>8,152,489</u>	<u>8,083,910</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 1,538,354</u>	<u>\$ 1,203,010</u>	<u>\$ 1,966,556</u>	<u>\$ 1,251,404</u>
Fiduciary net position as a % of total pension liability	87.72%	89.09%	80.57%	86.59%
Pensionable covered payroll	\$ 2,788,366	\$ 2,902,886	\$ 2,454,618	\$ 2,338,352
Net pension liability as a % of covered payroll	55.17%	41.44%	80.12%	53.52%

See Independent Auditor's Report on Supplementary Information.

Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
\$ 292,558	\$ 239,916	\$ 233,778
642,780	599,247	551,401
-	(56,493)	-
-	56,442	-
(36,913)	(82,650)	27,659
<u>(253,170)</u>	<u>(236,857)</u>	<u>(213,843)</u>
645,255	519,605	598,995
<u>7,916,243</u>	<u>7,396,638</u>	<u>6,797,643</u>
<u>8,561,498</u>	<u>7,916,243</u>	<u>7,396,638</u>
335,565	324,450	305,717
152,134	147,095	138,602
454,562	(116,686)	366,990
(253,170)	(236,857)	(213,843)
(4,940)	(4,380)	(4,419)
<u>21,913</u>	<u>(5,416)</u>	<u>(9,035)</u>
706,064	108,206	584,012
<u>6,128,179</u>	<u>6,019,973</u>	<u>5,435,961</u>
<u>6,834,243</u>	<u>6,128,179</u>	<u>6,019,973</u>
<u><u>\$ 1,727,255</u></u>	<u><u>\$ 1,788,064</u></u>	<u><u>\$ 1,376,665</u></u>
79.83%	77.41%	81.39%
\$ 2,173,347	\$ 2,101,363	\$ 1,980,030
79.47%	85.09%	69.53%

# TRINITY BAY CONSERVATION DISTRICT

## SCHEDULE OF EMPLOYER CONTRIBUTIONS AT AND FOR THE YEAR ENDED SEPTEMBER 30, 2021

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll <sup>(1)</sup>	Actual Contribution as a % of Covered Payroll
2011	\$ 186,939	\$ 186,939	\$ -	\$ 1,552,646	12.0%
2012	240,991	240,991	-	1,769,391	13.6%
2013	253,091	253,091	-	1,894,396	13.4%
2014	305,717	305,717	-	1,980,030	15.4%
2015	307,219	324,450	(17,231)	2,101,363	15.4%
2016	308,398	335,565	(27,167)	2,173,347	15.4%
2017	328,772	361,041	(32,269)	2,338,352	15.4%
2018	361,811	378,993	(17,182)	2,454,618	15.4%
2019	410,178	448,206	(38,028)	2,902,886	15.4%
2020	401,804	430,524	(28,720)	2,788,366	15.4%

*(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.*

*(2) Payroll is calculated based on contribution as reported to TCDRS*

See Independent Auditor's Report on Supplementary Information.



# TRINITY BAY CONSERVATION DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL – GOVERNMENTAL FUND SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance Favorable (Unfavorable)
<b>REVENUES</b>				
General property taxes	\$ 3,387,500	\$ 3,387,500	\$ 3,380,429	\$ (7,071)
Other tax revenue	10,000	10,000	18,488	8,488
Penalties and interest	75,000	75,000	74,148	(852)
Intergovernmental revenue	300,000	300,000	-	(300,000)
Investment earnings	6,000	6,000	6,387	387
Other revenue	15,000	15,000	79,288	64,288
<b>Total revenues</b>	<u>3,793,500</u>	<u>3,793,500</u>	<u>3,558,740</u>	<u>(234,760)</u>
<b>EXPENDITURES</b>				
Personnel costs	2,125,300	2,125,300	2,014,215	111,085
Supplies	267,300	267,300	186,669	80,631
Repairs and maintenance	238,115	238,115	279,048	(40,933)
Professional fees	82,700	82,700	97,080	(14,380)
Utilities	28,000	28,000	26,595	1,405
Contract and outside services	352,000	352,000	291,336	60,664
Sundry	16,500	16,500	3,533	12,967
Capital expenditures	500,000	500,000	88,162	411,838
<b>Total expenditures</b>	<u>3,609,915</u>	<u>3,609,915</u>	<u>2,986,638</u>	<u>623,277</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>183,585</u>	<u>183,585</u>	<u>572,102</u>	<u>388,517</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	(87,325)	(87,325)	(68,440)	18,885
FEMA Grant Deobligation	-	-	(123,172)	(123,172)
<b>Total Other Financing Sources (Uses)</b>	<u>(87,325)</u>	<u>(87,325)</u>	<u>(191,612)</u>	<u>(104,287)</u>
<b>NET CHANGE IN FUND BALANCE</b>	96,260	96,260	380,490	284,230
<b>FUND BALANCE, beginning of period</b>	<u>2,873,210</u>	<u>2,873,210</u>	<u>2,873,210</u>	<u>-</u>
<b>FUND BALANCE, end of period</b>	<u>\$ 2,969,470</u>	<u>\$ 2,969,470</u>	<u>\$ 3,253,700</u>	<u>\$ 284,230</u>

See Independent Auditor's Report on Supplementary Information.

# TRINITY BAY CONSERVATION DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BUDGET AND ACTUAL – WATER AND WASTEWATER FUND SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Water sales	\$ 1,705,000	\$ 1,705,000	\$ 1,673,531	\$ (31,469)
Sewer sales	740,000	740,000	326,590	(413,410)
Penalty income	25,000	25,000	62,891	37,891
Tap connection fees	340,000	340,000	289,556	(50,444)
Capital improvement fee	2,000,000	2,000,000	2,701,425	701,425
Materials and engineering	400,000	400,000	192,676	(207,324)
Miscellaneous	15,600	15,600	80,517	64,917
Total operating revenues	5,225,600	5,225,600	5,327,186	101,586
<b>EXPENSES</b>				
Personnel	2,039,150	2,039,150	2,049,012	(9,862)
Supplies	684,500	684,500	887,670	(203,170)
Repairs & maintenance	56,612	56,612	73,890	(17,278)
Maintenance of plants/buildings	41,000	41,000	81,891	(40,891)
Professional fees	107,000	107,000	96,660	10,340
Utilities	220,000	220,000	242,447	(22,447)
Contract and outside services	472,100	472,100	440,517	31,583
Sundry	18,500	18,500	8,400	10,100
Capital improvement projects	718,263	718,263	696,919	21,344
Total operating expenses	4,357,125	4,357,125	4,577,406	(220,281)
<b>OPERATING INCOME (LOSS) - BUDGET BASIS</b>	868,475	868,475	749,780	(118,695)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income from investments	5,200	5,200	8,313	3,113
Developer contributions	-	-	550,688	550,688
Bond principal payments	(615,000)	(615,000)	(615,000)	-
Interest and amortization	(346,000)	(346,000)	(197,463)	148,537
Transfers in (out)	87,325	87,325	68,440	(18,885)
Total non-operating revenues (expenses)	(868,475)	(868,475)	(185,022)	683,453
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES</b>	\$ -	\$ -	564,758	\$ 564,758
Capitalized expenses			525,717	
Depreciation			(1,314,629)	
Debt payments applied to principal			615,000	
<b>CHANGE IN NET POSITION</b>			\$ 390,846	

See Independent Auditor's Report on Supplementary Information.

**TEXAS SUPPLEMENTARY INFORMATION**

# TRINITY BAY CONSERVATION DISTRICT

## SCHEDULE OF SERVICES AND RATES

SEPTEMBER 30, 2021

1. Services provided by the District:

- |   |   |                                     |
|---|---|-------------------------------------|
| <input checked="" type="checkbox"/> Retail Water  | <input checked="" type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage   |
| <input checked="" type="checkbox"/> Retail Wastewater   | <input type="checkbox"/> Wholesale Wastewater       | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation   | <input type="checkbox"/> Fire Protection            | <input type="checkbox"/> Security   |
| <input type="checkbox"/> Solid Waste/Garbage  | <input type="checkbox"/> Flood Control              | <input type="checkbox"/> Roads      |
| <input type="checkbox"/> Participants in joint venture, regional system and/or wastewater service (other than emergency interconnect) |   |                                     |
| <input type="checkbox"/> Other  |   |                                     |

2. Retail rates based on 5/8" meter: Retail rates not applicable

The most prevalent type of meter (if not a 5/8"): 5/8" is most prevalent

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water	\$ 48.00	0	Y	\$ 5.50	0	to	10,000
				5.80	10,001	to	plus
Wastewater	10.00	2,000	Y	2.45	2,001	to	plus
Surcharge	N A						

Does the District employ winter averaging for wastewater usage: Yes  No

Total water and wastewater charges per 10,000 gallons usage (including surcharges):

Water \$103.00 Wastewater \$ 29.60

Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered			x 1.0	
< 3/4"	5,559	4,412	x 1.0	4,412
1"	335	292	x 2.5	730
1.5"	52	49	x 5.0	245
2"	65	60	x 8.0	480
3"	12	11	x 15.0	165
4"	9	8	x 25.0	200
6"	1	-	x 50.0	-
8"	-	-	x 80.0	-
10"	-	-	x 115.0	-
Total Water	6,033	4,832		6,232
Total Wastewater	5,840	4,715	x 1.0	4,715

See Independent Auditor's Report on Supplementary Information.

**TRINITY BAY CONSERVATION DISTRICT**

**SCHEDULE OF SERVICES AND RATES**

**SEPTEMBER 30, 2021**

**(CONTINUED)**

3. Total water consumption (rounded to the nearest 1,000) during the fiscal year:

Gallons pumped into system:	<u>485,492</u>
Gallons billed to customers:	<u>326,309</u>
Water accountability ratio: (Gallons billed/gallons pumped)	67%

4. Standby fees: Does the District assess standby fees? Yes \_\_\_\_\_ No  X

Have standby fees been levied in accordance with Water Code Section 49.231 thereby constituting a lien on a property?

Yes \_\_\_\_\_ No  X

5. Location of District: (submitted in prior years).

See Independent Auditor's Report on Supplementary Information.

# TRINITY BAY CONSERVATION DISTRICT

## GENERAL FUND EXPENDITURES SEPTEMBER 30, 2021

### EXPENDITURES

Personnel (including benefits)	<u>\$ 2,014,215</u>
Professional fees	
Auditing & accounting	18,744
Legal	44,697
Other professional fees	<u>33,639</u>
Total professional fees	<u>97,080</u>
Purchased and contracted services	
Appraisal district	25,588
Tax collectors	8,056
Equipment rental	648
Other contracted and outside services	<u>24,038</u>
Total contracted services	<u>58,330</u>
Consumable supplies and materials	
Fuel, chemicals and other	165,805
Repair and maintenance	<u>290,126</u>
Total consumable supplies and materials	<u>455,931</u>
Recurring operating expenses	
Office supplies	9,786
Insurance	94,739
Utilities	26,595
Other administrative expenses	<u>3,533</u>
Total administrative expenses	<u>134,653</u>
Capital outlay	<u>88,162</u>
Debt service	
Principal	134,794
Interest	<u>3,473</u>
Total debt service	<u>138,267</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 2,986,638</u></u>

Number of persons employed by the District: 45 full-time 0 part-time

See Independent Auditor's Report on Supplementary Information.

# TRINITY BAY CONSERVATION DISTRICT

## WATER AND WASTEWATER FUND EXPENSES

SEPTEMBER 30, 2021

### OPERATING EXPENSES

Personnel (including benefits)	<u>\$ 2,049,012</u>
Professional fees	
Auditing	18,744
Legal	41,218
Engineering	36,618
Other professional fees	<u>80</u>
Total professional fees	<u>96,660</u>
Purchased and contracted services	
Bulk water and wastewater purchases	164,253
Other contracted and outside services	<u>178,758</u>
Total purchased and contracted services	<u>343,011</u>
Consumable supplies and materials	
Fuel, chemicals and other	367,803
Repair and maintenance	326,983
Materials and supplies	<u>506,670</u>
Total consumable supplies and materials	<u>1,201,456</u>
Recurring operating expenses	
Utilities	242,447
Insurance	89,080
Other administrative expenses	<u>21,517</u>
Total administrative expenses	<u>353,044</u>
Depreciation and amortization	<u>1,314,629</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>5,357,812</u>
Interest expense and fiscal charges	<u>197,463</u>
Total non-operating expenses	<u>197,463</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 5,555,275</u></u>

See Independent Auditor's Report on Supplementary Information.

# TRINITY BAY CONSERVATION DISTRICT

## SCHEDULE OF TEMPORARY INVESTMENTS

SEPTEMBER 30, 2021

Institution - Investment	Identification or Certificate Number	Interest Rate	Maturity Date	Balances at End of Year	
				Unrestricted	Restricted
General Fund					
East Chambers County Bank - CD	7080281	0.20%	10/08/2021	\$ 3,037,158	\$ -
Water and Sewer Fund					
East Chambers County Bank - CD	7080283	0.20%	10/08/2021	726	-
East Chambers County Bank - CD	7080284	0.20%	10/08/2021	31,178	784,827
East Chambers County Bank - CD	7080285	0.20%	10/08/2021	-	139,941
East Chambers County Bank - CD	7080286	0.20%	8/10/2021	-	786,600
East Chambers County Bank - CD	7080332	0.20%	10/10/2021	-	31,478
East Chambers County Bank - CD	7080356	0.20%	11/2/2021	-	195,700
Total temporary investments				<u>\$ 3,069,062</u>	<u>\$ 1,938,546</u>

The Board of Directors of Trinity Bay Conservation District has elected to use Certificates of Deposit as a component of the Reserve Fund required by the Bond Orders associated with the issuance of revenue refunding bonds of series 2012, and revenue bonds of series 2014.

See Independent Auditor's Report on Supplementary Information.



# TRINITY BAY CONSERVATION DISTRICT

## ANALYSIS OF TAXES LEVIED AND RECEIVABLE SEPTEMBER 30, 2021

	Maintenance Taxes
Taxes receivable, beginning of year	\$ 445,554
2020 original tax levy	3,392,524
Total to be accounted for	3,838,078
Taxes collections	
Current year	3,270,001
Prior year	98,506
Total collections	3,368,507
Adjustments	34,298
	3,402,805
Taxes receivable, end of year	\$ 435,273
Taxes receivable by year	
2020	\$ 99,822
2019	53,561
2018	30,052
2017	28,001
2016	21,515
Before 2016	202,322
Taxes receivable, end of year	\$ 435,273

	2020	2019	2018	2017
Property valuations				
Chambers County	\$ 851,611,822	\$ 853,844,711	\$ 822,636,112	\$ 791,764,578
Jefferson County	6,361,753	6,332,431	5,387,555	5,399,025
Total	\$ 857,973,575	\$ 860,177,142	\$ 828,023,667	\$ 797,163,603
Tax rates per \$100 valuation				
Maintenance tax rate	\$ 0.394930	\$ 0.408700	\$ 0.408700	\$ 0.408700
Debt Service tax rate	-	-	-	-
Original levy	\$ 3,392,524	\$ 3,518,875	\$ 3,388,152	\$ 3,262,663
Percent of taxes collected to taxes levied	96.4%	95.9%	97.5%	96.5%

See Independent Auditor's Report on Supplementary Information.

**TRINITY BAY CONSERVATION DISTRICT**

**WATER AND WASTEWATER - ENTERPRISE FUND  
DEBT SERVICE REQUIREMENTS BY YEARS  
SEPTEMBER 30, 2021**

Due During Fiscal Years Ending September 30,	Revenue Refunding Bonds Series 2012 Issued \$9,220,000			Total Principal and Interest
	February 15,	August 15,		
	Interest	Interest	Principal	
2022	\$ 61,950	\$ 61,950	\$ 660,000	\$ 783,900
2023	50,400	50,400	685,000	785,800
2024	38,413	38,413	705,000	781,826
2025	26,075	26,075	730,000	782,150
2026	13,300	13,300	760,000	786,600
	<u>\$ 190,138</u>	<u>\$ 190,138</u>	<u>\$ 3,540,000</u>	<u>\$ 3,920,276</u>

Due During Fiscal Years Ending September 30,	Revenue Refunding Bonds Series 2014 Issued \$2,910,000			Total Principal and Interest
	February 15,	August 15,		
	Interest	Interest	Principal	
2022	\$ 48,700	\$ 48,700	\$ 100,000	\$ 197,400
2023	47,200	47,200	100,000	194,400
2024	45,700	45,700	90,000	181,400
2025	44,350	44,350	100,000	188,700
2026	42,850	42,850	110,000	195,700
2027	41,200	41,200	225,000	307,400
2028	36,700	36,700	235,000	308,400
2029	32,000	32,000	240,000	304,000
2030	27,200	27,200	250,000	304,400
2031	22,200	22,200	260,000	304,400
2032	17,000	17,000	270,000	304,000
2033	11,600	11,600	285,000	308,200
2034	5,900	5,900	295,000	306,800
	<u>\$ 422,600</u>	<u>\$ 422,600</u>	<u>\$ 2,560,000</u>	<u>\$ 3,405,200</u>

See Independent Auditor's Report on Supplementary Information.

**TRINITY BAY CONSERVATION DISTRICT**  
**WATER AND WASTEWATER - ENTERPRISE FUND**  
**DEBT SERVICE REQUIREMENTS BY YEARS**  
**SEPTEMBER 30, 2021**  
**(CONTINUED)**

Due During Fiscal Years Ending September 30,	Annual Requirements for All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest
2022	\$ 760,000	\$ 221,300	\$ 981,300
2023	785,000	195,200	980,200
2024	795,000	168,226	963,226
2025	830,000	140,850	970,850
2026	870,000	112,300	982,300
2027	225,000	82,400	307,400
2028	235,000	73,400	308,400
2029	240,000	64,000	304,000
2030	250,000	54,400	304,400
2031	260,000	44,400	304,400
2032	270,000	34,000	304,000
2033	285,000	23,200	308,200
2034	295,000	11,800	306,800
	<u>\$ 6,100,000</u>	<u>\$ 1,225,476</u>	<u>\$ 7,325,476</u>

See Independent Auditor's Report on Supplementary Information.

# TRINITY BAY CONSERVATION DISTRICT

## ANALYSIS OF CHANGES IN LONG-TERM DEBT SEPTEMBER 30, 2021

	Bond Issues Series 2012	Bond Issues Series 2014	Total
Interest rates	2.00% - 3.50%	3.00% - 4.00%	
Dates interest payable	2/15 - 8/15	2/15 - 8/15	
Maturity dates			
Bonds outstanding, beginning of current period	\$ 4,180,000	\$ 2,635,000	\$ 6,815,000
New bond proceeds	-	-	-
Retirements, principal	640,000	75,000	715,000
Bonds outstanding, end of current period	\$ 3,540,000	\$ 2,560,000	\$ 6,100,000
Interest paid during current period	\$ 146,300	\$ 99,650	\$ 245,950

Paying agent's name and address:  
 Series 2012 - Bank of New York Mellon, Dallas Texas  
 Series 2014 - Bank of New York Mellon, Dallas Texas

	Tax Bonds	Revenue Bonds	Refunding Bonds
Amount authorized by voters	\$ -	NA	NA
Amount issued	-	2,910,000	9,220,000
Remaining to be issued	-	-	-
Debt service fund cash and temporary investment balances as of September 30, 2020			\$ 1,160,947
Average annual debt service payment (principal and interest) for remaining term of all debt			\$ 563,498

Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See Independent Auditor's Report on Supplementary Information.

# TRINITY BAY CONSERVATION DISTRICT

## COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES GENERAL FUND FOR THE FIVE YEARS ENDED SEPTEMBER 30, 2021

	Amounts				
	2021	2020	2019	2018	2017
Operating revenues					
Taxes	\$ 3,398,917	\$ 3,455,953	\$ 3,461,457	\$ 3,247,243	\$ 3,041,701
Penalty and interest	74,148	70,122	83,817	60,655	71,603
Interest income	6,387	6,083	8,780	8,260	8,985
Intergovernmental grants	-	81,823	77,514	46,601	-
Intergovernmental projects	-	356,590	812,348	-	-
Other revenues	79,288	60,928	1,451	457,140	301,506
Total operating revenues	<u>3,558,740</u>	<u>4,031,499</u>	<u>4,445,367</u>	<u>3,819,899</u>	<u>3,423,795</u>
Expenses					
Personnel	2,014,215	2,391,194	2,406,980	2,217,829	1,953,052
Supplies	186,669	251,689	231,426	328,042	235,973
Repairs and maintenance	279,048	248,735	196,132	176,297	144,805
Utilities	26,595	24,953	23,232	24,606	30,589
Contract services and professional services	250,149	285,041	197,840	192,196	205,101
Sundry	3,533	11,010	20,805	16,290	19,010
Capital expenditures	88,162	372,457	232,125	67,067	826,001
Debt service	138,267	230,838	365,994	357,762	438,341
Total operating expenses	<u>2,986,638</u>	<u>3,815,917</u>	<u>3,674,534</u>	<u>3,380,089</u>	<u>3,852,872</u>
Excess (expenses)	<u>572,102</u>	<u>215,582</u>	<u>770,833</u>	<u>439,810</u>	<u>(429,077)</u>
Other financing sources (uses)					
Capital lease financing proceeds	-	-	-	-	638,015
FEMA Grant Deobligation	(123,172)	-	-	-	-
Transfers (to) from other funds	(68,440)	-	(2,054,964)	(1,064,300)	(200,000)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 380,490</u>	<u>\$ 215,582</u>	<u>\$ (1,284,131)</u>	<u>\$ (624,490)</u>	<u>\$ 8,938</u>

See Independent Auditor's Report on Supplementary Information.

Percent of Fund Total Revenues				
2021	2020	2019	2018	2017
95.5%	85.7%	77.9%	85.0%	88.8%
2.1%	1.7%	1.9%	1.6%	2.1%
0.2%	0.2%	0.2%	0.2%	0.3%
0.0%	2.0%	1.7%	1.2%	0.0%
0.0%	8.8%	18.3%	0.0%	0.0%
2.2%	1.5%	0.0%	12.0%	8.8%
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
56.6%	59.3%	54.1%	58.1%	57.0%
5.2%	6.2%	5.2%	8.6%	6.9%
7.8%	6.2%	4.4%	4.6%	4.2%
0.7%	0.6%	0.5%	0.6%	0.9%
0.0%	0.0%	0.0%	0.0%	0.0%
7.0%	7.1%	4.5%	5.0%	6.0%
0.1%	0.3%	0.5%	0.4%	0.6%
2.5%	9.2%	5.2%	1.8%	24.1%
3.9%	5.7%	8.2%	9.4%	12.8%
<u>83.9%</u>	<u>94.7%</u>	<u>82.7%</u>	<u>88.5%</u>	<u>112.5%</u>
<u>16.1%</u>	<u>5.3%</u>	<u>17.3%</u>	<u>11.5%</u>	<u>-12.5%</u>
0.0%	0.0%	0.0%	0.0%	18.6%
-3.5%	0.0%	0.0%	0.0%	0.0%
-1.9%	0.0%	-46.2%	-27.9%	-5.8%
<u>10.7%</u>	<u>5.3%</u>	<u>-28.9%</u>	<u>-16.3%</u>	<u>0.3%</u>

# TRINITY BAY CONSERVATION DISTRICT

## COMPARATIVE STATEMENT OF REVENUES AND EXPENSES WATER AND WASTEWATER FUND FOR THE FIVE YEARS ENDED SEPTEMBER 30, 2021

	Amounts				
	2021	2020	2019	2018	2017
Operating revenues					
Water service	\$ 3,922,326	\$ 3,640,433	\$ 3,448,091	\$ 3,611,643	\$ 3,748,788
Sewer service	715,743	704,220	657,330	680,161	643,134
Penalty and income	62,891	24,037	22,897	22,936	23,304
Tap and connection fees	353,033	363,725	170,791	216,762	190,170
Line extensions and miscellaneous fees	192,676	232,101	246,487	295,619	216,318
Other	80,517	26,490	12,821	15,452	9,271
<b>Total operating revenues</b>	<b>5,327,186</b>	<b>4,991,006</b>	<b>4,558,417</b>	<b>4,842,573</b>	<b>4,830,985</b>
Expenses					
Personnel	2,049,012	2,136,957	1,903,218	1,889,429	1,734,439
Plant operations, maintenance and supplies	1,140,763	1,124,762	782,550	748,914	840,698
Contractual and outside services	537,177	619,225	516,869	543,997	593,990
Utilities	242,447	245,532	193,399	223,514	208,160
Repairs and maintenance	73,890	34,041	214,286	45,763	51,745
Sundry	8,400	29,506	106,016	19,890	25,632
Depreciation	1,314,629	1,312,231	1,335,722	1,329,615	1,302,866
<b>Total operating expenses</b>	<b>5,366,318</b>	<b>5,502,254</b>	<b>5,052,060</b>	<b>4,801,122</b>	<b>4,757,530</b>
Excess (expenses)	(39,132)	(511,248)	(493,643)	41,451	73,455
Nonoperating Revenues (Expenses)					
Gain/(loss) on disposition of assets	-	-	-	-	41,213
Disaster recovery, net	-	-	-	38,712	-
Project income	-	378,948	328,471	-	-
Project expenses	-	(188,564)	(166,094)	-	-
Investment income	8,313	10,405	10,896	8,782	8,454
Developer contributions	550,688	259,662	-	-	-
Interest expense and fiscal charges	(197,463)	(222,528)	(241,380)	(260,355)	(278,862)
<b>Total nonoperating revenues (expenses)</b>	<b>361,538</b>	<b>237,923</b>	<b>(68,107)</b>	<b>(212,861)</b>	<b>(229,195)</b>
Net income before capital contributions, and transfers	322,406	(273,325)	(561,750)	(171,410)	(155,740)
Capital contributions from grants	-	-	-	-	1,287,350
Transfers (to) from other funds	68,440	-	2,054,964	1,064,300	224,409
<b>Change in net position</b>	<b>\$ 390,846</b>	<b>\$ (273,325)</b>	<b>\$ 1,493,214</b>	<b>\$ 892,890</b>	<b>\$ 1,356,019</b>
Total active retail water and / or wastewater connections	6,232	5,905	5,754	5,630	5,595

See Independent Auditor's Report on Supplementary Information.

Percent of Fund Total Revenues				
2021	2020	2019	2018	2017
73.6%	72.9%	75.6%	74.6%	77.6%
13.4%	14.1%	14.4%	14.0%	13.3%
1.2%	0.5%	0.5%	0.5%	0.5%
6.6%	7.3%	3.7%	4.5%	3.9%
3.6%	4.7%	5.4%	6.1%	4.5%
1.5%	0.5%	0.3%	0.3%	0.2%
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
38.5%	42.8%	41.8%	39.0%	35.9%
21.4%	22.5%	17.2%	15.5%	17.4%
10.1%	12.4%	11.3%	11.2%	12.3%
4.6%	4.9%	4.2%	4.6%	4.3%
1.4%	0.7%	4.7%	0.9%	1.1%
0.2%	0.6%	2.3%	0.4%	0.5%
24.7%	26.3%	29.3%	27.5%	27.0%
<u>100.7%</u>	<u>110.2%</u>	<u>110.8%</u>	<u>99.1%</u>	<u>98.5%</u>
<u>-0.7%</u>	<u>-10.2%</u>	<u>-10.8%</u>	<u>0.9%</u>	<u>1.5%</u>
0.0%	0.0%	0.0%	0.0%	0.9%
0.0%	0.0%	0.0%	0.8%	0.0%
0.0%	7.6%	7.2%	0.0%	0.0%
0.0%	-3.8%	-3.6%	0.0%	0.0%
0.2%	0.2%	0.2%	0.2%	0.2%
10.3%	5.2%	0.0%	0.0%	0.0%
<u>-3.7%</u>	<u>-4.5%</u>	<u>-5.3%</u>	<u>-5.4%</u>	<u>-5.8%</u>
<u>6.8%</u>	<u>4.8%</u>	<u>-1.5%</u>	<u>-4.4%</u>	<u>-4.7%</u>
6.1%	-5.5%	-12.3%	-3.5%	-3.2%
0.0%	0.0%	0.0%	0.0%	26.6%
1.3%	0.0%	45.1%	22.0%	4.6%
<u>7.3%</u>	<u>-5.5%</u>	<u>32.8%</u>	<u>18.4%</u>	<u>28.1%</u>



# TRINITY BAY CONSERVATION DISTRICT

## BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS SEPTEMBER 30, 2021

Complete District Mailing Address: P.O. Box 599  
Stowell, TX 77661

District Business Telephone Number: (409) 296-3602

Name and Address	Term of Office Date Elected or Date Hired	Salary or Fees and Expense Reimbursements Year Ended 9/30/2021	Title at Year-End	Resident of District
<b>Board Members</b>				
Tommy Gilbert, Precinct #1 P.O. Box 65 Anahuac, TX 77514	11/2018 4/2021	\$ 1,050	NA	Yes
Lester Hankamer, Precinct #1 P.O. Box 290 Hankamer, TX 77560	7/2021 11/2022	488	Secretary	Yes
Cody Bauer, Precinct #2 1421 Hwy 124 Winnie, TX 77665	03/2020 11/2020	600	NA	Yes
Mark Mitchell, Precinct #2 427 Ledoux Road Winnie, TX 77665	11/2020 11/2024	2,449	Vice President	Yes
Jeffrey Jenkins, Precinct #3 P.O. Box 1377 Winnie, TX 77665	11/2018 11/2022	3,225	Director	Yes
Greggory Turner, Precinct #4 P.O. Box 307 Anahuac, TX 77514	11/2020 11/2024	2,586	Director	Yes
Dorothy Hamilton, Precinct #5 P.O. Box 67 Stowell, TX 77661	11/2016 11/2020	750	NA	Yes
Scott Kahla, Precinct #5 P.O. Box 506 Stowell, TX 77661	11/2020 11/2024	2,261	President	Yes
<b>Key Administrative Personnel</b>				
Jerry Shadden P.O. Box 342 Winnie, TX 77665	02/2022 Present	-	General Manager	Yes
James Gibson 615 Meadowlark Lane Winnie, TX 77665	06/2020 12/2021	151,105	Former General Manager	Yes

NOTE: No director is disqualified from serving on the board of the District under the Texas Water Code.

See Independent Auditor's Report on Supplementary Information.

# TRINITY BAY CONSERVATION DISTRICT

## BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS SEPTEMBER 30, 2021 (CONTINUED)

Name and Address	Term of Office Date Elected or Date Hired	Fees and Expense Reimbursements 09/30/2021	Title at Year-End	Resident of District
<b>Consultants</b>				
Germer PLLC P.O. Box 4915 Beaumont, TX 77704	04/2021	\$ 25,060	Attorney	N/A
LJA Engineering, Inc. 2929 Briarpark Drive Houston, TX 77042	03/2016	117,317	Engineering Consultants	N/A
Chambers County Tax Collector P.O. Box 519 Anahuac, TX 77514	07/1982	7,784	Tax Collector	N/A
Beckenstein & Oxford, LLP 3535 Calder Avenue Beaumont, TX 77706	06/2020	85,487	Former Attorney	N/A
Wathen, DeShong & Juncker, LLP 4140 Gladys Ave., Suite 101 Beaumont, TX 77706	09/2019	37,489	Auditor	N/A

See Independent Auditor's Report on Supplementary Information.

J. Pat O'Neill, III, CPA  
Michael W. Kiefer, CPA  
Troy W. Domingue, CPA



Stanley (Chip) Majors, Jr., CPA, CITP, CGMA  
Jane P. Burns, CPA, CDFA  
Jeremy R. Triska, CPA

March 3, 2022

**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**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Trinity Bay Conservation District  
Stowell, Texas

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, the business-type activities, and each major fund of Trinity Bay Conservation District as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of Trinity Bay Conservation District and have issued our report thereon dated March 3, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Trinity Bay Conservation District's internal control over financial reporting (internal control) as a basis for designing 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 Trinity Bay Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Trinity Bay 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 a 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 Trinity Bay 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 financial statements. 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.

***Wathen, DeShong & Juncker, L.L.P.***

**WATHEN, DeSHONG & JUNCKER, L.L.P.**  
Certified Public Accountants