

**MATAGORDA COUNTY  
CONSERVATION & RECLAMATION  
DISTRICT #1**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2019



**8 WEST WAY COURT  
LAKE JACKSON, TEXAS**

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# MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1

*Annual Financial Report  
Year Ended December 31, 2019*

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The following schedules were not applicable to Matagorda County Conservation & Reclamation District #1:

TSI-5	Long-Term Debt Service Requirements by Years
TSI-6	Changes in Long-Term Bonded Debt

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## **FINANCIAL SECTION**

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## Independent Auditor's Report

To the Board of Directors  
Matagorda County Conservation & Reclamation District #1  
P.O. Box 413  
Markham, Texas 77456-0413

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

We have audited the accompanying financial statements of the governmental activities and general fund of Matagorda County Conservation & Reclamation District #1 (the "District"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

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Lake Jackson, TX 77566  
979-297-4075

**El Campo**  
201 W. Webb St.  
El Campo, TX 77437  
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**Angleton**  
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Angleton, TX 77515  
979-849-8297

**Bay City**  
2245 Avenue G  
Bay City, TX 77414  
979-245-9236



***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 through 12 and 38, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other schedules required by the Texas Commission on Environmental Quality (TCEQ) listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of the District.

The other schedules required by TCEQ are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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, the other schedules required by TCEQ are fairly stated, in all material respects, in relation to the financial statements as a whole.

***KM&L, LLC***

April 8, 2020  
Lake Jackson, Texas

# MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1

*Management's Discussion and Analysis*  
*Year Ended December 31, 2019*

As directors of the Matagorda County Conservation & Reclamation District #1 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2019. We encourage readers to consider this information presented here in conjunction with the District's financial statements, which follow this section.

## Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 713,741 (net position). Of this total amount, \$ 698,813 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors within the District's fund designation.
- The District's total net position increased by \$ 168,039.
- As of the close of the current fiscal year, the District's general fund reported an ending fund balance of \$ 688,971 or 676.99% of the total general fund expenditures. The amount of \$ 688,057 (unassigned fund balance) is available for use within the District's fund designation.

## Overview of the Financial Statements

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four 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 District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported when 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 the future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the District as being principally supported by taxes (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no business-type activities and no component units for which it is financially accountable. The *governmental activities* of the District include general government and administration and drainage.

The government-wide financial statements can be found on pages 14 and 15 of this report.

# MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1

*Management's Discussion and Analysis*  
*Year Ended December 31, 2019*

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one major fund, which is the general fund, and is reported as a governmental fund.

- **Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a 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 fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The fund financial statements can be found on pages 18 through 21 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 government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 35 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget and actual schedule for the General Fund. Required supplementary information can be found on page 38 of this report.

In addition this report also presents supplementary information required by the Texas Commission on Environment Quality, which can be found on pages 40 through 47 of this report.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 713,741 as of December 31, 2019. Net position of the District's governmental activities increased by \$ 168,039 from \$ 545,702 to \$ 713,741.

**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1**

*Management's Discussion and Analysis  
Year Ended December 31, 2019*

**The District's Net Position**

	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 979,580	\$ 789,989
Capital assets (net of accumulated depreciation)	<u>14,928</u>	<u>15,575</u>
Total assets	<u>994,508</u>	<u>805,564</u>
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>
Current liabilities	<u>2,726</u>	<u>3,219</u>
Total liabilities	<u>2,726</u>	<u>3,219</u>
Total deferred inflows of resources	<u>278,041</u>	<u>256,643</u>
Net Position:		
Net investment in capital assets	14,928	15,575
Unrestricted	<u>698,813</u>	<u>530,127</u>
Total net position	<u>\$ 713,741</u>	<u>\$ 545,702</u>

**Governmental activities.** Governmental activities increased the District's net position by \$ 168,039. Total revenues for governmental activities amounted to \$ 270,456, of which property taxes amounted to 94.89%. The following table provides a summary of the District's operations for the years ended December 31, 2019 and 2018.

**Changes in the District's Net Position**

	<u>2019</u>	<u>2018</u>
Revenues:		
Tax revenue	\$ 256,639	\$ 231,846
Investment income	11,191	4,475
Miscellaneous	<u>2,626</u>	<u>158</u>
Total revenues	<u>270,456</u>	<u>236,479</u>
Expenses:		
Flood Control:		
Personnel	15,149	15,149
Professional fees	54,877	50,428
Contracted services	8,285	8,201
Repairs and maintenance	15,813	9,475
Administrative costs	<u>8,293</u>	<u>674</u>
Total expenses	<u>102,417</u>	<u>83,927</u>
Change in net position	168,039	152,552
Net position - beginning	<u>545,702</u>	<u>393,150</u>
Net position - ending	<u>\$ 713,741</u>	<u>\$ 545,702</u>

# **MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1**

*Management's Discussion and Analysis  
Year Ended December 31, 2019*

## **Financial Analysis of the District's Funds**

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

**Governmental funds.** The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental fund reported a fund balance of \$ 688,971. 99.87% of this total amount constitutes unassigned fund balance and 0.13% of this amount constitutes non-spendable fund balance for prepaid expenditures.

The General Fund fund balance increased by \$ 168,874 primarily due to repairs and maintenance expenditures being under budget.

## **General Fund Budgetary Highlights**

The District did not amend the budget in the year ending December 31, 2019. Actual revenues exceeded budgeted revenues by \$ 12,724 due to better investment income versus budgeted amounts. Budgeted expenditures exceeded actual expenditures by \$ 133,630 due to budgeted repairs and maintenance exceeding actual expenditures.

**Capital Assets.** The District's investment in capital assets for its governmental activities as of December 31, 2019, amounts to \$ 14,928 (net of accumulated depreciation). This investment in capital assets includes land and equipment. Additional information on the District's capital assets can be found in Note 6 on page 34.

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

The District's 2020 budget was adopted at \$ 277,400, an increase of \$ 42,000 from the 2019 budget. The tax rate of \$ 0.007760 for each \$ 100 was set for 2020 operations.

## **Request for Information**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Directors, P.O. Box 433, Markham, Texas, 77456-0413.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1***STATEMENT OF NET POSITION**December 31, 2019*

	Total Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 486,959
Investments	245,000
Prepaid expenses	914
Receivables, (Net of Allowance for Uncollectibles):	
Taxes	227,681
Due from other governments	18,964
Accrued interest	62
Capital Assets (Net of Accumulated Depreciation):	
Land	10,445
Equipment	<u>4,483</u>
Total assets	<u>994,508</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources	<u>                    </u>
Total deferred outflows of resources	<u>-0-</u>
<b>LIABILITIES</b>	
Accounts payable	<u>2,726</u>
Total liabilities	<u>2,726</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources	<u>278,041</u>
Total deferred inflows of resources	<u>278,041</u>
<b>NET POSITION</b>	
Net investment in capital assets	14,928
Unrestricted	<u>698,813</u>
Total net position	<u>\$ 713,741</u>

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

**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1**

*STATEMENT OF ACTIVITIES*

*Year Ended December 31, 2019*

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Net Expense and Changes in Net Position Primary Government Total Governmental Activities</u>
<b>GOVERNMENTAL ACTIVITIES</b>		
Flood Control:		
Personnel	\$ 15,149	\$( 15,149)
Professional fees	54,877	( 54,877)
Contracted services	8,285	( 8,285)
Repairs and maintenance	15,813	( 15,813)
Administrative costs	<u>8,293</u>	<u>( 8,293)</u>
Total governmental activities	<u>\$ 102,417</u>	<u>( 102,417)</u>
<b>GENERAL REVENUES</b>		
Tax revenue		256,639
Investment income		11,191
Miscellaneous		<u>2,626</u>
Total general revenues		<u>270,456</u>
Change in net position		168,039
Net position - beginning		<u>545,702</u>
Net position - ending		<u>\$ 713,741</u>

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

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## **FUND FINANCIAL STATEMENTS**

**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1****BALANCE SHEET - GENERAL FUND**

December 31, 2019

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 486,959
Investments	245,000
Prepaid expenditures	914
Receivable, net:	
Taxes	227,681
Due from other governments	18,964
Accrued interest	<u>62</u>
Total assets	<u>979,580</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources	<u>          </u>
Total deferred outflows of resources	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 979,580</u>
<b>LIABILITIES</b>	
Accounts payable	<u>\$ 2,726</u>
Total liabilities	<u>2,726</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources	<u>287,883</u>
Total deferred inflows of resources	<u>287,883</u>
<b>FUND BALANCES</b>	
Nonspendable	914
Unassigned	<u>688,057</u>
Total fund balance	<u>688,971</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 979,580</u>

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

**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1**  
*RECONCILIATION OF THE GENERAL FUND BALANCE SHEET*  
*TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION*  
*December 31, 2019*

Total fund balance - general fund balance sheet	\$ 688,971
<b>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets include \$ 23,394 in assets less \$ 8,466 in accumulated depreciation.	14,928
Property taxes receivable unavailable to pay for current period expenditures are deferred in the fund. Deferred property tax revenues for the general fund amounted to \$ 9,842.	<u>9,842</u>
Net position of governmental activities - statement of net position	\$ <u><u>713,741</u></u>

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

**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1**  
*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -*  
**GENERAL FUND**  
*Year Ended December 31, 2019*

	<u>General Fund</u>
<b>REVENUES</b>	
Tax revenue	\$ 256,827
Investment income	11,191
Miscellaneous	<u>2,626</u>
Total revenues	<u>270,644</u>
<b>EXPENDITURES</b>	
Current:	
Flood Control:	
Personnel	15,149
Professional fees	54,877
Contracted services	8,285
Repairs and maintenance	15,813
Administrative costs	<u>7,646</u>
Total expenditures	<u>101,770</u>
Excess of revenues over expenditures	168,874
Fund balance - beginning	<u>520,097</u>
Fund balance - ending	<u>\$ 688,971</u>

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

**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1**  
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE OF THE GENERAL FUND TO THE  
 GOVERNMENTAL ACTIVITIES STATEMENT OF ACTIVITIES*  
 Year Ended December 31, 2019

Net change in fund balance - total general fund	\$ 168,874
<b>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</b>	
Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount by which depreciation, \$ 647, exceeded capital outlays, \$ -0-, in the current period.	( 647)
Property tax revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenues in the fund. Deferred property tax revenues for the general fund decreased by \$ 188.	( <u>188</u> )
Change in net position of governmental activities	\$ <u><u>168,039</u></u>

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

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**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1**

*NOTES TO THE FINANCIAL STATEMENTS*

*Year Ended December 31, 2019*

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# MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2019

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Matagorda County Conservation & Reclamation District #1 (the "District") was created by election in open court on December 20, 1923 by two-third majority of commissioners Court as authorized by Section 52 of Article III, as broadened by Section 59 of Article XVI of the Texas Constitution. At December 31, 2019, the District had no employees.

The accounting and reporting policies of the District relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable).

#### **Reporting Entity**

The Board of the District is elected by the public; has the authority to make decisions, appoint administrators and managers; significantly influence operations; and has the primary accountability for fiscal matters. Therefore, the District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 61, "*The Financial Reporting Entity*." There are no component units included within the reporting entity.

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The *governmental activities* are supported by tax revenues. The District has no *business-type activities* that rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program. The District had no program revenues during the tax year ended December 31, 2019. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. The District does not have any fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

# MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2019

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Revenues from local sources consist primarily of property taxes. Property tax revenues are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Revenue from investments is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase.

The District reports the following major governmental fund:

The *General Fund* is the District's only fund. It accounts for all financial resources of the District. The major revenue source includes property taxes and investment income. Expenditures include all costs associated with the daily operations of the District.

#### **Budgetary data**

The original annual appropriated budget is adopted by the Board of Directors in August of the preceding year. Expenses are budgeted substantially on the modified accrual basis of accounting. Tax collections are budgeted based upon 100% of the tax levied in October of the year preceding the budget year (i.e. 2019 budgeted tax revenue is based upon the October, 2018 tax levy). Accordingly, there is no material difference between the financial reporting and budget basis of accounting.

Once the budget is adopted, expenditures may not legally exceed total appropriations at the fund level without approval of a majority of the Board. Line items may exceed appropriated amounts at the discretion of management as long as total expenditures for the fund do not exceed appropriated amounts. Appropriations not exercised in the current year lapse at the end of the year.

# MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2019

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Encumbrance Accounting

The District does not employ a complete purchase order system for all expenditures and therefore does not utilize encumbrance accounting. Appropriations generally lapse at the end of the year.

#### Cash and Investments

The District considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Current investments have an original maturity greater than three months but less than one year at the time of purchase. Non-current investments have an original maturity of greater than one year at the time of purchase.

#### Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The appraisal and recording of all property within the District is the responsibility of the Matagorda County Appraisal District (MCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. MCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years. Under certain circumstances taxpayers and taxing units, including the District, may challenge orders of the MCAD Review Board through various appeals and, if necessary, legal action.

The assessed value of the property tax roll on October 1, 2019, upon which the levy for the 2020 year was based, was \$ 3,584,195,627. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs

The tax rates assessed for the year ended December 31, 2019, to finance general fund operations was \$ 0.007760 per \$ 100 valuation.

As of December 31, 2019, the District had collected \$ 60,202 of the 2019 levy (levied October 1, 2019), which is deferred and set aside for 2020 operations. Additionally, property taxes receivable of \$ 217,839 and \$ 14,244 from the 2019 levy and prior year levies, respectively, are recorded as deferred inflows of resources, net of allowance for uncollectible taxes of \$ 4,402. Allowances for uncollectible taxes are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

# MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2019

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Capital Assets**

Capital assets, which include land and equipment, are reported in the governmental activities columns in the government-wide financial statement. The District started capitalizing land and equipment expenditures beginning during the year ended December 31, 2004. Land and equipment acquired prior to January 1, 2004 have not been reported. The District chose not to capitalize any assets before that time period. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are being depreciated using the straight-line method over the useful lives. Equipment has an estimated useful life of 20 years.

#### **Deferred Outflows and Inflows of Resources**

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, "Items Previously Reported as Assets and Liabilities", had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

#### **Fund Equity**

##### **Fund Balance**

The Board of Directors meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The District's Unassigned General Fund Balance is maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund Balance may only be appropriated by resolution of the Board. Fund Balance of the District may be committed for a specific source by formal action of the Board of Directors. Amendments or modifications of the committed fund balance must also be approved by formal action by the Board. When it is appropriate for fund balance to be assigned, the Board has delegated authority to the Directors. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, followed by assigned fund balance, and lastly, unassigned fund balance.

The District implemented GASB 54, "Fund Balance, Reporting and Governmental Fund Type Definitions", for its governmental funds. Under GASB 54, fund balances are required to be reported according to the following classifications:

# MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2019

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fund Balance (Continued)

*Nonspendable Fund Balance* - Includes amounts that cannot be spent because they are either not spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

*Restricted Fund Balance* - Constraints placed on the use of these resources are either externally imposed by creditors (such as through covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions enabling legislation).

*Committed Fund Balance* - Amounts that can only be used for specific purposes because of a board resolution by the government's highest level of decision-making authority.

*Assigned Fund Balance* - Amounts that are constrained by the District's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all government funds with positive balances.

*Unassigned Fund Balance* - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

As of December 31, 2019, nonspendable fund balance related to prepaid expenditures includes \$ 914 and unassigned fund balance includes \$ 688,057 in the general fund.

#### Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Restricted net position, as presented in the government-wide statement of net position, is reported when constraints placed on the use of net position are either 1) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments), or 2) imposed by law through constitutional provisions or enabling legislation. The District has no restricted net position for the year ended December 31, 2019.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

# MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1

## NOTES TO THE FINANCIAL STATEMENTS

*Year Ended December 31, 2019*

### **NOTE 2. NEW PRONOUNCEMENTS**

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

GASB No. 83 “Certain Asset Retirement Obligations” was issued in November 2016. This statement was implemented and did not have a material effect on the District’s financial statements. The requirements of this Statement are effective for periods beginning after June 15, 2018.

GASB No. 84 “Fiduciary Activities” was issued in January 2017. This statement was implemented and did not have a material effect on the District’s financial statements. The requirements of this Statement are effective for periods beginning after December 15, 2018.

GASB No. 87 “Leases” was issued in June 2017. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this Statement are effective for periods beginning after December 15, 2019.

GASB No. 88 “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements” was issued in April 2018. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB No. 89 “Accounting for Interest Cost Incurred before the End of a Construction Period” was issued in June 2018. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB No. 90 “Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61” was issued in August 2018. This statement was implemented and did not have a material effect on the District’s financial statements. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB No. 91 “Conduit Debt Obligations” was issued in May 2019. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

GASB No. 92 “Omnibus 2020” was issued in January 2020. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2020.

# MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2019

### NOTE 3. DEPOSITS, INVESTMENTS, AND DERIVATIVES

The District classifies deposits and investments for financial statement purposes as cash and cash equivalents, current investments, and non-current investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose an investment is considered a cash equivalent if when purchased it has maturity of three months or less. Investments are classified as either current investments or non-current investments. Current investments have maturity of one year or less and non-current investments are those that have a maturity of one year or more. See Note 1 for additional Governmental Accounting Standards Board Statement No. 31 disclosures.

Cash and cash equivalents, current investments, and non-current investments as reported on the statement of net position at December 31, 2019 are as follows:

	<u>Total</u>
Cash and Cash Equivalents:	
Financial Institution Deposits:	
Demand deposits	\$ <u>486,959</u>
	486,959
Investments:	
Certificates of deposit	<u>245,000</u>
Total	<u>\$ <u>731,959</u></u>

#### Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to them. The District requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

Under Texas state law, a bank serving as the District's depository must have a bond or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

At December 31, 2019, the carrying amount of the District's cash, savings, and time deposits was \$ 731,959. The financial institutions balances were \$ 732,533 at December 31, 2019. Bank balances of \$ 732,533 were covered by federal depository insurance and securities pledged in the District's name.

#### Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the District to invest its funds in areas that primarily emphasizes the safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. The District's investment compliance requirements and types of investments are governed by the Public Funds Investment Act (PFIA) and the Texas Commission on Environmental Quality (TCEQ). The District believes it has complied with the requirements of the PFIA and the TCEQ.

# MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2019

### NOTE 3. DEPOSITS, INVESTMENTS, AND DERIVATIVES (Continued)

#### Investments - continued

Weighted Average - As of December 31, 2019, the District held one certificate of deposit totaling \$ 245,000 with a weighted average maturity of 1,092 days.

Credit Risk - As of December 31, 2019, the certificate of deposit (which represent 100% of the investment portfolio) is fully insured by the FDIC.

Interest Rate Risk - The District limits its exposure to interest rate risk by diversifying its investments by security type and institution. District policy will be that the maximum allowable stated maturity of an individual investment for operating funds shall not exceed five years, unless a temporary extension of maturities is approved by the Board of Directors.

#### Fair Value Measures

Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurements and Application*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of December 31, 2019, the District has no assets or liabilities measured at fair value.

# MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2019

### NOTE 3. DEPOSITS, INVESTMENTS, AND DERIVATIVES (Continued)

#### Derivatives

Derivatives are investment products, which may be a security or contract, which derives its value from another security, currency, commodity, or index, regardless of the source of funds used. The District made no direct investments in derivatives during the year ended December 31, 2019, and holds no direct investments in derivatives at December 31, 2019.

### NOTE 4. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED INFLOWS OF RESOURCES, AND UNEARNED REVENUES

#### Receivables and Allowances

Receivables as of December 31, 2019, for the District's general fund, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>
Receivables:	
Property taxes	\$ 232,083
Due from other governments	18,964
Accrued interest	<u>62</u>
Gross receivables	251,109
Less: Allowance for Uncollectible	<u>4,402</u>
Net total receivables	<u>\$ 246,707</u>

#### Deferred Inflows of Resources and Unearned Revenues

Governmental funds defer the recognition of revenue in connection with receivables for revenues that are considered to be unavailable to liquidate liabilities of the current period and report these amounts as deferred inflows of resources. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

# MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2019

### NOTE 4. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED INFLOWS OF RESOURCES, AND UNEARNED REVENUES (Continued)

#### Deferred Inflows of Resources and Unearned Revenues - continued

As of December 31, 2019, deferred inflows of resources reported in the governmental funds were as follows:

	Deferred Inflows of Resources <u>(Unavailable)</u>
Current property taxes collected (October 1, 2019 Levy)	\$ 60,202
Current property taxes receivable (October 1, 2019 Levy)	217,839
Delinquent property taxes receivable (October 1, 2018 and prior)	<u>9,842</u>
Total deferred inflows of resources from governmental funds	<u>\$ 287,883</u>

Governmental activities defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. As of December 31, 2019, deferred inflows of resources reported on the governmental activities were as follows:

	Deferred Inflows of Resources <u>(Unavailable)</u>
Current property taxes collected (October 1, 2019 Levy)	\$ 60,202
Current property taxes receivable (October 1, 2019 Levy)	<u>217,839</u>
Total deferred inflows of resources from governmental activities	<u>\$ 278,041</u>

As of December 31, 2019, there were no unearned revenues reported.

### NOTE 5. RISK MANAGEMENT

The District is exposed to all the normally expected risks of a public entity of its size and nature. Management is unaware of any unusual or unexpected types of risk. There has been no significant reduction in bond coverage during the year ended December 31, 2019. As of December 31, 2019 management is unaware of any material liability for unpaid claims or unasserted claims.

**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1**

*NOTES TO THE FINANCIAL STATEMENTS*

*Year Ended December 31, 2019*

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019, was as follows:

	<u>Balance</u> <u>01/01/19</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/19</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ <u>10,445</u>	\$ _____	\$ _____	\$ <u>10,445</u>
Total capital assets, not being depreciated	<u>10,445</u>	<u>-0-</u>	<u>-0-</u>	<u>10,445</u>
Depreciated Capital Assets:				
Equipment	<u>12,949</u>	_____	_____	<u>12,949</u>
Total capital assets being depreciated	<u>12,949</u>	<u>-0-</u>	<u>-0-</u>	<u>12,949</u>
Accumulated Depreciation:				
Equipment	<u>7,819</u>	<u>647</u>	_____	<u>8,466</u>
Total accumulated depreciation	<u>7,819</u>	<u>647</u>	<u>-0-</u>	<u>8,466</u>
Total capital assets being depreciated, net	<u>5,130</u>	<u>( 647)</u>	<u>-0-</u>	<u>4,483</u>
Governmental activities, capital assets, net	\$ <u>15,575</u>	\$ <u>( 647)</u>	\$ <u>-0-</u>	\$ <u>14,928</u>

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

Governmental Activities:	
Flood control	\$ <u>647</u>
Total depreciation expense-governmental activities	\$ <u>647</u>

See Note 1 for additional information regarding capital assets.

**NOTE 7. TAX ABATEMENTS**

The District enters into property tax abatement agreements with taxpayers under the State Property Tax Abatement Act, Tax Code Chapter 312. Under the act, the District may enter into a local agreement with a taxpayer that exempts all or part of the increase in the value of the real property and/or tangible personal property from taxation for a period not to exceed 10 years. Tax abatements are an economic development tool available to the District to attract new industries and to engage in the retention and development of existing businesses through property tax exemptions or reductions.

# MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1

## NOTES TO THE FINANCIAL STATEMENTS

*Year Ended December 31, 2019*

### **NOTE 7. TAX ABATEMENTS (Continued)**

The District entered into a property tax abatement agreement for the purpose of attracting or retaining businesses. Tax abatements on property tax were granted on assessed land valued at \$ 3,891,608 during the year ended December 31, 2013 by the District to a pipe manufacturing company for ten years granted for the commitment of building a new steel pipe production plant valued at a minimum value of \$ 1,314,000,000. If the agreement continues as intended, the abatement period would be for the years ending 2015 through 2024. The District also agreed to recapture a prorated amount of abated taxes if these conditions were not met through the claw back payment clause. The District's agreement determines the percentage, amount and duration of the tax abatement, which is not to exceed ten years. In the case that the Company exceeds the job target, the District has committed to providing an additional surplus job credit incentive to the Company.

For the year ended December 31, 2019, the District abated property taxes totaling \$ 113,044 under this agreement for a total value abated of \$ 1,456,758,502.

### **NOTE 8. EVALUATION OF SUBSEQUENT EVENTS**

The District has evaluated subsequent events through April 8, 2020, the date which the financial statements were available to be issued.

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**REQUIRED SUPPLEMENTAL INFORMATION**

**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1**  
*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -*  
*BUDGET AND ACTUAL - GENERAL FUND*  
*Year Ended December 31, 2019*

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Tax revenue	\$ 255,920	\$ 255,920	\$ 256,827	\$ 907
Investment Income	2,000	2,000	11,191	9,191
Miscellaneous			2,626	2,626
Total revenues	<u>257,920</u>	<u>257,920</u>	<u>270,644</u>	<u>12,724</u>
<b>EXPENDITURES</b>				
Current:				
Flood Control:				
Personnel	20,000	20,000	15,149	4,851
Professional fees	65,200	65,200	54,877	10,323
Contracted services	8,700	8,700	8,285	415
Repairs and maintenance	129,000	129,000	15,813	113,187
Administrative costs	7,500	7,500	7,646	( 146)
Capital Outlay:				
Machinery and equipment	<u>5,000</u>	<u>5,000</u>		<u>5,000</u>
Total expenditures	<u>235,400</u>	<u>235,400</u>	<u>101,770</u>	<u>133,630</u>
Excess of revenues over expenditures	22,520	22,520	168,874	146,354
Fund balance - beginning	<u>520,097</u>	<u>520,097</u>	<u>520,097</u>	<u>-0-</u>
Fund balance - ending	<u>\$ 542,617</u>	<u>\$ 542,617</u>	<u>\$ 688,971</u>	<u>\$ 146,354</u>

**INFORMATION REQUIRED BY  
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY**

**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1**

*TSI-1  
SERVICES AND RATES*

*Year Ended December 31, 2019*

1. Services Provided by the District:

- |   |   |                                     |
|---|---|-------------------------------------|
| <input type="checkbox"/> Retail Water   | <input type="checkbox"/> Wholesale Water          | <input type="checkbox"/> Drainage   |
| <input 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 checked="" type="checkbox"/> Flood Control | <input type="checkbox"/> Roads      |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than Emergency interconnect) |   |                                     |
| <input type="checkbox"/> Other (specify): _____   |   |                                     |

2. Location of District:

County(ies) in which District is located. Matagorda

Is the District located entirely within one county? Yes X No \_\_\_\_\_

Is the District located within a city? Entirely \_\_\_\_\_ Partly X Not at all \_\_\_\_\_

City(ies) in which District is located. Markham, Texas

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

Entirely \_\_\_\_\_ Partly X Not at all \_\_\_\_\_

ETJ's in which District is located. Markham, Texas

Is the general membership of the Board appointed by an office outside the District?

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

If Yes, by whom? \_\_\_\_\_

**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1**

*TSI-2  
GENERAL FUND EXPENDITURES*

*Year Ended December 31, 2019*

Personnel	\$	15,149
Professional fees:		
Auditing		5,200
Legal		24,540
Engineering		25,137
Contracted services:		
Appraisal district fees		3,558
Bookkeeping fees		3,360
Tax Assessor/collector		1,367
Repairs and maintenance		15,813
Administrative costs:		
Insurance		7,308
Advertising		60
Supplies		150
Miscellaneous		<u>128</u>
Total expenditures	\$	<u><u>101,770</u></u>

Number of persons employed by the District: 0 Full-Time, 0 Part-Time

**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1**

*TSI-3  
TEMPORARY INVESTMENTS*

*December 31, 2019*

<u>Description</u>	<u>Identification Or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
Certificate of Deposit	38149MLY7	1.85%	12/27/22	\$ <u>245,000</u>	\$ <u>62</u>
Total				\$ <u>245,000</u>	\$ <u>62</u>

# MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1

## TSI-4 TAXES LEVIED AND RECEIVABLE

Year Ended December 31, 2019

	Total Taxes
Taxes receivable, beginning of year	\$ 179,892
2019 original tax levy, net of current year adjustments	278,041
Adjustments (prior years)	<u>( 2,399)</u>
 Total to be accounted for	 <u>455,534</u>
 Tax collections:	
Current year	60,202
Prior years	<u>163,249</u>
 Total collections	 <u>223,451</u>
 Taxes receivable, end of year	 <u>\$ 232,083</u>
 Taxes receivable, by years	
2019	217,839
Prior years	14,244
Less allowance for uncollectible tax	<u>( 4,402)</u>
 Taxes receivable (net), end of year	 <u>\$ 227,681</u>

	2019	2018	2017	2016
Property Valuations:				
Land	\$ 1,853,104,957	\$ 1,705,179,788	\$ 1,697,643,341	\$ 1,674,677,046
Improvements	4,049,249,564	3,865,677,307	2,560,458,456	1,927,852,436
Non-real property	848,779,225	835,648,145	1,416,377,888	1,319,193,174
Exemptions/caps/productivity losses	<u>( 3,166,938,119)</u>	<u>( 3,061,868,752)</u>	<u>( 2,416,347,431)</u>	<u>( 1,883,837,138)</u>
 Total property valuations	 <u>\$ 3,584,195,627</u>	 <u>\$ 3,344,636,488</u>	 <u>\$ 3,258,132,254</u>	 <u>\$ 3,037,885,518</u>
 Tax Rates Per \$100 Valuation:				
Debt service rates*	None	None	None	None
Maintenance tax rates	0.007760	0.007650	0.007210	0.006910
Other district tax rates	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
 Total tax rates per \$ 100 valuation	 <u>0.00760</u>	 <u>0.007650</u>	 <u>0.007210</u>	 <u>0.006910</u>
 Original tax levy:	 <u>\$ 278,041</u>	 <u>\$ 256,643</u>	 <u>\$ 235,447</u>	 <u>\$ 210,103</u>
 Percent of taxes collected to taxes Levied**	 21.65%	 98.50%	 99.13%	 99.34%

\* Matagorda County Conservation & Reclamation District #1 has no debt.

\*\* Calculated as taxes collected in current and previous years divided by tax levy.

**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1**

*TSI-7*  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -  
 GENERAL FUND - FIVE YEARS**

*Five Years Ended December 31, 2019*

	AMOUNTS				
	2019	2018	2017	2016	2015
General Fund:					
Revenues:					
Tax revenue	\$ 256,827	\$ 252,955	\$ 207,310	\$ 193,547	\$ 160,951
Investment income	11,191	4,475	3,082	547	371
Miscellaneous	<u>2,626</u>	<u>158</u>	<u>150,787</u>	<u>14,239</u>	<u>453</u>
Total revenues	<u>270,644</u>	<u>257,588</u>	<u>361,179</u>	<u>208,333</u>	<u>161,775</u>
Expenditures:					
Current:					
Flood Control:					
Personnel	15,149	15,149	15,149	15,149	
Professional fees	54,877	50,428	45,791	41,839	42,199
Contracted services	8,285	8,201	8,025	7,362	7,765
Repairs and maintenance	15,813	9,475	31,665	27,125	80,154
Administrative costs	<u>7,646</u>	<u>27</u>	<u>3,701</u>	<u>3,829</u>	<u>16,933</u>
Total expenditures	<u>101,770</u>	<u>83,280</u>	<u>104,331</u>	<u>95,304</u>	<u>147,051</u>
Excess of revenues over expenditures	<u>\$ 168,874</u>	<u>\$ 174,308</u>	<u>\$ 256,848</u>	<u>\$ 113,029</u>	<u>\$ 14,724</u>

PERCENTAGES

2019	2018	2017	2016	2015
94.9%	98.2%	57.4%	92.9%	99.5%
4.1	1.7	0.9	0.3	0.2
<u>1.0</u>	<u>0.1</u>	<u>41.7</u>	<u>6.8</u>	<u>0.3</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
5.6	5.9	4.2	7.3	0.0
20.3	19.6	12.7	20.1	26.1
3.1	3.2	2.2	3.5	4.8
5.8	3.7	8.8	13.0	49.5
<u>2.8</u>	<u>0.1</u>	<u>1.0</u>	<u>1.8</u>	<u>10.5</u>
<u>37.6</u>	<u>32.5</u>	<u>28.9</u>	<u>45.7</u>	<u>90.9</u>
<u><u>62.4%</u></u>	<u><u>67.5%</u></u>	<u><u>71.1%</u></u>	<u><u>54.3%</u></u>	<u><u>9.1%</u></u>

**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1**

*TSI-8  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS*

*Year Ended December 31, 2019*

Complete District Mailing Address: PO Box 413  
Markham, Texas 77456-0413

District Business Telephone Number: (979) 843-5010

Submission Date of the most recent District Registration Form  
(TWC Sections 36.054 and 49.054): April 25, 2012

Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200  
(Set by Board Resolution – TWC Section 49.060)

<u>Names</u>	<u>Term of Office (Elected or Appointed) or Date Hired</u>	<u>Fees of Office Paid* FYE 12/31/19</u>	<u>Expense Reimburse- ments FYE 12/31/19</u>	<u>Title at Year End</u>	<u>Resident of District</u>
<i>Board Members:</i> Willie Younger	Appointed February/2018 - February/2020	\$ 4,800	\$ -0-	Director	Yes
Garry Koeppen	Appointed February/2018 - February/2020	4,800	-0-	Director	Yes
Dwight Vavra	Appointed February/2018 - February/2020	4,800	-0-	Director	Yes

The District has no employees.

\*Fees of office are the amounts actually paid to a Director during the District's fiscal year.

**MATAGORDA COUNTY CONSERVATION & RECLAMATION DISTRICT #1**

*TSI-8 (Continued)*  
*BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS*

*Year Ended December 31, 2019*

<u>Name &amp; Addresses</u>	<u>Date Hired</u>	<u>Fees &amp; Expenses FYE 12/31/19</u>	<u>Title Year End</u>
Consultants:			
Matagorda County TAC	Inception	\$ 1,367	Tax Collector
Matagorda County Appraisal District	1982	3,558	Appraisal District
KM&L, LLC	2017	5,200	Auditor
Ellen Dodd	2014	3,360	Bookkeeper
Allen Cumbie	2006	24,540	Attorney
Daniel Delich Consulting	2015	21,727	Specialized Consulting
Sharron's Bookkeeping & Tax Service	2016	1,260	Payroll Processor

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