

**WHITE RIVER MUNICIPAL WATER DISTRICT  
SPUR, TEXAS**

**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS  
LUBBOCK, TEXAS

**WHITE RIVER MUNICIPAL WATER DISTRICT  
SPUR, TEXAS**

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**FOR THE YEAR ENDED JUNE 30, 2019**

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# WHITE RIVER MUNICIPAL WATER DISTRICT

## BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**Independent Auditor's Report**

Board of Directors  
White River Municipal Water District  
Spur, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund of White River Municipal Water District, Spur, Texas (the District), as of and for the fiscal year ended June 30, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund of White River Municipal Water District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flow 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, schedule of changes in the plan's net pension asset and related ratios, schedule of employer contributions, and budgetary comparison information on pages 3 through 9 and 36 through 38 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of the District's internal control over financial reporting and compliance.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

September 30, 2019

**WHITE RIVER MUNICIPAL WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2019**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the White River Municipal Water District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial statements of the District for the year ended June 30, 2019. Please read it in conjunction with the Independent Auditor's Report and the District's Basic Financial Statements.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$9,053,948 (net position) as compared to \$9,031,972 for the previous fiscal year. Of this amount, \$2,952,308 (unrestricted net position) is in an unrestricted position. Net position grew \$21,976 in 2019 as compared to an increase of \$307,672 in 2018.
- At June 30, 2019, the District's governmental funds reported combined ending fund balances of \$725,797, a decrease of \$30,164 in comparison with the prior year.
- At June 30, 2019, the unassigned fund balance of the water fund was \$589,461 or 44.25% of total water fund expenditures as compared to \$619,640, or 64.68% of total general fund expenditures for the previous year.

**USING THIS ANNUAL REPORT**

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

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison (water fund) is presented as a required supplementary information.

## **Reporting the District as a Whole**

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

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

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets plus deferred outflows and liabilities plus deferred inflows) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider other factors as well, such as changes in the District's revenue sources and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District has two kinds of activity:

- Governmental activity – Most of the District's basic services are reported here, including bulk water sales, lot leases, maintenance, plant, and administration. User charges and to a lesser extent investment income finances these activities.
- Business-type activity – Services that are intended to be ran more like a business are reported in this fund. All members around the lake are reported in this fund and it tracks the net income or loss overtime associated with providing water to those customers.

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

### ***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Governmental fund types include the general (water) fund and special revenue fund.

- Governmental funds – All of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Exhibits A-4 and A-6.

## THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet – Exhibit A-3) reported a combined fund balance of \$725,797, which is down from last year's total of \$755,961. The District water services accounted for in the governmental funds is based on rates agreed upon with member cities and based on the budget adopted by the Board of Directors at the beginning of each year. Unanticipated events during the year can impact revenue and expenses. The District's decrease in fund balance in these funds is due mostly to the purchase of the Butler property for a potential new well field expansion.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental and business-type activities increased from \$9,031,972 to \$9,053,948. Unrestricted Net Position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased from \$3,032,972 to \$2,952,308.

**Table I**  
**White River Municipal Water District**

### NET POSITION

	Governmental Activities 2019	Business-Type Activities 2019	Governmental Activities 2018	Business-Type Activities 2018
Current and Other Assets	\$ 789,200	\$ 1,944,124	\$ 821,264	\$ 2,035,730
Capital Assets	5,246,480	718,824	5,187,230	675,449
Other Noncurrent Assets	1,270,666	181,780	1,520,722	169,297
Deferred Outflows	108,482	54,363	15,578	4,486
Total Assets and Deferred Outflows	<u>\$ 7,414,828</u>	<u>\$ 2,899,091</u>	<u>\$ 7,544,794</u>	<u>\$ 2,884,962</u>
Current and Other Liabilities	\$ 63,403	\$ 37,080	\$ 65,303	\$ 23,998
Long-Term Liabilities	919,966		944,602	
Deferred Inflows	159,562	79,960	282,513	81,368
Total Liabilities and Deferred Inflows	<u>\$ 1,142,931</u>	<u>\$ 117,040</u>	<u>\$ 1,292,418</u>	<u>\$ 105,366</u>
Net Position:				
Net Investment in Capital Assets	\$ 5,246,480	\$ 718,824	\$ 5,187,230	\$ 675,449
Restricted	136,336		136,321	
Unrestricted	889,081	2,063,227	928,825	2,104,147
Total Net Position	<u><u>\$ 6,271,897</u></u>	<u><u>\$ 2,782,051</u></u>	<u><u>\$ 6,252,376</u></u>	<u><u>\$ 2,779,596</u></u>

The District's Current and Other Assets decreased due the purchase of the Butler property for a potential new well field expansion during the year.



The change in Capital Assets includes additions of \$482,796 and annual depreciation of \$377,309 and a loss of \$2,862.

Long-Term Liabilities decreased due to paying down existing debt.

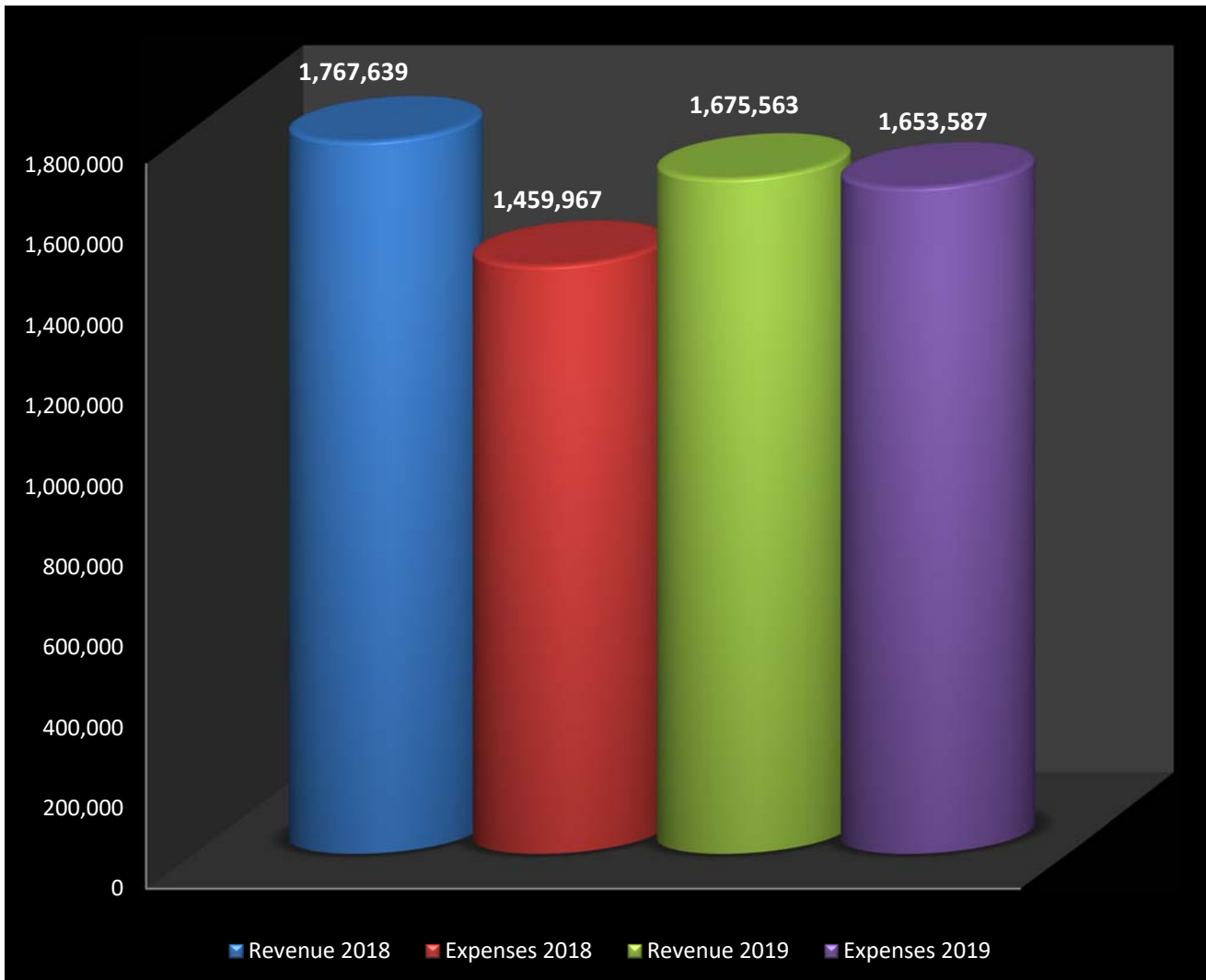
**Table II**  
**White River Municipal Water District**

**CHANGES IN NET POSITION**

	Governmental Activities 2019	Business-Type Activities 2019	Governmental Activities 2018	Business-Type Activities 2018
<b>Revenues:</b>				
Charges for Services and Assessments	\$ 1,216,390	\$ 417,789	\$ 1,317,003	\$ 414,509
Operating and Capital Grants		7,060		
Investment and Other Earnings	19,219	15,105	19,522	16,605
<b>Total Revenue</b>	<b>\$ 1,235,609</b>	<b>\$ 439,954</b>	<b>\$ 1,336,525</b>	<b>\$ 431,114</b>
<b>Expenses:</b>				
Administrative	\$ 251,499		\$ 215,157	
Plant	364,644		276,993	
Maintenance	666,146		672,107	
Recreation and Law Enforcement		332,698		258,704
Interest Expense and Fees	38,600		37,006	
<b>Total Expenses</b>	<b>\$ 1,320,889</b>	<b>\$ 332,698</b>	<b>\$ 1,201,263</b>	<b>\$ 258,704</b>
Transfers In (Out)	\$ 104,801	\$ (104,801)	\$ (72,389)	\$ 72,389
Increase in Net Position	\$ 19,521	\$ 2,455	\$ 62,873	\$ 244,799
Net Position at July 1,	6,252,376	2,779,596	6,189,503	2,534,797
Net Position at June 30,	<u>\$ 6,271,897</u>	<u>\$ 2,782,051</u>	<u>\$ 6,252,376</u>	<u>\$ 2,779,596</u>

See the table on the next page for total revenue and expenses for 2019 and 2018.

# Revenues and Expenses



The District's total revenues were down in comparison to the prior year. This is attributable to a decrease in water sales for 2019, and the overall effects of the 5-year rolling average.

In 2019, the District's total expenditures increased due to the addition of (2) full-time Peace officers in 2018-19 and additional treatment supplies purchased.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of 2019, the District had \$5,965,304 (net of accumulated depreciation) invested in a broad range of capital assets, including land, buildings, infrastructure, machinery and equipment and other improvements. More detailed information about the District's capital assets is presented in the notes to the financial statements.

## Debt and Obligations

At year-end the District had \$910,000 in bonds and obligations outstanding versus \$935,000 last year.

More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

The Water Plant is over 50 years old and is in fair condition. Updates are needed to stay on top of the District's treatment needs. The District is in the initial phase of a \$4.18 million-dollar update to the water treatment plant and remote sites. The District has several 50-year-old water tanks still in service that will need to be replaced or rehabbed in the near future. The District also has many miles of 50-year-old pipeline that will also need to be replaced over the course of the next few years. The District has already started replacing pipeline during a leak with C-905 PVC instead of repairing the existing Concrete Steel Cylinder pipe.

The District owns 7 houses, located at the lake for its employees that are 50+ years old and in need of repairs. Houses are in fair condition but need some repairs and updates to be made. The District will need to budget in the future for these repairs and updates. In 2017, the Board of Director's approved setting up a new bank account to accumulate funds for the purpose of District house repairs. Management has been in contact with contractors to price new windows and replace the eaves on the 7 District houses. We hope to have some of this work completed by the end of fiscal year 2019.

The District is currently working to replace outdated infrastructure in the existing campgrounds and improve the appearance of the park. The District in the next year will be replacing 15 existing campsites with new 10x10 concrete pads, new 15x15 steel canopy covers, and new covered barbeque pits in campground #1. There will also be a new small playground added to the new restroom facility that the District and TP&W project for campground #1. This is one of the 2 TP&W grants that we are working on at this time.

The District is also working with Texas Parks & Wildlife Department (TP&W) on 2 separate grants at the current time. These projects are the White River Multi-Use Trail system and the TP&W Boater Access Grant. These grants will allow the District to update existing infrastructure and create new recreational activities at the lake.

The financial status of the District is fair. The District has not seen a substantial increase in water rates since October 2012. The District, however, did decide to increase water rates \$0.01/ 1,000 gal. for wholesale customers in 2017.

Many factors impact the District and its operations including the economy, weather, growth in customer needs (water demand), and cost increases in fuel, electricity, materials and labor. Water sales are the largest factors affecting revenues. Revenues for White River MWD are calculated based off contractual minimum water use for the previous year's billed water, anticipated recreation fees, and farm rental contracts.

It is expected that WRMWD will be able to fund identified capital requirements while maintaining appropriate debt service coverage levels and sustaining sound overall financial position.

## **SUMMARY**

During the next year the District will continue to work to develop infrastructure improvements with a USDA Grant / Loan, and continue to pursue future water for our constituents. The environmental drought conditions our region has suffered in previous years have caused wells and area lakes to become dangerously low and, in some cases, inoperable to provide the region's community public drinking water. The rains that we have received in the past year have given the region some much needed breathing room, but the District aims to stay ahead of the next drought by cooperatively determining short-term and long-term goals to obtaining water rights, and needed infrastructure improvements to enable the District to provide member communities with affordable drinking water.

## **CONCLUSION**

The basic financial statements are for the purpose of providing our customers, the four cities, the Texas Water Development Board and any other pertinent regulatory bodies or creditors, with a general overview of the District's finances. If you have any questions regarding these basic financial statements, you may contact White River Municipal Water District at (806) 263-4240.

White River Municipal Water District

A handwritten signature in black ink, appearing to read "Shane Jones". The signature is stylized and cursive.

---

Shane Jones / General Manager

WHITE RIVER MUNICIPAL WATER DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION  
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 678,992	\$ 1,911,408	\$ 2,590,400
Accounts Receivable (Net of Allowances)	110,208	32,716	142,924
Capital Assets, Net of Accumulated Depreciation			
Non-Depreciable Assets			
Land	1,196,952	292,117	1,489,069
Construction Work in Progress	220,000	79,500	299,500
Depreciable Assets			
Buildings	33,586		33,586
Improvements Other than Buildings	8,500	242,705	251,205
Machinery and Equipment	186,993	104,502	291,495
Water Infrastructure	3,600,449		3,600,449
Other Noncurrent Assets			
Current Portion Due from Member Cities	25,000		25,000
Due from Member Cities	882,917		882,917
Net Pension Asset	362,749	181,780	544,529
Total Assets	<u>\$ 7,306,346</u>	<u>\$ 2,844,728</u>	<u>\$ 10,151,074</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Plan - Earnings Differences	\$ 100,237	\$ 50,231	\$ 150,468
Pension Plan - Changes of Assumptions	8,245	4,132	12,377
Total Deferred Outflows of Resources	<u>108,482</u>	<u>54,363</u>	<u>162,845</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 54,089	\$ 32,249	\$ 86,338
Accrued Wages Payable	8,129	4,831	12,960
Other Current Liabilities	56		56
Unearned Revenue	1,129		1,129
Noncurrent Liabilities			
Accrued Leave	9,966		9,966
Current Portion of Long-Term	25,000		25,000
Long-Term Debt	885,000		885,000
Total Liabilities	<u>\$ 983,369</u>	<u>\$ 37,080</u>	<u>\$ 1,020,449</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Plan - Experience Differences	\$ 159,562	\$ 79,960	\$ 239,522
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 5,246,480	\$ 718,824	\$ 5,965,304
Restricted for:			
Debt Retirement	64,864		64,864
Water Development - Capital Projects	71,472		71,472
Unrestricted	889,081	2,063,227	2,952,308
Total Net Position	<u>\$ 6,271,897</u>	<u>\$ 2,782,051</u>	<u>\$ 9,053,948</u>

The accompanying notes are an integral part of this statement.

WHITE RIVER MUNICIPAL WATER DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Expenses	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
			Governmental Activities	Business-Type Activities	Total
Net (Expense) Revenue					
<u>Governmental Activities:</u>					
Administration	\$ 251,499	\$	\$ (251,499)	\$	\$ (251,499)
Plant	364,644		(364,644)		(364,644)
Maintenance	666,146		(666,146)		(666,146)
Interest Expense and Fees	38,600		(38,600)		(38,600)
Total Governmental Activities	\$ 1,320,889	\$ 0	\$ (1,320,889)	\$ 0	\$ (1,320,889)
<u>Business-Type Activities:</u>					
Recreation	\$ 233,013	\$ 7,060	\$	\$ (225,953)	\$ (225,953)
Law Enforcement	99,685			(99,685)	(99,685)
Total Business-Type Activities	\$ 332,698	\$ 7,060	\$ 0	\$ (325,638)	\$ (325,638)
Total Primary Government	\$ 1,653,587	\$ 7,060	\$ (1,320,889)	\$ (325,638)	\$ (1,646,527)
General Revenues:					
Charges for Services			\$ 1,177,922	\$ 417,789	\$ 1,595,711
Special Assessments			38,468		38,468
Unrestricted Investment Earnings			441	17,967	18,408
Gain (Loss) on Sale of Assets			9,000	(2,862)	6,138
Miscellaneous			9,778		9,778
Transfers			104,801	(104,801)	
Total General Revenues			\$ 1,340,410	\$ 328,093	\$ 1,668,503
Change in Net Position			\$ 19,521	\$ 2,455	\$ 21,976
Net Position - Beginning			6,252,376	2,779,596	9,031,972
Net Position - Ending			\$ 6,271,897	\$ 2,782,051	\$ 9,053,948

The accompanying notes are an integral part of this statement.

WHITE RIVER MUNICIPAL WATER DISTRICT

Exhibit A-3

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

	<u>Major Water Fund</u>	<u>Non-Major Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 541,128	\$ 137,864	\$ 678,992
Accounts Receivable	110,208		110,208
Total Assets	<u>\$ 651,336</u>	<u>\$ 137,864</u>	<u>\$ 789,200</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 53,690	\$ 399	\$ 54,089
Accrued Wages	8,129		8,129
Other Current Liabilities	56		56
Unearned Revenue		1,129	1,129
Total Liabilities	<u>\$ 61,875</u>	<u>\$ 1,528</u>	<u>\$ 63,403</u>
<b>FUND BALANCES</b>			
Restricted for:			
Debt Retirement	\$	\$ 64,864	\$ 64,864
Water Development - Capital Projects		71,472	71,472
Unassigned	589,461		589,461
Total Fund Balances	<u>\$ 589,461</u>	<u>\$ 136,336</u>	<u>\$ 725,797</u>
Total Liabilities and Fund Balances	<u>\$ 651,336</u>	<u>\$ 137,864</u>	<u>\$ 789,200</u>

The accompanying notes are an integral part of this statement.

WHITE RIVER MUNICIPAL WATER DISTRICT

Exhibit A-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019

Total Fund Balance - Governmental Funds Balance Sheet	\$ 725,797
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (Net of accumulated depreciation).	5,246,480
Long-term receivables related to conduit debt are not reported in the governmental funds balance sheet.	907,917
Accrued vacation payable is not recorded in the governmental funds.	(9,966)
Long-term debt is not accrued in the funds but is recognized as a liability in the Statement of Net Position.	(910,000)
Net pension assets and related deferred outflows and deferred inflows are not reported in the governmental funds.	<u>311,669</u>
Net Position of Governmental Activities	<u>\$ 6,271,897</u>

The accompanying notes are an integral part of this statement.



WHITE RIVER MUNICIPAL WATER DISTRICT

Exhibit A-5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Major Water Fund</u>	<u>Non-Major Special Revenue Fund</u>	<u>Total</u>
<b>REVENUES:</b>			
Charges for Services	\$ 1,177,922	\$	\$ 1,177,922
Special Assessments		63,468	63,468
Investment Earnings	294	147	441
Other Revenue	9,778		9,778
Total Revenues	<u>\$ 1,187,994</u>	<u>\$ 63,615</u>	<u>\$ 1,251,609</u>
<b>EXPENDITURES:</b>			
Current:			
Administration	\$ 247,699	\$	\$ 247,699
Plant	361,719		361,719
Maintenance	346,259		346,259
Capital Outlay	376,297		376,297
Debt Service:			
Principal		25,000	25,000
Interest Expense and Fees		38,600	38,600
Total Expenditures	<u>\$ 1,331,974</u>	<u>\$ 63,600</u>	<u>\$ 1,395,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (143,980)</u>	<u>\$ 15</u>	<u>\$ (143,965)</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers In	\$ 104,801	\$	\$ 104,801
Proceeds from the Sale of Fixed Assets	9,000		9,000
Total Other Financing Sources	<u>\$ 113,801</u>	<u>\$ 0</u>	<u>\$ 113,801</u>
Net Change in Fund Balances	\$ (30,179)	\$ 15	\$ (30,164)
Fund Balance - July 1 (Beginning)	<u>619,640</u>	<u>136,321</u>	<u>755,961</u>
Fund Balance - June 30 (Ending)	<u>\$ 589,461</u>	<u>\$ 136,336</u>	<u>\$ 725,797</u>

The accompanying notes are an integral part of this statement.

WHITE RIVER MUNICIPAL WATER DISTRICT

Exhibit A-6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Net Change in Fund Balance - Total Governmental Funds	\$	(30,164)
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:		
Capital Asset additions are recorded as expenditures in the funds but are capitalized in the Statement of Net Position.		376,297
Depreciation is recorded in the Statement of Activities as an expense but not in governmental fund.		(317,047)
Principal payments are recorded received from Member Cities are recorded as revenues in the governmental fund but excluded in the statement of activities.		(25,000)
Principal payments are recorded as expenditures in governmental fund but excluded in the Statement of Activities.		25,000
Change in accrued compensated absences is not recorded in the funds.		(364)
Changes in the net pension assets and related deferred outflows and inflows are not reported in the governmental funds.		<u>(9,201)</u>
Change in Net Position of Governmental Activities	\$	<u><u>19,521</u></u>

The accompanying notes are an integral part of this statement.

WHITE RIVER MUNICIPAL WATER DISTRICT

Exhibit A-7

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2019

	<u>Major Recreation Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,911,408
Accounts Receivable (Net of Allowances)	32,716
Capital Assets, Net of Accumulated Depreciation	
Land	292,117
Construction Work in Progress	79,500
Improvements Other than Buildings	242,705
Machinery and Equipment	104,502
Net Pension Asset	181,780
Total Assets	\$ <u>2,844,728</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Plan - Earnings Differences	\$ 50,231
Pension Plan - Changes of Assumptions	4,132
Total Deferred Outflows of Resources	\$ <u>54,363</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 32,249
Accrued Wages Payable	4,831
Total Liabilities	\$ <u>37,080</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Plan - Experience Differences	\$ <u>79,960</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 718,824
Unrestricted	2,063,227
Total Net Position	\$ <u><u>2,782,051</u></u>

The accompanying notes are an integral part of this statement.

WHITE RIVER MUNICIPAL WATER DISTRICT

Exhibit A-8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Major Recreation Fund</u>
OPERATING REVENUES	
Sale of Permits	\$ 77,088
Lot Rentals	147,291
Water Sales	140,036
Annual Trash Fees	28,200
Other Operating Income	25,174
Total Operating Revenues	<u>\$ 417,789</u>
OPERATING EXPENSES	
Recreation	
Personnel, Benefits, and Cost of Services	\$ 45,019
Contractual Services	60,303
Utilities	6,399
Repairs and Maintenance	7,569
Supplies	33,235
Insurance	7,729
Administration	12,497
Depreciation	60,262
Law Enforcement	
Personnel, Benefits, and Cost of Services	43,709
Repairs and Maintenance	19,355
Supplies	24,293
Insurance	7,729
Administration	4,599
Total Operating Expenses	<u>\$ 332,698</u>
Operating Income	<u>\$ 85,091</u>
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental	\$ 7,060
Investment Earnings	17,967
Loss on Sale of Fixed Assets	(2,862)
Total Nonoperating Revenues (Expenses)	<u>\$ 22,165</u>
Income Before Transfers	<u>\$ 107,256</u>
TRANSFERS	
Transfers Out	<u>\$ (104,801)</u>
Change in Net Position	\$ 2,455
TOTAL NET POSITION - BEGINNING	<u>2,779,596</u>
TOTAL NET POSITION - ENDING	<u><u>\$ 2,782,051</u></u>

The accompanying notes are an integral part of this statement.

WHITE RIVER MUNICIPAL WATER DISTRICT

Exhibit A-9

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Major Recreation Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers	\$ 411,971
Payments to Suppliers	(153,417)
Payments to Employees	(169,705)
Net Cash From Operating Activities	<u>\$ 88,849</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers Out	\$ (104,801)
Receipts from Grantors	7,060
Net Cash From Noncapital Financing Activities	<u>\$ (97,741)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions of Property and Equipment	\$ (106,499)
Net Cash From Capital and Related Financing Activities	<u>\$ (106,499)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Earned on Investments	\$ 17,967
Net Cash From Investing Activities	<u>\$ 17,967</u>
CHANGE IN CASH AND CASH EQUIVALENTS	\$ (97,424)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,008,832</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,911,408</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities	
Operating Income	\$ <u>85,091</u>
Adjustments to Reconcile Income From Operations to Net Cash From Operating Activities:	
Depreciation	\$ 60,262
Change in Assets and Liabilities:	
Receivables	(5,818)
Net Pension Assets and Deferred Outflows and Inflows	(63,768)
Accounts Payable	13,195
Accrued Wages	(113)
	<u>\$ 3,758</u>
Net Cash From Operating Activities	<u>\$ 88,849</u>

The accompanying notes are an integral part of this statement.

**WHITE RIVER MUNICIPAL WATER DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**1. REPORTING ENTITY**

The financial statements of White River Municipal Water District (the District) consist only of the funds of the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

The District is comprised of a twelve member board. The Board is comprised of three representatives from each of the member cities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF ACCOUNTING**

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

**ORGANIZATION**

The District was created by an Act as a conservation and reclamation district under Article 16, Section 59 of the Constitution of Texas and constitutes a governmental agency and body politic and corporate. The District is comprised of the cities of Spur, Ralls, Post, and Crosbyton, and was original created on May 14, 1957.

**BASIS OF ACCOUNTING AND PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's water and special revenue funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's bulk water sales to members and special revenue activities are classified as governmental activities. The District's water services to residential and commercial customers are classified as business-type activities.

In the government-wide Statement of Net Position, the governmental activities and business-type activities are presented by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

**WHITE RIVER MUNICIPAL WATER DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (administration, plant, maintenance, recreation, and law enforcement). The functions are also supported by general government revenues (charges for services, special assessments, investment earnings, etc.).

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column, if any, reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (charges for services, special assessments, investment earnings, etc.).

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

**FUND FINANCIAL STATEMENTS**

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

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from local sources consist primarily of charges for water to residential and commercial customers. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Expenditures generally are recorded when a liability is incurred, as under modified accrual accounting. However, debt service expenditures, accrued leave, and pension expenditures are recorded only when payment is due.

**WHITE RIVER MUNICIPAL WATER DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**GOVERNMENTAL FUND TYPES**

The District reports the following governmental funds:

**Water Fund** (Major) – This fund is established to account for resources used for water operations. All service revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a budgeted fund, and undesignated fund balances are considered resources available for current operations.

Additionally, the government reports the following fund type:

**Special Revenue Fund** (Non-Major) – This is a fund used to account for the proceeds and expenditures thereof, for restricted revenues mainly related to infrastructure grants and debt reserves.

**PROPRIETARY FUND TYPES**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the District:

**Recreation Fund** (Major) – This fund is used to account for water sales to residential and commercial customers and related expenses (recreation and law enforcement) associated with providing those services.

A proprietary fund is required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third-party requirements that the cost of providing services, including capital costs, to be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

**BASIS OF ACCOUNTING APPLICABLE TO ALL FINANCIAL STATEMENTS**

Capital assets, which include infrastructure, buildings, improvements other than buildings, machinery and equipment, and work in progress are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets useful lives are not capitalized.

Supplies and materials are debited as expenditures when purchased.

It is the District's policy to permit employees to accumulate earned but unused leave benefits, which will be paid at termination. This liability is recorded in the government-wide financial statements.



**WHITE RIVER MUNICIPAL WATER DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**BUDGETARY DATA**

The official budget was prepared on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America, for the general (water) fund.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. During April or May of the current fiscal year, the District prepares a budget for the next fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget.
- c. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

**FUND EQUITY**

The District applies GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which the amounts in the funds may be spent. Application of the Statement requires the District to classify and report amounts in the appropriate fund balance classifications. The District's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned. From interpretation of the adopted policy the District will spend its fund in the following order: Committed, Assigned, and Unassigned, if more than one classification of fund balance is available.

The District reports the following classifications:

**Nonspendable Fund Balance** – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

**Restricted Fund Balance** – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Restrictions are placed on fund balances when legally enforceable legislation establishes the District's right to assess, levy, or charge fees to be used for a specific purpose, which must be used to repay debt. Legal enforceability means that the District can be compelled by an external party to use resources created by enabling legislation only for the purposes specified by the legislation.

**WHITE RIVER MUNICIPAL WATER DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Board of Directors. Committed amounts cannot be used for any other purposes unless the Board removes those constraints by taking the same type of actions (legislation, resolution, and ordinance). Committed fund balances include non-liquidated encumbrances at year end that are carried forward to the next fiscal year. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Board. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Manager or (b) an appointed body (Special Committees for the Board) or official to which the Board has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the Water Fund. This classification represents Water Fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the Water Fund.

Unassigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the Water Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the Water Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment with the Water Fund conveys that the intended use of those amounts is for specific purposes that are narrower than the general purposes of the District itself.

**NET POSITION ON THE STATEMENT OF NET POSITION**

Net position on the Statement of Net Position includes the following:

Net Investment in Capital Assets – this component of net position represents the difference between capital assets and due from member cities less accumulated depreciation and the outstanding balance of debt, excluding any unspent bond proceeds that is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted for Debt Retirement – this component represents net position available for retirement of bond principal and interest on outstanding bonds.

Restricted for Water Development – this component represents amounts restricted for infrastructure and other capital needs.

Unrestricted – the difference between assets and deferred outflows, and liabilities and deferred inflows that is not reported in Net Position Net Investment in Capital Assets or Restricted for Debt Service and Water Development.

**WHITE RIVER MUNICIPAL WATER DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**INTERFUND ACTIVITY**

Interfund Activity is reported as interfund balances or transfers. Interfund Balances represent interfund receivables and payables as appropriate and are reported as a single line in the government-wide Statement of Net Position as "Internal Balances." All other interfund transactions are treated as transfers. Transfers In and Out are netted and presented as a single line "Transfers" on the government-wide Statement of Activities.

**MANAGEMENT'S USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**3. FINANCIAL STATEMENT AMOUNTS**

**CASH AND CASH EQUIVALENTS**

The District has defined cash and cash equivalents to included cash in bank and certificates of deposit with a maturity date of less than one year.

**CAPITAL ASSETS**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used. Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (Yrs.)</u>
Buildings	10 - 40
Improvements Other Than Buildings	10 - 30
Machinery and Equipment	5 - 10
Water Infrastructure	10 - 100

**DEPOSITS AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy.

**WHITE RIVER MUNICIPAL WATER DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the District has adopted a deposit and investment policy. That policy addresses the investment risks identified in GASB Statement No. 40. The District limits its exposure to investment risks by investing in local government investment pools and government securities.

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board require or permit in the financial statements at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments as of June 30, 2019 were all considered Level 1.

The carrying amount of the District's cash and cash equivalents at June 30, 2019, approximates fair value and consisted of Cash in Bank and Certificates of Deposit with a maturity date of one year or less.

In compliance with the Act, the District has adopted a deposit and investment policy. That policy does not address the following risks:

- a. Custodial Credit Risk – Deposits and Investments: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits and investments may not be returned to it. The District's policy does contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits. The District is not exposed to custodial credit risk for its deposits are all covered by depository insurance and pledged securities held by a third party in the District's name.

**WHITE RIVER MUNICIPAL WATER DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

- b. Concentration of Credit Risk – The investment policy of the District contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. government obligations, obligations explicitly guaranteed by the U.S. Government, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At June 30, 2019, all of the District’s investments certificates of deposit with various banks, and as such the District has no risk.
- c. Credit Risk – The risk that an issuer of 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 June 30, 2019, the District was not significantly exposed to credit risk.
- d. Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District’s investments certificates of deposit averages less than 12 months.
- e. Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

**4. ACCOUNTS RECEIVABLE**

As of June 30, 2019 the District’s accounts receivable consisted of the following:

	Total Receivables	Estimated Allowances for Bad Debt	Net Receivables
Governmental Activities:			
Member Cities - Water Sales	\$ 93,650	\$	\$ 93,650
George Brown - Water Sales	5,635		5,635
Line Meters - Water Sales	10,923		10,923
Total Governmental Activities	<u>\$ 110,208</u>	<u>\$ 0</u>	<u>\$ 110,208</u>
Business-Type Activities:			
Permit Fees - Marina	\$ 11,925	\$	\$ 11,925
Lake Meters - Water Sales	16,061	(2,081)	13,980
Other	6,811		6,811
Total Business-Type Activities:	<u>\$ 34,797</u>	<u>\$ (2,081)</u>	<u>\$ 32,716</u>
Primary Government	<u>\$ 145,005</u>	<u>\$ (2,081)</u>	<u>\$ 142,924</u>

WHITE RIVER MUNICIPAL WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

5. DUE FROM MEMBER CITIES

The following is a summary of the amount due from member cities for debt service payments as of June 30, 2019:

	Total Debt Outstanding on Behalf of City	Remaining Principal Due to District	Current Portion
Governmental Activities:			
City of Ralls	\$ 179,998	\$ 179,586	\$ 4,945
City of Post	370,006	369,159	10,165
City of Spur	200,018	199,560	5,495
City of Crosbyton	159,978	159,612	4,395
Total Governmental Activities	<u>\$ 910,000</u>	<u>\$ 907,917</u>	<u>\$ 25,000</u>

This receivable is related to debt issued through the Texas Water Development Board in the Cities' names. See the Long-Term Debt note for more information.

6. ACCRUED LEAVE

Employees of the District are entitled to two to three weeks of paid vacation a year depending on length of service. Upon leaving the District any unused vacation is paid to the employee. As of June 30, 2019 the liability for the District was \$9,966.

7. CAPITAL ASSET ACTIVITY

Governmental Activities:

Capital asset activity for the District for the year ended June 30, 2019 was as follows:

<u>Assets:</u>	Balance 7/1/2018	Additions	Retirements	Balance 6/30/2019
Land	\$ 934,458	\$ 262,496	\$	\$ 1,196,954
Buildings	177,399			177,399
Improvements Other than Buildings	93,329			93,329
Machinery and Equipment	585,498	113,801	57,230	642,069
Water Infrastructure	9,109,700			9,109,700
Construction Work in Progress	220,000			220,000
Totals	<u>\$ 11,120,384</u>	<u>\$ 376,297</u>	<u>\$ 57,230</u>	<u>\$ 11,439,451</u>
<u>Accumulated Depreciation:</u>				
Buildings	\$ 141,213	\$ 2,600	\$	\$ 143,813
Improvements Other than Buildings	82,724	2,105		84,829
Machinery and Equipment	448,567	63,741	57,230	455,078
Water Infrastructure	5,260,650	248,601		5,509,251
Totals	<u>\$ 5,933,154</u>	<u>\$ 317,047</u>	<u>\$ 57,230</u>	<u>\$ 6,192,971</u>
Capital Assets, Net of Accumulated	<u>\$ 5,187,230</u>	<u>\$ 59,250</u>	<u>\$ 0</u>	<u>\$ 5,246,480</u>

**WHITE RIVER MUNICIPAL WATER DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

Current year depreciation expense was charged to the Plant function in the Statement of Activities.

**Business-Type Activities:**

Capital asset activity for the District for the year ended June 30, 2019 was as follows:

<u>Assets:</u>	Balance 7/1/2018	Additions	Retirements	Balance 6/30/2019
Land	\$ 294,980	\$	\$ 2,863	\$ 292,117
Improvements Other than Buildings	509,201	45,000		554,201
Machinery and Equipment	471,695		488	471,207
Construction Work in Progress	18,001	61,499		79,500
Totals	<u>\$ 1,293,877</u>	<u>\$ 106,499</u>	<u>\$ 3,351</u>	<u>\$ 1,397,025</u>
<u>Accumulated Depreciation:</u>				
Improvements Other than Buildings	\$ 298,618	\$ 12,878	\$	\$ 311,496
Machinery and Equipment	319,809	47,384	488	366,705
Totals	<u>\$ 618,427</u>	<u>\$ 60,262</u>	<u>\$ 488</u>	<u>\$ 678,201</u>
Capital Assets, Net of Accumulated	<u>\$ 675,450</u>	<u>\$ 46,237</u>	<u>\$ 2,863</u>	<u>\$ 718,824</u>

**8. LONG-TERM DEBT**

Long-Term Debt includes the Series 2013 Water System Revenue Bonds which were originally issued in the amount of \$1,050,000 on September 18, 2013. The bonds carrying varying interest rates ranging from 0.14% to 4.37% and mature on June 1, 2043.

During the year the District paid \$25,000 in principal and \$36,641 in interest related to these bonds. The ending outstanding balance on this issuance was \$910,000.

Debt Service Requirements on the bonds as of June 30, 2019 are as follows:

<u>Fiscal Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 25,000	\$ 36,176	\$ 61,176
2021	25,000	35,611	60,611
2022	25,000	34,961	59,961
2023	25,000	34,245	59,245
2024	25,000	33,481	58,481
2025-2029	155,000	152,577	307,577
2030-2034	185,000	119,946	304,946
2035-2039	225,000	77,828	302,828
2040-2043	220,000	24,637	244,637
	<u>\$ 910,000</u>	<u>\$ 549,461</u>	<u>\$ 1,459,461</u>

**WHITE RIVER MUNICIPAL WATER DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

The amount of debt owed to the District by Member City and payable by Member City is as follows:

Fiscal Year(s)	City of Post		City of Ralls		City of Crosbyton		City of Spur	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 10,165	\$ 14,690	\$ 4,945	\$ 7,146	\$ 4,395	\$ 6,351	\$ 5,495	\$ 7,941
2021	10,165	14,457	4,945	7,033	4,395	6,251	5,495	7,815
2022	10,165	14,191	4,945	6,903	4,395	6,136	5,495	7,671
2023	10,165	13,898	4,945	6,761	4,395	6,009	5,495	7,513
2024	10,334	13,586	5,028	6,609	4,468	5,874	5,587	7,344
2025-2029	63,193	61,842	30,741	30,084	27,322	26,738	34,160	33,430
2030-2034	75,390	48,511	36,675	23,599	32,596	20,975	40,755	26,224
2035-2039	91,824	31,317	44,670	15,235	39,702	13,540	49,638	16,930
2040-2043	87,758	9,693	42,692	4,715	37,944	4,191	47,440	5,241
	<u>\$ 369,159</u>	<u>\$ 222,185</u>	<u>\$ 179,586</u>	<u>\$ 108,085</u>	<u>\$ 159,612</u>	<u>\$ 96,065</u>	<u>\$ 199,560</u>	<u>\$ 120,109</u>

**9. INTERFUND TRANSFERS**

Interfund Transfers during the year ended June 30, 2019 are as follows:

Transfer In	Transfer Out	Amount	Description of Transfer
Water Fund	Recreation Fund	\$ 104,801	Vehicle Purchases

**10. PENSION PLAN – TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (TCDRS)**

Plan Description:

The District provides retirement, disability, and death benefits for all of its full time employees through a non-traditional defined benefit pension plan in TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 782 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a Comprehensive Annual Financial Report (CAFR) on a calendar basis. The CAFR is available upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS. Members can retire at ages 60 and above with eight or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after ten years of service.

Members are vested after ten years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.



**WHITE RIVER MUNICIPAL WATER DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the Texas state statutes governing TCDRS 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 Texas state statutes governing TCDRS.

Pension Plan Fiduciary Net Position:

Detailed information about the TCDRS fiduciary net position is available in a separately-issued CAFR that includes financial statements and required supplementary information mentioned in the above section.

The information provided by TCDRS shows the following information regarding the Pension Plan fiduciary net position for the District as of December 31, 2018.

Total Pension Liability	\$	1,928,488
Plan Fiduciary Net Position		<u>2,473,017</u>
Plan Net Pension (Asset)	\$	<u>(544,529)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		128.24%

Benefits Provided:

TCDRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries). The normal service retirement is at age 60 with 8 years of credited service, when the sum of the member's age and years of credited service equals 75 or more years, or after 30 years of service regardless of age. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions:

The plan is funded by monthly contributions from employee deposits and from employer contributions based on the covered payroll of employee members. Under the variable rate plan provisions, the contribution rate of the employer is actuarially determined annually. The required contribution was determined as part of the December 31, 2018 actuarial valuation using the entry age actuarial cost method.

**WHITE RIVER MUNICIPAL WATER DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

The actuarial assumptions at December 31, 2018 included (a) an 8.00% investment rate of return (net of administrative expenses), and (b) a projected salary increase of 4.90%. Both (a) and (b) included an inflation component of 3.00%. 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 employer contribution rate was 0.00% for 2018. The deposit rate payable by employee members is the rate of 7.00% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the Texas state statutes governing TCDRS.

	Contribution Rates	
	2017	2018
Member	7.00%	7.00%
Employer	0.00%	0.00%

	Contributions	
	2017	2018
Member	\$ 25,683	\$ 27,785
Employer		
Total	\$ 25,683	\$ 27,785

Actuarial Assumptions:

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Smoothing Period	Five years
Recognition Method	Non-asymptotic
Corridor	None
Remaining Amortization Period	0.00 Years
Discount Rate	8.10%
Long-Term Expected Investment	
Rate of Return*	8.00%
Salary Increases*	4.90%
Payroll Growth Rate	0.00%

\*Includes Inflation of 2.75%

The actuarial methods and assumptions are primarily based on a study of the District's workforce and estimate of benefits it will pay its employees. The economic and demographic assumptions have been established based on the 2017 experience study for TCDRS, details of which can be found in the 2017 Investigation and Experience Report on the TCDRS website. The RP-2014 Active Employee Mortality Table was used with a two-year set-forward for males and a four-year setback for females.

WHITE RIVER MUNICIPAL WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

Discount Rate:

The discount rate used to measure the total pension liability was 8.10%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.10%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2018 are summarized below:

Asset Class	Target Allocation**	Long-Term Expected Portfolio Real Rate of Return*
U.S. Equities	10.50%	5.40%
Private Equity	18.00%	8.40%
Global Equities	2.50%	5.70%
International Equities - Developed	10.00%	5.40%
International Equities - Emerging	7.00%	5.90%
Investment-Grade Bonds	3.00%	1.60%
Strategic Credit	12.00%	4.39%
Direct Lending	11.00%	7.95%
Distressed Debt	2.00%	7.20%
REIT Equities	2.00%	4.15%
Master Limited Partnerships	3.00%	5.35%
Private Real Estate Partnerships	6.00%	6.30%
Hedge Funds	13.00%	3.90%
<b>Total</b>	<b>100.00%</b>	

\* - Geometric real rates of return in addition to assumed inflation of 1.70%, per Cliffwater's 2019 capital market assumptions

\*\* - Target asset allocation adopted at the April 2019 TCDRS Board Meeting

**WHITE RIVER MUNICIPAL WATER DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

Discount Rate Sensitivity Analysis:

The following schedule shows the impact of the Net Pension Liability if the discount rate used was one percent less than and one percent greater than the discount rate that was used (8.10%) in measuring the 2018 Net Pension Asset.

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total Pension Liability	\$ 2,133,273	\$ 1,928,488	\$ 1,750,271
Fiduciary Net Position	2,473,017	2,473,017	2,473,017
Net Pension Liability / (Asset)	\$ (339,744)	\$ (544,529)	\$ (722,746)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At December 31, 2018, the District reported an asset of \$544,529 for its proportionate share of the TCDRS Net Pension Asset.

The net pension asset was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension asset was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period January 1, 2018 through December 31, 2018.

For the plan year ended December 31, 2018 there were no changes in assumptions or plan provisions.

At December 31, 2018, the District reported its proportionate share of the TCDRS deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred (Inflows) Outflows of Resources
Differences Between Expected and Actual Economic Experience	\$ (239,522)
Changes in Assumptions	12,377
Net Difference Between Projected and Actual Earnings	150,468
Total	\$ (76,677)

WHITE RIVER MUNICIPAL WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense Amount
2019	\$ (11,489)
2020	(58,545)
2021	(59,847)
2022	52,037
2023	1,167
	<u>\$ (76,677)</u>

At December 31, 2018, the District reported deferred resource outflows (inflows) for the TCDRS pension plan as follows:

	Deferred (Inflows) Outflows of Resources
Total Net Amounts as of December 31, 2017 Measurement Date	\$ (343,817)
Experience Differences	7,017
Earnings Differences	254,331
Amortization of Deferred (Inflows) Outflows	5,792
Total Net Amounts as of December 31, 2018	<u>\$ (76,677)</u>

Pension Expense

Pension expense for the plan for the year ended December 31, 2018 was \$54,566 and was calculated as follows:

	Pension Expense
Service Cost	\$ 35,478
Interest on Total Pension Liability	146,628
Administrative Expenses	1,986
Member Contributions	(27,785)
Expected Investment Return Net of Investment Expenses	(206,063)
Amortization of Deferred Inflows and Outflows of Resources	(5,792)
Other	982
Total Net Amounts as of December 31, 2018	<u>\$ (54,566)</u>

**WHITE RIVER MUNICIPAL WATER DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

Employees Covered by Benefit Terms:

At the December 31, 2018 valuation and measurement date, the plan reported the following regarding employees covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	5
Inactive Employees Entitled to but not Yet Receiving Benefits	6
Active Employees	<u>11</u>
Total Plan Employees	<u><u>22</u></u>

**11. RELATED PARTIES**

<u>Cities</u>	<u>Water Sales</u>	<u>Accounts Receivable 6/30/2019</u>	<u>Principal Collections</u>
Post	\$ 409,154	\$ 38,645	\$ 10,165
Ralls	219,172	18,867	4,945
Crosbyton	208,116	18,745	4,395
Spur	<u>197,245</u>	<u>17,393</u>	<u>5,495</u>
Total	<u>\$ 1,033,687</u>	<u>\$ 93,650</u>	<u>\$ 25,000</u>

Post, Ralls, Crosbyton, and Spur are member cities and are entitled to Board representation.

**12. LITIGATION**

At the present time the District is not involved with any legal proceedings incident to the business which would result in any material losses to the District.

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**WHITE RIVER MUNICIPAL WATER DISTRICT  
DEFINED BENEFIT RETIREMENT PLAN  
SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION ASSET AND RELATED RATIOS  
JUNE 30, 2019**

**Exhibit B-1**

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>
	<u>Total Pension Liability</u>	<u>Total Pension Liability</u>	<u>Total Pension Liability</u>	<u>Total Pension Liability</u>	<u>Total Pension Liability</u>
Service Cost	\$ 47,285	\$ 30,673	\$ 38,305	\$ 35,705	\$ 35,478
Interest on Total Pension Liability	150,929	155,565	164,192	156,250	146,628
Effect of Plan Changes		5,078			
Effect of Economic/Demographic Gains and Losses	7,714	33,045	(214,914)	(240,869)	7,017
Effect of Assumptions Changes or Inputs		26,721		11,721	
Benefit Payments/Refunds of Contributions	<u>(159,353)</u>	<u>(152,801)</u>	<u>(111,854)</u>	<u>(92,895)</u>	<u>(69,396)</u>
 Net Change	 \$ 46,575	 \$ 98,281	 \$ (124,271)	 \$ (130,088)	 \$ 119,727
Beginning Balance	<u>1,918,264</u>	<u>1,964,839</u>	<u>2,063,120</u>	<u>1,938,849</u>	<u>1,808,761</u>
Ending Balance	<u>\$ 1,964,839</u>	<u>\$ 2,063,120</u>	<u>\$ 1,938,849</u>	<u>\$ 1,808,761</u>	<u>\$ 1,928,488</u>
	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>
Member Contributions	\$ 26,230	\$ 24,672	\$ 26,485	\$ 25,683	\$ 27,785
Net Investment Income	165,697	22,720	176,959	334,773	(48,266)
Benefit Payments/Refunds of Contributions	(159,353)	(152,801)	(111,854)	(92,895)	(69,396)
Administrative Expenses	(1,884)	(1,743)	(1,917)	(1,706)	(1,986)
Other	<u>1,022</u>	<u>36,396</u>	<u>(189,558)</u>	<u>(916)</u>	<u>(983)</u>
 Net Change	 \$ 31,712	 \$ (70,756)	 \$ (99,885)	 \$ 264,939	 \$ (92,846)
Beginning Balance	<u>2,439,853</u>	<u>2,471,565</u>	<u>2,400,809</u>	<u>2,300,924</u>	<u>2,565,863</u>
Ending Balance	<u>\$ 2,471,565</u>	<u>\$ 2,400,809</u>	<u>\$ 2,300,924</u>	<u>\$ 2,565,863</u>	<u>\$ 2,473,017</u>
Net Pension Liability (Asset)	<u>\$ (506,726)</u>	<u>\$ (337,689)</u>	<u>\$ (362,075)</u>	<u>\$ (757,102)</u>	<u>\$ (544,529)</u>
 Fiduciary Net Position as a Percentage of Total Pension Liability	 125.79%	 116.37%	 118.67%	 141.86%	 128.24%
Pensionable Covered Payroll	\$ 374,708	\$ 352,454	\$ 378,374	\$ 366,905	\$ 396,925
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(135.23%)	(95.81%)	(95.69%)	(206.35%)	(137.19%)

Note: Only five years of GASB 68 data available as of year end. The remaining five years of data will be built on a go forward basis.

The accompanying notes are an integral part of this statement.



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**WHITE RIVER MUNICIPAL WATER DISTRICT  
 DEFINED BENEFIT RETIREMENT PLAN**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 JUNE 30, 2019**

**Exhibit B-2**

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>
Actuarially Determined Contribution	\$	\$	\$	\$	\$
Actual Employer Contribution					
Contribution Deficiency (Excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Pensionable Covered Payroll	\$ 374,708	\$ 352,454	\$ 374,879	\$ 362,359	\$ 419,663
Actual Contribution as a Percentage of Pensionable Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Only five years of GASB 68 data available as of year end. The remaining five years of data will be built on a go forward basis.

The accompanying notes are an integral part of this statement.

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WHITE RIVER MUNICIPAL WATER DISTRICT

BUDGETARY COMPARISON SCHEDULE  
WATER FUND  
JUNE 30, 2019

Exhibit B-3

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

	General Fund			Variance
	Original Budget	Amended Budget	Actual	Positive (Negative)
<b>REVENUES</b>				
Charges for Services	\$ 1,267,982	\$ 1,267,982	\$ 1,177,922	\$ (90,060)
Investment Earnings			294	294
Other Revenue			9,778	9,778
Total Revenues	<u>\$ 1,267,982</u>	<u>\$ 1,267,982</u>	<u>\$ 1,187,994</u>	<u>\$ (79,988)</u>
<b>EXPENDITURES</b>				
Plant:				
Salaries	\$ 103,434	\$ 103,434	\$ 82,986	\$ 20,448
Overtime	10,000	10,000	7,898	2,102
General Insurance	7,000	7,750	7,829	(79)
Hospital Insurance	34,000	34,000	28,151	5,849
Workers Compensation	2,250	2,250	2,250	2,250
Office Supplies	2,500	2,800	2,948	(148)
Treatment Supplies	100,000	100,000	107,870	(7,870)
Repairs / Supplies	30,000	30,000	4,702	25,298
Electricity	80,000	80,000	83,212	(3,212)
Other Utilities	5,000	7,000	6,360	640
Contracted Services	5,000	5,000	5,278	(278)
Dues/Lic.	1,000	1,000	392	608
Rentals	2,000	2,000		2,000
Uniforms	3,500	3,500	2,649	851
Postage	2,000	4,000	4,066	(66)
Fuels	7,000	8,000	9,061	(1,061)
Lab. Supplies	10,000	10,000	7,043	2,957
Train. Schools/Travel	2,000	2,000	1,274	726
Maintenance:				
Salaries	80,293	80,293	80,051	242
Overtime	10,000	10,000	11,961	(1,961)
General Insurance	7,000	7,750	7,829	(79)
Hospital Insurance	28,000	28,000	29,402	(1,402)
Workers Compensation	2,062	2,062		2,062
Electricity	125,000	125,000	89,376	35,624
Other Utilities	5,000	5,000	2,179	2,821
Fuels	20,000	20,500	21,326	(826)
Train. Schools/Travel	2,000	4,000	3,691	309
Office Supplies	500	500	325	175
Contracted Services	12,500	12,500	1,151	11,349
Repairs / Supplies	100,000	100,000	95,269	4,731
Dues/Lic.	800	800	366	434
Uniforms	2,500	3,350	3,333	17
Postage	500	500		500
Administration:				
Salaries	122,659	122,659	106,675	15,984
Payroll Taxes	25,000	25,000	20,874	4,126
Unemployment Tax	1,700	1,700	(49)	1,749
Office Supplies	3,500	4,500	4,999	(499)
Telephone	13,000	13,000	12,221	779
Train School/Travel	5,000	5,000	2,991	2,009
General Insurance	7,000	7,940	8,039	(99)
Hospital Insurance	24,000	24,000	17,724	6,276
Workers Compensation	2,250	2,250	123	2,127
Dues	3,000	3,000	2,584	416
Postage	1,000	1,100	1,049	51
Misc. Expenses	2,000	2,000	1,852	148
Contracted Services	20,000	20,000	16,388	3,612
Water Fees	13,000	13,000	10,198	2,802
Legal Fees	10,000	11,500	12,864	(1,364)
Engineering	5,000	7,500	7,220	280
Trustee Bank Fees	1,500	1,500	25	1,475
Repairs	10,000	10,000	20,479	(10,479)
Uniforms	2,000	2,000	1,443	557
Capital Outlay:				
Plant	10,000	10,000		10,000
Maintenance	10,000	10,000		10,000
Administration	30,000	292,495	376,297	(83,802)
Total Expenditures	<u>\$ 1,124,448</u>	<u>\$ 1,403,133</u>	<u>\$ 1,331,974</u>	<u>\$ 71,159</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 143,534</u>	<u>\$ (135,151)</u>	<u>\$ (143,980)</u>	<u>\$ (8,829)</u>
Other Financing Sources:				
Transfers Out	\$	\$	\$ 104,801	\$ 104,801
Proceeds from the Sale of Fixed Assets			9,000	9,000
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 113,801</u>	<u>\$ 113,801</u>
Net Changes in Fund Balance	<u>\$ 143,534</u>	<u>\$ (135,151)</u>	<u>\$ (30,179)</u>	<u>\$ 104,972</u>
Fund Balance - July 1 (Beginning)			619,640	
Fund Balance - June 30 (Ending)			<u>\$ 589,461</u>	

The accompanying notes are an integral part of this statement.

**WHITE RIVER MUNICIPAL WATER DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019**

**A. NOTES TO PENSION SCHEDULES**

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age.
Amortization Method	Level percentage of payroll, closed.
Remaining Amortization Period	0.00 years (based on contribution rate calculated in 12/31/2018 valuation).
Asset Valuation Method	5-year smoothed market.
Inflation	2.75%
Salary Increases	Varies by age and service. 4.90% average over career including inflation.
Investment rate of Return	8.00%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions:	No changes in plan provisions were reflected in the schedule.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions:	No new assumptions were made or changed during the year.

**OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**FAX: (806) 747-3815**

**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**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**

Board of Directors  
White River Municipal Water District  
Spur, 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 and governmental funds of the White River Municipal Water District, Spur, Texas (the District), as of and for the year ended June 30, 2019, which collectively comprise White River Municipal Water District's basic financial statements and have issued our report thereon dated September 30, 2019.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. [2019-1]

### **Compliance and Other Matters**

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

### **The District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. [2019-1] The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

September 30, 2019

**WHITE RIVER MUNICIPAL WATER DISTRICT**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019**

Current Year's Findings: [2019-1]

Condition: Lack of segregation of duties and proper review function.

Criteria: The District has one employee who reconciles and enters all data into the accounting system. Due to the limited number of personnel the District also does not have a proper review function in place for reconciliation and review of accounts in a timely manner.

Cause of Condition: The District is small with a limited number of consumers on which to base the need for more employees.

Recommendation: The District needs to hire another employee or consultant with the ability to properly review/enter data into the accounting system for items that are being completed solely by the current accountant. This will enable items to be reviewed and caught in a timely manner if transactions are entered incorrectly into the accounting software. Alternatively, if the District believes that hiring a new employee or consultant would not be a cost effective solution for the District, an alternative compensating control would be for the General Manager to take greater responsibility as the review function for the entity on a monthly basis.

Client Response: The General Manager will look into taking a bigger role in the review of the accountant's work on a monthly basis to ensure that all accounts are being reconciled properly. The District is also looking into hiring a secretary to help segregate some review processes.