PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT

FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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ANNUAL FILING AFFIDAVIT

STATE OF TEXAS }

COUNTY OF DEWITT }

I, Darnell Knippa
(Name of Duly Authorized District Representative)

of the
Pecan Valley Groundwater Conservation District
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the 11th day of December, 2019 its annual audit report for the fiscal year ended September 30, 2019 and that copies of the annual audit report have been filed in the District's office, located at DeWitt County, Texas.

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

Date: December 11, 2019

By: [signature]
(Signature of District Representative)

Darnell Knippa, President
(Typed Name & Title of District Representative)

Sworn to and subscribed to before me this 11th day of December, 2019

CAROLE LYNNE MOORE
Notary Public, State of Texas
Comm. Expires 01-05-2023
Notary ID 130066541
(Seal)

Carole Lynne Moore
(Signature of Notary)

My Commission Expires On: 01-05-2023
Notary Public in the State of Texas

Goldman, Hunt & Notz, L.L.P.

Certified Public Accountants

DONALD G. GOLDMAN, CPA
D. DALE HUNT, CPA
JAMIE K. NOTZ, CPA, CVA*

*CERTIFIED VALUATION ANALYST

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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*CERTIFIED INFORMATION SYSTEMS AUDITOR

INDEPENDENT AUDITOR'S REPORT

To Management and Board of Directors
Pecan Valley Groundwater Conservation District
Cuero, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pecan Valley Groundwater Conservation District as of and for the year ended September 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. 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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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 each major fund of the Pecan Valley Groundwater Conservation District as of September 30, 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, budgetary comparison information, and Texas County & District Retirement System (TCDRS) on pages 4-8 and 30-34 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.

Goldman, Hunt & Notz, L.L.P.

December 11, 2019

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019

As management of Pecan Valley Groundwater Conservation District (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 September 30, 2019. This discussion and analysis is intended to be an easily readable analysis of the District's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

In addition to the Management's Discussion and Analysis (MD&A), the report consists of basic financial statements, notes to the financial statements, and required supplementary information. The basic financial statements are highly condensed and present a government-wide view of the District's finances. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the District. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide basic financial statements.

Basic Financial Statements

- The Statement of Net Position and Balance Sheet - Governmental Funds is the first of two governmental fund and government-wide financial statements which focus on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the District owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. The presentation is similar to a private-sector business.
- The second governmental fund and government-wide financial statement is called the Statement of Activities and Revenues, Expenditures, and Changes in Fund Balance/Net Position - Governmental Funds. This statement summarizes the District's income and expenditures for the year. Once again, the presentation is similar to a private-sector business.
- The notes to the financial statements provide additional disclosure required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

The discussion and analysis of the District's financial performance provides an overall review of its financial activities for the year ended September 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets of Pecan Valley Groundwater Conservation District exceeded its liabilities at the close of the fiscal year ended September 30, 2019 by $3,158,469. Of this amount, $2,368,528 of unrestricted net position is available to meet the District's ongoing obligations.
- At September 30, 2019, the District's General Fund reported a combined ending fund balance of $2,344,552 of which $1,102 is non-spendable, $1,370,000 is committed for legal expenses, $400,000 is committed for groundwater studies, $50,000 is committed for future technology, and $523,450 is unassigned.
- At September 30, 2019, unassigned fund balance for the General Fund was $523,450 or 80% of total General Fund expenditures.
- The total cost of all District activities was $245,200 for the fiscal year.

District as a Whole

Government-Wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2019 and 2018 follows:

Pecan Valley Groundwater Conservation District
Components of Net Position
September 30, 2019
With Comparative Totals for September 30, 2018
(in thousands)

	Governmental Activities		Total Government		Amount Change	% Change
	2019	2018	2019	2018		
Current and other assets	$ 2,599	$ 2,689	$ 2,599	$ 2,689	$ (90)	-3%
Capital assets	790	377	790	377	413	110%
Total assets	3,389	3,066	3,389	3,066	323	11%
Deferred outflows of resources related to pension expense	15	7	15	7	8	114%
Total deferred outflows of resources	15	7	15	7	8	114%
Total assets and deferred outflows of resources	3,404	3,073	3,404	3,073	331	11%
Other liabilities	245	135	245	135	110	81%
Total liabilities	245	135	245	135	110	81%
Deferred inflows of resources related to pension expense	-	2	-	2	(2)	-100%
Total deferred inflows of resources	-	2	-	2	(2)	-100%
Net investment in capital assets	790	377	790	377	413	110%
Unrestricted	2,369	2,559	2,369	2,559	(190)	-7%
Total net position	$ 3,159	$ 2,936	$ 3,159	$ 2,936	$ 223	8%

Financial Highlights (Continued)

The District experienced an approximate $223,000 increase in net position, primarily due to an decrease in cash of $125,000 an increase in permit accounts receivable of $46,000, a decrease in net pension asset of $11,000, and increase in net capital assets of $412,000 associated with the construction of a new office facility, a net increase in other assets of $2,000, a net increase in deferred outflows of resources associated with pension of $8,000, a decrease in accounts payable of $4,000, and increased in unearned revenue of $55,000, and an increase in funds owed to the GMA15 fiduciary fund of $58,000.

A condensed version of the Statement of Activities at September 30, 2019 and 2018 follows:

Pecan Valley Groundwater Conservation District
Condensed Statement of Activities
For the Year Ended September 30, 2019
With Comparative Totals for the Year Ended September 30, 2018
(in thousands)

	Governmental Activities		Total Government		Amount Change	% Change
	2019	2018	2019	2018		
Revenues						
General revenues						
Taxes	$ 276	$ 289	$ 276	$ 289	$ (13)	-4%
Registration, production, and transport	147	128	147	128	19	15%
Interest	44	34	44	34	10	29%
Miscellaneous	1	-	1	-	1	
Total revenues	468	451	468	451	17	4%
Expenses						
Personnel	152	146	152	146	6	4%
Professional fees	27	21	27	21	6	29%
Contracted services	5	5	5	5	-	0%
Utilities	4	3	4	3	1	33%
Repairs and maintenance	6	3	6	3	3	100%
Water quality testing	-	19	-	19	(19)	-100%
Rent	4	6	4	6	(2)	-33%
Travel and vehicle	9	2	9	2	7	350%
Well plugging program	5	6	5	6	(1)	-17%
Administrative	21	13	21	13	8	62%
Loss on sale of fixed assets	6	-	6	-	6	
Depreciation	6	4	6	4	2	50%
Total expenses	245	228	245	228	17	7%
Increase (decrease) in net position	223	223	223	223	-	0%
Net position - beginning	2,936	2,713	2,936	2,713	223	8%
Net position - ending	$ 3,159	$ 2,936	$ 3,159	$ 2,936	$ 223	8%

Financial Highlights (Concluded)

Net position was practically unchanged from prior year due to changes in revenue and expense accounts being of equal value. During the year, revenue from property taxes decreased by $13,000, revenue from registration increased by $18,000, interest income increased by $10,000, miscellaneous revenue increased by $1,000, personnel expense increased by $6,000, professional fees increased by $5,000, water quality testing decreased by $19,000, travel expense increased by $7,000, administrative expense increased by $8,000, a loss on the sale of fixed assets was recognized for $6,000, depreciation expense increased by $2,000, and all other expenses increased by a net amount of $1,000.

Budgetary Highlights

The District's original budget reported $352,236 in revenues and $286,944 in expenditures. This budget was amended during the course of the year with the final budget reporting $352,236 in revenue and $686,944 in expenses with the increase in expense being covered by funds committed for the construction of a new office space. Actual revenues in the General Fund were greater than budgeted by $124,073. Actual General Fund expenditures were less than budgeted by $31,585.

Capital Assets

At September 30, 2019 the District had $789,941 invested in net capital assets. The District added $425,718 in assets during the year, disposed of assets with a net book value of $7,126, putting $218,910 in construction in progress asset into service and recognized depreciation expense of $5,872. The bulk of the fixed asset additions and the construction in progress that was put into service during the fiscal year ended September 30, 2019 were associated with the construction of a new District office building.

Pecan Valley Groundwater Conservation District
Capital Assets
(net of accumulated depreciation)
September 30, 2019
With Comparative Totals for September 30, 2018
(in thousands)

	Governmental Activities		Total Government		Amount Change	% Change
	2019	2018	2019	2018		
Land	$ 118	$ 118	$ 118	$ 118	$ -	0%
Construction-in-progress	-	219	-	219	(219)	-100%
Building	631	-	631	-	631	
Vehicle	16	16	16	16	-	0%
Equipment	54	73	54	73	(19)	-26%
Subtotal	819	426	819	426	393	92%
Accumulated depreciation	29	49	29	49	(20)	-41%
Capital assets, net	$ 790	$ 377	$ 790	$ 377	$ 413	110%

Additional information on the District's capital assets can be found in the notes to the financial statements.

Debt Administration

At year-end, the District had no debt outstanding.

Economic Factors and Next Year's Budgets and Rates

The District's property tax rate for 2019/2020 is $0.004410 per $100 valuation. The net taxable value is $6,403,950,962 for total tax revenue of $282,457.

The District budgeted $428,586 in revenues and $428,586 in expenditures for 2019/2020.

Financial Contact

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the District Manager, 1009 N. Esplanade St., Cuero, Texas 77954.

BASIC FINANCIAL STATEMENTS

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION AND BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2019

	General Fund	Total	Adjustments	Statement of Net Position
Assets				
Cash and investments	$ 2,510,546	$ 2,510,546	$ -	$ 2,510,546
Taxes receivable, net	8,312	8,312	-	8,312
Accounts receivable, net	47,103	47,103	-	47,103
Accrued interest receivable	25,192	25,192	-	25,192
Due from other funds	5,333	5,333	-	5,333
Prepaid expenses	1,002	1,002	-	1,002
Rent and utility deposits	100	100	-	100
Net pension asset	-	-	2,162	2,162
Capital assets (net of accumulated depreciation)	-	-	789,941	789,941
Total assets	2,597,588	2,597,588	792,103	3,389,691
Deferred outflows of resources				
Pension contributions made subsequent to the measurement date	-	-	4,573	4,573
Pension investment experience	-	-	8,765	8,765
Pension assumption changes	-	-	1,777	1,777
Total deferred outflows of resources	-	-	15,115	15,115
Total assets and deferred outflows of resources	$ 2,597,588	$ 2,597,588	$ 807,218	$ 3,404,806

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

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION AND BALANCE SHEET – GOVERNMENTAL FUNDS (Continued)
September 30, 2019

	General Fund	Total	Adjustments	Statement of Net Position
Liabilities				
Accounts payable	$ 17,845	$ 17,845	$ -	$ 17,845
Unearned revenue for registration, production, and transport	168,221	168,221	-	168,221
Due to other funds	58,658	58,658	-	58,658
Total liabilities	244,724	244,724	-	244,724
Deferred inflows of resources				
Deferred tax revenues	8,312	8,312	(8,312)	-
Pension actual experience vs. expected	-	-	1,613	1,613
Total deferred inflows of resources	8,312	8,312	(6,699)	1,613
Fund balance/net position				
Non-spendable	1,102	1,102	(1,102)	-
Committed	1,820,000	1,820,000	(1,820,000)	-
Unassigned	523,450	523,450	(523,450)	-
Total fund balance	2,344,552	2,344,552	(2,344,552)	-
Total liabilities, deferred inflows of resources, and fund balance	$ 2,597,588	$ 2,597,588		
Net position:				
Net investment in capital assets			789,941	789,941
Unrestricted			2,368,528	2,368,528
Total net position			$ 3,158,469	$ 3,158,469

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

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2019

Amounts reported for governmental activities in the Statement of Net Position (pages 9-10) are different because:

Total fund balance - governmental funds (pages 9-10)	$ 2,344,552
Capital assets used in governmental activities are reported as expenditures in governmental funds when purchased or constructed. Therefore, they are not reported as assets in the funds.	789,941
Delinquent taxes receivable are not considered available to pay for current period expenditures and, therefore, are deferred in the funds.	8,312
The net pension asset is not an available resource and, therefore, is not reported in the funds.	2,162
Deferred outflows and deferred inflows of resources related to pension expense are not due and payable in the current period and, therefore, are not reported in the funds.	13,502
Net position of governmental activities	$ 3,158,469

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

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES AND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE/NET POSITION – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	General Fund	Total	Adjustments	Statement of Activities
Revenues				
Property taxes, penalty and interest	$ 283,443	$ 283,443	$ (7,318)	$ 276,125
Registration, production, and transport	146,554	146,554	-	146,554
Interest	44,265	44,265	-	44,265
Proceeds from sale of fixed assets	1,000	1,000	(1,000)	-
Miscellaneous	1,047	1,047	-	1,047
Total revenues	476,309	476,309	(8,318)	467,991
Expenditures/expenses				
Service operations:				
Personnel	148,276	148,276	3,561	151,837
Professional fees	27,204	27,204	-	27,204
Contracted services	4,638	4,638	-	4,638
Utilities	4,090	4,090	-	4,090
Repairs and maintenance	6,072	6,072	-	6,072
Water quality testing	220	220	-	220
Rent	4,000	4,000	-	4,000
Travel and vehicle	8,916	8,916	-	8,916
Well plugging program	4,930	4,930	-	4,930
Administrative	21,295	21,295	-	21,295
Capital outlay	425,718	425,718	(425,718)	-
Loss on sale of fixed assets	-	-	6,126	6,126
Depreciation	-	-	5,872	5,872
Total expenditures/expenses	655,359	655,359	(410,159)	245,200
Excess (deficiency) of revenues over (under) expenditures/expenses	(179,050)	(179,050)	401,841	222,791
Fund balance/net position:				
Beginning of the year	2,523,602	2,523,602	412,076	2,935,678
End of the year	$ 2,344,552	$ 2,344,552	$ 813,917	$ 3,158,469

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

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
RECONCILATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE/NET POSITION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

Amounts reported for governmental activities in the Statement of Activities (page 12) are different because:

Net change in fund balances - total governmental funds	$ (179,050)
Some revenue reported in the governmental funds was earned in prior periods and is not reported in the government-wide statement of activities.	(7,318)
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	425,718
Governmental funds report contributions made to the pension plan as expenditures. However, in the statement of activities, pension expense is affected by changes in the net pension asset, deferred outflows and deferred inflows of resources related to pension expense. This is the amount by which pension contributions exceeded pension expense in the current period.	(3,561)
Losses on disposition of assets are not reported in the governmental funds but are reported in the government-wide statement of activities.	(6,126)
Proceeds from the sale of assets is reported in the governmental funds, but is not reported in the government-wide statement of activities.	(1,000)
Depreciation expense on capital assets reported in the government-wide statement of activities does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(5,872)
Change in net position of governmental activities	$ 222,791

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

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUND
September 30, 2019

		Groundwater Management Area 15 Agency Fund
Assets		
Due from other funds	$	58,658
Total assets	$	58,658
Liabilities		
Due to other funds	$	5,333
Due to other governments		53,325
Total liabilities	$	58,658

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Pecan Valley Groundwater Conservation District is located in DeWitt County, Texas and was created on September 1, 2001 under and subject to the authority, conditions, and restrictions of Section 59, Article XVI, Texas Constitution. It has the same boundaries as DeWitt County, which covers an area of 910 square miles and is in the West Gulf Coast Plain of south-central Texas. The District's mission is to develop, promote, and implement water conservation, augmentation, and management strategies in order to protect water resources for the benefit of the citizens, economy, and environment of DeWitt County, Texas.

The District is governed by a Board of five directors. Directors are elected and serve staggered four-year terms. Of the five directors, three are elected as officers of the District: Chairman, Vice Chairman, and Secretary/Treasurer.

B. Basis of Accounting/Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and reporting policies of the District relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles 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). The more significant accounting policies of the District are described below.

C. Governmental Fund Financial Statements and Government-Wide Financial Statements

The governmental fund financial statements and government-wide financial statements are combined and include a Statement of Net Position and Balance Sheet - Governmental Funds and a Statement of Activities and Revenues, Expenditures, and Changes in Fund Balance/Net Position - Governmental Funds. These statements present summaries of governmental activities for the District.

The governmental-wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as general revenues for the District are: 1) property taxes, 2) investment earnings, and 3) registration, production, and transportation fees.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

C. Governmental Fund Financial Statements and Government-Wide Financial Statements (Continued)

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Governmental Funds Balance Sheet. (The District's deferred inflows of resources are noncurrent.) The Governmental Funds Revenues, Expenditures, and Changes in Fund Balances/Net Position present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District are charges for water and well registration, property tax, and interest income. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The following is the District's Governmental Fund type:

General Fund
The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Additionally, the following is the District's Fiduciary Fund type:

Groundwater Management Area 15 Agency Fund
The Groundwater Management Area 15 Agency Fund accounts for assets held by Pecan Valley Groundwater Conservation District in a trustee capacity or as an agent on behalf of other governments. The Groundwater Management Area 15 Agency Fund accounts for the receipts, disbursements, and cash balances of the groundwater conservation districts delegated to manage the groundwater of the thirteen representing counties.

D. Budget

The District Board members follow these procedures in establishing the District budgets:

a. Thirty to sixty days prior to the beginning of each fiscal year, the District Manager submits to the Board members a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
b. Public hearings are conducted at which comments concerning the budget are heard.
c. The budget is legally enacted by the Board members prior to the beginning of the fiscal year.
d. Any revisions that alter the total expenditures of any fund must be approved by the Board members.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Inventory

There is no inventory at September 30, 2019.

F. Vacation and Sick Leave

The District employs two full-time employees. After one year of employment, a full-time employee is granted, on their anniversary date, 80 hours vacation per year. Vacation days are earned based on the anniversary date of an employee. Vacation days can be carried over to the next year, not to exceed 50% of earned vacation days. At year end, accrued vacation was $746 and is included with accounts payable. All regular full-time employees are granted sick leave at a rate of four hours per pay period and may accumulate a maximum of 192 hours. Employees are not entitled to their accrued sick leave if they terminate their employment with the District. Therefore, an accrued liability for sick leave is not recorded.

G. Restricted Resources

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

H. Property Tax

The Appraisal District annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty, and interest ultimately imposed for the year on the property. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Directors of the District based upon the aggregate appraisal value.

Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent February 1 and attach as an enforceable lien on the property as of July 1 of the following year. The DeWitt County Tax Assessor/Collector collects and remits the property taxes to the District on a monthly basis. Property taxes not collected within 60 days are deemed past due, so an allowance for doubtful accounts has been established as 10% of the tax receivable.

During the year ended September 30, 2019, the District levied an ad valorem tax for maintenance and operations at a rate of 0.005980 per $100 of assessed value. A total tax levy of $282,382 resulted, based on a net taxable valuation of $4,719,879,053 for the 2018 tax year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will *not* be recognized as an outflow of resources (expenditure) until that time. The District has three items that qualify for reporting in this category. They are related to the deferred future pension expense related to the net pension asset. Deferred future pension expense results from the difference in expected and actual experience, the difference in assumption changes, and pension contributions remitted after the measurement date. All differences are based on actuarial gains or losses. These amounts are deferred and amortized over their respective remaining recognition period.

The District reports deferred inflows of resources on its General Fund balance sheet and Statement of Net Position. This separate financial statement, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. One is related to the deferred future pension expense related to the net pension liability and the other is related to unearned revenue. Deferred future pension income results from the difference in projected and actual experience on pension plan investments. The second type arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The General Fund reports unavailable revenues form one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

J. Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

Office furniture	7 years
Vehicles	5 years
Forestry supplies	5 years
Computer and peripherals	3 years

K. Related Party Transactions

There are no related party transactions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

L. Classification of Fund Balances

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

M. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks. The District also considers all highly liquid investments with maturity of twelve months or less when purchased to be cash equivalents. Carrying values of cash and cash equivalents approximate fair value due to the short-term nature of the instruments.

N. Pensions

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

O. Contracts

The District, along with twelve other groundwater districts which make up Groundwater Management Area 15 (GMA15), have entered into an interlocal agreement to divide the cost of groundwater studies on behalf of GMA15. The District's investment in this project as of September 30, 2019 is valued at $5,333.

NOTE 2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

Custodial Credit Risk

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The District's deposits were fully collateralized at September 30, 2019. At year-end, the carrying amount of the District's deposits was $2,510,546 and the respective bank balance totaled $2,518,431. Of the total bank balances, all were covered by Federal Depository Insurance and other collateral.

Texas Government Code authorizes Pecan Valley Groundwater Conservation District to invest in the following eligible securities:

1. A surety bond;

2. An investment security;

3. An ownership or beneficial interest in an investment security, other than an option contract to purchase or sell an investment security;

4. A fixed-rate collateralized mortgage obligation that has an expected weighted average life of ten years or less and does not constitute a high-risk mortgage security;

5. A floating-rate collateralized mortgage obligation that does not constitute a high-risk mortgage security;

6. A letter of credit issued by a federal home loan bank.

Investment securities are defined as:

1. An obligation that in the opinion of the Attorney General of the United States is a general obligation of the United States and backed by its full faith and credit;

2. A general or special obligation issued by a public agency that is payable from taxes, revenues, or a combination of taxes and revenues;

3. A security in which a public entity may invest under Subchapter A, Chapter 2256 of Texas Statutes.

NOTE 3: TAXES RECEIVABLE

The following is a schedule of taxes receivable at September 30, 2019:

	Amount
Ad valorem taxes receivable	$ 9,236
Allowance for uncollectible taxes	(924)
Taxes receivable, net	$ 8,312

NOTE 4: CHANGES IN FIXED ASSETS

Changes in fixed assets for the year ended September 30, 2019 are as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	$ 117,629	$ -	$ -	$ 117,629
Construction-in-progress	218,910	-	218,910	-
Total capital assets not being depreciated	336,539	-	218,910	117,629
Capital assets, being depreciated:				
Building	-	630,967	-	630,967
Vehicle	16,265	-	-	16,265
Equipment	73,215	13,661	32,643	54,233
Total capital assets, being depreciated	89,480	644,628	32,643	701,465
Less accumulated depreciation for:				
Building	-	-	-	-
Vehicle	16,250	15	-	16,265
Equipment	32,548	5,857	25,517	12,888
Total accumulated depreciation	48,798	5,872	25,517	29,153
Total capital assets, being depreciated, net	40,682	638,756	7,126	672,312
Governmental activities capital assets, net	$ 377,221	$ 638,756	$ 226,036	$ 789,941

Total governmental activities depreciation expense was $5,872.

NOTE 5: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the year ended September 30, 2019, the District purchased commercial insurance to cover general liabilities.

NOTE 6: LEASE

The District leased office space at 107 N. Gonzales. The lease was on a month to month basis and the base rental was $500 per month. The District was responsible for all utilities. The District ended this lease in June 2019.

NOTE 7: PENSION PLAN

A. Plan Description

The District participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system. All full and part time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership. TCDRS is a savings-based plan. For the District's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 125%) and is then converted to an annuity. There are no automatic cost of living adjustments (COLAs). Each year, the district may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation. Benefit terms are established under the TCDRS Act. They may be amended as of January 1st each year, but must remain in conformity with the Act. The District's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The District's contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the District and are currently 7%. The most recent comprehensive annual financial report (CAFR) for TCDRS can be found at the following link, www.tcdrs.org.

B. Benefits Provided

The District provides retirement, disability, and survivor benefits. The plan provisions are adopted by the Board of Directors, within the options available in the state statutes governing TCDRS (TCDRS Act). Employees can retire regardless of age with 30 years of service. The "Rule of 80" will determine retirement eligibility. Members are vested after 10 years 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.

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 Board of Directors within the constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contribution and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

NOTE 7: PENSION PLAN (Continued)

B. Benefits Provided (Concluded)

Plan Provisions for the District were as follows:

	Plan Year 2018
Employee deposit rate	7.0%
Matching ratio (District to employee)	1.25 to 1
Years required for vesting	10
Service retirement eligibility (expressed as age/years of service)	80/10, 0/30
Updated service credit	20.00%

Employees covered by benefit terms
At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Active employees	2
Totals	3

C. Contributions

The contribution rate for employees in TCDRS is either 4%, 5%, 6%, or 7% of compensation, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees. Investment income funds are a large part of the benefits employees earn.

Employees of the District were required to contribute 7% of their annual gross earnings during the fiscal year ended September 30, 2019. The contribution rates for the District were 5.83 % in the calendar year 2018 and 6.06% in the calendar year 2019. The District's contributions to TCDRS for the year ended September 30, 2019 were $6,028.

D. Net Pension Asset

The District's Net Pension Asset (NPA) was measured as of December 31, 2018 and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

NOTE 7: PENSION PLAN (Continued)

D. Net Pension Asset (Continued)

Actuarial assumptions:
The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation:	2.75% per year
Overall payroll growth:	Varies by age & service. 4.9% average over career including inflation
Investment rate of return:	8.0%, net of investment expense, including inflation

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

Mortality rates for depositing members is based on 90% of the RP-20140 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. Mortality rates for service retirees, beneficiaries and non-depositing members is based on 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 100% of the MP-2014 Ultimate scale after 2014. The Mortality rates for disabled retirees is based on 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115 of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 100% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study from the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

The long-term expected rate of return on pension plan investments is 8.10%. This rate reflects the long-term rate of return funding valuation assumption of 8.00% plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68. The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed 2017. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the below table. These capital market assumptions are based on January 2018 information for a 10 year time horizon.

NOTE 7: PENSION PLAN (Continued)

D. Net Pension Asset (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
US 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 (MLPs)	3.00%	5.35%
Private Real Estate Partnerships	6.00%	6.30%
Hedge Funds	13.00%	3.90%
Totals	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability/Asset.

NOTE 7: PENSION PLAN (Continued)

D. Net Pension Asset (Concluded)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at December 31, 2017	$ 121,854	$ 135,460	$ (13,606)
Changes for the year:			
Service cost	13,890	-	13,890
Interest on total pension liability	10,898	-	10,898
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(2,596)	-	(2,596)
Effect of assumptions changes or inputs	-	-	-
Refund of contribution	-	-	-
Benefit payments	(2,460)	(2,460)	-
Administrative expense	-	(115)	115
Member contributions	-	7,062	(7,062)
Net investment income/(loss)	-	(2,407)	2,407
Employer contributions	-	5,881	(5,881)
Other	-	327	(327)
Net changes	19,732	8,288	11,444
Balance at December 31, 2018	**$ 141,586**	**$ 143,748**	**$ (2,162)**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension asset of the District, calculated using the discount rate of 8.10%, as well as what Pecan Valley Groundwater Conservation District net pension asset would be if it were calculated using a discount rate that is one percentage point lower (7.10%) or one percentage point higher (9.10%) than the current rate.

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	$ 164,732	$ 141,586	$ 122,175
Fiduciary net position	143,748	143,748	143,748
Net pension liability/(asset)	$ 20,984	$ (2,162)	$ (21,573)

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at *www.tcdrs.org*.

NOTE 7: PENSION PLAN (Concluded)

E. Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019 the District recognized pension expense of $9,589.

At September 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 2,719	$ 1,106
Changes in assumptions	-	1,777
Net difference between projected and actual earnings	-	8,765
Contributions made subsequent to measurement date	-	4,573
Total	$ 2,719	$ 16,221

Deferred outflows of resources of $4,573, related to pension resulting from contributions subsequent to the measurement date, will be recognized as an addition to the net pension asset for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,		Net Deferred Outflows (Inflows) of Resources
2019		$ 3,306
2020		1,905
2021		1,698
2022		3,058
2023		(170)
Thereafter		(868)
Total		$ 8,929

NOTE 8: FUND BALANCE

The non-spendable fund balance is comprised of the following:

- Amount not in cash form such as prepaid expenses and rent and utility deposits $1,002.

The Government committed the following fund balance types by taking the following action:

Committed Purpose	Amount	Action
Legal expenses	$1,370,000	Board of Directors approved
Groundwater studies	$ 400,000	Board of Directors approved
Technology	$ 50,000	Board of Directors approved

The District uses *restricted/committed* amounts to be spent first when both restricted and unrestricted fund balance are available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar spending. Additionally, the Government would first use *committed, then assigned, and lastly unassigned* amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy.

A schedule of fund balance at September 30, 2019 is provided below:

	General Fund	Total Governmental Funds
FUND BALANCE:		
Non-spendable:		
Prepaid expenses and rent and utility deposits	$ 1,102	$ 1,102
Committed to:		
Future legal expenses	1,370,000	1,370,000
Future groundwater studies	400,000	400,000
Future technology	50,000	50,000
Unassigned	523,450	523,450
Total fund balance	$ 2,344,552	$ 2,344,552

NOTE 9: INTERFUND ASSETS/LIABILITIES

During the course of operations, numerous transactions occurred between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund assets/liabilities were as follows for the year ended September 30, 2019:

	Governmental Activities	Fiduciary Activities
Due from other funds:		
General Fund	$ 5,333	$ -
Fiduciary Fund	-	58,658
	5,333	58,658
Due to other funds:		
General Fund	58,658	-
Fiduciary Fund	-	5,333
	58,658	5,333
Net effect:	$ 63,991	$ 63,991

All outstanding interfund assets/liabilities are expected to be paid to their respective fund in a period of less than one year. The interfund activity for the fiscal year ended September 30, 2019, was associated with the interlocal agreement between the District and GMA15.

NOTE 10: SUBSEQUENT EVENTS

In preparing these financial statements, events and transactions have been evaluated for potential recognition or disclosure through December 11, 2019, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2019

	Original Budget	Final Amended Budget	Actual	Positive (Negative) Variance with Final Budget
Revenues				
Property taxes	$ 288,136	$ 288,136	$ 283,443	$ (4,693)
Registration, production, and transport	44,100	44,100	146,554	102,454
Interest income	20,000	20,000	44,265	24,265
Proceeds from sale of fixed assets	-	-	1,000	1,000
Miscellaneous	-	-	1,047	1,047
Total revenues	352,236	352,236	476,309	124,073
Expenditures				
Service operations:				
Personnel	152,744	157,944	148,276	9,668
Professional fees	60,000	44,275	27,204	17,071
Contracted services	5,600	5,328	4,638	690
Utilities	2,500	3,850	4,090	(240)
Repair and maintenance	4,000	6,080	6,072	8
Water quality testing	10,000	220	220	-
Rent	6,000	4,000	4,000	-
Travel and vehicle	5,000	10,087	8,916	1,171
Well plugging program	5,000	5,000	4,930	70
Administrative	18,100	20,060	21,295	(1,235)
Capital outlay	18,000	430,100	425,718	4,382
Total expenditures	286,944	686,944	655,359	31,585
Excess (deficiency) of revenues over (under) expenditures	$ 65,292	$ (334,708)	$ (179,050)	$ 155,658

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019

NOTE 1: BUDGET

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

The District budgeted an excess of revenues over expenditures. The excess was budgeted to increase the fund balance. This budget was amended during the course of the year with the final budget reporting $352,236 in revenue and $686,944 in expenses with the increase in expense being covered by funds committed for the construction of a new office space.

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (TCDRS)
SCHEDULE OF CHANGES IN NET POSITION LIABILITY AND RELATED RATIOS (unaudited)
For the Year Ended September 30, 2019

	Measurement Year				
	2014	2015	2016	2017	2018
Total pension liability					
Service cost	$ 12,121	$ 11,267	$ 14,002	$ 13,530	$ 13,890
Interest on total pension liability	4,629	5,744	7,148	9,169	10,898
Effect of plan changes	-	(2,954)	-	-	-
Effect of economic/demographic gains or losses	1,605	2,212	(227)	(394)	(2,596)
Effect of assumptions changes or inputs	-	1,795	-	1,231	-
Refund of contributions	(4,318)	-	-	-	-
Benefit payments	(216)	(2,640)	(2,640)	(2,640)	(2,460)
Net change in total pension liability	13,821	15,424	18,283	20,896	19,732
Total pension liability - beginning	53,430	67,251	82,675	100,958	121,854
Total pension liability - ending (a)	$ 67,251	$ 82,675	$ 100,958	$ 121,854	$ 141,586
Plan fiduciary net position					
Refund of contribution	$ (4,318)	$ -	$ -	$ -	$ -
Benefit payments	(216)	(2,640)	(2,640)	(2,640)	(2,460)
Administrative expenses	(56)	(62)	(73)	(90)	(115)
Member contributions	8,056	6,529	7,316	7,259	7,062
Net investment income	4,904	(45)	6,742	16,051	(2,407)
Employer contributions	6,893	5,546	6,051	5,942	5,881
Other	680	77	1,402	140	327
Net change in plan fiduciary net position	15,943	9,405	18,798	26,662	8,288
Plan fiduciary net position - beginning	64,652	80,595	90,000	108,798	135,460
Plan fiduciary net position - ending (b)	$ 80,595	$ 90,000	$ 108,798	$ 135,460	$ 143,748
Net pension liability (asset) - ending (a) - (b)	$ (13,344)	$ (7,325)	$ (7,840)	$ (13,606)	$ (2,162)
Plan fiduciary net position as a percentage of total pension liability	119.84%	108.86%	107.77%	111.17%	101.53%
Pensionable covered payroll	$ 115,081	$ 103,873	$ 104,512	$ 103,703	$ 100,882
Net pension liability (asset) as a percentage of pensionable covered payroll	-11.60%	-7.05%	-7.50%	-13.12%	-2.14%

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (TCDRS)
SCHEDULE OF CONTRIBUTIONS (unaudited)
For the Year Ended September 30, 2019

	Fiscal Year				
	2014	2015	2016	2017	2018
Actuarially determined contribution	$ 6,893	$ 6,180	$ 6,051	$ 5,942	$ 5,881
Contributions in relation to the actuarially determined contribution	6,893	5,546	6,051	5,942	5,881
Contribution deficiency (excess)	$ -	$ 634	$ -	$ -	$ -
Pensionable covered payroll	$ 115,081	$ 103,873	$ 104,512	$ 103,703	$ 100,882
Contributions as a percentage of pensionable covered payroll	5.99%	5.34%	5.79%	5.73%	5.83%

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (TCDRS)
NOTES TO SCHEDULE OF CONTRIBUTIONS (unaudited)
For the Year Ended September 30, 2019

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic/ demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.75%
Salary Increases	3.75% to 8.25% including 3.25% wage inflation
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	Cost-of-living adjustments for Pecan Valley Groundwater Conservation District are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Experienced-based table of rates that are specific to the District's plan of benefits.
Turnover	0.00%
Mortality	
Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retiree, beneficiaries	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.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Other Information:

Notes	There were no benefit changes during the year.