

JANSEN AND GREGORCZYK

Certified Public Accountants
P.O. Box 1778
Kyle, TX 78640

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Plum Creek Conservation District
Lockhart, Texas

Report on the Financial Statements

We have audited the accompanying governmental financial statements of the Plum Creek Conservation District (the "District") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Plum Creek Conservation District's basic financial statements.

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.

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 information of Plum Creek Conservation District, as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-7 and 23 be presented to supplement

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Plum Creek Conservation District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Hansen and Gregorczyk
Kyle, Texas
November 15, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

Our discussion and analysis of the Plum Creek Conservation District's (District) financial performance provides an overview of the District's financial activities for the year ended September 30, 2020. Please review it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- During the year, the District's had expenditures of \$1,043,240 compared to total revenues of \$3,124,078 resulting in net revenues over expenditures of \$2,080,838 for the year ended September 30, 2020.
- The District's cash and investments increased \$2,087,546 for the fiscal year.
- The District received grant funds of approximately \$480,000 for rehabilitation of dams.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements: The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

Reporting the District as a Whole

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Revenue is recognized when it is collected, and expenses are recognized when they are incurred.

These two statements report the District's *net position* and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, increases or decreases in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax to assess the *overall health* of the District.

The net position of the District's activities increased by \$1,853,476. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements were \$14,273,406 at September 30, 2020. Restricted assets (amounts reserved for repairs) remain consistent with prior year at \$25,000.

The District has sufficient revenues to pay the expenses of the District.

THE DISTRICT AS A WHOLE

The District's total net assets increased by \$2,050,419 in the year ended September 30, 2020. Our analysis below focuses on the net assets (Table 1) and the changes in net assets (Table 2) for the District's activities.

Table 1

Governmental Activities

	2020	2019
Current assets	\$ 14,335,659	\$ 12,545,632
Capital assets	752,806	770,648
Total assets	<u>\$ 15,088,465</u>	<u>\$ 13,316,280</u>
Long-term debt outstanding		
Current liabilities	<u>37,253</u>	<u>345,903</u>
Total liabilities	37,253	345,903
Net assets:		
Invested in capital assets	752,806	770,648
Restricted	25,000	25,000
Unrestricted	<u>14,273,406</u>	<u>12,174,729</u>
Total net assets	<u>\$ 15,051,212</u>	<u>\$ 12,970,377</u>

Table 2

Governmental Activities

	2020	2019
Revenues:		
Property Taxes	\$ 2,507,971	\$ 2,249,428
Interest Income	126,639	260,485
Grant Income	480,526	1,149,604
Other Revenues	<u>8,942</u>	<u>50,596</u>
Total Revenues	<u>\$ 3,124,078</u>	<u>\$ 3,710,113</u>
Expenses:		
Salaries and Wages	\$ 276,371	\$ 302,713
Operations and Maintenance	529,647	1,290,142
Directors' Expenses	17,204	25,135
Office Supplies and Expenses	39,191	21,971
Travel and Contract Labor	13,105	17,580
Tax Collection/Appraisal Fees	29,328	33,313
Professional Fees	112,384	139,795
Insurance	8,168	8,146
Depreciation	<u>17,842</u>	<u>17,842</u>
Total Expenses	<u>1,043,240</u>	<u>1,856,637</u>
Increase in net assets	<u>\$ 2,080,838</u>	<u>\$ 1,853,476</u>

General Fund Budgetary Highlights

The actual General Fund had excess of revenues over expenditures of \$2,071,721. The reasons for the budget difference included the following:

- The District budgets income and expenditures on a cash basis and depreciation expense is not included which accounts for the surplus in revenues over expenditures on the budgetary schedule.
- An increase of \$142,000 in tax revenues as the result of higher than expected tax receipts.
- Interest income was higher than anticipated due to the increase in tax revenue.
- Grant revenue was higher than budgeted.

Capital Asset and Debt Administration

Capital Assets

At September 30, 2020, the District had \$752,806 invested in capital assets. Of this amount, \$293,740 is land and easements. Buildings and equipment are \$637,087. Total accumulated depreciation was \$176,020.

Debt Administration

As of September 30, 2020, the District has not yet incurred any long-term debt since its inception.

Economic Factors and Next Year's Budgets and Rates

The District's appointed officials considered many factors when setting the fiscal year 2020 budget and tax rates. One of those factors is the economy and estimated needs to operate the District in the next year.

Governmental Accounting Standards Board (GASB) Statement No. 44, Economic Condition Reporting provides for supplement information relevant to the following areas:

Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information and Operating Information. The tax revenue is based on the growth of Hays and Caldwell counties and as the tax base increases, the revenue capacity increases. No major taxpayer has an effect on this area. The District has no debt at the current time. The District continues to provide maintenance and ongoing services to the customers of the District while keeping informed of current issues and responding to the relevant needs of the District.

The District is engaged in negotiations and has an agreement with the federal government for financial assistance which will provide the funds for repairs and maintenance to several of the high hazard dams.

Contacting the District's Financial Management

This financial report is designed to provide the taxpayers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's office at:

Mr. Daniel Meyer, Executive Manager
Plum Creek Conservation District
1101 W. San Antonio St.
Lockhart, Texas 78644
Telephone (512) 398-2383

PLUM CREEK CONSERVATION DISTRICT
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2020

	General Fund	Adjustments (Note 8)	Statement of Net Position
ASSETS			
Cash	\$ 103,429		\$ 103,429
Investments	14,098,401		14,098,401
Taxes receivable	133,829	-	133,829
Capital assets			-
Land and Easements	-	293,740	293,740
Other capital assets, net of depreciation	-	459,066	459,066
Net Capital Assets			<u>752,806</u>
Total Assets	<u>\$ 14,335,659</u>		<u>\$ 15,088,465</u>
LIABILITIES			
Accounts Payable	374		374
Accrued Employee Benefits	<u>36,879</u>		<u>36,879</u>
Total Liabilities	<u>37,253</u>	-	<u>37,253</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>133,829</u>	(133,829)	<u>-</u>
	171,082		
FUND BALANCES/NET POSITION			
FUND BALANCES			
Reserved for Repairs	25,000	(25,000)	-
Unrestricted	<u>14,139,577</u>	<u>(14,139,577)</u>	<u>-</u>
Total fund balances	<u>14,164,577</u>	<u>(14,164,577)</u>	<u>-</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 14,335,659</u>		
NET POSITION:			
Invested in capital assets			752,806
Restricted for repairs			25,000
Unrestricted			<u>14,273,406</u>
			<u>15,051,212</u>
			<u>\$ 15,088,465</u>

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

PLUM CREEK CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Adjustments (Note 8)	Statement of Activities
Expenditures/Expenses:			
Salaries and benefits	\$ 276,371	-	276,371
Operations and Maintenance	160,624	-	160,624
Operations and Maintenance-Rehab	369,023	-	369,023
Director's Expenses	17,204	-	17,204
Office Supplies and Expenses	39,191	-	39,191
Travel & Contract Labor	13,105	-	13,105
Tax Collection/Appraisal Fees	29,328	-	29,328
Professional Fees	112,384	-	112,384
Capital Outlay	-	-	-
Insurance	8,168	-	8,168
Depreciation Expense	-	17,842	17,842
Total Expenditures	<u>\$ 1,025,397</u>	<u>\$ 17,842</u>	<u>\$ 1,043,240</u>
Revenues:			
Property taxes and P&I	2,481,011	26,960	2,507,971
Investment income	126,639	-	126,639
Grant Income	480,526	-	480,526
Other	8,942	-	8,942
Total general revenues	<u>\$ 3,097,118</u>	<u>26,960</u>	<u>3,124,078</u>
Revenue over Expenditures	2,071,721		2,080,838
Beginning Net Position	<u>12,092,856</u>		<u>12,970,374</u>
Ending Net Position	<u>\$ 14,164,577</u>		<u>\$ 15,051,212</u>

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

PLUM CREEK CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following summary of the Plum Creek Conservation District's (the "District") more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

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

Reporting Entity:

The Plum Creek Conservation District is a conservation and reclamation district that was created by the 55th Legislature of the State of Texas and confirmed by the eligible voters within the Plum Creek Watershed in September 1959. It was created under the provisions of Section 59 Article XVI of the Texas constitution and operates pursuant to Chapter 49 of the Texas Water Code exercising powers described in Chapters 51 and 36 of the Texas Water Code. Under Chapter 52, the District is empowered to control, conserve, protect, distribute and utilize the storm and flood waters and unappropriated flow of Plum Creek and for the preservation, conservation, protection, recharge and prevention of waste and pollution of underground water of the District, except in those areas that are part of the Edwards Underground District or the Barton Springs/Edwards Aquifer Conservation District on January 1, 1989.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the District and is generally available to its customers. The third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District can exercise oversight responsibilities. Based upon the application of these criteria, management has determined that there are no dependent functions or agencies, which meet any of the criteria for inclusion in the reporting entity. The Plum Creek Conservation District is a separate self-supporting governmental unit covering portions of two counties and is administered by a board of six members who are appointed by the Commissioners of each county. The District is in compliance with the requirements of Texas Water Codes 50.371, Duty to Audit, and 50.381, Policies and Audits of Districts.

District-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities are district-wide statements. The District does not have any business type activities or fiduciary funds. All tax revenue, interest income, and any other income is used to support the programs of the District.

Measurement focus, basis of Accounting, and financial statement presentation:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Statement of Net Position. Operating statements of these funds' present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. All governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property taxes as available if they are collected within the period. Expenditures are recorded when the liability is incurred. The District reports deferred revenue on its Statement of Net Position. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period.

Assets, Deferred Outflows (Inflows) of Resources, Liabilities and Net Position

Net Position

Net position represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed. When both unassigned and committed or assigned funds are available for expenditure, committed or assigned funds are used first.

Cash and Cash Equivalents:

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and so near maturity that there is no significant risk of changes in value due to changes in interest rates. Cash equivalents are stated at cost which approximates market value.

Investments:

Investments are recorded at cost which approximates market value. All investments are in accordance with Texas Government Code, Title 10, and Chapter 2256 (Public Funds Investment Act).

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 that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an 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 reports unearned deferred revenue as a deferred inflow of resources in the statement of net position. This amount is ad valorem tax revenue. This potential revenue does not meet the District measurable and available criteria for recognition which is the amount must be received to be recognized.

Budgets and Budgetary Accounting:

The District prepares a complete budget.

Compensated Absences and Retirement:

Full-time regular employees work a 40 hour per week schedule. Accruals for leave (PPTO) are based on length of service. Employees may accrue up to the total number of hours available in the preceding 52 pay periods. The District has recorded a benefit expense for the amounts accrued at September 30, 2020 in the amount of \$40,646. The District provides a salary deferral plan in the form of a Simple IRA for all full-time employees. The employer expense for the year was \$6,757.

Property, Plant, and Equipment:

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures, renewals and betterments are capitalized. The District does not possess any infrastructure assets. Depreciation is provided using the straight-line method at annual rates as follows:

Office equipment	5 - 7 years
Furniture and operating equipment	10-20 years
Buildings	40 years

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Total assets in the plan as of September 30, 2020 are \$122,671.

The asset allocation breakdown is as follows:

<u>Fund</u>	<u>Percentage Invested</u>	<u>Fund Balance</u>
American International Growth	2.65%	3,249
American New Perspective C1 F3	3.53%	4,329
American New World	1.59%	1,946
American Smallcap World	4.64%	5,698
Goldman Sachs Financial	0.09%	107
Invesco Diversified Dividend	6.03%	7,393
Invesco Growth & Income	3.11%	3,811
T Rowe Price U.S. Treasury	0.79%	972
MFS Value CI	0.53%	655
Schwab US Large Cap	0.90%	1,108
American Growth Fd of Amer A	70.17%	86,079
American Balanced C1	2.75%	3,377
American New Economy	1.98%	2,431
Pgim Global	1.24%	1,516
		<u><u>\$ 122,671</u></u>

Reservation of Fund Balance

The District has recorded a reservation for a portion of fund equity which is legally segregated for future repairs.

The governmental fund statement of activities includes reconciliation on the net position. One element of that reconciliation explains that the district records capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

NOTE 2- AD VALOREM TAX REVENUES:

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on October 1 and are payable in full by the following January 31. The District employs the services of the Caldwell and Hays County Appraisal Districts for assessing and billing its property taxes and employs the services of the Caldwell and Hays County Tax Assessor/Collectors for the collection of its taxes.

Since an enforceable lien attaches to the taxed properties, the District considers all delinquent tax receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If and when amounts become uncollectible, they are charged to operating expenses in the period the determination is made. Revenues are recognized when received by the District. The tax rate for Hays and Caldwell County was \$.0225 (conservation) and \$.0207 (groundwater) per \$100 assessed valuation.

NOTE 3 – DEPOSITS AND INVESTMENTS:

At September 30, 2020, the District had \$14,201,830 invested in cash and certificates of deposit.

The District had \$12,911,062 invested in TexPool as of September 30, 2020. The weighted average maturity of TexPool as of September 30, 2020 was 38 days.

Interest Rate Risk. The District does have a formal investment policy in place. The District's cash and cash equivalents are currently invested in short-term instruments such as certificates of deposits, money market funds and an interest-bearing checking account.

Credit Risk. The Texas Local Government Investment Pool (TexPool) is a public funds investment pool created pursuant to the Interlocal Cooperation Act of the State of Texas. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. An Advisory Board reviews the investment policy and management fee structure. TexPool is rated AAA by Standard & Poors. As a requirement to maintain the rating weekly portfolio, information must be submitted to Standard & Poors, as well as the Office of the Comptroller of the Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

The Board Directors has authorized the District to invest in compliance with V.A.T.C.S. Government Code, Title 10, Chapter 2256 (Public Funds Investment Act of 1993). Money in any fund may be placed in obligations of the United States or its instrumentalities; direct obligations of this state or its agencies; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by this state or the United States or its instrumentalities; and obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, Certificates of Deposit and any other investment authorized in Chapter 2256. Accordingly, cash is invested in money market funds or interest-bearing demand deposits and is stated at fair value.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of September 30, 2020, all deposits were covered by federal depository insurance.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The majority of the District's funds are in TexPool which is considered the same as cash. The balance of the Cash and Equivalents are in an operating checking account and individual Certificates of Deposit and different banks.

NOTE 4- CAPITAL ASSETS:

The following schedule summarizes the changes in the components of the District's general fixed assets for the year ended September 30, 2020:

	Balance 9/30/2019	Increases	Decreases	Current Yr Accum Depr	Balance 9/30/2020
Capital assets, not being depreciated:					
Land and Easements	\$ 293,741	\$ -	\$ -	\$ -	\$ 293,741
Total assets not being depreciated	293,741	-	-	-	293,741
Capital assets, being depreciated:					
Buildings	581,393	-			581,393
Furniture and Equipment	70,627	-	(16,934)	-	53,693
Total assets being depreciated	652,020	-			635,086
Less accumulated depreciation	(175,113)		16,934	(17,842)	(176,021)
Total assets being depreciated, net	476,907	-	-		459,065
Total Capital Assets	\$ 770,648	\$ -	\$ -	\$ (17,842)	\$ 752,806

The District is responsible for maintaining Floodwater Retarding Structures originally valued at a cost of \$3,221,476, however the District does not own the structures.

NOTE 5 – RISK MANAGEMENT:

The District purchases commercial insurance in the name of the District. The amount decreased slightly from prior year and type of coverage did not change. Prior to 2019, the District did not have any losses in excess of the coverage in the prior three years. The District maintains general liability, auto-business liability, and bond insurance.

NOTE 6 –OTHER MATTERS

The District has been advised by NRCS that eighteen watershed sties have been classified as high hazard. As required by 30 TAC §299.61 an owner of a high hazard dam shall prepare an emergency action plan (EAP). PCCD has prepared and submitted multiple EAPs and subsequently has been approved by the Texas Commission on Environmental Quality. These dams are site # 1, #2, #3, #4, #5, #6, #7, #10, #12, #14, #16, #17, #18, #21, #24, #26, #28, #29, #31, #34, and #38. PCCD is involved in ongoing discussions with their counsel and NRCS to pursue options available under federal grants. The District has had the following developments with respect to the repair of the high hazard dams.

Sites 11 and 16 – The District received a grant funds in connection with Natural Resources Conservation Service (USDA) through the Emergency Watershed Protection for repairs to various other dams relative to the Flood Repair Program. Site 11 expenses are reimbursed by a Federal Grant for 90%, State Grant Funds for 9.5% and Plum Creek is

responsible for .5% of the costs. Site 16 expenses are reimbursed by a Federal Grant at 100%. Federal expenses respectively were \$5,928 and \$349,390. Both are now complete as of September 30, 2020.

There are a number of flood control structures being considered for rehabilitation, those being site #2, #10, #12, #14, #21 and #28.

NOTE 7 – GASB 54 FUND BALANCES

<u>September 30, 2020</u>	<u>General Fund</u>
Unrestricted	<u>\$14,242,987</u>

NOTE 8 – RECONCILIATION OF GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds total fund balance	\$ 14,164,577
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	752,806
Taxes receivables deferred in the fund financial statements and not in the government-wide financial statements	133,829
Total Net Position	<u>\$ 15,051,212</u>

Amounts reported for governmental activities in the statement of activities are different because:

Excess of revenues over expenditures	\$ 2,071,720
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Change in taxes receivable	26,960
Capital outlay	-
Depreciation Expense	(17,842)
Change in Net Position - Government Fund	<u>\$ 2,080,838</u>

NOTE 9 – SUBSEQUENT EVENTS

The District has evaluated subsequent events as of November 15, 2020, the date the financial statements were available to be issued.

REQUIRD SUPPLEMENTARY INFORMATION

PLUM CREEK CONSERVATION DISTRICT
Texas Supplementary Information
For the Year Ended September 30, 2020

TSI-1	Services and Rates	Not Applicable
TSI-5	Long Term Debt Service Requirements by Years	Not Applicable
TSI-6	Changes on Long-Term Bonded Debt	Not Applicable

PLUM CREEK CONSERVATION DISTRICT
TSI-2 General Fund Expenditures
For the Year Ended September 30, 2020

Personnel Expenditures (including benefits)	\$ 276,371
Professional Fees:	
Auditing	21,411
Legal	46,323
Consultants	44,651
Contracted Services:	
Appraisal District	29,328
Tax Collector	-
Utilities	5,781
Repairs and Maintenance	545,057
Administrative Expenditures:	
Directors Fees	17,204
Office Expenses	23,781
Insurance	8,168
Other	7,322
Capital Outlay:	
Capitalized Assets	-
Total Expenditures	<u>\$ 1,025,397</u>

* Number of persons employed by the District:

Full-time
4

Part-time
0

PLUM CREEK CONSERVATION DISTRICT
TSI-3 Temporary Investments
For the Year Ended September 30, 2020

<u>Funds</u>	<u>Identification/ Certificate #</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 9/30/20</u>
Money Market	810622	0.150%	N/A	\$ 64,648
TexPool	0280 0000 01	0.012%	N/A	12,911,062
Certificate of Deposit	7407000748	1.950%	11/4/2022	236,405
Certificate of Deposit	6901413330	1.190%	11/24/2020	225,000
Certificate of Deposit	2187	0.650%	5/27/2021	223,000
Certificate of Deposit	3443	2.000%	5/18/2022	213,381
Certificate of Deposit	30043	1.500%	3/27/2021	<u>224,905</u>
Total				<u>\$ 14,098,401</u>

PLUM CREEK CONSERVATION DISTRICT
TSI-4 Taxes Levied and Receivable
For the Year Ended September 30, 2020

	TAXES
Taxes Receivable, Beginning of Year	\$ 106,869
2019 Original Tax Levy	2,473,205
(less abatements & adjustments)	<u>6,116</u>
Total to be accounted for	2,586,190
Tax collections:	
Current Year	(2,426,373)
Prior Years	<u>(25,988)</u>
Total Collections	(2,452,361)
 Taxes Receivable, End of Year	 <u>\$ 133,829</u>

Taxes Receivable, By Years	
2009 and prior	14,251
2010	2,661
2011	2,848
2012	3,500
2013	4,112
2014	6,695
2015	6,578
2016	7,659
2017	12,179
2018	20,572
2019	<u>52,774</u>
Taxes Receivable, End of Year	<u>\$ 133,829</u>

	<u>2019</u>
Property Valuations:	10,992,022,222
Maintenance tax rates per \$100 Valuation	\$0.0225

Percent of Taxes Collected to Taxes Levied: 93.82%

SCHEDULE OF REVENUES AND EXPENSES
FIVE YEARS ENDED
SEPTEMBER 30, 2020
TSI - 7

	For the Years Ended September 30,					Percent of Total Revenue for the Year Ended September 30,			
	2020	2019	2018	2017	2016	2019	2018	2017	2016
General Fund Revenues:									
Property taxes	\$ 2,507,971	\$ 2,249,428	\$ 2,010,461	\$ 1,771,379	\$ 1,558,782	60.63%	57.37%	27.9%	38.4%
Investment income	126,639	260,485	145,351	60,982	25,386	7.02%	4.15%	1.0%	0.6%
Grant Income	480,526	1,149,604	1,318,741	4,511,358	2,470,947	30.99%	37.63%	71.1%	60.8%
Other	1,315	50,596	29,526	5,681	7,239	1.36%	0.84%	0.1%	0.2%
TOTAL REVENUES	3,124,078	3,710,113	3,504,079	6,349,400	4,062,354	100.00%	100.00%	100.0%	100.0%
General Fund Expenses:									
Salaries and Wages	276,371	302,713	242,543	212,500	215,604	8.16%	6.92%	3.3%	5.3%
Operations and Maintenance	529,647	1,290,142	1,459,923	4,651,907	2,432,970	34.77%	41.66%	73.3%	59.9%
Director's Expenses	17,204	25,135	24,704	27,346	26,954	0.68%	0.71%	0.4%	0.7%
Office Supplies and Expenses	39,191	21,971	28,532	19,145	20,976	0.59%	0.81%	0.3%	0.5%
Legal and Accounting	112,384	139,795	134,319	150,168	227,569	3.77%	3.83%	2.4%	5.6%
Travel and Contract Labor	13,105	17,580	9,448	7,410	14,738	0.47%	0.27%	0.1%	0.4%
Tax Collection/Appraisal Fees	29,328	33,313	31,029	29,712	28,465	0.90%	0.89%	0.5%	0.7%
Insurance	8,168	8,146	9,181	9,216	6,731	0.22%	0.26%	0.1%	0.2%
Depreciation Expense	17,842	17,842	17,414	15,350	15,350	0.48%	0.50%	0.2%	0.4%
TOTAL EXPENSES	1,043,240	1,856,637	1,957,093	5,122,754	2,989,357	50.04%	55.85%	80.7%	73.6%
EXCESS REVENUE OVER EXPENDITURES	\$ 2,080,838	\$ 1,853,476	\$ 1,546,986	\$ 1,226,646	\$ 1,072,997	49.96%	44.15%	19.3%	26.4%

PLUM CREEK CONSERVATION DISTRICT
TSI-8 Board Members, Key Personnel, and Consultants
September 30, 2020

Complete District Mailing Address: 1101 W. San Antonio St.
Lockhart, TX 89644

District Business Telephone No.: (512) 398-2383

<u>Name</u>	<u>Term of Office Appointed</u>	<u>Fees of Office Paid 2020</u>	<u>Expense Reimb 2020</u>	<u>Title at Year End</u>	<u>Resident of District?</u>
Board Members:					
James Holt, Jr	12/31/16-12/31/20	\$ 3,250	\$ 210	President	Yes
Peter Reinecke	12/31/16-12/31/20	2,750	127	Director	Yes
Ben Twidwell	12/31/18-12/31/22	250	17	Director	Yes
Fred Rothert	12/31/18-12/31/22	2,750	241	Director	Yes
Lucy Knight	12/31/16-12/31/20	2,750	25	Sec/Treas	Yes
Tom Owen	12/31/18-12/31/22	2,250	21	Director	Yes
Key Administrative Personnel:					
Daniel Meyer		\$ 81,014			
Consultants:					
William Feathergill Wilson, Geoblogist		\$ 46,138			
Jansen and Gregorczyk CPA's		\$ 21,411			
McCarthy & McCarthy		\$ 50,722			

PLUM CREEK CONSERVATION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Property taxes and P&I	\$ 2,338,215	2,338,215	\$ 2,481,011	\$ 142,796
Investment income	112,000	112,000	126,639	14,639
Other	20,800	20,800	489,468	468,668
Total revenues	<u>2,471,015</u>	<u>2,471,015</u>	<u>3,097,118</u>	<u>626,103</u>
Expenditures:				
Salaries and Wages	313,650	313,650	276,371	37,279
Operations and Maintenance	160,000	160,000	160,624	(624)
Directors' Expenses	44,500	44,500	17,204	27,296
Office Supplies and Expenses	165,620	165,620	39,191	126,429
Professional Fees	336,000	336,000	112,384	223,616
Travel and Contract Labor	34,500	34,500	13,105	21,395
Tax Collection/Appraisal Fees	42,000	42,000	29,328	12,672
Insurance	25,000	25,000	8,168	16,832
Operations and Maintenance - Rehab	1,199,680	1,199,680	356,542	843,138
Plum Creek Watershed Partnership	22,000	22,000	12,481	9,519
Total Expenditures	<u>2,342,950</u>	<u>2,342,950</u>	<u>1,025,397</u>	<u>1,317,552</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	128,065	128,065	2,071,722	1,943,655
Fund Balances - Beginning	<u>12,092,856</u>	<u>12,092,856</u>	<u>12,092,856</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 12,220,921</u>	<u>\$ 12,220,921</u>	<u>\$ 14,164,577</u>	<u>\$ 1,943,655</u>

PLUM CREEK CONSERVATION DISTRICT
COMMUNICATION LETTER TO THE BOARD
September 30, 2020

JANSEN AND GREGORCZYK

Certified Public Accountants
P.O. Box 1778 Kyle, TX 78640

November 15, 2020

To the Board of Directors
Plum Creek Conservation District

We have audited the governmental financial statements of the Plum Creek Conservation District ("the District") for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 29, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. A schedule of the corrected misstatements is included in this report.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or

the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 15, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We recommend that the District adopt a Capitalization Policy for Fixed Assets.

This information is intended solely for the use of the Board of Directors and management of Plum Creek Conservation District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,


Jansen and Gregorczyk

Plum Creek Conservation District
Corrected Misstatements
September 30, 2020

Memo	Account	Debit	Credit
Reverse p/y entry	721 · PCW-11	304,426.17	
Reverse p/y entry	A/R - Grants		304,426.17
Reverse p/y entry	202 · Accounts Payable	4,400.00	
Reverse p/y entry	609 · Legal		4,400.00
Reverse p/y entry	202 · Accounts Payable	293,209.50	
Reverse p/y entry	721 · PCW-11		293,209.50
		602,035.67	602,035.67
Reverse p/y accrual for site 16 - a/c 722	Prepaid Construction Costs		20,053.76
Reverse p/y accrual for site 16 - a/c 722	722 · PCW-16	20,053.76	
		20,053.76	20,053.76
To reclass deposits to grant income	722 · PCW-16	324,134.93	
To reclass deposits to grant income	722 · PCW-16	24,179.13	
To reclass deposits to grant income	427 · Grant Income		348,314.06
To reclass deposits to grant income	722 · PCW-16	820.87	
To reclass deposits to grant income	427 · Grant Income		820.87
		349,134.93	349,134.93
Reclass	402 · Caldwell County Groundwater Tax		31,693.37
Reclass	400.1 · - Caldwell County-Taxes BPP	31,693.37	
		31,693.37	31,693.37
To record net accrual on deferred tax	135 · Caldwell County Taxes-AR	13,733.00	
To record net accrual on deferred tax	136 · Hays County Taxes-AR	13,227.00	
To record net accrual on deferred tax	250 · Deferred Revenue		26,960.00
		26,960.00	26,960.00
To record annual depr	625 · Depreciation Expense	17,842.00	
To record annual depr	312 · Accumulated Depreciation		17,842.00
		17,842.00	17,842.00
To record net accrual	601 · Salaries & Wages		3,767.00
To record net accrual	Accrued Employee Benefits	3,767.00	
		3,767.00	3,767.00
Adjust to actual	2110 · Direct Deposit Liabilities	841.09	
Adjust to actual	425 · Misc. Income		841.09
Adjust to actual	311 · Assets to capitalize		3,196.00
Adjust to actual	321 · Assets to be capitalized	3,196.00	
		4,037.09	4,037.09
To adjust to actaul	2100 · Payroll Liabilities	4,727.57	
To adjust to actaul	425 · Misc. Income		4,727.57
		4,727.57	4,727.57
To w/o old outstanding checks, deposits an...	105 · First Lockhart Nat./Cking	2,073.30	
To w/o old outstanding checks, deposits an...	425 · Misc. Income		2,073.30
		2,073.30	2,073.30
TO adjust to actual	106 · TexPool		15.16
TO adjust to actual	425 · Misc. Income	15.16	
		15.16	15.16
To record interest on CD per bank	114 · Broadway Bank CD0174	3,586.00	
To record interest on CD per bank	420 · Interest Income		3,586.00
		3,586.00	3,586.00
TOTAL		1,065,925.85	1,065,925.85