

REAL EDWARDS CONSERVATION AND RECLAMATION DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**REAL-EDWARDS CONSERVATION AND RECLAMATION DISTRICT
ANNUAL FINANCIAL REPORT
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TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
<u>Basic Financial Statements</u>	
Statement of Net Position and Governmental Funds Balance Sheet	7
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes In Fund Balance	8
Notes to Financial Statements	9-17
<u>Required Supplementary Information</u>	
Statement Of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual- General Fund	18

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INDEPENDENT AUDITOR'S REPORT

Board Of Directors
Real Edwards Conservation and Reclamation District
Leakey, TX 78873

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund for Real Edwards Conservation and Reclamation District as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 Real Edwards Conservation and Reclamation District as of September 30, 2024, and the respective changes in its financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Real Edwards Conservation and Reclamation District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Real Edwards Conservation and Reclamation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Real Edwards Conservation and Reclamation District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 and the budgetary comparison for the general fund on page 20 be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 statement 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 regarding 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.

Kuntz, Smith & Co., P.C.
Certified Public Accountants
Wheeler, TX

April 21, 2025

**REAL EDWARDS CONSERVATION AND RECLAMATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED**

As management of the Real Edwards Conservation and Reclamation District (District), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2024. Please read it in conjunction with the independent auditors' report on pages 1-2 and District's Basic Financial Statements which begin on page 7.

FINANCIAL HIGHLIGHTS

- The assets of the District exceed its liabilities at the close of the most recent fiscal year by \$700,722 (net position). Of this amount, \$505,635 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's net position increased by \$110,922 as a result of this year's operations.
- At September 30, 2024, the District's general fund reported an ending fund balance of \$475,949, an increase of \$82,138 in comparison with the prior year.
- At September 30, 2024, the undesignated fund balance of the general fund was \$445,949, or 180 percent of total general fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 7 and 8). These provide information about the activities of the District as a whole and present a long-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund Financial Statements (starting on page 7) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the district.

The notes to the financial statements (starting on page 9) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedule (general fund) is presented as a required supplemental schedule on page 18.

**REAL EDWARDS CONSERVATION AND RECLAMATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED**

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 7. Its primary purpose is to show whether the District is better off or worse off as a result of this year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

The two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider other factors as well, such as changes in the District's property tax base and the condition of the District's capital assets.

In the Statement of Net Position and the Statement of Activities, the District has one kind of activity:

- Governmental activity – Most of the District's basic services are reported here, including the operations and administration. Property taxes and permits and fees finance most of these activities.

Reporting the District's Most Significant Funds

Fund financial statements

The fund financial statements on pages 7 & 8 provide detailed information about the District's most significant funds – not the District as a whole. During the current year, the District accounted for its activities in the general fund.

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

**REAL EDWARDS CONSERVATION AND RECLAMATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position of the District's governmental activities increased from \$589,800 to \$700,722. Unrestricted net position (the part of the net position that can be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) was \$505,635 at September 30, 2024. This increase in governmental net position was the result of four factors. First, the District's revenues were greater than the expenditures by \$82,138. Second, the District adjusted the difference in unavailable revenues for property taxes (convert from modified accrual to accrual basis). Third, the District recorded depreciation in the amount of \$15,524. Fourth, the District purchased capital assets and paid right-to-use principal payments in the amount of \$17,211.

The following table presents condensed financial information from the *Statement of Net Position*.

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 546,019	\$ 448,864
Capital assets	<u>166,842</u>	<u>167,062</u>
Total assets	<u>\$ 712,861</u>	<u>\$ 615,926</u>
Current liabilities	<u>\$ 2,093</u>	<u>\$ 7,376</u>
Total Liabilities	<u>\$ 2,093</u>	<u>\$ 7,376</u>
Net position:		
Invested in capital assets,		
Net of related debt	\$ 165,087	\$ 163,400
Restricted	30,000	30,000
Unrestricted	<u>505,635</u>	<u>369,400</u>
Total net position	<u>\$ 700,722</u>	<u>\$ 589,800</u>

The following table presents condensed financial information from the *Statement of Activities*.

	<u>2024</u>	<u>2023</u>
Revenues		
Registration and Fees	\$ 10,450	\$ 14,200
Maintenance & Operations Taxes	320,821	272,244
Investment Earnings	17,664	8,319
Grant Revenue	8,704	0
Miscellaneous	<u>0</u>	<u>4,105</u>
Total revenues	<u>\$ 357,639</u>	<u>\$ 298,868</u>
Expenses		
Salaries & Benefits	\$ 157,256	\$ 144,119
Professional Fees	8,017	10,142
Other Operating	65,907	75,262
Depreciation	15,524	14,175
Debt Service Interest	<u>13</u>	<u>22</u>
Total expenses	<u>\$ 246,717</u>	<u>\$ 243,720</u>
Change in net position	110,922	55,148
Net position at beginning of year	\$ 589,800	\$ 534,652
Prior period adjustment	<u>0</u>	<u>0</u>
Net position at end of year	<u>\$ 700,722</u>	<u>\$ 589,800</u>

The District's total revenues increased by \$58,771 (19.66%) due to increase in property tax revenues and investment earnings.

The District's total expenses increased by \$2,997 (1.23%) due to increase in payroll.

**REAL EDWARDS CONSERVATION AND RECLAMATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED**

THE DISTRICT'S FUNDS

As the District completed the year, its general fund (as presented in the balance sheet on page 7) reported a fund balance of \$393,811, which is more than last year's total of \$349,168. Revenues were greater than expenditures by \$44,643 for the general fund.

The District adopted the General Fund Budget. Actual revenues were more than budget amounts and expenditures were less than budget amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At September 30, 2024, the District had the following capital assets in operation:

Capital Assets at Year End

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Land	\$ 45,750	45,750
Furniture and Equipment	87,881	81,577
Vehicles	27,491	27,491
Office Building	112,500	103,500
Right-to-use Lease Assets	<u>7,449</u>	<u>7,449</u>
Total Capital Assets	\$ 281,071	\$ 265,767
Less: Accumulated Depreciation	<u>\$ (114,229)</u>	<u>\$ (98,705)</u>
Total Net Capital Assets	<u>\$ 166,842</u>	<u>\$ 167,062</u>

More information about District's capital assets is presented in Note II (C) to the financial statements.

At September 30, 2024, the District had \$1,755 in right-to-use liabilities. More detailed information about the District's debt is present in Note II (D) & (E) to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year budget and tax rates. Factors considered in establishing a budget are the funding needs of the District operations and programs necessary to meet the objectives of the District as stated in the District's Enabling Legislations and its By-Laws. The tax-based source of funds is determined as the last item after consideration of all other sources (permits, fees, interest, etc.) and carried forward from the prior year. Tax base is computed on that minimum amount necessary to complete the annual funding of the District. Amounts available for appropriation in the General Fund budget are \$302,166 and expenditures are estimated to be \$287,857.

If these estimates are realized, the District's budgetary General fund balance is expected to increase by \$14,309 by the close of 2024.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and its accountability for the funds it receives. Questions about this report or request for additional information should be addressed to the District at 234 Evergreen Street, P.O. Box 1208, Leakey, Texas 78873.

BASIC FINACIAL STATEMENTS

REAL-EDWARDS CONSERVATION AND RECLAMATION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2024

	General Fund	Total	Adjustments Note I(E)	Statement of Net Position September 30,	
				2024	2023
ASSETS					
Cash and Investments	479,194	479,194	-	479,194	414,116
Receivables				-	
Taxes	59,686	59,686	-	59,686	32,588
Tax Collector/Appraisal District	6,789	6,789	-	6,789	1,810
Utility Deposits	350	350	-	350	350
Prepaid Expense	-	-	-	-	-
Capital Assets, net of Accumulated Depreciation					
Property, Plant and Equipment	-	-	166,842	166,842	167,062
Total Assets	<u>546,019</u>	<u>546,019</u>	<u>166,842</u>	<u>712,861</u>	<u>615,926</u>
LIABILITIES					
Accounts Payable	338	338	-	338	3,714
Right-to-use Lease Liabilities - Current	-	-	1,755	1,755	1,907
Right-to-use Lease Liabilities - Noncurrent	-	-	-	-	1,755
Total Liabilities	<u>338</u>	<u>338</u>	<u>1,755</u>	<u>2,093</u>	<u>7,376</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Grant Revenue	10,046	10,046	-	10,046	18,750
Unavailable Resources - Property Taxes	59,686	59,686	(59,686)	-	-
Total Deferred Inflow of Resources	<u>69,732</u>	<u>69,732</u>	<u>(59,686)</u>	<u>10,046</u>	<u>18,750</u>
FUND BALANCE/NET POSITION					
Fund Balances:					
Committed for Vehicle Purchase	30,000	30,000	(30,000)	-	-
Undesignated	445,949	445,949	(445,949)	-	-
Total Fund Balance	<u>475,949</u>	<u>475,949</u>	<u>(445,949)</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>\$ 546,019</u>	<u>\$ 546,019</u>			
Net Position					
Invested in capital assets, net of related debt			165,087	165,087	163,400
Restricted for Vehicle Purchase			30,000	30,000	30,000
Unrestricted			505,635	505,635	396,400
Total Net Position			<u>700,722</u>	<u>700,722</u>	<u>589,800</u>

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

REAL-EDWARDS CONSERVATION AND RECLAMATION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

			Statement of Activities September 30,	
	General Fund	Total	2024	2023
REVENUES:				
Ad Valorem Tax Collection	287,937	287,937	27,097	315,034
Penalty and Interest	5,787	5,787	-	5,787
Investment Earnings	17,664	17,664	-	17,664
Registration Fees	10,450	10,450	-	10,450
Grant Revenue	8,704	8,704	-	8,704
Miscellaneous	-	-	-	-
Total Revenues	330,542	330,542	27,097	357,639
EXPENDITURES/EXPENSES				
Salaries	127,595	127,595	-	127,595
Payroll Taxes	10,744	10,744	-	10,744
Employee Benefit	4,081	4,081	-	4,081
Employee Health Insurance	14,836	14,836	-	14,836
Auto	3,371	3,371	-	3,371
Office Supplies and Postage	3,430	3,430	-	3,430
Office Building Maintenance	9,000	9,000	(9,000)	-
Computer Repairs	6,658	6,658	-	6,658
Monitoring and Lab Supplies	9,995	9,995	(6,304)	3,691
Tax Collection Fees	5,797	5,797	-	5,797
Travel	4,643	4,643	-	4,643
Appraisal District	16,734	16,734	-	16,734
Professional Fees	8,017	8,017	-	8,017
Insurance/Bonds	5,094	5,094	-	5,094
Conference and Meetings	8,192	8,192	-	8,192
GMA 7/ Region J	1,250	1,250	-	1,250
Miscellaneous	-	-	-	-
Special Projects	720	720	-	720
Utilities	5,848	5,848	-	5,848
Public Notices	129	129	-	129
Education Program	350	350	-	350
Debt Service -				
Principal on Right-to-Use Lease Asset	1,907	1,907	(1,907)	-
Interest on Right-to-Use Lease Asset	13	13	-	13
Capital Outlay	-	-	-	-
Depreciation	-	-	15,524	15,524
Total expenditures/expenses	248,404	248,404	(1,687)	246,717
Excess (Deficiency) of Revenues over Expenditures	82,138	82,138	(82,138)	-
Change in net position			110,922	110,922
Fund Balance/net position				
Beginning of the year	393,811	393,811	195,989	589,800
End of the year	475,949	475,949	224,773	700,722

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

REAL EDWARDS CONSERVATION AND RECLAMATION DISTRICT
NOTES TO THE FINACIAL STATEMENTS
SEPTEMBER 30, 2024

I. Creation of District

The Real Edwards Conservation and Reclamation District ("District") was created by the 56th Legislature in 1959 as a Conservation and Reclamation District and has the following board ranging powers:

- The control, storing preservation, and distribution of storm and flood waters within the District and the waters of the rivers and streams within the District,
- The conservation, preservation, development, and recharging of the underground waters and water-bearing formations within the District, and
- The conservation and development of the soil and the reclamation and irrigation of lands within the District.

The District's Board of Directors, a nine-member group, has governance responsibilities over all activities related to the District's operations within the jurisdiction of Real Edwards Conservation and Reclamation District. Because members of the Board of Directors are elected by the public, they have the primary accountability for fiscal matters.

II. Significant Accounting Policies

The accounting policies of Real Edwards Conservation and Reclamation District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Reporting Entity

The District has developed criteria to determine if the activities of any outside agencies or organizations should be included within its financial statements. The criteria include the amount of oversight responsibility exercised by the District over activities of an agency or organization, the scope of public service of an agency or organization, and the nature of any special financing relationships which may exist between the District and an agency or organization. Oversight responsibility includes financial interdependency, selection of the governing authority, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The District's financial statements include all funds over which the District exercises oversight responsibility. The District is not included as a part of any other reporting entity.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Sutton Couty Underground Water District nonfiduciary activities. *Governmental activities* include sources supported by taxes, fees and charges for services.

The Statement of Activities demonstrates how other people or entities that participate in services the District operates have shared in the payment of the direct costs.

REAL EDWARDS CONSERVATION AND RECLAMATION DISTRICT
NOTES TO THE FINACIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2024

II. Summary of Significant Accounting Policies – Continued

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. The considers all revenues available if they are collectible within 60 days after year end.

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

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

REAL EDWARDS CONSERVATION AND RECLAMATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2024

II. Summary of Significant Accounting Policies – Continued

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position

1. **Deposits and Investments** – The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Temporary investments are stated at cost.
2. **Capital assets** – Capital Assets are reported in the government-wide financial statements. Assets which include furniture and equipment are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of the assets is calculated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Computer	5
Furniture and Equipment	7
Vehicles	5

3. **Fund Equity** – The District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative spending constraints:
 - **Non-spendable fund balance** – amounts that are in non-spendable form (such as inventory) or are required to be maintained intact.
 - **Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
 - **Committed fund balance** – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
 - **Assigned fund balance** – amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates authority.
 - **Unassigned fund balance** – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

REAL EDWARDS CONSERVATION AND RECLAMATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2024

II. Summary of Significant Accounting Policies – Continued

D. Other Accounting Policies – Continued

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as special incentives). Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or other purposes).

4. **Deferred Inflows and Outflows of Resources** – The District has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, as well as GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Under GASB 63, amounts previously reported as deferred charges as a part of total assets have been reported in a separate section as deferred outflows of resources and amounts previously reported as a part of total liabilities have been reported in a separate section as deferred inflows of resources.

Revenues are recognized when they become measurable and available in the fund statements. Available means when due, or past due, and receivable within current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Revenues not expected to be available for the current period are reflected as deferred revenue. Unavailable revenues arise when assets are recognized before revenue recognition criteria has been satisfied.

5. **Budget** - The Board of Directors adopts an annual budget for the general fund in accordance with the accounting principles applicable for this fund. This is done in September of each year after a public hearing.
6. **Use of Estimates** - The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
7. **Implementation of GASB Statement No. 87** - As of October 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of the standard established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. The additional disclosures required by this standard are included in Notes C, D, and E.

REAL EDWARDS CONSERVATION AND RECLAMATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2024

I. Summary of Significant Accounting Policies – Continued

E. Reconciliation of Government- Wide and Fund Financial Statements

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

Total Fund Balance – Governmental Fund	\$ 475,949
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$265,768 and the accumulated depreciation was \$98,705 effect of including the beginning balances for capital assets, less related debt, (net of depreciation) in the governmental activities is to increase net position.	163,400
2. Current year capital outlays and right-to-use asset principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including 2024 capital outlays is to increase net position.	17,211
3. The 2024 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(15,524)
4. Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<u>59,686</u>
Net Position of Governmental Activities	<u>\$ 700,722</u>

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities

Total Net Change in Fund Balances – Governmental Funds	\$ 82,138
1. Current year capital outlays and right-to-use principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide statements. The net effect of removing the 2024 capital outlays are to increase net position.	17,211
2. Depreciation is not recognized as an expense in governmental funds since it does not require the current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(15,524)
3. Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	<u>27,097</u>
Total Change in Net Position	<u>\$ 110,922</u>

REAL EDWARDS CONSERVATION AND RECLAMATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2024

II. Detailed Notes on all Funds - Continued

A. Deposit and Investments- Continued

The cash and investment policies of the District are governed by state statutes and the adopted investment policy. These policies require that depositories be insured by the Federal Deposit Insurance Corporation (FDIC) and must fully collateralize all deposits in excess of FDIC insurance limits.

At September 30, 2024, the carrying amount of the District's deposits was \$105,146 and the bank balance was \$107,984. The District's deposits at September 30, 2024, and during the year then ended were covered by FDIC Insurance.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date of the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificate of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is substantial compliance with the requirements of the Act and with local policies.

The District's temporary investments at September 30, 2024, are shown below:

Name	Carrying Amount	Market Value	FDIC Coverage	Pledged Securities
Certificates of Deposit –				
Hondo National Bank	\$ 259,058	\$ 259,058	\$ 250,000	\$ -
First State Bank of Uvalde	\$ 114,990	\$ 114,990	\$ 114,990	\$ -
	<u>\$ 359,698</u>	<u>\$ 359,698</u>	<u>\$ 359,698</u>	<u>\$ -</u>

In compliance with the Public Funds Investment Act, The District discloses the following:

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As mentioned above, there was some risk due to deposits not being covered by FDIC coverage or pledged collateral held by the District's agent bank in the District's name. The total funds not covered by FDIC was \$9,058. As of the date of the audit report, the bank verified that the District had funds not covered by FDIC Insurance.

Other Credit Risk – There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2024, the District was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

REAL EDWARDS CONSERVATION AND RECLAMATION DISTRICT
NOTES TO THE FINACIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2024

II. Detailed Notes on all Funds – Continued

B. Property Taxes

In accordance with the Statutes, the board can levy a maintenance tax at a rate not to exceed 5 cents on each \$100 of assessed valuation which was approved by the voters at the election to create the District on August 8, 1987. For Edwards County, the District contracts with Edwards County Appraisal District for the appraisal and collection of taxes. For Real County, the District contracts with Real County Tax/Assessor Collector for collections and Real County Appraisal District for appraisal of taxes.

By September 1 of each year, the rate of taxation is set by the board of directors based upon the valuation of property within the District as of January 1. Taxes are due October 1 and become delinquent after January 31, of the following year.

For Edwards County, taxable ad valorem valuation for the 2024 tax roll was \$888,090,664 with a tax levy of \$0.017 per \$100 valuation (designated for General Fund). For Real County, taxable ad valorem valuation for the 2024 tax roll was \$840,835,328 with a tax levy of \$0.017 per \$100 valuation (designated for General Fund) A summary of taxes receivable follows:

Tax Roll	Tax Receivable 10/01/2023	Taxes Assessed / Supplement	Collections	Adjustments	Taxes Receivable 09/30/2024
2014 & Prior	\$ 2,941	\$ 0	\$ 372	\$ 162	\$ 2,731
2015	486	0	126	43	403
2016	642	0	187	67	522
2017	704	0	217	51	538
2018	929	0	352	121	698
2019	1,129	0	346	138	921
2020	1,267	0	806	965	1,426
2021	2,110	0	1,820	1,752	2,042
2022	22,380	0	5,074	3,968	21,274
2023		308,876	274,851	(4,895)	29,130
Totals	\$ 32,588	\$ 308,876	\$ 284,151	\$ 2,373	\$ 59,686

REAL EDWARDS CONSERVATION AND RECLAMATION DISTRICT
NOTES TO THE FINACIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2024

II. Detailed Notes on all Funds – Continued

C. Capital Assets

Capital asset activity for the District for the year September 30, 2024 was as follows:

Government Activities	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 45,750	\$ 0	\$ 0	\$ 45,750
Furniture and Equipment	81,577	6,304	0	87,881
Vehicles	27,491	0	0	27,491
Office Building	103,500	9,000	0	112,500
Total	258,318	15,304	0	273,622
Accumulated Depreciation	(94,901)	(13,635)	0	(108,536)
Capital Assets, net	\$ 167,864	\$ 1,669	\$ 0	\$ 165,086
Right-to-Use Assets Being Amortized	Beginning Balance	Additions	Deletions	Ending Balance
Equipment	7,449	0	0	7,449
Total	7,449	0	0	7,449
Accumulated Amortization	(3,804)	(1,889)	0	(5,693)
Right-to-Use Assets, net	\$ 3,645	\$ (1,889)	\$ 0	\$ 1,756
Government Activities Capital Assets, Net	\$ 167,062	\$ (220)	\$ 0	\$ 166,842

D. Changes in Long Term Debt

	Outstanding 10/01/23	Issued	Retired	Outstanding 09/30/2024	Due Within One Year
Equipment Leases	\$ 3,662	\$ -	\$ 1,907	\$ 1,755	\$ 1,755
Total	\$ 3,662	\$ -	\$ 1,907	\$ 1,755	\$ 1,755

E. Leases

In September 2020 the District entered into a lease agreement with Xerox Corporation for the use of a copy machine. An initial lease liability was recorded in the amount of \$7,449. Under the terms of the lease, the District pays a monthly fee of \$160 and includes interest of 0.475%. This lease terminates in September 2025.

F. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage, or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District contracts with the Texas Municipal League (TML) to provide insurance coverage for identified risks. TML is a multi-government group that provides a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by the District is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2024, were \$4,604.

**REAL EDWARDS CONSERVATION AND RECLAMATION DISTRICT
NOTES TO THE FINACIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2024**

Detailed Notes on all Funds – Continued

G. Employee Benefits

All full time employees of the District are eligible for medical, dental and vision coverage through the Texas Municipal League. The District pays the premium for eligible employees. Employees at their option may authorize payroll withholdings to pay premiums for eligible family members. The District pays a 7.5 % stipend for retirement benefits for full-time employees.

H. Excess of Expenditures over Appropriations

Expenditures in the General Fund exceeded appropriations for a few line items but not in total.

I. Subsequent Events

The District has evaluated subsequent events through April 21, 2025, the date which the financial statements were available to be issued. The District is not aware of any subsequent events that materially impact the financial statements.

SUPPLEMENTARY INFORMATION

REAL EDWARDS CONSERVATION AND RECLAMATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Ad Valorem Tax Collection	280,570	280,570	287,937	7,367
Penalty and Interest	-	-	5,787	5,787
Investment Interest	3,000	3,000	17,664	14,664
Registration Fees	10,000	10,000	10,450	450
Grant Revenue	-	-	8,704	8,704
Miscellaneous Revenues	500	500	-	(500)
Total Revenue:	<u>294,070</u>	<u>294,070</u>	<u>330,542</u>	<u>36,472</u>
EXPENDITURES:				
Salaries	122,406	133,440	127,595	5,845
Payroll Taxes	9,650	10,800	10,744	56
Employee Benefit	3,820	4,170	4,081	89
Employee Health Insurance	12,260	15,000	14,836	164
Auto	10,000	5,000	3,371	1,629
Office Supplies and Postage	6,000	5,800	3,430	2,370
Office Building Maintenance	-	9,000	9,000	-
Computer Repairs	10,000	7,000	6,658	342
Monitoring and Lab Supplies	11,500	9,500	9,995	(495)
Tax Collection Fees	6,520	7,260	5,797	1,463
Travel	5,000	5,000	4,643	357
Appraisal District	14,100	15,500	16,734	(1,234)
Professional Fees	19,500	10,000	8,017	1,983
Insurance/Bonds	5,000	6,460	5,094	1,366
Conference and Meetings	15,030	15,030	8,192	6,838
GMA 7/ Region J	1,800	1,800	1,250	550
Elections	4,000	2,000	-	2,000
Miscellaneous	-	-	-	-
Special Projects	1,000	1,000	720	280
Utilities	7,000	7,200	5,848	1,352
Public Notices	2,500	2,500	129	2,371
Education Program	4,000	4,000	350	3,650
Debt Service -				
Principal on Right-to-Use Lease Asset	1,950	1,950	1,907	43
Interest on Right-to-Use Lease Asset	50	50	13	37
Capital Outlay	-	-	-	-
Total expenditures:	<u>273,086</u>	<u>279,460</u>	<u>248,404</u>	<u>31,056</u>
Excess(Deficiency) of Revenues over				
Expenditures	20,984	14,610	82,138	67,528
Fund Balance/net position				
Beginning of the year	<u>393,811</u>	<u>393,811</u>	<u>393,811</u>	<u>-</u>
End of the year	<u>414,795</u>	<u>408,421</u>	<u>475,949</u>	<u>67,528</u>

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