
ANNUAL FINANCIAL REPORT

DELTA LAKE IRRIGATION DISTRICT

DECEMBER 31, 2020

BUFFO & BERKMAN
CERTIFIED PUBLIC ACCOUNTANTS

DELTA LAKE IRRIGATION DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2020

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BUFFO & BERKMAN

CERTIFIED PUBLIC ACCOUNTANTS
324 E. HIDALGO BOX 710 956-689-2479
RAYMONDVILLE, TEXAS 78580

November 17, 2021

Independent Auditor's Report

Board of Directors
Delta Lake Irrigation District
Edcouch, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Delta Lake Irrigation District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

**DELTA LAKE IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DECEMBER 31, 2020

(UNAUDITED)

Our discussion and analysis of Delta Lake Irrigation District's financial performance provide an overview of the District's financial activities for the year ended December 31, 2020. Please read it in conjunction with the District's basic financial statements which begin on page 12.

OVERVIEW OF THE FINANCIAL STATEMENTS

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. These provide information about the activities of the District as a whole and represent a long-term view of the District's property, 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.

For governmental activities, the fund financial 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 flat rate and ad valorem tax assessments and the non-appropriated budget.

The notes to the financial statements (starting on page 19) provide narrative explanations or additional data needed for full disclosure in the government-wide statements of the fund financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent year by \$33,633,098 (*net position*). Of this amount \$6,735,928 (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors.
- This District's total net position decreased by \$180,696.
- As of the close of the current year, the District's governmental funds reported combined ending fund balances of \$6,303,158. A decrease of \$863,562 in comparison with the prior year. \$6,076,644 is *available for spending* at the District's discretion (*unassigned fund balance*).

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 12. Its primary objective is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities while the Statement of Activities includes all the income and expenses generated by the District's operations during the year. These apply the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's income 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 or future years. Liabilities are considered whether they must be paid in the current or future years.

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

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

Government Activities - The District's basic services are reported here. Flat rate, ad valorem tax and water sales finance these activities.

Reporting the District's Governmental Funds

Governmental Funds - The District reports its basic services in governmental funds. These funds 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 they report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation statements in the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the District's governmental activities decreased from \$33,812,794 to \$33,632,098. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$6,735,928 at December 31, 2020.

This decrease in governmental net position was the net result of five factors. First, the District's expenditures exceeded the revenues by \$863,562. Second, the District's recognition of depreciation decreased the net position by \$891,167. Third, the District's net position was increased by miscellaneous reclassifications of revenues and recognizing liabilities associated with salaries payable by \$3,769. Fourth, the District increased its net position by \$1,547,677 as a result of the purchase of capital assets. Fifth the District increased its net position by \$22,587 as a result of recognizing pension expense of \$36,308 and reclassifying pension contributions of \$58,895 to deferred outflows.

Opinions

In my 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 Delta Lake Irrigation District, as of December 31, 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 required supplementary information such as management's discussion and analysis, budgetary comparison information and schedule of pension information on pages 5 through 10, page 35 and page 37 through 41 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delta Lake Irrigation District's basic financial statements. The other schedules are presented for purpose of additional analysis and are not a required part of the basic financial statements. The other schedules 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 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 other schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

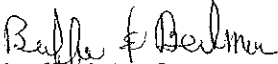

Buffo & Berkman
Certified Public Accountants

TABLE I
NET POSITION

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	\$ 7,225,592	\$ 8,100,641
Capital assets	26,896,170	26,239,660
Total assets	<u>\$ 34,121,762</u>	<u>\$ 34,340,301</u>
Deferred outflows of resources		
Pension contributions	\$ 58,895	\$ 63,018
Investment gains or losses-pension	0	92,908
Assumption changes or imputs - pension	9,986	14,282
Total deferred outflows of resources	<u>\$ 68,881</u>	<u>\$ 170,208</u>
Liabilities		
Other liabilities	\$ 457,368	\$ 658,583
Total liabilities	<u>\$ 457,368</u>	<u>\$ 658,583</u>
Deferred inflows of resources		
Economic/demographic gains or losses – pension	\$ 63,762	\$ 39,132
Investment gains or losses-pension	\$ 37,415	\$ 0
Total deferred inflows of resources	<u>\$ 101,177</u>	<u>\$ 39,132</u>
Net position:		
Invested in capital assets, net of related debt	\$ 26,896,170	\$ 26,239,660
Unrestricted	6,735,928	7,573,134
Total net position	<u>\$ 33,632,098</u>	<u>\$ 33,812,794</u>

TABLE II
CHANGE IN NET POSITION

	Governmental Activities	
	2020	2019
Income		
Flat rate (net of discounts)	\$ 817,834	\$ 841,787
Water sales	2,086,371	1,801,676
Ad valorem taxes (net of discounts)	937,054	966,393
Lease bonus and royalty income	1,663	2,470
Interest income	57,151	208,669
Penalties and interest	72,586	89,791
Machine hire	4,960	3,869
Miscellaneous	750,249	318,453
Total income	<u>\$ 4,727,868</u>	<u>\$ 4,233,108</u>
Expenses:		
Service operations:		
Operating	\$ 3,981,089	\$ 4,546,032
Pension	36,308	178,993
Depreciation	891,167	808,924
Total expenses	<u>\$ 4,908,564</u>	<u>\$ 5,533,949</u>

CHANGE IN NET POSITION	\$(180,696)	\$(1,300,841)
NET POSITION, JANUARY 1	33,812,794	35,113,635
NET POSITION, DECEMBER 31	<u>\$ 33,632,098</u>	<u>\$ 33,812,794</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2020, the District had approximately \$26,896,170 (net of accumulated depreciation) invested in a broad range of capital assets, including land, structures and improvements, and equipment.

This year’s major additions included:

Structures and improvements	\$ 868,660
Equipment	\$ 679,017

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The District’s elected and appointed officials considered many factors when setting the year 2021 budget. The District expects expenditures to exceed revenues for year 2021.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have a question about this report or need additional financial information, contact the District Administration Office, at 10370 Charles Green Road, Edcouch, Texas, 78538.

BASIC FINANCIAL STATEMENTS

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DELTA LAKE IRRIGATION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash, cash equivalents and temporary investments	\$ 5,857,636	\$	\$ 5,857,636
Flat rate receivable	356,640		356,640
Allowance for uncollectible	(40,260)		(40,260)
Ad valorem tax receivable	826,083		826,083
Allowance for uncollectible	(206,836)		(206,836)
Other receivables	111,577		111,577
Allowance for uncollectible	(11,702)		(11,702)
Prepayments	38,768		38,768
Inventories	187,746		187,746
Deposits	487		487
Net Pension Asset		105,453	105,453
Capital assets (net of accumulated depreciation)			
Land		10,109,712	10,109,712
Structures and improvements		13,464,278	13,464,278
Equipment		<u>3,322,180</u>	<u>3,322,180</u>
 Total assets	 <u>\$ 7,120,139</u>	 <u>\$ 27,001,623</u>	 <u>\$ 34,121,762</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	\$	\$ 58,895	\$ 58,895
Assumption changes or inputs - pension		<u>9,986</u>	<u>9,986</u>
 Total deferred outflows of resources	 <u>\$</u>	 <u>\$ 68,881</u>	 <u>\$ 68,881</u>

The accompanying notes are an integral part of this statement.

DELTA LAKE IRRIGATION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
LIABILITIES			
Accounts payable	\$ 66,896	\$	\$ 66,896
Refundable deposits	302,916		302,916
Salaries payable		<u>87,556</u>	<u>87,556</u>
 Total liabilities	 <u>\$ 369,812</u>	 <u>\$ 87,556</u>	 <u>\$ 457,368</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable flat rate	\$ 123,266	\$(123,266)	\$
Unavailable ad valorem tax	296,469	(296,469)	
Unavailable park leases	27,434	(27,434)	
Economic/Demographic (gains) or losses - pension		63,762	63,762
Investment gains or losses – pension		<u>37,415</u>	<u>37,415</u>
 Total deferred inflows of resources	 <u>\$ 447,169</u>	 <u>\$(345,992)</u>	 <u>\$ 101,177</u>
 FUND BALANCES/NET POSITION			
Fund Balances:			
Nonspendable for prepayments	\$ 38,768	\$(38,768)	
Nonspendable for inventories	187,746	(187,746)	
Unassigned	<u>6,076,644</u>	<u>(6,076,644)</u>	
 Total fund balances	 <u>\$ 6,303,158</u>	 <u>\$(6,303,158)</u>	
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 7,120,139</u>		
 NET POSITION:			
Invested in capital assets, net of related debt		\$ 26,896,170	\$ 26,896,170
Unrestricted		<u>6,735,928</u>	<u>6,735,928</u>
 Total net position		 <u>\$ 33,632,098</u>	 <u>\$ 33,632,098</u>

The accompanying notes are an integral part of this statement.

DELTA LAKE IRRIGATION DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 DECEMBER 31, 2020

Total Fund Balances - Governmental Funds \$ 6,303,158

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 \$42,334,177 and the accumulated depreciation was \$16,094,517. The net effect of including the beginning balances for capital assets (net of depreciation) is to increase net position. 26,239,660

Pension plan net asset, deferred outflows and deferred inflows are not financial resources and therefore are not reported in the funds. The net effect of including the pension plan net asset, deferred outflows and deferred inflows is to decrease net position. 73,157

Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the statement of net position. The net effect of including the 2020 capital outlays is to increase net position. 1,547,677

The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. (891,167)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred inflows as income and recognizing the liabilities associated with salaries payable. The net effect is to increase net position. 359,613

Net Position of Governmental Activities \$33,632,098

The accompanying notes are an integral part of this statement.

DELTA LAKE IRRIGATION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS, REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
DECEMBER 31, 2020

	<u>General Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Water sales	\$ 2,086,371	\$	\$ 2,086,371
Lease bonus and royalty revenues	1,663		1,663
Flat rate (net of \$14,936 discounts)	812,466	5,368	817,834
Ad valorem tax (net of \$13,641 discounts)	932,830	4,224	937,054
Penalty and interest	72,586		72,586
Interest	57,151		57,151
Machine hire	4,960		4,960
Miscellaneous	<u>754,999</u>	<u>(4,750)</u>	<u>750,249</u>
 Total revenues	 <u>\$ 4,723,026</u>	 <u>\$ 4,842</u>	 <u>\$ 4,727,868</u>
 EXPENDITURES/EXPENSES			
Service operations:			
Operating	\$ 4,038,911	\$(57,822)	\$ 3,981,089
Capital outlays	1,547,677	(1,547,677)	
Pension		36,308	36,308
Depreciation		<u>891,167</u>	<u>891,167</u>
 Total expenditures/expenses	 <u>\$ 5,586,588</u>	 <u>\$(678,024)</u>	 <u>\$ 4,908,564</u>
 Excess (deficiency) of revenue over expenditures	 <u>\$(863,562)</u>	 <u>\$ 682,866</u>	
Other financing sources (uses)			
Excess (deficiency) of revenues and other sources over expenditures and other uses	 <u>\$(863,562)</u>	 <u>\$ 863,562</u>	
Change in net position		(180,696)	\$(180,696)
Fund balances/net position			
Beginning of the year	<u>7,166,720</u>	<u>26,646,074</u>	<u>33,812,794</u>
 End of year	 <u>\$ 6,303,158</u>	 <u>\$ 27,328,940</u>	 <u>\$ 33,632,098</u>

The accompanying notes are an integral part of this statement.

DELTA LAKE IRRIGATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Total Net Change in Fund Balances - Governmental Funds \$(863,562)

Current year capital outlays 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 removing the 2020 capital outlays is to increase net position. 1,547,677

Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position. (891,167)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred inflows of revenue as income, adjusting current year revenue to show the income earned from the current year's tax levy, flat rate and park lease and removing pension contributions and recognizing pension expense and the liabilities associated with salaries payable. The net effect of these reclassifications and recognitions is to increase net position. 26,356

Change in Net Position of Governmental Activities \$(180,696)

The accompanying notes are an integral part of this statement.

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DELTA LAKE IRRIGATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. CREATION OF DISTRICT

Willacy County Water Control and Improvement District Number One was organized as a water control and improvement district in 1929 under the provisions of Chapter 51, Texas Water Code. On June 13, 1980, the Board of Directors resolved that the District be converted from a water control district into an irrigation district as authorized by Section 58 of the Texas Water Code.

B. REPORTING ENTITY

The Board of Directors (the "Board"), a five member group, has governance responsibilities over all activities related to the Irrigation District. The District is a financial reporting entity as defined by the Government Accounting Standards Board ("GASB) in its Statement No. 14, "The Financial Reporting Entity", since the board members are elected by the public and have decision making authority, the power to designate management, the responsibility to influence significantly operations and primary accountability for fiscal matters. There are no component units included within the reporting entity. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

C. 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 District's activities. *Governmental activities* include operations supported primarily by flat rate assessments, ad valorem taxes, and charges for services.

Charges for services consist of charges to customers that purchase, use, or directly benefit from goods or services provided by the District. Examples include water sales and machine hire revenue.

The fund financial statements provide reports on the financial condition and results of operations for the general fund, special revenue fund and capital projects fund.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Flat rate assessments and ad valorem taxes are recognized as revenues in the year for which they are levied.

DELTA LAKE IRRIGATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(Continued)

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

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 due. The District considers flat rate and ad valorem taxes as available if they are collectible within 60 days after year end.

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, deferred inflows of resources, equity, revenues, and expenditures. The District reports the following major governmental funds:

General Fund - The General Fund is used to account for financial resources used for general operations. It is the basic fund of the District and covers all activities. Any fund balances are considered resources available for current operations.

DELTA LAKE IRRIGATION DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. OTHER ACCOUNTING POLICIES

1. Cash and cash equivalent include cash and highly liquid investments such as money market bank accounts, certificates of deposits with maturities of three months or less and TexasPool Investment Pools .
2. The District records purchases of supplies as expenditures. If any supplies are on hand at the end of the year, their total cost is recorded as inventory and the fund balance is recognized as nonspendable for the same amount.
3. Capital assets, which include land, structures, improvements and equipment are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market 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.

Structures, improvements and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Structures and improvements	15-50
Equipment	5-40

4. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments within the deferred expenditures (expenses) line item in both government-wide and fund financial statements.
5. The District reports deferred inflows of resources in the governmental fund financial statements. Deferred inflows arise when a potential revenues does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, with both revenues recognition criteria are met, the liability for deferred inflows is removed from the governmental fund balance sheet and income is recognized.
6. Encumbrance accounting which uses purchase orders, contracts and other commitments for the expenditures of resources is not utilized in the Governmental Fund of the District. Expenditures are recognized when the goods purchased are received or when the services have been performed.

DELTA LAKE IRRIGATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. FUND BALANCE POLICIES

The District has classified its fund balances in the following classifications:

Nonspendable	
Inventory	\$ 187,746
Prepayment	\$ 38,768
Restricted	
Committed	
Assigned	
Unassigned	\$ 6,076,644

The Board of Trustees is the District's decision making authority for both committing and restricting fund balances.

The Board of Trustees must by formal board action establish, modify or rescind a fund balance commitment.

When the District incurs an expense for which it may use either restricted or unassigned assets, it uses the restricted assets first unless unassigned assets will have to be returned because they were not used.

G. BUDGET AND BUDGETARY ACCOUNG

1. The District follows these procedures in establishing the budgetary data reflected in the Financial Statement. Prior to January 1, The District's General Manager submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1, the budget is legally adopted by the Board of Directors.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund.
5. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for the General Fund lapse at year end.
6. For the year ended December 31, 2020 the budget was not amended during the year.

DELTA LAKE IRRIGATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

II. DETAILED NOTES ON ALL FUNDS (Continued)

H. PENSION BENEFIT PLAN

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

II. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

LEGAL AND CONTRACTUAL PROVISIONS GOVERNING DEPOSITS AND INVESTMENTS

The Public Funds Investment Act (Governmental Code Chapter 2256) contains specific provisions in the area 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 data for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. Agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investments 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 in substantial compliance with the requirements of the Act and with local policies.

POLICIES GOVERNING DEPOSITS AND INVESTMENTS

In compliance with the Public Funds Investment Acts, the District has adopted a deposit and investment policy. That policy does address the following risks:

a. Custodial Credit Risk - Deposits: 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. The District is not exposed to Custodial Credit Risk for its deposits as all were insured or collateralized with securities held by the District's agent in the District's name at December 31, 2020.

DELTA LAKE IRRIGATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

II. DETAILED NOTES ON ALL FUNDS (Continued)

b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District limits investments to Certificates of Deposit and TexPool Investment Pools. TexPool Investment Pools are 2 (a) 7 like funds meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net value of \$1.00, although this cannot be fully guaranteed. TexPool funds are rated AAA and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

At December 31, 2020, the TexPool Investment Pools had a weighted average maturity of 45 days. Although the TexPool Investment Pools portfolios had a weighted average maturity of 45 days, the District considers the holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

c. Interest Rate Risk: Investments strategies have as the primary objective of investment liquidity. As a means of minimizing risk of loss due to interest rate fluctuations, certificates of deposit cannot have a stated final maturity date which exceed 180 days.

d. Concentration of Credit Risk: As of December 31, 2020, the Bank Money Market Account represents 99% of the portfolio, and TexPool Investment Pools represent 1% of the portfolio.

B. FLAT RATE ASSESSMENTS AND AD VALOREM TAXES

Flat rate assessments and ad valorem taxes are levied by October 1 on acreage located in the District. Assessments are due on receipt of the assessment bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a lien attaches to property to secure the payment of all assessments, penalties and interest ultimately imposed.

C. DELINQUENT FLAT RATE AND AD VALOREM TAXES RECEIVABLES

Delinquent flat rate and ad valorem taxes are accounted for in the General Fund. Allowances for uncollectible flat rate and ad valorem tax receivables accounts within the General Fund are based on historical experience in collecting flat rate and ad valorem taxes.

D. CAPITAL ASSET ACTIVITY

Capital asset activity for the District, for the year ended December 31, 2020, was as follows:

DELTA LAKE IRRIGATION DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

II. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance December 31, <u>2019</u>	<u>Addition</u>	<u>Deletion</u>	Balance December 31, <u>2020</u>
Governmental Activities:				
Land	\$ 10,109,712	\$	\$	\$ 10,109,712
Structures and improvements	24,988,655	868,660		25,857,315
Equipment	<u>7,235,810</u>	<u>679,018</u>	<u>(124,295)</u>	<u>7,790,533</u>
Total at historical cost	<u>\$ 42,334,177</u>	<u>\$ 1,547,678</u>	<u>\$ (124,295)</u>	<u>\$ 43,757,560</u>
Accumulated depreciation for:				
Structures and improvements	\$(11,861,835)	\$(531,202)	\$	\$(12,393,037)
Equipment	<u>(4,232,682)</u>	<u>(359,965)</u>	<u>124,295</u>	<u>(4,468,352)</u>
Total accumulated depreciation	<u>\$ (16,094,517)</u>	<u>\$ (891,167)</u>	<u>\$ 124,295</u>	<u>\$ (16,861,389)</u>
Governmental activities capital assets, net	<u>\$ 26,239,660</u>	<u>\$ 656,511</u>	<u>\$ 0</u>	<u>\$ 26,896,171</u>

E. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources at December 31, 2020, consisted of the following:

	<u>General Fund</u>
Flat rate	\$ 123,266
Ad valorem tax	296,469
Park lease	<u>27,434</u>
Total	<u>\$ 447,169</u>

F. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District is a member of the Texas Water Conservation Association Intergovernmental Risk Pool, a joint self-insurance pool of Texas Political Subdivisions, which provides workers' compensation coverage and liability and property coverage for the District based upon a sharing of risk and members of the pool.

The District continues to carry commercial insurance for the risk of loss from employer dishonesty and for the bonding of its directors. There have been no claims resulting from these risks in any of the past three fiscal years. There has been no significant reduction in insurance coverage from coverage in the prior year.

DELTA LAKE IRRIGATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

II. DETAILED NOTES ON ALL FUNDS (Continued)

G. HEALTH COVERAGE

During the year ended December 31, 2020, employees of the Delta Lake Irrigation District were covered by a health insurance plan (the plan). All premiums were paid to a licensed insurer.

The contract between the Delta Lake Irrigation District and the licensed insurer is renewable September 1, 2020 and terms of coverage and premium costs are included in the contract provisions.

H. PENSION COVERAGE FOR DISTRICT EMPLOYEES

A. Plan Description

Delta Lake Irrigation District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of statewide agent multiple-employer public employee retirement system consisting of 656 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available at www.tcdrs.com

B. Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statues governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum before they are eligible to retire, are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

DELTA LAKE IRRIGATION DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

II. DETAILED NOTES ON ALL FUNDS (Continued)

H. PENSION COVERAGE FOR DISTRICT EMPLOYEES (Continued)

Employees covered by benefit terms.

At the December 31, 2019 valuations and measurement date, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	77
Active employees	48

C. Contributions

The contribution rates for employees in TCDRS are either 4%, 5%, 6% or 7% of employee gross earnings, and the District is required to contribute at actuarially determined rates as adopted by the governing body of the District. Under the state law governing TCDRS, the contribution rate for each District is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the District were required to contribute 5.00% of their annual gross earnings during the calendar year. The contribution rates for the District was 3.97% in calendar year 2019. The District's contributions to TCDRS for the year ended December 31, 2019 were \$63,018 and were equal to the required contributions.

D. Net Pension Liability

The District's Net Pension Liability was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75%
Salary Increase	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00 net of administrative and investment expenses, including inflation

DELTA LAKE IRRIGATION DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

II. DETAILED NOTES ON ALL FUNDS (Continued)

I. PENSION COVERAGE FOR DISTRICT EMPLOYEES (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based (110%) of Ultimate Scale for 2014 and later. Previously Scale AA had been used. The Base Table is RP-200 Table projected with Scale AA to 2014.

Actuarial assumptions used in the December 31, 2019, valuation were based on the results of actuarial experience studies. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality experience Investigation Study. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2019 valuation.

The long-term expected rate of return on pension plan investments is 8.00%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term funding needs of TCDRS.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long term real returns, and reflecting expected long-term real returns and reflecting expected volatility and correlation. The Capital Market Assumptions and information below are provided by TCDRS Investment Consultant, Cliffwater LLC. The numbers shown are based on April 2020 information for a 10 year time horizon.

Asset Class	Target allocation	Geometric Real Rate of Return
Us Equities	14.50%	5.20%
Private Equity	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities- Developed Markets	7.00%	5.20%
International Equities- Emerging Markets	7.00%	5.70%
Investment-Global-Bonds	3.00%	-0.20%
Strategic Credit	12.00%	3.14%
Direct Lending	11.00%	7.16%
Distressed Debt	4.00%	6.90%

DELTA LAKE IRRIGATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

II. DETAILED NOTES ON ALL FUNDS (Continued)

H. PENSION COVERAGE FOR DISTRICT EMPLOYEES (Continued)

Asset Class	Target allocation	Long-Term Expected Real Rate of Return
REIT Equities	3.00%	4.50%
MLPS	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.30%

Discount Rate

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

Changes in the Net Pension Liability/(Asset)	Increase(Decrease)		
	Total Pension Liability (a)	Fiduciary Net Pension (b)	Net Pension Liability/Asset (a-b)
Balance at 12/31/2018	\$ 1,530,709	\$ 1,450,202	\$ 80,506
Changes for the year:			
Service cost	123,404		123,404
Interest	130,080		130,080
Effect of plan changes	0		0
Effect of economic/demographic Gains or losses	(58,518)		(58,518)
Effect of assumptions changes on inputs	0		0
Refund of contributions	(62,083)	(62,083)	0
Benefit payments	(36,194)	(36,194)	0
Contributions-employer		63,018	(63,018)
Contributions-employee		79,369	(79,369)
Net investment income		238,107	(238,107)
Administrative expense		(1,321)	1,321
Other	0	1,752	(1,752)
Balance at 12/31/2018	\$ 1,627,397	\$ 1,732,850	\$(105,453)

Sensitivity of the net pension liability to changes in the discount rate

DELTA LAKE IRRIGATION DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

II. DETAILED NOTES ON ALL FUNDS (Continued)

H. PENSION COVERAGE FOR DISTRICT EMPLOYEES (Continued)

The following presents the net pension liability of the district calculated using the discount rate of 8.10%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.10%) or 1-percentage-point higher (9.10%) than the current rate:

	1% Decrease in Discount Rate (7.1%)	Discount Rate (8.1%)	1% Increase in Discount Rate (9.1%)
District's net pension Liability/(Asset)	\$ 117,848	\$(105,453)	\$(293,096)

Pension Plan Fiduciary Net Position

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

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

For the ended December 31, 2020 the District recognized pension expense of \$36,308.

At December 31, 2020, the district reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Economic/Demographic <gains> or losses	\$ 63,762	\$ 0
Assumption changes on inputs	0	\$ 9,986
Investments <gains> or losses	\$ 37,415	\$ 0
Contributions subsequent to the measurement date	\$ 58,895	\$ 0

\$58,895 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

DELTA LAKE IRRIGATION DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

II. DETAILED NOTES ON ALL FUNDS (Continued)

H. PENSION COVERAGE FOR DISTRICT EMPLOYEES (Continued)

Year ended December 31	
2020	\$(39,992)
2021	(31,418)
2022	3,995
2023	(23,776)
2024	0
Thereafter	0

I. PAID TIME OFF

It is the District's policy to permit employees to accumulate earned but unused paid time off. Paid time off that is expected to be liquidated with expendable available financial resources is reported as an expenditure of the General Fund. Amounts not expected to be liquidated with expendable available financial resources are reported as a liability in the statement of net position.

Balance January 1, 2020	\$ 86,483
Additions	1,073
Deletions	
Balance December 31, 2020	<u>\$ 87,556</u>

J. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 17, 2021 which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

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REQUIRED SUPPLEMENTARY INFORMATION

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DELTA LAKE IRRIGATION DISTRICT
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Actual	Original And Final Budget	Variance Positive (Negative)
REVENUES			
Water sales	\$ 2,086,371	\$ 2,027,500	\$ 58,871
Lease bonus and royalty revenues	1,663	5,000	(3,337)
Flat rate (net of \$14,936 discounts)	812,466	792,300	20,166
Ad valorem (net of \$13,641 discounts)	932,830	946,670	(13,840)
Penalty and interest	72,586	165,000	(92,414)
Interest	57,151		57,151
Machine hire	4,960	75,000	(70,040)
Miscellaneous	<u>754,999</u>	<u>818,000</u>	<u>(63,001)</u>
Total revenues	<u>\$ 4,723,026</u>	<u>\$ 4,829,470</u>	<u>\$(106,444)</u>
EXPENDITURES			
Service operations:			
Operating	\$ 4,038,911	\$ 3,925,000	\$(113,911)
Capital Outlay	<u>1,547,677</u>	<u>2,000,000</u>	<u>452,323</u>
Total expenditures	<u>\$ 5,586,588</u>	<u>\$ 5,925,000</u>	<u>\$ 338,412</u>
Excess (deficiency) of revenues over expenditures	\$(863,562)	\$(1,095,530)	\$ 231,968
Fund balances:			
Beginning of the year	<u>7,166,720</u>	<u>7,166,720</u>	<u>-0-</u>
End of the year	<u>\$6,303,158</u>	<u>\$ 6,071,190</u>	<u>\$ 231,968</u>

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DELTA LAKE IRRIGATION DISTRICT
PENSION INFORMATION

SCHEDULE OF PENSION EXPENSE

January 1, 2019 to
December 31, 2019

1. Total Service Cost	\$ 123,404
2. Interest on the Total Pension Liability	130,080
3. Effect of plan changes	0
4. Employee contributions	(79,369)
5. Expected investment return net of investment expenses	(119,235)
6. Administrative Expense	1,321
7. Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(33,888)
Recognition of assumption changes or inputs	4,296
Recognition of investment gains or losses	11,451
8. Other	(1,752)
Pension expense (income)	\$ 36,308

DELTA LAKE IRRIGATION DISTRICT
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
PENSION INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Total pension liability

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 123,404	\$ 102,800	\$ 97,652
Interest (on the Total Pension Liability)	130,080	108,581	98,095
Effect of plan changes	0	133,767	0
Effect of economic/demographic gains or losses	(58,518)	(6,817)	(17,481)
Effect of assumptions, changes or inputs	0	0	17,069
Benefit payments/ refunds of contributions	<u>(98,278)</u>	<u>(88,934)</u>	<u>(53,795)</u>

Net Change in total Pension Liability **\$ 96,688** **\$ 249,397** **\$ 141,540**

Total Pension Liability – Beginning **1,530,709** **1,281,311** **1,139,771**

Total Pension Liability – Ending (a) **\$ 1,627,397** **\$ 1,530,709** **\$ 1,281,311**

Plan Fiduciary Net Position

Contributions – Employer	\$ 63,018	\$ 29,638	\$ 26,293
Contributions – Employee	79,369	76,142	68,474
Investment Income Net of investment expenses	238,107	(27,028)	181,491
Benefit payments/refunds of contributions	(98,278)	(88,934)	(53,795)
Administrative Expenses	(1,321)	(1,165)	(972)
Other	<u>1,752</u>	<u>649</u>	<u>540</u>

Net change in Plan Fiduciary Net Position **\$ 282,647** **\$(10,698)** **\$ 222,031**

Plan Fiduciary Net Position – Beginning **1,450,202** **1,460,900** **1,238,869**

Plan Fiduciary net Position – Ending (b) **\$ 1,732,850** **\$ 1,450,202** **\$ 1,460,900**

**Net Pension Liability/(asset) – Ending =
(a) – (b)** **\$(105,453)** **\$ 80,506** **\$ (179,589)**

**Plan fiduciary Net Position as a Percentage
of Total Pension Liability** **106.48%** **94.74%** **114.02%**

Covered Employee Payroll **\$ 1,587,377** **\$ 1,522,844** **\$ 1,369,470**

**Net Pension Liability as a Percentage of
Covered Employee Payroll** **-6.64%** **-5.29%** **-13.11%**

DELTA LAKE IRRIGATION DISTRICT
 TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
 PENSION INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

(Continued)

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 97,256	\$ 96,255	\$ 89,004
84,442	79,662	70,445
0	(16,236)	0
(11,845)	(57,296)	10,874
0	8,708	0
(48,848)	(63,372)	(49,697)
\$ 121,005	\$ 47,721	\$ 120,626
<u>1,018,766</u>	<u>971,045</u>	<u>850,419</u>
<u>\$ 1,139,771</u>	<u>1,018,766</u>	<u>\$ 971,045</u>
\$ 38,647	\$ 39,308	\$ 42,560
65,504	62,594	64,484
81,942	(10,968)	63,612
(48,848)	(63,372)	(49,697)
(891)	(787)	(783)
<u>1,704</u>	<u>1,254</u>	<u>338</u>
\$ 138,058	\$ 28,029	\$ 120,514
<u>1,100,809</u>	<u>1,072,780</u>	<u>952,266</u>
<u>\$ 1,238,869</u>	<u>\$ 1,100,809</u>	<u>\$ 1,072,780</u>
<u>\$(99,097)</u>	<u>\$(82,044)</u>	<u>\$(101,735)</u>
108.69%	108.05%	110.48%
\$ 1,310,078	\$ 1,251,875	\$ 1,289,687
-7.56%	-6.55%	-7.89%

DELTA LAKE IRRIGATION DISTRICT
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

SCHEDULE OF CONTRIBUTIONS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 63,018	\$ 29,638	\$ 26,293	\$ 38,647	\$ 39,308	\$ 42,560
Actual Employee Contributions	\$ 63,018	\$ 29,638	\$ 26,293	\$ 38,647	\$ 39,808	\$ 42,560
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered employee payroll	\$1,587,377	\$1,522,844	\$1,369,470	\$1,310,078	\$1,251,875	\$1,289,687
Contributions as a percentage of covered employee payroll	4.0%	1.9%	1.9%	2.9%	3.1%	3.3%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Notes to Schedule:

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

Methods and Assumptions Used to Determine contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll closed
Remaining Amortization	7.2 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	2.75%
Salary Increases	varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	8.00% net of administrative and investment expenses, including inflation

DELTA LAKE IRRIGATION DISTRICT
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

NOTES TO SCHEDULE OF CONTRIBUTIONS

Methods and Assumptions Used to Determine contribution Rates: (continued)

Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110 % of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No change in plan provisions were reflected in the schedule. 2019: Employer contributions reflect that the current service matching rate was increased to 125%

***Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule**

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OTHER SCHEDULES

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DELTA LAKE IRRIGATION DISTRICT
SCHEDULE OF CASH, CASH EQUIVALENTS AND TEMPORARY INVESTMENTS
DECEMBER 31, 2020

	<u>General Fund</u>
<u>Cash:</u>	
Petty cash	\$ 436
Cash on deposit at Rio Bank:	
Checking accounts	<u>194,872</u>
Total cash	<u>\$ 195,308</u>
<u>Cash Equivalents:</u>	
Money Market Accounts	
Rio Bank	\$ 5,612,047
TexPool Account	<u>50,281</u>
Total cash equivalents	<u>\$ 5,662,328</u>
<u>Temporary Investments:</u>	
Certificates of Deposit	
Rio Bank	<u>\$ 0</u>
Total temporary investments	<u>\$ 0</u>
Total cash, cash equivalents and temporary investments	<u>\$ 5,857,636</u>

DELTA LAKE IRRIGATION DISTRICT
 SCHEDULE OF FLAT RATE ASSESSMENT RECEIVABLE
 FOR THE YEAR ENDED DECEMBER 31, 2020

Flat rate assessment receivable		
January 1, 2020	\$ 283,486	
Adjustments	<u>4,371</u>	\$ 287,857
2021 assessment	\$ 825,343	
Adjustments	<u>(48)</u>	<u>825,295</u>
Total to be accounted for		\$ 1,113,152
Less collections:	<u>Cash</u>	<u>Discount</u>
Current years	\$ 548,529	\$ 14,936
Prior years	<u>193,047</u>	
	<u>\$ 741,576</u>	<u>756,512</u>
Flat rate assessment receivable at end of year		<u>\$ 356,640</u>
Flat rate assessment receivable by years:		
2021		\$ 261,830
2020		22,881
2019		14,382
2018		9,969
2017 and prior		<u>47,578</u>
		<u>\$ 356,640</u>

DELTA LAKE IRRIGATION DISTRICT
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 FOR THE YEAR ENDED DECEMBER 31, 2020

Tax receivable			
January 1, 2020		\$ 805,202	
Adjustments		<u>(10,886)</u>	\$ 794,316
2020 tax levy		\$ 955,228	
Adjustments		<u>13</u>	<u>955,241</u>
Total to be accounted for			\$ 1,749,557
Less collections			
Current year	Cash	<u>\$ 487,151</u>	<u>\$ 13,641</u>
Prior years		<u>422,682</u>	
		<u>\$ 909,833</u>	<u>\$ 13,641</u>
Tax receivable at end of year			<u>923,474</u>
			<u>\$ 826,083</u>
Taxes receivable by years			
2020			\$ 454,449
2019			59,622
2018			42,437
2017			26,575
2016 and prior			<u>243,000</u>
			<u>\$ 826,083</u>

DELTA LAKE IRRIGATION DISTRICT
SCHEDULE OF MISCELLANEOUS REVENUES – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

General Fund	
City of Raymondville - interlocal	\$ 53,856
Delta Resort - leases	140,847
Delta Resort – fees	2,157
Exclusion and inclusion fees	6,000
Miscellaneous	17,685
Rental	10,400
Sale of assets	23,082
BOR	500,972
	<u>\$ 754,999</u>

DELTA LAKE IRRIGATION DISTRICT
 SCHEDULE OF OPERATING EXPENDITURES – GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	2020
Administrative expenditures:	
Director insurance	\$ 500
Legal publication	1,318
Salaries	438,757
Payroll taxes	131,679
Workmen compensation insurance	59,394
Health insurance	389,567
Legal	5,250
Audit	8,000
Insurance	73,649
Water assessment	60,734
Materials and supplies	19,970
Telephone	27,625
Utilities	9,621
Auto allowance and travel	7,870
Dues and subscriptions	27,583
Appraisal expenditures	14,628
Professional	16,400
Office equipment	20,772
Miscellaneous	6,233
Retirement contributions	58,895
Repairs	8,281
Total administrative expenditures	\$ 1,386,726
River pump expenditures:	
Operating labor	\$ 69,466
Material and supplies	719
Fuel	356
Electrical power	186,090
Total river pump expenditures	\$ 256,631
Relift pump expenditures:	
Operating labor	\$ 82,305
Fuel	60,431
Electrical power	277,372
Total relift pump expenditures	\$ 420,108
Water distribution salaries and expenditures	\$ 297,834

DELTA LAKE IRRIGATION DISTRICT
 SCHEDULE OF OPERATING EXPENDITURES – GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	2020
Repairs and maintenance:	
River plant	
Repairs and supplies	\$ 22,227
Relift pumps	
Labor	52,676
Repairs and supplies	186,446
Lakes	
Labor	5,674
Repairs and supplies	2,509
House and grounds	
Labor	32,037
Repairs and supplies	23,144
Canals	
Labor	235,778
Repairs and supplies	98,694
Pipelines	
Labor	75,730
Repairs and supplies	25,874
Drain system	
Labor	109,577
Telemetry	
Repairs and supplies	9,213
Reservoir	
Labor	33,856
Repairs and supplies	1,164
Total repairs and maintenance	\$ 914,599
Equipment expenditures:	
Repairs and supplies	\$ 165,511
Fuel and lube	110,092
Total equipment expenditures	\$ 275,603
Auto and truck expenditures:	
Labor	\$ 8,604
Repairs and supplies	75,820
Fuel and lube	18,013
Total auto and truck expenditures	\$ 102,437
Shop expenditures:	
Labor	\$ 115,589
Repairs and supplies	34,371
Utilities	1,991
Total shop expenditures	\$ 151,951

DELTA LAKE IRRIGATION DISTRICT
SCHEDULE OF OPERATING EXPENDITURES – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>
Delta-Resort	
Labor	\$ 28,743
Utilities	1,904
Refuge removal	7,770
Repairs and supplies	1,932
Total Delta-Resort	<u>\$ 40,349</u>
Equipment rental	<u>\$ 138,485</u>
Uniforms	<u>\$ 13,447</u>
Safety supplies	<u>\$ 17,901</u>
Engineering	<u>\$ 22,840</u>
Total operating expenditures	<u>\$ 4,038,911</u>