

**ORDER OF CANCELLATION**  
**EJEMPLO DE ORDEN DE CANCELACIÓN**

The Hudspeth Co. WCID #1 hereby cancels the election scheduled to be held on  
(official name of governing body)  
May 7, 2022 in accordance with Section 2.053(a) of the Texas  
(date on which election was scheduled to be held)  
Election Code. The following candidates have been certified as unopposed and are hereby  
elected as follows:

El Hudspeth Co. WCID #1 por la presente cancela la elección que, de lo contrario,  
(nombre oficial de la entidad gobernante)  
se hubiera celebrado el May 7, 2022 de conformidad, con  
(fecha en que se hubiera celebrado la elección)  
la Sección 2.053(a) del Código de Elecciones de Texas. Los siguientes candidatos han sido  
certificados como candidatos únicos y por la presente quedan elegidos como se haya indicado  
a continuación:

Candidate (Candidato)	Office Sought (Cargo al que presenta candidatura)
Antonio Morales	Board of Directors
Nestor Mendoza	Board of Directors

A copy of this order will be posted on Election Day at each polling place that would have been used in the election.

El Día de las Elecciones se exhibirá una copia de esta orden en todas las mesas electorales que se hubieran utilizado en la elección.

  
President (Presidente)

  
Secretary (Secretario)

(seal) (sello)

March 22, 2022  
Date of adoption (Fecha de adopción)

See reverse side for instructions  
Instrucciones en el reverso

**HUDSPETH COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 1  
P.O. BOX 188  
SIERRA BLANCA, TEXAS 79851**

**POSTED: MARCH 17, 2022**

**REGULAR MEETING OF THE BOARD OF DIRECTORS  
TO BE HELD ON TUESDAY, MARCH 22, 2022 AT 5:00 P.M.  
AT THE WATER OFFICE**

---

**A G E N D A**

1. CALL MEETING TO ORDER.
2. OPEN FORUM.
3. ACTION ITEM: APPROVE MINUTES AS READ FOR DECEMBER 20, 2021  
REGULAR MEETING.  
AND SPECIAL BOARD MEETING MINUTES FOR FEBRUARY 14, 2022.
4. REVIEW FINANCIAL STATUS OF DISTRICT AS OF MARCH 22, 2022.
5. REVIEW 2022 BUDGET FOR THE 9<sup>TH</sup> MONTH.
6. ACTION ITEM : PAY BILLS AS LISTED FOR MARCH 2022.
7. ACTION ITEM: RATIFY BILLS PAID FOR JANUARY 2022. NO QUORUM MEETING  
  
ACTION ITEM: RATIFY BILLS PAID FOR FEBRUARY 2022. NO MEETING. INTERNET  
WAS OUT OF SERVICE.
8. ACTION ITEM: DISCUSS AND ACT ON RULE 11 - IN AGREEMENT WITH VAN HORN.
9. ACTION ITEM CANCEL ELECTION OF MAY 7, 2022.  
2 PLACES UP FOR ELECTION  
2 INDIVIDUALS SIGNED UP.
10. ADMINISTER OATH OF OFFICE.
11. UPDATE ON WELL AT ALLAMORE. IF ANY.
12. MANAGERS REPORT
13. ACTION ITEM: DISCUSS AND ACT ON IMPACT ADJUSTMENTS.
14. ADJOURN MEETING.

MINUTES:  
HUDSPETH COUNTY WCID #1

REGULAR MEETING - MARCH 22, 2022  
HELD AT THE WATER OFFICE.

ITEM 1. CALLED MEETING TO ORDER AT 5:05 P.M. BY:  
PRES. MICHAEL ROSE

PRESENT: MICHAEL ROSE, NESTOR MENDOZA, TONY MORALES,  
PAT BRANTLEY JUDY AND MAC

ABSENT: JOE ELDER

GUESTS: NONE

ITEM 2. OPEN FORUM: NONE.

ITEM 3. MOTION BY TONY 2<sup>ND</sup> BY PAT TO APPROVE MINUTES AS READ  
FOR DECEMBER 22, 2021 MEETING. CARRIED

MOTION BY TONY 2<sup>ND</sup> BY PAT TO APPROVE MINUTES OF  
SPECIAL MEETING ON FEBRUARY 14, 2022. CARRIED

ITEM 4. REVIEWED FINANCIAL STATUS AS OF MARCH 22, 2022.

ITEM 5. REVIEWED 2022 F.Y BUDGET FOR THE 9<sup>TH</sup> MONTH.

ITEM 6. MOTION BY PAT 2<sup>ND</sup> BY TONY TO PAY BILLS AS PRESENTED  
FOR MARCH 2022.. CARRIED

ITEM 7. MOTION BY NESTOR 2<sup>ND</sup> BY PAT TO RATIFY BILLS PAID FOR  
JANUARY 2022. NO QUORUM MEETING. CARRIED

MOTION BY NESTOR 2<sup>ND</sup> BY PAT TO RATIFY BILLS PAID FOR  
FEBRUARY 2022 . NO MEETING INTERNET WAS DOWN ALL DAY,  
CARRIED

MOTION BY NESTOR 2<sup>ND</sup> BY PAT TO PAY JUDY'S INS AS OF MARCH  
2022. \$3,865.36 PER YEAR.... \$322.12 PER MONTH, SHE IS NOW ON  
MEDICARE SUPPL. CARRIED

- ITEM 8. RULE 11.. AGREEMENT IS ALMOST DONE. DISAGREE ON WHERE THE METER WILL BE PLACED.
- ITEM 9. MOTION BY PAT 2<sup>ND</sup> BY MICHAEL TO CANCEL ELECTION OF MAY 7, 2022, BOARD OF DIRECTORS.  
2 POSITIONS UP FOR ELECTION  
2 INDIVIDUALS SIGNED UP.
- ITEM 10. ADMINISTRATED OATH OF OFFICE FOR ANTONIO MORALES AND NESTOR MENDOZA.
- ITEM 11. NO UPDATE ON WELL AT ALLAMORE.
- ITEM 12. MANAGERS REPORT:  
DISCUSSED RULE 11 - VAN HORN DISPUTE
- ITEM 13. MOTION BY PAT 2<sup>ND</sup> BY TONY TO APPROVE IMPACT ADJUSTMENTS AS PRESENTED. ALL CRITERIA IS MET. CARRIED
- ITEM 14. MOTION BY PAT 2<sup>ND</sup> BY TONY TO ADJOURN MEETING @ 6:45 P.M.  
CARRIED

  
PRESIDENT

  
SECRETARY

**CERTIFICATION OF UNOPPOSED CANDIDATES FOR  
OTHER POLITICAL SUBDIVISIONS (NOT COUNTY)  
CERTIFICACIÓN DE CANDIDATOS ÚNICOS  
PARA OTRAS SUBDIVISIONES POLITICAS (NO EL CONDADO)**

To: Presiding Officer of Governing Body  
Al: Presidente de la entidad gobernante

As the authority responsible for having the official ballot prepared, I hereby certify that the following candidates are unopposed for election to office for the election scheduled to be held on MAY 7, 2022

Como autoridad a cargo de la preparación de la boleta de votación oficial, por la presente certifico que los siguientes candidatos son candidatos únicos para elección para un cargo en la elección que se llevará a cabo el 7. MAYO 2022

List offices and names of candidates:  
Lista de cargos y nombres de los candidatos:

Office(s) Cargo(s)

Antonio Morales

Nestor Mendoza

Candidate(s) Candidato(s)

Board of Directors

Board of Directors

Judy R. Virden  
Signature (Firma)

Judy R. Virden  
Printed name (Nombre en letra de molde)

Business Manager  
Title (Puesto)

MAY 22, 2022  
Date of signing (Fecha de firma)

(Seal) (sello)

See reverse side for instructions  
(Instrucciones en el reverso)

14

MINUTES OF SPECIAL MEETING:  
HUDSPETH COUNTY WCID #1

SPECIAL MEETING FEBRUARY 9, 2022  
HELD AT THE WATER OFFICE.

ITEM 1. CALLED MEETING TO ORDER AT 3:17 PM.  
BY: PRESIDENT MICHAEL ROSE

PRESENT: MICHAEL ROSE, TONY MORALES AND PAT BRANTLEY  
BY PHONE CONFERENCE. MAC AND JUDY

ABSENT: JOE ELDER AND NESTOR MENDOZA

ITEM 2. NO REVIEW, NO ACTION ON RULE 11 WITH TOWN OF VAN HORN.

ITEM 3. MOTION BY TONY 2<sup>ND</sup> BY PAT TO CALL FOR MAY 7, 2022 -  
BOARD OF DIRECTORS ELECTION. 2 POSITIONS OPEN.  
CARRIED.

ITEM 4. MOTION BY PAT 2<sup>ND</sup> BY TONY TO ADJOURN MEETING AT 3:19 P M.  
CARRIED



PRESIDENT



SECRETARY

## NOTICE OF DEADLINE TO FILE AN APPLICATION FOR PLACE ON THE BALLOT

(AVISO DE FECHA LÍMITE PARA PRESENTAR UNA SOLICITUD PARA UN LUGAR EN LA BOLETA)

Notice is hereby given that an application for a place on the Hudspeth County W.C. & I.D. #1  
(name of political subdivision/party)

Regular/Special/Primary Election ballot may be filed during the following time: 09:00 - 04:00 mst.  
(Circle one)

(Se da aviso por la presente que una solicitud para un lugar en la boleta de la Elección

Regular/Especial/Primaria de Hudspeth County W.C. & I.D. #1 se pueden presentar  
(marcar una con círculo) (nombre de la subdivisión política/partido)

durante el siguiente horario: 09:00 - 04:00 mst. )

### Filing Dates and Times:

(Fechas y Horario para Entregar Solicitudes)

Start Date: 01-19-2022

(Fecha Inicio)

End Date: 02-18-2022

(Fecha Límite)

Office Hours: 09:00am - 12:00 to 01:00 - 04:00pm

(Horario de la Oficina)

Physical address for filing an application in person for place on the ballot:

(Dirección a física para presentar una solicitud en persona para un lugar en la boleta)

101 N. SIERRA BLANCA AVE., SIERRA BLANCA, TEXAS

Address to mail an application for place on the ballot (if filing by mail):

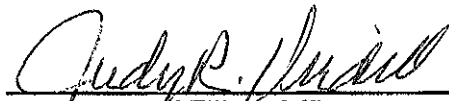
(Dirección a donde enviar una solicitud para un lugar en la boleta (en caso de presentar por correo))

N/A

Email or Fax Number to send an application for place on the ballot:

(Dirección de correo electrónico o número de fax para enviar una solicitud para un lugar en la boleta)

N/A



Signature of Filing Officer  
(Firma del Oficial de Archivos)

Judy R. Virdell

Printed Name of Filing Officer  
(Nombre en letra de molde del Oficial de Archivos)

01-19-2022

Date Posted  
(Fecha archivada)

John Buxie, PLLC  
Attorney-At-Law  
PO Box 685201  
Austin, Texas 78768

August 29, 2023

Mac Marquez  
General Manager  
Hudspeth County WCID 1  
PO Box 188  
Sierra Blanca, Texas 79851  
Mac10@windstream.net  
Via Electronic Mail and First-Class Mail

Dear Mr. Marquez:

This letter serves as a request for information under the Texas Public Information Act. Please provide the following documents for the years 2021, 2022 and 2023 for the Hudspeth County Water Control Improvement District No. 1:

1. All notices of election(s)
2. All canvassed election results
3. Any board minutes approving or calling for an election including:
  - a. When and where the election notice should be posted
  - b. Deadlines for posting and deadlines for filing for a place on the ballot
4. Budgets for the District
5. All expense reimbursements to District board members or employees or contractors of the District

In the event that you object to this request in any manner, I would request a written response stating specifically which section(s) of which law(s) or rule(s) under which you are objecting or withholding information.

I am requesting that you provide these records in an electronic format. If the documents normally exist in electronic format, please submit them in their original format.

I am also requesting a waiver of any fees associated with this request. Please provide the documents to me at [jbuxie@gmail.com](mailto:jbuxie@gmail.com).

Thank you for your prompt attention to this matter, please do not hesitate to contact me if I can provide any additional information or answer any questions.

Sincerely,

*John Buxie*

John Buxie



Cc: Talley Davis  
PO Box 35  
Dell City, Texas 79837  
Via First Class Mail

John Buxie, PLLC  
Attorney-At-Law  
PO Box 685201  
Austin, Texas 78768

September 6, 2023

Mac Marquez  
General Manager  
Hudspeth County WCID 1  
PO Box 188  
Sierra Blanca, Texas 79851  
Mac10@windstream.net  
Via Electronic Mail

Dear Mr. Marquez:

This letter serves as a request for information under the Texas Public Information Act. Please provide the following documents for the years 2021, 2022 and 2023 for the Hudspeth County Water Control Improvement District No. 1:

1. All audits (of any type) conducted of the District

In the event that you object to this request in any manner, I would request a written response stating specifically which section(s) of which law(s) or rule(s) under which you are objecting or withholding information.

I am requesting that you provide these records in an electronic format. If the documents normally exist in electronic format, please submit them in their original format.

I am also requesting a waiver of any fees associated with this request. Please provide the documents to me at [jbuxie@gmail.com](mailto:jbuxie@gmail.com).

Thank you for your prompt attention to this matter, please do not hesitate to contact me if I can provide any additional information or answer any questions.

Sincerely,

*John Buxie*

John Buxie

Hudspeth County Water Control & Improvement District No. 1

Annual Financial Report

For the Year Ended June 30, 2022

**HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1**  
**Annual Financial Report**  
**For the Year Ended June 30, 2022**

**Table of Contents**

	<b><u>Page</u></b>
<b>Annual Filing Affidavit</b>	1
<b>Independent Auditor's Report</b>	2
<b>Management's Discussion and Analysis</b>	5
<b>Basic Financial Statements</b>	
Statement of Net Position	9
Statement of Activities	10
Statement of Cash Flows	11
Notes to the Basic Financial Statements	12
<b>Required Supplementary Information</b>	
Schedule of Activities - Budget to Actual Comparison	21
<b>Other Information</b>	22
TSI - Services and Rates	23
TSI - General Fund Expenses	25
TSI - Temporary Investments	26
TSI - Comparative Schedule of Revenues and Expenditures-Operating Fund Five Years Ended	27
TSI - Board Members, Key Personnel and Consultants	28



## ANNUAL FILING AFFIDAVIT

STATE OF TEXAS COUNTY OF Hudspeth

I, Michael D. Rose of the  
(Name of Duly Authorized District Representative)

Hudspeth County Water Control and Improvement District No. 1  
(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of the Directors of the District on the 26 day of October 2022 its annual audit report for the fiscal year or period ended June 30, 2022 and those copies of the annual audit report have been filed in the district office, located at:

101 N. Sierra Blanca Avenue, Sierra Blanca, Texas 79851  
(Address of District)

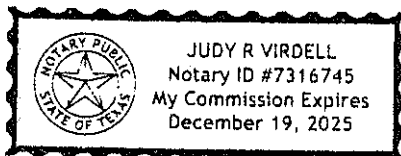
The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: 10-26-22 By: [Signature]  
(Signature of District Representative)

Michael D. Rose Board President  
(Typed Name & Title of above District Representative)

Sworn to and Subscribed to before me by this 26 day of October 2022  
(SEAL)

[Signature]  
(Signature of Notary)



My Commission Expires On: December 19, 2025  
Notary Public in the State of Texas.

Painter and Associates, P.C.  
Certified Public Accountants  
1208 West Lunday Drive  
Pecos, Texas 79772

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Management of  
Hudspeth County Water Control and Improvement District No. 1:

**Opinions**

We have audited the accompanying financial statements of the business-type activities and each major fund of the Hudspeth County Water Control and Improvement District No. 1 (the District), as of and for the year ended June 30, 2022, 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 business-type activities and each major fund of the Hudspeth County Water Control and Improvement District No. 1, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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 the District, and to meet our 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 opinion.

**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; 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.

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 Responsibility 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit
- Identify and assess the risk 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 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 judgement, 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 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 and general fund budgetary comparison information on pages 5–8 and 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information on pages 22–28 comprises the Texas Supplementary Information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Painter and Associates, P.C.*

Painter and Associates, P. C.

Pecos, Texas  
October 10, 2022



HUDSPETH COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT No. 1  
PO Box 188  
Sierra Blanca, Texas 79851

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial Report, we, the managers of Hudspeth County Water Control and Improvement District No. 1 (District), discuss and analyze the District's financial performance for the fiscal year ended June 30, 2022. Please read it in conjunction with our Annual Filing Affidavit letter on page 1, the Independent Auditors' report on pages 2-4, and the District's Basic Financial Statements which begin on page 9.

### **FINANCIAL HIGHLIGHTS**

As a result of this year's operations the District's net position decreased by \$187,756. The result of our business-type activities caused net position to decrease 6.6%.

During the year, the District had expenses that were \$187,756 more than the \$760,057 generated by water and sewer sales and other revenues for the water and sewer fund. This compares to last year when expenses were \$350,313 more than the \$730,461 generated in the water and sewer fund.

The District showed a loss for the current year and a loss for the prior year on the financial statements. For both years the cash flow was a negative amount and depreciation expense added to the loss. Depreciation expense for the current year was \$131,474 while it was \$163,297 for the prior year.

The water and sewer fund ended the year with a net position of \$2,672,176 which represented a decrease of \$187,756 from the prior year amount of \$2,859,933.

The budget for the District revealed \$93,557 more revenues were received during the year than were budgeted while \$152,239 more expenses were incurred than were budgeted for the year. The net effect of the budget variance was \$58,682, a negative budget variance. The main cause of the expense variance was depreciation expense is not budgeted for by the District.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities, on pages 8 and 9 respectively, provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The budgetary financial statement reports the District's operations as compared to its budget for the year. 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 the appropriations budget.

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

## **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 9. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities we present the District's only type of activity:

Business-type activities – The District charges a fee to customers to help cover all or most of the cost of certain services it provides. The District's water and sewer system are reported here.

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

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

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds by State law and bond covenants. The District's administration establishes many other funds to help it control and manage money for particular purposes such as grants.

Water and Sewer Fund – When the District charges customers for the services it provides these services are reported in the water and sewer fund.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The District implemented GASB Statement No. 34 in a prior year. As a result, we have presented comparative balances and changes comparing the two years of operations. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental type activities.

Net position of the District's governmental activities decreased from \$2,859,933 to \$2,672,176. Unrestricted net position, the portion 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 \$756,355 at June 30, 2022. This decrease in net position was the result of the District's operating results.

Table I  
Hudspeth County Water Control & Improvement District No. 1  
Net Position

	Governmental Activities		Year over Year Change	
	6/30/22	6/30/21	\$	%
<b>Assets</b>				
Cash and Cash Equivalents	\$ 553,565	\$ 709,578	\$ (156,013)	-22.0%
Accounts Receivable, net	78,553	103,510	(24,958)	-24.1%
Prepaid Expenses	2,407	2,407	-	0.0%
Inventory	52,072	75,321	(23,249)	-30.9%
Work in Progress	-	24,729	(24,729)	-100.0%
Land	43,705	43,705	-	0.0%
Property, Plant and Equipment, net	2,308,553	2,303,295	5,259	0.2%
<b>Total Assets</b>	<b>\$ 3,038,855</b>	<b>\$ 3,262,544</b>	<b>\$ (223,690)</b>	<b>-6.9%</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 14,026	\$ 43,403	\$ (29,377)	-67.7%
Meter Deposits Payable	41,909	40,749	1,160	2.8%
Other Liabilities	5,055	1,512	3,543	234.4%
Due in One Year	17,054	16,231	823	5.1%
<b>Non-current Liabilities</b>				
Due in More Than One Year	283,663	300,717	(17,054)	-5.7%
<b>Total Liabilities</b>	<b>361,707</b>	<b>402,612</b>	<b>(40,905)</b>	<b>-10.2%</b>
<b>Net Position</b>				
Net Investment in Capital Assets	1,915,821	2,054,780	(138,959)	-6.8%
Unrestricted Net Position	756,355	805,153	(48,797)	-6.1%
<b>Total Net Position</b>	<b>2,672,176</b>	<b>2,859,933</b>	<b>(187,756)</b>	<b>-6.6%</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 3,033,883</b>	<b>\$ 3,262,544</b>	<b>\$ (228,661)</b>	<b>-7.0%</b>

Table II  
Hudspeth County Water Control & Improvement District No. 1  
Change in Net Position

	Governmental Activities		Year over Year Change	
	6/30/22	6/30/21	\$	%
<b>Revenues</b>				
Operating Revenues	\$ 756,858	\$ 726,633	\$ 30,224	4.2%
Non-operating Revenues	3,200	3,828	(628)	-16.4%
<b>Total Revenues</b>	<b>760,057</b>	<b>730,461</b>	<b>29,596</b>	<b>4.1%</b>
<b>Expenses</b>				
Personnel Expenses	363,367	371,158	(7,791)	-2.1%
Operating Expenses	584,447	709,617	(125,170)	-17.6%
<b>Total Expenses</b>	<b>947,814</b>	<b>1,080,774</b>	<b>(132,961)</b>	<b>-12.3%</b>
Increase (Decrease) in Net Position before Transfers and Special Items	(187,756)	(350,313)	162,557	-46.4%
<b>Net Position - Beginning of Year</b>	<b>2,859,933</b>	<b>3,210,246</b>	<b>(350,313)</b>	<b>-10.9%</b>
<b>Net Position - End of Year</b>	<b>\$ 2,672,176</b>	<b>\$ 2,859,933</b>	<b>\$ (187,756)</b>	<b>-6.6%</b>

## THE DISTRICT'S FUNDS

As the District completed the year, its water and sewer fund reported a fund net position of \$2,672,176, which is less than last year's total of \$2,859,933. During the course of the year the District's budget was not revised.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2022, the District had over \$6.3 million invested in a broad range of assets ranging from buildings, vehicles, equipment and waste-water treatment facilities.

Table III  
Hudspeth County Water Control & Improvement District No. 1  
Capital Assets

	Governmental Activities		Year over Year Change	
	6/30/22	6/30/21	\$	%
<b>Assets</b>				
Land	\$ 43,705	\$ 43,705	\$ -	0.0%
Easements	8,500	8,500	-	0.0%
Building	99,968	99,968	-	0.0%
Office Equipment	52,276	52,276	-	0.0%
Equipment	181,453	181,453	-	0.0%
Water System and Improvements	3,120,648	2,983,916	136,733	4.6%
Sewer System and Improvements	2,842,334	2,842,334	-	0.0%
Work in Progress	-	24,729	(24,729)	-100.0%
<b>Total Assets</b>	<b>6,348,885</b>	<b>6,236,881</b>	<b>112,004</b>	<b>1.8%</b>
<b>Accumulated Depreciation</b>				
Accumulated Depreciation	(3,996,626)	(3,865,153)	(131,474)	3.4%
<b>Total Accumulated Depreciation</b>	<b>(3,996,626)</b>	<b>(3,865,153)</b>	<b>(131,474)</b>	<b>3.4%</b>
<b>Capital Assets, net</b>	<b>\$ 2,352,258</b>	<b>\$ 2,371,728</b>	<b>\$ 243,478</b>	<b>10.3%</b>

### Debt

On April 6, 2015 the District borrowed money from Cobank in the amount of \$400,000 for the purchase of new water tanks for the District's water system. The loan calls for monthly payments of \$2,634.29 with a maturity date of May 20, 2035.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District continues to experience leaks in the transmission line from Van Horn and should look into replacing sections of the line, if not all of this line.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This 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 questions about this report or need additional financial information, contact the District's business office, at the Hudspeth County Water Control and Improvement District No. 1, P.O. Box 188, Sierra Blanca, Texas 79851.

# HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1

## Statement of Net Position For the Year Ended June 30, 2022

	<u>Water and Sewer Fund</u>
<b>Assets</b>	
Cash and Cash Equivalents - Unrestricted	\$ 511,656
Cash and Cash Equivalents - Restricted	41,909
Total Cash and Cash Equivalents	<u>553,565</u>
Accounts Receivable, net	78,553
Prepaid Expenses	2,407
Inventory	52,072
Land	43,705
Capital Assets, net	2,308,553
<b>Total Assets</b>	<u><u>\$ 3,038,855</u></u>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	\$ 14,026
Payroll Liabilities	4,972
Meter Deposits Payable	41,909
Other Liabilities	5,055
Due in One Year	17,054
Non-current Liabilities	
Due in More Than One Year	283,663
<b>Total Liabilities</b>	<u>366,679</u>
<b>Net Position</b>	
Net Investment in Capital Assets	1,915,821
Unrestricted Net Position	756,355
<b>Total Net Position</b>	<u>2,672,176</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 3,038,855</u></u>

The accompanying notes are an integral part of this statement

# HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1

## Statement of Activities For the Year Ended June 30, 2022

	<b>Water and Sewer Fund</b>
<b>Operating Revenues</b>	
Water	\$ 539,228
Sewer	217,630
<b>Total Operating Revenues</b>	<u>756,858</u>
<b>Operating Expenses</b>	
Salaries	228,545
Payroll Taxes	17,483
Employee Benefits	117,338
Water System	331,000
Sewer System	36,028
Utilities	15,228
Truck Expense	14,228
Professional Services	19,559
Office Supplies	18,026
Interest	18,093
Depreciation	131,474
Miscellaneous	813
<b>Total Operating Expenses</b>	<u>947,814</u>
<b>Non-Operating Revenues (Expenses)</b>	
Miscellaneous	2,029
Investment Earnings	1,170
<b>Total Non-Operating Revenues (Expenses)</b>	<u>3,200</u>
Change in Net Position	(187,756)
<b>Net Position</b>	
Beginning of the Year	2,859,933
End of the Year	<u>\$ 2,672,176</u>

The accompanying notes are an integral part of this statement

# HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1

## Statement of Cash Flows For the Year Ended June 30, 2022

	<b>Water and Sewer Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Charges for Water	\$ 539,228
Charges for Sewer	217,630
Miscellaneous	2,029
Payments for Salaries and Benefits	(363,367)
Payments for Operating Expenses	(406,377)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(10,857)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Principal Paid on Long-term Debt	(16,231)
Interest Paid on Long-term Debt	(18,093)
Purchase of Fixed Assets	(112,004)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(146,327)</b>
<b>Cash Flows from Investing Activities:</b>	
Investment Income	1,170
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>1,170</b>
Net Increase (Decrease) in Cash	(156,013)
Cash Balance - Beginning of Year	709,578
Cash Balance - End of Year	\$ 553,565
<b>Reconciliation of Cash and Cash Equivalents at the End of the Year to the Cash and Cash Equivalents on the Statement of Net Position</b>	
Cash and Cash Equivalents - Unrestricted	\$ 511,656
Cash and Cash Equivalents - Restricted	41,909
	<b>\$ 553,565</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	\$ (187,756)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used by Operating Activities)	
Depreciation	131,474
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable and Other Assets	57,997
Increase (Decrease) in Accounts Payable and Other Liabilities	(12,571)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (10,857)</b>

The accompanying notes are an integral part of this statement

**HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT No. 1**  
Notes to the Financial Statements  
June 30, 2022

**1. Summary of Significant Accounting Policies**

The Hudspeth County Water Control and Improvement District No. 1 (District) complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary type funds apply Financial Accounting Standards (FASB) pronouncements and Accounting Principles Board (APB) opinions based on or after November 30, 1989.

**A. Financial Reporting Entity**

The District was created May 12, 1959 via provisions of the State of Texas. The District was created under general provisions of Texas Water Code Chapter 49. The District operates with five elected board members and has four regular full time employees. The District provides water and sewer service to Sierra Blanca, Texas. The District is a separate legal entity and is neither an oversight nor a component unit of any other entity. Specific elements of oversight and component unit responsibilities considered in the conclusion of the above were financial interdependency, designation of management, election of the governing body, the ability to significantly influence operations and accountability of fiscal matters.

**B. Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information for the reporting entity as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:



a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total of all funds of that category or type; and

b. Total assets, liabilities, revenues, expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total of all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

### **Proprietary Funds**

The Water and Sewer Fund is the primary operating fund of the District and is always classified as a major fund. The fund is used to account for the activities provided to the general public.

### **C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

On the Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheet. Their operating statements present sources and uses of available spendable financial resources during a given period. The funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

## **Basis of Accounting**

In the Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The District's water and sewer fund is a proprietary fund.

## **D. Assets, Liabilities, and Equity**

### **Cash and investments**

For the purpose of the Statement of Net Position "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the District. For the purpose of the Statement of Cash Flows, "cash, and cash equivalents" include all demand and savings accounts, and certificates of deposit.

### **Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the District's activities include utilities and interest earnings as their major receivables.

### **Inventories**

The District maintains an inventory of small tools and various supplies. As items are purchased they are expensed to the related accounts. An inventory count is taken at year end and accounts are adjusted accordingly. Inventory is stated at cost, on the first-in-first-out basis.

## **Capital Assets**

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

## **Government-wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2004.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10-25 years
Improvements	10-25 years
Machinery & equipment	5-25 years
Utility systems	25-50 years

## **Restricted Assets**

Restricted assets include cash and investments of the governmental and proprietary funds that are legally restricted as to their use. The primary restricted assets are related to the utility meter deposits.

## **Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable.

## Compensated Absences

The District's policies regarding vacation time does not permit employees to accumulate earned but unused vacation leave.

## Equity Classifications

### Government-wide Statements

Equity is classified as net position and displayed in three components:

- a) Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted Net Position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted Net Position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

### Fund Financial Statements

Equity in the Governmental Funds Balance Sheet is classified as fund balance and displayed and classified in five components:

- a) *Non-spendable fund balance* – Amounts are not in spendable form or are legally or contractually required to be maintained intact, such as inventories.
- b) *Restricted fund balance* – Amounts are restricted to specific purposes by their providers, (grantors, bondholders, higher levels of government, etc...) or through constitutional provisions or enabling legislation.
- c) *Committed fund balance* – Amounts are restricted for purposes which the Board of Directors, the District's highest level of decision-making authority, has designated for their use. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking formal Board action.
- d) *Assigned fund balance* – Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.

- e) *Unassigned fund balance* – Amounts that are available for any purpose that have not been restricted, committed or assigned for specific purposes.

Unless otherwise provided by the Board or their designee, restricted funds are considered to be spent first when the expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances can be used. In addition, when an expenditure is incurred for purposes for which committed, assigned or unassigned fund balances can be used, the District considers amounts to have been spent first out of committed amounts, followed by assigned amounts and then unassigned amounts, unless the Board or their designee has provided otherwise.

## **Revenues, Expenditures, and Expenses**

### **Operating Revenues and Expenditures**

Operating revenues and expenditures are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

### **Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

### **Interfund Transfers**

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances, all interfund transfers between individual governmental funds have been eliminated.

## **2. Cash and Investments**

The District's policies regarding deposits of cash are discussed in the Summary of Significant Accounting Policies. Custody credit risk is classified into three categories. The categories are as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the District or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 – Uninsured and collateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name; or collateralized with no written or approved collateral agreement.

At year the District's cash and investments totaled \$583,918. The deposits were considered collateralized as Category 3 credit risks.

### 3. Accounts Receivable

Accounts receivable consisted of utilities receivable. The receivable totaled \$78,553 net of the allowance for doubtful accounts.

### 4. Capital Assets

Capital assets for the year ended June 30, 2022, were as follows:

	Balance 6/30/21	Additions	(Deletions)	Balance 6/30/22
<b>Assets</b>				
Land	\$ 43,705	\$ -	\$ -	\$ 43,705
Easements	8,500	-	-	8,500
Building	99,968	-	-	99,968
Office Equipment	52,276	-	-	52,276
Equipment	181,453	-	-	181,453
Water System and Improvements	2,983,916	136,733	-	3,120,648
Sewer System and Improvements	2,842,334	-	-	2,842,334
Work In Progress	24,729	-	(24,729)	-
<b>Total Assets</b>	<b>6,236,881</b>	<b>136,733</b>	<b>(24,729)</b>	<b>6,348,885</b>
<b>Accumulated Depreciation</b>				
Accumulated Depreciation	(3,865,153)	(131,474)	-	(3,996,626)
<b>Total Accumulated Depreciation</b>	<b>(3,865,153)</b>	<b>(131,474)</b>	<b>-</b>	<b>(3,996,626)</b>
<b>Capital Assets, net</b>	<b>\$ 2,371,728</b>	<b>\$ 5,259</b>	<b>\$ (24,729)</b>	<b>\$ 2,352,258</b>

Depreciation expense for the year was \$131,474 which was all charged to the water and sewer fund.

### 5. Accounts Payable

Accounts payable at the balance sheet date totaled \$14,026. This amount did not include any payments for capital assets.

## 6. Long-term Debt

Long-term debt consists of the following:	<u>2021</u>	<u>2022</u>
Notes payable to a financing institution, payable In monthly installments of \$2,634.29 including Interest at 4.89%, due May 20, 2035.	\$ 316,948	\$ 300,717
Less current maturities	<u>(16,231)</u>	<u>(17,054)</u>
	<u>\$ 300,717</u>	<u>\$ 283,663</u>

Maturities of Long-term liabilities is as follows:

Year Ended June 30,	Principal	Interest	Total
2023	17,054	14,571	31,625
2024	17,882	13,746	31,627
2025	18,826	12,804	31,630
2026	19,781	11,852	31,632
2027	20,784	10,852	31,636
2028-2032	120,799	37,420	158,220
2033-2035	85,592	6,746	92,337
	<u>\$ 300,717</u>	<u>\$ 107,990</u>	<u>\$ 408,707</u>

## 7. Tax Revenue

The District no longer levies an ad valorem tax but periodically delinquent taxes are collected and remitted to the District. The taxes had been written off as uncollectible in a prior fiscal year.

## 8. Employee Retirement Plan

The District established an employee retirement plan that entitles all employees to share in contributions from the District based on 10 percent of annual compensation. The plan is a simplified employee pension (SEP) plan administered by LSW Company. The plan was made effective July 1, 1994.

Total payroll for the District for the year was \$228,545 while \$19,477 of contributions were made on behalf of the employees. Employees are 100 percent vested in all monies contributed by the District.

## **9. Regulatory Assessment**

Effective September 1, 1991, the Texas legislature amended the Texas Water Code to require certain providers of potable water to collect a monthly regulatory assessment from each retail customer. The assessment is equal to one half of one percent of the charge by the District for water. The assessment is to be collected and remitted quarterly, with a ten percent administrative fee retained by the District.

## **10. Contingencies**

### *Litigation*

In the normal course of providing services to the public the District from time to time is subjected to litigation claims. The District defends itself against such claims based on internal assessment of liability and risk. Litigation expenses and damages are recorded as expense in the period when services are rendered. No liabilities have been accrued in the financial statements relative to litigation in process for the year ended June 30, 2022.

## **11. 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 maintains insurance policies acquired from independent insurance carriers covering structural property, dishonesty, errors, and omissions, personal property and general liability. There have been no significant reductions in insurance coverage from prior years and settlements did not exceed insurance coverage for each of the past three years.

## **12. Related Party Transactions**

From time to time the District may enter into transactions with related parties through the normal course of business. If a member of the Board of Directors has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred for the year ended June 30, 2022.

## **13. Subsequent Events**

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 10, 2022, the date the financial statements were issued. No events, including instances of noncompliance, have occurred subsequent to the statement of financial position date that would require adjustment to or disclosure in the financial statements.



**HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1**  
Schedule of Activities - Budget to Actual Comparison  
For the Year Ended June 30, 2022

	<b>Budgeted Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>2022</b>	<b>Final Budget</b>
	<b>Budget</b>	<b>Budget</b>	<b>Actual</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Water	\$ 657,000	\$ 657,000	\$ 539,228	\$ (117,772)
Sewer	-	-	217,630	217,630
Miscellaneous	9,500	9,500	2,029	(7,471)
Investment Earnings	-	-	1,170	1,170
<b>Total Revenues</b>	<b>666,500</b>	<b>666,500</b>	<b>760,057</b>	<b>93,557</b>
<b>Expenditures</b>				
Salaries	206,959	206,959	228,545	(21,587)
Payroll Taxes	17,999	17,999	17,483	516
Employee Benefits	124,329	124,329	117,338	6,991
Water System	273,704	273,704	331,000	(57,296)
Sewer System	71,974	71,974	36,028	35,946
Utilities	14,200	14,200	15,228	(1,028)
Truck Expense	9,000	9,000	14,228	(5,228)
Professional Services	30,000	30,000	19,559	10,441
Office Supplies	15,790	15,790	18,026	(2,236)
Interest	31,622	31,622	18,093	13,529
Depreciation	-	-	131,474	(131,474)
Miscellaneous	-	-	813	(813)
<b>Total Expenditures</b>	<b>795,576</b>	<b>795,576</b>	<b>947,814</b>	<b>(152,239)</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ (129,076)</b>	<b>\$ (129,076)</b>	<b>\$ (187,756)</b>	<b>\$ (58,682)</b>
Net Position - Beginning of the Year			2,859,933	
Net Position - End of the Year			<u>\$ 2,672,176</u>	

# HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1

Other Information  
For the Year Ended June 30, 2022

Included	Report Number	Report Title	Page
Yes	TSI - 1	Services and Rates	23
Yes	TSI - 2	General Fund Expenses	25
Yes	TSI - 3	Temporary Investments	26
No	TSI - 4	Taxes Levied and Receivable	-
No	TSI - 5	Long-term Debt Service Requirements	-
No	TSI - 6	Changes in General Long-term Debt	-
Yes	TSI - 7	Comparative Schedule of Revenues and Expenditures - Operating Fund - Five Years Ended	27
Yes	TSI - 8	Board Members, Key Personnel and Consultants	28

# **HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT #1**

## **TSI – 1 SERVICES & RATES FOR THE YEAR ENDED JUNE 30, 2021**

1. Services provided by the District:

☒ Retail Water    ☐ Wholesale water    ☐ Drainage  
☒ Retail Sewer    ☐ Wholesale sewer    ☐ Irrigation  
☐ Parks/Recreation    ☒ Fire protection    ☐ Security  
☒ Solid Waste/Garbage    ☐ Flood Control    ☐ Roads  
☐ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)  
☐ Other

2. Retail rates based on 5/8" meter ☒ retail rates

	Min Chg	Min Use	Flat Rate	Res Rate	Rate Per 1,000 Gallons over Minimum	Comm. Rate	Usage Levels
Water:							
Residential	\$ 16.55	1,000	Y	\$ 7.20		\$ 7.60	1,001 to 25,000
Commercial	\$ 22.30	2,000	Y	\$ 7.60		\$ 9.10	25,001 to 100,000
						\$ 10.00	100,001 & up

Sewer:

Residential    \$ 12.75    per/mo    Y    \$ 1.55 per 1,000 gallons over 1,000 gallons  
Commercial    \$ 22.55    per/mo    Y    \$ 3.05 per 1,000 gallons over 2,000 gallons

Surcharge: \$ N/A

Sewer usage employee's winter averaging Yes

Total water and sewer charges per 10,000 gallons usage (including surcharges) \$ 101.75

3. Retail Service Providers: Number of retail water and/or wastewater\* connections within the District as of fiscal year end 6/30/22. Provide actual numbers and single family equivalents (ESFC) as noted:

	# of Active Connections	Active SSFC Connections	Inactive ESFC Connections
Single Family	304	147	157
Multi-family	0	0	0
Commercial	54	47	7
Total	358	194	167

\* Number of connections relates to water service if water service is provided. Otherwise, number of wastewater connections if provided.

\*\* "Inactive" means that water and sewer connections were made, but service is not being provided.

4. Total water consumption (rounded to the nearest 1,000) during the fiscal year.

Gallons pumped into system      77,945,320

Gallons billed to customers      60,655,000

5. Standby Fees: Does the District assess standby fees? No

6. Anticipated sources of funds to be used for debt service payments in the District's following fiscal year:

a. Debt Service Tax Receipts	-0-
b. Surplus Construction Funds	-0-
c. Water and/or Wastewater Revenue	\$31,625
d. Standby Fees	-0-
e. Debt Service Fund Balance To Be Used	-0-
f. Interest Revenues	-0-
g. Other (describe)	-0-
TOTAL ANTICIPATED FUNDS TO BE USED	-0-

7. Location of District:

County in which district is located.      Hudspeth

Is the District entirely within one county?      Yes

Is the District located within a city?      No

Is the District located within a city's extra territorial jurisdiction (ETJ) ?      No

Is the general membership of the Board appointed by an office outside the district?      No

# HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1

TSI - 2 General Fund Expenses  
For the Year Ended June 30, 2022

Personnel Expenses (including benefits) *	\$ 363,367
Professional Fees	
Auditing	19,559
Purchased Services for Resale	
Bulk Water Purchases	132,758
Utilities	15,228
Repairs and Maintenance	14,228
Administrative Expenses	
Office Supplies	18,026
Insurance	117,338
Other Expenses	135,837
Depreciation and Amortization	131,474
Total Expenditures	<u>\$ 947,814</u>

\* Number of persons employed by the District: 3 full-time and 1 part-time

# **HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1**

TSI - 3 Temporary Investments  
For the Year Ended June 30, 2022

	<u>IDENTIFICATION OR CERTIFICATE. NO.</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BALANCE AT END OF YEAR</u>	<u>ACCRUED INTEREST AT END OF YEAR</u>
Operating Account	493	0.20%	n/a	\$ 106,710	\$ -
Money Market Account	732397	0.20%	n/a	35,858	-
Maintenance Savings	818070	0.10%	n/a	1,600	-
Meter Deposit Savings	818097	0.10%	n/a	38,754	-
Insurance Account	818100	0.10%	n/a	9,659	-
Equipment Fund	816884	0.10%	n/a	14,030	-
Project Fund	816639	0.10%	n/a	58,806	-
Water Cash Reserve	818224	0.10%	n/a	12,775	-
Debt Service Reserve	732400	0.20%	n/a	126,939	-
O & M Cash Reserve	732419	0.20%	n/a	58,768	-
O & M Cash Reserve	911-339	0.30%	n/a	25,018	-
Certificate of Deposit	7001	0.30%	07/27/21	20,000	5
Certificate of Deposit	7002	0.30%	12/25/21	10,000	15
Certificate of Deposit	7045	0.30%	09/11/21	10,000	6
Certificate of Deposit	7046	0.30%	09/11/21	10,000	6
Certificate of Deposit	7047	0.30%	09/11/21	15,000	9
Certificate of Deposit	7130	0.30%	10/30/21	10,000	10
Certificate of Deposit	7131	0.30%	10/30/21	20,000	20
Totals				<u>\$ 583,918</u>	<u>\$ 71</u>

# HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1

TSI - 8 Board Members, Key Personnel, and Consultants  
For the Year Ended June 30, 2022

## District Mailing Address:

Hudspeth County Water Control and Improvement District No. 1  
P.O. Box 188  
Sierra Blanca, Texas 79851

District business telephone number: 915-369-2221

<u>NAME &amp; ADDRESS</u>	<u>TERMS OF OFFICE (ELECTED OR APPOINTED) OR DATE HIRED</u>	<u>FEES FYE 6/30/20</u>	<u>EXPENSE REIMB. FYE 6/30/20</u>	<u>TITLE AT YEAR END</u>	<u>RESIDENT OF DISTRICT</u>
<b>BOARD MEMBERS</b>					
Michael Rose	5/18 - 5/22 (Elected)	-0-	-0-	President	Yes
Joe Elder	5/20 - 5/24 (Elected)	-0-	-0-	Vice President	Yes
Pat Brantley	5/20 - 5/24 (Elected)	-0-	-0-	Secretary	Yes
Antonio Morales	5/18 - 5/22 (Elected)	-0-	-0-	Board Member	Yes
Nestor Mendoza	5/18 - 5/22 (Elected)	-0-	-0-	Board Member	Yes
<b>KEY ADMINISTRATIVE PERSONNEL</b>					
Mac Marquez, Jr.	9/14/89	\$72,585		Manager	---
Judy Virdell	6/01/89	\$60,453		Bookkeeper	---
<b>CONSULTANTS:</b>					
Rudy Mata Blanco Ordonez Mata & Wallace, P. C. 715 Cromo Drive El Paso, Texas 79912	10/4/2017	-	-0-	Attorneys	---
Oak Painter, CPA Painter and Associates, P.C. 208 W Lunday Drive Pecos, Texas 79772	2/23/2015	\$0.00	-0-	Auditor	---
James C Busby Burgess and Niple 1030 Andrews Hwy, Suite 211 Midland, Texas 79701	7/1/2008	112,003.50	-0-	Engineer	---

Hudspeth County Water Control & Improvement District No. 1

Annual Financial Report

For the Year Ended June 30, 2021



**HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1**  
**Annual Financial Report**  
**June 30, 2021**

**Table of Contents**

	<b><u>Page</u></b>
<b>Annual Filing Affidavit</b>	1
<b>Independent Auditor's Report</b>	2
<b>Management's Discussion and Analysis</b>	4
<b>Basic Financial Statements</b>	
Statement of Net Position	8
Statement of Activities	9
Statement of Cash Flows	10
Notes to the Basic Financial Statements	11
<b>Required Supplementary Information</b>	
Schedule of Activities - Budget to Actual Comparison	20
<b>Other Supplementary Information</b>	21



## ANNUAL FILING AFFIDAVIT

STATE OF TEXAS COUNTY OF Hudspeth

I, Michael D. Rose of the

(Name of Duly Authorized District Representative)

Hudspeth County Water Control and Improvement District No. 1

(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of the Directors of the District on the 21 day of October 2021 its annual audit report for the fiscal year or period ended June 30, 2021 and those copies of the annual audit report have been filed in the district office, located at:

101 N. Sierra Blanca Avenue, Sierra Blanca, Texas 79851

(Address of District)

The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: 10-21-2021

By:

Michael D. Rose

(Signature of District Representative)

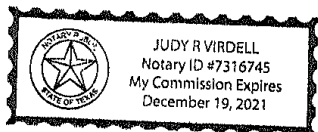
Board President - Michael D. Rose

(Typed Name & Title of above District Representative)

Sworn to and Subscribed to before me by this 21 day of October 2021  
(SEAL)

Judy R. Viridell

(Signature of Notary)



My Commission Expires On: Dec. 19, 2021  
Notary Public in the State of Texas.

Painter and Associates, P.C.  
Certified Public Accountants  
1208 W Lunday Drive  
Pecos, Texas 79772

**Independent Auditor's Report**

Board of Directors  
Hudspeth County Water Control and Improvement District No. 1  
Sierra Blanca, Texas

We have audited the accompanying financial statements of the business-type activities and the major fund of the Hudspeth County Water Control and Improvement District No. 1 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Hudspeth County Water Control and Improvement District No. 1'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.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Hudspeth County Water Control and Improvement District No. 1, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-7 and 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Painter and Associates, P.C.**

Pecos, Texas

October 20, 2021

HUDSPETH COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT No. 1  
PO Box 188  
Sierra Blanca, Texas 79851

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial Report, we, the managers of Hudspeth County Water Control and Improvement District No. 1 (District), discuss and analyze the District's financial performance for the fiscal year ended June 30, 2021. Please read it in conjunction with our Annual Filing Affidavit letter on page 1, the Independent Auditors' report on pages 2 and 3, and the District's Basic Financial Statements which begin on page 8.

**FINANCIAL HIGHLIGHTS**

As a result of this year's operations the District's net position decreased by \$350,313. The result of our business-like activities caused net position to decrease 9.3%.

During the year, the District had expenses that were \$350,313 more than the \$730,461 generated by water and sewer sales and other revenues for the general fund. This compares to last year when expenses were \$106,282 more than the \$843,047 generated in the water and sewer fund.

The District showed a loss for the current year and a loss for the prior year on the financial statements. For both years the cash flow was a negative amount and depreciation expense added to the previous years' loss. Depreciation expense for the current year was \$163,297 while it was \$138,527 for the prior year.

The water and sewer fund ended the year with a net position of \$2,869,724 which represented a decrease of \$350,313 from the prior year amount of \$3,220,037.

The budget for the District revealed \$134,089 less revenues were received during the year than were budgeted while \$216,225 more expenses were incurred than were budgeted for the year. The net effect of the budget variance was \$350,314, a negative budget variance.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities, on pages 8 and 9 respectively, provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The budgetary financial statement reports the District's operations as compared to its budget for the year. 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 the appropriations budget.

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

## **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 8. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities we present the District's only type of activity:

Business-type activities – The District charges a fee to customers to help cover all or most of the cost of certain services it provides. The District's water and sewer system are reported here.

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

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

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds by State law and bond covenants. The District's administration establishes many other funds to help it control and manage money for particular purposes such as grants.

Water and Sewer Fund – When the District charges customers for the services it provides these services are reported in the water and sewer fund.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The District implemented GASB Statement No. 34 in a prior year. As a result, we have presented comparative balances and changes comparing the two years of operations. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental type activities.

Net position of the District's governmental activities decreased from \$3,220,037 to \$2,869,724. Unrestricted net position, the portion 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 \$814,944 at June 30, 2021. This decrease in net position was the result of the District's operating results.

Table I  
Hudspeth County Water Control & Improvement District No. 1  
Net Position

	Governmental Activities		Year over Year Change	
	6/30/21	6/30/20	\$	%
<b>Assets</b>				
Cash and Cash Equivalents	\$ 709,578	\$ 983,430	\$ (273,852)	-27.8%
Accounts Receivable, net	103,510	79,780	23,731	29.7%
Prepaid Expenses	2,407	2,407	-	0.0%
Inventory	85,112	61,143	23,970	39.2%
Land	43,705	43,705	-	0.0%
Property, Plant and Equipment, net	2,303,295	2,436,592	(133,297)	-5.5%
<b>Total Assets</b>	<b>\$ 3,247,607</b>	<b>\$ 3,607,055</b>	<b>\$ (359,448)</b>	<b>-10.0%</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 43,403	\$ 7,859	\$ 35,544	452.3%
Meter Deposits Payable	40,749	38,409	2,340	6.1%
Other Liabilities	1,512	8,355	(6,843)	-81.9%
Due in One Year	16,231	15,447	784	5.1%
<b>Non-current Liabilities</b>				
Due in More Than One Year	300,717	316,948	(16,231)	-5.1%
<b>Total Liabilities</b>	<b>402,612</b>	<b>387,017</b>	<b>15,594</b>	<b>4.0%</b>
<b>Net Position</b>				
Net Investment in Capital Assets	2,054,780	2,161,980	(107,200)	-5.0%
Unrestricted Net Position	814,944	1,058,057	(243,113)	-23.0%
<b>Total Net Position</b>	<b>2,869,724</b>	<b>3,220,037</b>	<b>(350,313)</b>	<b>-10.9%</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 3,272,336</b>	<b>\$ 3,607,055</b>	<b>\$ (334,719)</b>	<b>-9.3%</b>

Table II  
Hudspeth County Water Control & Improvement District No. 1  
Change in Net Position

	Governmental Activities		Year over Year Change	
	6/30/21	6/30/20	\$	%
<b>Revenues</b>				
Operating Revenues	\$ 726,633	\$ 838,726	\$ (112,092)	-13.4%
Non-operating Revenues	3,828	4,322	(494)	-11.4%
<b>Total Revenues</b>	<b>730,461</b>	<b>843,047</b>	<b>(112,586)</b>	<b>-13.4%</b>
<b>Expenses</b>				
Personnel Expenses	371,158	362,456	8,702	2.4%
Operating Expenses	709,617	586,873	122,744	20.9%
<b>Total Expenses</b>	<b>1,080,774</b>	<b>949,329</b>	<b>131,445</b>	<b>13.8%</b>
Increase (Decrease) in Net Position before Transfers and Special Items	(350,313)	(106,282)	(244,032)	229.6%
<b>Net Position - Beginning of Year</b>	<b>3,220,037</b>	<b>3,326,319</b>	<b>(106,282)</b>	<b>-3.2%</b>
<b>Net Position - End of Year</b>	<b>\$ 2,869,724</b>	<b>\$ 3,220,037</b>	<b>\$ (350,313)</b>	<b>-10.9%</b>

## THE DISTRICT'S FUNDS

As the District completed the year, its water and sewer fund reported a fund net position of \$2,869,724, which is less than last year's total of \$3,220,037. During the course of the year the District's budget was not revised.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2021, the District had over \$6.2 million invested in a broad range of assets ranging from buildings, vehicles, equipment and waste-water treatment facilities.

Table III  
Hudspeth County Water Control & Improvement District No. 1  
Capital Assets

	Governmental Activities		Year over Year Change	
	6/30/21	6/30/20	\$	%
<b>Assets</b>				
Land	\$ 43,705	\$ 43,705	\$ -	0.0%
Easements	8,500	8,500	-	0.0%
Building	96,947	96,947	-	0.0%
Office Equipment	52,276	52,276	-	0.0%
Equipment	181,453	151,453	30,000	19.8%
Water System and Improvements	2,983,916	2,983,916	-	0.0%
Sewer System and Improvements	2,845,355	2,845,355	-	0.0%
Work in Progress	24,729	14,079	10,650	75.6%
<b>Total Assets</b>	<b>6,236,880</b>	<b>6,196,230</b>	<b>40,650</b>	<b>0.7%</b>
<b>Accumulated Depreciation</b>				
Accumulated Depreciation	(3,865,152)	(3,701,855)	(163,297)	4.4%
<b>Total Accumulated Depreciation</b>	<b>(3,865,152)</b>	<b>(3,701,855)</b>	<b>(163,297)</b>	<b>4.4%</b>
<b>Capital Assets, Net</b>	<b>\$ 2,371,727</b>	<b>\$ 2,494,375</b>	<b>\$ 203,947</b>	<b>8.2%</b>

### Debt

On April 6, 2015 the District borrowed money from Cobank in the amount of \$400,000 for the purchase of new water tanks for the District's water system. The loan calls for monthly payments of \$2,634.29 with a maturity date of May 20, 2035.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District continues to experience leaks in the transmission line from Van Horn and should look into replacing sections of the line, if not all of this line.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This 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 questions about this report or need additional financial information, contact the District's business office, at the Hudspeth County Water Control and Improvement District No. 1, P.O. Box 188, Sierra Blanca, Texas 79851.



**HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1**  
Statement of Net Position  
June 30, 2021

	<b>Water and Sewer Fund</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 668,829
Restricted Cash	40,749
Total Cash and Cash Equivalents	<u>709,578</u>
Accounts Receivable, net	103,510
Prepaid Expenses	2,407
Inventory	85,112
Work in Progress	24,729
Land	43,705
Capital Assets, net	2,303,295
<b>Total Assets</b>	<u><u>\$ 3,272,336</u></u>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	\$ 43,403
Meter Deposits Payable	40,749
Other Liabilities	1,512
Due in One Year	16,231
Non-current Liabilities	
Due in More Than One Year	300,717
<b>Total Liabilities</b>	<u>402,612</u>
<b>Net Position</b>	
Net Investment in Capital Assets	2,054,780
Unrestricted Net Position	814,944
<b>Total Net Position</b>	<u>2,869,724</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 3,272,336</u></u>

The accompanying notes are an integral part of this statement

# HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1

Statement of Activities  
For the Year Ended June 30, 2021

	Water and Sewer Fund
<b>Operating Revenues</b>	
Water	555,953
Sewer	170,680
<b>Total Operating Revenues</b>	<u>726,633</u>
<b>Operating Expenses</b>	
Salaries	\$ 227,498
Payroll Taxes	17,403
Employee Benefits	126,256
Water System	386,639
Sewer System	46,364
Utilities	15,704
Truck Expense	18,365
Professional Services	44,723
Office Supplies	14,343
Interest	16,175
Depreciation	163,297
Miscellaneous	4,007
<b>Total Operating Expenses</b>	<u>1,080,774</u>
<b>Non-Operating Revenues (Expenses)</b>	
Miscellaneous	2,145
Investment Earnings	1,683
<b>Total Non-Operating Revenues (Expenses)</b>	<u>3,828</u>
Change in Net Position	(350,313)
<b>Net Position</b>	
Beginning of the Year, restated	3,220,037
End of the Year	<u>\$ 2,869,724</u>

The accompanying notes are an integral part of this statement

# **HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1**

Statement of Cash Flows  
For the Year Ended June 30, 2021

	<b>Water and Sewer Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Charges for Water	\$ 555,953
Charges for Sewer	170,680
Miscellaneous	2,145
Payments for Salaries and Benefits	(371,158)
Payments for Operating Expenses	<u>(560,884)</u>
Net Cash Provided (Used) by Operating Activities	<u>(203,264)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Principal Paid on Long-term Debt	(15,447)
Interest Paid on Long-term Debt	(16,175)
Purchase of Fixed Assets	<u>(40,650)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(72,272)</u>
<b>Cash Flows from Investing Activities:</b>	
Investment Income	<u>1,683</u>
Net Cash Provided (Used) by Investing Activities	<u>1,683</u>
Net Increase (Decrease) in Cash	<u>(273,852)</u>
Cash Balance - Beginning of Year	<u>983,430</u>
Cash Balance - End of Year	<u><u>\$ 709,578</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (350,313)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used by Operating Activities)	
Depreciation	163,297
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable and Other Assets	(54,539)
Increase (Decrease) in Accounts Payable and Other Liabilities	<u>38,291</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (203,264)</u></u>

The accompanying notes are an integral part of this statement

**HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT No. 1**  
Notes to the Financial Statements  
June 30, 2021

**1. Summary of Significant Accounting Policies**

The Hudspeth County Water Control and Improvement District No. 1 (District) complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary type funds apply Financial Accounting Standards (FASB) pronouncements and Accounting Principles Board (APB) opinions based on or after November 30, 1989.

**A. Financial Reporting Entity**

The District was created May 12, 1959 via provisions of the State of Texas. The District was created under general provisions of Texas Water Code Chapter 49. The District operates with five elected board members and has four regular full time employees. The District provides water and sewer service to Sierra Blanca, Texas. The District is a separate legal entity and is neither an oversight nor a component unit of any other entity. Specific elements of oversight and component unit responsibilities considered in the conclusion of the above were financial interdependency, designation of management, election of the governing body, the ability to significantly influence operations and accountability of fiscal matters.

**B. Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information for the reporting entity as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total of all funds of that category or type; and

b. Total assets, liabilities, revenues, expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total of all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

#### **Governmental Funds**

The General Fund is the primary operating fund of the District and is always classified as a major fund. The fund is used to account for the activities provided to the general public.

#### **C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

On the Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheet. Their operating statements present sources and uses of available spendable financial resources during a given period. The funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

## **Basis of Accounting**

In the Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The District's water and sewer fund is a proprietary fund.

## **D. Assets, Liabilities, and Equity**

### **Cash and investments**

For the purpose of the Statement of Net Position "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the District. For the purpose of the Statement of Cash Flows, "cash, and cash equivalents" include all demand and savings accounts, and certificates of deposit.

### **Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the District's activities include utilities and interest earnings as their major receivables.

### **Inventories**

The District maintains an inventory of small tools and various supplies. As items are purchased they are expensed to the related accounts. An inventory count is taken at year end and accounts are adjusted accordingly. Inventory is stated at cost, on the first-in-first-out basis.

### **Capital Assets**

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

### **Government-wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2004.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10-25 years
Improvements	10-25 years
Machinery & equipment	5-25 years
Utility systems	25-50 years

### **Restricted Assets**

Restricted assets include cash and investments of the governmental and proprietary funds that are legally restricted as to their use. The primary restricted assets are related to the grant from the Texas Water Development Board and utility meter deposits.

### **Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable.

## Compensated Absences

The District's policies regarding vacation time does not permit employees to accumulate earned but unused vacation leave.

## Equity Classifications

### Government-wide Statements

Equity is classified as net position and displayed in three components:

- a) Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted Net Position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted Net Position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

### Fund Financial Statements

Equity in the Governmental Funds Balance Sheet is classified as fund balance and displayed and classified in five components:

- a) *Non-spendable fund balance* – Amounts are not in spendable form or are legally or contractually required to be maintained intact, such as inventories.
- b) *Restricted fund balance* – Amounts are restricted to specific purposes by their providers, (grantors, bondholders, higher levels of government, etc...) or through constitutional provisions or enabling legislation.
- c) *Committed fund balance* – Amounts are restricted for purposes which the Board of Directors, the District's highest level of decision-making authority, has designated for their use. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking formal Board action.
- d) *Assigned fund balance* – Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.



- e) *Unassigned fund balance* – Amounts that are available for any purpose that have not been restricted, committed or assigned for specific purposes.

Unless otherwise provided by the Board or their designee, restricted funds are considered to be spent first when the expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances can be used. In addition, when an expenditure is incurred for purposes for which committed, assigned or unassigned fund balances can be used, the District considers amounts to have been spent first out of committed amounts, followed by assigned amounts and then unassigned amounts, unless the Board or their designee has provided otherwise.

## **Revenues, Expenditures, and Expenses**

### **Operating Revenues and Expenditures**

Operating revenues and expenditures are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

### **Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

### **Interfund Transfers**

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances, all interfund transfers between individual governmental funds have been eliminated.

## **2. Cash and Investments**

The District's policies regarding deposits of cash are discussed in the Summary of Significant Accounting Policies. Custody credit risk is classified into three categories. The categories are as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the District or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 – Uninsured and collateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name; or collateralized with no written or approved collateral agreement.

At year the District's cash and investments totaled \$798,606. The deposits were considered collateralized as Category 3 credit risks.

### 3. Accounts Receivable

Accounts receivable consisted of utilities receivable. The receivable totaled \$103,510 net of the allowance for doubtful accounts.

### 4. Capital Assets

Capital assets for the year ended June 30, 2021, were as follows:

Table III  
Hudspeth County Water Control & Improvement District No. 1  
Capital Assets

	Governmental Activities		Year over Year Change	
	6/30/21	6/30/20	\$	%
<b>Assets</b>				
Land	\$ 43,705	\$ 43,705	\$ -	0.0%
Easements	8,500	8,500	-	0.0%
Building	96,947	96,947	-	0.0%
Office Equipment	52,276	52,276	-	0.0%
Equipment	181,453	151,453	30,000	19.8%
Water System and Improvements	2,983,916	2,983,916	-	0.0%
Sewer System and Improvements	2,845,355	2,845,355	-	0.0%
Work in Progress	24,729	14,079	10,650	75.6%
<b>Total Assets</b>	<b>6,236,880</b>	<b>6,196,230</b>	<b>40,650</b>	<b>0.7%</b>
<b>Accumulated Depreciation</b>				
Accumulated Depreciation	(3,865,152)	(3,701,855)	(163,297)	4.4%
<b>Total Accumulated Depreciation</b>	<b>(3,865,152)</b>	<b>(3,701,855)</b>	<b>(163,297)</b>	<b>4.4%</b>
<b>Capital Assets, Net</b>	<b>\$ 2,371,727</b>	<b>\$ 2,494,375</b>	<b>\$ 203,947</b>	<b>8.2%</b>

Depreciation expense for the year was \$163,297 which was all charged to the water and sewer fund.

## 5. Accounts Payable

Accounts payable at the balance sheet date totaled \$43,403. This amount did not include any payments for capital assets.

## 6. Long-term Debt

Long-term debt consists of the following:	<u>2020</u>	<u>2020</u>
Notes payable to a financing institution, payable in monthly installments of \$2,634.29 including Interest at 4.89%, due May 20, 2035.	\$ 316,948	\$ 332,395
Less current maturities	<u>(16,231)</u>	<u>(15,447)</u>
	<u>\$ 300,717</u>	<u>\$ 316,948</u>

Maturities of Long-term liabilities is as follows:

Year Ended June 30,	Principal	Interest	Total
2022	16,231	15,392	31,623
2023	17,054	14,571	31,625
2024	17,882	13,746	31,627
2025	18,826	12,804	31,630
2026	19,781	11,852	31,632
Thereafter	227,175	55,018	282,193
	<u>\$ 316,948</u>	<u>\$ 123,382</u>	<u>\$ 440,330</u>

## 7. Tax Revenue

The District no longer levies an ad valorem tax but periodically delinquent taxes are collected and remitted to the District. The taxes had been written off as uncollectible in a prior fiscal year.

## 8. Employee Retirement Plan

The District established an employee retirement plan that entitles all employees to share in contributions from the District based on 10 percent of annual compensation. The plan is a simplified employee pension (SEP) plan administered by LSW Company. The plan was made effective July 1, 1994.

Total payroll for the District for the year was \$227,498 while \$15,359 of contributions were made on behalf of the employees. Employees are 100 percent vested in all monies contributed by the District.

## **9. Regulatory Assessment**

Effective September 1, 1991, the Texas legislature amended the Texas Water Code to require certain providers of potable water to collect a monthly regulatory assessment from each retail customer. The assessment is equal to one half of one percent of the charge by the District for water. The assessment is to be collected and remitted quarterly, with a ten percent administrative fee retained by the District.

## **10. Contingencies**

### *Litigation*

In the normal course of providing services to the public the District from time to time is subjected to litigation claims. The District defends itself against such claims based on internal assessment of liability and risk. Litigation expenses and damages are recorded as expense in the period when services are rendered. No liabilities have been accrued in the financial statements relative to litigation in process for the year ended June 30, 2021.

## **11. 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 maintains insurance policies acquired from independent insurance carriers covering structural property, dishonesty, errors, and omissions, personal property and general liability. There have been no significant reductions in insurance coverage from prior years and settlements did not exceed insurance coverage for each of the past three years.

## **12. Related Party Transactions**

From time to time the District may enter into transactions with related parties through the normal course of business. If a member of the Board of Directors has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred for the year ended June 30, 2021.

## **13. Subsequent Events**

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 20, 2021, the date the financial statements were issued. No events, including instances of noncompliance, have occurred subsequent to the statement of financial position date that would require adjustment to or disclosure in the financial statements.

**HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1**  
Schedule of Activities - Budget to Actual Comparison  
For the Year Ended June 30, 2021

	<b>Budgeted Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>2021</b>	<b>Final Budget</b>
	<b>Budget</b>	<b>Budget</b>	<b>Actual</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Water	\$ 657,000	\$ 657,000	\$ 555,953	\$ (101,047)
Sewer	198,050	198,050	170,680	(27,370)
Miscellaneous	9,500	9,500	2,145	(7,355)
Investment Earnings	-	-	1,683	1,683
<b>Total Revenues</b>	<b>864,550</b>	<b>864,550</b>	<b>730,461</b>	<b>(134,089)</b>
<b>Expenditures</b>				
Salaries	206,959	206,959	227,498	(20,539)
Payroll Taxes	17,999	17,999	17,403	595
Employee Benefits	124,329	124,329	126,256	(1,928)
Water System	273,704	273,704	386,639	(112,935)
Sewer System	71,974	71,974	46,364	25,610
Utilities	14,200	14,200	15,704	(1,504)
Truck Expense	9,000	9,000	18,365	(9,365)
Professional Services	30,000	30,000	44,723	(14,723)
Office Supplies	15,790	15,790	14,343	1,447
Interest	31,622	31,622	16,175	15,447
Depreciation	-	-	163,297	(163,297)
Miscellaneous	68,974	68,974	4,007	64,967
<b>Total Expenditures</b>	<b>864,550</b>	<b>864,550</b>	<b>1,080,774</b>	<b>(216,225)</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (350,313)</b>	<b>\$ (350,314)</b>
Net Position - Beginning of the Year			3,220,037	
Net Position - End of the Year			<u>\$ 2,869,724</u>	

**Other Supplementary Information**

# HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1

Supplemental Schedules Included Within this Report  
For the Year Ended June 30, 2021

Included	Report Number	Report Title	Page
Yes	TSI - 1	Services and Rates	22
Yes	TSI - 2	General Fund Expenses	24
Yes	TSI - 3	Temporary Investments	25
No	TSI - 4	Taxes Levied and Receivable	-
No	TSI - 5	Long-term Debt Service Requirements	-
No	TSI - 6	Changes in General Long-term Debt	-
Yes	TSI - 7	Comparative Schedule of Revenues and Expenditures-General Fund-Five Years, Five Years	26
Yes	TSI - 8	Board Members, Key Personnel and Consultants	27

**HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT #1**  
**TSI – 1 SERVICES & RATES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

1. Services provided by the District:

☒ Retail Water    ☐ Wholesale water    ☐ Drainage  
☒ Retail Sewer    ☐ Wholesale sewer    ☐ Irrigation  
☐ Parks/Recreation    ☒ Fire protection    ☐ Security  
☒ Solid Waste/Garbage    ☐ Flood Control    ☐ Roads  
☐ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)  
☐ Other

2. Retail rates based on 5/8" meter ☒ retail rates

	Min Chg	Min Use	Flat Rate	Res Rate	Rate Per 1,000 Gallons over Minimum	Comm. Rate	Usage Levels
<b>Water:</b>							
Residential	\$ 16.55	1,000	Y	\$ 7.20		\$ 7.60	1,001 to 25,000
Commercial	\$ 22.30	2,000	Y	\$ 7.60		\$ 9.10	25,001 to 100,000
						\$ 10.00	100,001 & up
<b>Sewer:</b>							
Residential	\$ 12.75	per/mo	Y	\$ 1.55	per 1,000 gallons over 1,000 gallons		
Commercial	\$ 22.55	per/mo	Y	\$ 3.05	per 1,000 gallons over 2,000 gallons		

Surcharge: \$ N/A

Sewer usage employee's winter averaging Yes

Total water and sewer charges per 10,000 gallons usage (including surcharges) \$ 101.75

3. Retail Service Providers: Number of retail water and/or wastewater\* connections within the District as of fiscal year end 6/30/16. Provide actual numbers and single family equivalents (ESFC) as noted:

	# of Active Connections	Active SSFC Connections	Inactive ESFC Connections
Single Family	301	189	112
Multi-family	0	0	0
Commercial	56	46	10
Total	357	235	102



\* Number of connections relates to water service if water service is provided. Otherwise, number of wastewater connections if provided.

\*\* "Inactive" means that water and sewer connections were made, but service is not being provided.

4. Total water consumption (rounded to the nearest 1,000) during the fiscal year.

Gallons pumped into system 90,336,733

Gallons billed to customers 51,756,999

*- 38 million*

5. Standby Fees: Does the District assess standby fees? No

6. Anticipated sources of funds to be used for debt service payments in the District's following fiscal year:

a. Debt Service Tax Receipts	-0-
b. Surplus Construction Funds	-0-
c. Water and/or Wastewater Revenue	\$31,623
d. Standby Fees	-0-
e. Debt Service Fund Balance To Be Used	-0-
f. Interest Revenues	-0-
g. Other (describe)	-0-
TOTAL ANTICIPATED FUNDS TO BE USED	-0-

7. Location of District:

County in which district is located. Hudspeth

Is the District entirely within one county? Yes

Is the District located within a city? No

Is the District located within a city's extra territorial jurisdiction (ETJ)? No

Is the general membership of the Board appointed by an office outside the district? No

**HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1**

TSI - 2 General Fund Expenses  
For the Year Ended June 30, 2021

Personnel Expenses (including benefits) *	\$ 371,158
Professional Fees	
Auditing	44,723
Purchased Services for Resale	
Bulk Water Purchases	155,402
Utilities	15,704
Repairs and Maintenance	18,365
Administrative Expenses	
Office Supplies	14,343
Insurance	126,256
Other Expenses	171,526
Depreciation and Amortization	163,297
Total Expenditures	<u>\$ 1,080,774</u>

\* Number of persons employed by the District: 3 full-time and 1 part-time

# HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1

TSI - 3 Temporary Investments  
For the Year Ended June 30, 2021

	IDENTIFICATION OR CERTIFICATE NO.	INTEREST RATE	MATURITY DATE	BALANCE AT END OF YEAR	ACCRUED INTEREST AT END OF YEAR
Operating Account	493	0.20%	n/a	\$ 114,577	\$ -
Money Market Account	732397	0.20%	n/a	76,848	-
Maintenance Savings	818070	0.10%	n/a	78,068	-
Meter Deposit Savings	818097	0.10%	n/a	38,280	-
Insurance Account	818100	0.10%	n/a	9,140	-
Equipment Fund	816884	0.10%	n/a	14,016	-
Project Fund	816639	0.10%	n/a	149,754	-
Water Cash Reserve	818224	0.10%	n/a	12,643	-
Debt Service Reserve	732400	0.20%	n/a	126,685	-
O & M Cash Reserve	732419	0.20%	n/a	58,650	-
O & M Cash Reserve	911-339	0.30%	n/a	24,943	-
Certificate of Deposit	7001	0.30%	07/27/21	20,000	5
Certificate of Deposit	7002	0.30%	12/25/21	10,000	15
Certificate of Deposit	7045	0.30%	09/11/21	10,000	6
Certificate of Deposit	7046	0.30%	09/11/21	10,000	6
Certificate of Deposit	7047	0.30%	09/11/21	15,000	9
Certificate of Deposit	7130	0.30%	10/30/21	10,000	10
Certificate of Deposit	7131	0.30%	10/30/21	20,000	20
Totals				\$ 798,606	\$ 71

**HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1**  
**TSI - 7 Comparative Schedule of Revenues and Expenditures - General Fund - Five Years Ended**  
**For the Years Ended June 30,**

	2021	2020	2019	2018	2017	Percent of Fund Total Revenues				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
<b>OPERATING REVENUES:</b>										
Water Sales	\$ 540,750	\$ 663,603	\$ 734,085	\$ 674,701	\$ 521,212	75.24%	81.50%	81.50%	83.88%	80.50%
Bulk Water And Other	9,203	8,210	8,105	4,683	7,630	1.27%	0.98%	0.98%	0.58%	1.18%
Sewer Revenues	<u>170,680</u>	<u>146,912</u>	<u>136,051</u>	<u>124,973</u>	<u>119,614</u>	<u>23.49%</u>	<u>17.52%</u>	<u>17.52%</u>	<u>15.54%</u>	<u>18.32%</u>
Total Operating Revenues	726,633	838,728	878,221	804,359	647,457	100.00%	100.00%	100.00%	100.00%	100.00%
<b>EXPENSES</b>										
Salaries	136,438	136,438	129,803	129,503	126,253	18.78%	16.27%	14.78%	16.10%	19.50%
Water System Operation	386,639	287,856	164,190	167,478	135,959	53.21%	34.32%	18.70%	20.82%	21.00%
System Maintenance	46,364	47,893	38,054	79,441	84,511	6.38%	5.71%	4.33%	9.88%	13.05%
Utilities	14,139	12,342	12,839	24,895	19,765	1.95%	1.47%	1.46%	3.10%	3.05%
Truck Expense	18,365	17,328	11,873	17,667	14,693	2.53%	2.07%	1.35%	2.20%	2.27%
Payroll Taxes	17,403	17,072	15,564	15,251	13,087	2.40%	2.04%	1.77%	1.90%	2.02%
Insurance	126,256	122,222	123,095	94,980	76,034	17.38%	14.57%	14.02%	11.81%	11.74%
Professional Services	44,723	36,368	8,954	20,359	17,067	6.15%	4.34%	1.02%	2.53%	2.64%
Office Supplies	14,343	18,544	12,573	11,389	12,752	1.97%	2.21%	1.43%	1.42%	1.97%
Telephone	1,566	1,350	540	2,846	3,154	0.22%	0.16%	0.06%	0.35%	0.49%
Labor	91,060	86,724	73,648	69,860	45,257	12.53%	10.34%	8.39%	8.69%	6.99%
Miscellaneous	4,007	9,705	98,642	40,323	38,490	0.55%	1.16%	11.23%	5.01%	5.94%
Interest	16,175	16,961	17,623	18,297	16,936	2.23%	2.02%	2.01%	2.27%	2.62%
Depreciation & Amortization	<u>163,287</u>	<u>138,527</u>	<u>141,038</u>	<u>167,952</u>	<u>129,985</u>	<u>22.47%</u>	<u>16.52%</u>	<u>16.06%</u>	<u>20.88%</u>	<u>20.08%</u>
Total Operating Expenses	1,080,774	949,329	848,435	860,241	733,943	148.74%	113.19%	96.61%	106.95%	113.36%
Operating Income (Loss)	(354,141)	(110,603)	29,786	(55,882)	(86,486)	-48.74%	-13.19%	3.39%	-6.95%	-13.36%
<b>NON-OPERATING REVENUES (EXPENSES)</b>										
Tax Revenue	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%
Interest Income	3,828	4,322	6,942	3,515	7,171	0.53%	0.52%	0.79%	0.44%	1.11%
Interest Expense	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%
Election Expense	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%
Master Plan Revenues	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%
Master Plan Expenses	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%
Special Assessment	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%
Sewer System	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%
Total Non-Operating Revenues (Expenses)	<u>3,828</u>	<u>4,322</u>	<u>6,942</u>	<u>3,515</u>	<u>7,171</u>	<u>0.53%</u>	<u>0.52%</u>	<u>0.79%</u>	<u>0.44%</u>	<u>1.11%</u>
Net Income (Loss)	<u>\$(350,313)</u>	<u>\$(106,282)</u>	<u>\$ 36,728</u>	<u>\$(52,367)</u>	<u>\$(79,315)</u>	<u>-48.21%</u>	<u>-12.67%</u>	<u>4.18%</u>	<u>-6.51%</u>	<u>-12.25%</u>
<b>Total Active Retail Water And/Or Wastewater Connections</b>	357	363	322	338	320					

# HUDSPETH COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1

TSI - 8 Board Members, Key Personnel, and Consultants  
For the Year Ended June 30, 2021

District Mailing Address: Hudspeth County Water Control and Improvement District No. 1  
P.O. Box 188  
Sierra Blanca, Texas 79851

District business telephone number: 915-369-2221

<u>NAME &amp; ADDRESS</u>	<u>TERMS OF OFFICE (ELECTED OR APPOINTED) OR DATE HIRED</u>	<u>FEES FYE 6/30/20</u>	<u>EXPENSE REIMB. FYE 6/30/20</u>	<u>TITLE AT YEAR END</u>	<u>RESIDENT OF DISTRICT</u>
<b>BOARD MEMBERS</b>					
Michael Rose	5/18 - 5/22 (Elected)	-0-	-0-	President	Yes
Joe Elder	5/20 - 5/24 (Elected)	-0-	-0-	Vice President	Yes
Pat Brantley	5/20 - 5/24 (Elected)	-0-	-0-	Secretary	Yes
Antonio Morales	5/18 - 5/22 (Elected)	-0-	-0-	Board Member	Yes
Nestor Mendoza	5/18 - 5/22 (Elected)	-0-	-0-	Board Member	Yes
<b>KEY ADMINISTRATIVE PERSONNEL</b>					
Mac Marquez, Jr.	9/14/89	\$72,585		Manager	---
Judy Virdell	6/01/89	\$60,453		Bookkeeper	---
<b>CONSULTANTS:</b>					
Rudy Mata Blanco Ordonez Mata & Wallace, P. C. 5715 Cromo Drive El Paso, Texas 79912	10/4/2017	37,723.31	-0-	Attorneys	---
Doak Painter, CPA Painter and Associates, P.C. 836 King George Lane Savannah, Texas 76227	2/23/2015	\$7,000.00	-0-	Auditor	---
James C Busby Burgess and Niple 1030 Andrews Hwy, Suite 211 Midland, Texas 79701	7/1/2008	14,929.00	-0-	Engineer	---