

**CLEARWATER UNDERGROUND
WATER CONSERVATION DISTRICT**

**BASIC FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2018

ALTON D. THIELE, P.C.

CERTIFIED PUBLIC ACCOUNTANT

300 E. AVENUE C

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CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Clearwater Underground Water Conservation District
Belton, Texas

We have audited the accompanying financial statements for the governmental activities and the aggregate remaining fund information of the Clearwater Underground Water Conservation District (the District), as of and for the year ended September 30, 2018, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 reasonable basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the governmental activities and the aggregate remaining fund information of Clearwater Underground Water Conservation District, as of September 30, 2018, and the respective changes in fund balances in conformity with accounting principles generally accepted in the United States of America.

Report Issued In Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2019, on our consideration of the District's internal control over financial reporting (internal control) and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

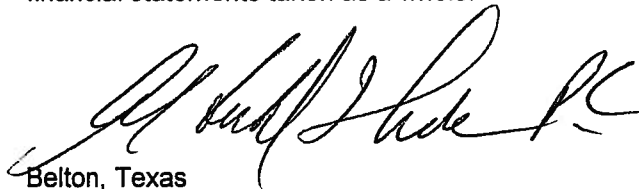
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 and budgetary comparison information on page 16 be presented to supplement the financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information, on pages 18 through 21, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.



Belton, Texas
February 11, 2019

**CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

The management of the Clearwater Underground Water Conservation District (the District), offers readers of the District's annual financial report this narrative overview and analysis of the District's financial performance during the fiscal year ended September 30, 2018. This discussion and analysis is intended to be an easily readable analysis of the District's financial activities based on currently known facts, decisions, and conditions. Please read it in conjunction with the Independent Auditors' Report and the District's basic financial statements and the related notes.

FINANCIAL HIGHLIGHTS

The District's total net position,	\$ 1,363,564
Cash and investments,	\$ 753,469
Deferred Inflows of Resources	\$ 28,293
Total tax revenues,	\$ 692,683
Operational expenditures,	\$ 621,493

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of, but is not limited to, the following: Management's Discussion and Analysis (this section, which is intended to serve as an introduction to the basic financial statements), the basic financial statements, and the related notes to the financial statements. The District is a governmental entity and follows the accrual basis of fund accounting for a governmental entity. The District is funded primarily by property tax revenue from within the District's boundaries to provide a means by which underground water is controlled and monitored throughout the District.

REPORT LAYOUT

In addition to the Management's Discussion and Analysis (MD&A) (pages 3-5), the report consists of basic financial statements, notes to the financial statements, required supplementary information and supplementary information. The basic financial statements are highly condensed and present a government-wide view of the District's finances.

The *Government-wide Financial Statements* (pages 6-9) are designed to be more corporate-like in that all activities are consolidated into a total for the District. The *Statement of Net Position* presents information on all District assets and liabilities, with the difference between the two reported as net position. The *Statement of Activities* presents information about the District's revenues and expenses regardless of when cash is received or paid.

The Fund Financial Statements (presented in conjunction with Government-wide Financial Statements, pages 6-9) are a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the District can be divided into two categories: governmental funds and proprietary funds. However, there were no proprietary funds. Fund financial statements, unlike government-wide financial statements, focus on near-term inflows and outflows of spendable resources, as well as on spendable resources available at the end of the fiscal year.

The *Notes to the Financial Statements* (pages 10-14) provide additional information that is essential to a full understanding of the data provided in the government-wide basic financial statements. Required and other supplemental information (pages 18-21) is also provided for additional information and analysis.

**CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT

Statement of Net Position: The following table summarizes the net position of the District

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Assets			
Current Assets	\$ 781,851	\$ 683,924	\$ 97,927
Capital Assets, net of accumulated depreciation	<u>590,206</u>	<u>586,182</u>	<u>4,024</u>
Total Assets	<u>1,372,057</u>	<u>1,270,106</u>	<u>101,951</u>
Liabilities			
Current Liabilities	<u>8,493</u>	-	<u>8,493</u>
Total Liabilities	<u>8,493</u>	-	<u>8,493</u>
Deferred Inflows of Resources	<u>-</u>	<u>20,369</u>	<u>(20,369)</u>
Net Position			
Investment in Capital Assets	590,206	586,182	4,024
Unreserved Net Position	<u>752,964</u>	<u>663,555</u>	<u>89,409</u>
Total Net Position	<u>1,343,170</u>	<u>1,249,737</u>	<u>93,433</u>
Prior Period Adjustment	<u>20,394</u>	-	<u>20,394</u>
Total Net Position, as adjusted	<u>1,363,564</u>	<u>1,249,737</u>	<u>113,827</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 1,372,057</u>	<u>\$ 1,270,106</u>	<u>\$ 101,951</u>

Statement of Activities: The following table summarizes the changes in net position

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Tax Revenue	\$692,683	\$660,854	\$ 31,829
Interest and Other Revenues	22,269	21,731	538
Expenditures	<u>(621,493)</u>	<u>(563,449)</u>	<u>58,044</u>
Change in Net Position	<u>\$93,459</u>	<u>\$ 119,136</u>	<u>\$(25,677)</u>

As shown in the above information, the District improved financially, overall. However, the District's change in net position decreased by \$ 25,677. With the operational expenditures of \$(621,493), which includes increases in healthcare and studies costs. Capital outlay of \$35,232 were greater than depreciation of \$31,208 which created an increase in investment in capital assets of \$4,024.

**CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

BUDGETARY HIGHLIGHTS

Actual tax revenues received were less than the budgeted tax revenues by \$(17,492) or 2%. However, actual operational expenditures were 19% less than budgeted expenditures. This resulted in an increase in fund balance of \$81,511. The budget was legally adopted according to established guidelines and the Board of Directors legally adopted amendments to individual budget items during the fiscal year. (See page 17 for details)

CAPITAL ASSETS

During the year, capital expenditures were made, so that at September 30, 2018, the District had a net increase in Capital Assets of \$4,024. The Investment in Capital Assets, net of depreciation and related debt, at fiscal year-end was \$590,206.

Additional information regarding Capital Assets can be found in the notes to the financial statements. (Note-3, page 13)

DEBT OUTSTANDING

The District had no long-term debt as of the fiscal year ended September 30, 2018.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's property tax rate for the 2018/2019 fiscal year (FY19) was lowered to \$0.00383 per \$100 valuation. The estimated taxable property value is 18,701,608,943 for total expected tax revenue of \$716,272. Other Income and delinquent property taxes is estimated at \$43,500. The District's budgeted expenditures for FY19 are expected to be \$759,751 resulting in a balanced budget for the coming fiscal year.

FINANCIAL CONTACT

The District's financial statements are designed to present users (citizens, taxpayers, creditors, and regulatory agencies) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the District Manager at 700 Kennedy Ct., PO Box 1989, Belton, TX 76513.

**CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET**

SEPTEMBER 30, 2018

	<u>Governmental Funds</u>		<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Adjustments</u>	
<u>ASSETS</u>			
Cash in Banks	\$ 14,238	\$ -	\$ 14,238
Invested Funds	739,231	-	739,231
Receivables:			
Taxes	28,293	-	28,293
Miscellaneous	90	-	90
Capital Assets Not Being Depreciated:			
Land	-	59,981	59,981
Capital Assets (net of accumulated depreciation):			
Infrastructure	-	530,224	530,224
	<u>\$ 781,852</u>	<u>\$ 590,205</u>	<u>\$ 1,372,057</u>
Total Assets			
<u>LIABILITIES</u>			
Liabilities			
Current and Non-current	\$ 8,493	\$ -	\$ 8,493
	<u>\$ 8,493</u>	<u>\$ -</u>	<u>\$ 8,493</u>
Total Liabilities			
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property Tax Revenue	\$ 28,293	\$ (28,293)	\$ -
	<u>\$ 28,293</u>	<u>\$ (28,293)</u>	<u>\$ -</u>
<u>FUND EQUITY</u>			
Fund Balances			
Unassigned	\$ 745,066	\$ (745,066)	\$ -
	<u>745,066</u>	<u>(745,066)</u>	<u>-</u>
Total Fund Equity			
Total Deferred Inflows, Liabilities, and Fund Equity	<u>\$ 781,852</u>		
<u>NET POSITION</u>			
Investment in Capital Assets		590,206	590,206
Unreserved		752,964	752,964
Total Net Position		<u>\$ 1,343,170</u>	<u>1,343,170</u>
Prior Period Adjustment		20,394	20,394
Total Net Position, adjusted		<u>\$ 1,363,564</u>	<u>1,363,564</u>
Total Deferred Inflows, Liabilities, and Net Position			<u>\$ 1,372,057</u>

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

**CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

Total Fund Balances for Governmental Funds (Page 6) \$ 745,066

Total Net Position Reported for Governmental Activities in the
Statement of Net Position is Different Because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.
Those assets consist of:

Land	59,981	
Buildings, Equipment and Infrastructure	674,415	
Accumulated Depreciation	<u>(144,190)</u>	
Net Capital Assets		590,206

Some revenues in the governmental fund are deferred because
they are not collected within the prescribed time period after year-
end. On the accrual basis, however, those revenues would be
recognized, regardless of when they are collected.

28,292

Total Net Position of Governmental Activities (Page 6) \$ 1,363,564

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE AND NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Governmental Funds</u>		<u>Statement of Activities</u>
	<u>General Fund</u>	<u>Adjustments</u>	
<u>EXPENDITURES</u>			
Operations			
Director Fees	\$ 9,450	\$ -	\$ 9,450
Administrative	25,528	-	25,528
Compensation and Benefits	264,480	-	264,480
Depreciation	-	31,208	31,208
Facilities Costs	20,841	-	20,841
Clearwater Studies	123,472	-	123,472
Legal and Professional	41,330	-	41,330
Collection Fees	7,563	-	7,563
Advertising	4,459	-	4,459
Other Operating Expenditures (net of relevant contributions)	93,162	-	93,162
Capital Outlay	35,232	(35,232)	-
Total Expenditures	<u>625,517</u>	<u>(4,024)</u>	<u>621,493</u>
<u>REVENUES</u>			
General Revenues			
Property Taxes	684,759	7,924	692,683
Permits, Licenses, and Other Fees	6,689	-	6,689
Interest and Other Income	15,580	-	15,580
Total Revenues	<u>707,028</u>	<u>7,924</u>	<u>714,952</u>
Excess (Deficiency) of Revenues over Expenditures	81,511	11,948	93,459
Change in Fund Balance/Net Position	<u>81,511</u>	<u>11,948</u>	<u>93,459</u>
<u>NET POSITION</u>			
Adjustments to Fund Balance	-	(26)	(26)
Beginning of Year	<u>663,555</u>	<u>586,182</u>	<u>1,249,737</u>
Prior Period Adjustment	-	20,394	20,394
End of Year, as adjusted	<u>\$ 745,066</u>	<u>\$ 618,498</u>	<u>\$ 1,363,564</u>

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

**CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE AND NET POSITION TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Net Change in Fund Balance - Total Governmental Funds (Page 8) \$ 81,511

The Change in Net Position Reported for Governmental Activities in the Statement of Activities is Different Because:

Governmental funds report capital outlays as expenditures. In the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets reported as capital outlay in governmental fund statements:	35,232	
Depreciation expense reported in statement of activities:	<u>(31,208)</u>	
Amount by which capital outlays are greater (less) than depreciation in current period.		4,024

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This amount represents the net change in deferred inflows of resources from the previous period.		<u>7,924</u>
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Change in Net Position of Governmental Activities (Page 8) \$ 93,459

The accompanying notes are an integral part of these financial statements.
 See Independent Auditors' Report.

**CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF ACCOUNTING

The basic financial statements of Clearwater Underground Water Conservation District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the acceptable standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The District was created in 1989 by resolution of the Commissioners Court of Bell County, Texas, pursuant to H.B. 3172, Chapter 524, Acts of the 71st Legislature (1989 Session) (the "Act"). The District is a governmental agency and a body politic and corporate, created by and acting pursuant to the Act as amended by S.B. 404, Chapter 22, Act of the 77th Legislature (2001 Session), S.B. 1755, Chapter 64, Act of the 81st Legislature (2009 Session), and by applicable law including the provisions of Chapters 36 and 49 of the *Texas Water Code*. A five-member group, which constitutes the Board of Directors, is the level of government which has responsibility over all related activities within the jurisdiction of the Clearwater Underground Water Conservation District. The District receives funding from local property taxes; certain well, pump, and transmission fees; and interest resulting from investments of excess funds.

The District is not included in any other governmental reporting entity. The taxpayers within the jurisdiction of the District elect the Board members. The Directors have decision-making authority, the power to designate management, the responsibility of operations, and the primary accountability of fiscal and fiduciary matters.

B. Basis of Presentation

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate. The government-wide financial statements report all the activities of the District. These activities are primarily supported by property taxes, license, registration, and other fees. The following are descriptions of the fund types and account groups used by the District.

1. Governmental funds

General Fund – All unrestricted financial resources except those required to be accounted for in another fund are recorded in the general fund. It is the District's general operating fund. Taxes and fees are the major sources of revenue. Expenditures include all costs associated with the daily operations of the District. There are no other governmental funds at this time.

2. Account groups

Capital Assets account group – All capital assets of the District are accounted for in this group. The account group is not a fund. It only measures financial position and is not involved with measurement of results of activities.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements, statement of net position and statement of activities, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District does not consider revenues collected after its year-end to be available in the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. All other revenue items are considered measurable and available only when the District receives cash.

**CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit.

2. Budgets and Budgetary Accounting

The adoption of an annual budget, for the general fund, is required prior to the beginning of each fiscal year on a basis consistent with accounting principles generally accepted in the United States of America. Thirty to sixty days prior to the beginning of each fiscal year, District management will submit a proposed budget for the fiscal year beginning on the following October 1st. The operating budget includes proposed expenditures and the means of financing them. After consideration the Board of Directors will adopt the budget by appropriate board action. Any revisions that alter the budget must also be considered and approved by board action.

3. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectable amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

4. Capital Assets

Capital Assets have been acquired for general governmental purposes. Assets purchased or constructed are recorded as expenditures in the applicable governmental fund type and capitalized at historical cost in the Capital Asset account group. Contributed capital assets are recorded at estimated fair market value at the time received. Infrastructure assets are also included in the Capital Asset account group.

The full depreciation of the applicable capital assets is being recognized in compliance with the implementation of GASB Statement 34. Depreciation is calculated on the straight-line basis according to the following useful lives:

Building and Improvements	20 – 40 years
Office and Field Equipment	5 - 15 years

5. Deferred Outflows/Inflows of Resources

The District is compliant with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. In addition to assets, the statement of net position will sometimes report a section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditures) until then. The District currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category; delinquent property taxes. The amount of this item is deferred and will be recognized as an inflow of resources in the period the amount is collected and remitted to the District.

Prior Period Adjustment - An adjustment was required to the Statement of Net Position to remove the deferred inflow of resources. The Statement of Net Position is presented on the accrual basis of accounting and revenues are recognized regardless of when the cash is received. Therefore, amounts accrued as property taxes receivable that are still due after year-end would be recognized. The general fund balance sheet reports a deferred inflow of resources as it is presented on the current financial resources method and revenues are recognized when they are collectible within the current period. The net effect of the adjustment on the Statement of Net Position was to decrease the beginning net position balance by \$20,394 (the deferred inflow of resources reported in the prior period) for a net position total at September 30, 2018, of \$1,372,057.

**CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

6. Equity Classifications

In the government-wide financial statements, equity is shown as net position and classified into three components; Net Investment in Capital Assets, Restricted, and Unrestricted. The District uses two of these classifications.

- a. *Net Investment in Capital Assets* – Capital Assets, net of accumulated depreciation and reduced by any outstanding debt that poses an encumbrance.
- b. *Unrestricted* – All other assets that do not meet the definition of net investment in capital assets.

The District reports the governmental fund balance as, unassigned; not previously classed as:

Non-spendable – Amounts that cannot be spent because they are either not in a spendable form or, legally or contractually required to be maintained intact.

Restricted – Amounts with restrictions imposed externally by creditors, grantors, contributors, or laws or regulations of other governments, constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes and imposed by formal action of the board of directors.

Assigned – Amounts informally constrained by District management but not formally restricted by the board of directors.

7. Risks, uncertainties, and use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – PROPERTY TAXES

Property taxes are levied October 1 on the assessed property value as of the prior January 1 for all real and business personal property located in the district in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The District's property taxes are billed and collected by the Tax Appraisal District of Bell County. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period at the close of the District's fiscal year.

The net assessed value after adjustments, based on 100 percent of the assessed valuation of real and personal property within the District on the 2017 tax roll, was \$18,057,233,710. The 2017 tax rate of \$0.00385 per \$100 valuation was assessed and allocated to the General Fund. The resulting tax levy was \$ 695,203.

Deferred tax revenue is reported as deferred inflows of resources (Note 1.D.5 para 2) by the District on its Governmental Funds balance sheet under the General Fund and arises when potential revenue does not meet the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for the deferred tax revenue is removed from the balance sheet and the revenue is recognized. The current Deferred Inflow of Resources is \$28,293.

CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018

NOTE 3 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

2018	Primary Government			Ending Investment
	Beginning investment	Increase	Retirements	
Capital Assets not Depreciated				
Land	\$ 59,981	\$ -	\$ -	\$ 59,981
Total not Depreciated Capital Assets	59,981	-	-	59,981
Capital Assets Depreciated				
Land Improvements	19,000	-	-	19,000
Buildings	408,852	2,264	-	411,116
Monitor Wells	50,238	11,569	-	61,807
Mobile Classroom	76,990	13,699	-	90,689
Field Equipment	17,244	-	-	17,244
District Vehicles	6,920	-	-	6,920
Office Equipment	59,939	7,700	-	67,639
Total Depreciated	639,183	35,232	-	674,435
Total Capital Assets	699,164	35,232	-	734,396
Accumulated Depreciation	(112,982)	(31,208)	-	(144,190)
Net Investment in Capital Assets	\$ 586,182	\$ 4,024	\$ -	\$ 590,206

NOTE 4 – CASH DEPOSITS AND INVESTMENTS WITH FINANCIAL INSTITUTIONS

The District's checking deposits were fully covered by federal depository insurance and Texas Treasury Safekeeping Trust Company (TexPool) investments at September 30, 2018, were not covered by federal depository insurance or pledged securities. In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the District reports all investments at fair value. The District's invested funds are invested with TexPool. The District categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are other observable inputs; and Level 3 inputs are unobservable inputs.

The District's cash and invested funds at September 30, 2018, were as follows:

	General Fund	Input Level
BancorpSouth		
Operating account	\$ 14,238	-
TexPool Accounts		
LGI Pool	368,272	2
Prime	370,959	2
Total TexPool accounts	739,231	
Total cash and invested funds	\$ 753,469	

**CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

NOTE 4 – CASH DEPOSITS AND INVESTMENTS WITH FINANCIAL INSTITUTIONS (Continued)

The market value for the above listed accounts is not materially different from the carrying value of the accounts.

Policies, Governing Deposits and Investments

The District has implemented an investment policy and is authorized, according to the *Public Funds Investment Act* (PFIA) (Government Code Chapter 2256), to invest any and all of its funds in certificates of deposit, direct debt securities of the United States of America or the State of Texas, fully collateralized repurchase agreements, certain types of commercial paper, certain types of municipal bonds and local government investment pools created under the Interlocal Cooperation Act, wherein all funds were invested as listed above.

In compliance with the Public Funds Investments Act, the District has adopted a deposit and investment policy where that policy addresses the following risks:

Custodial Credit Risk – Deposits: This is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District was not exposed to custodial credit risk since deposits, in the bank during the year ended September 30, 2018, were covered by depository insurance.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

NOTE 5 – EMPLOYEE BENEFITS

A. Annual Leave

Annual leave (vacation) is a benefit provided to eligible, full-time, employees of the District. A full-time employee is one who is regularly scheduled to work thirty to forty hours per week. Annual leave is accrued at eight hours per pay period immediately upon employment but cannot be taken until the employee has reached the one hundred eighty (180) day probationary period. The accrual maximum is twelve days for an employee with up to five years of continuous service. After five years, an employee is entitled to accrue an additional three days for a total of fifteen days per year. An employee may carry-over leave up to a maximum of twenty-four days per fiscal year. Remaining accrued leave is payable upon separation. Accrual at fiscal year-end was not material to these financial statements.

B. Sick Leave

A full-time employee, as previously defined, is entitled to six days per year. Accrual of sick leave is at four hours per pay period and a full-time employee can accumulate up to twelve days with carry-over. Upon termination of employment, no accumulated sick leave will be paid.

C. Retirement Plan

The District has established a Governmental 457 Deferred Compensation Plan as their retirement plan for full-time eligible employees. UMB Bank, N.A. is designated as trustee and Security Financial Resources, Inc. is the plan service provider. The District agrees to match employee contributions at 100% of the first 3% and 50% of the next 3% for a maximum match of up to 4.5% depending on the contribution of the employee. As of September 30, 2018, the employer match was \$ 8,230.

NOTE 6 - SUBSEQUENT EVENTS

District management has evaluated subsequent events as of February 11, 2019 the date the financial statements were available to be issued. No change to the financial statements for the fiscal year ending September 30, 2018 is deemed necessary as a result of this evaluation.

ALTON D. THIELE, P.C.

CERTIFIED PUBLIC ACCOUNTANT

300 E. AVENUE C

P.O. BOX 808

BELTON, TX 76513-0808

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Clearwater Underground Water Conservation District
Belton, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of governmental activities and the aggregate remaining fund balance information of Clearwater Underground Water Conservation District (the District) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated February 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

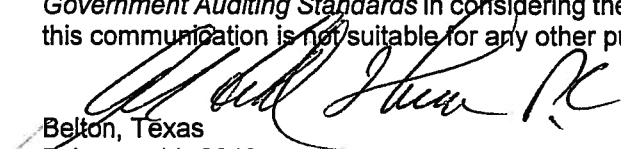
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Belton, Texas
February 11, 2019

REQUIRED SUPPLEMENTARY INFORMATION

CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET TO ACTUAL-
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 701,520	\$ 701,520	\$ 684,759	\$ (16,761)
Application fee	20,000	20,000	5,600	(14,400)
Transport fee	1,000	1,000	1,089	89
Interest	2,000	2,000	15,580	13,580
Other income (expense)	-	-	-	-
Total revenues	724,520	724,520	707,028	(17,492)
EXPENDITURES				
Administrative expenses	71,019	72,528	48,588	23,940
Compensation and benefits	253,006	270,279	264,480	5,799
Clearwater studies	185,020	185,020	135,041	49,979
Educational outreach/marketing	30,000	30,000	21,007	8,993
Spring flow gage	16,000	16,000	15,450	550
Computer systems	45,000	45,000	38,096	6,904
Legal fees	39,600	41,330	41,330	-
Reserve for uncollected taxes	20,000	16,761	-	16,761
Other operating expenses (net)	39,400	39,400	34,421	4,979
Capital expenditures	-	4,000	3,999	1
Facility costs	17,075	17,075	15,548	1,527
Utilities	8,400	8,400	7,557	843
Total expenditures	724,520	745,793	625,517	120,276
Excess (deficiency) of revenues over expenditures	-	(21,273)	81,511	102,784
OTHER REVENUE				
Reserve funds for health insurance	-	17,273	-	17,273
Reserve for equipment	-	4,000	-	4,000
Total other revenue	-	21,273	-	21,273
Change in fund balance	-	-	81,511	81,511
FUND BALANCE				
Beginning of fiscal year			663,555	
End of fiscal year			745,066	

SUPPLEMENTAL INFORMATION

**CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
INDEX OF SUPPLEMENTAL SCHEDULES INCLUDED IN THIS REPORT
SEPTEMBER 30, 2018**

Title of Schedule	Pg.
Schedule of General Fund Expenditures	18
Schedule of Temporary Investments	19
Analysis of Taxes Levied and Receivable	20
Schedule of Board Members, Key Personnel, and Consultants	21

**CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
 SCHEDULE OF GENERAL FUND EXPENDITURES
 FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Current		
Compensation and benefits (Number of persons employed by the District: 4 - Full-time)	\$	264,480
Professional Services		
Auditing		6,600
Legal		34,730
Clearwater studies		123,472
Utilities		7,557
Facility costs		13,284
Administrative expenses (including director fees)		34,978
Capital outlay		
Acquisition of capital assets		35,232
Net loss of capital assets (theft)		-
Educational outreach/marketing		11,307
Computer systems		30,396
Other operating expenses		63,481
Other expenditures		-
		<hr/>
TOTAL	\$	<u>625,517</u> (see page 8)
Depreciation	\$	<u>31,208</u>

**CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
 SCHEDULE OF TEMPORARY INVESTMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Governmental Funds	Pool / Type	Interest Rate	Maturity Date	Balance at End of Year
General Fund				
Local Government				
Investment Pools				
TexPool	449	2.1244%	Demand	\$ 368,272
TexPool - Prime	590	2.3072%	Demand	<u>370,959</u>
TOTAL				<u>739,231</u>
Other accounts				
First State Bank of Central Texas -				
Operations Account	Transaction	N/A	Demand	<u>14,238</u>
TOTAL				<u>14,238</u>
TOTAL ALL ACCOUNTS				<u><u>\$ 753,469</u></u>

**CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
ANALYSIS OF TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Maintenance Taxes
Taxes receivable at October 1, 2017	\$ 20,369
2017 Original tax roll, net of adjustments	692,683
Total to be accounted for	713,052

Tax Collections:	
Current year	(673,631)
Prior years	(11,128)
Total collections	(684,759)

Taxes receivable, September 30, 2018	\$ 28,293
--------------------------------------	-----------

Taxes receivable by years:	
2011 and years prior to	\$ 4,945
2012	1,055
2013	1,297
2014	1,517
2015	3,767
2016	5,869
2017	9,843

Taxes receivable, September 30, 2018	\$ 28,293
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	2017	2016	2015
Property Valuations	\$ 18,057,233,710	\$ 17,063,799,755	\$ 16,526,207,088

Tax rates per \$100 valuation:

Debt service tax rates	N/A	N/A	N/A
Maintenance tax rates	0.00385	0.00392	0.00395
Total tax rates per \$100 valuation:	0.00385	0.00392	0.00395

Gross Original tax levy	\$ 695,203	\$ 668,901	\$ 652,785
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Percent of taxes collected to taxes levied**	98.50%	102.37%	98.15%
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** Calculated as taxes collected from current and previous years divided by the original tax levy.

**CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
SCHEDULE OF BOARD MEMBERS, CONSULTANTS, AND KEY PERSONNEL
SEPTEMBER 30, 2018**

Complete District Mailing Address: PO Box 1989, Belton, TX 76513

District Business Telephone Number: (254) 933-0120

Submission Date of the most recent District Registration Form: N/A
(TWC Sections 36.054 and 49.054)

Limit on Fees of Office that a Director may receive during a fiscal year: \$9,000
(TWC Section 36.060) Fee: \$150 per day while on District business

Name and addresses	Precinct and Terms of Office 4-year terms	Fees Paid as of 09/30/2018	Expense Reimbursement	Title as of 09/30/2018	Property owner within the District
<u>Board Members</u>					
Leland Gersbach 7872 Hackberry Holland, TX 76534	Precinct 1 2016 to 2020	Waived	-	President	Yes
Gary Young 1314 Creek View, Salado, TX 76571	Precinct 2 Dec. 2014 to 2018	\$2,400	\$176	Director	Yes
Wallace Biskup PO Box 265 Troy, TX 76579	Precinct 3 2016 to 2020	\$1,050	-	Vice President	Yes
Judy Parker 1235 River Ridge Ranch Rd. Killeen, TX 76549	Precinct 4 Resigned 2018	\$3,300	\$5	Secretary	Yes
Scott Brooks 425 Mercy Ranch Rd. Florence, TX 76527	Precinct 4 Appointed 2018	-	-	Director	Yes
David Cole 2401 Brown Circle Killeen, TX 76543	At-Large 2014 to 2018	\$2,700	\$175	Director	Yes
<u>Consultants</u>					
Lloyd Gosselink Attorneys at Law 816 Congress Ave Suite 1900 Austin, TX 78701-4071	N/A	\$49,428	N/A	Attorney	N/A
Alton D Thiele, P.C. P.O. Box 808 Belton, TX 76513	N/A	\$6,600	N/A	Auditor	N/A
<u>Key Personnel</u>					
Dirk Aaron	N/A	\$77,900		District Manager	
Shelly Chapman	N/A	\$46,986		District Administrative Assistant	

CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE
SEPTEMBER 30, 2018

ALTON D. THIELE, P.C.
CERTIFIED PUBLIC ACCOUNTANT
300 E. AVENUE C
P.O. BOX 808
BELTON, TX 76513-0808

ALTON D. THIELE, P.C.

**Certified Public Accountant
300 East Avenue C
P. O. Box 808
Belton, Texas 76513-0808**

February 11, 2019

To the Board of Directors
Clearwater Underground Water Conservation District
700 Kennedy Ct.
PO Box 1989
Belton, TX 76513

We have audited the basic financial statements of Clearwater Underground Water Conservation District (the District) as of and for the year ended September 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated June 22, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Clearwater Underground Water Conservation District are described in NOTE 1 to the financial statements. The application of existing policies was not changed during the fiscal year ended September 30, 2018. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions, we are aware of, have been recognized in the financial statements in the proper period.

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

Management's estimate of the useful lives of its capital assets is significant due to the very nature of determining how long an item might last. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the budget of the District is significant due to the changing needs of the district and the changing property tax base within the District boundaries. We evaluated the key factors and assumptions used to develop these estimates in determining their reasonableness in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the expense of the compensation and benefits since this expense is estimated to be over one third of the total annual budget comparatively.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the Management Representation Letter dated February 11, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

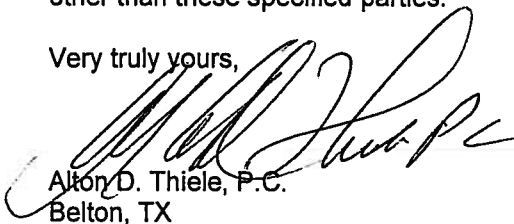
One issue of note pertains to the District's investment in TexPool. While TexPool complies implicitly with the Texas Public Funds Investment Act, TexPool still disclaims the security of funds invested with the entity as subject to loss. The District has a fiduciary responsibility to safeguard the public funds it receives. Governmental Investment Pools are not subject to the custodial risk provision as stated in the *Notes to the Financial Statements*, page 14; however, the risk of loss still exists.

Other Matters

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

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

Very truly yours,



Alton D. Thiele, P.C.
Belton, TX



ANNUAL FILING AFFIDAVIT

STATE OF TEXAS COUNTY OF Bell

I, Dirk Aaron of the
(Name of Duly Authorized District Representative)

Clearwater Underground Water Conservation District
(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 13 day of February 2019 its annual audit report for the fiscal year or period ended September 30, 2018 and those copies of the annual audit report have been filed in the district office, located at:

700 Kennedy Court, Belton TX 76513

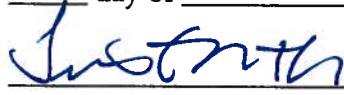
(Address of District)

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: 02/14/2019 By: 
(Signature of District Representative)

Dirk Aaron, General Manager
(Typed Name & Title of above District Representative)

Sworn to and Subscribed to before me by this 14th day of February 2019
(SEAL)


(Signature of Notary)



My Commission Expires On: 05/17/2022
Notary Public in the State of Texas.

TEXAS WATER CODE SECTION 49.194 FILING OF AUDITS, AFFIDAVITS, AND FINANCIAL REPORTS

- a. After the board has approved the audit, it shall submit a copy of the report to the executive director for filing within 135 days after the close of the district's fiscal year.
- b. If the board refuses to approve the annual audit report, the board shall submit a copy of the report to the executive director for filing within 135 days after the close of the district's fiscal year, accompanied by a statement from the board explaining the reasons for its failure to approve the report.
- c. Copies of the audit, the annual financial dormancy affidavit, or annual financial report described in Sections 49.197 and 49.198 shall be filed annually in the office of the district.
- d. Each district shall file with the executive director an annual filing affidavit in a format prescribed by the executive director, executed by a duly authorized representative of the board, stating that all copies of the annual audit report, annual financial dormancy affidavit, or annual financial report have been filed under this section.
- e. The annual filing affidavit shall be submitted with the applicable annual document when it is submitted to the executive director for filing as prescribed by this subchapter.
- f. The executive director shall file with the attorney general the names of any districts that do not comply with the provisions of this subchapter.

Added by Acts 1995, 74th Leg., ch. 715, § 2, eff. Sept. 1, 1995.

You can find the Texas Water Code and most other state laws on the [Legislative web site](#)¹ or in a number of libraries. If you don't have access to the Internet, try the library that serves your local school, county, city, community college, university, or law school. Many of these libraries offer Internet access to the public for free.

THE ANNUAL FILING AFFIDAVIT IS PRINTED ON THE OTHER SIDE

Please review the affidavit, making sure it has been fully completed, signed, and notarized. Attach the affidavit to the audit report before mailing. Submit the completed affidavit and audit report to:

District Creation Review Team - MC 152

TCEQ

PO Box 13087

Austin TX 78711-3087

Also, this form (TCEQ-0723) is available on the TCEQ [Web site](#)². If you have any questions, please contact us at (512) 239 - 4691. Our facsimile number is (512) 239 - 6190.

TCEQ-0723 (Rev. 07/2012)

¹ <http://www.capitol.state.tx.us/>

² http://www.tceq.texas.gov/cgi-bin/comm_exec/forms.pl