



Annual Comprehensive Financial Report

For The Fiscal Year Ended September 30, 2021

105 Port Road • Port Isabel, Texas 78578



**LAGUNA MADRE WATER DISTRICT
Port Isabel, Texas**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2021

PREPARED BY:

The Finance Department of Laguna Madre Water District



INTRODUCTORY SECTION	
Letter of Transmittal	3
Organizational Chart	9
List of Principal Officials	10
GFOA Certificate of Achievement	11
Annual Filing Affidavit	13
FINANCIAL SECTION	
Independent Auditors' Report	17
Management's Discussion and Analysis	21
BASIC FINANCIAL STATEMENTS	
Statement of Net Position and Governmental Fund Balance Sheet	36
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	38
Notes to the Basic Financial Statements	40
REQUIRED SUPPLEMENTARY INFORMATION SECTION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund – Budget and Actual	74
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund – Budget and Actual	75
Schedule of Changes in Net Pension Liability and Related Ratios	76
Schedule of Employer Contributions	77
OTHER SUPPLEMENTARY INFORMATION SECTION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Debt Service Fund – Budget and Actual	80
TEXAS SUPPLEMENTARY INFORMATION (TSI) SECTION	
Notes Required by the Water District Accounting Manual	82
TSI – 1. Services and Rates	83

(Continued)



TEXAS SUPPLEMENTARY INFORMATION (TSI) SECTION (Continued)	
TSI – 2. General Fund Expenditures	85
TSI – 3. Temporary Investments	86
TSI – 4. Taxes Levied and Receivable	87
TSI – 5. Long-Term Debt Service Requirements by Years	88
TSI – 6. Changes in Long-Term Bonded Debt	92
TSI – 7. Comparative Schedule of Revenues and Expenditures – General Fund And Debt Service Fund – Five Years	93
TSI – 8. Board Members, Key Personnel and Consultants	95
OTHER INFORMATION SECTION	
Top Ten Taxpayers	98
Top Ten Utility Rate Payers	99
STATISTICAL SECTION	
Financial Trends:	
Net Position by Component	102
Changes in Net Position	103
Fund Balances of Governmental Funds	104
Changes in Fund Balances of Governmental Funds	105
Revenue Capacity:	
Average Monthly Revenue per Customer	106
Water, Wastewater and Raw Water Rates	107
Top Ten Utility Rate Payers	109
Property Tax Levies and Collections	113
Debt Capacity:	
Ratios of Outstanding Debt	114
General Bonded Debt Ratio	115
Direct and Overlapping Debt	116
Total Indebtness per Customer	117
Revenue Bond Coverage	118
Demographic and Economic Information:	
Demographic and Economic Statistics	119

(Continued)



STATISTICAL SECTION (Continued)

Operating Information:

Full-Time Employees by Department	120
Total Active Connections	121
Capital Assets Statistics	122

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	125
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INTRODUCTORY SECTION

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February 9, 2022

Scott D. Friedman, Chairman
Members of the Board of Directors
Laguna Madre Water District
105 Port Road
Port Isabel, TX 78578

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the Laguna Madre Water District (District) for the fiscal year ended September 30, 2021. The purpose of the report is to provide the Board of Directors, our customers, creditors, investors, and other interested parties with transparent financial information about the District.

The ACFR was prepared by the District's Finance Department following the guidelines set forth by the Government Accounting Standards Board (GASB) and in accordance with Generally Accepted Accounting Principles (GAAP). Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rests with District management. We believe the data, as presented, is accurate in all material respects and that it is presented in a manner that provides a fair representation of the financial position and results of operation of the District and includes all disclosures necessary to enable readers to gain the maximum understanding of the District's financial activity.

The District's policy requires that an independent certified public accounting firm, selected by the Board, audit the basic financial statements on an annual basis. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended September 30, 2021, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statements presentation. The independent auditor, Carr, Riggs, and Ingram, LLC. have issued an unmodified ("clean") opinion on the District's financial statements for the fiscal year ended September 30, 2021. The independent auditor's report is presented as the first component of the financial section of this report. Management's Discussion & Analysis (MD&A) immediately follows the independent auditor's report in the Financial Section and provides an overview, summary, and analysis of the basic financial statements.

District Profile

The Laguna Madre Water District, formerly Cameron County Fresh Water Supply District No. 1, was created by order of the Commissioner's Court of Cameron County, Texas, on December 5, 1950, as a Fresh Water Supply District pursuant to the provisions of Chapter 4, Title 128, Vernon's Texas Civil Statutes, as amended (now Chapter 53, Texas Water Code) and the creation thereof was duly and lawfully confirmed at an election held for such purpose as required by law.

The Board of Supervisors of the District, acting pursuant to the authority conferred by Chapter 54, Texas Water Code, duly and lawfully adopted and entered in the minutes of the Board of Supervisors resolution declaring that in its judgments, conversion into a municipal utility district operating under Chapter 54 and under Article XVI, Section 59, of the Texas Constitution, would serve the best interest of the District and would be a benefit to the land and property included in the District. The Commission on October 23, 1973, duly passed an order to convert the District into a Municipal Utility District.

Finally, on November 8, 1995, the Board of Directors of Cameron County Fresh Water Supply District No. 1 changed the name to Laguna Madre Water District. The District is regulated pursuant to provisions of the Texas Commission on Environmental Quality. The District is governed by a five-member Board of Directors (Board), elected at large by the voters of the Laguna Madre Area. This area covers the City of Port Isabel, City of South Padre Island and the Town of Laguna Vista, as well as surrounding areas within the District's boundaries.

The mission of the District is to deliver safe, reliable and high-quality water and sewer services to its customers. The District's sole source of water is surface water pumped from the Rio Grande River approximately 25 miles away through a series of pump stations, pipelines and reservoirs to reach the District's treatment facilities. The District typically diverts approximately 5,500 acre-feet per year from the Rio Grande River to serve its customers.

The District's ordinances, policies, taxes, and rates for service are set by the Board of Directors, who serve staggered four-year terms on its Governing Board. The Board manages the District through an appointed General Manager. The District's leadership team also includes the Director of Operations, the Director of Finance and the District Engineer. There are currently 85 full-time employees working for the District.

Internal Controls

This report contains management's representations concerning the finances of the Laguna Madre Water District. Therefore, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide for a reasonable basis for making these representations, management has established a comprehensive internal control framework designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed with the objective of providing reasonable, but not absolute, assurance that the financial statements are free of any material misstatements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluations of costs and benefits require estimates and judgements by management. To assist with this mission, the District has established and maintains

various self-balancing groups of accounts to enhance internal control and to further the attainment of other management objectives. These groups of accounts, which are funds of the reporting entity, are identified in the District's books and records as:

- General Fund
- Emergency Preparation and Recovery Fund
- Debt Service Fund
- Capital Projects Fund
- AMI Meter Project Fund

The General Fund accounts for all the activities of the general government and funded primarily by water and sewer services. The Emergency Preparations and Recovery Fund is used for preparing for and recovering from disasters or emergencies. The Debt Service Fund is used to accumulate resources necessary for the payment of long-term debt obligations. The Capital Projects Fund accounts for the acquisition or construction of the District's major infrastructure and facilities. The AMI Meter Project Fund accounts for resources restricted for the District's meter replacement project. The appropriated budget is prepared by fund. Annual appropriated budgets are adopted for the general and debt service funds. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital project funds. The legal level of budgetary control is at the total expenditure level.

Local Economy

The Laguna Madre area is a coastal region on the tropical tip of South Texas. The local economy is primarily based on tourism. The local economy has continued a strong recovery from the COVID-19 pandemic with no more government-mandated restrictions of any kind as of March 2021. Area businesses had mostly reopened by October 2020 with voluntary mask mandates and capacity restrictions. Despite water restrictions caused by low reservoir levels, consumption of water and sewer services has returned to 93% of pre-pandemic levels. The low interest rate environment, warm climate, low taxes and good governance by state and local officials has helped to increase home sales in the area, despite rising prices. Monthly unemployment has come back down from a high of 16.2% in April 2020 due to government-mandated COVID-19 shutdowns to 7.3% in September 2021, only 2.1% higher than pre-pandemic levels in September 2019.

Long-Term Financial Planning

The District has been focused on rebuilding its aging infrastructure. After upgrading Water Plant Number 2 (WP2) to microfiltration in 2014, the District shutdown Water Plant 1 (WP1) in 2015 to prevent lower quality water from mixing with the superior water produced by WP2. In 2019, the District formed a citizen-led Bond Planning Committee to study the infrastructure needs of the District. The Committee identified a group of water-related projects be prioritized by the District. The largest project recommended by the committee was the upgrade of WP1 to microfiltration. This group of projects was proposed to the voters as a \$27.6 million tax bond in November 2020 and passed with 70% approval. Staff is currently working to issue these bonds through the Texas Water Development Board and bring these projects to fruition.

The District will now turn its focus in long-term planning efforts on the projects which were not selected by the Bond Planning Committee. These are primarily wastewater projects, including rehabilitation of lift

stations and adding headworks to some of our sewer treatment plants. We are also working with one of our customers, Long Island Village, in their ongoing conversion from a mobile home park to a subdivision. We are evaluating options to facilitate repairs of their private infrastructure to ensure that any new construction will meet our standards.

The District holds a tax bond authorization from the voters, approved for \$15.6 million for a seawater desalination facility, but those bonds have not been issued. We have commissioned a desalination intake and discharge modelling study by the Army Corps of Engineers to plan for our future water supply needs. The additional effort could help us qualify for grant funding for this project.

Accomplishments

The Laguna Madre Water District strives to stay at the forefront of technology to provide the service our customers deserve. This past year we accomplished our goal by completing an upgrade to our water SCADA system, restoring our communication between the water plants, River Pump Station and elevated storage tanks. This allows our staff to quickly and efficiently monitor and adjust water pressure throughout the system, including the 25-mile pipeline which brings raw water from the Rio Grande River to the water plants. Consistent pressures are a benefit to our customers and serve to extend the life of our existing infrastructure.

Generators were installed at our main office and warehouse. These generators will power the buildings in an emergency and help us better coordinate disaster response. We also upgraded our servers and installed comprehensive enterprise-level cybersecurity software. We replaced our point-to-point wireless network with a wired network that will be more resilient in an emergency. We also upgraded our staff cell phones to a government-sponsored first responder network to give us greater security and reliability.

The Water Plant Department maintained our designation as a Superior Public Water System, exceeding all minimum standards for operations and water quality. We created a new Liftstation Department to emphasize pretreatment and commercial grease trap inspections. This is enabling us to reduce the amount of fat, oil, and grease entering the wastewater system. We also created a new safety officer position to improve safety awareness, training and equipment. The Finance Department won the Certificate of Achievement for Excellence in Financial Reporting for the first time from the Government Finance Officers Association of the United States and Canada (GFOA) for its annual comprehensive financial report for the fiscal year ended September 30, 2020.

Acknowledgements

The preparation of this report could not have been accomplished without the contribution of the Finance Department and our independent auditor, Carr, Riggs and Ingram, LLC. We would also like to particularly thank the Board of Directors for their continued dedication supporting the highest level of prudent fiscal management.

Contacting the Finance Department

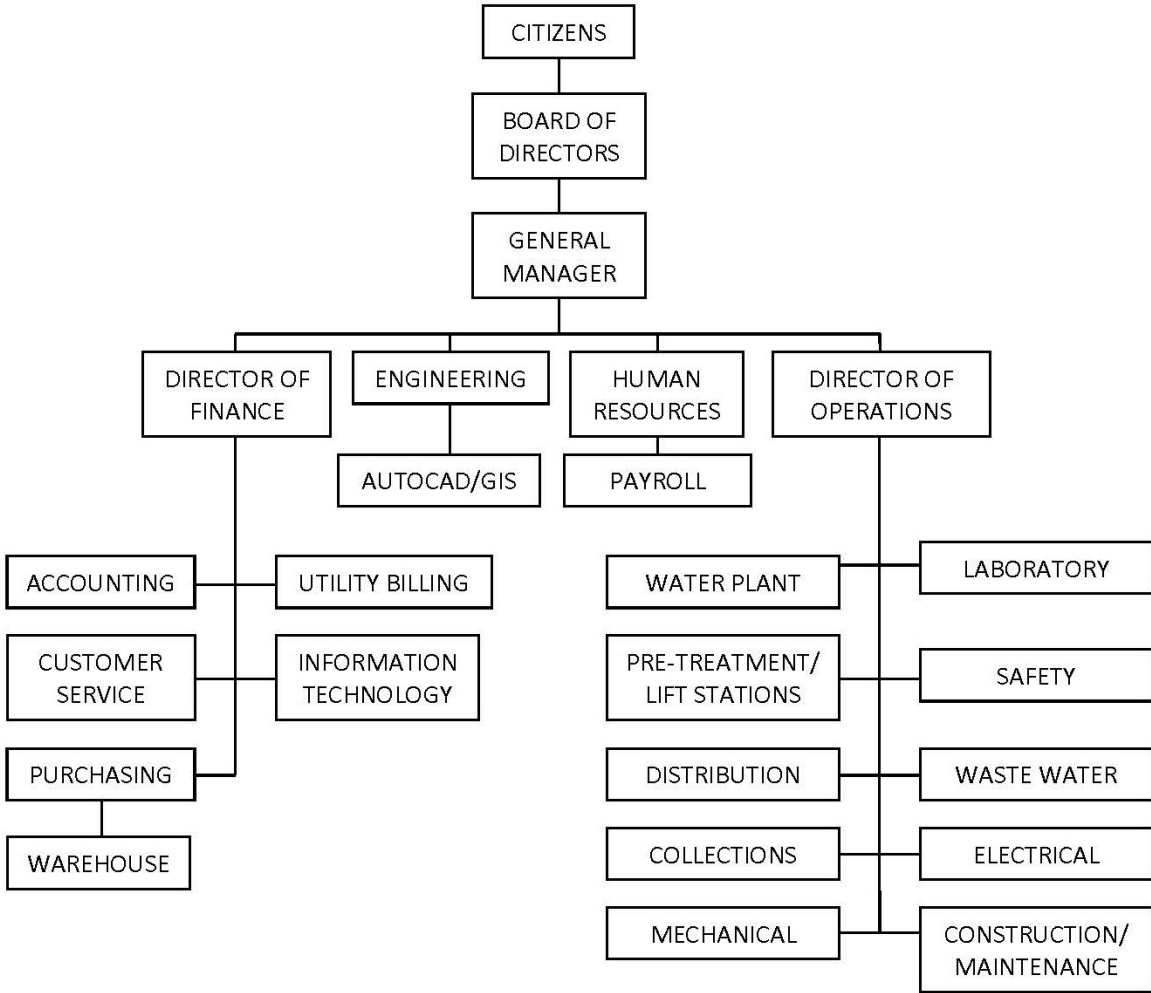
This financial report is designed to provide the Board of Directors, customers, creditors and investors with a general overview of the District's financial condition. Should you have any questions regarding the content of this report, please contact Eduardo Salazar, Director of Finance, at 956-943-2626 or esalazar@lmwd.org.

Respectfully submitted:

A handwritten signature in black ink, appearing to read 'Eduardo Salazar', written in a cursive style.

Eduardo Salazar
Director of Finance
Laguna Madre Water District

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Board Members

Scott D. Friedman
Adam Lalonde
Jason Starkey
Dave Boughter
Bill Donahue

Chairman
Vice Chairman
Secretary
Director
Director

Administration

Carlos J. Galvan, Jr.
Robert Gomez
Eduardo Salazar
Charles Ortiz, P.E.

General Manager
Director of Operations
Director of Finance
District Engineer



Government Finance Officers Association

Certificate of
Achievement for
Excellence in
Financial
Reporting

Presented to

**Laguna Madre Water District
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS

COUNTY OF CAMERON

I, Scott D. Friedman of the
(Name of Duty Authorized District Representative)

Laguna Madre Water District hereby
(Name of District)

Swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 9th day of February, 2022, its annual audit report for the Twelve-Month Period ended September 30, 2021 and that copies of the annual audit report have been filed in the district office, located at:

105 Port Rd, Port Isabel, TX 78578
(Address of District)

The filing affidavit and the attached copy of the annual audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements Texas Water Code Section 49.194.

Date: 02/09/2022, 2022 By: [Signature]

Scott D. Friedman, Chairman
(Typed Name & Title of above District Representative)

Sworn to and subscribed to before me this 9th day of February, 2022.



Daisy Patricia Martinez
(Signature of Notary)

My Commission Expires on: 03-08-2023, Notary Public in the State of Texas.

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Laguna Madre Water District

We have audited the accompanying financial statements of the governmental activities and each major fund of the Laguna Madre Water District (the "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2021, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the District recorded a prior period adjustment of \$100,748 to correct an understatement of depreciation recognized in a prior period. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the employer's net pension liability and related ratios, and schedule of employer contributions on pages 21-33 and 76 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplementary information section, Texas supplementary information section, other information section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Texas supplementary information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the Texas supplementary information section is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, other supplementary information section, other information section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Brownsville, Texas

February 9, 2022

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Laguna Madre Water District Management's Discussion & Analysis

MANAGEMENT'S DISCUSSION & ANALYSIS

This section of the Laguna Madre Water District's (District) annual financial report presents our discussion and analysis of the District's financial performance for the fiscal year ended September 30, 2021. The MD&A should be read in conjunction with the District's financial statements which follow this section.

Financial Highlights

- In the Government-Wide Statement of Net Position, total assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources for the fiscal year ended September 30, 2021, by \$70,250,031. Of this amount \$11,336,450 (considered unrestricted) may be used to meet the District's ongoing obligations to citizens and creditors. The net investment in capital assets of the District is \$55,971,387.
- The restricted portion of the Government-Wide net position includes amounts restricted for debt service of \$2,942,194.
- The fund balance in the General Fund increased by \$43,310. The ending fund balance for the fiscal year ended September 30, 2021, was \$8,362,439.
- For the fiscal year ended September 30, 2021, the District's fund balances reported a combined ending fund balance of \$19,114,221.

Overview of the Financial Statements

This annual report consists of the management's discussion and analysis (this section), the basic financial statements, notes to the basic financial statements, required supplementary information, supplementary information, Texas supplementary information (TSI) section, other information section and statistical section.

The basic financial statements are comprised of three components:

- The *government-wide financial statements* provide both long-term and short-term information about the District's overall financial status. These statements are presented for governmental activities, the only activity of the District. They are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.
- The *statement of net position* presents information on all of the District's assets and liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Laguna Madre Water District Management's Discussion & Analysis

Overview of the Financial Statements (Continued)

- The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The fund financial statements focus on individual parts of the District, reporting the District's operation in greater detail than the government-wide statements. A fund is 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 of the funds of the District are governmental funds.

- The governmental funds statements show how general government services were financed in the short-term as well as what remains for future spending. The District considers the following funds as major: General Fund, Debt Service Fund, Emergency Services Fund, Capital Projects Fund and AMI Meter Project Fund.

Additional Information Regarding the District's Fund Financial Statements:

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its general fund and debt service fund. Budgetary comparison statements have been provided for the general and debt service fund.

The District's basic financial statements can be found on pages 36-39.

Laguna Madre Water District Management's Discussion & Analysis

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-71 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's general fund budgetary schedule, schedule of changes in employer's net pension liability and related ratios, as well as the schedule of employer contributions. Required supplementary information can be found on pages 74-77 of this report.

Other Supplementary Information, Texas Supplementary Information (TSI) Section and Other Information Section

The District also provides other supplementary information concerning the District's debt service fund budgetary schedule, Texas Supplementary Information schedules as required by the Texas Commission on Environmental Quality, and other information deemed appropriate. The other supplementary information, the TSI, and other information can be found on pages 80-99 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of the District's financial position. At September 30, 2021, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$70,250,031. By far, the largest portion of the District's net position, \$55,971,387 (79.7%), reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment), less any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide services to its citizens and therefore these assets are not available for future spending. Although the District's investment in these capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, \$2,942,194 (4.2%), represents resources that are subject to external restriction on how they may be used. The remaining balances of unrestricted net position, totaling \$11,336,450 (16.1%), may be used to meet the District's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior fiscal year.

Laguna Madre Water District Management's Discussion & Analysis

Exhibit 1
Laguna Madre Water District
Governmental Activities – Net Position
September 30,

	2021	As restated 2020
Current and other assets	\$ 20,575,032	\$ 20,304,086
Capital assets, net	79,356,559	80,773,334
Total assets	99,931,591	101,077,420
Total deferred outflows of resources	1,326,084	494,768
Long-term liabilities outstanding	28,991,250	30,525,013
Other liabilities	1,525,400	1,378,593
Total liabilities	30,516,650	31,903,606
Total deferred inflows of resources	490,994	389,550
Net position		
Net Investment in capital assets	55,971,387	56,170,092
Restricted	2,942,194	2,484,301
Unrestricted	11,336,450	10,523,890
Total net position	\$ 70,250,031	\$ 69,178,283

Governmental Activities

During the current fiscal year, net position for governmental activities increased by \$1,071,748 from current year operations, less a prior period adjustment of \$100,748, for an increase of \$971,000. As indicated in Exhibit 2 charges for services comprised 86.9% and property taxes comprised 10.3% of all revenues. Service operations comprised 68.3% of all expenses; interest on long-term debt, 5.4%; and depreciation expense, 26.2%.

Charges for services increased by \$753,107 or 6.9% compared to the prior year. The increase in charges for services is primarily a result of increases in the water and wastewater service rates. The increase in service rates represents the third year of a five-year financial plan instituted in 2018, primarily to finance future capital projects which currently remain unfunded. Service operations expenses increased by \$308,726 or 3.8% compared to the prior year.

Laguna Madre Water District Management's Discussion & Analysis

Exhibit 2
Laguna Madre Water District
Governmental Activities – Changes in Net Position
For the Fiscal Year Ended September 30,

	2021	As restated 2020
Revenues:		
Program Revenues		
Charges for services	\$ 11,695,744	\$ 10,942,637
General Revenues		
Property taxes	1,391,092	1,369,386
Investment earnings	75,084	234,039
Other	293,550	158,362
Total revenue	13,455,470	12,704,424
Expenses		
Service operations	8,462,874	8,154,148
Interest on long-term debt and fiscal expense	673,757	721,054
Depreciation expense	3,247,091	3,028,514
Total expenses	12,383,722	11,903,716
Increase in net position	1,071,748	800,708
Net position, beginning	69,178,283	68,478,323
Prior period adjustment	-	(100,748)
Net position, beginning - as restated	69,178,283	68,377,575
Net position, ending	\$ 70,250,031	\$ 69,178,283

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party or the District itself.

Laguna Madre Water District Management's Discussion & Analysis

Governmental Funds (Continued)

At September 30, 2021, the District's governmental funds reported combined ending fund balances of \$19,114,211, an increase of \$163,781 in comparison with the prior year. Approximately \$7,459,902 of this amount (38.9%) constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$757,990), 2) restricted for particular purposes (\$6,481,466), 3) committed for particular purposes (\$2,423,448), 4) assigned for particular purposes (\$1,991,415).

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,459,902, while total fund balance increased to \$8,362,439. The fund balance of the District's general fund increased by \$43,310 primarily due to increases in water and wastewater service rates.

As shown in Exhibit 3 below, the District has maintained healthy fund balances in its general fund for several consecutive fiscal years.

Exhibit 3
Fund Balance of the General Fund

Fiscal Year	Revenues	Expenditures Plus Transfers Out	Fund Balance	Percentage of Fund Balance In Relation to Revenues	Percentage of Fund Balance In Relation to Expenditures Plus Transfer Out
April					
2010	\$ 7,443,217	\$ 7,387,754	\$ 4,511,569	60.6%	61.1%
2011	\$ 8,100,426	\$ 7,466,198	\$ 5,087,406	62.8%	68.1%
2012	\$ 8,268,463	\$ 7,151,218	\$ 6,284,270	76.0%	87.9%
2013	\$ 8,738,728	\$ 10,335,855	\$ 4,697,639	53.8%	45.4%
September					
2013*	\$ 3,813,789	\$ 3,137,960	\$ 5,373,468	140.9%	171.2%
2014	\$ 7,459,276	\$ 7,345,323	\$ 5,487,421	73.6%	74.7%
2015	\$ 8,022,892	\$ 7,743,486	\$ 5,771,327	71.9%	74.5%
2016	\$ 9,259,450	\$ 8,864,410	\$ 6,267,812	67.7%	70.7%
2017	\$ 9,738,484	\$ 9,695,592	\$ 6,317,365	64.9%	65.2%
2018	\$ 9,585,386	\$ 8,858,549	\$ 6,840,953	71.4%	77.2%
2019	\$ 10,715,366	\$ 9,801,803	\$ 7,754,516	72.4%	79.1%
2020	\$ 11,206,439	\$ 10,641,826	\$ 8,319,129	74.2%	78.2%
2021	\$ 12,028,449	\$ 11,985,139	\$ 8,362,439	69.5%	69.8%

*Results are based on a 5-month period. During 2013 the District changed to a September 30 fiscal year end.

**Laguna Madre Water District
Management's Discussion & Analysis**

Exhibit 4
Laguna Madre Water District
General Fund
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30,

	2021	2020
Revenues		
Water services	\$ 5,703,408	\$ 5,511,444
Wastewater services	5,483,671	5,019,441
Other water sales	116,136	161,896
Late fees	49,804	24,887
Tap fees	342,725	224,969
Investment earnings	39,182	105,440
Miscellaneous	293,523	158,362
Total revenues	12,028,449	11,206,439
Expenditures		
Service operation	8,817,094	8,078,028
Lease principal	12,565	12,565
Lease interest	1,609	1,609
Capital outlay	580,869	585,444
Total expenditures	9,412,137	8,677,646
Excess (Deficiency) of Revenues Over (under) Expenditures	2,616,312	2,528,793
Other Financing Sources (Uses)		
Transfer from other funds	-	-
Transfer to other funds	(2,573,002)	(1,964,180)
Total other financing sources	(2,573,002)	(1,964,180)
Net change in fund balance	43,310	564,613
Fund balance, beginning	8,319,129	7,754,516
Fund balance, ending	\$ 8,362,439	\$ 8,319,129

Laguna Madre Water District Management's Discussion & Analysis

Exhibit 5
Laguna Madre Water District
Debt Service Fund
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30,

	2021	2020
Revenues		
Property taxes and penalties/interest	\$ 1,437,590	\$ 1,376,676
Investment earnings	21,585	48,013
Miscellaneous	27	-
Total revenues	1,459,202	1,424,689
Expenditures		
Bond principal	2,030,000	1,990,000
Bond interest and fiscal agent fees	679,306	726,603
Contracted services	52,482	52,134
Total expenditures	2,761,788	2,768,737
Excess (Deficiency) of Revenues Over (under) Expenditures	(1,302,586)	(1,344,048)
Other Financing Sources (Uses)		
Transfer from other funds	1,756,181	337,144
Total other financing sources	1,756,181	337,144
Net change in fund balances	453,595	(1,006,904)
Fund balance, beginning	2,484,301	3,491,205
Fund balance, ending	\$ 2,937,896	\$ 2,484,301

As shown in Exhibit 5 above, the debt service fund for the fiscal year ended September 30, 2021, had a fund balance of \$2,937,896; this amount represented an increase of \$453,595 compared to the prior year. The increase in fund balance is due to an increase property tax revenue and transfers in from the general fund to service current year debt payments. The total debt service fund balance is restricted for payment of debt service. The District's ad valorem tax rate during fiscal year 2021 was \$0.039918 per \$100 valuation.

**Laguna Madre Water District
Management's Discussion & Analysis**

Exhibit 6
Laguna Madre Water District
Capital Projects Fund
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30,

	2021	2020
Revenues		
Investment earnings	\$ 5,819	\$ 42,203
Total revenues	5,819	42,203
Expenditures		
Capital outlay	1,164,262	1,777,409
Total expenditures	1,164,262	1,777,409
Excess (Deficiency) of Revenues Over (under) Expenditures	(1,158,443)	(1,735,206)
Other Financing Sources (Uses)		
Transfer from other funds	956,079	1,627,036
Total other financing sources	956,079	1,627,036
Net Change in Fund Balances	(202,364)	(108,170)
Fund balance, beginning	5,737,349	5,845,519
Fund balance, ending	\$ 5,534,985	\$ 5,737,349

As shown in Exhibit 6 above, the capital projects fund for the fiscal year ended September 30, 2021, had a fund balance of \$5,534,985; this amount represented a decrease of \$202,364 compared to the prior year.

Laguna Madre Water District Management's Discussion & Analysis

Exhibit 7
Laguna Madre Water District
AMI Meter Project Fund
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30,

	2021	2020
Revenues		
Investment earnings	\$ -	\$ 2,354
Total revenues	-	2,354
Expenditures		
Capital outlay	-	188,178
Total expenditures	-	188,178
Excess (Deficiency) of Revenues Over (under) Expenditures	-	(185,824)
Other Financing Sources (Uses)		
Transfer to other funds	(139,258)	-
Total other financing sources	(139,258)	-
Net Change in Fund Balances	(139,258)	(185,824)
Fund balance, beginning	257,362	443,186
Fund balance, ending	\$ 118,104	\$ 257,362

The AMI Meter Project is a capital projects fund established by the District to track the proceeds of revenue notes issued for making improvements and extensions to the District's infrastructure. As shown in Exhibit 7 above, the AMI meter project fund for the fiscal year ended September 30, 2021, had a fund balance of \$118,104, a decrease of \$139,258 compared to the prior year. The decrease in the current year is due to the transfer of remaining cash and cash equivalents from the AMI Meter Project Fund to the Capital Projects Fund.

Laguna Madre Water District Management's Discussion & Analysis

General Fund Budgetary Highlights

For the fiscal year ended September 30, 2021, total actual revenues were under budget by \$32,470. Total actual expenditures were under budget by \$353,533. Variances between budgeted and actual amounts are not expected to have a significant effect on future services or liquidity of the District. The budget remains in effect the entire year and is revised only if necessary through a budget amendment.

Capital Asset and Debt Administration

As shown in Exhibit 8, the District's investment in capital assets for its governmental activities as of September 30, 2021, amounts to \$79,492,337. The net decrease in capital assets for the fiscal year ended September 30, 2021 was \$1,316,027.

Depreciation expense for the year ended September 30, 2021 totaled \$3,247,091.

Exhibit 8
Laguna Madre Water District
Capital Assets
(Net of depreciation)
For the Fiscal Year Ended September 30,

	2021	2020
Land	\$ 1,462,527	\$ 1,462,527
Construction in progress	2,517,963	1,439,744
Buildings and improvements	2,870,467	3,002,782
Improvements other than buildings	6,690,569	6,885,223
Machinery and equipment	1,574,721	1,331,874
Infrastructure	64,240,312	66,550,436
Total	\$ 79,356,559	\$ 80,672,586

Additional information on the District's capital assets can be found in Note 6 on page 57 of this report.

Long-Term Debt

At September 30, 2021, the District's total bonded debt, including unamortized premiums, was \$24,973,077. Of this amount, \$11,705,000 is considered to be tax supported debt and \$13,085,000 is considered revenue supported debt. The District also has revenue notes outstanding totaling \$2,135,000.

Laguna Madre Water District Management's Discussion & Analysis

Bond Ratings

The District maintains the following general obligation and revenue bond credit ratings:

	Moody's Investors Service	Standard & Poor's
General obligation bonds	Aa2	A+
Revenue bonds	A1	N/A

Exhibit 9 shows the District's outstanding long-term debt as of September 30, 2021.

Additional information on the District's long-term debt can be found in Note 7 on pages 57-60 of this report.

Exhibit 9
Laguna Madre Water District
Long-Term Liabilities
For the Fiscal Year Ended September 30,

	2021	2020
Revenue notes payable	\$ 2,135,000	\$ 2,400,000
General obligation tax bonds	11,705,000	12,610,000
Revenue bonds	13,085,000	13,945,000
Plus: Unamortized premium	183,077	199,721
Total bonds payable	24,973,077	26,754,721
Compensated absences	100,330	120,181
Lease payable	27,098	40,048
Net pension liability	1,755,748	1,210,063
Total long-term liabilities	\$ 28,991,253	\$ 30,525,013

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the Laguna Madre Water District and were considered in developing the 2020-2021 fiscal year budget.

- The local economy has mostly recovered from the COVID-19 pandemic with the last remaining government-mandated restrictions removed as of March 2021 returning consumption to 93% of pre-pandemic levels.

Laguna Madre Water District Management's Discussion & Analysis

Economic Factors and Next Year's Budgets and Rates (Continued)

- Consumption of water and sewer services in the current year is expected to be limited approximately 5% by ongoing water restrictions due to low reservoir levels along the Rio Grande River.
- A 5% increase in wastewater rates beginning October 2021 anticipates current expenditure increases in wastewater operating costs and future investment in wastewater capital projects.
- A property tax rate decrease of 4.3% to fund ongoing tax-supported debt obligations due to level annual debt service obligations and an increase in taxable assessed values.
- Interest rates are expected to rise gradually from record low levels throughout the current fiscal year.
- On the expenditure side, a cost-of-living adjustment of 5.9% was given to all employees to match the federal government adjustment on social security payments.
- The District is undertaking significant capital investment with this year's budget including financing over \$1.2M to complete the ongoing Water Plant 1 clarifier rehabilitation using District funds to work ahead of the issuance of the related tax bonds.
- Over \$800,000 in purchases of heavy equipment, machinery and equipment.
- Over \$550,000 to rehabilitate an existing elevated storage tank on South Padre Island.
- Over \$200,000 in facility repairs in addition to \$65,000 for a facility master plan to plan for future expansion.
- Revenue bonds from 2019 are financing the ongoing lift station rehabilitation project budgeted for \$4.9M.

Request for Information

This financial report is to provide the District directors, citizens, taxpayers, customers, bondholders, creditors, and other governmental sectors with a general overview of the District's financial condition and to demonstrate the District's accountability for the funds it receives.

If you have any questions regarding this report or need additional information, please contact:

Laguna Madre Water District
Eduardo Salazar, Director of Finance
105 Port Road
Port Isabel, Texas 78578

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Fax Number: 956.943.6662
E-mail: esalazar@lmwd.org
Web Page: lmwd.org

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BASIC FINANCIAL STATEMENTS

Laguna Madre Water District
Statement of Net Position and Governmental Funds Balance Sheet

<i>September 30, 2021</i>	General Fund	Emergency Preparation and Recovery Fund	Debt Service Fund	Capital Projects Fund	AMI Meter Project Fund	Total	Adjustments (Note 2)	Statement of Net Position
Assets								
Cash and cash equivalents	\$ 4,964,603	\$ -	\$ -	\$ 1,991,415	\$ -	\$ 6,956,018	\$ -	\$ 6,956,018
Certificates of deposit	2,339,545	-	-	-	-	2,339,545	-	2,339,545
Receivables, (net):								
Taxes	-	-	62,368	-	-	62,368	-	62,368
Accounts	874,599	-	-	-	-	874,599	-	874,599
Miscellaneous	22,649	-	-	-	-	22,649	-	22,649
Internal receivables	89,443	-	-	-	-	89,443	(89,443)	-
Inventories	543,265	-	-	-	118,104	661,369	-	661,369
Prepaid expenses	96,621	-	-	-	-	96,621	-	96,621
Restricted assets:								
Cash and cash equivalents	168,674	83,501	364,032	3,853,824	-	4,470,031	-	4,470,031
Certificates of deposit	407,695	2,077,296	2,569,388	-	-	5,054,379	-	5,054,379
Capital assets not being depreciated:								
Non-depreciable	-	-	-	-	-	-	3,980,490	3,980,490
Depreciable, net	-	-	-	-	-	-	75,376,069	75,376,069
Bond insurance	-	-	-	-	-	-	37,453	37,453
Total Assets	9,507,094	2,160,797	2,995,788	5,845,239	118,104	20,627,022	79,304,569	99,931,591
Deferred Outflows of Resources								
Deferred charge on refunding	-	-	-	-	-	-	89,889	89,889
Deferred outflows related to pension	-	-	-	-	-	-	1,236,195	1,236,195
Total Deferred Outflows of Resources	-	-	-	-	-	-	1,326,084	1,326,084
Liabilities								
Accounts payable	336,063	-	4,298	200,744	-	541,105	-	541,105
Accrued payroll	180,944	-	-	-	-	180,944	-	180,944
Accrued expenses	59,400	-	-	-	-	59,400	-	59,400
Accrued interest	-	-	-	-	-	-	155,636	155,636
Retainage payable	-	-	-	20,067	-	20,067	-	20,067
Internal payables	-	-	-	89,443	-	89,443	(89,443)	-
Customer deposits	568,248	-	-	-	-	568,248	-	568,248
Non-current liabilities:								
Due within one year								
Lease payable	-	-	-	-	-	-	13,345	13,345
Notes payable	-	-	-	-	-	-	275,000	275,000
Bonds payable	-	-	-	-	-	-	1,810,000	1,810,000
Compensated absences	-	-	-	-	-	-	30,099	30,099
Due in more than one year								
Lease payable	-	-	-	-	-	-	13,753	13,753
Notes payable	-	-	-	-	-	-	1,860,000	1,860,000
Bonds payable	-	-	-	-	-	-	23,163,074	23,163,074
Compensated absences	-	-	-	-	-	-	70,231	70,231
Net pension liability	-	-	-	-	-	-	1,755,748	1,755,748
Total Liabilities	1,144,655	-	4,298	310,254	-	1,459,207	29,057,443	30,516,650

Laguna Madre Water District
Statement of Net Position and Governmental Funds Balance Sheet (Continued)

<i>September 30, 2021</i>	General Fund	Emergency Preparation and Recovery Fund	Debt Service Fund	Capital Projects Fund	AMI Meter Project Fund	Total	Adjustments (Note 2)	Statement of Net Position
Deferred Inflows of Resources								
Unavailable tax revenue	-	-	53,594	-	-	53,594	(53,594)	-
Deferred inflows related to pension	-	-	-	-	-	-	490,994	490,994
Total Deferred Inflows of Resources	-	-	53,594	-	-	53,594	437,400	490,994
FUND BALANCE/NET POSITION								
Fund balances:								
Non-spendable:								
Prepaid items	96,621	-	-	-	-	96,621	(96,621)	-
Inventories	543,265	-	-	-	118,104	661,369	(661,369)	-
Restricted:								
Debt service	-	-	2,937,896	-	-	2,937,896	(2,937,896)	-
Capital projects	-	-	-	3,543,570	-	3,543,570	(3,543,570)	-
Committed:								
Capital projects	262,651	-	-	-	-	262,651	(262,651)	-
Emergency reserve	-	2,160,797	-	-	-	2,160,797	(2,160,797)	-
Assigned:								
Capital projects	-	-	-	1,991,415	-	1,991,415	(1,991,415)	-
Unassigned	7,459,902	-	-	-	-	7,459,902	(7,459,902)	-
Total fund balances	8,362,439	2,160,797	2,937,896	5,534,985	118,104	19,114,221	(19,114,221)	-
Total liabilities, deferred inflows, and fund balances	\$ 9,507,094	\$ 2,160,797	\$ 2,995,788	\$ 5,845,239	\$ 118,104	\$ 20,627,022		
Net Position (Government-wide):								
Net investment in capital assets							55,971,387	55,971,387
Restricted for:								
Debt service							2,942,194	2,942,194
Unrestricted							11,336,450	11,336,450
Total net position							\$ 70,250,031	\$ 70,250,031

The notes to the financial statements are an integral part of this statement

Laguna Madre Water District

Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances

<i>For the Fiscal Year Ended September 30, 2021</i>	General Fund	Emergency Preparation and Recovery Fund	Debt Service Fund	Capital Projects Fund	AMI Meter Project Fund	Total	Adjustments (Note 2)	Statement of Activities
Expenditures/expenses:								
Water/Wastewater Service operations:								
Administration	350,968	-	-	-	-	350,968	-	350,968
Contracted services	260,613	-	52,482	-	-	313,095	-	313,095
Insurance	240,746	-	-	-	-	240,746	-	240,746
Professional fees	154,703	-	-	-	-	154,703	-	154,703
Payroll and benefits	5,185,789	-	-	-	-	5,185,789	(529,927)	4,655,862
Net pension expense	-	-	-	-	-	-	309,543	309,543
Utilities	692,632	-	-	-	-	692,632	-	692,632
Materials and supplies	1,252,773	-	-	-	-	1,252,773	-	1,252,773
Repairs and maintenance	602,646	-	-	-	-	602,646	(185,933)	416,713
Depreciation	-	-	-	-	-	-	3,247,091	3,247,091
Other	75,839	-	-	-	-	75,839	-	75,839
Capital outlay	580,869	-	-	1,164,262	-	1,745,131	(1,745,131)	-
Debt service:								
Principal	-	-	2,030,000	-	-	2,030,000	(2,030,000)	-
Lease principal	12,950	-	-	-	-	12,950	(12,950)	-
Interest and fiscal charges	1,609	-	679,306	-	-	680,915	(7,158)	673,757
Bond issuance costs	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total expenditures/expenses	9,412,137	-	2,761,788	1,164,262	-	13,338,187	(954,465)	12,383,722
Program Revenues:								
Charges for services:								
Water services	\$ 5,703,408	\$ -	\$ -	\$ -	\$ -	\$ 5,703,408	\$ -	\$ 5,703,408
Wastewater services	5,483,671	-	-	-	-	5,483,671	-	5,483,671
Other water sales	116,136	-	-	-	-	116,136	-	116,136
Late fees	49,804	-	-	-	-	49,804	-	49,804
Tap fees	342,725	-	-	-	-	342,725	-	342,725
Total program revenues	11,695,744	-	-	-	-	11,695,744	-	11,695,744
Net program expense								687,978

Laguna Madre Water District

Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances (Continued)

<i>For the Fiscal Year Ended September 30, 2021</i>	General Fund	Emergency Preparation and Recovery Fund	Debt Service Fund	Capital Projects Fund	AMI Meter Project Fund	Total	Adjustments (Note 2)	Statement of Activities
General Revenues:								
Property taxes	-	-	1,412,588	-	-	1,412,588	(46,498)	1,366,090
Penalties and interest	-	-	25,002	-	-	25,002	-	25,002
Investment earnings	39,182	8,498	21,585	5,819	-	75,084	-	75,084
Miscellaneous	293,523	-	27	-	-	293,550	-	293,550
Total general revenues	332,705	8,498	1,459,202	5,819	-	1,806,224	(46,498)	1,759,726
Excess (deficiency) of revenues over (under) expenditures	2,616,312	8,498	(1,302,586)	(1,158,443)	-	163,781	907,967	1,071,748
Other financing sources (uses)								
Transfers In	-	-	1,756,181	1,361,024	-	3,117,205	(3,117,205)	-
Transfers Out	(2,573,002)	-	-	(404,945)	(139,258)	(3,117,205)	3,117,205	-
Total other financing sources (uses)	(2,573,002)	-	1,756,181	956,079	(139,258)	-	-	-
Net change in fund balance	43,310	8,498	453,595	(202,364)	(139,258)	163,781	(163,781)	
Change in net position							1,071,748	1,071,748
Fund balance/net position:								
Beginning of the year	8,319,129	2,152,299	2,484,301	5,737,349	257,362	18,950,440	50,328,591	69,279,031
Prior period Adjustment	-	-	-	-	-	-	(100,748)	(100,748)
Beginning of the year-as restated	8,319,129	2,152,299	2,484,301	5,737,349	257,362	18,950,440	50,227,843	69,178,283
End of the year	\$ 8,362,439	\$ 2,160,797	\$ 2,937,896	\$ 5,534,985	\$ 118,104	\$ 19,114,221	\$ 51,135,810	\$ 70,250,031

The notes to the financial statements are an integral part of this statement

Laguna Madre Water District Notes to Financial Statements

The financial statements of the Laguna Madre Water District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Government Accounting Standards Board (“GASB”) is the accepted standard-setting body for established governmental accounting and financial reporting principles. The most significant of the District’s accounting policies are described below.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Laguna Madre Water District was organized on October 10, 1973 to create a municipal utility district, and is governed by a five-member Board of Directors. The District is governed pursuant to provisions of the Texas Commission on Environmental Quality. Service areas include Port Isabel, South Padre Island and Laguna Vista, Texas, and surrounding areas. The District was established for the purpose of providing water and wastewater services to its residents and taxpayers.

The District follows GASB accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. In evaluating the District as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification. The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Basis of Presentation - Government-wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

The fund financial statements provide information about the District’s funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of accounting for specific activities. The District uses funds to report results of operations and financial position, and demonstrate compliance with legal, contractual and regulatory requirements.

The District reports the following major governmental funds:

- The *general fund* is the District’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Government-wide and Fund Financial Statements (Continued)

- The *emergency preparation and recovery fund* is used for preparing for and recovering from man-made or natural disasters or emergencies.
- The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.
- The *capital projects fund* accounts for the acquisition or construction of the District's major capital facilities.
- The *AMI Meter project fund* accounts for resources restricted for the District's meter replacement project.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the *current financial resources measurements focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payments are due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and debt service funds. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital projects funds.

The appropriated budget is prepared by fund and department. The District's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the General Manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the total expenditure level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The District's investing activity is governed by Texas Government Code Chapter 2256, The Public Funds Investment Act (the "Act"). The Act authorizes the District to invest in obligations of the United States or its agencies and instrumentalities, certificates of deposit, money market mutual funds, and State and local government investment pools. The Act requires the District to adopt and implement an investment policy on an annual basis that addresses (1) safety of principal and liquidity and (2) investment diversification, yield, and maturity and the quality and capability of investment management. The District's management believes it has substantially complied with the requirements of the Act and the District's investment policy.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first out ("FIFO") method and consist of materials, meters and expendable supplies. The cost of such inventories is recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

Accounts Receivable

Unbilled receivables – An amount for unbilled revenue is recorded for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end.

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 120 days are subject to being considered as uncollectible.

Property Taxes

Property taxes are levied each October 1st on the basis of assessed values and are due upon receipt of the tax bill. Taxes become delinquent February 1st of the following year at which time penalties and interest are applicable. Discounts of 3%, 2%, and 1% are granted for payments received in October, November, and December, respectively. Liens for unpaid taxes go into effect on July 1st of the year taxes become delinquent.

Laguna Madre Water District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

Certain assets of the District are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Customer deposit accounts – Used to account for customer deposits which are refunded upon termination of service with the District and satisfaction of all obligations due.

Bond proceed and debt service accounts – Includes certain proceeds from issuance of general obligation and revenue bonds, as well as certain resources set aside for the repayment of general obligation and revenue bonds.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sidewalks and similar items) are reported in the applicable governmental activities columns in the governmental-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donations.

Asset Class	Estimated Useful Lives
Buildings	40
Improvements other than buildings	20
Furniture and fixtures	10
Equipment	10
Motor vehicles	8
Water and wastewater plant in service	50
Infrastructure	50

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Pensions

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

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. Accumulated sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists.

Deferred Compensation Plan

The District offers a separate deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees permits them to defer a portion of their salary, until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Amendments to the laws governing Section 457 Deferred Compensation Plans substantially became effective January 1, 1997. The District approved plan amendments such that plan assets are held in trust, with Nationwide Retirement Solutions and ING Aetna Life Insurance and Annuity Company as trustees, for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose. The District does not have legal access to the resources of the deferred compensation plan; as such the plan is not reported in the District's financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. One item is a deferred outflow related to a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows related to pension reported in the government-wide statement of net position rise from amounts permitted to be recognized as part of pension expense over a period of years. These expenses are related to differences between expected and actual plan experience, changes in assumptions, differences between projected and actual investments earnings, and employer contributions made subsequent to the measurement date through the District's year end. The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. Deferred outflows of resources related to pensions resulting from differences between projected and actual investments earnings are recognized in pension expense over a period of five years. Other pension related deferred outflows are recognized in pension expense over the remaining service life for all active, inactive, and retired members.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable tax revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is recognized as an inflow of resources in the period that the amount becomes available. Deferred inflows related to pensions reported in the government-wide statement of net position result from differences between expected and actual plan experience. The deferred inflows of resources related to pension are recognized in pension expense over the average remaining service life for all active, inactive, and retired members.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Laguna Madre Water District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The nonspendable fund balance classification includes amount that cannot be spent because they are either in nonspendable form or they are legally required to be maintained intact. Examples of nonspendable fund balances include inventory and prepaid items.

The restricted fund balance includes resources that can be spent only for specific purposes stipulated by constitution, external resource providers (creditors, grantors, contributors, etc.), laws and regulations of other governments, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purpose determined by a formal action of the District's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors has by resolution authorized the General Manager and Director of Finance to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the General Fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 to assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 9, 2022. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

The District is evaluating the requirements of the above statements and the impact on reporting.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

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

Total fund balances – governmental funds (pages 36-37)	\$ 19,114,221
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	79,356,559
Deferred outflows of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	1,236,195
Deferred inflows of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(490,994)
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.	53,594
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.	(29,019,544)
Net position of governmental activities (pages 36-37)	\$ 70,250,031

One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$79,356,559 are as follows:

Land	\$ 1,462,527
Construction in progress	2,517,963
Buildings and improvements, net	2,870,467
Improvements other than buildings, net	6,690,569
Machinery and equipment, net	1,574,721
Infrastructure, net	64,240,312
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ 79,356,559

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position (Continued)

Another element of that reconciliation explains that “long-term liabilities, including net pension liability and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(29,019,544) difference are as follows:

Revenue notes payable	\$ (2,135,000)
General obligation bonds payable	(11,705,000)
Revenue bonds payable	(13,085,000)
Deferred charge on refunding (to be amortized as interest expense)	89,889
Capital lease payable	(27,098)
Bond insurance (to be amortized over life of debt)	37,453
Issuance premiums (to be amortized as interest expense)	(183,074)
Accrued interest payable	(155,636)
Compensated absences	(100,330)
Net pension liability	(1,755,748)
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Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ (29,019,544)
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**Laguna Madre Water District
Notes to Financial Statements**

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statements of activities

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

Net change in fund balances – total governmental funds (pages 38-39)	\$	163,781
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(1,316,027)
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The calculated pension expense on the statement of activities was less than the cash pension contributions reported in the funds and therefore increases net position.		200,532
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(46,498)
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Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.		19,852
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental fund, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effects on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		2,042,950
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		7,158
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Change in net position of governmental activities (page 38-39)	\$	1,071,748
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**Laguna Madre Water District
Notes to Financial Statements**

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statements of activities (Continued)

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(1,316,027) difference are as follows:

Capital outlay	\$ 1,931,064
Depreciation expense	(3,247,091)
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Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ (1,316,027)

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount \$(2,042,950), is the net effect of these differences in the treatment of long-term debt and related items. The details of the \$(2,042,950) difference are as follows:

Principal repayments:	
Revenue bonds	\$ (265,000)
General obligation bonds	(905,000)
Revenue bonds	(860,000)
Capital lease	(12,950)
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Net adjustment to increase <i>changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (2,042,950)

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statements of activities (Continued)

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(7,158) difference are as follows:

Accrued interest	\$ (10,263)
Amortization of deferred charge on refunding	16,344
Amortization of bond premiums	(16,644)
Amortization of bond insurance	3,405
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Net adjustment to decrease <i>changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (7,158)

NOTE 3: LEGAL COMPLIANCE

Budget

1. As required by the Texas Water Code, the General Manager submits to the Board of Directors the proposed executive budgets for the fiscal year prior to the beginning of such fiscal year.
2. Budget Workshops are conducted to obtain rate payers comments.
3. The original amount of appropriated budgets and any revisions of such budgets that affect the overall fund total expenditures are made through appropriate budget resolutions by the Board of Directors. The original annual appropriated budgets are adopted by resolution by the Board of Directors prior to the beginning of the fiscal year as required by state law. The final annual amended appropriated budgets are shown in this report. The overall fund total of actual expenditures cannot exceed the overall fund total of appropriated expenditures for such funds.
4. The General Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the overall total of appropriated expenditures of any fund must be approved by the Board of Directors.
5. Appropriations lapse at the end of each fiscal year.

A Budget is not prepared for the Capital Projects fund since funds are budgeted over the life of the respective project and not on an annual basis.

Laguna Madre Water District Notes to Financial Statements

NOTE 4: DEPOSITS AND INVESTMENTS

Deposits and investments as of September 30, 2021 are classified in the accompanying financial statements as follows:

Unrestricted – cash and cash equivalents	\$	6,956,018
Unrestricted – investments (certificates of deposit)		2,339,545
Total	\$	9,295,563

Restricted deposits and investments as of September 30, 2021 consist of the following:

Restricted – cash and cash equivalents	\$	4,470,031
Restricted – investments (certificates of deposit)		5,054,379
Total	\$	9,524,410

Investments Authorized by District Investment Policy – The table below identifies the investment types that are authorized for the District by its investment policy. The table also identifies certain provision of the District’s investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	2 years	None	None
Local Government Investment Pools	2 years	None	None
Money Market Funds	2 years	None	None
Time Certificates of Deposit	2 years	None	None

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The investment policy of the District states that, to the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. Unless matched to a specific cash flow requirement, the District will not invest in securities maturing more than two years from the date of purchase. In addition, the District will invest operating funds primarily in financial institution deposits, shorter-term securities, money market mutual funds, or local government investment pools functioning as money market mutual funds. The District will also diversify maturities and stagger maturity dates to minimize the impact of market movements over time.

Laguna Madre Water District Notes to Financial Statements

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. U.S. Treasury securities are not considered to have credit risk exposure.

Concentration of Credit Risk – The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party. Bank balances are covered by Federal Depository Insurance Corporation (FDIC) insurance of \$250,000. Bank accounts and certificates of deposit in excess of FDIC insurance are covered with collateralized securities or letters of credit held by financial institutions in the District’s name. As of September 30, 2021, the District’s market value of pledged securities was \$23,330,931 and the bank deposits requiring collateral were \$13,855,031. The bank balances as of September 30, 2021 were fully insured by FDIC coverage and collateral pledged by financial institutions.

NOTE 5: RECEIVABLES

Receivables at September 30, 2021, including the applicable allowance for uncollectible accounts are as follows:

	General	Debt Service	Capital Projects	Total
Taxes	\$ -	\$ 65,650	\$ -	\$ 65,650
Accounts	882,963	-	-	882,963
Miscellaneous	22,649	-	-	22,649
Gross receivables	905,612	65,650	-	971,262
Less: Allowance for uncollectible	(8,364)	(3,282)	-	(11,646)
Net total receivables	\$ 897,248	\$ 62,368	\$ -	\$ 959,616

Laguna Madre Water District Notes to Financial Statements

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021 was as follows:

Governmental activities:	Balance 9/30/2020	Additions	Retirements	Reclassifications	Balance 9/30/2021
<i>Capital assets not being depreciated:</i>					
Land and easements	\$ 1,462,527	\$ -	\$ -	\$ -	\$ 1,462,527
Construction in progress	1,439,744	1,164,262	-	(86,043)	2,517,963
Total capital assets, not being depreciated	2,902,271	1,164,262	-	(86,043)	3,980,490
<i>Capital assets being depreciated:</i>					
Buildings & improvements	4,517,002	-	-	-	4,517,002
Improvements other than buildings	9,676,209	293,385	-	-	9,969,594
Machinery and equipment	3,060,011	473,417	(100,770)	-	3,432,658
Infrastructure	116,392,573	-	-	86,043	116,478,616
Total capital assets being depreciated	133,645,795	766,802	(100,770)	86,043	134,397,870
<i>Less Accumulated Depreciation for:</i>					
Buildings & improvements	(1,514,220)	(132,315)	-	-	(1,646,535)
Improvements other than buildings	(2,790,986)	(488,039)	-	-	(3,279,025)
Machinery and equipment	(1,728,137)	(230,570)	100,770	-	(1,857,937)
Infrastructure	(49,842,137)	(2,396,167)	-	-	(52,238,304)
Total accumulated depreciation	(55,875,480)	(3,247,091)	100,770	-	(59,021,801)
Total capital assets being depreciated, net	77,770,315	(2,480,289)	-	86,043	75,376,069
Governmental activities capital assets, net	\$ 80,672,586	\$ (1,316,027)	\$ -	\$ -	\$ 79,356,559

Depreciation expense for water/wastewater services the fiscal year was \$3,247,091.

NOTE 7: LONG-TERM DEBT AND LIABILITIES

Bonds Payable

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The general obligation bonds are direct obligations and pledge the full faith and credit of the District. The bonds are collateralized by and payable from the levy of a continuing direct annual ad valorem tax, without limit as to the rate or amount, upon all taxable property within the District. These bonds generally are issued as 25-year serial bonds with equal amounts of principal maturing each year. The District currently has two general obligation tax bond issues outstanding.

On May 15, 2012, the District issued \$21,170,000 Unlimited Tax Bonds, Series 2012 for the purpose of water distribution improvements, wastewater collection improvements, wastewater effluent reuse improvements, Cuates pump station and pipeline improvements, and improvements to Water Plant No. 2.

NOTE 7: LONG-TERM DEBT AND LIABILITIES (Continued)

Bonds Payable (Continued)

On March 2, 2016, the District issued \$2,580,000 Unlimited Tax Bonds, Series 2016 for the purpose of water distribution improvements, wastewater collection improvements, wastewater effluent reuse improvements, Cuates pump station and pipeline improvements, and improvements to Water Plant No. 2.

Waterworks and Sewer System Revenue Bonds

The District issues revenue bonds to provide funds for the acquisition and construction of major capital facilities. Principal and interest on the revenue bonds are payable from the net revenues derived from the operation of the District's water and wastewater system. The District currently has three general obligation tax bond issues outstanding.

On April 1, 2015, the District issued \$6,345,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 2015. The proceeds were used to advance refund \$6,070,000 of outstanding 2007 Series Waterworks and Sewer System revenue bonds.

On October 16, 2016, the District issued \$5,815,000 Waterworks and Sewer System Revenue Bonds, Series 2016 for the purpose of making improvements to its existing Port Isabel Wastewater Treatment Plant, including installing a new blower, new return activated sludge/waste activated sludge (RAS/WAS) pump station and new headworks on the existing plant site. Improvements also include replacing the plant's aeration basin, digester diffusers, air piping, electrical system and controls.

On June 26, 2019, the District issued \$5,425,000 Waterworks and Sewer System Revenue Bonds, Series 2019. The notes are issued to provide for the payment of costs associated with the issuance and for making improvements and extensions to the District's Waterworks and Sewer system.

Advance Refunding

In prior years, the District defeased certain outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the respective trust account assets and related liabilities for the defeased bonds are not included in the District's financial statements. At September 30, 2021, the following outstanding bonds are considered defeased:

Series	Ending Balance
2007	\$3,910,000

Laguna Madre Water District Notes to Financial Statements

NOTE 7: LONG-TERM DEBT AND LIABILITIES (Continued)

Bonds Payable (Continued)

The following is a schedule of bonds outstanding at September 30, 2021:

	Bond Issue	Interest Rate	Balance at September 30, 2021
\$21,170,000 Unlimited Tax Bonds, Series 2012. Issued May 15, 2012. Maturity date June 1, 2032.		2% - 5%	\$ 10,070,000
\$2,580,000 Unlimited Tax Bonds, Series 2016. Issued March 2, 2016. Maturity date June 1, 2032.		2.29%	1,635,000
Total General Obligation Tax Bonds			11,705,000
\$6,345,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 2015. Issued April 1, 2015. Maturity date March 1, 2027.		2.64%	3,380,000
\$5,815,000 Waterworks and Sewer System Revenue Bonds, Series 2016. Issued October 16, 2016. Maturity date March 1, 2036.		.01% - 1.37%	4,415,000
\$5,425,000 Waterworks and Sewer System Revenue Bonds, Series 2019. Issued June 26, 2019. Maturity date March 1, 2034		.01% - .82%	5,290,000
Total Waterworks and Sewer System Revenue Bonds			\$ 13,085,000

Notes Payable

On November 28, 2018, the District issued \$2,875,000 Waterworks and Sewer System Revenue Notes, Series 2018. The notes are issued to provide for the payment of costs associated with the issuance, for making improvements to the District's Waterworks and Sewer System and to deposit funds in the debt reserve account.

Principal and interest on the revenue notes are payable from the net revenues derived from the operation of the District's water and wastewater system.

The following is a schedule of bonds outstanding at September 30, 2021:

	Note Issue	Interest Rate	Balance at September 30, 2021
\$2,875,000 Waterworks and Sewer System Revenue Notes, Series 2018. Issued November 28, 2018. Maturity date March 1, 2028.		3.25%	\$ 2,135,000

Laguna Madre Water District Notes to Financial Statements

NOTE 7: LONG-TERM DEBT AND LIABILITIES (Continued)

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and personal leave benefits. All leave is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are due, for example, because of employee resignations and retirements. As of September 30 2021 the amount of compensated absences due within one year was \$30,099.

Changes in long-term liabilities

Changes in the District's long-term liabilities for the year ended September 30, 2021 are as follows:

	09/30/20	Additions	Reductions	09/30/21	Due Within One Year
Notes payable					
Revenue Notes, Series 2018	\$ 2,400,000	\$ -	\$ 265,000	\$ 2,135,000	\$ 275,000
Total notes from direct borrowings	2,400,000	-	265,000	2,135,000	275,000
Bonds payable					
General Obligation Tax Bonds	12,610,000	-	905,000	11,705,000	935,000
Revenue Bonds	13,945,000	-	860,000	13,085,000	875,000
Plus: unamortized premium	199,721	-	16,647	183,077	-
Total bonds payable	26,754,721	-	1,781,647	24,973,077	1,810,000
Net pension liability	1,210,063	545,685	-	1,755,748	-
Lease payable	40,048	-	12,950	27,098	13,345
Compensated absences	120,181	166,027	185,878	100,330	-
Total long-term liabilities	\$ 30,525,013	\$ 711,712	\$ 2,245,475	\$ 28,991,250	\$ 2,098,345

The debt service fund makes the payments on the bonds and revenue notes payable. The net pension liability and the compensated absences are expected to be liquidated by the general fund.

The debt service requirements for the District's notes and bonds payable are as follows:

Year Ending September 30,	Revenue Notes		Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	275,000	64,919	875,000	152,935	935,000	408,704
2022	285,000	55,819	890,000	137,918	970,000	374,126
2023	295,000	46,394	905,000	122,085	995,000	346,233
2024	305,000	36,644	925,000	105,434	1,020,000	316,600
2025	315,000	26,569	945,000	88,060	1,055,000	285,130
2026-2030	660,000	21,613	5,090,000	262,146	5,635,000	876,593
2031-2035	-	-	3,455,000	74,501	1,095,000	43,800
	\$ 2,135,000	\$ 251,957	\$ 13,085,000	\$ 943,079	\$ 11,705,000	\$ 2,651,186

NOTE 8: EMERGENCY PREPARATION AND RECOVERY FUND

In lieu of a written minimum fund balance policy, the District created an Emergency Preparation and Recovery Fund to minimize the effects of natural or man-made emergencies that may arise and affect the District's operations. This policy, adopted by the Board, states that monies to be placed in this fund shall be in an amount to constitute no less than twenty percent of the District's operating budget. Prior to the use of these monies, the Board must first declare an emergency exists and approve the use of the funds.

NOTE 9: EMPLOYEE RETIREMENT SYSTEM

A. General Information about the Pension Plan

Plan description

The District provides retirement, disability, and death benefits for all of its nontemporary full-time and part-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The TCDRS is an agent multiple-employer, statewide public employee pension plan established by the Texas Legislature in 1967 and administered by a nine member Board of Trustees. The retirement system consists of 602 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members.

Laguna Madre Water District Notes to Financial Statements

NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

Under the TCDRS Act, the contributions rate of the employer is actuarially determined annually and approved by the TCDRS Board of Trustees. The employer contributed using the actuarially determined rate of 15.00% and 14.38% for the calendar years 2021 and 2020, respectively. The contribution rate payable by the employee members for the calendar years 2021 and 2020 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Employees covered by benefit terms

At December 31, 2020, the following employees were covered by the benefit terms:

	Number of Employees
Inactive employees or beneficiaries currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	38
Active employees	79
Total	169

Actuarial assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	4.6%, average over career, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the following:

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Laguna Madre Water District Notes to Financial Statements

NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

All actuarial assumptions that determined the total pension liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016 except where required to be different by GASB 68.

Discount Rate

	Dec 31, 2019	Dec 31, 2020
Discount rate (*2)	8.10%	7.60%
Long-term expected rate of return, net of investment expense (*2)	8.10%	7.60%
Municipal bond rate(*3)	Does not apply	Does not apply

(*2) This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

(*3) The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Depletion of Plan Assets/GASB Discount Rates

The discount rate is the single rate of return that, when applied to all projected benefit payments result in an actuarial present value of projected benefit payments that equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is expected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, a discount rate of 7.60% is used. This rate reflects the long-term assumed rate the long-term assumed rate of return on assets for purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Laguna Madre Water District Notes to Financial Statements

NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

Long-term expected rate of return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	Benchmark	Target Allocation (*1)	Geometric Real Rate of Return (Expected minus inflation) (*2)
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment –Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index (*4)	4.00%	5.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (*5)	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index(*\$)	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-.70%

(*1) Target asset allocation adopted at the March 2021 TCDRS Board meeting.

(*2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.00%, per Cliffwater's 2021 capital market assumptions.

(*3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(*4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

(*5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

Changes in the Net Pension Liability

The District's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

The District's changes in net pension liability were as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of December 31, 2019	\$ 14,447,607	\$ 13,237,544	\$ 1,210,063
Changes for the year:			
Service cost	424,235	-	424,235
Interest on total pension liability (*1)	1,177,285	-	1,177,285
Effect of plan changes (*2)	-	-	-
Effect of economic/demographic gains or losses	43,249	-	43,249
Effect of assumptions changes or inputs	956,644	-	956,644
Refund of contributions	(17,862)	(17,862)	-
Benefit payments	(670,469)	(670,469)	-
Administrative expenses	-	(10,687)	10,687
Member contributions	-	221,866	(221,866)
Net investment income	-	1,367,545	(1,367,545)
Employer contributions	-	475,427	(475,427)
Other (*3)	-	1,577	(1,577)
Balances as of December 31, 2020	\$ 16,360,689	\$ 14,604,941	\$ 1,755,748

(*1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(*2) No plan changes valued.

(*3) Relates to allocation of system-wide items.

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**Laguna Madre Water District
Notes to Financial Statements**

NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

Changes in the Net Pension Liability (Continued)

Sensitivity Analysis

The following presents the net pension liability/(asset) of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	\$ 18,615,683	\$ 16,360,689	\$ 14,471,862
Fiduciary net position	14,604,942	14,604,942	14,604,942
<hr/>			
Net pension liability/(asset)	\$ 4,010,741	\$ 1,755,748	\$ (133,080)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS ACFR.

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

For the year ended September 30, 2021, The District recognized pension expense of \$309,543. The District reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 16,506	\$ 54,746
Changes in assumptions	-	801,753
Net difference between projected and actual earnings	474,488	-
Contributions made subsequent to measurement date (*1)	-	379,696
<hr/>		
Total deferred inflows/outflows of resources related to pensions	\$ 490,994	\$ 1,236,195

(*1) Reflects employer contributions made subsequent to the measurement date through the employer's fiscal year end. This amount will be recognized as a reduction in Net Pension liability for the year ending September 30, 2022.

NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31,	
2021	\$9,380
2022	155,335
2023	(78,117)
2024	112,261
2025	166,648
Thereafter (*1)	-

*(*1) Total remaining balance to be recognized in future years. Note that additional future deferred inflows and outflows of resources may impact these numbers*

NOTE 10: RISK MANAGEMENT

The District is exposed to various risk of loss related to torts, theft or damage to, and destruction of assets, error and omissions, injuries to employees, and natural disasters. Significant losses are covered by commercial insurance for all major programs. There have been no significant reductions in insurance coverage.

During the year ended September 30, 2021, employees of the District were covered by a health, dental, and life insurance plan (the "Plan"). The District pays 100% of the premiums for District employees insured through the Plan and 50% of the premiums for employee dependents insured through the Plan. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the licensed insurer is renewable annually, and terms of coverage and premium costs are included in the contractual provisions. The latest financial statements for United Healthcare are filed with the Texas State Board of Insurance, Austin, Texas and are public records.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount of any expenditures from current or prior years which may be disallowed by grantors cannot be determined at this time although the District expects such amounts not recorded, if any, to be immaterial.

**Laguna Madre Water District
Notes to Financial Statements**

NOTE 11: INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of September 30, 2021 were as follows:

	Due From Other Funds	Due To Other Funds
Major Funds:		
General Fund	\$ 89,443	\$ -
Capital Projects Fund	-	89,443
Total	\$ 89,443	\$ 89,443

The balances primarily result from the time lag between the dates the 1) transactions are recorded in the accounting system and 2) payments between funds are made.

Interfund transfers for the year ended September 30, 2021 were as follows:

	Transfers		Net
	In	Out	
Major Funds:			
General Fund	\$ -	\$ 2,573,002	\$ (2,573,002)
Debt Service Fund	1,756,181	-	1,756,181
Capital Projects Fund	1,361,024	404,945	956,079
AMI Meter Project Fund	-	139,258	(139,258)
Total	\$ 3,117,205	\$ 3,117,205	\$ -

During the year, transfers were used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due and (2) to transfer note proceeds to the capital projects fund for expenses paid in the prior year that are financed by the revenue notes proceeds (3) move excess funds from the AMI meter project fund to the capital projects fund.

NOTE 12: AUTHORIZED, ISSUED AND OUTSTANDING DEBT

On May 14, 2011, voters in the Laguna Madre Water District approved two propositions for issuing new bonds. As of September 30, 2021, only a portion of that debt had been issued. The projects are as follows:

	Authorized	Issued May 15, 2012	Issued February 12, 2016	Remaining Authorization
System improvements	\$ 23,750,000	\$ 21,170,000	\$ 2,580,000	\$ -
Seawater desalination plant	15,655,000	-	-	15,655,000
	\$ 39,405,000	\$ 21,170,000	\$ 2,580,000	\$ 15,655,000

Laguna Madre Water District Notes to Financial Statements

NOTE 12: AUTHORIZED, ISSUED AND OUTSTANDING DEBT (Continued)

On November 3, 2020 voters approved Proposition A authorizing the issuance of bonds, in one or more series, up to an aggregate principal amount of \$27,620,000 to expand and improve the District's waterworks system and to levy taxes sufficient to pay the principal and interest of bonds subsequently issued. As of February 9, 2022, the District has not issued any bonds authorized under Proposition A.

NOTE 13: MAJOR COMMITMENTS

As of September 30, 2021, the District has committed certain funds for major construction projects and capital acquisitions. The construction projects and capital acquisitions are as follows:

Projects/Capital Acquisitions:	Amount committed:
Lift Stations Rehabilitation	\$ 5,425,000
Water Plant 1 Clarifier Rehabilitation	1,470,000
Dewatering Screw Press	360,000
Total	\$ 7,255,000

NOTE 14: CAPITAL LEASE COMMITMENTS

During fiscal year 2016, the District entered into a lease purchase agreement relating to the acquisition of a jetter truck. The agreement qualifies as a capital lease. The lease purchase agreement provides for an eight-year lease in the principal amount of \$101,445 at an interest rate not to exceed 3.057% per annum, with a bargain purchase option of \$1 at the end of the lease term.

The equipment purchased under this capital lease agreement is included in capital assets in the government-wide financial statements, net of accumulated depreciation. As of September 30, 2021, the total cost is \$101,445 and the total accumulated depreciation is \$37,197.

The future minimum leases obligations and the net present value of these minimum lease payments as of September 30, 2021, were as follows:

Year ending September 30,	
2022	14,174
2023	14,174
Total minimum lease payments	28,348
Less: amount representing interest	(1,250)
Present value of minimum lease payments	\$ 27,098

NOTE 15: PRIOR PERIOD ADJUSTMENT

During the current year, management discovered a financial statement error that caused an overstatement of September 30, 2020 previously reported Net Position as reported on the Government-wide Statement of Net Position's Net Investment in Capital Assets. The error primarily related to the unrecorded accumulated depreciation of capital assets over several years. The effect on the Government-wide net position totaled \$100,748. This error does not affect fund balance, as reported on the fund financial statements.

NOTE 16: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the District. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

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**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

Laguna Madre Water District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
General Fund – Budget and Actual
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Water services	\$ 5,836,216	\$ 5,836,216	\$ 5,703,408	\$ (132,808)
Wastewater services	5,644,103	5,644,103	5,483,671	(160,432)
Other water sales	155,000	155,000	116,136	(38,864)
Late fees	55,000	55,000	49,804	(5,196)
Tap fees	207,000	207,000	342,725	135,725
Investment earnings	14,000	14,000	39,182	25,182
Miscellaneous	149,600	149,600	293,523	143,923
Total revenues	12,060,919	12,060,919	12,028,449	(32,470)
Expenditures:				
Service operations:				
Administration	360,077	360,077	350,968	9,109
Contracted services	249,161	249,161	260,613	(11,452)
Insurance	240,746	240,746	240,746	-
Professional fees	219,089	219,089	154,703	64,386
Payroll and benefits	5,040,175	5,040,175	5,185,789	(145,614)
Utilities	692,631	692,631	692,632	(1)
Materials and supplies	1,215,215	1,215,215	1,252,773	(37,558)
Repairs and maintenance	624,225	624,225	602,646	21,579
Other	124,572	124,572	76,224	48,348
Capital outlay				
Capital Outlay	985,425	985,425	580,869	404,556
Lease principal	12,565	12,565	12,565	-
Interest and fiscal charges	1,609	1,609	1,609	-
Total expenditures	9,765,490	9,765,490	9,412,137	353,353
Excess (deficiency) of revenues over expenditures	2,295,429	2,295,429	2,616,312	320,883
Other financing sources/uses:				
Transfers-internal activities	(2,575,655)	(2,575,655)	(2,573,002)	2,653
Net other financing sources/uses	(2,575,655)	(2,575,655)	(2,573,002)	2,653
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (280,226)	\$ (280,226)	43,310	\$ 323,536
Fund balance:				
Beginning of the year			8,319,129	
End of the year			\$ 8,362,439	

Laguna Madre Water District
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance
General Fund – Budget and Actual

1. As required by the Texas Water Code, the General Manager submits to the Board of Directors the proposed executive budgets for the fiscal year prior to the beginning of such fiscal year.
2. Budget Workshops are conducted to obtain rate payers comments.
3. The original amount of appropriated budgets and any revisions of such budgets that affect the overall fund total expenditures are made through appropriate budget resolutions by the Board of Directors. The original annual appropriated budgets are adopted by resolution by the Board of Directors prior to the beginning of the fiscal year as required by state law. The final annual amended appropriated budgets are shown in this report. The overall fund total of actual expenditures cannot exceed the overall fund total of appropriated expenditures for such funds.
4. The General Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the overall total of appropriated expenditures of any fund must be approved by the Board of Directors.
5. Appropriations lapse at the end of each fiscal year.

Laguna Madre Water District Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31,					
	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 424,235	\$ 389,487	\$ 341,103	\$ 355,712	\$ 351,190	\$ 369,415
Interest on total pension liability	1,177,285	1,105,393	1,045,191	994,321	934,915	909,356
Effect of plan changes	-	-	-	-	-	(86,128)
Effect of assumption changes or inputs	956,644	-	-	13,650	-	79,690
Effect of economic/demographic (gains) or losses	43,249	28,059	(7,702)	(6,355)	(63,218)	(252,109)
Benefit payments/refunds of contributions	(688,331)	(652,635)	(713,652)	(715,704)	(631,962)	(763,280)
Net change in total pension liability	1,913,082	870,304	664,940	641,624	590,925	256,944
Total pension liability, beginning	14,447,607	13,577,303	12,912,363	12,270,739	11,679,814	11,422,870
Total pension liability, ending (a)	\$ 16,360,689	\$ 14,447,607	\$ 13,577,303	\$ 12,912,363	\$ 12,270,739	\$ 11,679,814
Fiduciary Net Position						
Employer contributions	\$ 475,427	\$ 448,650	\$ 398,232	\$ 365,000	\$ 346,147	\$ 350,544
Member contributions	221,866	218,246	224,015	182,504	177,303	177,449
Investment income net of investment expenses	1,367,545	1,866,302	(218,720)	1,508,763	725,930	(25,081)
Benefit payments/refunds of contributions	(688,331)	(652,635)	(713,652)	(715,704)	(631,962)	(763,280)
Administrative expenses	(10,687)	(10,088)	(9,128)	(7,771)	(7,894)	(7,167)
Other	1,577	2,332	(1,550)	(2,244)	(73,059)	(25,499)
Net change in in fiduciary net position	1,367,397	1,872,807	(320,803)	1,330,548	536,465	(293,034)
Fiduciary net position, beginning	13,237,544	11,364,737	11,685,540	10,354,992	9,818,527	10,111,561
Fiduciary net position, ending (b)	\$ 14,604,941	\$ 13,237,544	\$ 11,364,737	\$ 11,685,540	\$ 10,354,992	\$ 9,818,527
Net pension liability / (asset), ending = (a) - (b)	\$ 1,755,748	\$ 1,210,063	\$ 2,212,566	\$ 1,226,823	\$ 1,915,747	\$ 1,861,287
Fiduciary net position as a % of total pension liability	89.27%	91.62%	83.70%	90.50%	84.39%	84.06%
Pensionable covered payroll	\$ 3,169,508	\$ 3,117,803	\$ 2,790,690	\$ 2,607,198	\$ 2,532,895	\$ 2,534,988
Net pension liability as a % of covered payroll	55.39%	38.81%	79.28%	47.06%	75.63%	73.42%

This schedule will ultimately present information for the past ten years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 68, should not be shown here.

Laguna Madre Water District Schedule of Employer Contributions

Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	352,564	352,564	-	2,551,846	13.8%
2016	344,556	344,556	-	2,518,460	13.7%
2017	360,462	360,462	-	2,590,525	13.9%
2018	399,387	399,387	-	2,707,139	14.8%
2019	435,873	435,873	-	3,035,711	14.4%
2020	472,568	472,568	-	3,187,944	14.8%
2021	510,075	510,075	-	3,440,194	14.8%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry Age
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization period:	16 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method:	5-year smoothed market
Inflation:	2.50%
Salary Increases:	Varies by age and service. 4.6% average over career including inflation.
Investment Rate of Return:	7.50%, net of administrative and investment expenses, including inflation.
Retirement Age:	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality :	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions:	2015: New inflations, mortality and other assumptions reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions:	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule.

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OTHER SUPPLEMENTARY INFORMATION

Laguna Madre Water District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Debt Service Fund – Budget and Actual
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Property taxes	\$ 1,362,718	\$ 1,362,718	\$ 1,412,588	\$ 49,870
Penalties and interest	25,000	25,000	25,002	2
Investment earnings	11,000	11,000	21,585	10,585
Total revenues	1,398,718	1,398,718	1,459,202	60,484
Expenditures:				
Contracted service	55,201	55,201	52,482	2,719
Debt service:				
Principal	2,030,000	2,030,000	2,030,000	-
Interest	679,306	679,306	679,306	-
Total expenditures	2,764,507	2,764,507	2,761,788	2,719
Excess (deficiency) of revenues over expenditures	(1,365,789)	(1,365,789)	(1,302,586)	63,203
Other financing sources/(uses):				
Issuance of debt	-	-	-	-
Transfers-internal activities	1,365,787	1,365,787	1,756,181	390,394
Net other financing sources/uses	1,365,787	1,365,787	1,756,181	390,394
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (2)	\$ (2)	453,595	\$ 453,597
Fund balance:				
Beginning of the year			2,484,301	
End of the year			\$ 2,937,896	

**TEXAS SUPPLEMENTARY
INFORMATION (TSI) SECTION**

Laguna Madre Water District Notes Required by the Water District Accounting Manual

CREATION OF DISTRICT

History

Laguna Madre Water District (the "District") is a governmental entity created by an election held on November 14, 1950, pursuant to Article XVI, Section 59, of the Texas Constitution and Article 7881, Revised Civil Statutes of Texas. The District Board held its first meeting on December 11, 1950, and issued its first bonds on July 16, 1951. Originally created as a Fresh Water Supply District, the District was converted into a Municipal Utility District by an order of the Texas Water Rights Commission on November 20, 1973. Effective February 16, 1996, the Texas Natural Resources Conservation Commission officially authorized the District to change its name to the Laguna Madre Water District. The District is under the authority of the Texas Commission on Environmental Quality and is operated under and governed by Chapter 54 of the Texas Water Code.

The District's principal function is to provide treated water and wastewater services to the City of Port Isabel, Texas and various other communities which are adjacent to Port Isabel, Texas.

The District obtains water from the Rio Grande under rights granted by the State of Texas permitting the use of up to 7,513.4 acre-feet annually. This water is pumped via the District's raw water transmission line from the Rio Grande River to Water Plant No. 2 in Laguna Vista.

Tax Revenues

There is no maximum applicable tax rate for the District and the extent of the taxable property is \$3,356,158,885.

The following notes which are required by the Water District Accounting Manual are fully disclosed in the Basic Financial Statement.

Pledge of Revenues is disclosed in Note 7, Long Term Debt.

Compliance with Debt Service Requirements is disclosed in Note 1, Restricted Assets.

Redemption of Bonds is disclosed in Note 7, Long Term Debt

Pension Coverage for District Employee is disclosed in Note 9, Employee Retirement System.

**Laguna Madre Water District
TSI – 1. Services and Rates**

1. Services Provided by the District during the Fiscal Year:

- | | | |
|---|---|-------------------------------------|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |

- Participates in joint venture, regional system, and/or wastewater service
 Other (specify): _____

2. Retail Service Providers

a. Retail rates for a 5/8" meter

		Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over minimum	Usage levels
WATER	\$	13.65	4,000	N	\$ 2.75	4,001 to 10,000
					\$ 4.33	10,001 to 20,000
					\$ 6.18	20,001 plus
WASTEWATER *	\$	20.58	3,000		\$ 4.17	3,001 to 4,500
					\$ 6.47	4,501 to 7,500
					\$ 9.18	7,501 plus
Surcharge:	\$	0.005	-			

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water: \$30.30 Wastewater: \$39.55

**Laguna Madre Water District
TSI – 1. Services and Rates (Continued)**

For the year ended September 30, 2021

b. Water and Wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active Factor
5/8"	5,263	5,239	-	-
1"	1,264	1,229	-	-
2"	358	300	-	-
4"	84	74	-	-
6"	98	35	-	-
8"	6	1	-	-
10"	3	0	-	-
16"	1	0	-	-
<hr/>				
Total Water:	7,077	6,878	-	-
Total Wastewater:	6,418	5,801	-	-

3. Total water consumption during the fiscal year:

Gallons pumped into system: 1,296,284,000

Gallons billed to customers: 1,175,694,207

Water accountability ratio (gallons billed/gallons pumped); 90.70%

4. Location of the District:

County in which District is located: Cameron
 Is the District located entirely within one county? Yes
 Is the District located within a city? Yes
 Cities in which the District is located: Port Isabel, South Padre Island, Town of Laguna Vista
 Is the District located within a city's extra territorial jurisdiction (ETJ)? Yes - Partly
 ETJ's in which the District is located: Port Isabel, South Padre Island, Town of Laguna Vista
 Are board members appointed by an office outside the District? No
 If yes, by whom? N/A

**Laguna Madre Water District
TSI – 2. General Fund Expenditures**

For the year ended September 30, 2021

Personnel (Including Benefits)	\$ 5,185,789
Professional Fees:	
Legal	46,676
Engineering	9,431
Financial and Audit	98,596
Contracted Services	239,683
Utilities	692,632
Repairs and Maintenance	602,646
Administrative Expenditures	
Office Supplies	45,880
Insurance	240,746
Other Administrative Expenditures	300,061
Capital Outlay:	
Capitalized Assets	580,869
Expenditures not Capitalized	-
Solid Waste Disposal	25,957
Materials and Supplies	1,252,773
Other Expenditures	90,398
Total Expenditures	\$ 9,412,137

Number of persons employed by the District: 85 Full-Time

**Laguna Madre Water District
TSI – 3. Temporary Investments**

For the year ended September 30, 2021

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year
General Fund				
Certificate of Deposit	322578	0.42%	11/19/2021	\$ 300,943
Certificate of Deposit	325159	0.12%	5/20/2022	503,161
Certificate of Deposit	326058	0.13%	8/27/2022	1,535,441
Certificate of Deposit	01-72324991	0.13%	8/27/2022	206,891
Certificate of Deposit	01-72413282	0.12%	8/26/2022	200,804
Total General Fund				2,747,240
Debt Service Fund				
Certificate of Deposit	322594	0.42%	11/19/2021	259,651
Certificate of Deposit	322586	0.42%	11/19/2021	519,302
Certificate of Deposit	325167	0.12%	5/20/2022	490,897
Certificate of Deposit	01-72116141	0.13%	8/18/2022	542,772
Certificate of Deposit	323931	0.30%	2/25/2022	405,252
Certificate of Deposit	01-72324085	0.13%	8/18/2022	351,514
Total Debt Service Fund				2,569,388
Emergency Fund				
Certificate of Deposit	325175	0.12%	5/19/2022	1,021,153
Certificate of Deposit	325183	0.12%	5/20/2022	1,056,143
Total Emergency Fund				2,077,296
Total - All Funds				\$7,393,924

Laguna Madre Water District TSI – 4. Taxes Levied and Receivable

For the year ended September 30, 2021	Debt Service Taxes
Taxes Receivable Beginning of Year	\$ 112,776
2020 Original Tax Levy	1,339,712
Tax Roll Adjustments	32,200
Total to be accounted for	1,484,688
 Tax Collections:	
Current Year	1,386,439
Prior Year	32,599
Total Collections	1,419,038
Taxes Receivable, End of Year	\$ 65,650

Taxes Receivable, By Years	
2010 and prior	\$ 19,163
2011	2,760
2012	3,042
2013	3,221
2014	1,654
2015	2,029
2016	2,095
2017	2,787
2018	3,392
2019	6,148
Current Year - 2020	19,361
Taxes Receivable, End of Year	\$ 65,650

September 30,	2020	2019	2018	2017
Property Valuations:				
Land	\$ 1,259,839,943	\$ 1,299,286,617	\$ 1,313,284,408	\$ 1,314,065,195
Improvements	2,223,446,961	2,268,595,373	2,118,006,379	2,062,696,293
Personal Property	120,491,346	144,959,021	147,270,960	147,044,871
Total Property Valuations	\$ 3,603,778,250	\$ 3,712,841,011	\$ 3,578,561,747	\$ 3,523,806,359

Tax Rates Per \$100 Valuation:				
Debt Service Tax Rate	\$ 0.039918	\$ 0.038821	\$ 0.040101	\$ 0.043860
Original Tax Levy:	\$ 1,339,712	\$ 1,350,542	\$ 1,345,615	\$ 1,452,755
Percent of Taxes Collected				
To Taxes Levied	103.49%	97.54%	98.04%	98.31%

Laguna Madre Water District
TSI – 5. Long Term Debt Requirements by Years

Unlimited Tax Bonds, Series 2012

Due During Fiscal Year	Principal Due	Interest Due	
<u>Ending</u>	<u>June 1,</u>	<u>June 1 & Dec 1</u>	<u>Total</u>
2022	770,000	371,263	1,141,263
2023	800,000	340,463	1,140,463
2024	820,000	316,463	1,136,463
2025	845,000	290,838	1,135,838
2026	875,000	263,375	1,138,375
2027	905,000	234,500	1,139,500
2028	935,000	203,956	1,138,956
2029	965,000	171,231	1,136,231
2030	1,005,000	136,250	1,141,250
2031	1,055,000	86,000	1,141,000
2032	1,095,000	43,800	1,138,800
	<u>\$ 10,070,000</u>	<u>\$ 2,458,139</u>	<u>\$ 12,528,139</u>

Waterworks and Sewer System Revenue Refunding Bonds, Series 2015

Due During Fiscal Year	Principal Due	Interest Due	
<u>Ending</u>	<u>March 1,</u>	<u>March 1 & Sept 1</u>	<u>Total</u>
2022	530,000	82,236	612,236
2023	540,000	68,112	608,112
2024	555,000	53,658	608,658
2025	570,000	38,808	608,808
2026	585,000	23,562	608,562
2027	600,000	7,913	607,913
	<u>\$ 3,380,000</u>	<u>\$ 274,289</u>	<u>\$ 3,654,289</u>

Laguna Madre Water District
TSI – 5. Long Term Debt Requirements by Years (Continued)

Unlimited Tax Bonds, Series 2016

Due During Fiscal Year	Principal Due	Interest Due	
<u>Ending</u>	<u>June 1,</u>	<u>June 1 & Dec 1</u>	<u>Total</u>
2022	165,000	37,442	202,442
2023	170,000	33,660	203,660
2024	175,000	29,770	204,770
2025	175,000	25,763	200,763
2026	180,000	21,755	201,755
2027	185,000	17,633	202,633
2028	190,000	13,397	203,397
2029	195,000	9,046	204,046
2030	200,000	4,581	204,581
	<u>\$ 1,635,000</u>	<u>\$ 193,047</u>	<u>\$ 1,828,047</u>

Waterworks and Sewer System Revenue Bonds, Series 2016

Due During Fiscal Year	Principal Due	Interest Due	
<u>Ending</u>	<u>March 1,</u>	<u>Mar 1 & Sept 1</u>	<u>Total</u>
2022	280,000	41,594	321,594
2023	280,000	40,796	320,796
2024	280,000	39,550	319,550
2025	280,000	37,912	317,912
2026	285,000	35,975	320,975
2027	285,000	33,710	318,710
2028	290,000	31,092	321,092
2029	290,000	28,207	318,207
2030	295,000	25,105	320,105
2031	300,000	21,773	321,773
2032	300,000	18,248	318,248
2033	305,000	14,541	319,541
2034	310,000	10,620	320,620
2035	315,000	6,495	321,495
2036	320,000	2,192	322,192
	<u>\$ 4,415,000</u>	<u>\$ 387,810</u>	<u>\$ 4,802,810</u>

Laguna Madre Water District
TSI – 5. Long Term Debt Requirements by Years (Continued)

Waterworks and Sewer System Revenue Notes, Series 2018

Due During Fiscal Year	Principal Due	Interest Due	
<u>Ending</u>	<u>March 1,</u>	<u>Mar 1 & Sept 1</u>	<u>Total</u>
2022	275,000	64,919	339,919
2023	285,000	55,819	340,819
2024	295,000	46,394	341,394
2025	305,000	36,644	341,644
2026	315,000	26,569	341,569
2027	325,000	16,169	341,169
2028	335,000	5,443	340,443
	<u>\$ 2,135,000</u>	<u>\$ 251,957</u>	<u>\$ 2,386,957</u>

Waterworks and Sewer System Revenue Bonds, Series 2019

Due During Fiscal Year	Principal Due	Interest Due	
<u>Ending</u>	<u>March 1,</u>	<u>Mar 1 & Sept 1</u>	<u>Total</u>
2022	65,000	29,106	94,106
2023	70,000	29,011	99,011
2024	70,000	28,878	98,878
2025	75,000	28,714	103,714
2026	75,000	28,523	103,523
2027	80,000	28,298	108,298
2028	680,000	26,916	706,916
2029	1,020,000	23,414	1,043,414
2030	625,000	19,576	644,576
2031	625,000	16,138	641,138
2032	630,000	12,153	642,153
2033	635,000	7,629	642,629
2034	640,000	2,624	642,624
	<u>\$ 5,290,000</u>	<u>\$ 280,980</u>	<u>\$ 5,570,980</u>

Laguna Madre Water District
TSI – 5. Long Term Debt Requirements by Years (Continued)

Annual Requirements for All Series

Due During Fiscal Year Ending	Principal Due June 1,	Interest Due June 1 & Dec 1	Principal Due March 1,	Interest Due Mar 1 & Sept 1	Total
2022	935,000	408,705	1,150,000	217,855	2,711,560
2023	970,000	374,123	1,175,000	193,738	2,712,861
2024	995,000	346,233	1,200,000	168,480	2,709,713
2025	1,020,000	316,601	1,230,000	142,078	2,708,679
2026	1,055,000	285,130	1,260,000	114,629	2,714,759
2027	1,090,000	252,133	1,290,000	86,090	2,718,223
2028	1,125,000	217,353	1,305,000	63,451	2,710,804
2029	1,160,000	180,277	1,310,000	51,621	2,701,898
2030	1,205,000	140,831	920,000	44,681	2,310,512
2031	1,055,000	86,000	925,000	37,911	2,103,911
2032	1,095,000	43,800	930,000	30,401	2,099,201
2033	-	-	940,000	22,170	962,170
2034	-	-	950,000	13,244	963,244
2035	-	-	315,000	6,495	321,495
2036	-	-	320,000	2,192	322,192
	<u>\$ 11,705,000</u>	<u>\$ 2,651,186</u>	<u>\$ 15,220,000</u>	<u>\$ 1,195,036</u>	<u>\$ 30,771,222</u>

Laguna Madre Water District TSI – 6. Changes in Long-Term Bonded Debt

For the year ended September 30, 2021

	Bond Issues						
	Series 2012 Tax	Series 2015 Revenue	Series 2016 Tax	Series 2016 Revenue	Series 2018 Revenue	Series 2019 Revenue	Series Total
Interest rates	2.0 - 5.0%	2.64%	2.29%	.01 - 1.37%	3.25%	.00 - 1.00%	
Dates Interest Payable	6/1, 12/1	3/1, 9/1	6/1, 12/1	3/1, 9/1	3/1, 9/1	3/1, 9/1	
Maturity dates	6/1/2012 to 6/1/2032	9/1/2015 to 3/1/2027	6/1/2016 to 6/1/2030	3/1/2017 to 3/1/2036	3/1/2019 to 3/1/2028	3/1/2019 to 3/1/2034	
Bonds outstanding at beginning of current year	\$ 10,815,000	\$ 3,895,000	\$ 1,795,000	\$ 4,695,000	\$ 2,400,000	\$ 5,355,000	\$ 28,955,000
Bonds sold during Current Year	-	-	-	-	-	-	-
Bonds refunded	-	-	-	-	-	-	-
Bonds retired	745,000	515,000	160,000	280,000	265,000	65,000	\$2,030,000
Bonds outstanding at end of current year	\$ 10,070,000	\$ 3,380,000	\$ 1,635,000	\$ 4,415,000	\$ 2,135,000	\$ 5,290,000	\$ 26,925,000
Interest paid during the Fiscal Year	\$ 393,613	\$ 96,030	\$ 41,106	\$ 41,902	\$ 73,694	\$ 29,161	\$ 675,506

Paying agent Name & City

Series 2012: Bank of New York Mellon, Corporate Trust, New York, New York
 Series 2015: Regions Capital Advantage, Inc., Birmingham, Alabama
 Series 2016 Tax: BOKF, NA Dallas, Texas
 Series 2016 Revenue: Bank of New York Mellon, Corporate Trust, New York, New York
 Series 2018 Revenue: Zions Bancorporation, NA Houston Texas
 Series 2019 Revenue: Bank of New York Mellon, Corporate Trust, New York, New York

Bond Authority:	Tax Bonds	Revenue Bonds
Amount Authorized	\$39,405,000	\$12,160,000
Amount Issued	23,750,000	12,160,000
Remaining to be Issued	\$15,655,000	\$0

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2021: \$2,933,420

Average annual Debt Service payment (principal & interest) for remaining term of all debt: \$2,051,415

Laguna Madre Water District
TSI – 7. Comparative Schedule of Revenues and Expenditures General Fund
and Debt Service Fund

For the year ended September 30,	2021	%	2020	%	2019	%	2018	%	2017	%
GENERAL FUND:										
REVENUE:										
Water Service	5,703,408	47.4%	5,511,444	49.2%	5,524,968	51.6%	5,321,051	55.5%	5,481,245	56.3%
Wastewater Service	5,483,671	45.6%	5,019,441	44.8%	4,359,557	40.7%	3,650,725	38.1%	3,713,416	38.1%
Other Water sales	116,136	1.0%	161,896	1.4%	160,970	1.5%	119,597	1.2%	134,503	1.4%
Late fees	49,804	0.4%	24,887	0.2%	76,454	0.7%	62,631	0.7%	58,683	0.6%
Tap Connection fees	342,725	2.8%	224,969	2.0%	185,998	1.7%	237,154	2.5%	162,892	1.7%
Interest on investments	39,182	0.3%	105,440	0.9%	133,279	1.2%	89,446	0.9%	33,305	0.3%
Miscellaneous	293,523	2.4%	158,362	1.4%	274,140	2.6%	104,782	1.1%	154,440	1.6%
TOTAL REVENUES	12,028,449	100.0%	11,206,439	100.0%	10,715,366	100.0%	9,585,386	100.0%	9,738,484	100.0%
EXPENDITURES:										
Professional fees	154,703	1.3%	309,808	2.8%	380,732	3.6%	206,570	2.2%	337,497	3.5%
Payroll and benefits	5,185,789	43.1%	4,753,518	42.4%	4,448,060	41.5%	3,908,057	40.8%	3,657,751	37.6%
Utilities	692,632	5.8%	670,332	6.0%	779,470	7.3%	690,553	7.2%	738,882	7.6%
Materials and supplies	1,252,773	10.4%	1,080,391	9.6%	1,182,774	11.0%	936,154	9.8%	955,147	9.8%
Repairs and Maintenance	602,646	5.0%	315,278	2.8%	376,224	3.5%	292,266	3.0%	275,616	2.8%
Other expenditures	928,551	7.7%	948,701	8.5%	802,432	7.5%	799,857	8.3%	722,134	7.4%
Capital outlay	580,869	4.8%	585,444	5.2%	543,467	5.1%	139,642	1.5%	206,388	2.1%
Lease principal	12,565	0.1%	12,565	0.1%	12,192	0.1%	11,831	0.1%	11,480.00	0.1%
Interest and fiscal charges	1,609	0.0%	1,609	0.0%	1,981	0.0%	2,343	0.0%	2,694.00	0.0%
TOTAL EXPENDITURES	9,412,137	78.2%	8,677,646	77.4%	8,527,332	79.6%	6,987,273	72.9%	6,907,589	70.9%
EXCESS REVENUES OVER (UNDER)										
EXPENDITURES	2,616,312	21.8%	2,528,793	22.6%	2,188,034	20.4%	2,598,113	27.1%	2,830,895	29.1%

Laguna Madre Water District
TSI – 7. Comparative Schedule of Revenues and Expenditures General Fund
and Debt Service Fund (Continued)

For the year ended September 30,	2021	%	2020	%	2019	%	2018	%	2017	%
DEBT SERVICE FUND:										
REVENUES:										
Property taxes	1,412,588	96.8%	1,347,408	94.6%	1,352,436	92.3%	1,454,793	95.7%	1,473,558	96.7%
Penalty and Interest	25,002	1.7%	29,268	2.1%	28,176	1.9%	25,284	1.7%	30,409	2.0%
Interest on investments	21,585	1.5%	48,013	3.4%	84,308	5.8%	39,839	2.6%	19,365	1.3%
Miscellaneous	27	0.0%	0	0.0%	6	0.0%	61	0.0%	12	0.0%
TOTAL REVENUES	1,459,202	100.0%	1,424,689	100.0%	1,464,926	100.0%	1,519,977	100.0%	1,523,344	100.0%
EXPENDITURES:										
Tax collection expense	35,289	2.4%	35,212	2.5%	33,307	2.3%	35,367	2.3%	35,827	2.4%
Appraisal charge	17,193	1.2%	16,922	1.2%	16,447	1.1%	18,647	1.2%	18,605	1.2%
Debt service, interest and fees	2,709,306	185.7%	2,716,603	190.7%	2,574,095	175.7%	2,278,266	149.9%	2,279,584	149.6%
Bond issue costs	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
TOTAL EXPENDITURES	2,761,788	189.3%	2,768,737	194.3%	2,623,849	179.1%	2,332,280	153.4%	2,334,016	153.2%
EXCESS REVENUES OVER (UNDER)										
EXPENDITURES	(1,302,586)	(89.3%)	(1,344,048)	(94.3%)	(1,158,923)	(79.1%)	(812,303)	(53.4%)	(810,672)	(53.2%)
TOTAL ACTIVE RETAIL WATER										
CONNECTIONS	6,878		6,712		6,573		6,446		6,369	
TOTAL ACTIVE RETAIL WASTE WATER										
CONNECTIONS	5,801		5,726		5,649		5,557		5,519	

Laguna Madre Water District TSI – 8. Board Members, Key Personnel and Consultants

For the year ended September 30, 2021

Complete District Mailing Address: 105 Port Road
Port Isabel, TX 78578
District Business Telephone (956) 943-2626

Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054): January 9, 2019

Limit on Fees of Office that a Director may receive during a fiscal year
(Set by Board Resolution - TWC 49.0060): \$ - 0 - .

Name and Address	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid 9/30/2021	Expense Reimbursement 9/30/2021	Title at Year End
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BOARD MEMBERS

Scott D. Friedman PO Box 3897 South Padre Island, TX 78597	11/20 - 11/24	\$ -	\$ -	Chairman
Adam Lalonde 26 Whooping Crane Dr Laguna Vista, TX 78578	11/18 - 11/22	\$ -	\$ -	Vice-Chairman
Jason Starkey 4 Laguna Madre Dr. Laguna Vista, TX 78578	11/18 - 11/22	\$ -	\$ -	Secretary
William Donahue PO Box 3669 South Padre Island, TX 78597	11/20 - 11/24	\$ -	\$ -	Director
David Boughter PO Box 3026 South Padre Island, TX 78597	11/20-11/24	\$ -	\$ -	Director

Laguna Madre Water District
TSI – 8. Board Members, Key Personnel and Consultants (Continued)

For the year ended September 30, 2021

Name and Address	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid 9/30/2021	Expense Reimbursement 9/30/2021	Title at Year End
KEY ADMINISTRATIVE PERSONNEL				
Carlos J. Galvan, Jr. 1636 Oklahoma Street Port Isabel, TX 78578	2001	\$ -	\$ -	General Manager
Charles Ortiz 5587 Garden Breeze Ct. Brownsville, TX 78526	2013	\$ -	\$ -	District Engineer
Eduardo Salazar 33097 Washington Ave. Port Isabel, TX 78578	2018	\$ -	\$ -	Director of Finance
Robert Gomez 1425 Catherine Cir. Brownsville, TX 78520	2017	\$ -	\$ -	Director of Operations
CONSULTANTS				
Fryer & Hansen 1352 West Pecan Blvd. McAllen, TX 78501	2019	\$ 42,289.88	\$ -	Attorney
BLX Group LLC 2711 North Haskell Ave, Ste 2600 Dallas, TX 75204	2019	\$ 2,750.00	\$ -	Arbitrage Consultant
Valley Risk Consulting, Inc. 1200 Fresno, Ste C McAllen, TX 78501	2020	\$ 5,000.00	\$ -	Insurance Consultant
Estrada Hinojosa & Co., Inc. 1717 Main Street Dallas, TX 75201	1999	\$ 10,000.00	\$ -	Financial Advisor
Valley View Consulting 2428 Carters Mill Road Huddleston, VA 24104	2017	\$ 16,892.68	\$ -	Investment Advisor

OTHER INFORMATION

Laguna Madre Water District Top Ten Taxpayers

For the year ended September 30, 2021

Owner ID	Taxpayer Name	Master Value	Taxable Value
609730	MODERN RESORT LODGING LLC	\$ 39,985,587	\$ 39,985,587
642489	SAN ROMAN WIND I LLC	\$ 29,064,270	\$ 48,802,690
526932	SAPPHIRE VP LP ATTN STEPHEN SWAN	\$ 22,868,750	\$ 22,868,750
324942	AEP TEXAS INC-07C	\$ 19,622,640	\$ 19,622,640
100731	SPI MANAGEMENT CO	\$ 15,623,798	\$ 15,623,798
553568	AFFILIATED HOSPITALITY LLC	\$ 15,500,000	\$ 15,500,000
684655	INNJOY HOSPITALITY LLC	\$ 12,987,898	\$ 12,987,898
100556	SPI OLEANDER LTD	\$ 12,000,000	\$ 12,000,000
100746	SPI LA COPA LTD	\$ 11,500,000	\$ 11,500,000
580926	AGORA USA LP	\$ 10,373,839	\$ 10,373,839

Laguna Madre Water District Top Ten Utility Rate Payers

For the year ended September 30, 2021

Account Name	Address	City	Amount
LONG ISLAND VILLAGE	900 S GARCIA ST	PORT ISABEL	\$ 416,054
CAMERON COUNTY PARKS SYSTEM	1 PADRE BOULEVARD	SOUTH PADRE ISLAND	\$ 287,884
SAPPHIRE CONDOS	310-A PADRE BOULEVARD	SOUTH PADRE ISLAND	\$ 174,522
TEXAS PACK, INC	508 PORT ROAD	PORT ISABEL	\$ 158,186
MODERN RESORT LODGING LLC	6700 PADRE BOULEVARD	SOUTH PADRE ISLAND	\$ 126,680
INNJOY HOSPITALITY LLC	6700 PADRE BOULEVARD	SOUTH PADRE ISLAND	\$ 113,754
BRIDGEPOINT CONDOS	334 PADRE BOULEVARD	SOUTH PADRE ISLAND	\$ 97,208
SAIDA TOWERS II	400 PADRE BOULEVARD	SOUTH PADRE ISLAND	\$ 96,394
SAIDA ROYALE	400 PADRE BOULEVARD	SOUTH PADRE ISLAND	\$ 86,384
LA COPA INN	350 PADRE BOULEVARD	SOUTH PADRE ISLAND	\$ 78,716

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STATISTICAL SECTION

This part of the District’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents	Pages
Financial Trends <i>These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.</i>	102-105
Revenue Capacity <i>These schedules contain information to help the reader assess the District’s most significant local revenue source.</i>	106-113
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the District’s current level of outstanding debt and the District’s ability to issue additional debt in the future.</i>	114-118
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.</i>	119
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the government provide and the activities it performs.</i>	120-122

LAGUNA MADRE WATER DISTRICT

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	September									April	
	2021	2020	2019	2018	2017	2016	2015	2014	2013*	2013	2012
Net Position:											
Net investment in capital assets	\$55,971,387	\$56,270,841	\$55,075,512	\$55,806,128	\$56,218,039	\$56,700,141	\$57,274,656	\$57,671,298	\$57,200,351	\$55,461,345	\$51,287,065
Restricted	\$2,942,194	\$2,484,301	\$3,598,587	\$3,200,219	\$3,084,681	\$2,896,569	\$2,225,351	\$2,603,311	\$2,681,504	\$6,402,277	\$10,333,367
Unrestricted	\$11,336,450	\$10,523,890	\$9,804,225	\$9,492,416	\$8,791,545	\$7,775,770	\$7,146,538	\$7,322,983	\$7,369,945	\$5,846,679	\$3,590,699
Total Net Position	<u>\$70,250,031</u>	<u>\$69,279,032</u>	<u>\$68,478,324</u>	<u>\$68,498,763</u>	<u>\$68,094,265</u>	<u>\$67,372,480</u>	<u>\$66,646,545</u>	<u>\$67,597,592</u>	<u>\$67,251,800</u>	<u>\$67,710,301</u>	<u>\$65,211,131</u>

*Results are based on a 5-month period. During 2013 the District changed to a September 30 fiscal year end.

LAGUNA MADRE WATER DISTRICT
Changes In Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	September									April	
	2021	2020	2019	2018	2017	2016	2015	2014	2013*	2013	2012
Revenues:											
Water services	\$5,703,408	\$5,511,444	\$5,524,968	\$5,321,051	\$5,481,245	\$5,060,601	\$4,596,999	\$4,331,211	\$2,251,579	\$4,949,734	\$4,818,723
Wastewater services	5,483,671	5,019,441	4,359,557	3,650,725	3,713,416	3,496,971	3,063,040	2,828,501	1,459,563	3,218,697	3,181,969
Other water sales	116,136	161,896	160,970	119,597	134,503	124,459	-	-	-	-	-
Late fees	49,804	24,887	76,454	62,631	58,683	76,976	63,063	57,194	28,115	69,841	-
Tap fees	342,725	224,969	185,998	237,154	162,892	134,898	167,919	111,151	23,850	102,783	91,414
Property taxes	1,366,090	1,340,118	1,347,756	1,450,485	1,455,660	1,445,866	1,215,960	2,675,600	231	2,689,687	2,708,186
Penalties and interest	25,002	29,268	28,176	25,284	30,409	35,959	51,639	62,146	33,861	88,898	149,642
Investment earnings	75,084	234,039	307,300	213,196	132,361	51,789	18,778	32,024	14,795	86,152	48,348
Other	293,550	158,362	274,146	104,843	154,452	363,972	237,347	125,229	48,539	249,868	73,569
Total revenues	<u>13,455,470</u>	<u>12,704,424</u>	<u>12,265,325</u>	<u>11,184,966</u>	<u>11,323,621</u>	<u>10,791,491</u>	<u>9,414,745</u>	<u>10,223,056</u>	<u>3,860,533</u>	<u>11,455,660</u>	<u>11,071,851</u>
Expenditures:											
Service operations:											
Administration	350,968	422,305	300,634	282,962	215,018	-	-	-	-	-	-
Contracted services	313,095	272,440	258,395	240,125	285,614	-	-	-	-	-	-
Insurance	240,746	236,942	224,854	200,962	161,757	-	-	-	-	-	-
Professional fees	154,703	309,808	380,732	206,570	337,497	388,806	346,321	322,314	130,587	326,684	249,286
Payroll and benefits	4,655,862	4,313,407	4,042,832	3,505,859	3,303,534	3,350,031	3,078,640	4,030,354	1,487,416	3,616,412	3,356,322
Net pension expense	309,543	432,880	510,526	394,957	585,269	413,754	278,380	-	-	-	-
Utilities	692,632	670,332	779,470	690,553	738,882	815,276	804,031	769,218	487,287	923,408	802,178
Materials and supplies	1,252,773	1,080,391	1,182,774	936,154	955,147	1,162,026	986,917	846,303	450,425	848,815	699,414
Repairs and maintenance	416,713	315,278	376,224	292,266	275,616	341,278	280,086	255,350	140,593	392,057	587,736
Other	75,839	69,149	68,338	75,808	95,396	196,849	385,014	173,606	67,869	275,786	169,816
Capital outlay	-	31,217	15,942	363,570	17,293	8,340	88,644	379,575	19,486	401,290	247,528
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Lease principal	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	673,757	721,054	729,493	684,673	717,242	683,693	669,070	674,365	729,576	760,629	447,925
Bond issuance costs	-	-	339,479	-	228,145	68,668	140,385	-	-	-	-
Contracted services	-	-	-	54,014	54,432	58,239	62,178	101,873	8,143	106,825	96,880
Depreciation	3,247,091	3,028,514	2,872,819	2,705,723	2,630,994	2,578,596	2,305,309	1,935,896	797,652	1,898,535	1,890,325
Total expenses	<u>12,383,722</u>	<u>11,903,717</u>	<u>12,082,512</u>	<u>10,634,196</u>	<u>10,601,836</u>	<u>10,065,556</u>	<u>9,424,975</u>	<u>9,488,854</u>	<u>4,319,034</u>	<u>9,550,441</u>	<u>8,547,410</u>
Operating Income (Loss)	<u>1,071,748</u>	<u>800,707</u>	<u>182,813</u>	<u>550,770</u>	<u>721,785</u>	<u>725,935</u>	<u>(10,230)</u>	<u>734,202</u>	<u>(458,501)</u>	<u>1,905,219</u>	<u>2,524,441</u>
Other financing sources/(uses):											
Gain (loss) on sale of assets	-	-	-	(146,274)	-	-	4,500	-	-	8,942	38,368
Proceeds from insurance	-	-	-	-	-	-	-	-	-	1,545	253,352
Net other financing sources/(uses)	-	-	-	(146,274)	-	-	4,500	-	-	10,487	291,720
Change in net position	1,071,748	800,707	182,813	404,496	721,785	725,935	(5,730)	734,202	(458,501)	1,915,706	2,816,161
Fund balance / net position:											
Beginning of the year	69,279,031	68,478,324	68,498,763	68,094,267	67,372,480	66,646,545	67,597,592	67,251,800	67,710,301	65,211,131	62,201,677
Prior period adjustment	(100,748)	-	(203,252)	-	-	-	(945,317)	(388,410)	-	583,464	193,293
End of the year	<u>\$70,250,031</u>	<u>\$69,279,031</u>	<u>\$68,478,324</u>	<u>\$68,498,763</u>	<u>\$68,094,265</u>	<u>\$67,372,480</u>	<u>\$66,646,545</u>	<u>\$67,597,592</u>	<u>\$67,251,800</u>	<u>\$67,710,301</u>	<u>\$65,211,131</u>

*Results are based on a 5-month period. During 2013 the District changed to a September 30 fiscal year end.

LAGUNA MADRE WATER DISTRICT
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	September									April	
	2021	2020	2019	2018	2017	2016	2015	2014	2013*	2013	2012
General Fund											
Unassigned	\$7,459,902	\$7,549,114	\$6,622,817	\$5,599,329	\$5,000,420	\$4,346,708	\$3,469,216	\$3,097,572	\$3,008,935	\$2,297,510	\$3,855,647
Nonspendable	639,886	594,364	769,226	593,554	577,957	481,524	1,017,867	891,659	895,722	971,052	1,035,521
Restricted	-	-	9,199,436	4,138,220	9,699,404	8,595,985	8,443,099	11,001,517	16,961,285	24,415,847	8,291,269
Committed	262,651	175,651	2,236,664	2,138,543	2,341,101	3,098,310	3,291,352	3,097,421	3,471,117	3,430,277	963,615
Assigned	-	-	866,104	906,027	1,335,432	1,447,051	350,861	405,672	-	-	-
Total general fund	8,362,439	8,319,129	19,694,247	13,375,673	18,954,314	17,969,578	16,572,395	18,493,841	24,337,059	31,114,686	14,146,052
Other Governmental Funds:											
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Nonspendable	118,104	240,806	-	-	-	-	-	-	-	-	-
Restricted	6,481,466	8,716,551	3,684,342	9,270,048	8,240,928	8,443,099	11,001,517	16,961,285	24,415,847	8,291,269	4,995,555
Committed	2,160,797	2,116,270	2,066,588	2,031,469	2,013,787	2,007,108	2,004,903	2,002,306	2,001,200	(429,496)	1,534,283
Assigned	1,991,415	866,104	580,538	1,335,432	1,447,051	350,861	-	-	-	-	(912,780)
Total other governmental funds	10,751,782	11,939,731	6,331,468	12,636,949	11,701,766	10,801,068	13,006,420	18,963,591	26,417,047	7,861,773	5,617,058
Total Fund Balances	\$19,114,221	\$20,258,860	\$26,025,715	\$26,012,622	\$30,656,080	\$28,770,646	\$29,578,815	\$37,457,432	\$50,754,106	\$38,976,459	\$19,763,110

*Results are based on a 5-month period. During 2013 the District changed to a September 30 fiscal year end.

LAGUNA MADRE WATER DISTRICT
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	September									April	
	2021	2020	2019	2018	2017	2016	2015	2014	2013*	2013	2012
Revenues:											
Water services	\$5,703,408	\$5,511,444	\$5,524,968	\$5,321,051	\$5,481,245	\$5,060,601	\$4,596,999	\$4,331,211	\$2,251,579	\$4,949,734	\$4,818,723
Wastewater services	5,483,671	5,019,441	4,359,557	3,650,725	3,713,416	3,496,971	3,063,040	2,828,501	1,459,563	3,218,697	3,181,969
Other water sales	116,136	161,896	160,970	119,597	134,503	124,459	-	-	-	-	-
Late fees	49,804	24,887	76,454	62,631	58,683	76,976	63,063	-	28,115	-	-
Tap fees	342,725	224,969	185,998	237,154	162,892	134,898	167,919	111,151	23,850	102,783	91,414
Property taxes	1,412,588	1,347,408	1,352,436	1,454,793	1,473,558	1,480,550	1,348,644	2,668,060	98,278	2,783,323	2,724,043
Penalties and interest	25,002	29,268	28,176	25,284	30,409	35,959	51,639	119,340	33,861	158,739	149,642
Investment earnings	75,084	234,039	307,300	213,196	132,361	51,789	18,778	32,024	14,795	86,152	48,348
Other	293,550	158,362	274,146	104,843	154,452	363,972	237,347	125,229	48,539	386,012	87,398
Total revenues	13,501,968	12,711,714	12,270,005	11,189,274	11,341,519	10,826,175	9,547,429	10,215,516	3,958,580	11,685,440	11,101,537
Expenditures:											
Service operations:											
Administration	350,968	422,304	300,634	282,962	215,018	-	-	-	-	-	-
Contracted services	313,095	272,440	258,395	240,125	285,614	-	-	-	-	-	-
Insurance	240,746	236,942	224,854	200,962	161,757	-	-	-	-	-	-
Professional fees	154,703	309,808	380,732	206,570	337,497	388,806	346,321	322,314	130,587	326,684	249,286
Payroll and benefits	5,185,789	4,753,518	4,448,060	3,908,057	3,657,751	3,687,855	3,668,463	3,810,930	1,483,380	3,619,922	3,276,694
Net pension expense	-	-	-	-	-	-	-	-	-	-	-
Utilities	692,632	670,332	779,470	690,553	738,882	815,276	804,031	769,218	487,287	923,408	802,178
Materials and supplies	1,252,773	1,080,391	1,182,774	936,154	955,147	1,162,026	986,917	846,303	450,425	848,815	699,414
Repairs and maintenance	602,646	315,278	376,224	292,266	275,616	341,278	280,086	255,350	140,593	392,057	587,736
Other	75,839	69,149	68,338	75,808	59,745	196,849	381,609	173,606	67,869	275,786	169,816
Capital outlay	1,745,131	2,551,031	3,100,951	7,588,006	6,908,421	3,438,162	2,432,339	6,574,794	4,546,337	5,765,979	1,378,741
Debt service:											
Principal	2,030,000	1,990,000	1,850,000	1,590,000	1,565,000	1,280,000	1,660,000	2,330,000	2,947,945	2,812,000	366,000
Lease principal	12,950	12,565	12,192	11,831	11,480	13,329	-	-	-	-	-
Interest and fiscal charges	680,915	728,212	726,076	690,609	717,242	659,949	727,230	874,346	473,641	717,903	404,552
Bond issuance costs	-	-	339,479	-	228,145	68,668	140,385	-	-	480,535	-
Contracted services	-	-	-	54,014	54,432	58,239	62,178	101,873	8,143	106,825	96,880
Advance refunding escrow	-	-	-	-	-	-	117,701	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	13,338,187	13,411,970	14,048,179	16,767,917	16,171,747	12,110,437	11,607,260	16,058,734	10,736,207	16,269,914	8,031,297
Excess (Deficiency) of Revenues over expenditures	163,781	(700,256)	(1,778,174)	(5,578,643)	(4,830,228)	(1,284,262)	(2,059,831)	(5,843,218)	(6,777,627)	(4,584,474)	3,070,240
Other financing sources/(uses):											
Refunding bonds issues	-	-	-	-	-	-	6,345,000	-	-	-	-
Payment to refunded bond escrow	-	-	-	-	-	-	(6,211,115)	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	4,500	-	-	8,942	38,368
Proceeds from insurance	-	-	-	-	-	-	-	-	-	1,545	253,352
Issuance of debt	-	-	8,300,000	-	5,815,000	2,580,000	-	-	-	21,170,000	-
Premium on bonds issued	-	-	-	-	-	-	-	-	-	332,870	-
Capital lease proceeds	-	-	-	-	-	101,445	-	-	-	-	-
Other financing (uses)	-	-	-	-	-	-	-	-	-	-	-
Transfers in	3,117,205	1,964,180	1,559,344	1,871,276	2,794,664	1,840,889	1,083,565	664,676	280,034	3,450,696	2,289,324
Transfers out	(3,117,205)	(1,964,180)	(1,559,344)	(1,871,276)	(2,794,664)	(1,840,889)	(1,083,565)	(664,676)	(280,034)	(3,450,696)	(2,289,324)
Net other financing sources/(uses)	-	-	8,300,000	-	5,815,000	2,681,445	138,385	-	-	21,513,357	291,720
Net change in fund balances	\$ 163,781	\$ (700,256)	\$ 6,521,826	\$ (5,578,643)	\$ 984,772	\$ 1,397,183	\$ (1,921,446)	\$ (5,843,218)	\$ (6,777,627)	\$ 16,928,883	\$ 3,361,960
Debt Service as a Percentage of Non-Capital Expenditures											
	23.50%	25.14%	26.74%	25.56%	27.81%	23.99%	29.51%	34.86%	55.41%	39.20%	13.04%

LAGUNA MADRE WATER DISTRICT
Average Monthly Revenue per Customer
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Water</u>	<u>Wastewater</u>
2012 (1)	61.66	43.14
2013 (1)	66.44	43.16
2013 (2)	30.22	22.73
2014	57.55	44.11
2015	61.44	47.76
2016	65.06	53.84
2017	63.11	47.28
2018	68.79	54.75
2019	70.05	64.31
2020	68.43	73.05
2021	69.11	83.95

(1) - For fiscal year ended April 30th.

(2) - During 2013 the District changed to a September 30 fiscal year end.

LAGUNA MADRE WATER DISTRICT
Water, Wastewater, & Raw Water Rates
Last Ten Fiscal Years

	<u>4/30/2012</u>		<u>4/30/2013</u>		<u>9/30/2013</u>		<u>9/30/2014</u>		<u>9/30/2015</u>	
	<u>Water</u>	<u>Sewer*</u>	<u>Water</u>	<u>Sewer*</u>	<u>Water</u>	<u>Sewer*</u>	<u>Water</u>	<u>Sewer*</u>	<u>Water</u>	<u>Sewer*</u>
<u>5/8" Meters</u>										
Base Charge up to 4,000 gallons	\$ 11.90	\$ 12.35	\$ 11.90	\$ 12.35	\$ 11.90	\$ 12.35	\$ 11.90	\$ 12.35	\$ 11.90	\$ 12.35
4,001 to 10,000 gallons**	2.40	2.50	2.40	2.50	2.40	2.50	2.40	2.50	2.40	2.50
10,001 to 20,000 gallons**	3.78	3.88	3.78	3.88	3.78	3.88	3.78	3.88	3.78	3.88
20,001+ gallons**	5.39	5.50	5.39	5.50	5.39	5.50	5.39	5.50	5.39	5.50
<u>1" Meters</u>										
Base Charge up to 6,000 gallons	\$ 16.48	\$ 15.59	\$ 16.48	\$ 15.59	\$ 16.48	\$ 15.59	\$ 16.48	\$ 15.59	\$ 16.48	\$ 15.59
6,001 to 20,000 gallons**	2.52	2.73	2.52	2.73	2.52	2.73	2.52	2.73	2.52	2.73
20,001 to 40,000 gallons**	3.78	4.10	3.78	4.10	3.78	4.10	3.78	4.10	3.78	4.10
40,001+ gallons**	5.32	6.12	5.32	6.12	5.32	6.12	5.32	6.12	5.32	6.12
<u>2" Meters</u>										
Base Charge up to 26,000 gallons	\$ 79.33	\$ 106.04	\$ 79.33	\$ 106.04	\$ 79.33	\$ 106.04	\$ 79.33	\$ 106.04	\$ 79.33	\$ 106.04
26,001 to 100,000 gallons**	2.63	2.97	2.63	2.97	2.63	2.97	2.63	2.97	2.63	2.97
100,001 to 200,000 gallons**	3.95	4.46	3.95	4.46	3.95	4.46	3.95	4.46	3.95	4.46
200,001+ gallons**	5.90	6.18	5.90	6.18	5.90	6.18	5.90	6.18	5.90	6.18
<u>4" Meters</u>										
Base Charge up to 101,000	\$ 299.03	\$ 243.26	\$ 299.03	\$ 243.26	\$ 299.03	\$ 243.26	\$ 299.03	\$ 243.26	\$ 299.03	\$ 243.26
101,001 to 500,000 gallons**	2.76	3.09	2.76	3.09	2.76	3.09	2.76	3.09	2.76	3.09
500,001 to 1,000,000 gallons**	4.14	4.63	4.14	4.63	4.14	4.63	4.14	4.63	4.14	4.63
100,000,001+ gallons**	5.69	6.30	5.69	6.30	5.69	6.30	5.69	6.30	5.69	6.30
<u>6" Meters</u>										
Base Charge up to 101,000	\$ 560.00	\$ 400.00	\$ 560.00	\$ 400.00	\$ 560.00	\$ 400.00	\$ 560.00	\$ 400.00	\$ 560.00	\$ 400.00
101,001 to 500,000 gallons**	2.60	2.70	2.60	2.70	2.60	2.70	2.60	2.70	2.60	2.70
500,001 to 1,000,000 gallons**	3.90	4.05	3.90	4.05	3.90	4.05	3.90	4.05	3.90	4.05
100,000,001+ gallons**	5.25	5.40	5.25	5.40	5.25	5.40	5.25	5.40	5.25	5.40

* 75% of water consumption

** Charge per 1,000 gallons

LAGUNA MADRE WATER DISTRICT
 Water, Wastewater, & Raw Water Rates (continued)
 Last Ten Fiscal Years

	<u>9/30/2016</u>		<u>9/30/2017</u>		<u>9/30/2018</u>		<u>9/30/2019</u>		<u>9/30/2020</u>		<u>9/30/2021</u>	
	<u>Water</u>	<u>Sewer*</u>	<u>Water</u>	<u>Sewer*</u>	<u>Water</u>	<u>Sewer*</u>	<u>Water</u>	<u>Sewer*</u>	<u>Water</u>	<u>Sewer*</u>	<u>Water</u>	<u>Sewer*</u>
<u>5/8" Meters</u>												
Base Charge up to 4,000 gallons	\$ 12.26	\$ 13.46	\$ 12.26	\$ 13.46	\$ 12.26	\$ 13.46	\$ 13.12	\$ 16.15	\$ 13.38	\$ 19.06	\$ 13.65	\$ 21.61
4,001 to 10,000 gallons**	2.47	2.73	2.47	2.73	2.47	2.73	2.64	3.28	2.70	3.87	2.75	4.38
10,001 to 20,000 gallons**	3.89	4.23	3.89	4.23	3.89	4.23	4.16	5.08	4.25	5.99	4.33	6.79
20,001+ gallons**	5.55	6.00	5.55	6.00	5.55	6.00	5.94	7.20	6.06	8.50	6.18	9.63
<u>1" Meters</u>												
Base Charge up to 4,000 gallons	\$ 23.07	\$ 21.83	\$ 23.07	\$ 21.83	\$ 23.07	\$ 21.83	\$ 24.68	\$ 26.20	\$ 25.18	\$ 30.91	\$ 25.68	\$ 35.05
4,001 to 20,000 gallons**	2.52	2.73	2.52	2.73	2.52	2.73	2.70	3.28	2.75	3.87	2.81	4.38
20,001 to 40,000 gallons**	3.78	4.10	3.78	4.10	3.78	4.10	4.04	4.92	4.13	5.81	4.21	6.58
40,001+ gallons**	5.32	6.12	5.32	6.12	5.32	6.12	5.69	7.34	5.81	8.67	5.92	9.83
<u>2" Meters</u>												
Base Charge up to 15,000 gallons	\$ 111.06	\$ 148.46	\$ 111.06	\$ 148.46	\$ 111.06	\$ 148.46	\$ 118.83	\$ 178.15	\$ 121.21	\$ 210.22	\$ 123.64	\$ 238.39
15,001 to 100,000 gallons**	2.63	2.97	2.63	2.97	2.63	2.97	2.81	3.56	2.87	4.21	2.93	4.77
100,001 to 200,000 gallons**	3.95	4.46	3.95	4.46	3.95	4.46	4.23	5.35	4.31	6.32	4.40	7.16
200,001+ gallons**	5.90	6.18	5.90	6.18	5.90	6.18	6.31	7.42	6.44	8.75	6.57	9.92
<u>4" Meters</u>												
Base Charge up to 50,000	\$ 418.64	\$ 340.56	\$ 418.64	\$ 340.56	\$ 418.64	\$ 340.56	\$ 447.94	\$ 408.67	\$ 456.90	\$ 482.23	\$ 466.04	\$ 546.85
50,001 to 500,000 gallons**	2.76	3.09	2.76	3.09	2.76	3.09	2.95	3.71	3.01	4.38	3.07	4.96
500,001 to 1,000,000 gallons**	4.14	4.63	4.14	4.63	4.14	4.63	4.43	5.56	4.52	6.56	4.61	7.43
100,000,001+ gallons**	5.69	6.30	5.69	6.30	5.69	6.30	6.09	7.56	6.21	8.92	6.33	10.12
<u>6" Meters</u>												
Base Charge up to 50,000	\$ 784.00	\$ 560.00	\$ 784.00	\$ 560.00	\$ 784.00	\$ 560.00	\$ 838.88	\$ 672.00	\$ 855.66	\$ 792.96	\$ 872.77	\$ 899.22
50,001 to 500,000 gallons**	2.60	2.70	2.60	2.70	2.60	2.70	2.78	3.24	2.84	3.82	2.89	4.34
500,001 to 1,000,000 gallons**	3.90	4.05	3.90	4.05	3.90	4.05	4.17	4.86	4.26	5.73	4.34	6.50
100,000,001+ gallons**	5.25	5.40	5.25	5.40	5.25	5.40	5.62	6.48	5.73	7.65	5.84	8.67
<u>8" & 10" Meters</u>												
Base Charge up to 50,000	\$ 840.00	\$ 896.00	\$ 840.00	\$ 896.00	\$ 840.00	\$ 896.00	\$ 898.80	\$ 1,075.20	\$ 916.78	\$ 1,268.74	\$ 935.11	\$ 1,438.75
50,001 to 500,000 gallons**	2.84	2.93	2.84	2.93	2.84	2.93	3.04	3.52	3.10	4.15	3.16	4.70
500,001 to 1,000,000 gallons**	4.20	4.42	4.20	4.42	4.20	4.42	4.49	5.30	4.58	6.26	4.68	7.10
100,000,001+ gallons**	5.69	5.89	5.69	5.89	5.69	5.89	6.09	7.07	6.21	8.34	6.33	9.46

* 75% of water consumption

** Charge per 1,000 gallons

LAGUNA MADRE WATER DISTRICT

Top Ten Utility Rate Payers

Last Ten Years

FISCAL YEAR 2012			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	\$ 413,232
Texas Pack, Inc.	508 Port Road	Port Isabel	199,633
Cameron County Parks System	Park Road 100	South Padre Island	195,146
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	157,226
Saida Towers II	400 Padre Boulevard	South Padre Island	114,416
Schlitterbahn South Padre	Isla Blanca Park	South Padre Island	96,015
Sapphire Condos	310 Padre Boulevard	South Padre Island	77,991
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	67,821
Suntide III	3000 Gulf Boulevard	South Padre Island	62,998
SPI Management Co.	500 Padre Boulevard	South Padre Island	53,254

FISCAL YEAR APRIL 30, 2013			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	\$ 409,724
Cameron County Parks System	Park Road 100	South Padre Island	195,944
Schlitterbahn South Padre	Isla Blanca Park	South Padre Island	192,121
Texas Pack, Inc.	508 Port Road	Port Isabel	164,168
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	153,920
Sapphire Condos	310 Padre Boulevard	South Padre Island	106,358
Saida Towers II	400 Padre Boulevard	South Padre Island	89,393
Port Isabel Park Center	702 Champion	Port Isabel	79,384
SPI Management Co	500 Padre Boulevard	South Padre Island	73,585
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	71,516

FISCAL YEAR September 30, 2013			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	\$ 409,724
Cameron County Parks System	Park Road 100	South Padre Island	195,944
Schlitterbahn South Padre	Isla Blanca Park	South Padre Island	192,121
Texas Pack, Inc.	508 Port Road	Port Isabel	164,168
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	153,920
Sapphire Condos	310 Padre Boulevard	South Padre Island	106,358
Saida Towers II	400 Padre Boulevard	South Padre Island	89,393
Port Isabel Park Center	702 Champion	Port Isabel	79,384
SPI Management Co	500 Padre Boulevard	South Padre Island	73,585
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	71,516

LAGUNA MADRE WATER DISTRICT
Top Ten Utility Rate Payers (continued)
Last Ten Years

FISCAL YEAR 2014			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	\$ 156,377
Long Island Village	900 South Garcia	Port Isabel	141,662
Cameron County Parks System	Park Road 100	South Padre Island	137,234
Texas Pack, Inc.	508 Port Road	Port Isabel	130,310
Schlitterbahn South Padre	Isla Blanca Park	South Padre Island	122,342
Schlitterbahn South Padre	200 Padre Boulevard	South Padre Island	117,716
Saida Towers II	400 Padre Boulevard	South Padre Island	100,190
Sapphire Condos	310 Padre Boulevard	South Padre Island	98,612
Long Island Village Golf Course	950 South Garcia	Port Isabel	59,434
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	58,977

FISCAL YEAR 2015			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	\$ 331,387
Texas Pack, Inc.	508 Port Road	Port Isabel	232,306
Schlitterbahn South Padre	200 Padre Boulevard	South Padre Island	197,447
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	166,132
Cameron County Parks System	33174 State Park Road 100	South Padre Island	138,373
Saida Royale	400 Padre Boulevard	South Padre Island	124,642
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	63,760
Affiliated Hospitality LLC	7010 Padre Boulevard	South Padre Island	50,744
Springlodge LP	6200 Padre boulevard	South Padre Island	45,798
SPI Management Co	500 Padre Boulevard	South Padre Island	43,860

FISCAL YEAR 2016			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	\$ 395,771
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	360,031
Schlitterbahn South Padre	200 Padre Boulevard	South Padre Island	341,889
Texas Pack, Inc.	508 Port Road	Port Isabel	254,921
Cameron County Parks System	33174 State Park Road 100	South Padre Island	166,237
Sapphire Condos	310 Padre Boulevard	South Padre Island	85,636
Touchstone Golf	1 Golf House	Laguna Vista	75,587
Long Island Village	33772 S Garcia	Port Isabel	75,083
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	71,731
Affiliated Hospitality LLC	7010 Padre Boulevard	South Padre Island	59,621

LAGUNA MADRE WATER DISTRICT
 Top Ten Utility Rate Payers (continued)
 Last Ten Years

FISCAL YEAR 2017			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	\$ 224,478
Cameron County Parks System	33174 State Park Road 100	South Padre Island	180,091
Texas Pack, Inc.	508 Port Road	Port Isabel	172,611
Schlitterbahn South Padre	200 Padre Boulevard	South Padre Island	167,242
Long Island Village	900 South Garcia	Port Isabel	152,772
Long Island Village	900 South Garcia	Port Isabel	137,228
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	136,777
Schlitterbahn South Padre	Isla Blanca Park Irr	South Padre Island	108,935
Saida Towers II	400 Padre Boulevard	South Padre Island	88,036
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	81,537

FISCAL YEAR 2018			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	328,025
Schlitterbahn South Padre	200 Padre Boulevard	South Padre Island	310,846
Texas Pack, Inc.	508 Port Road	Port Isabel	218,225
Cameron County Parks System	1 Padre Boulevard	South Padre Island	169,748
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	155,163
Walmart Stores	1401 Highway 100	Port Isabel	85,235
Sapphire Condos	310-A Padre Boulevard	South Padre Island	77,596
Saida Towers II	400 Padre Boulevard	South Padre Island	76,658
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	76,444
South Padre Island Golf Course	1 Golf House	Laguna Vista	68,085

FISCAL YEAR 2019			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	470,621
Texas Pack, Inc.	508 Port Road	Port Isabel	259,752
Cameron County Parks System	1 Padre Boulevard	South Padre Island	182,212
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	176,177
Schlitterbahn South Padre	200 Padre Boulevard	South Padre Island	173,129
South Padre Island Golf Course	1 Golf House	Laguna Vista	120,979
Sapphire Condos	310-A Padre Boulevard	South Padre Island	93,340
Saida Royale	400 Padre Boulevard	South Padre Island	78,549
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	72,618
Saida Towers II	400 Padre Boulevard	South Padre Island	70,427

LAGUNA MADRE WATER DISTRICT
 Top Ten Utility Rate Payers (continued)
 Last Ten Years

FISCAL YEAR 2020			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	420,827
Cameron County Parks System	1 Padre Boulevard	South Padre Island	285,617
Texas Pack, Inc.	508 Port Road	Port Isabel	240,825
SSPIBR, LTD dba Pearl South Padre	310 Padre Boulevard	South Padre Island	161,138
South Padre Island Golf Course	1 Golf House	Laguna Vista	125,629
Sapphire Condos	310-A Padre Boulevard	South Padre Island	113,351
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	101,939
Saida Royale	400 Padre Boulevard	South Padre Island	78,549
Saida Towers II	400 Padre Boulevard	South Padre Island	74,241
Beacon Bay Townhomes	306 Beacon Bay Drive	Port Isabel	72,904

FISCAL YEAR 2021			
<u>Customer</u>	<u>Address</u>	<u>City</u>	<u>Amount</u>
Long Island Village	900 South Garcia	Port Isabel	416,054
Cameron County Parks System	1 Padre Boulevard	South Padre Island	287,884
Sapphire Condos	310-A Padre Boulevard	South Padre Island	174,522
Texas Pack, Inc.	508 Port Road	Port Isabel	158,186
Modern Resort Lodging LLC	6700 Padre Boulevard	South Padre Island	126,680
Innjoy Hospitality LLC	6700 Padre Boulevard	South Padre Island	113,754
Bridgepoint Condos	334 Padre Boulevard	South Padre Island	97,208
Saida Towers II	400 Padre Boulevard	South Padre Island	96,394
Saida Royale	400 Padre Boulevard	South Padre Island	86,384
La Copa Inn	350 Padre Boulevard	South Padre Island	76,716

LAGUNA MADRE WATER DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended	Market Value	Taxable Value	Approximate Tax Levy	Adopted Tax Rate	Property Tax Levy	Collected within the Fiscal Year of the Levy	Percentage of Levy Collected
2012	\$3,559,527,020	\$3,334,482,470	\$2,694,929	0.080820	\$2,694,929	\$2,500,983	92.8%
Apr-2013	\$3,552,725,082	\$3,338,027,108	\$2,697,794	0.080820	\$2,697,794	\$2,665,851	98.8%
Sept-2013	\$3,552,725,082	\$3,338,027,108	\$2,697,794	0.080820	\$2,697,794	\$168,867	6.3%
2014	\$3,522,032,606	\$3,306,764,269	\$2,672,527	0.080820	\$2,672,528	\$2,565,140	96.0%
2015	\$3,443,890,797	\$3,236,134,537	\$2,615,444	0.039260	\$1,271,531	\$1,251,219	98.4%
2016	\$3,425,727,657	\$3,211,199,238	\$1,260,717	0.044643	\$1,445,200	\$1,424,719	98.6%
2017	\$3,438,658,773	\$3,224,088,223	\$1,439,330	0.045020	\$1,451,488	\$1,437,588	99.0%
2018	\$3,523,806,359	\$3,312,253,813	\$1,491,177	0.043860	\$1,452,755	\$1,428,212	98.3%
2019	\$3,578,561,747	\$3,355,564,865	\$1,471,751	0.040101	\$1,345,615	\$1,319,261	98.0%
2020	\$3,712,841,011	\$3,478,891,242	\$1,395,070	0.038821	\$1,350,542	\$1,317,351	97.5%
2021	\$3,603,778,250	\$3,356,158,885	\$1,302,894	0.039918	\$1,339,712	\$1,370,214	102.3%

(1) - For fiscal year ended April 30th.

(2) - During 2013 the District changed to a September 30 fiscal year end.

Source: Cameron County Tax Assessor's Office

LAGUNA MADRE WATER DISTRICT

Ratios of Outstanding Debt

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Revenue Bonds	Revenue Notes	Capital Leases	Premium	Total Outstanding Debt	Population (3)	Debt Per Capita
2012	\$ 1,636,000	\$ 7,180,000	\$ -	\$ -	\$ 332,870	\$ 9,148,870	10,963	\$ 835
Apr-2013 (1)	20,349,000	6,825,000	-	-	316,227	27,490,227	11,043	2,489
Sept-2013 (2)	17,425,000	6,825,000	-	-	316,227	24,566,227	11,043	2,225
2014	15,465,000	6,455,000	-	-	299,583	22,219,583	11,116	1,999
2015	14,255,000	6,280,000	-	-	282,940	20,817,940	11,132	1,870
2016	16,010,000	5,825,000	-	88,116	266,296	22,189,412	11,098	1,999
2017	15,190,000	10,895,000	-	76,636	249,653	26,411,289	11,094	2,381
2018	14,355,000	10,140,000	-	64,805	233,009	24,792,814	11,067	2,240
2019	13,495,000	14,795,000	2,655,000	52,613	216,366	31,213,979	12,267	2,545
2020	12,610,000	13,945,000	2,400,000	40,048	199,722	29,194,770	13,467	2,168
2021*	11,705,000	13,085,000	2,135,000	27,098	183,079	27,135,177	13,467 *	2,015

(1) - For fiscal year ended April 30th.

(2) - During 2013 the District changed to a September 30 fiscal year end.

(3) Source: U.S. Census Bureau

* - Data for the 2020 year not available.

LAGUNA MADRE WATER DISTRICT

General Bonded Debt Ratio

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Restricted for Debt Service	Population (3)	Debt Per Capita (4)
2012	\$1,636,000	\$ -	10,963	\$149
Apr-2013 (1)	\$20,349,000	\$ 6,402,277	11,043	\$1,263
Sept-2013 (2)	\$17,425,000	\$ 2,681,504	11,043	\$1,335
2014	\$15,465,000	\$ 2,603,311	11,116	\$1,157
2015	\$14,255,000	\$ 2,225,351	11,132	\$1,081
2016	\$16,010,000	\$ 2,896,569	11,098	\$1,182
2017	\$15,190,000	\$ 3,084,681	11,094	\$1,091
2018	\$14,355,000	\$ 3,200,219	11,067	\$1,008
2019	\$13,495,000	\$ 3,598,587	12,267	\$807
2020	\$12,610,000	\$ 2,484,301	13,467	\$752
2021*	\$11,705,000	\$ 2,942,194	13,467 *	\$651

(1) - For fiscal year ended April 30th.

(2) - During 2013 the District changed to a September 30 fiscal year end.

(3) Source: U.S. Census Bureau

* - Data for the 2021 year not available.

(4) Debt per capita is calculated net of the amounts restricted for debt service

LAGUNA MADRE WATER DISTRICT

Direct and Overlapping Debt
as of September 30, 2021

	<u>Debt Amount</u>	<u>% Overlapping</u>	<u>Overlapping Amount</u>
Taxing Body:			
Brownsville Navigation District	\$1,225,000	0.00%	\$0
Cameron County	\$199,365,000	16.70%	\$33,293,955
Laguna Vista, Town of	\$960,000	99.78%	\$957,888
Los Fresnos CISD	\$23,640,000	1.00%	\$236,400
Point Isabel ISD	\$11,280,000	86.97%	\$9,810,216
Port Isabel, City of	\$6,000,000	99.85%	\$5,991,000
South Padre Island, City of	\$6,935,000	98.08%	\$6,801,848
Texas Southmost College	\$35,065,000	25.30%	\$8,871,445
Total Overlapping Debt			<u>\$65,962,752</u>
Laguna Madre Water District			\$27,135,172
Total Direct and Overlapping Debt			<u>\$93,097,924</u>
Total Direct and Overlapping Debt % of A.V.:			2.22%
Total Direct and Overlapping Debt per Capita:			\$7,483

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the District's boundaries and dividing by each unit's total assessed value.

LAGUNA MADRE WATER DISTRICT

Total Indebtness per Customer

Last Ten Fiscal Years

<u>Fiscal Year</u> <u>Ended</u>	<u>Bonds</u> <u>Payable</u>	<u>Revenue</u> <u>Notes</u> <u>Payable</u>	<u>Capital</u> <u>Leases</u> <u>Payable</u>	<u>Compensated</u> <u>Absences</u>	<u>Net Pension</u> <u>Liabilities</u>	<u>Total</u> <u>Indebtedness</u>	<u>Total</u> <u>Water</u> <u>Connections</u>	<u>Debt Per</u> <u>Customer</u>
2012 (1)	8,888,333	-	-	79,628	-	8,967,961	6,513	1,377
2013 (1)	27,557,740	-	-	76,118	-	27,633,858	6,208	4,451
2013 (2)	24,633,740	-	-	80,154	-	24,713,894	6,209	3,980
2014	22,282,274	-	-	299,578	-	22,581,852	6,272	3,600
2015	20,817,938	-	-	62,319	1,311,309	22,191,566	6,235	3,559
2016	22,101,294	-	88,116	69,051	1,861,286	24,119,747	6,482	3,721
2017	26,334,650	-	76,636	74,915	1,915,746	28,401,947	7,238	3,924
2018	24,728,006	-	64,805	72,104	1,226,822	26,091,737	6,446	4,048
2019	28,506,362	2,650,000	52,613	87,725	2,212,566	33,509,266	6,573	5,098
2020	26,754,721	2,400,000	40,048	120,181	1,210,063	30,525,013	6,712	4,548
2021	24,790,000	2,135,000	27,098	100,330	1,755,748	28,808,176	6,878	4,188

(1) - For fiscal year ended April 30th.

(2) - During 2013 the District changed to a September 30 fiscal year end.

LAGUNA MADRE WATER DISTRICT

Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year Ended	Total Revenues	Total Expenses (3)	Net Revenues Available for Debt Service	Revenue Bond Debt Service Requirements for Subsequent Year	Coverage
2012 (1)	11,071,851	6,657,085	4,414,766	671,281	6.58
2013 (1)	11,455,660	7,651,906	3,803,754	394,438	9.64
2013 (2)	3,860,533	3,521,382	339,151	394,438	0.86
2014	10,223,056	7,552,958	2,670,098	409,013	6.53
2015	9,414,745	7,119,666	2,295,079	614,786	3.73
2016	10,791,491	7,486,960	3,304,531	612,642	5.39
2017	11,323,621	7,970,842	3,352,779	932,150	3.60
2018	11,184,966	7,928,473	3,256,493	934,412	3.49
2019	12,265,325	9,209,693	3,055,632	1,367,672	2.23
2020	12,704,424	8,875,202	3,829,222	1,365,787	2.80
2021	13,455,470	9,136,631	4,318,839	1,367,854	3.16

(1) - For fiscal year ended April 30th.

(2) - During 2013 the District changed to a September 30 fiscal year end.

(3) - Depreciation not included

LAGUNA MADRE WATER DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u> <u>Ended</u>	<u>Estimated</u> <u>Population</u> <u>Laguna Vista</u>	<u>Median Household</u> <u>Income</u> <u>Laguna Vista</u>	<u>Per Capita Income</u> <u>Laguna Vista</u>	<u>Unemployment Rate</u> <u>Laguna Vista</u>
2012 (1)	3,085	53,162	35,503	4.6%
2013 (1)	3,158	51,667	34,201	4.4%
2013 (2)	3,158	51,667	34,201	4.4%
2014	3,197	61,250	33,802	6.6%
2015	3,211	54,531	30,759	7.5%
2016	3,195	56,311	31,093	8.8%
2017	3,189	59,091	30,243	5.4%
2018	3,171	58,438	29,113	4.1%
2019	3,157	52,813	30,153	3.9%
2020	3,143	47,188	31,193	3.7%
2021*	-	-	-	0.0%

<u>Fiscal Year</u> <u>Ended</u>	<u>Estimated</u> <u>Population</u> <u>Port Isabel</u>	<u>Median Household</u> <u>Income</u> <u>Port Isabel</u>	<u>Per Capita Income</u> <u>Port Isabel</u>	<u>Unemployment Rate</u> <u>Port Isabel</u>
2012 (1)	5,041	32,485	14,710	6.2%
2013 (1)	5,019	32,967	16,315	8.7%
2013 (2)	5,019	32,967	16,315	8.7%
2014	5,033	32,415	16,890	7.1%
2015	5,033	31,765	18,080	6.1%
2016	5,015	32,566	20,037	4.6%
2017	5,049	34,389	20,496	4.7%
2018	5,057	30,313	17,804	3.4%
2019	6,292	32,598	18,194	1.0%
2020	7,527	34,883	18,584	-1.4%
2021*	-	-	-	0.0%

<u>Fiscal Year</u> <u>Ended</u>	<u>Estimated</u> <u>Population</u> <u>South Padre Island</u>	<u>Median Household</u> <u>Income</u> <u>South Padre Island</u>	<u>Per Capita Income</u> <u>South Padre Island</u>	<u>Unemployment Rate</u> <u>South Padre Island</u>
2012 (1)	2,837	52,105	44,442	3.4%
2013 (1)	2,866	45,193	44,333	5.2%
2013 (2)	2,866	45,193	44,333	5.2%
2014	2,886	41,714	37,415	1.5%
2015	2,888	39,301	33,119	2.0%
2016	2,888	42,825	42,695	1.8%
2017	2,856	45,060	49,054	0.0%
2018	2,839	41,894	52,048	0.0%
2019	2,818	45,221	58,235	1.1%
2020	2,797	48,548	64,422	2.2%
2021*	-	-	-	0.0%

Source: U.S. Census Bureau

* - Data for the 2021 year not available

(1) - For fiscal year ended April 30th.

(2) - During 2013 the District changed to a September 30 fiscal year end.

LAGUNA MADRE WATER DISTRICT
 Full-Time Employees By Department
 Last Ten Fiscal Years

<u>DEPARTMENT</u>	<u>September</u>									<u>April</u>	
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013*</u>	<u>2013</u>	<u>2012</u>
Water Plant	14	10	13	13	10	11	11	12	10	10	10
Lift Stations	4	3	-	-	-	-	-	-	-	-	-
Distribution	8	7	9	9	9	9	9	10	10	10	9
Collections	7	6	6	6	5	7	7	7	5	5	5
Maintenance	3	3	3	3	3	3	3	4	3	4	3
Lab	3	3	4	4	4	4	4	4	4	5	4
Administration	9	9	7	7	7	7	6	5	5	5	6
Wastewater & Lift Stations	11	11	14	13	13	14	15	16	16	14	12
Finance	15	15	13	13	12	10	11	11	13	13	12
Electrical	4	3	4	3	2	3	2	4	4	4	3
Construction	7	5	7	6	7	6	5	4	4	3	2
Total	85	75	80	77	72	74	73	77	74	73	66

Source: LMWD Human Resources Department

*During 2013 the District changed to a September 30 fiscal year end.

LAGUNA MADRE WATER DISTRICT

Total Active Connections

Last Ten Fiscal Years

Meter Size	September									April	
	2021	2020	2019	2018	2017	2016	2015	2014	2013*	2013	2012
5/8"	5,239	5,096	4,979	4,871	4,792	4,731	4,697	4,666	4,659	4,218	4,643
1"	1,229	1,208	1,186	1,165	1,153	1,116	1,097	1,090	1,079	1,091	1,070
2"	300	299	298	302	282	281	294	341	300	679	633
4"	74	73	74	73	83	82	113	83	81	147	80
6"	35	33	34	33	49	66	32	87	85	66	83
8"	1	1	1	1	9	1	1	3	3	7	4
10"	-	1	-	-	-	-	-	1	1	-	-
16"	-	1	1	1	-	-	-	-	-	-	-
18"	-	-	-	-	1	1	1	1	1	-	-
Total water connections	<u>6,878</u>	<u>6,712</u>	<u>6,573</u>	<u>6,446</u>	<u>6,369</u>	<u>6,278</u>	<u>6,235</u>	<u>6,272</u>	<u>6,209</u>	<u>6,208</u>	<u>6,513</u>
Total wastewater connections	<u>5,801</u>	<u>5,726</u>	<u>5,649</u>	<u>5,557</u>	<u>5,466</u>	<u>5,466</u>	<u>5,344</u>	<u>5,344</u>	<u>5,350</u>	<u>6,214</u>	<u>6,147</u>
Gallons pumped into system:	1,296,284,000	1,277,156,000	1,286,386,000	1,443,198,000	1,441,755,000	1,312,625,000	1,202,924,000	1,482,005,000	667,050,000	1,293,576,000	1,281,141,000
Gallons billed to customers:	1,175,694,207	1,144,586,579	1,270,283,287	1,329,802,462	1,348,053,900	1,234,821,500	1,157,087,500	1,188,958,200	617,385,800	1,339,222,700	1,322,556,800
Water accountability ratio:	<u>90.70%</u>	<u>89.62%</u>	<u>98.75%</u>	<u>92.14%</u>	<u>93.50%</u>	<u>94.07%</u>	<u>96.19%</u>	<u>80.23%</u>	<u>92.55%</u>	<u>103.53%</u>	<u>103.23%</u>

*During 2013 the District changed to a September 30 fiscal year end.

LAGUNA MADRE WATER DISTRICT

Capital Assets Statistics

Last Ten Fiscal Years

	September									April	
	2021	2020	2019	2018	2017	2016	2015	2014	2013*	2013	2012
WATER											
Vehicles	4	4	4	4	4	4	4	3	3	3	3
Water Treatment Plants	1	1	1	1	1	1	2	1	1	1	1
Miles of water mains	140	140	140	140	140	140	140	140	140	140	140
Meters	6,878	6,712	6,573	6,446	7,238	6,482	6,235	6,272	6,209	6,208	6,513
Water Towers	5	5	5	5	5	5	5	5	5	5	5
Ground Storage	1	1	1	1	1	1	3	2	2	2	2
Booster Stations	0	0	0	0	0	0	0	0	0	0	0
WASTEWATER											
Vehicles	3	4	4	4	4	4	4	4	4	4	4
Wastewater Treatment Plants	4	4	4	4	4	4	4	4	4	4	4
Lift Stations	33	32	32	32	32	32	33	33	33	33	33
Miles of wastewater main	105	105	105	105	105	105	105	105	105	105	105
ADMINISTRATION											
Vehicles	1	1	1	1	1	1	1	1	1	1	1

Source: Various District departments

*During 2013 the District changed to a September 30 fiscal year end.

COMPLIANCE SECTION

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

To the Board of Directors
Laguna Madre Water District

We have audited, in accordance with the 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 the governmental activities and each major fund of the Laguna Madre Water District as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Laguna Madre Water District's basic financial statements, and have issued our report thereon dated February 9, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Laguna Madre Water District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Laguna Madre Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Laguna Madre Water 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 the attention of 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 and Other Matters

As part of obtaining reasonable assurance about whether the Laguna Madre Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

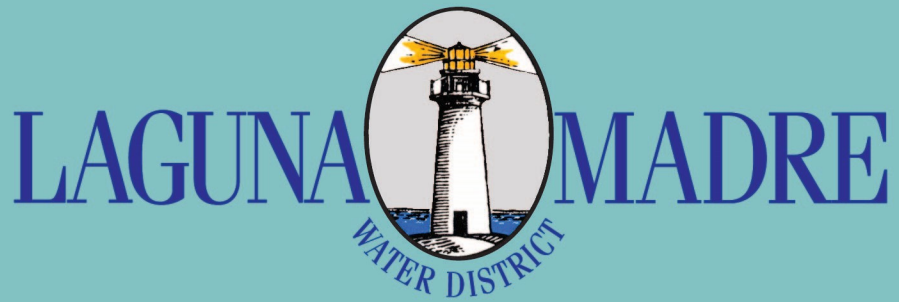
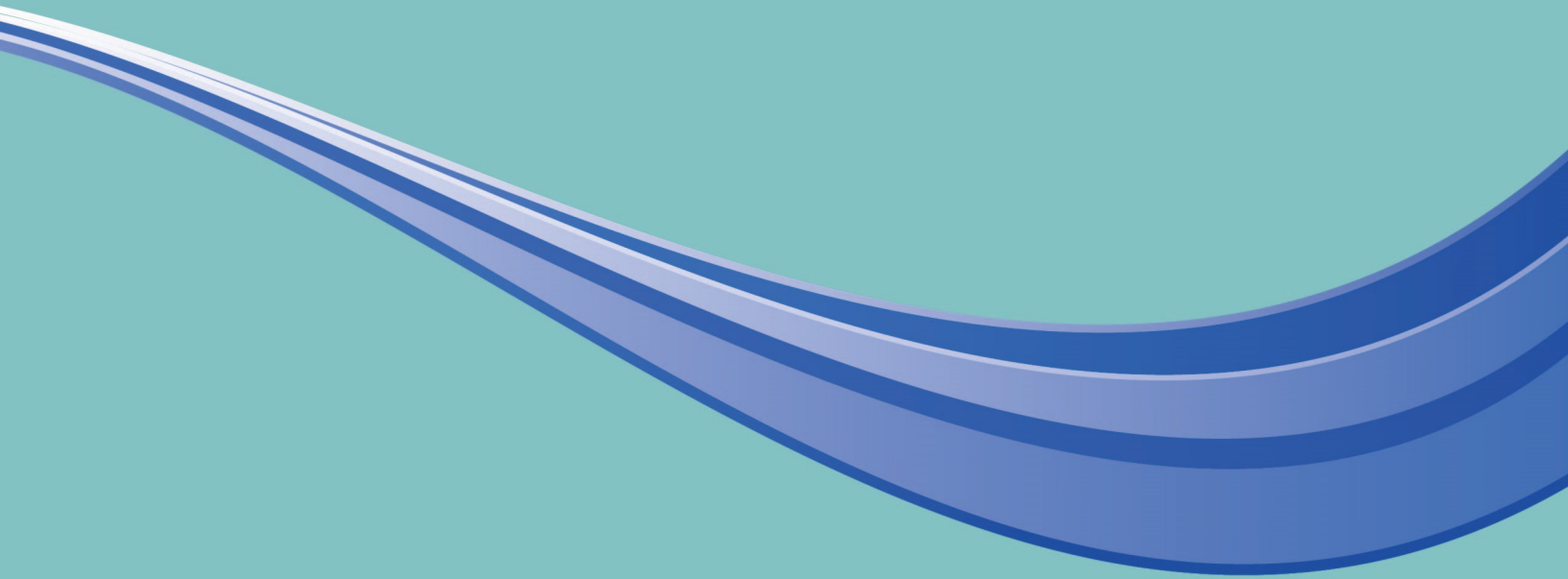
Purpose of this Report

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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Brownsville, Texas
February 9, 2022



105 Port Road • Port Isabel, Texas 78578