

JEFFERSON COUNTY WATER
CONTROL & IMPROVEMENT
DISTRICT # 10

ANNUAL FINANCIAL REPORTS
FOR THE YEAR ENDED JUNE 30, 2023

JEFFERSON COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 10
NEDERLAND, TEXAS

CONTENTS

	Page
Independent Auditor's Report	
Annual Filing Affidavit	1
Management's Discussion and Analysis	2
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet – Governmental Funds	12
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position for Governmental Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position – Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Notes to the Financial Statements	19
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Net Position – Budget and Actual – Proprietary Fund	44
Statement of Revenues, Expenses and Changes in Fund Balances – Budget to Actual – Special Revenue Fund	45
Schedule of Changes in Net Pension Liability and Related Ratios	46
Schedule of Employer Contributions	47
Schedule of Changes in Total OPEB Liability and Related Ratios	48
Texas Supplementary Information	
Schedule of Services and Rates	49
Schedule of Proprietary Fund Expenses	51
Schedule of Temporary Investments - Omitted (The District had no temporary investments at fiscal year-end)	
Analysis of Taxes Levied and Receivable	52

JEFFERSON COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 10
TABLE OF CONTENTS
PAGE 2

	Page
General Long-Term Debt Service Requirement by Years	53
Analysis of Changes in Long-Term Debt	59
Comparative Schedule of Revenues and Expenditures (Proprietary Fund and Debt Fund)	61
Schedule of Insurance Coverage	63
Board Members, Key Personnel and Consultants	65
 Overall Compliance and Internal Control	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	67

J. R. Edwards & Associates, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

November 7, 2023

Board of Directors
Jefferson County Water Control and
Improvement District # 10
3707 Central
Nederland, TX 77627

To the Board of Directors:

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Jefferson County Water Control & Improvement District # 10 ("the District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities and each major fund of Jefferson County Water Control and Improvement District # 10 as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

1465 Cornerstone Ct., Ste. A ♦ Beaumont, TX 77706
Phone (409) 924-9100 ♦ Fax (409) 924-0990

Management's Responsibility for the Financial Statements, continued

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension related schedules, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 7, 2023, 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.

Sincerely,

J.R. EDWARDS & ASSOCIATES, LLC

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS
COUNTY OF JEFFERSON

I, STEPHEN SAVANT, PRESIDENT of the
(Name of duly Authorized District Representative)

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10

hereby 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 November, 2023 its annual audit report for the fiscal year or period ended June 30, 2023 and that copies of the annual audit have been filed in the district office, located at

3707 CENTRAL BOULEVARD, NEDERLAND, TX

The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Natural Resource Conservation Commission in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

Date: November 9, 2023

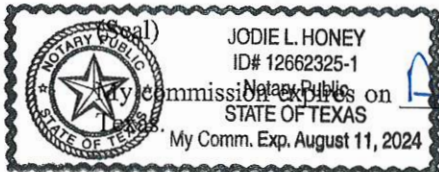
By: [Signature]

Stephen Savant, President

Sworn to and subscribed to before me this 9 day of November, 2023.

[Signature]

(Signature of Notary)



August 11, 2024, Notary Public in and for the State of

JEFFERSON COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 10
Management's Discussion and Analysis
June 30, 2023

As management of the Jefferson County Water Control & Improvement District No. 10, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the independent auditor's report and the District's financial statements, which follow.

Financial Highlights

- The assets of the Jefferson County Water Control & Improvement District No. 10 exceeded its liabilities as of June 30, 2023, by \$9,452,458 (net position). Of this amount, \$1,098,999 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The Jefferson County Water Control & Improvement District No. 10 total net position increased by \$329,760. The District had expenses associated with governmental activities totaling \$408,708 and general revenues and grants were \$1,322,163.
- As of June 30, 2023, the Jefferson County Water Control & Improvement District No. 10 water and sewer fund reported ending net position of \$10,829,522, an increase of \$343,792 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Jefferson County Water Control & Improvement District No. 10 basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Jefferson County Water Control & Improvement District No. 10 finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Jefferson County Water Control & Improvement District No. 10 assets and liabilities, 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 Jefferson County Water Control & Improvement District No. 10 is improving or deteriorating.

The Statement of Activities presents information showing how the government'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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the District include fire protection and general administration. The business-type activities of the District include a water and sewer system.

The government-wide financial statements can be found on pages 9-11 of this report.

Fund financial 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 Jefferson County Water Control & Improvement District No. 10, 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 can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental funds. 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Jefferson County Water Control & Improvement District No. 10 maintains three governmental funds. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the three funds, which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

Proprietary funds. The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations. The Water and Sewer Fund is considered a major enterprise fund of the District.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, required supplementary information presents a budgetary comparison schedule for the Special Revenue and Water and Sewer Funds to demonstrate compliance with the budget as well as a schedule of pension plan funding progress.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Jefferson County Water Control & Improvement District No. 10, assets exceeded liabilities \$9,452,458 at the close of the most recent fiscal year.

JEFFERSON COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 10 NET POSITION June 30, 2023

	Governmental Activities		Business Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 4,621,299	\$ 5,625,797	\$ 1,472,232	\$ 1,617,454	\$ 6,093,531	\$ 7,243,251
Capital assets, net	1,403,020	1,359,112	10,259,542	9,797,251	11,662,562	11,156,363
Total Assets	6,024,319	6,984,909	11,731,774	11,414,705	17,756,093	18,399,614
Deferred Outflows of Resources	-	-	18,150	(286,269)	18,150	(286,269)
Total Deferred Outflows of Resources	-	-	18,150	(286,269)	18,150	(286,269)
Current liabilities	863,932	1,131,660	432,226	358,821	1,296,158	1,490,481
Long-term liabilities outstanding	6,537,451	7,216,281	407,313	166,300	6,944,764	7,382,581
Total Liabilities	7,401,383	8,347,941	839,539	525,121	8,240,922	8,873,062
Deferred Inflows of Resources	-	-	80,863	117,586	80,863	117,586
Total Deferred Inflows of Resources	-	-	80,863	117,586	80,863	117,586
Net Position:						
Net Investment in Capital Assets	(5,814,431)	(6,537,169)	9,484,542	8,977,251	3,670,111	2,440,082
Restricted	4,071,103	5,127,204	612,245	644,536	4,683,348	5,771,740
Unrestricted	366,264	46,933	732,735	863,942	1,098,999	910,875
Total Net Position	\$ (1,377,064)	\$ (1,363,032)	\$ 10,829,522	\$ 10,485,729	\$ 9,452,458	\$ 9,122,697

The largest portion of the District's net position represents its restricted assets (e.g. debt service and construction funds). The District uses these restricted funds to cover its annual debt payments and construction projects; therefore, these assets are not available for future spending.

An additional portion of the District's net position reflects its net investment in capital assets (e.g. land, buildings, improvements other than buildings, equipment, and infrastructure); less any related debt used to acquire those assets that remain outstanding. The District uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending.

The remaining balance of unrestricted net position \$1,098,999 may be utilized to meet the government's on-going obligations to citizens and creditors.

Although the District reports its net investment in capital assets, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

JEFFERSON COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 10
CHANGES IN NET ASSETS
For the year ending June 30, 2023

	Governmental Activities		Business Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ -	\$ -	\$ 1,548,769	\$ 1,539,485	\$ 1,548,769	\$ 1,539,485
Operating grants	2,885	10,750	-	-	2,885	10,750
General revenues						
Investment income	131,598	11,835	23,057	2,574	154,655	14,409
Taxes	1,176,671	1,186,415	-	-	1,176,671	1,186,415
Other	11,009	11,067	34,012	28,740	45,021	39,807
Transfers	(927,487)	(750,102)	927,487	750,102	-	-
Total Revenues	394,676	469,965	2,533,325	2,320,901	2,928,001	2,790,866
Expenses						
Fire protection	178,981	181,323	-	-	178,981	181,323
Water and sewer	-	-	2,172,862	1,880,313	2,172,862	1,880,313
General and administration	16,858	16,109	-	-	16,858	16,109
Interest	212,869	234,131	16,670	16,945	229,539	251,076
Other	-	-	-	-	-	-
Total Expenses	408,708	431,563	2,189,532	1,897,258	2,598,240	2,328,821
Contributed Capital	-	-	-	-	-	-
Increase (Decrease) in net assets	(14,032)	38,402	343,793	423,643	329,761	462,045
Net position- 7/1	(1,363,032)	(1,401,434)	10,485,729	10,062,086	9,122,697	8,660,652
Net position- 6/30	\$ (1,377,064)	\$ (1,363,032)	\$ 10,829,522	\$ 10,485,729	\$ 9,452,458	\$ 9,122,697

The District's total net position was increased by \$329,761 during the current fiscal year. Governmental activities decreased the District's net position by \$14,032. The business-type activities increased net position by \$343,793.

Financial Analysis of the Government's Funds

As noted earlier, the Jefferson County Water Control & Improvement District No. 10 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Jefferson County Water Control & Improvement District No. 10 governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Jefferson County Water Control & Improvement District No. 10 financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the Jefferson County Water Control & Improvement District No. 10 governmental funds reported an ending fund balance of \$4,460,088, a decrease of \$744,850 in comparison with the prior year. The primary reasons for this decrease include transfers totaling \$927,487. The fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay for future debt service requirements, public safety, and/or capital projects.

Proprietary funds. The District's proprietary fund provides the same information found in the government-wide financial statements, but in more detail.

Capital Asset and Debt Administration

Capital assets. The Jefferson County Water Control & Improvement District No. 10 investment in capital assets for its governmental and business activities as of June 30, 2023, amounts to \$11,662,562 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, construction in progress and machinery and equipment.

JEFFERSON COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 10 - CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 166,684	\$ 166,684	\$ 201,389	\$ 201,389	\$ 368,073	\$ 368,073
Construction in Progress	-	-	1,530,900	444,933	1,530,900	444,933
Buildings	1,092,839	1,092,839	812,811	812,811	1,905,650	1,905,650
Other Improvements	-	-	21,327,880	21,327,880	21,327,880	21,327,880
Machinery and Equipment	663,650	572,084	698,267	661,762	1,361,917	1,233,846
Total Capital Assets	1,923,173	1,831,607	24,571,247	23,448,775	26,494,420	25,280,382
Less Accumulated Depreciation	520,153	472,495	14,311,705	13,651,524	14,831,858	14,124,019
Capital Assets net of Depreciation	\$ 1,403,020	\$ 1,359,112	\$ 10,259,542	\$ 9,797,251	\$ 11,662,562	\$ 11,156,363

Additional information on District capital assets can be found in Note 6.

Long-term debt. At June 30, 2023, the District had \$7,992,451 of long-term bonds outstanding. \$7,217,451 represents Unlimited Tax Bonds backed by the full faith and credit of the District. \$775,000 represents a revenue bond to be paid from future water and wastewater revenues.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Certificates of obligations	7,235,000	7,915,000	-	-	7,235,000	7,915,000
Accretion on bonds	(17,549)	(18,719)	-	-	(17,549)	(18,719)
Revenue bonds	-	-	775,000	820,000	775,000	820,000
Total	7,217,451	7,896,281	775,000	820,000	7,992,451	8,716,281

Additional information regarding the District's long-term debt can be found in Note 5.

Economic Factors and Next Year's Budgets and Rates

The Board of Directors last increased the water and sewer rates by 20% in the third quarter of 2016. The rates were increased in 2016 to meet revenue bond requirements. Prior to 2016, the most recent rate increase was in the fourth quarter of 2012 to meet increased operating expenses.

In 2016, the District signed an Agreed Order with the Texas Commission on Environmental Quality to make necessary improvements at the wastewater treatment plant. The District's wastewater treatment plant, which consists of a pond and rock reed filter system, experienced frequent recurring permit violations. These mandatory improvements were initially financed by a \$1 million revenue bond through the Texas Water Development Board and were to include adding a disinfection chamber and construction of a rock reed filter pilot study. After partial construction of the rock reed filter pilot study, it was determined with the help of consultants that the most economic and long-term solution would be to reroute the effluent to the Neches River. The District will be seeking a general obligation bond in 2023 to fully fund the remaining amount to construct a pump station and force main and to reroute effluent to the Neches River.

The voters passed a general obligation bond in the amount of \$1.35 million in 2013 for Water Plant Improvements which included a SCADA system and new clarifier. The new clarifier was completed in July 2019. The SCADA system is expected to begin construction in August 2023.

The voters passed a general obligation bond in the amount of \$5.44 million on November 7, 2017 for water and wastewater system repairs and upgrades. Repairs and upgrades funded by this bond include smoke testing, point repairs, filter system rehabilitation, water plant electrical upgrades, replacement of the bolted ground storage tank, rehabilitation of the steel ground storage tank, rehabilitation of the 250,000 gallon elevated storage tank, rehabilitation of the 400,000 gallon elevated storage tank, and a new lift station for the Central Heights subdivision. The District received funding on October 4, 2018. Projects completed include smoke testing (completed November 2018) and the majority of point repairs (completed December 2019). The new clearwell and rehabilitation of the filter system began in January 2020 and were completed in April 2022. The water plant electrical upgrades are expected to begin concurrently with the construction of the SCADA system in March 2023. The steel ground storage tank is under construction in Fall 2022 and expected to be completed in early Spring 2023. The 250,000 gallon elevated storage tank will be rehabilitated shortly after completion of the steel ground storage tank followed by the rehabilitation of the 400,000 gallon elevated storage tank and replacement of the bolted ground storage tank.

The Texas Water Development Board granted principal forgiveness funds in the amount of \$500,000 to the District in 2019. These funds were used to build a new control lab building for the water plant employees. The new control lab building is at a higher elevation to ensure that it will not be affected by flooding from future hurricanes or tropical storms. The contract was awarded in September 2020 and construction was completed in March 2022.

Requests for Information

This financial report is designed to provide a general overview of the Jefferson County Water Control & Improvement District No. 10 finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the General Manager, 3707 Central Blvd, Nederland, Texas 77627.

BASIC FINANCIAL STATEMENTS

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JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 470,992	\$ 537,197	\$ 1,008,189
Accounts receivable, net:			
Taxes (net allowance of \$23,924)	58,002	-	58,002
Accounts	-	102,145	102,145
Other	-	74,975	74,975
Inventory	-	106,251	106,251
Prepaid expense	17,911	35,079	52,990
Restricted assets:			
Debt service	1,485,331	-	1,485,331
Construction	2,586,556	-	2,586,556
Customer deposits	-	191,230	191,230
Revenue	-	421,015	421,015
Due from other funds	2,507	4,340	6,847
Capital assets:			
Land	166,684	201,389	368,073
Construction in progress	-	1,530,900	1,530,900
Other capital assets, net of accumulated depreciation	1,236,336	8,527,253	9,763,589
TOTAL ASSETS	6,024,319	11,731,774	17,756,093
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Difference between projected and actual earnings on pension plan	-	7,721	7,721
Contributions subsequent to the measurement date	-	10,429	10,429
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	18,150	18,150
<u>LIABILITIES</u>			
Accounts payable	97,131	94,999	192,130
Accrued liabilities	731	30,135	30,866
Interest payable	80,723	-	80,723
Compensated absences	-	69,362	69,362
Due to other funds	5,347	1,500	6,847
Payable from restricted assets	-	191,230	191,230
Debt payable - current	695,000	45,000	740,000
Debt payable - noncurrent (net)	6,522,451	730,000	7,252,451
Net OPEB liability	-	25,199	25,199
Net pension liability	-	(347,886)	(347,886)
TOTAL LIABILITIES	7,401,383	839,539	8,240,922
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Change of assumptions	-	(17,741)	(17,741)
Differences between expected and actual experience	-	98,604	98,604
TOTAL DEFERRED INFLOWS OF RESOURCES	-	80,863	80,863
NET POSITION			
Net Investment in			
Capital assets	(5,814,431)	9,484,542	3,670,111
Restricted for:			
Debt service	1,485,331	-	1,485,331
Construction	2,585,772	-	2,585,772
Customer deposits	-	191,230	191,230
Revenue bond	-	421,015	421,015
Unrestricted	366,264	732,735	1,098,999
TOTAL NET POSITION	\$ (1,377,064)	\$ 10,829,522	\$ 9,452,458

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

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges For Services</u>	<u>Operating Grant Contributions</u>	<u>Capital Grant Contributions</u>
Primary government:				
Governmental activities:				
Public safety	\$ 178,981	\$ -	\$ 2,885	\$ -
Administrative and general	16,858	-	-	-
Interest on long term debt	212,869	-	-	-
Total governmental activities	<u>408,708</u>	<u>-</u>	<u>2,885</u>	<u>-</u>
Business-type activities:				
Water and sewer	2,172,862	1,548,768	-	-
Miscellaneous	0	-	-	-
Interest on long term debt	16,670	-	-	-
Total business-type activities	<u>2,189,532</u>	<u>1,548,768</u>	<u>-</u>	<u>-</u>
Total primary government	<u>2,598,240</u>	<u>1,548,768</u>	<u>2,885</u>	<u>-</u>

General revenues:
 Property taxes
 Investment earnings
 Miscellaneous
 Total general revenues
 Transfers
 Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (176,096)	\$ -	\$ (176,096)
(16,858)	-	(16,858)
(212,869)	-	(212,869)
<u>(405,823)</u>	<u>-</u>	<u>(405,823)</u>
-	(624,094)	(624,094)
-	-	-
-	(16,670)	(16,670)
-	(640,764)	(640,764)
<u>(405,823)</u>	<u>(640,764)</u>	<u>(1,046,587)</u>
1,176,671	-	1,176,671
131,598	23,057	154,655
11,009	34,012	45,021
<u>1,319,278</u>	<u>57,069</u>	<u>1,376,347</u>
<u>(927,487)</u>	<u>927,487</u>	<u>-</u>
<u>391,791</u>	<u>984,556</u>	<u>1,376,347</u>
(14,032)	343,792	329,760
<u>(1,363,032)</u>	<u>10,485,729</u>	<u>9,122,697</u>
<u>\$ (1,377,064)</u>	<u>\$ 10,829,522</u>	<u>\$ 9,452,458</u>

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

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 470,992	\$ 1,485,331	\$ -	\$ 1,956,323
Investments	-	-	2,586,556	2,586,556
Receivables (net of allowance for uncollectible):				
Taxes (net allowance of \$21,451)	16,685	41,317	-	58,002
Prepaid expenses	17,911	-	-	17,911
Due from other funds	1,007	1,500	-	2,507
TOTAL ASSETS	506,595	1,528,148	2,586,556	4,621,299
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts payable	15,091	-	82,040	97,131
Accrued expenses	731	-	-	731
Due to other funds	3,556	1,007	784	5,347
Deferred revenue	16,684	41,318	-	58,002
TOTAL LIABILITIES	36,062	42,325	82,824	161,211
<u>FUND BALANCES</u>				
Restricted for:				
Debt service	-	1,485,823	-	1,485,823
Fire protection	470,533	-	-	470,533
Capital projects	-	-	2,503,732	2,503,732
TOTAL FUND BALANCE	470,533	1,485,823	2,503,732	4,460,088
TOTAL LIABILITIES AND FUND BALANCES	\$ 506,595	\$ 1,528,148	\$ 2,586,556	\$ 4,621,299

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

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION FOR GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Governmental fund balance as reported on the balance sheet for governmental funds.	\$	4,460,088
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When capital assets that are to be used in governmental funds are purchased, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole.

Cost of capital assets, net of accumulated depreciation		1,403,020
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Long-term liabilities of the District's governmental activities aren't due and payable in the current period, therefore are not reported as fund liabilities. All liabilities both current and long-term, are reported in the Statement of Net Position.

Accretion on bonds		1,170
General obligation bonds payable		(7,218,621)
Accrued interest expense		(80,723)

Deferred property tax revenue is recorded as a liability in the governmental funds. However, that revenue should have been recognized in the prior years when reported using full accrual.

Deferred property tax revenues		58,002
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Total net position as reported on the Statement of Net Position for governmental activities.	\$	(1,377,064)
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The notes to the financial statements are an integral part of this statement.

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<u>REVENUES</u>				
General property taxes	\$ 283,514	\$ 890,996	\$ -	\$ 1,174,510
Penalties and interest	2,691	8,317	-	11,008
Grants and contributions	2,885	-	-	2,885
Interest	2,724	8,333	120,541	131,598
TOTAL REVENUES	291,814	907,646	120,541	1,320,001
<u>EXPENDITURES</u>				
Current:				
Fire protection	131,323	-	-	131,323
Capital outlay	91,566	-	-	91,566
Debt service:				
Principal	-	680,000	-	680,000
Interest and fiscal charges	-	234,475	-	234,475
TOTAL EXPENDITURES	222,889	914,475	-	1,137,364
<u>EXCESS OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	68,925	(6,829)	120,541	182,637
<u>OTHER FINANCING SOURCES (USES)</u>				
Bond Issuance Costs	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-
Refunding Bond Premium	-	-	-	-
Transfers	-	-	(927,487)	(927,487)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(927,487)	(927,487)
NET CHANGE IN FUND BALANCES	68,925	(6,829)	(806,946)	(744,850)
FUND BALANCES - JULY 1	401,608	1,492,652	3,310,678	5,204,938
FUND BALANCES - JUNE 30	\$ 470,533	\$ 1,485,823	\$ 2,503,732	\$ 4,460,088

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

**JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net change in fund balances for total governmental funds.	\$ (744,850)
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When capital assets that are to be used in governmental funds are purchased, those costs are reported as expenditures in the governmental funds. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Current year depreciation expense	(47,658)
Current year asset additions	91,566
Current year asset disposals	-

The issuance of debt provides current resources to governmental funds while, the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.

Accretion of bonds	(1,170)
Principal paid	680,000

Interest expense on long-term liabilities of governmental debt are not due and payable in the current period and accordingly are not reported as current period expenditures. Accrued interest expense on the long-term debt of the governmental activities is reported in the Statement of Activities.

Accrued interest on bonds payable - prior year	86,639
Accrued interest on bonds payable - current year	(80,723)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Prior year deferred revenue	(55,838)
Current year deferred revenue	58,002

When funds are expended for goods and services not used during the fiscal year, those costs are reported as expenditures in the governmental funds. However, in the Statement of Activities, the costs of those services are allocated over the period in which they provide economic benefit.

Prepaid expenses - prior year	-
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Change in net assets of governmental activities	\$ (14,032)
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The notes to the financial statements are an integral part of this statement.

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	<u>Business-type Activities</u>
	<u>Water & Sewer</u>
	<u>Fund</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 537,197
Accounts receivable, net:	
Accounts	102,145
Other	74,975
Due from other funds	4,340
Inventories	106,251
Prepaid Expenses	35,079
TOTAL CURRENT ASSETS	859,987
NONCURRENT ASSETS	
Restricted assets:	
Cash and cash equivalents	191,230
Cash for revenue bond	421,015
Capital assets:	
Construction in progress	1,530,900
Land	201,389
Other capital assets, net of accumulated depreciation	8,527,253
TOTAL NONCURRENT ASSETS	10,871,787
TOTAL ASSETS	11,731,774
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Differences between expected and actual experience	7,721
Contributions subsequent to the measurement date	10,429
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,150
<u>LIABILITIES</u>	
CURRENT LIABILITIES	
Accounts payable	94,999
Accrued liabilities	30,135
Compensated absences	69,362
Due to other funds	1,500
Payables from restricted assets:	
Interest payable	-
Customer deposits	191,230
TOTAL CURRENT LIABILITIES	387,226
LONG-TERM LIABILITIES	
Net pension liability	(347,886)
Net OPEB liability	25,199
Revenue bond payable	775,000
TOTAL LONG-TERM LIABILITIES	452,313
TOTAL LIABILITIES	839,539
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Change of assumptions	(17,741)
Differences between expected and actual experience	98,604
TOTAL DEFERRED INFLOWS OF RESOURCES	80,863
<u>NET POSITION</u>	
Net Investments in	
Capital Assets	9,484,542
Restricted for:	
Customer Deposits	191,230
Revenue bond	421,015
Unrestricted	732,735
TOTAL NET POSITION	\$ 10,829,522

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

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Business-type Activities</u>
	<u>Water and Sewer Fund</u>
<u>OPERATING REVENUES</u>	
Service fees	\$ 1,499,991
Tap connection fees	12,500
Miscellaneous	<u>36,277</u>
TOTAL OPERATING REVENUES	<u>1,548,768</u>
<u>OPERATING EXPENSES</u>	
Personnel	705,671
Professional services	63,987
Purchased and contract services	125,557
Consumables supplies and materials	314,167
Recurring expenses and repairs	297,449
Depreciation	<u>666,031</u>
TOTAL OPERATING EXPENSES	<u>2,172,862</u>
OPERATING INCOME	<u>(624,094)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest revenue	23,057
Interest expense	(16,670)
Penalties and interest on service accounts	30,772
Other revenue	<u>3,240</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>40,399</u>
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(583,695)
CAPITAL CONTRIBUTIONS, GRANTS AND TRANSFERS	
Transfers in	<u>927,487</u>
CHANGE IN NET POSITION	343,792
NET POSITION - JULY 1	<u>10,485,729</u>
NET POSITION - JUNE 30	<u><u>\$ 10,829,522</u></u>

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

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Water and Sewer Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Operating income (loss)	\$ (624,094)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	666,031
Change in assets and liabilities:	
Decrease in accounts receivable	80,975
Decrease in inventories	926
Decrease in accounts payable	60,924
Increase in accrued liabilities	996
Decrease in compensated absences	5,345
Increase in prepaid expenses	33,160
Increase in customer deposits	4,640
Increase in due from other funds	36,536
Decrease in deferred inflows	(36,723)
Decrease in deferred outflows	(304,419)
Net cash provided by operating activities	<u>(75,703)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>	
Transfers in	<u>927,487</u>
Net cash (used) by non-capital financing activities	<u>927,487</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Payment of revenue bond	(45,000)
Increase in OPEB Liability	(7,883)
Decrease in net pension liability	293,896
Payment for capital improvements	(1,128,321)
Expenditures related to natural disasters	<u>3,240</u>
Net cash (used) by capital and related financing activities	<u>(884,068)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest income	23,057
Interest expense	(16,670)
Penalties and interest	<u>30,772</u>
Net cash provided by investing activities	<u>37,159</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 4,875
CASH AND CASH EQUIVALENTS - JULY 1	<u>1,144,567</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 1,149,442</u>

NOTES TO THE FINANCIAL STATEMENTS

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies

The combined financial statements of the Jefferson County Water Control & Improvement District No. 10 (the "District") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

Creation of the District – Jefferson County Water Control & Improvement District No. 10 (the District) was created April 15, 1955, by Section 59, Article XVI, 54th Legislature of the State of Texas. The Board of Directors held its first meeting on June 2, 1955, and the first bonds were sold on August 15, 1956.

The District has adopted Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity". In accordance with this statement, a financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is governed by a Board of Directors consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. As required by generally accepted accounting principles, these financial statements present the activities of the District which is considered to be the primary government as well as the reporting entity. There are no other organizations which meet the criteria for inclusion herein as part of the financial reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Government activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for funding.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual funds are reported as separate columns in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resource, measurement focus, and the modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if it is 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 payment is due.

Property taxes and all other revenue items are considered to be measurable and available only when cash is received by the District.

The District has the following major governmental funds:

Special Revenue – The District maintains a general governmental fund which assists a volunteer fire department and is funded out of Ad Valorem Taxes. This fund only pays for minor equipment, repairs and the occupancy expenses of the volunteer fire department.

Debt Service Fund – To account for the accumulation of financial resources for, and the payment of general long-term debt principal, interest, and other costs. The primary source of revenue is property taxes.

Capital Projects Fund – To account for financial resources designated to construct or acquire capital facilities and improvements. Such resources are derived principally from proceeds of the sale of bonds.

The District has the following major proprietary funds:

Enterprise Funds – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises when the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges. The predominant function of the District's operations is maintained within the water and sewer operating fund. The water and sewer operating fund is accounted for as an enterprise activity.

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-like activities and Enterprise Funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

D. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the primary government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 – 50
Improvements other than buildings	2 – 30
Equipment	3 – 30

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

E. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type activities. Bond issuance costs are expensed in the year the bond is issued.

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. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

F. Short-Term Interfund Receivable/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.

G. Budget

The Board of Directors adopts an annual non-appropriated budget for all the funds in accordance with the accounting principles applicable to those funds. Budgetary accounting is followed as a means of controlling spending by the Board of Directors. The budget is completed annually based on fiscal year, and maintained monthly with revisions as necessary to assure continued operations. There are no significant differences in the accounting used in the budgetary process versus the normal accounting system for the governmental funds. However, a reconciliation between the budgeted proprietary fund accounting system is needed to convert to the GAAP basis of accounting for depreciation.

H. Inventory

Inventory is valued at cost, determined by actual physical count. Consumable supplies are considered an expense when purchased.

I. Compensated Absences

Only two types of absences are compensated:

(A) Vacations	
After one Year	5 days
2 to 4 Years	10 days
5 to 9 Years	15 days
10 to 15 Years	20 days
15 or more Years	25 days

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

I. Compensated Absences (continued)

Unused vacation leave of no more than the number of days earned in the current year can be carried over to the District's next fiscal year. The maximum allowable accumulation of unused vacation leave is 25 days. Unused vacation is paid upon termination.

Sick leave is provided at a rate of 1.5 days per month per year of service, accumulative to a maximum of 120 days. Upon retirement an employee is paid for ½ of unused sick leave up to 60 days. Additionally, if an employee has 12 years or more of service, that employee is eligible to be paid for ½ of unused sick leave up to 60 days upon termination.

This year an accrual for vacation and sick leave is being recorded as follows:

	<u>Vacation</u>	<u>Sick</u>
Balance - July 1, 2022	\$ 21,997	\$ 42,020
Additions	3,855	1,490
Deletions	-	-
Balance - June 30, 2023	<u>\$ 25,852</u>	<u>\$ 43,510</u>

J. Cash and Cash Equivalents

Cash includes amounts in demand and time deposit accounts. For the purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

K. Investments

All certificates of deposits and investments in other securities and instruments are considered to be investments. Investments are reported at fair value. Short-term investments, such as certificates of deposit and debt securities with a maturity date of less than one year, are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

L. Pledge of Revenues

The unlimited tax bonds are payable from the proceeds of an Ad Valorem Tax levied upon all taxable property subject to taxation within the District, without limitations as to rate or amount and are further payable from and secured by a lien on and pledge of the net revenues to be received from the operations of the District's waterworks and sanitary sewer system. The revenue bond is payable from future water and sewer revenues.

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District to make estimates and assumptions that affect certain reported amounts and disclosures, accordingly, actual results could differ from those estimates.

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

N. Government-Wide Net Position / Fund Balances – Governmental Funds

The District has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

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

Restricted – Amounts that are restricted to specific purposes externally imposed by creditors or imposed by law. The restricted net position as of June 30, 2023 is \$4,683,348.

Committed - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by majority vote by quorum of the District's Board of Directors.

Assigned Fund Balance – The portion of fund balance that the Jefferson County Water Control & Improvement District intends to use for specific purposes. The Board of Directors assigns amounts by a majority vote by quorum of the District's Board of Directors.

Unassigned Fund Balance – The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Additionally, the District restricts enough cash to refund customer deposits received.

O. 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 a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

P. 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 and 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 member contributions are recognized in the period in which the contributions are due. The District's employer contributions are recognized when due and the District has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TCERS. Investments are reported at fair value.

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Q. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Texas County and 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, changes in the Net OPEB Liability will be immediately recognized as OPEB Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

Note 2 - Cash Deposits with Financial Institutions

All cash assets (except two Volunteer Fire Department accounts at DuGood Credit Union) are held by the District's depository, Wells Fargo of Texas, NA as of June 30, 2023, pertinent data follows:

Name of Depository Bank:	Wells Fargo of Texas, N.A.
Amount of FDIC coverage	\$ 500,000
Bond or other securities pledged - June 30, 2023	\$ 2,392,186
Cash Balances - June 30, 2023	\$ 2,750,339

A. Cash and Investments

The following are components of the District's Cash and Investments at June 30, 2023:

Cash: Cash balances are maintained in separate cash accounts. Cash is collateralized by securities pledged by the depository bank to cover the uninsured cash balances. During the year, no instances of cash deposit balances in excess of collateral occurred. The carrying amount of the District's deposits with Wells Fargo Bank of Texas, NA was \$2,684,918 at June 30, 2023 (after reconciliation). The District has one account at BNY Mellon for funds held in escrow for the Control Lab Building Principal Forgiveness Funds. The balance of this account at June 30, 2023 is \$0.

Cash deposits and temporary investments held at financial institutions can be categorized according to three levels of risk.

These three levels of risk are:

- | | |
|-------------|--|
| Category 1: | Deposits which are insured or collateralized with securities held by the entity or by its agent in the entity's name. |
| Category 2: | Deposits which are collateralized with the securities held by financial institutions, trust departments, or agents in the entity's name. |
| Category 3: | Deposits that are not collateralized. |

Based on these three levels of risk, the District's deposits are classified as Category 1.

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 2 - Cash Deposits with Financial Institutions (continued)

The bank balances are insured by the Federal Depository Insurance Corporation (FDIC) and additional collateral is pledged by Wells Fargo of Texas, NA, in the District's name. The District does not carry any bank balance over and above the insured and secured amount.

Investments: The carrying amount of the District's investments with Logic Investment Pool was \$3,006,053 at June 30, 2023. These investments are in government securities fully backed by the United States government.

Investments held at a financial institution can be categorized according to three levels of risk.

These three levels of risk are:

- | | |
|-------------|---|
| Category 1: | Investments that are insured, registered, or held by the entity or by its agent in the entity's name. |
| Category 2: | Investments that are uninsured and unregistered held by the counter party's trust department or agent in the entity's name. |
| Category 3: | Uninsured and unregistered investments held by the counter party, its trust department, or its agent, but not in the entity's name. |

Based on these three levels of risk, the District's investments are classified as Category 3.

Note 3 – Pension Liability

PLAN DESCRIPTION: The District provides retirement, disability, and death benefits for all of its employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 500 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available 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, with 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 75 or more. Members are vested after 7 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

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

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 3 – Pension Liability (continued)

Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 4.57% for the months in the accounting year of 2022, and 3.83% for the months of the accounting year in 2022.

The contribution rate payable by the employee members for the calendar year 2023 (as well as 2022) 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.

ACTUARIAL ASSUMPTIONS: The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2022. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice. The following are the key assumptions and methods used for GASB 68 calculations:

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% 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	135% of the RP-2014 Healthy Annuitant Mortality Table for males and 120% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 100% of the MP-2014 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and aother assumptions were reflected. 2022: New investment return and inflation 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: Employer contributions reflect that the current service matching rate was increased to 175%. 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. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

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

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 3 – Pension Liability (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 2023 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 ⁽²⁾
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	5.30%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

(1) Target asset allocation adopted at the March 2023 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.6%, per Cliffwater's 2023 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.

DISCOUNT RATE USED: The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments 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

Note 3 – Pension Liability (continued)

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.

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 projected 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, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 3 – Pension Liability (continued)

SENSITIVITY ANALYSIS: The following presents the net pension liability of the district, calculated using the discount rate of 7.60%, as well as what the Jefferson County Water Control and Improvement District #10 net pension liability 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	\$2,398,024	\$2,129,465	\$1,903,272
Fiduciary net position	2,477,351	2,477,351	2,477,351
Net pension liability / (asset)	<u>(\$79,327)</u>	<u>(\$347,886)</u>	<u>(\$574,079)</u>

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS: At June 30, 2023, the District reported an asset of (\$347,886) for its net pension asset. The net pension asset was measured as of December 31, 2022.

Changes in Net Pension Liability / (Asset)

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a)-(b)
Balances as of December 31, 2021	\$ 2,042,056	\$ 2,683,837	\$ (641,782)
Changes for the year:			
Service cost	70,088	-	70,088
Interest on total pension liability ⁽¹⁾	156,539	-	156,539
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	(32,427)	-	(32,427)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(19,711)	(19,711)	-
Benefit payments	(87,080)	(87,080)	-
Administrative expenses	-	(1,452)	1,452
Member contributions	-	36,873	(36,873)
Net investment income	-	(153,295)	153,295
Employer contributions	-	22,598	(22,598)
Other ⁽³⁾	-	(4,419)	4,419
Balances as of December 31, 2022	\$ 2,129,465	\$ 2,477,351	\$ (347,886)

⁽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.

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 3 – Pension Liability (continued)

For the year ended June 30, 2023, the District recognized pension income of \$87,379.

Pension Expense / (Income)		
		<u>January 1, 2022 to December 31, 2022</u>
Service cost	\$	70,088
Interest on total pension liability ⁽¹⁾		156,539
Effect of plan changes		-
Administrative expenses		1,452
Member contributions		(36,873)
Expected investment return net of investment expenses		(201,987)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses		(109,750)
Recognition of assumption changes or inputs		23,761
Recognition of investment gains or losses		4,972
Other ⁽²⁾		4,419
Pension expense / (income)	\$	<u>(87,379)</u>

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

⁽²⁾ Relates to allocation of system-wide items.

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 95,920	\$ 5,901
Change of assumptions	3,858	25,688
Net difference between projected and actual earnings	-	46,423
Contributions made subsequent to measurement date ⁽³⁾	N/A	Employer determined.

⁽³⁾ Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end.

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:

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 3 – Pension Liability (continued)

Year ended December 31:	
2023	\$ (84,269)
2024	(8,241)
2025	(311)
2026	(71,055)
2027	-
Thereafter	-

⁽⁴⁾ Any Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

Other Post-Employment Benefits (OPEB) – Retiree Death Benefit

Plan Description – The District participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is statewide, multi-employer, public retirement system.

Benefits Provided – All full-and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employees that have elected participation in the retiree Group Term Life program are included in the OPEB plan. The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree Group Term Life program. The OPEB benefit is a fixed \$5,000 lump-sum benefit. There are no future increases assumed in the \$5,000 benefit amount. The benefit terms are established under the TCDRS Act. Participation in the retiree Group Term Life program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year. The District's contribution rate for the retiree Group Term Life program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000.

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Other Post-Employment Benefits (OPEB) – Retiree Death Benefit (continued)

Actuarial Assumptions

All actuarial assumptions that determined the total OPEB liability as of December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 75.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	See Table 1. Note that salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost method.
Investment Rate of Return (Discount Rate)	3.72% 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2022.
Cost-of-Living Adjustment	Does not apply

Discount Rate

The TCDRS GTL program is treated as unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.72% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2022.

Discount Rate	December 31, 2021	December 31, 2022
Discount Rate ⁽¹⁾	2.06%	3.72%
Long-term expected rate of return, net of investment expense ⁽¹⁾	Does not apply	Does not apply
Municipal bond rate ⁽¹⁾	2.06%	3.72%

⁽¹⁾ The OPEB plan has been determined to be an unfunded OPEB plan; therefore only the municipal bond rate applies.

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Other Post-Employment Benefits (OPEB) – Retiree Death Benefit (continued)

SENSITIVITY ANALYSIS: The following table shows the Total OPEB Liability of the employer, calculated using the discount rate of 3.72%, as well as what the Jefferson County Water Control and Improvement District #10 Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.72%) or 1 percentage point higher (4.72%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease	Current Discount Rate	1% Increase
	2.72%	3.72%	4.72%
Total OPEB Liability	\$29,822	\$25,199	\$21,644

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS: At June 30, 2023, the District reported a liability of \$25,199 for its net OPEB Liability. The net OPEB liability was measured as of December 31, 2022.

Changes in Total OPEB Liability

	Changes in Total OPEB Liability
Balances as of December 31, 2021	\$ 33,082
Changes for the year:	
Service cost	742
Interest on total OPEB liability ⁽¹⁾	689
Changes of benefits ⁽²⁾	-
Effect of economic/demographic experience	(115)
Effect of assumptions changes or inputs ⁽³⁾	(8,462)
Benefit payments	(737)
Other	-
Balances as of December 31, 2022	\$ 25,199

⁽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⁾ Reflects change in discount rate.

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Other Post-Employment Benefits (OPEB) – Retiree Death Benefit – (continued)

For the year ended June 30, 2023, the District recognized pension expense of \$668.

OPEB Expense / (Income)	
OPEB Expense / (Income)	January 1, 2022 to December 31, 2022
Service cost	\$ 742
Interest on total OPEB liability ⁽¹⁾	689
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(555)
Recognition of assumption changes or inputs	(208)
Other	-
OPEB expense / (income)	\$ 668

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

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 2,684	\$ 1,820
Change of assumptions	7,052	2,963
Contributions made subsequent to measurement date	N/A	Employer determined

Note 4 – Property Tax

Property taxes are attached as an enforceable lien on the property as of January 1. Taxes are levied on October 1, and payable by January 31. Taxes paid after January 31st are subject to a penalty and interest. Taxes are considered delinquent after June 30th and are subject to attorney fees in addition to penalty and interest. The District's taxes are billed and collected by the county. The county maintained a bond in the amount of \$100,000 for the fiscal year ended June 30, 2023, for money collected for Jefferson County Water Control & Improvement District No. 10. The District's property tax revenues are recognized as collected.

Tax Rate 2022

Tax rate per \$100 valuation – 30.8556 cents assessed at 100% fair market value. The 30.8556 cents included 7.4299 cents per \$100 valuation for maintenance of the fire department. The remainder was used for the debt service of the following bonds:

On July 21, 2015, the District issued \$1,325,000 in Unlimited Tax Bonds, Series 2015.

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 4 – Property Tax (continued)

On November 12, 2015, the District issued \$1,000,000 in Unlimited Tax Bonds, Series 2015A.

On October 4, 2018, the District issued \$5,440,000 in Unlimited Tax Bonds, Series 2018.

On December 15, 2020, the District issued \$1,710,000 in Unlimited Tax Refunding Bonds, Series 2020 used to defease the Unlimited Tax Bonds, Series 2010.

Valuation	\$432,257,879	Gross Taxes	\$1,333,758
Gross Valuation		\$	523,920,129
Exemptions		\$	(79,842,692)
Adjustments		\$	<u>(11,819,558)</u>
Net Taxable		\$	<u>432,257,879</u>

Note 5 – Long-Term Debt

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	
Governmental Activities	\$ 7,235,000
Business-type Activities	<u>-</u>
	\$ 7,235,000

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 5 – Long-Term Debt (continued)

General Obligation Bonds payable at June 30, 2023 are comprised of the following individual issues:

\$ 1,325,000 Certificates of Obligation Series 2015 due in annual installments from \$35,000 to \$95,000 through August 2035, interest rates ranging from 3.25% to 5.00%. Funded from the Debt Service Fund.	710,000
\$ 1,000,000 Certificates of Obligation Series 2015A due in annual installments from \$35,000 to \$75,000 through August 2035, interest rates ranging from 2.00% to 3.50%. Funded from the Debt Service Fund.	740,000
\$ 5,400,000 Certificates of Obligation Series 2018 due in annual installments from \$195,000 to \$380,000 through August 2038, interest rates ranging from 2.00% to 3.50%. Funded from the Debt Service Fund.	4,635,000
\$ 2,750,000 Certificates of Obligation Series 2010 due in annual installments from \$117,300 to \$404,600 through August 2030, interest rate of 2.00%. Funded from the Debt Service Fund.	1,150,000
	<hr/>
Total General Obligation Bonds	\$ 7,235,000

Revenue Bonds

The District issued a revenue bond to upgrade the Wastewater Treatment Plant Facilities to meet TCEQ requirements. Principal and interest payments on this bond issue are paid from fees collected for water and sewer services from our residents. The District issued the revenue bond in the amount of \$1,000,000. Revenue bonds currently outstanding are as follows:

<u>Purpose</u>	
Governmental Activities	\$ -
Business-type Activities	<hr/> 775,000
	\$ 775,000

Revenue bond payable at June 30, 2023 is comprised of the following individual issue:

\$ 1,000,000 Revenue Bond due in annual installments from \$ -0- to \$60,000 through August 2038, interest rates ranging from 0.09% to 2.41%. Funded from Water and Sewer Revenues.	\$ 775,000
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JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 20223

Note 5 – Long-Term Debt (continued)

Annual debt service requirements to maturity for general obligation bonds and revenue bonds are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	695,000	207,025	45,000	14,797
2025-2029	2,320,000	927,496	240,000	64,618
2030-2033	1,935,000	428,432	205,000	35,442
2034-2038	1,905,000	227,164	285,000	17,235
2039-2040	<u>380,000</u>	<u>6,650</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,235,000</u>	<u>\$ 1,796,767</u>	<u>\$ 775,000</u>	<u>\$ 132,092</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 20223 was as follows:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Certificates of obligations	7,235,000	7,915,000	-	-	7,235,000	7,915,000
Accretion on bonds	(17,549)	(18,719)	-	-	(17,549)	(18,719)
Revenue bonds	<u>-</u>	<u>-</u>	<u>775,000</u>	<u>820,000</u>	<u>775,000</u>	<u>820,000</u>
Total	<u>7,217,451</u>	<u>7,896,281</u>	<u>775,000</u>	<u>820,000</u>	<u>7,992,451</u>	<u>8,716,281</u>

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 20223

Note 6 – Capital Assets

A summary of changes in the capital assets for the primary government for the year ended June 30, 2023 follows:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>July 1, 2023</u>
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 166,684	\$ -	\$ -	\$ 166,684
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>166,684</u>	<u>-</u>	<u>-</u>	<u>166,684</u>
Capital assets being depreciated:				
Buildings	1,092,845	-	-	1,092,845
Machinery and equipment, capital leased	147,981	-	-	147,981
Machinery and equipment	<u>424,097</u>	<u>91,566</u>	<u>-</u>	<u>515,663</u>
Total Capital Assets Being Depreciated	<u>1,664,923</u>	<u>91,566</u>	<u>-</u>	<u>1,756,489</u>
Less accumulated depreciation:				
Buildings	184,262	23,115	-	207,377
Machinery and equipment, capital leased	73,743	3,933	-	77,676
Machinery and equipment	<u>214,490</u>	<u>20,610</u>	<u>-</u>	<u>235,100</u>
Total Accumulated Depreciation	<u>472,495</u>	<u>47,658</u>	<u>-</u>	<u>520,153</u>
Total Capital Assets, Being Depreciated, Net	<u>1,192,428</u>	<u>43,908</u>	<u>-</u>	<u>1,236,336</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,359,112</u>	<u>\$ 43,908</u>	<u>\$ -</u>	<u>\$ 1,403,020</u>

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 20223

Note 6 – Capital Assets (continued)

A summary of changes in the capital assets for the primary government for the year ended June 30, 2023 follows (continued):

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>July 1, 2023</u>
<u>Business Type Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 201,389	\$ -	\$ -	\$ 201,389
Construction in Progress	<u>444,933</u>	<u>1,085,967</u>		<u>1,530,900</u>
Total Capital Assets Not Being Depreciated	<u>646,322</u>	<u>1,085,967</u>	<u>-</u>	<u>1,732,289</u>
Capital assets being depreciated:				
Buildings	812,811	-	-	812,811
Improvements other than buildings	<u>21,327,880</u>			<u>21,327,880</u>
Machinery and equipment	<u>661,762</u>	<u>42,355</u>	<u>5,850</u>	<u>698,267</u>
Total Capital Assets Being Depreciated	<u>22,802,453</u>	<u>42,355</u>	<u>5,850</u>	<u>22,838,958</u>
Less accumulated depreciation:				
Buildings	372,427	28,995		401,422
Improvements other than buildings	<u>12,732,529</u>	<u>611,511</u>		<u>13,344,040</u>
Machinery and equipment	<u>546,568</u>	<u>25,525</u>	<u>5,850</u>	<u>566,243</u>
Total Accumulated Depreciation	<u>13,651,524</u>	<u>666,031</u>	<u>5,850</u>	<u>14,311,705</u>
Total Capital Assets, Being Depreciated, Net	<u>9,150,929</u>	<u>(623,676)</u>	<u>-</u>	<u>8,527,253</u>
Business-type Activities Assets, Net	<u>\$9,797,251</u>	<u>\$ 462,291</u>	<u>\$ -</u>	<u>\$ 10,259,542</u>

Construction in progress for the enterprise fund as of June 30, 2023 is \$1,530,900 incurred for wastewater treatment plant enforcement and improvements, filter rehabilitation, clearwell, control building, levee road project, and outfall project.

Depreciation expense was charged to functions/programs of the District as follows:

Government Activities:	
Public safety	\$ 47,658
Business-type Activities:	
Water and sewer	\$ 666,031

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7 – Commitments

Construction in progress in the business-type activities pertains to wastewater treatment plant enforcement and improvements (including disinfection system and rerouting effluent to the Neches River), filter rehabilitation, new clearwell, and new control building.

The District has sent a request to the Texas Water Development Board to reprogram remaining funds from the 2016 Clear Water State Revolving Fund into a Planning, Acquisition, and Design Project. This request was granted by the Texas Water Development Board in Fall 2020. The District will use the remaining funds from the \$1,000,000 revenue bond for engineering and consulting for the wastewater treatment plant disinfection system, rerouting effluent to the Neches River, Central Heights lift station and force main, Stillwater lift station and force main, and a new force main to service lift station #1 and #2 to wastewater treatment plant.

- In November 2023 the Stillwater Lift Station was installed.
- The Neches River Project is ongoing-all permits and easements have been acquired.
- Voters passed the November 2023 Neches River \$3.7M Bond Project

On November 7, 2017, the voters approved a \$5.44 million bond for water and wastewater system repairs and upgrades. The District completed the smoke testing portion of the project in November 2018 and completed the majority of point repairs in December 2019. The new Clearwell and the filter rehabilitation started in January 2020 and were completed in April 2022. Ground and elevated storage tank rehabilitations and replacement projects are underway in Fall 2022 and will continue in to 2023.

- Inhouse point repairs on smoke tests are ongoing.
- The elevated tower work was completed in the 3rd quarter OF 2023.
- The 2007 bolted tank will be replaced with a new bolted tank 1st quarter 2024.

On May 9, 2019, the Texas Water Development Board approved a \$500,000 Principal Forgiveness Loan for the District to build a new control building. The contract for the control building was awarded in September 2020, and construction was completed in March 2022.

Note 8 – Interest Capitalization

Interest capitalization is essentially limited to the business-type activities of governmental entities. Interest costs are capitalized when incurred by the proprietary fund on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets may be used as an offset when determining the amount of interest to be capitalized.

Note 9 – Risk Management

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. During the year, all liability coverage policies for these risks were contracted with the Texas Water Conservation Association, Risk Management Fund, which is a Trust Pool. The District also maintains liability coverage on the volunteer fire department, the officers of the Board of Directors and key employees. The District has had no significant reduction in insurance coverage from prior years.

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10 – Annexation

On July 18, 2019, the District voted to annex approximately 11.6 acres of land into the District.

Note 11 – Hurricane Laura and Texas Winter Storm

The District experienced expenditures related to Hurricane Laura, Hurricane Delta and the Texas Winter Storm within fiscal year 2020-2021. The District has continually worked with FEMA as well as the Texas Water Conservation Association to recoup the majority of the expenditures associated with these natural disasters. The District was reimbursed by TDEM for expenditures associated with Hurricane Laura in the amount of \$16,200 in fiscal year 2021-2022.

The District also experienced damages related to the Texas Winter Storm in fiscal year 2020-2021. The District was reimbursed by TWCA in fiscal year 2021-2022 for expenditures associated with the Texas Winter Storm in the amount of \$16,823. The District estimates that it has approximately \$20,523 in expenditures associated with the Texas Winter Storm to be reimbursed in full by TDEM in fiscal year 2022-2023. The District also lost one of its main generators during the Winter Storm, and replaced it in fiscal year 2022-2023.

REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL - WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
<u>REVENUES</u>				
Service fees	\$ 1,441,000	\$ 1,441,000	\$ 1,499,991	\$ 58,991
Tap connection fees	12,000	12,000	12,500	500
Miscellaneous	1,000	1,000	36,277	35,277
TOTAL OPERATING REVENUES	1,454,000	1,454,000	1,548,768	94,768
<u>EXPENSES</u>				
Personnel	748,900	748,900	705,671	43,229
Professional services	54,000	54,000	63,987	(9,987)
Purchased and contract services	111,300	111,300	125,557	(14,257)
Consumable supplies and materials	217,000	217,000	314,167	(97,167)
Recurring expenses and repairs	244,250	244,250	297,449	(53,199)
TOTAL OPERATING EXPENSES	1,375,450	1,375,450	1,506,831	(131,381)
<u>OPERATING INCOME -</u>				
<u>BUDGET BASIS</u>	78,550	78,550	41,937	(36,613)
<u>NON-OPERATING REVENUES/</u>				
<u>(EXPENSES)</u>				
Interest on investments	1,200	1,200	23,057	21,857
Interest on revenue bond	-	-	(16,670)	(16,670)
Penalties and interest	28,000	28,000	30,772	2,772
Other revenue	-	-	3,240	3,240
Other expense	-	-	-	-
TOTAL NON-OPERATING REVENUES/ (EXPENSES) BEFORE CONTRIBUTIONS	29,200	29,200	40,399	11,199
CHANGE IN NET ASSETS BEFORE CONTRIBUTIONS - BUDGET BASIS	\$ 107,750	\$ 107,750	82,336	\$ (25,414)
DEPRECIATION			666,031	
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS - GAAP BASIS			(583,695)	
CAPITAL CONTRIBUTIONS, GRANTS, AND TRANSFERS				
Contributed capital			927,487	
NET POSITION - JULY 1			10,485,729	
NET POSITION - JUNE 30			\$ 10,829,521	

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
<u>REVENUES</u>				
General property taxes	\$ 288,877	\$ 288,877	\$ 283,514	\$ (5,363)
Penalties and interest	-	-	2,691	2,691
Interest	1,000	1,000	2,724	1,724
Grants and contributions	-	-	2,885	2,885
TOTAL REVENUES	<u>289,877</u>	<u>289,877</u>	<u>291,814</u>	<u>1,937</u>
<u>EXPENDITURES</u>				
Current:				
Fire protection	28,000	28,000	222,889	(194,889)
TOTAL EXPENDITURES	<u>28,000</u>	<u>28,000</u>	<u>222,889</u>	<u>(194,889)</u>
<u>EXCESS OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	<u>261,877</u>	<u>261,877</u>	<u>68,925</u>	<u>(192,952)</u>
 NET CHANGE IN FUND BALANCE			68,925	
 FUND BALANCE - JULY 1			<u>401,608</u>	
 FUND BALANCE - JUNE 30			<u>\$ 470,533</u>	

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	\$ 70,088	\$ 76,876	\$ 68,507	\$ 66,523	\$ 72,941	\$ 66,796	\$ 67,190	\$ 59,085	\$ 58,838	N/A
Interest on total pension liability	156,539	146,778	159,154	160,419	153,143	140,496	131,805	131,165	120,883	N/A
Effect of plan changes	-	-	-	8,317	-	-	-	1,476	-	N/A
Effect of assumption changes or inputs	-	(7,716)	102,758	-	-	(4,673)	-	12,601	-	N/A
Effect of economic/demographic (gains) or losses	(32,427)	11,803	(286,397)	(131,980)	(9,870)	33,696	(46,478)	(101,235)	35,010	N/A
Benefit payments/refunds of contributions	(106,790)	(78,763)	(92,797)	(147,888)	(93,112)	(79,796)	(78,374)	(105,628)	(84,409)	N/A
Net Change in total pension liability	87,410	148,978	(48,775)	(44,609)	123,102	156,518	74,144	(2,537)	130,321	N/A
Total pension liability, beginning	2,042,055	1,893,078	1,941,853	1,986,462	1,863,360	1,706,841	1,632,700	1,635,235	1,504,914	N/A
Total pension liability, ending (a)	\$2,129,465	\$2,042,056	\$1,893,078	\$1,941,853	\$1,986,462	\$1,863,358	\$1,706,844	\$1,632,698	\$1,635,235	N/A
Fiduciary Net Position										
Employer contributions	\$ 22,598	\$ 39,778	\$ 54,006	\$ 46,681	\$ 47,114	\$ 49,461	\$ 53,213	\$ 43,338	\$ 42,789	N/A
Member contributions	36,873	37,679	36,632	36,227	35,161	36,716	34,812	35,327	32,699	N/A
Investment income net of investment expenses	(153,295)	483,612	206,557	291,752	(34,077)	231,581	110,151	(7,524)	99,556	N/A
Benefit payments/refunds of contributions	(106,791)	(78,763)	(92,797)	(147,888)	(93,112)	(79,796)	(78,374)	(105,628)	(84,409)	N/A
Administrative expenses	(1,452)	(1,452)	(1,612)	(1,524)	(1,427)	(1,212)	(1,196)	(1,096)	(1,164)	N/A
Other	(4,419)	570	135	(1,946)	(140)	74	(24,317)	(32,842)	5,921	N/A
Net change in fiduciary net position	(206,486)	481,424	202,921	223,301	(46,481)	236,824	94,288	(68,424)	95,393	N/A
Fiduciary net position, beginning	2,683,837	2,202,414	1,999,493	1,776,191	1,822,670	1,585,846	1,491,558	1,559,984	1,464,591	N/A
Fiduciary net position, ending (b)	\$2,477,351	\$2,683,838	\$2,202,414	\$1,999,495	\$1,776,189	\$1,822,669	\$1,585,846	\$1,491,560	\$1,559,984	N/A
Net pension liability / (asset), ending = (a) - (b)	\$ (347,886)	\$ (641,782)	\$ (309,337)	\$ (57,642)	\$ 210,273	\$ 40,689	\$ 120,998	\$ 141,139	\$ 75,252	N/A
Fiduciary net position as a % of total pension liability	116.34%	131.43%	116.34%	102.97%	89.41%	97.82%	92.91%	91.36%	95.40%	N/A
Pensionable covered payroll	\$ 526,755	\$ 538,271	\$ 523,316	\$ 517,530	\$ 507,307	\$ 524,510	\$ 497,317	\$ 472,091	\$ 467,130	N/A
Net pension liability as a % of covered payroll	-66.04%	-119.23%	-59.11%	-11.14%	41.86%	7.76%	24.33%	29.90%	16.11%	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution ⁽¹⁾	Actual Employer Contribution ⁽¹⁾	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽²⁾	Actual Contribution as a % of Covered Payroll
2013	39,735	39,735	-	462,043	8.6%
2014	42,789	42,789	-	467,130	9.2%
2015	43,338	43,338	-	472,091	9.2%
2016	53,213	53,213	-	497,317	10.7%
2017	49,461	49,461	-	524,510	9.4%
2018	47,114	47,114	-	507,307	9.4%
2019	46,681	46,681	-	517,530	9.0%
2020	54,006	54,006	-	523,316	10.3%
2021	39,778	39,778	-	238,271	7.4%
2022	22,598	22,598	-	526,755	4.3%

⁽¹⁾ TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis. If additional assistance is needed, please contact TCDRS.

⁽²⁾ Payroll is calculated based on contributions as reported to TCDRS.

Schedule of Changes in Total OPEB Liability and Related Ratios ⁽¹⁾

	Year Ended December 31									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	\$ 742	\$ 815	\$ 755	\$ 562	\$ 670	\$ 636	N/A	N/A	N/A	N/A
Interest on total OPEB liability	689	624	816	1,022	923	868	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	(8,462)	389	3,094	5,924	(2,889)	1,404	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(115)	3,032	(4,302)	(2,193)	78	1,722	N/A	N/A	N/A	N/A
Benefit payments	(737)	(807)	(733)	(569)	(603)	(944)	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(7,883)	4,053	(370)	4,746	(1,821)	3,686	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	33,082	29,029	29,399	24,653	26,474	22,788	N/A	N/A	N/A	N/A
Total OPEB liability, ending (a)	\$ 25,199	\$ 33,082	\$ 29,029	\$ 29,399	\$ 24,653	\$ 26,474	N/A	N/A	N/A	N/A
Pensionable covered payroll	526,755	538,271	523,316	517,530	502,307	524,510	N/A	N/A	N/A	N/A
Net OPEB Liability/(asset) as % of covered payroll	4.78%	6.15%	5.55%	5.68%	4.91%	5.05%	N/A	N/A	N/A	N/A

⁽¹⁾ This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

TEXAS SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 10
SCHEDULE OF SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2023

1. Services provided by the District:

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input type="checkbox"/> Drainage
<input checked="" type="checkbox"/> Retail Sewer	<input type="checkbox"/> Wholesale Sewer	<input type="checkbox"/> Irrigation
<input type="checkbox"/> Parks/Recreations	<input checked="" type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input type="checkbox"/> Participants in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> Other (specify): _____		

2. Retail Service Providers

a. Retail rates for a 5/8" meter (or equivalent)

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
WATER:	\$ 11.52	-0-	Y	\$ 3.60	1,000 – 10,000
				4.32	10,001 – 20,000
				5.04	20,001 – 40,000
				5.76	40,001 +
SEWER:	8.64	-0-	Y	4.46	Per 1,000

SURCHARGE: N/A

District employs winter averaging for wastewater? Yes ☒ No ☐ N/A ☐

Total charges per 10,000 gallons usage: Water: \$ 47.52 Wastewater: \$ 53.24

b. Water and Wastewater Retail Conversion:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFSs
Unmetered			x 1.0	
≤ 3/4"	1,483	1,317	x 1.0	1,317
1"	251	236	x 2.5	590
1 1/2"	15	15	x 5.0	75
2"	23	23	x 8.0	184
3"			x15.0	
4"			x25.0	
6"			x50.0	
8"			x80.0	
10"			x115.0	
Total Water	1,772	1,591		2,166
Total Wastewater			x 1.0	

JEFFERSON COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 10
SCHEDULE OF SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2023

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

Gallons pumped into system:	<u>159,669,000</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>124,538,000</u>	(Gallons billed/Gallons pumped)
		<u>.827</u>

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes _____ No X

If yes, Date of the most recent Commission Order: _____

Does the District have Operation and Maintenance standby fees? Yes _____ No X

If yes, Date of the most recent Commission Order: _____

5. Location of District

County(ies) in which the District is located: Jefferson

Is the District located entirely within one county: Yes X No _____

Is the District located within a city: Entirely _____ Partly _____ Not at all X

City(ies) in which the District is located: _____

Is the District located within a city's extra territorial jurisdiction (ETJ)?

Entirely X Partly _____ Not at all _____

ETJs in which the District is located: Nederland

Are Board members appointed by an office outside the District? Yes _____ No X

If Yes, by whom? _____

JEFFERSON COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 10
WATER AND SEWER FUND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

Personnel Expenses	\$ 705,671
Professional Fees:	
Auditing	14,000
Legal	47,137
Engineering	30,062
Purchased Services For Resale:	
Bulk Water and Wastewater Service Purchases	62,545
Contracted Services:	
Building Maintenance	2,393
Answering Service	11,475
Utilities	76,379
Repairs and Maintenance	96,450
Administrative Expenditures:	
Directors Fees	2,850
Office Supplies	11,628
Insurance	47,826
Other Administrative Expenditures	30,251
Chemicals	141,795
Other Expenditures	226,369
Depreciation	666,031
TOTAL EXPENSES	<u>\$ 2,172,862</u>

Number of persons employed by the District: 8 Full-Time 1 Part-Time

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
ANALYSIS OF TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2023

Assessed Valuation Summary

June 30, ...	Five Years				
	2023	2022	2021	2020	2019
Land	\$ 65,958,617	\$ 58,743,214	\$ 57,753,281	\$ 56,930,976	\$ 56,794,502
Improvement & Personal Property	470,031,484	426,146,443	397,859,142	318,400,162	298,733,402
Less Exemptions	<u>(79,842,692)</u>	<u>(72,603,262)</u>	<u>(60,368,867)</u>	<u>(53,873,534)</u>	<u>(52,648,237)</u>
TOTAL VALUATIONS	<u>\$ 456,147,409</u>	<u>\$ 412,286,395</u>	<u>\$ 395,243,556</u>	<u>\$ 321,457,604</u>	<u>\$ 302,879,667</u>

TAX RATES PER \$100 VALUATION

RATES:

June 30, ...	2023	2022	2021	2020	2019
Debt Service Tax	0.234257	0.245358	0.289123	0.303774	0.326341
Maintenance Tax	<u>0.074299</u>	<u>0.080000</u>	<u>0.080000</u>	<u>0.030000</u>	<u>0.030000</u>
TOTAL	0.308556	0.325358	0.369123	0.333774	0.356341
Original Tax Levy:	\$ 1,201,141	\$ 1,191,934	\$ 1,170,696	\$ 1,011,099	\$ 1,022,131
Percent of Taxes Collected to Taxes Levied	96.52%	97.21%	96.59%	96.93%	96.41%

Percent of Assesed Valuation to Fair Market Value - 97.74%

Percent of current and delinquent taxes collected to current & delinquent taxes outstanding at beginning of year - 96.99%

Taxes Receivable as of June 30, 2023:

Tax Year			
	Maintenance	Debt	Total
#			
2022	\$ 9,707	\$ 22,796	\$ 32,503
2021	\$ 7,348	\$ 26,320	33,668
2020	8,224	24,710	32,934
All Earlier Years	<u>2,023</u>	<u>(15,575)</u>	<u>(13,552)</u>
Total	<u>\$ 27,302</u>	<u>\$ 58,251</u>	<u>\$ 85,553</u>

JEFFERSON COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO.10
GENERAL LONG-TERM DEBT SERVICE REQUIREMENT BY YEARS
June 30, 2023

Series 2015

Due During Fiscal Years Ending 6-30	Principal Due 8-15	Interest Due 2-15 and Due 8-15	Total
2024	60,000	20,850	80,850
2025	60,000	18,600	78,600
2026	65,000	16,725	81,725
2027	65,000	14,775	79,775
2028	70,000	12,750	82,750
2029	70,000	10,650	80,650
2030	75,000	8,475	83,475
2031	80,000	6,150	86,150
2032	80,000	3,750	83,750
2033	85,000	1,275	86,275
TOTALS	\$ 710,000	\$ 114,000	\$ 824,000

JEFFERSON COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO.10
GENERAL LONG-TERM DEBT SERVICE REQUIREMENT BY YEARS
June 30, 2023

Series 2015A

Due During Fiscal Years Ending 6-30	Principal Due 8-15	Interest	Total
		Due 2-15 and Due 8-15	
2024	45,000	22,000	67,000
2025	45,000	21,044	66,044
2026	45,000	19,975	64,975
2027	50,000	18,725	68,725
2028	50,000	17,350	67,350
2029	55,000	15,838	70,838
2030	55,000	14,188	69,188
2031	60,000	12,388	72,388
2032	60,000	10,438	70,438
2033	65,000	8,406	73,406
2034	65,000	6,213	71,213
2035	70,000	3,850	73,850
2036	75,000	1,313	76,313
TOTALS	\$ 740,000	\$ 171,725	\$ 911,725

JEFFERSON COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO.10
GENERAL LONG-TERM DEBT SERVICE REQUIREMENT BY YEARS
June 30, 2023

Series 2018

Due During Fiscal Years Ending 6-30	Principal Due 8-15	Interest	Total
		Due 2-15 and Due 8-15	
2024	215,000	145,825	360,825
2025	225,000	139,763	364,763
2026	230,000	132,938	362,938
2027	240,000	125,888	365,888
2028	250,000	118,538	368,538
2029	260,000	110,888	370,888
2030	270,000	102,938	372,938
2031	280,000	94,513	374,513
2032	290,000	85,425	375,425
2033	300,000	75,837	375,837
2034	315,000	65,647	380,647
2035	325,000	54,847	379,847
2036	340,000	43,625	383,625
2037	350,000	31,982	381,982
2038	365,000	19,688	384,688
2039	380,000	6,650	386,650
TOTALS	\$ 4,635,000	\$ 1,354,992	\$ 5,989,992

JEFFERSON COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO.10
UNLIMITED TAX REFUNDING BONDS DEBT SERVICE REQUIREMENT
BY YEARS
June 30, 2023

Series 2020

Due During Fiscal Years Ending 6-30	Principal Due 8-15	Interest Due 2-15 and Due 8-15	Total
2024	375,000	18,350	393,350
2025	45,000	94,600	139,600
2026	125,000	13,350	138,350
2027	125,000	10,850	135,850
2028	125,000	8,350	133,350
2029	120,000	5,900	125,900
2030	120,000	3,500	123,500
2031	115,000	1,150	116,150
TOTALS	\$ 1,150,000	\$ 156,050	\$ 1,306,050

JEFFERSON COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO.10
GENERAL LONG-TERM DEBT SERVICE REQUIREMENT BY YEARS
June 30, 2023

Annual Requirement for All Series

Due During Fiscal Years Ending	Total Principal	Total Interest	Total Principal and Interest Due
2024	695,000	207,025	902,025
2025	375,000	274,007	649,007
2026	465,000	182,988	647,988
2027	480,000	170,238	650,238
2028	495,000	156,988	651,988
2029	505,000	143,276	648,276
2030	520,000	129,101	649,101
2031	535,000	114,201	649,201
2032	430,000	99,613	529,613
2033	450,000	85,518	535,518
2034	380,000	71,860	451,860
2035	395,000	58,697	453,697
2036	415,000	44,938	459,938
2037	350,000	31,982	381,982
2038	365,000	19,688	384,688
2039	380,000	6,650	386,650
TOTALS	\$ 7,235,000	\$ 1,796,767	\$ 9,031,767

JEFFERSON COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO.10
REVENUE BOND REQUIREMENT BY YEARS
June 30, 2023

2017 Revenue Bond

Due During Fiscal Years Ending 6-30	Principal Due 8-15	Interest Due 2-15 and Due 8-15	Total
2024	45,000	14,797	59,797
2025	45,000	14,320	59,320
2026	45,000	13,737	58,737
2027	50,000	13,027	63,027
2028	50,000	12,207	62,207
2029	50,000	11,327	61,327
2030	50,000	10,392	60,392
2031	50,000	9,410	59,410
2032	50,000	8,382	58,382
2033	55,000	7,258	62,258
2034	55,000	6,042	61,042
2035	55,000	4,793	59,793
2036	55,000	3,517	58,517
2037	60,000	2,160	62,160
2038	60,000	723	60,723
TOTALS	\$ 775,000	\$ 132,092	\$ 907,092

JEFFERSON COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO.10
ANALYSIS OF CHANGES IN LONG-TERM DEBT
FOR THE YEAR-ENDED JUNE 30, 2023

	Bond Issues		
	Series 2015	Series 2015A	2017 Revenue Bond
Interest Rates	3.25% - 5.00%	2.00% - 3.50%	0.09%-2.41%
Type of Rate Quoted	Effective	Effective	Effective
Date Interest Payable	2/15 - 8/15	2/15 - 8/15	2/15 - 8/15
Maturity Date	8/15/2035	8/15/2035	8/15/2037
Bond Outstanding at Beginning of Current Year	\$ 765,000	\$ 780,000	\$ 820,000
Bonds Sold During Current Year	-	-	-
Retirements - Principal During Current Year	(55,000)	(40,000)	(45,000)
Bonds Outstanding at End of Current Year	<u>710,000</u>	<u>740,000</u>	<u>775,000</u>
Retirements - Interest Paid During Current Year	23,575	22,850	15,170

Paying Agent's Name & Address

Series 2015	The Bank of New York Mellon Trust Company, N.A., Dallas, TX
Series 2015A	The Bank of New York Mellon Trust Company, N.A., Dallas, TX
2017 Revenue Bond	Texas Water Development Board

JEFFERSON COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO.10
ANALYSIS OF CHANGES IN LONG-TERM DEBT
FOR THE YEAR-ENDED JUNE 30, 2023

	Bond Issues	
	Series 2018	Series 2020
Interest Rates	2.00% - 3.50%	2.00%
Type of Rate Quoted	Effective	Effective
Date Interest Payable	2/15 - 8/15	2/15 - 8/15
Maturity Date	8/15/2039	8/15/2030
Bond Outstanding at Beginning of Current Year	\$ 4,845,000	\$ 1,525,000
Bonds Sold During Current Year	-	-
Retirements - Principal During Current Year	(210,000)	(375,000)
Bonds Outstanding at End of Current Year	<u>4,635,000</u>	<u>1,150,000</u>
Retirements - Interest Paid During Current Year	150,875	25,850

Paying Agent's Name & Address

Series 2018	The Bank of New York Mellon Trust Company, N.A., Dallas
Series 2020	The Bank of New York Mellon Trust Company, N.A., Dallas

Bond Authority:

	<u>Tax Bonds*</u>	<u>Revenue Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 8,805,000	\$ 1,000,000	\$ 3,315,000
Amount Issued	8,805,000	1,000,000	3,315,000

*Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenue in combination with taxes.

Debt Service Fund Cash and Temporary Investments, June 30, 2023:	\$ 1,485,331
Average Annual Debt Service (Principal & Interest) for Remaining Debt:	\$ 564,485

JEFFERSON COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 10
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES –
PROPRIETARY FUND AND DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	AMOUNTS				
	6-30-23	6-30-22	6-30-21	6-30-20	6-30-19
<u>Water & Sewer Revenues</u>					
Service Revenues	\$ 1,499,991	\$ 1,439,670	\$ 1,460,255	\$ 1,443,288	\$ 1,445,298
Tap Connection Fees	12,500	14,900	21,200	7,375	11,200
Penalty & Interest Revenue	53,829	31,314	30,541	44,001	42,368
Miscellaneous	39,517	84,915	6,129	129,913	51,405
Total Revenues	1,605,837	1,570,799	1,518,125	1,624,577	1,550,271
<u>Water & Sewer Expenditures</u>					
Depreciation	666,031	668,374	587,534	565,359	507,344
Purchased Water & Sewer Services	62,545	60,448	70,393	61,909	65,356
Payroll Expenditures	705,671	542,657	674,218	807,302	756,504
Professional Fees	63,987	38,042	46,435	49,604	27,908
Purchased & Contract Services	63,012	77,785	35,212	88,420	53,655
Consumable Supplies, Materials	314,167	185,677	210,424	218,708	295,319
Recurring Operating Expenses & Repairs	297,449	304,695	270,238	219,913	267,195
Interest	16,670	16,945	15,620	15,706	7,863
Other Expenses	0	2,635.00	50,466.00	-	-
Total Water & Sewer Expenditures	2,189,532	1,897,258	1,960,540	2,026,921	1,981,144
Excess Water & Sewer Revenues (Expenditures)	\$ (583,695)	\$ (326,459)	\$ (442,415)	\$ (402,344)	\$ (430,873)
<u>Debt Service Revenues</u>					
Tax Revenues	\$ 890,996	\$ 889,722	\$ 913,850	\$ 908,995	\$ 908,963
Penalty & Interest	8,317	8,850	13,983	9,812	14,503
Interest on Investments	8,333	1,905	1,616	11,156	4,602
Proceeds of Refunding Bond	0	-	1,563.00	-	-
Refunding Bond Premium	0	-	128,456.00	-	-
Total Debt Service Revenues	907,646	900,477	1,059,468	929,963	928,068
<u>Debt Service Expenditures</u>					
Tax Collection Expenditures	16,858	16,109	13,834	16,117	12,879
Debt Service Interest & Fees	217,617	238,496	285,059	301,592	191,540
Debt Service: Principal	680,000	675,000	610,000	600,000	305,000
Bond Issuance Costs	0	-	100,734.00	-	-
Total Debt Service Expenditures	914,475	929,605	1,009,627	917,709	509,419
Excess Debt Service Revenues (Expenditures)	\$ (6,829)	\$ (29,128)	\$ 49,841	\$ 12,254	\$ 418,649

PERCENTAGE				
6-30-23	6-30-22	6-30-21	6-30-20	6-30-19
93.41%	91.65%	96.19%	88.84%	93.23%
0.78%	0.95%	1.40%	0.45%	0.72%
3.35%	1.99%	2.01%	2.71%	2.73%
2.46%	5.41%	0.40%	8.00%	3.32%
100.00%	100.00%	100.00%	100.00%	100.00%
41.48%	42.55%	38.70%	34.80%	32.73%
3.89%	3.85%	4.64%	3.81%	4.22%
43.94%	34.55%	44.41%	49.69%	48.80%
3.98%	2.42%	3.06%	3.05%	1.80%
3.92%	4.95%	2.32%	5.44%	3.46%
19.56%	11.82%	13.86%	13.46%	19.05%
18.52%	19.40%	17.80%	13.54%	17.24%
1.04%	1.08%	1.03%	0.97%	0.51%
0.00%	0.17%	3.32%	0.00%	0.00%
136.35%	120.78%	129.14%	124.77%	127.79%
-36.35%	-20.78%	-29.14%	-24.77%	-27.79%
98.17%	98.81%	86.26%	97.75%	97.94%
0.92%	0.98%	1.32%	1.06%	1.56%
0.92%	0.21%	0.15%	1.20%	0.50%
0.00%	0.00%	0.15%	0.00%	0.00%
0.00%	0.00%	12.12%	0.00%	0.00%
100.00%	100.00%	100.00%	100.00%	100.00%
1.86%	1.79%	1.31%	1.73%	1.39%
23.98%	26.49%	26.91%	32.43%	20.64%
74.92%	74.96%	57.58%	64.52%	32.86%
0.00%	0.00%	9.51%	0.00%	0.00%
100.75%	103.23%	95.30%	98.68%	54.89%
-0.75%	-3.23%	4.70%	1.32%	45.11%

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
INSURANCE COVERAGE
AS OF JUNE 30, 2023

Type of Coverage	From	To	Coverage
Bonds:			
Five Elected Officials	7/1/2022	6/30/2023	10,000 each
Four Office Employees	7/1/2022	6/30/2023	10,000 each
Equipment Floater	7/1/2022	6/30/2023	100,000
Fire & Lightning:			
Buildings	7/1/2022	6/30/2023	5,826,192
Contents	7/1/2022	7/1/2022	666,753
Fence	7/1/2022	7/1/2022	-
Tenant Dwelling	7/1/2022	7/1/2022	-
Liability:			
Automotive & Fire Trucks	7/1/2022	7/1/2022	1,000/400,000
Property Damage & Bodily Injury	7/1/2022	7/1/2022	1,000/400,000
Errors & Omissions	7/1/2022	7/1/2022	1,000/1,000,000
Comprehensive General:			
Combined Single Limit	7/1/2022	6/30/2023	1,000/400,000
Workman Compensation	7/1/2022	6/30/2023	Statutory Limits
Volunteer Firemen:			
Commercial Auto Policy	6/10/2020	7/30/2022	1,000,000
Agreed Value Physical Damage	6/10/2020	7/30/2022	1,000/100,000
Accident & Sickness Policy	6/10/2020	7/30/2022	150/32,000/ 151,000
Death Benefit above Workman Compensation			20,000
Management Liability Policy	6/10/2020	7/30/2022	3,000,000/ 1,000,000/5,000
Texas Commercial Package	6/10/2020	7/30/2022	100/ACV

Note 1: All policy coverage for the District is written through Texas Water Conservation Association, Risk Management Fund, which is a Trust Pool and is neither a stock nor a mutual corporation. The trust is administered by JI Specialty Service, Inc. All policy coverage for the Volunteer Fire Department is written through the Volunteer Fire Insurance Services, administered by Regnier & Associates, Inc.

<u>Insurer Name</u>	<u>Type of Corporation Stock/Mutual</u>	<u>Policy Clause Co-Insurance</u>
Western Surety	Stock	No
Western Surety	Stock	No
Texas Water Conservation Association	See Note 1	No
Texas Water Conservation Association	See Note 1	No
Texas Water Conservation Association	See Note 1	No
Texas Water Conservation Association	See Note 1	No
Texas Water Conservation Association	See Note 1	No
Texas Water Conservation Association	See Note 1	No
Texas Water Conservation Association	See Note 1	No
Texas Water Conservation Association	See Note 1	No
Volunteer Fire Insurance Services	See Note 1	No
Volunteer Fire Insurance Services	See Note 1	No
Volunteer Fire Insurance Services	See Note 1	No
Volunteer Fire Insurance Services	See Note 1	No
Volunteer Fire Insurance Services	See Note 1	No

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
June 30, 2023

Complete District Mailing Address:

JEFFERSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
3707 Central Boulevard
Nederland, Texas 77627
(409) 722-6922

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office</u>	<u>Fees and/ Reimbursement</u>	<u>Title</u>	<u>Resident of District</u>
Stephen Savant 2299 Twin City Hwy Nederland, TX 77627	5/1/2018 4/30/2026	\$ 650	President	Yes
Lester Crooks 2901 Washington Nederland, TX 77627	5/1/2018 4/30/2026	\$ 650	Vice President	Yes
John Wagner 1609 Braxton Circle Nederland, TX 77627	5/1/2022 4/30/2024	\$ 600	Secretary	Yes
Harold Ross 3113 Madison Street Nederland, TX 77627	5/1/2020 4/30/2024	\$ 500	Director	Yes
Jereme Havard 2009 Dylan Drive Nederland, TX 77627	10/15/2022 4/30/2026	\$ 450	Director	Yes

KEY PERSONNEL, CONSULTANTS, AND INVESTMENT OFFICER

<u>Name and Address</u>	<u>Hire Date</u>	<u>Fees and/ Reimbursement</u>	<u>Title</u>	<u>Resident of District</u>
Thomas McDonald 8019 Tom Drive Port Arthur, TX 77642	1/27/2003	\$ 108,067	General Manager / Investment Officer	No
Candace Plessala 5138 S. Patillo Rd Orange, TX 77630	1/5/2023	\$ 80,000	Office Manager	No
Guy Goodson Germer PLLC 550 Fanin Beaumont, TX 77701		\$ 43,326	Legal Counsel	No
J.R. Edwards & Associates, LLC 4347 Crow Rd. Beaumont, TX 77706		\$ 14,000	Auditor	No

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OVERALL COMPLIANCE AND INTERNAL CONTROL

J. R. Edwards & Associates, LLC

Certified Public Accountants

November 7, 2023

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*

Board of Directors
Jefferson County Water Control and
Improvement District # 10
3707 Central
Nederland, TX 77627

To Those it May Concern:

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Jefferson County Water Control and Improvement District # 10 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 2023.

In planning and performing our audit of the financial statements of Jefferson County Water Control and Improvement District # 10, hereinafter referred to as the "District," as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit, we did not identify any deficiencies in

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Phone (409) 924-9100 ♦ Fax (409) 924-0990

internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported on under *Government Auditing Standards*.

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.

Sincerely,

J.R. EDWARDS & ASSOCIATES, LLC