

SANTA RITA
UNDERGROUND WATER
CONSERVATION DISTRICT

REPORT TO THE DIRECTORS

SEPTEMBER 30, 2022



RICHARD A. BOWMAN

Certified Public Accountant

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November 3, 2023

The Directors
Santa Rita Underground Water Conservation District
Big Lake, Texas

I am pleased to present this report related to the audit of the financial statements of the Santa Rita Underground Water Conservation District (the District) for the year ended September 30, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be my pleasure to respond to any questions you have regarding this report. I appreciate the opportunity to be of service to the District.

Richard Bowman

Richard A. Bowman, CPA

REQUIRED COMMUNICATIONS

Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in my professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

<u>Area</u>	<u>Comments</u>
Auditor's Responsibility Under Professional Standards	My responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated February 9, 2023.
Accounting Practices	<p>Adoption of, or Change in, Accounting Policies</p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Santa Rita Underground Water Conservation District. The District did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions</p> <p>I did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Alternative Treatments Discussed with Management</p> <p>I did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.</p>
Management's Judgments and Accounting Estimates	Summary information about the process used by management in formulating particularly sensitive accounting estimates and about my conclusions regarding the reasonableness of those estimates is in the attached "Summary of Accounting Estimates."

Area	Comments
Financial Statement Disclosures	There were no specific financial statement disclosures that were separately discussed or were requested to be discussed or clarified.
Audit Adjustments	Audit adjustments recorded by the Santa Rita Underground Water Conservation District are shown on the attached "Summary of Recorded Audit Adjustments."
Uncorrected Misstatements	Uncorrected misstatements are summarized in the attached "Summary of Uncorrected Misstatements."
Disagreements with Management	I encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	I am not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
Difficulties Encountered in Performing the Audit	I did not encounter any difficulties in dealing with management during the audit.
Certain Written Communications Between Management and My Firm	Copies of certain communications between my firm and the management of the District are attached as Exhibit A.

SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
SUMMARY OF ACCOUNTING ESTIMATES
YEAR ENDED SEPTEMBER 30, 2022

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the District's September 30, 2022 financial statements:

<u>Area</u>	<u>Accounting Policy</u>	<u>Estimation Process</u>	<u>Comments</u>
Fixed asset lives	Fixed assets are depreciated based on GAAP guidelines.	Management estimates the useful lives of capitalized assets based on the type and life expectancy as well as GAAP guidance.	Fixed asset lives were determined to be within GAAP guidelines.

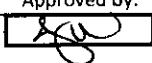
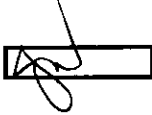
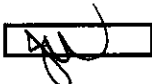
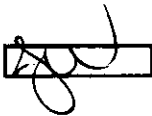
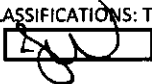
SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
SUMMARY OF RECORDED AUDIT ADJUSTMENTS
YEAR ENDED SEPTEMBER 30, 2022

See following audit adjustments.

SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
 ADJUSTING JOURNAL ENTRIES
 FYE 9/30/2022

ADJUSTMENT NUMBER	ACCT#	ADJUSTMENT	Approved by:
1		(Should be dated 09/30/2021)	
		SSB 15505993	39.33
		Allowance for uncollected property tax	30.00
		Property taxes receivable	336.56
		Accumulated depreciation	14,370.73
		Field equipment	3,510.73
		Unearned revenue	275.00
		Unassigned fund balance	85,684.34
		Investment in Capital Assets	16,771.25
		Retained Earnings	86,786.78
			103,902.36
			103,902.36
		To correct beginning balances	
		(Remaining entries should be dated 09/30/2022)	
2		Property taxes receivable	1,374.00
		Allowance for uncollected property taxes	137.00
		Unearned revenue - property taxes	1,237.00
			1,374.00
			1,374.00
		To adjust property taxes receivable - per Reagan Co TAC report	
3		Payroll taxes	120.58
		Social Security & Medicare	120.58
			120.58
			120.58
4		Office equipment	1,442.76
		Professional fees	1,442.76
			1,442.76
			1,442.76
		To reclassify installation costs for phone system	
5		Office equipment	981.84
		Office Supplies	981.84
			981.84
			981.84
		To reclassify office equipment rental/lease	

SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
 GASB ADJUSTMENTS
 FYE 9/30/2022

ADJUSTMENT NUMBER	Approved by:	ACCT	ADJUSTMENT	
1		Field equipment, office furniture, and fixtures Office Equipment	6,514.84	6,514.84
			<u>6,514.84</u>	<u>6,514.84</u>
		TO DE-EXPEND CAPITAL ASSET PURCHASE		
2		Depreciation expense	6,763.00	
		Accumulated Depreciation - Buildings		1,077.00
		Accumulated Depreciation - Vehicles		4,383.00
		Accumulated Depreciation - Equipment		1,303.00
			<u>6,763.00</u>	<u>6,763.00</u>
		TO RECORD CURRENT YEAR DEPRECIATION		
3		Unearned revenue - property taxes	8,400.00	
		Taxes-general levy		1,237.00
		Unassigned		7,163.00
			<u>8,400.00</u>	<u>8,400.00</u>
		RECLASSIFICATION		
4		NET INVESTMENT IN CAPITAL ASSETS UNRESTRICTED	6,763.00	
				6,763.00
			<u>6,763.00</u>	<u>6,763.00</u>
		RECLASSIFICATIONS: TO RECLASSIFY DEPRECIATION FROM UNRESTRICTED TO NET INVESTMENT IN CAPITAL ASSETS		
5		NET INVESTMENT IN CAPITAL ASSETS UNRESTRICTED		6,515.00
			6,515.00	6,515.00
			<u>6,515.00</u>	<u>6,515.00</u>

RECLASSIFICATIONS: TO RECLASSIFY DEPRECIATION FROM UNRESTRICTED TO NET INVESTMENT IN CAPITAL ASSETS

SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
SUMMARY OF UNCORRECTED MISSTATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

During the course of the audit, I accumulated uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, to the statements of the governmental activities, each major fund, and the aggregate remaining fund information and to the related financial statement disclosures. Following is a summary of those differences.

Santa Rita Underground Water Conservation District:

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
Balance Sheet Effect	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**EXHIBIT A – CERTAIN WRITTEN COMMUNICATIONS BETWEEN MANAGEMENT AND
MY FIRM**

November 3, 2023

Richard A. Bowman, CPA
111 East Third, Suite A
Sweetwater, TX 79556

This representation letter is provided in connection with your audit of the financial statements of Santa Rita Underground Water Conservation District, which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of September 30, 2022 and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 3, 2023, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 9, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A summary of uncorrected misstatements, if any, is included in the report to the directors.

- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Santa Rita Underground Water Conservation District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Santa Rita Underground Water Conservation District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Santa Rita Underground Water Conservation District Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Santa Rita Underground Water Conservation District and involves—
 - o Management,
 - o Employees who have significant roles in internal control, or
 - o Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Santa Rita Underground Water Conservation District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 18) We have disclosed to you the identity of the Santa Rita Underground Water Conservation District's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

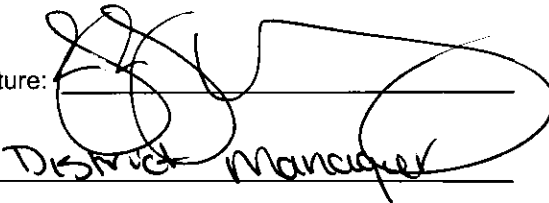
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The Santa Rita Underground Water Conservation District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 28) The Santa Rita Underground Water Conservation District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Santa Rita Underground Water Conservation District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34 .
- 32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Investments and land and other real estate held by endowments are properly valued.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 41) We have appropriately disclosed the Santa Rita Underground Water Conservation District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 42) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

Signature: _____

Title: _____

A handwritten signature in black ink is written over a horizontal line. Below the signature, the title "District Manager" is handwritten in black ink over another horizontal line.

November 3, 2023

Richard A. Bowman, CPA
111 East Third, Suite A
Sweetwater, TX 79556

This representation letter is provided in connection with your audit of the financial statements of Santa Rita Underground Water Conservation District, which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of September 30, 2022 and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 3, 2023, the following representations made to you during your audit.

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- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A summary of uncorrected misstatements, if any, is included in the report to the directors.

- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Santa Rita Underground Water Conservation District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Santa Rita Underground Water Conservation District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Santa Rita Underground Water Conservation District Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Santa Rita Underground Water Conservation District and involves—
 - o Management,
 - o Employees who have significant roles in internal control, or
 - o Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Santa Rita Underground Water Conservation District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 18) We have disclosed to you the identity of the Santa Rita Underground Water Conservation District's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The Santa Rita Underground Water Conservation District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 28) The Santa Rita Underground Water Conservation District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Santa Rita Underground Water Conservation District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34 .
- 32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Investments and land and other real estate held by endowments are properly valued.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 41) We have appropriately disclosed the Santa Rita Underground Water Conservation District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 42) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

Signature: _____

Title: _____

District manager

SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
 ADJUSTING JOURNAL ENTRIES
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		To reclassify installation costs for phone system	
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		Office Supplies	981.84
			<u>981.84</u> <u>981.84</u>
		To reclassify office equipment rental/lease	

SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022



RICHARD A. BOWMAN

Certified Public Accountant

**SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2022**

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November 3, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Santa Rita Underground Water Conservation District
Big Lake, Texas

Opinion

I have audited the accompanying financial statements of the governmental activities and the general fund of the Santa Rita Underground Water Conservation District (the District), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Santa Rita Underground Water Conservation District, as of September 30, 2022, 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 Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Santa Rita Underground Water Conservation District and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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.

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 Santa Rita Underground Water Conservation District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually 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, I:

- 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 Santa Rita Underground Water Conservation 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Santa Rita Underground Water Conservation District's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Richard Bowman

Richard A. Bowman
Certified Public Accountant

**SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

In this section of the Annual Financial and Compliance Report, I, the manager of the Santa Rita Underground Water Conservation District, discuss and analyze the District's financial performance for the fiscal year ended September 30, 2022. Please read it in conjunction with the independent auditor's report on page 1, and the District's Basic Financial Statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The District's Net Position increased by \$37,150 as a result of this year's operations.
- The General Fund ended the year with a fund balance of \$556,444.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 9 and 11). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 13) report the District's operations in a more short-term as well as what resources remain for future spending.

The notes to the financial statements (starting on page 21) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 9. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting, which is the basis used by private sector companies.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 13 and provide detailed information about the most significant funds—not the District as a whole.

Governmental funds – Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

**SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

THE DISTRICT AS A WHOLE

The District's combined net position increased from a year ago – from \$560,393 to \$597,543, a total increase of \$37,150 compared to last year's increase of \$18,536. Looking at the net position and net expenses of governmental and business-type activities separately can give valuable information. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental and business-type activities.

Table 1 – Net Position

	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 565,055	\$ 527,446
Capital Assets	32,698	32,947
Total assets	<u>597,753</u>	<u>560,393</u>
Current Liabilities	210	-
Total liabilities	<u>210</u>	<u>-</u>
Net position:		
Invested in capital assets, net of debt	32,699	32,947
Unrestricted	564,844	527,446
Total net position	<u>\$ 597,543</u>	<u>\$ 560,393</u>

Table 2 – Changes in Net Position

	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Revenues		
General Revenues:		
Property Taxes	\$ 184,105	\$ 186,203
Interest Income	518	574
Total Revenues	<u>184,622</u>	<u>186,777</u>
Expenses:		
Governmental activities	<u>147,472</u>	<u>171,004</u>
Increase in net position	<u>37,150</u>	<u>15,773</u>
Net position – beginning	560,393	544,620
Net position – ending	<u>\$ 597,543</u>	<u>\$ 560,393</u>

CAPITAL ASSET ADMINISTRATION

Capital Assets

At the end of September 30, 2022, the District had \$32,699 invested in capital assets.

**Capital Assets at Year-end
(Net of Depreciation)**

	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Land	\$ -	\$ -
Buildings	16,154	17,231
Autos	11,333	15,716
Office Furniture and Equipment	5,212	-

**SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budgeted expenditures are expected to be \$171,687. Revenues are budgeted at \$181,099. This budget is expected to increase the fund balance by \$9,412.

If these estimates are realized, the District's budgetary general fund balance is expected to increase at the end of fiscal year 2023.

CONTACTING THE APPRAISAL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Santa Rita Underground Water Conservation District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Office of the Santa Rita Underground Water Conservation District, P.O. Box 849, Big Lake, Texas, 76932.

Financial Section

SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 556,655
Taxes Receivable, Net	8,400
Capital Assets:	
Buildings, Net	16,154
Equipment, Net	5,212
Vehicle, Net	11,333
Total Assets	597,753
LIABILITIES	
Accounts Payable	210
Total Liabilities	210
NET POSITION	
Net Investment in Capital Assets	32,699
Unrestricted	564,844
Total Net Position	\$ 597,543

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

**SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
Payroll and Payroll Tax Expense	\$ 50,656	\$ -	\$ -	\$ (50,656)
Administration Expenses	19,309	-	-	(19,309)
Building Repairs and Maintenance	2,055	-	-	(2,055)
Professional fees	1,551	-	-	(1,551)
Tax Appraisal and Collection	30,755	-	-	(30,755)
Chemicals, Field and Lab	1,057	-	-	(1,057)
Vehicle Expenses	4,572	-	-	(4,572)
Weather Modification	30,754	-	-	(30,754)
Depreciation	6,763	-	-	(6,763)
	<u>\$ 147,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (147,472)</u>
General Revenues:				
Taxes:				
				182,577
				1,528
				518
				<u>184,622</u>
				37,150
				560,393
				<u>\$ 597,543</u>

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

**SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General Fund
ASSETS	
Cash & Cash Equivalents	\$ 556,655
Taxes Receivable	9,333
Allowance for Uncollectible Taxes	(933)
Total Assets	\$ 565,055
LIABILITIES	
Accounts Payable	211
Total Accounts Payable	211
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	\$ 8,400
Total Deferred Inflows of Resources	8,400
FUND BALANCE	
Unassigned Fund Balance	556,444
Total Fund Balance	556,444
Total Liabilities, Deferred Inflows, & Fund Balance	\$ 565,055

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

**SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Total Fund Balances - Governmental Funds	\$ 556,444
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of, including the beginning balances for capital assets (net of depreciation), in the governmental activities is to increase net position.	39,463
The 2022 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(6,763)
Various other reclassification and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue. The net effect of these reclassifications and recognitions is to increase net position.	8,400
Net Position of Governmental Activities	<u>\$ 597,543</u>

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

**SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	General Fund
REVENUES:	
Taxes:	
Property Taxes	\$ 174,219
Penalty and Interest on Property Taxes	8,648
Investment Earnings	518
Total Revenues	<u>183,384</u>
EXPENDITURES:	
Payroll and Payroll Tax Expense	50,656
Administration Expenses	25,824
Building Repairs and Maintenance	2,055
Professional Fees	1,551
Tax Appraisal and Collection	30,755
Chemicals, Field and Lab	1,057
Vehicle Expenses	4,572
Weather Modification	30,754
Total Expenditures	<u>147,224</u>
Net Change in Fund Balance	36,161
Fund Balance - October 1 (Beginning)	<u>520,283</u>
Fund Balance - September 30 (Ending)	<u>\$ 556,444</u>

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

**SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Total Net Change in Fund Balances - Government Funds	\$ 36,161
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. This net effect of the current year's depreciation is to decrease the change in net position.	(6,763)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue. The net effect of these reclassifications and recognitions is to increase the change in net position.	1,238
Current year capital outlays are expenditures in the fund financial statements but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2022 capital outlays is to increase net position.	6,515
Change in Net Position of Governmental Activities	\$ 37,150

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

SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General Statement

The Santa Rita Underground Water Conservation District (the "District") was created, organized, and exists by Acts of the 70th Legislature under and pursuant to Section 59 of Article XVI of the Texas Constitution and Chapter 36 of the Texas Water Code. The District was established January 2, 1988, for the purpose of conserving, preserving, protecting, recharging, and preventing waste of the underground water reservoirs located in Santa Rita, Texas, through monitoring and protecting the quality of the groundwater. The District is governed by a five-member Board of Directors who are elected by its citizens.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government accounting policies are described below.

B. Financial Reporting Entity

The District's basic financial statements include the accounts of all District operations.

C. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the District.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The District has presented the following major governmental fund:

General Fund -

General Fund is the main operating fund of the District. This fund is used to account for all financial resources not accounted for in other funds. All general revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

E. Budgetary Control

As set forth in the District charter, the District Board adopts an annual budget for the General Fund. The annual budget for the General Fund is prepared in accordance with the basis of accounting utilized by that fund. Amendments are made to these budgets as needed throughout the year.

SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

F. Cash and Cash Equivalents

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

G. Nature and Purpose of Reservations and Designations of Fund Equity

Net position flow assumption:

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

As of these financial statements, 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 can be spent only for specific purposes because of the District Charter, District Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by District Board ordinance or resolution. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned—Amounts that are designated by the Mayor for a specific purpose but are not spendable until a budget ordinance is passed by District Board.

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 13). Assigned funds are reduced to the extent that expenditure authority has been budgeted by Board or the assignment has been changed by the District Manager. Decreases to fund balance first reduce unassigned fund balance; in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

General Fund

The General Fund has unassigned fund balance of \$556,444.

H. Net Position

Net position represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2. DETAILED NOTES ON ALL FUNDS

Deposits

The cash and investments policies of the District are governed by state statutes and the adopted investment policy. These policies require that depositories be insured by the Federal Deposit Insurance Corporation (FDIC) and must fully collateralize all deposits in excess of FDIC insurance limits.

At September 30, 2022, the carrying amount of the District's deposits (checking and certificate of deposit accounts) was \$556,665 and the bank balance was \$556,655. The District's deposits at September 30, 2022, and during the year then ended, were not covered by FDIC insurance. The FDIC insurance limit is \$250,000 and the balance of the accounts was over this amount at all times during the year.

The District's deposits are invested only in a money market account and are not subject to any credit risk other than the risk noted above.

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

Primary Government

Governmental-type activities:

	<u>Balance</u> <u>10/1/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2022</u>
Capital assets not being depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated				
Buildings and Land Improvements	54,642	-	-	54,642
Autos	35,060	-	-	35,060
Office Furniture and Equipment	10,606	-	-	10,606
Field Equipment	575	6,515	-	7,090
Total capital assets being depreciated	<u>\$ 100,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,398</u>
Less: Accumulated Depreciation				
Buildings and Land Improvements	\$ 37,411	\$ 1,077	\$ -	\$ 38,488
Autos	19,344	4,383	-	23,727
Office Furniture and Equipment	10,606	-	-	10,606
Field Equipment	575	1,303	-	1,878
Total Accumulated Depreciation	<u>\$ 67,936</u>	<u>\$ 6,763</u>	<u>\$ -</u>	<u>\$ 74,699</u>
Capital Assets, Net	<u>\$ 32,947</u>			<u>\$ 32,699</u>

SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 4. SELF INSURANCE

The District has entered into an interlocal participation agreement with the Texas Municipal League Joint Self-Insurance Fund (the Fund). The Fund is an unincorporated association of political subdivisions of the State of Texas that was created to provide property and liability coverage to its members pursuant to the provisions of Article 4413(32c), Texas Revised Civil Statutes Annotated. Coverage provided by the Fund may differ from member to member based on the nature of the risk to be covered. The District made contributions to the Fund based upon rates approved by the Board of Trustees of the Fund. Contributions are adjusted annually based upon the District's loss experience. The District's participation is on a nonassessable basis. The District has no joint and several liability other than the maximum annual contribution required to be paid into the Fund; however, this contribution may include surcharges specifically related to the District's loss experience. The District's participation in the Fund provides property and general liability coverage, errors and omissions coverage, and automobile liability coverage.

NOTE 5. INTERLOCAL AGREEMENT WITH WEST TEXAS WEATHER MODIFICATION ASSOCIATION

As authorized by the Board of Directors, the District has agreed to share the services of the West Texas Weather Modification Association. This agreement calls for the District to reimburse the West Texas Weather Modification Association based on the number of acres contained in the District. The total amount paid to West Texas Weather Modification Association under this part of the agreement was \$30,754.

NOTE 6. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 3, 2023, the date which the financial statements were available to be issued.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes				
Property Taxes	\$ 181,099	\$ 181,099	\$ 174,219	\$ (6,880)
Penalty and Interest on Taxes	-	-	8,648	8,648
Investment Earnings	-	-	518	518
Total Revenues	181,099	181,099	183,384	2,285
EXPENDITURES:				
Payroll and Payroll Tax Expense	57,115	57,115	50,656	6,459
Administration Expense	30,950	30,950	25,824	5,126
Building Repairs and Maintenance	4,000	4,000	2,055	
Professional Fees	12,000	12,000	1,551	10,449
Tax Appraisal and Collection	30,000	30,000	30,755	(755)
Chemicals, Field and Lab	4,000	4,000	1,057	2,943
Vehicle Expenses	5,000	5,000	4,572	
Weather Modification	30,754	30,754	30,754	-
Total Expenditures	173,819	173,819	147,224	24,222
Net Change	7,280	7,280	36,161	26,507
Fund Balance-October 1 (Beginning)	520,283	520,283	520,283	-
Fund Balance-September 30 (Ending)	\$ 527,563	\$ 527,563	\$ 556,444	\$ 26,507

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

**SANTA RITA UNDERGROUND WATER CONSERVATION DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022**

NOTE I BUDGETS AND BUDGETARY ACCOUNTING

The Board adopts an annual budget no later than the meeting of September of each year for the fiscal year commencing the following October 1st. The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. During August of each year, the District Manager submits to the Board a proposed operating budget for the next following fiscal year. The operating budget includes proposed revenues and expenditures.
2. After a review by the Board, a public hearing is conducted and further comment is received from the Board and the general public.
3. Upon completion of the hearings and modifications, if any, to the proposed budget, it is adopted by the Board through passage of an appropriate resolution.
4. Generally, the budget is amended in the middle of the year and at the end of the year. All approved additional appropriations are added to the adopted budget and an amended budget is presented to the Board, which it adopts after due review.
5. The District Manager is authorized to transfer from, time to time, budget amounts of operational expenditure categories within departments as deemed necessary in order to meet the District's needs.
6. Board approval is required for all fund to fund transfers, department to department transfers, fund reserve to appropriations transfers for new revenue sources with offsetting appropriations, and for transfer to/from the capital expenditure category.