

**SIESTA SHORES WATER CONTROL AND
IMPROVEMENT DISTRICT**

**AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR YEAR ENDED SEPTEMBER 30, 2021**

Siesta Shores Water Control and Improvement District

For the Year Ended September 30, 2021

DIRECTORS AND OFFICERS

Manuel Garcia III	President
Michael Finger	Vice-President
Dellanaira Prado	Secretary
Frances Campos	Treasurer
Graciela Jimenez	Member

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTY OF Zapata }

I, _____ of the

(Name of Duly Authorized District Representative)

Siesta Shores Water Control and Improvement District

(Name of District)

Hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors of the District on the ____ day of _____, _____, its annual audit report for the fiscal year or period ended **September 30, 2021** and that copies of the annual audit report have been filed in the District's office, located at _____.

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

Date _____

By _____

(Signature of District Representative)

(Name and Title)

Sworn to and subscribed to before me this ____ day of _____, _____.

(Signature of Notary)

My Commission Expires on: _____, _____.

Notary Public in the State of Texas

ADRIAN WEBB, CPA

Certified Public Accountant
McAllen, Texas

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Siesta Shores Water Control
and Improvement District
Zapata, Texas

Opinion

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

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

Because of inadequacies in the District's accounting records, we were unable to form an opinion regarding the amount of revenues in the accompanying statement of income and related accounts receivable, respectively, in the accompanying balance sheet.

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 the Siesta Shores Water Control and Improvement 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is 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, 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 Siesta Shores Water Control and Improvement 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 Siesta Shores Water Control and Improvement District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the budgetary comparison information 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 Siesta Shores Water Control and Improvement District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is 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 supplementary 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2023, on our consideration of Siesta Shores Water Control and Improvement District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, and grant agreements and other matters. The purpose of that report is 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 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 Siesta Shores Water Control and Improvement District's internal control over financial reporting and compliance.

Adrian Webb, CPA

Adrian Webb, CPA
Certified Public Accountant
McAllen, Texas
February 8, 2023

**SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Management's discussion and analysis of Siesta Shores Water Control and Improvement District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities. The Statement of Net Position includes all the District's assets, liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include 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 District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, ad valorem taxes, customer service revenues, operating costs, and general expenditures. The Debt Service Fund accounts for financial resources restricted, committed, or assigned for servicing bond debt. The Capital Projects Fund accounts for financial resources restricted, committed, or assigned for acquisition or construction of facilities and related costs.

**SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

FUND FINANCIAL STATEMENTS - Continued

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explains the differences between the two presentations and assists in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,874,196 as of September 30, 2021. A portion of the District's net position reflects its net investment in capital assets (land, buildings, and equipment as well as the water and wastewater facilities, less any debt used to acquire those assets that is still outstanding). A comparative analysis of government-wide changes in net position is presented below:

**SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 386,371	\$ 412,555	\$ (26,184)
Capital Assets	1,943,824	2,184,664	(240,840)
Total Assets	\$ 2,330,195	\$ 2,597,219	\$ (267,024)
Deferred Outflows of Resources	-	-	-
Long-Term Liabilities	\$ 368,000	\$ 392,000	\$ (24,000)
Other Liabilities	87,999	88,387	(389)
Total Liabilities	\$ 455,999	\$ 480,387	(24,389)
Deferred Inflows of Resources	-	-	-
Invested in Capital Assets, net Of Related Debt	1,553,824	1,772,664	(218,840)
Restricted	156,197	149,963	6,234
Unrestricted	164,175	194,205	(30,030)
Total Net Position	\$ 1,874,196	\$ 2,116,832	\$ (242,636)

The following table provides a summary of the District's operations for the years ended September 30, 2021, and September 30, 2020.

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 145,489	\$ 138,932	\$ 11,958
Charges for Services	554,412	500,308	37,944
Investment Earnings	526	235	(299)
Total Revenue	\$ 700,428	\$ 639,475	\$ 49,603
Expenses:			
Infrastructure & Environmental	962,324	946,078	\$ 16,246
Interest and Fiscal Charges	18,495	20,440	(1,945)
Total Expenses	\$ 980,819	966,518	\$ 14,301
Increase/(Decrease) in net assets	\$ (280,391)	\$ (327,043)	\$ 46,558
Prior Period Adjustment	36,321	(5,459)	43,308
Beginning net assets	2,072,807	2,449,334	(332,502)
Ending net assets	\$ 1,874,196	\$ 2,116,832	\$ (242,636)

**SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2021, were \$225,678, a decrease of \$20,909 from the prior year. The General Fund balance decreased by \$27,143 as a result of service revenues and ad valorem tax revenues below the costs of operating and maintaining the District's facilities. The Debt Service Fund balance did not change due to transfers made by the General Fund. The Capital Projects Fund balance decreased by \$57,966, due to Capital Expenditures.

CAPITAL ASSETS

Capital assets as of September 30, 2021, total \$1,943,824 (net of accumulated depreciation) and include land, equipment, and buildings as well as the water and wastewater systems. Significant capital asset activity during the current fiscal year included the following:

	Governmental Activities		
	2021	2020	Change Positive (Negative)
Land	\$ 55,937	\$ 55,937	\$ -
Infrastructure, Buildings and Improvements	7,528,131	7,415,279	112,852
Furniture and Equipment	52,905	52,905	-
Accumulated Depreciation	(5,693,149)	(5,394,343)	(298,806)
Total	\$1,943,824	\$2,184,474	\$(185,954)

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total bond debt payable of \$390,000. The changes in the debt position of the District during the fiscal year ended September 30, 2021, are summarized as follows:

Bond Debt Payable, October 1, 2020	\$ 412,000
Less: Bond Principal Paid	22,000
Bond Debt Payable, September 30, 2021	\$ 390,000

The debt decreased by \$22,000 during current fiscal year. The decrease was due to the payment to the 1995 bonds payable.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Siesta Shores Water Control and Improvement District's Business office, 5235 South Siesta Lane, Zapata, Texas.

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
Statement of Net Position and Governmental Funds Balance Sheet
As of September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 7,909	\$ 68,259	\$ -	\$ 76,168	\$ -	\$ 76,168
Restricted Cash and Investments:						
Restricted Cash	-	-	38,445	38,445	-	38,445
Restricted Investments	-	48,473	70,189	118,662	-	118,662
Receivables:						
Property Taxes, Net	94,924	-	-	94,924	-	94,924
Service Receivables, Net	58,172	-	-	58,172	-	58,172
Due From Debt Service	69,169	-	-	69,169	(69,169)	-
Capital Assets:	-	-	-	-	-	-
Land	-	-	-	-	55,937	55,937
Infrastructure	-	-	-	-	7,473,245	7,473,245
Buildings and Improvements	-	-	-	-	54,886	54,886
Equipment and Furniture	-	-	-	-	52,905	52,905
Less: Accumulated Depreciation	-	-	-	-	(5,693,149)	(5,693,149)
TOTAL ASSETS	<u>230,174</u>	<u>116,732</u>	<u>108,634</u>	<u>455,540</u>	<u>1,874,655</u>	<u>2,330,195</u>
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 230,174</u></u>	<u><u>\$ 116,732</u></u>	<u><u>\$ 108,634</u></u>	<u><u>\$455,540</u></u>	<u><u>\$ 1,874,655</u></u>	<u><u>\$ 2,330,195</u></u>
<u>LIABILITIES</u>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Expenses:						
Accrued Wages	32,058	-	-	32,058	-	32,058
Due to General Fund	-	69,169	-	69,169	(69,169)	-
Security Deposits	33,941	-	-	33,941	-	33,941
Long-Term Liabilities:						
Bonds Payable, Due Within One Year	-	-	-	-	22,000	22,000
Bonds Payable, Due After One Year	-	-	-	-	368,000	368,000
TOTAL LIABILITIES	<u>65,998</u>	<u>69,169</u>	<u>-</u>	<u>135,168</u>	<u>320,831</u>	<u>455,998</u>

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
Statement of Net Position and Governmental Funds Balance Sheet
As of September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	94,694	-	-	94,694	(94,694)	-
TOTAL DEFERRED INFLOWS OF RESOURCES	94,694	-	-	94,694	(94,694)	-
FUND BALANCES						
Committed:						
Infrastructure and Enviromental Services	-	-	108,634	108,634	(108,634)	-
Restricted:						
Debt Service	-	47,563	-	47,563	(47,563)	-
Unassigned	69,481	-	-	69,481	(69,481)	-
TOTAL FUND BALANCES	69,481	47,563	108,634	225,678	(225,678)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 230,174</u>	<u>\$ 116,732</u>	<u>\$ 108,634</u>	<u>\$455,540</u>		
NET POSITION						
Net Investment in Capital Assets	-	-	-	-	1,553,824	1,553,824
Restricted for Debt Service	-	-	-	-	47,563	47,563
Restricted for Enviromental Services	-	-	-	-	108,634	108,634
Unrestricted	-	-	-	-	164,175	164,175
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,874,196</u>	<u>1,874,196</u>

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
For the Year Ended September 30, 2021

Total Fund Balances - Governmental Funds	\$ 225,678
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	1,943,824
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2020 and prior tax levies became part of recognized revenue in the governmental activities of the District.	94,694
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:	
Bonds Payable	(390,000)
Total Net Position - Governmental Activities	<u>\$ 1,874,196</u>

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	2021	Adjustments	Statement of Net Position
REVENUE						
Property Taxes	\$ 143,663	\$ -	\$ -	\$ 143,663	\$ 1,826	\$ 145,489
Charges for Services	554,412	-	-	554,412	-	554,412
Investment Earnings	433	-	93	526	-	526
TOTAL REVENUE	698,509	-	93	698,602	1,826	700,428
EXPENDITURES						
Infrastructure and Environmental Services:						
Water and Sewer Services	299,600	-	-	299,600	-	299,600
Salaries, Benefits & Payroll Taxes	207,341	-	-	207,341	-	207,341
Contracted Services	71,771	-	-	71,771	-	71,771
Professional Fees	31,353	-	-	31,353	-	31,353
Depreciation	-	-	-	-	298,806	298,806
Other	53,453	-	-	53,453	-	53,453
Debt Service:						
Principal	-	22,000	-	22,000	(22,000)	-
Interest	-	18,495	-	18,495	-	18,495
Capital Outlay	-	-	57,966	57,966	(57,966)	-
TOTAL EXPENDITURES	663,518	40,495	57,966	761,979	218,840	980,819
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	34,991	(40,495)	(57,873)	(63,377)	(217,014)	(280,391)
OTHER FINANCING SOURCES (USES)						
Transfers In/(Out)	(98,461)	40,495	57,966	-	-	-
NET CHANGE IN FUND BALANCES	\$ (63,470)	\$ -	93	\$ (63,377)	\$ 63,377	\$ -
CHANGE IN NET POSITION	\$ -	\$ -	\$ -	\$ -	\$ (280,391)	\$ (280,391)
FUND BALANCES/NET POSITION - AS OF OCTOBER 1, 2020	\$ 96,624	\$ 47,563	\$ 108,541	\$ 252,728	\$ 1,820,079	\$ 2,072,807
Prior Period Adjustments	36,327	-	-	36,327	45,453	81,781
FUND BALANCES/NET POSITION - AS OF SEPTEMBER 30, 2021	\$ 69,481	\$ 47,563	\$ 108,634	\$ 225,678	\$ 1,603,065	\$ 1,874,196

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

SIESTA SHORES WATER CONTROL AND IMPROVEMENT 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, 2021

Net Change in Fund Balances - Governmental Funds	\$ (63,377)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied	1,826
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(298,806)
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Governmental funds report bond principal payments and capital outlay as expenditures. However, in the Statement Net Position, bond principal payments are reported as decreases in long-term liabilities, and capital outlay as increases to capital assets.	79,966
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Change in Net Position - Governmental Activities	<u><u>\$ (280,391)</u></u>
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**SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 1 – CREATION OF DISTRICT

Financial Reporting Entity:

The Siesta Shores Water Control and Improvement District (the District) was created by the Commissioners Court of Zapata County on or about May 20, 1991, confirmed by residents at an election held September 28, 1991 and further validated by Senate Bill 399 in the 73rd regular session of the Texas State Legislature, effective May 19, 1993. The District operates under Chapters 49 and 51 of the Texas Water Code. The first bonds were sold on September 1, 1995. The Water District provides its customers potable water and sewage treatment services.

NOTE 2 – SIGNIFICANT ACCOUNT POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”).

GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

a. Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation).
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District’s policy to use restricted resources first.

b. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District’s Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – SIGNIFICANT ACCOUNT POLICIES - Continued

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

c. Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the governmentwide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

d. Governmental Funds

The District has three governmental funds and considers each to be major funds.

General Fund-To account for resources not required to be accounted for in another fund, customer service revenues, ad valorem taxes, operating costs and general expenditures.

Debt Service Fund-To account for financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund-To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

For the purposes of budgeting, the District includes the General Fund, Debt Service Fund, and the Capital Projects Fund for the period under audit.

e. Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in the governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

f. Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

g. Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – SIGNIFICANT ACCOUNT POLICIES - Continued

cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position. Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable 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 constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District has committed \$108,541, for construction costs related to infrastructure and environmental services.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds and finally unassigned funds.

h. Accounting Estimates

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

i. Cash and Cash Equivalents

The District considers time deposits with a maturity of three months or less as cash and cash equivalents.

j. Investments

Investments consist of bank Certificates of Deposits and are stated at cost, which approximates market.

k. Accounts Receivable

Taxes receivable are net of estimated allowance of 10% for uncollectible accounts. Service accounts receivable are net of estimated allowance of 5% for uncollectible accounts.

l. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs, that

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – SIGNIFICANT ACCOUNT POLICIES - Continued

extend the life of an asset, are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over one year. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

Category	Useful Life
Land	N/A
Buildings & Improvements	25 Years
Infrastructure	25 Years
Office and Equipment	5 to 7 Years

m. Deferred Revenues

Deferred revenues are those for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Monies collected in advance from federal or state agencies are recorded as revenue in the year for which the expenditures are incurred.

n. Fund Balances

Fund Balances are categorized as Committed, Restricted or Unassigned. Committed and Restricted Fund Balances are approved by the Board of Directors.

o. Interfund Transfers

During the year ended September 30, 2021, interfund transfers to the Debt Service and Capital Projects fund totaled \$0. Transfers are reflected as Other Financing Sources/(Uses) in the Statement of Revenues, Expenditures and Changes in Fund Balances.

p. Compensated Absences

The District does not provide for compensated absences. Annual leave and sick leave must be taken by the employees prior to the end of the fiscal year or they forfeit their leave. Compensatory time is monitored very closely. Employees are required to take their compensatory time prior to the end of the year.

q. Post-Employment Benefits

The District does not provide for post-employment benefits.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

a. Budgetary Data

The Board of Directors adopts a budget for the District. In accordance with Government Accounting Standards Board (GASB) Statement#34, a City is required to present the adopted and final amended budgeted revenues and expenditures for the General Fund. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears on Page.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to October 1, the District prepares a budget for the next succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.

**SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

3. Prior to October 1, the budget is legally enacted through passage of the Board. Once a budget is approved, it can only be formally amended by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, and are reflected in the official minutes of the Board, and are not made after fiscal year end.

4. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

b. Excess of Expenditures over Appropriation

General Fund expenditures exceeded appropriations as noted in the budget to actual statement.

NOTE 4 – DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

a. Deposits and Investments

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At September 30, 2021, the carrying amount of the District's deposits (cash and certificates of deposit) bank balance was \$233,275. The District's cash deposits at September 30, 2021 and during the year ended September 30, 2020 were entirely covered by FDIC Insurance and securities collateral.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

As of September 30, 2021, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
Debt Service – Certificate of Deposit	\$ 48,473	\$ 48,473
Capital Projects – Certificate of Deposit	\$ 70,189	\$ 70,189

**SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 4 – DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

Credit Risk - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the City limits investments to Certificates of Deposits, Public Funds Investment Pools and Guaranteed Investment Contracts, collateralized by U.S. Government Securities. As of September 30, 2021, the city's investments were secured by FDIC Insurance and securities collateral.

Custodial Credit Risk for Investments - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the city complies with this law, it has no custodial credit risk for deposits.

Concentration of Credit Risk - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the investment portfolio shall be diversified in terms of investment instruments maturity scheduling, and financial institutions. Currently, the District only have Certificates of Deposits, and does not have Concentration of Credit Risk.

Interest Rate Risk - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires that the investments shall be monitored by using specific identification.

Foreign Currency Risk for Investments - The District limits the risk that changes in exchanges rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

Restrictions

All cash and investments of the Debt Service Fund are restricted for payment of debt service and cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

b. Property Taxes

The District's property tax is levied on October 1 based on values assessed by the Zapata Appraisal District as of the preceding January 1. Such taxes are due and payable the following January 31, which is the date a tax lien is attached to the property.

Revenues from property taxes are recognized in the current year to the extent they are available to finance current year expenditures. Amounts not available are deferred along with property taxes collected in the current year which were levied to finance appropriations of the following year.

The District may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code by more than 3% without holding a public hearing. The Property Tax Code subjects and increase in the effective tax rate to a referendum election when the increase in the effective tax rate is 8% or more of the previous year's effective tax rate.

c. Delinquent Taxes Receivable

Delinquent taxes are all for maintenance and operations based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 4 – DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

d. Interfund Balances

Due From	Amount
General Fund Due From:	
Debt Service	69,169
Total Due From	69,169
Due To	Amount
Debt Service Due To:	
General Fund	69,169
Total Due To	69,169

e. Disaggregation of Receivables and Payables

Receivables at September 30, 2021 were as follows:

	Property Taxes	Due From Other Funds	Other	Total Receivables
General Fund	\$105,471	\$ 69,169	\$ 60,165	\$ 234,805
Total Receivables	105,471	-	60,165	234,805
Less: Allowance for Uncollectible	(10,547)	-	(1,993)	(12,540)
Net Total Receivable	\$ 94,924	\$ 69,169	\$ 58,172	\$ 222,265

Payables at September 30, 2021, were as follows:

	Accounts Payable	Bonds Payable- Current	Salaries and Benefits	Due to Other Funds	Other	Total Payables
General Fund	\$ -	\$ -	\$ 32,058	\$ -	\$ 33,941	\$ 65,999
Debt Service Fund	-	22,000	-	69,169	-	91,169
Total Payable	\$ -	\$ 22,000	\$ 32,058	\$ 69,169	\$ 33,941	\$ 157,168

f. Capital Asset Activity

Capital Asset activity for the District for the year ended September 30, 2021, was as follows:

	Balance October 1, 2020	Additions	Retirements	Balance September 30, 2021
Land	\$ 55,937	\$ -	\$ -	\$ 55,937
Buildings & Improvements	54,886	-	-	54,886
Infrastructure	7,415,279	57,966	-	7,473,245
Office and Equipment	52,905	-	-	52,905
Total Capital Assets	7,579,007	-	-	7,636,973
Less: Accumulated Depreciation	(5,394,343)	(298,806)	-	(5,693,149)
Net, Capital Assets	\$ 2,184,664	\$ (240,840)	\$ -	\$ 1,943,824

Depreciation Expense was charged to governmental functions as follows:

Function	Amount
Infrastructure and Environmental Services	\$ 298,806

**SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 4 – DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

g. Bonds Payable

At September 30, 2021, long-term debt consisted of the following:

Description	Amount
Series 1995 Revenue Bonds in the Original Amount of \$695,000, Maturity Date May 1, 2035; payable in increments of \$8,000 to \$33,000 thereafter; interest 4.5% due May 1 and November 1	<u>\$390,000</u>
Total Bonds Payable	\$390,000

The Bonds are secured by and payable from a first lien on and pledge of the Net Revenues. Net Revenues are defined in the bond agreement.

The District is not obligated in any manner for special assessment debt.

h. Debt Service Requirements – Bonds Payable

Debt Service Requirements for the Bonds Payable are as follows:

Year Ending September 30	Principal	Interest	Total Payments
2022	22,000	16,470	38,470
2023	23,000	15,436	38,436
2024	24,000	14,356	38,356
2025	24,000	13,276	37,276
2026	25,000	12,150	37,150
2027-2031	106,000	37,128	143,128
2032-2035	166,000	15,232	181,232
Totals	\$ 390,000	\$ 124,048	\$ 514,048

i. Changes in Long-Term Liabilities

	Balance October 1, 2020	Increases	Decreases	Balance September 30, 2021
Revenue Bonds Payable, Series 1995	\$ 412,000	\$ -	\$ (22,000)	\$ 390,000
Totals	\$ 412,000	\$ -	\$ (22,000)	\$ 390,000

NOTE 5 – RISK MANAGEMENT

The District is exposed to various risks of losses related to torts stemming from injuries to employees. The District has obtained general liability coverage from Texas Worker's Compensation with coverage limited to \$600,000.

The District continues to carry commercial issuance for all other risks of loss.

NOTE 6 – RESERVE REQUIREMENTS

The District is required by the USDA to have a reserve for debt service payments. The reserve requirement at September 30, 2021 is \$38,470. It is currently invested in a Certificate of Deposit and IBC Bank in the amount of 48,473.

**SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 7 – LITIGATION

In the ordinary conduct of our business, the District are subject to lawsuits, investigations and claims, including, but not limited to, claims involving students or graduates and routine employment matters. Although we cannot predict with certainty the filing of lawsuits, investigations and claims asserted against us, we do not currently have any pending legal proceedings against the District.

NOTE 8 – SUBSEQUENT EVENTS

The District considered all subsequent events through February 8, 2023. The financial statement issuance date.

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
For the Year Ended September 30, 2021

	BUDGETED AMOUNTS			FAVORABLE (UNFAVORABLE) FINAL TO ACTUAL
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Charges for Services	\$ 434,150	\$ 434,150	\$ 554,412	\$ 120,262
Property Taxes	131,408	131,408	143,663	12,255
Investment Earnings	-	-	433	433
Other Revenues	38,572	38,572	-	(38,572)
TOTAL REVENUES	\$ 604,130	\$ 604,130	\$ 698,509	\$ 94,378
EXPENDITURES				
Personnel	210,630	210,630	207,341	3,289
Professional Services	45,000	45,000	31,353	13,647
Contracted Services	132,500	132,500	130,007	2,493
Utilities	35,000	35,000	107,788	(72,788)
Repairs and Maintenance	138,500	138,500	145,121	(6,621)
Administrative	42,500	42,500	41,908	592
TOTAL EXPENDITURES	604,130	604,130	663,518	19,429
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	34,991	113,808
NET CHANGE IN FUND BALANCE	-	-	34,991	113,808
Net Position at Beginning of Period	96,624	96,624	96,624	-
Non Budgeted Transfers	-	-	(98,461)	(98,461)
Prior Period Adjustment	-	-	36,327	36,327
Net Position at End of Period	\$ 96,624	\$ 96,624	\$ 69,481	\$ (27,143)

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
TSI-1 – SERVICES AND RATES
For the Year Ended September 30, 2021

1. Services Provided by the District

<u> X </u>	Retail Water	<u> </u>	Wholesale Water	<u> </u>	Drainage
<u> X </u>	Retail Wastewater	<u> </u>	Wholesale Wastewater	<u> </u>	Irrigation
<u> </u>	Parks/Recreation	<u> </u>	Fire Protection	<u> </u>	Security
<u> </u>	Solid Waste/Garbage	<u> </u>	Flood Control	<u> </u>	Roads
<u> </u>	Participates in joint venture, regional system and/or waste water services (other than emergency interconnect)				
<u> </u>	Other(Specify				

2. RETAIL SERVICE PROVIDERS

A. Retail Rates Based on 5/8" Meter:

Most prevalent type of meter (if note a 5/8") 3/4"

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	\$22.50	2,500	Y	\$1.75	2,500 to 5,000
				\$2.50	5,001 to 10,000
				\$3.25	10,001 to 20,000
				\$4.00	20,000 to Unlimited
WASTEWATER:	\$22.50				

District employs winter averaging for wastewater usage? No

Total water and wastewater charges per 10,000 gallons usage (including surcharges):
\$61.87

B. Water and Wastewater Retail Connections:

Number of retail water and or/wastewater* connections within the district as of the fiscal year end. Provide actual numbers and single-family equivalents (ESFC) as noted:

	Active Connection	Active ESFC	Inactive Connection (ESFC)**
Single Family	854	593	261
Multi-Family			
Commercial			
Other-recreational centers, government & VFD			
TOTAL	<u>854</u>	<u>593</u>	<u>261</u>

* - Number of connections relates to water service, if provided. Otherwise, the number of wastewater connections should be provided.

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

3. Total Water Consumption During the Fiscal Year Rounded to the Nearest Thousand(Unaudited):

Gallons pumped into system:

63,014,000

Gallons billed to customers:

41,876,000

4. Standby Fees:

Does the District assess standby fees? No

Does the District have Debt Service standby fees? No

Does the District have Operation and Maintenance standby fees? No

5. Location of District:

Is the District located entirely within one county? Yes

County in which District is located: Zapata

Is the District located within a city? No

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

ETJ in which District is located: None

Are Board Members appointed by an office outside the District? No

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

No.	Source	Amount
a.	Debt Service Tax Receipt	-
b.	Surplus Construction Funds	-
c.	Water and/or Wastewater Revenues	40,440
d.	Standby Fees	-
e.	Debt Service Fund Balance to be Used	-
f.	Interest Revenues	-
g.	O&M Tax Receipts	-
Total Anticipated Funds to be Used*		\$ 40,440

* - This total should equal the district's total annual debt service for the fiscal year following the fiscal year reported or in

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
TSI-2 – GENERAL FUND EXPENDITURES
For the Year Ended September 30, 2021

Infrastructure and Environmental Services:

Water and Sewer Services:

Chemicals	\$ 44,966
Sewer Plant and System Improvements	145,121
Utilities	109,513
Total Water and Sewer Services	<u>299,600</u>

Personnel Expenses:

Wages	188,906
Payroll Taxes	18,435
Total Personnel Expenses	<u>207,341</u>

Contracted Services:

Other Contracted Services	71,771
Total Contracted Services	<u>71,771</u>

Professional Fees:

Legal	9,618
Engineering	5,108
Water System	16,626
Total Professional Fees	<u>31,352</u>

Administrative Expenditures (Other):

Automobile	15,578
Postage	5,538
Office Supplies	9,509
Insurance	11,409
Other Administrative expenditures	11,420
Total Administrative Expenses	<u>53,454</u>

Total General Fund Expenditures	663,518
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Debt Service Fund Expenditures:

Principal	22,000
Interest	18,495

Capital Projects Fund Expenditures:

Capital Outlay	<u>57,966</u>
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Total Governmental Fund Expenditures	<u>\$ 761,979</u>
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SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
TSI - 3 - TEMPORARY INVESTMENTS
For the Year Ended September 30, 2021

	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest at End of Year
<hr/>				
Debt Service Fund:				
Certificate of Deposit (180 days)				
No. 7-51318640	0.25%	11/2021	\$ 48,473	\$ 26
Capital Projects Fund:				
Certificate of Deposit (1 year)				
No. 7-51710640	0.5%	09/2022	\$ 70,189	\$ 17
Total – All Funds			\$ 118,662	\$ 43

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
TSI-4 – ANALYSIS OF TEXAS LEVIED AND RECEIVABLE
For the Year Ended September 30, 2021

TAXES RECEIVABLE		
September 30, 2020	\$ 108,422	
Adjustments to Beginning	<u>(3,665)</u>	
Balance		\$ 104,757
Original 2020 Tax Levy	\$ 133,656	
Adjustments to 2020 Tax Levy	<u>(1,714)</u>	<u>\$ 131,942</u>
TOTAL TO BE ACCOUNTED FOR		<u>\$ 236,698</u>
TAX COLLECTIONS		
Prior Years	\$ (22,682)	
Current Years	(108,545)	\$ (131,226)
TAXES RECEIVABLE		
September 30, 2020		\$ 105,472
TAXES RECEIVABLE BY		
YEAR:		
2020		\$ 21,758
2019		13,405
2018		11,410
2017		7,997
2016		6,312
2015		4,539
2014		4,125
2013		3,526
2012		4,125
2011		3,055
2010		5,074
2009		4,818
2008		4,211
2007		1,128
2006		1,247
2005		1,287
2004		1,208
2003		1,326
2002		1,081
2001		1,037
2000 and Prior		<u>2,804</u>
TOTAL		<u>\$ 105,472</u>

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
TSI-4 – ANALYSIS OF TAXES LEVIED AND RECEIVABLE - UNAUDITED For
the Year Ended September 30, 2021

	2021	2020	2019	2018
PROPERTY VALUATIONS:				
Property	Not Available	\$ 46,588,011	\$ 46,164,876	\$ 43,120,082
Exemptions	Not Available	(7,828,587)	(7,753,413)	(7,521,219)
TOTAL PROPERTY VALUATIONS	Not Available	\$ 38,759,424	\$ 38,411,463	\$ 35,598,863
TAX RATES PER \$100 VALUATIONS	Not Available	0.327700	0.306200	0.306200
ADJUSTED TAX LEVY*	Not Available	\$ 127,015	\$ 117,531	\$ 113,775
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	Not Available	79%	79%	79%

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
TSI-5 – LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS For
the Year Ended September 30, 2021

Waterworks Revenue Bonds Waterworks Revenue Bonds – Series 1995

Due During Years Ending September 30	Principal Due May 1	Interest Due May 1/ November 1	Total
2022	23,000	16,470	39,470
2023	23,000	15,436	38,436
2024	24,000	14,356	38,356
2025	24,000	13,276	37,276
2026	25,000	12,150	37,150
2027	25,000	11,026	36,026
2028	25,000	9,900	34,900
2029	26,000	7,776	33,776
2030	30,000	7,426	37,426
2031	35,000	5,850	40,850
2032	35,000	4,276	39,276
2033	31,000	2,880	33,880
2034	31,000	1,486	32,486
2035	33,000	740	33,740
	\$ 390,000	\$ 123,048	\$ 513,048

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT
TSI-6 – CHANGES IN LONG-TERM BONDED DEBT
For the Year Ended September 30, 2021

Description	Series Revenue Bonds Payable Series 1995 Revenue Bonds, Maturity Date May 1, 2035; payable in increments of \$8,000 to \$33,000 thereafter; interest 4.5% due May 1 and November 1	
Original Bonds Issued	\$695,000	
Bonds Outstanding October 1, 2020	412,000	
Bonds Sold		-
Retirements:		
Principal	22,000	
Interest		-
Bonds Outstanding September 20, 2021	<hr/> \$390,000	
Paying Agent	UDA Farmers Home Administration, Rio Grande City, Texas	

SIESTA SHORES WATER AND CONTROL IMPROVEMENT DISTRICT
TSI 7 - COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND
FIVE YEARS ENDED SEPTEMBER 30, 2021

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
REVENUE										
Charges for Services	\$ 554,412	\$ 500,308	\$ 462,364	\$ 423,709	\$ 359,435	79.37%	78.47%	78.64%	68.26%	74.70%
Property Taxes	143,663	137,003	125,045	119,670	108,386	20.57%	21.49%	21.27%	19.28%	22.53%
Investment Earnings	433	235	534	397	936	0.06%	0.04%	0.09%	0.06%	0.19%
Miscellaneous	-	-	-	76,914	12,416	0.00%	0.00%	0.00%	12.39%	2.58%
TOTAL REVENUE	698,509	637,546	587,943	620,690	481,173	100.00%	100.00%	100.00%	100.00%	100.00%
EXPENDITURES										
Personnel	207,341	266,232	274,391	191,408	195,238	29.68%	41.76%	46.67%	30.84%	40.58%
Professional Services	31,353	18,746	41,495	45,010	18,709	4.49%	2.94%	7.06%	7.25%	3.89%
Contracted Services	71,771	118,338	83,391	102,815	91,522	10.27%	18.56%	14.18%	16.56%	19.02%
Utilities	154,479	35,022	50,443	39,496	36,831	22.12%	5.49%	8.58%	6.36%	7.65%
Repairs and Maintenance	145,121	129,497	99,353	104,415	86,617	20.78%	20.31%	16.90%	16.82%	18.00%
Administrative	53,453	68,663	66,307	53,459	46,481	7.65%	10.77%	11.28%	8.61%	9.66%
TOTAL EXPENDITURES	663,518	636,498	615,380	536,603	516,560	94.99%	99.84%	104.67%	86.45%	107.35%
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	34,991	1,048	(27,437)	84,087	(35,387)	5.01%	0.16%	-4.67%	13.55%	-7.35%
OTHER FINANCING SOURCES (USES)										
Transfers In/(Out)	(98,461)	12,986	(49,002)	(53,875)	(40,005)	-14.10%	2.04%	-8.33%	-8.68%	-8.31%
NET CHANGE IN FUND BALANCES	\$ (63,470)	\$ 14,034	\$ (76,439)	\$ 30,212	\$ (75,392)	-9.09%	2.20%	-13.00%	4.87%	-15.67%

**SIESTA SHORES WATER AND CONTROL IMPROVEMENT DISTRICT
COMPARATIVE SCHEDULE OF NET REVENUES TO SATISFY BOND REQUIREMENTS
THREE YEARS ENDED SEPTEMBER 30, 2021**

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
TOTAL REVENUE	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%
EXPENDITURES										
Debt Service:										
Principal	22,000	20,000	19,000	18,000	17,000	-54.33%	-50.71%	-47.27%	-44.99%	-42.75%
Interest	18,495	19,440	21,195	22,005	22,770	-45.67%	-49.29%	-52.73%	-55.01%	-57.25%
TOTAL EXPENDITURES	40,495	39,440	40,195	40,005	39,770	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(40,495)	(39,440)	(40,195)	(40,005)	(39,770)	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%
OTHER FINANCING SOURCES (USES)										
Transfers In/(Out)	40,495	39,440	40,195	40,005	39,770	100.00%	100.00%	100.00%	100.00%	100.00%
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL ACTUAL RETAIL AND WASTEWATER CONNECTIONS	587	577	567	773	770					

ADRIAN WEBB, CPA

Certified Public Accountant

McAllen, Texas

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

To the Board of Directors of
Siesta Shores Water Control and Improvement District
Zapata, Texas

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 business-type activities of the Siesta Shores Water Control and Improvement District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Siesta Shores Water Control and Improvement District's basic financial statements and have issued our report thereon dated February 8, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001, 2021-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Siesta Shores Water Control and Improvement 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned responses as items 2021-001, and 2021-002.

Siesta Shores Water Control and Improvement District's Response to Findings

Siesta Shores Water Control and Improvement District's response to the findings identified in our audit is described in the accompanying corrective action plan. Siesta Shores Water Control and Improvement District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Adrian Webb, CPA

ADRIAN WEBB, CPA
McAllen, Texas
February 8, 2023

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT

Schedule of Findings and Responses

For Year Ended September 30, 2021

A. Summary of Auditor's Results

1. Financial Statements

Type of Report Issued: QUALIFIED

Internal Control over financial reporting:

One or more material weaknesses identified? YES

One or more significant deficiencies identified
that are not considered to be material weaknesses? NO

B. Financial Statement Findings:

Schedule Reference: (2021-1) Recording of Accruals

Criteria: The District's year-end cutoff process should incorporate appropriate cutoff procedures to ensure receipts and disbursements (or invoices) are recorded in the correct period. All revenue and related receivables and expenditure and related payable transactions should be posted in the correct period to ensure proper cutoff.

Condition: The District did not have proper cutoff to ensure revenues and expenditures are recognized in the proper period.

Effect: The lack of proper cutoff results in revenues and expenditures not being posted in the proper period which resulted in misstatements.

Recommendations: The District should develop processes and procedures as part of its fiscal year end closing process to ensure all revenues and expenditures are recognized in the proper period. These processes and procedures should include reviewing supporting documentation in more detail to determine the period the revenues and expenditure pertain to.

Auditee's Response: Management concurs with auditor's finding and recommendation.

Schedule Reference: (2021-2) Expenditures over Appropriations

Criteria: Texas Code establishes the law governing budget requirements for the District.

Condition: The District's Fund had excess expenditures over appropriations.

Effect: The District was not in compliance with Texas Code

Recommendations: The District should review their budget throughout the year and propose amendments to ensure compliance with State Law.

Auditee's Response: Management concurs with auditor's finding and recommendation.

SIESTA SHORES WATER CONTROL AND IMPROVEMENT DISTRICT

Schedule of Prior Year Findings

For Year Ended September 30, 2021

Schedule Reference: (2020-1) Recording of Accruals

See Current Findings

Schedule Reference: (2020-2) Expenditures over Appropriations

See Current Findings