

Bandera County River Authority and Groundwater District

**Annual Financial Report
For the Year Ended September 30, 2017**

Ede & Company, LLC
Certified Public Accountants

**BANDERA COUNTY RIVER AUTHORITY
AND GROUND WATER DISTRICT
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	<u>Page</u>
Table of Contents	
Annual Filing Affidavit	1
Independent Auditor's Report	2 - 3
Management's Discussion and Analysis	4 - 8
Statement of Net Position and Governmental Funds Balance Sheet	10
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances	11-12
Notes to the Financial Statements	13-17
Required Supplementary Information	
Budgetary Comparison Statement - General Fund	19-20
Analysis of Taxes Receivable	21

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS X
 X
COUNTY OF BANDERA X

I, Don Sloan of the BANDERA COUNTY RIVER AUTHORITY AND GROUND WATER DISTRICT hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 11th day of January, 2018, its annual audit report for the year ended September 30, 2017 and that copies of the annual report have been filed in the district office located, at BANDERA, TX.

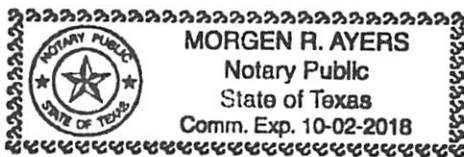
This annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

Dated 2/1/2018, 2018

By: Don Sloan
(Signature of District Representative)

PRESIDENT
(Type Name & Title of above District Representative)

Sworn to and Subscribed to before me this 1 day of February, 2018



Morgen Ayers
(Signature of Notary)

Commission Expires on 10-02-2018

Morgen Ayers
(Print Name of Notary)

Notary Public in and for the State of Texas.

EDE & COMPANY, LLC
Certified Public Accountants

Eric Ede
Donna Ede Jones

P. O. Box 219
Knippa, Texas 78870
Telephone (830) 934-2148
Fax (830) 934-2799
Email: edecpa@hotmail.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bandera County River Authority
and Groundwater District
P. O. Box 177
Bandera, Texas 78003

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bandera County River Authority and Groundwater District, as of and for the year ended September 30, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bandera County River Authority and Groundwater District, as of September 30, 2017, 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.

Other Matters

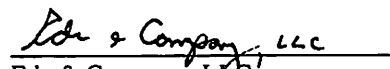
Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bandera County River Authority and Groundwater District's basic financial statements. The analysis of taxes receivable is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The analysis of taxes receivable is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Delinquent Taxes Receivable has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.


Ede & Company, LLC
Certified Public Accountants
Knippa, Texas

January 10, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, the management of the Bandera County River Authority and Ground Water District (the "District") offers the following narrative on the financial performance of the District for the year ended September 30, 2017. Please read it in connection with the District's financial statements that follow.

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Total Governmental Funds" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$673,034.62 at September 30, 2017.
- During the year, the District's expenses were \$64,210.34 less than the \$941,046.96 generated in taxes, service fees and other revenues for governmental activities.
- The total cost of the District's programs increased during the current year.
- The general fund reported a fund balance this year of \$111,082.99
- The District's net position increased \$64,210.34 which represents a 10.58 percent increase from 2016

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District: The *Statement of Net Position and Governmental Funds Balance Sheet* includes a column (titled "Total Governmental Funds") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health. The *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances* includes a column (titled "Total Governmental Funds") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$673.0 thousand at September 30, 2017. (See Table A-1).

Table A-1
BANDERA COUNTY RIVER AUTHORITY AND
GROUND WATER DISTRICT

	Governmental Activities		Total Percentage Change 2017 - 2016
	2017	2016	
Current assets:			
Cash and cash equivalents	\$ 156.5	\$ 177.5	-11.83%
Accounts receivable	77.6	-	100.00%
Property taxes receivable	50.5	43.7	15.56%
Due from other governments	1.6	3.3	-51.52%
Prepayments	5.2	4.3	20.93%
Total current assets	<u>291.4</u>	<u>228.8</u>	<u>27.36%</u>
Noncurrent assets:			
Capital Assets	741.0	591.0	25.38%
Less accumulated depreciation	<u>(229.5)</u>	<u>(200.8)</u>	<u>14.29%</u>
Total noncurrent assets	<u>511.5</u>	<u>390.2</u>	<u>31.09%</u>
Total Assets	<u>802.9</u>	<u>619.0</u>	<u>29.71%</u>
Current liabilities:			
Accounts payable and accrued liabilities	129.9	3.0	4230.00%
Legal trust fee	-	7.4	100.00%
Total Liabilities	<u>129.9</u>	<u>10.4</u>	<u>1149.04%</u>
Net Position:			
Invested in capital assets	511.5	390.2	31.09%
Unrestricted	<u>161.5</u>	<u>218.4</u>	<u>-26.05%</u>
Total Net Position	<u>\$ 673.0</u>	<u>\$ 608.6</u>	<u>10.58%</u>

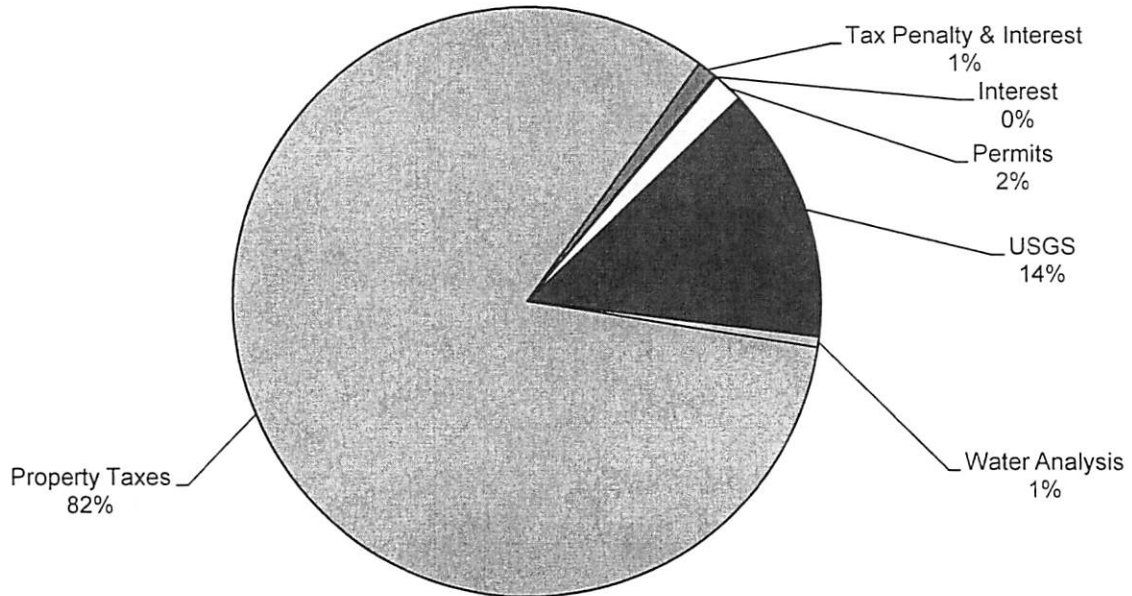
Changes in net position. The District's total revenues were \$941.1 thousand. A significant portion, 82 percent, of the District's revenue comes from property taxes. (See Figure A-3.) and 2% from permits on new wells.

The total cost of all programs and services was \$876.8 thousand; 100 percent of these costs are for General Government.

Table A-2
Changes in Bandera County River Authority and Groundwater District's Net Position
(In thousands dollars)

	Governmental Activities		Total Percentage Change
	2017	2016	2017-2016
General Revenue			
Property Taxes	777.1	696.6	11.56%
Penalty & Interest	10.1	10.2	-0.98%
USGS	131.8	6.8	1838.24%
New Well Applications & Permits	15.4	14.0	10.00%
Other	6.6	7.8	-15.38%
Total Revenue	<u>941.0</u>	<u>735.4</u>	<u>27.96%</u>
Program Expenses			
General Government	876.8	767.9	14.18%
Total Expense	<u>876.8</u>	<u>767.9</u>	<u>14.18%</u>
Increase (Decrease) in Net Position	<u>\$ 64.2</u>	<u>\$ (32.5)</u>	<u>-297.54%</u>

2017 Revenue Sources



2017 Expenses

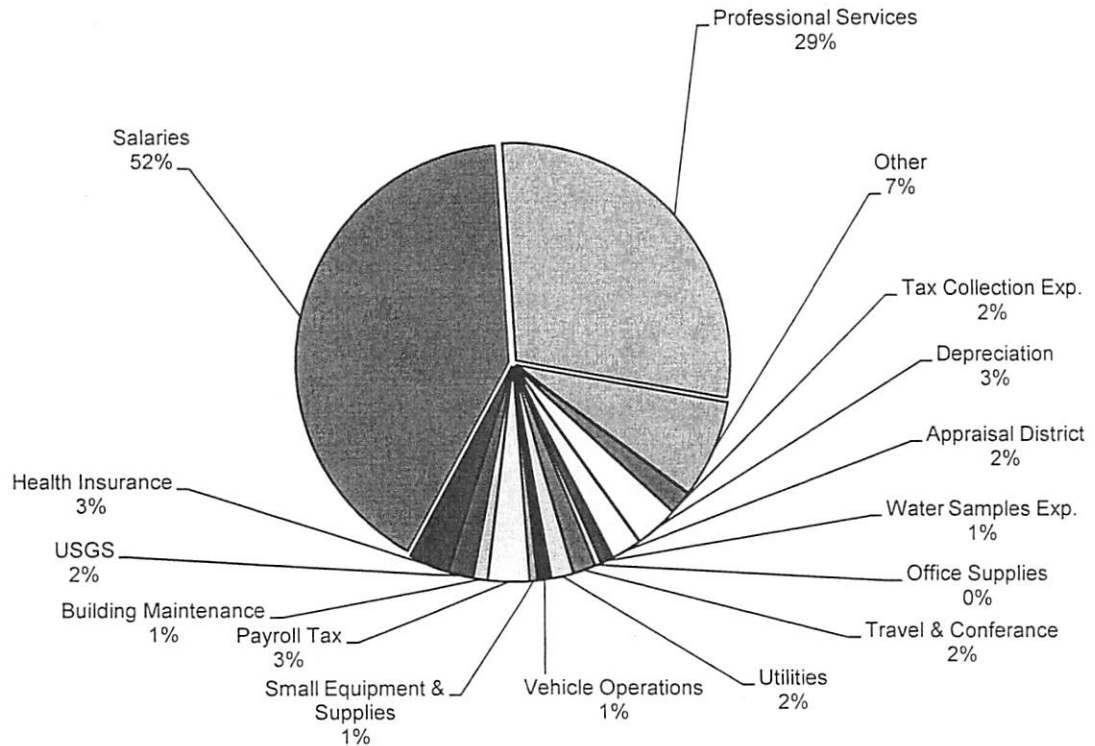


Table A-3 presents the cost of each of the District's largest functions as well as the major administrative categories.

- The cost of all *governmental* activities this year was 876.8 thousand.

Table A-3
Net Cost of Selected District Functions & Major Administrative Categories
(in thousands of dollars)

	Total Costs of Services		
	2017	2016	Percent Change
Salaries	360.5	329.4	9.44%
Professional Services	251.8	172.0	46.40%
Health Insurance	26.8	21.9	22.37%
Small Equipment & Supplies	5.3	11.3	-53.10%
Vehicle Operations	8.9	19.2	-53.65%
Utilities	14.3	13.3	7.52%
Travel & Conference	14.8	14.1	4.96%
Office Supplies	3.9	5.8	-32.76%
Water Samples Exp.	8.2	6.2	32.26%
Appraisal District	19.8	16.5	20.00%
Depreciation	28.7	28.7	0.00%
Tax Collection Exp.	14.2	14.2	0.00%

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office.

Basic Financial Statements

**BANDERA COUNTY RIVER AUTHORITY
AND GROUND WATER DISTRICT**
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds	Adjustments	Statement of Net Position
ASSETS					
Cash and investments	\$ 156,548.25	\$ -	\$ 156,548.25	\$ -	\$ 156,548.25
Accounts receivable	80.00	77,500.01	77,580.01	-	77,580.01
Taxes receivable	50,464.92	-	50,464.92	-	50,464.92
Due from other funds	-	22,500.00	22,500.00	(22,500.00)	-
Due from other governments	1,633.51	-	1,633.51	-	1,633.51
Prepayments	5,172.11	-	5,172.11	-	5,172.11
Capital assets (net of accumulated depreciation)					
Land	-	-	-	150,000.00	150,000.00
Building	-	-	-	137,666.55	137,666.55
Monitoring wells & equipment	-	-	-	47,593.79	47,593.79
Vehicles	-	-	-	26,232.37	26,232.37
Construction in process	-	-	-	150,000.00	150,000.00
Total assets	<u>\$ 213,898.79</u>	<u>\$ 100,000.01</u>	<u>\$ 313,898.80</u>	<u>488,992.71</u>	<u>802,891.51</u>
LIABILITIES					
Accounts payable	\$ 29,850.88	\$ 100,000.01	\$ 129,850.89	-	129,850.89
Due to other fund	22,500.00	-	22,500.00	(22,500.00)	-
Total liabilities	<u>52,350.88</u>	<u>100,000.01</u>	<u>152,350.89</u>	<u>(22,500.00)</u>	<u>129,850.89</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable Revenue- Property Taxes	50,464.92	-	50,464.92	(50,464.92)	-
Total Deferred Inflows of Resources	<u>50,464.92</u>	<u>-</u>	<u>50,464.92</u>	<u>(50,464.92)</u>	<u>-</u>
FUND BALANCES/NET POSITION					
Fund balances:					
Committed	45,700.99	-	45,700.99	(45,700.99)	-
Unassigned	65,382.00	-	65,382.00	(65,382.00)	-
Total Fund Balance	<u>111,082.99</u>	<u>-</u>	<u>111,082.99</u>	<u>(111,082.99)</u>	<u>-</u>
Total liabilities deferred inflows and fund balances	<u>\$ 213,898.79</u>	<u>\$ 100,000.01</u>	<u>\$ 313,898.80</u>		
Net Position:					
Invested in capital assets, net of related debt				511,492.71	511,492.71
Unrestricted				161,547.91	161,547.91
Total net position				<u>\$ 673,040.62</u>	<u>\$ 673,040.62</u>

The accompanying notes are an integral part of this statement.

**BANDERA COUNTY RIVER AUTHORITY
AND GROUND WATER DISTRICT**
Statement of Activities and Governmental Funds
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds	Adjustments	Statement of Activities
Revenues:					
Property taxes	\$ 770,478.62	\$ -	\$ 770,478.62	\$ 6,633.19	\$ 777,111.81
Property taxes penalty & interest	10,063.46	-	10,063.46	-	10,063.46
Interest income	1,080.68	-	1,080.68	-	1,080.68
Permits and deposits	15,438.65	-	15,438.65	-	15,438.65
USGS Flood Project Funding	-	125,000.00	125,000.00	-	125,000.00
USGS Gauge Station	6,800.00	-	6,800.00	-	6,800.00
Water analysis	5,552.36	-	5,552.36	-	5,552.36
Total revenues	<u>809,413.77</u>	<u>125,000.00</u>	<u>934,413.77</u>	<u>6,633.19</u>	<u>941,046.96</u>
Expenditures/expenses:					
Service operations:					
Appraisal District	19,834.97	-	19,834.97	-	19,834.97
Bonds & Insurance	5,580.42	-	5,580.42	-	5,580.42
Building Maintenance	9,045.94	-	9,045.94	-	9,045.94
Dues & Subscriptions	3,857.82	-	3,857.82	-	3,857.82
Education	4,126.92	-	4,126.92	-	4,126.92
Computer Software and Support	4,499.01	-	4,499.01	-	4,499.01
Small Equipment & Supplies	5,318.59	-	5,318.59	-	5,318.59
Elections	5,395.29	-	5,395.29	-	5,395.29
Public Relations	10,735.33	-	10,735.33	-	10,735.33
Health Insurance	26,841.60	-	26,841.60	-	26,841.60
Website	5,324.82	-	5,324.82	-	5,324.82
Monitoring Units	-	-	-	-	-
Office Supplies	3,913.17	-	3,913.17	-	3,913.17
Office Rent	3,600.00	-	3,600.00	-	3,600.00
Payroll Tax	27,770.16	-	27,770.16	-	27,770.16
Postage	409.83	-	409.83	-	409.83
Professional Services	251,764.87	-	251,764.87	-	251,764.87
Salaries	360,464.83	-	360,464.83	-	360,464.83

Tax Collection Exp.	15,280.20	-	15,280.20	-	15,280.20
GMA Expense	-	-	-	-	-
Travel & Conferences	14,807.78	-	14,807.78	-	14,807.78
Employee Training	5,666.15	-	5,666.15	-	5,666.15
Utilities	14,258.19	-	14,258.19	-	14,258.19
USGS - Gauges	16,580.00	-	16,580.00	-	16,580.00
USGS - Flood Control Project	-	150,000.00	150,000.00	(150,000.00)	-
Vehicle Operations	8,924.99	-	8,924.99	-	8,924.99
Water Quality Project	11,588.12	-	11,588.12	-	11,588.12
Water Samples Exp.	8,197.45	-	8,197.45	-	8,197.45
Well Plugging	116.48	-	116.48	-	116.48
Illegal Dumping Litter Abatement	-	-	-	-	-
Medina River Cleanup	708.00	-	708.00	-	708.00
Brush Control	3,500.00	-	3,500.00	-	3,500.00
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	28,725.69	28,725.69
Total expenditures/expenses	<u>848,110.93</u>	<u>150,000.00</u>	<u>998,110.93</u>	<u>(121,274.31)</u>	<u>876,836.62</u>
Excess (deficiency) of revenues over expenditures	<u>(38,697.16)</u>	<u>(25,000.00)</u>	<u>(63,697.16)</u>	<u>127,907.50</u>	<u>64,210.34</u>
Other financing sources (uses)					
Transfers in	-	25,000.00	25,000.00	-	25,000.00
Transfers out	<u>(25,000.00)</u>	<u>-</u>	<u>(25,000.00)</u>	<u>-</u>	<u>(25,000.00)</u>
Total other financing sources (uses)	<u>(25,000.00)</u>	<u>25,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance/net position	(63,697.16)	-	(63,697.16)	127,907.50	64,210.34
Fund balance/net position:					
Beginning of the year	<u>174,780.15</u>	<u>-</u>	<u>174,780.15</u>	<u>434,050.13</u>	<u>608,830.28</u>
End of the year	<u>\$ 111,082.99</u>	<u>\$ -</u>	<u>\$ 111,082.99</u>	<u>\$ 561,957.63</u>	<u>\$ 673,040.62</u>

The accompanying notes are an integral part of this statement.

**Bandera County River Authority and
Ground Water District
Notes to the Financial Statements
For the Year Ended September 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Bandera County River Authority was created by Acts of the 71st Legislature of the State of Texas. The District was established as a conservation and reclamation district. The authority of the Bandera County River Authority was incorporated into the Springhills Water Management District through enabling legislation appearing as Act of June 17, 1989, Ch. 654, 1989, Tex. Gen. Laws 2155 (Vernon) The Springhills Water Management District, continued all of the programs and activities initiated by the River Authority, and implemented the programs required of a ground water conservation district. On April 10, 2003 the TCEQ authorized changing the District's name to the Bandera County River Authority and Ground Water District.

The District's Board of Directors, a nine member group, has governance responsibilities over all activities related to the District's operations within the jurisdiction of Bandera County River Authority and Ground Water District. Because members of the Board of Directors are elected by the public, they have the primary accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial reporting Standards.

The District receives no funding from local, state, or federal sources.

B. Government –wide and Fund Financial Statements

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Total Governmental Funds" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net position and the statement of activities.

The government-wide financial statements report information on all of the activities of the District. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates what the District did with the revenue it raised.. The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The total governmental fund column of the government-wide financial statements is 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 thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources.

**Bandera County River Authority and
Ground Water District
Notes to the Financial Statements
For the Year Ended September 30, 2017**

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources.

Expendable assets are assigned to the various governmental funds according to the purpose for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

Special Revenue Fund – The Special Revenue Fund is used to account for grant funds.

D. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the statement of net position column of the government-wide statement of net position but are not reported in the general fund column.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$5,000 for equipment, and all additions to infrastructure are capitalized. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Bandera County River Authority and
Ground Water District
Notes to the Financial Statements
For the Year Ended September 30, 2017**

F. Reconciliation of Government-wide and General Fund Financial Statements

**Reconciliation of General Fund Balance to
Net Position of Governmental Activities
September 30, 2017**

Total General Fund Balance	\$ 111,082.99
Amounts reported in governmental activities in the statement of net position are different because:	
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	540,218.40
Accumulated depreciation has not been included in the general fund financial statements.	(28,725.69)
Revenue reported as deferred revenue in the general fund was recorded as revenue in the government-wide financial statements.	<u>50,464.92</u>
Net Position of Governmental Activities	\$ <u>673,040.62</u>

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities**

Net Change in Governmental Fund Balances	\$ (63,697.16)
Amounts reported for the governmental activities in the statement of activities are different because:	
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis	6,633.19
Governmental funds report capital outlays as expenditures. However, they are reported as increases in capital assets in the government-wide financial statements.	150,000.00
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of the current year's depreciation is to decrease net position.	<u>(28,725.69)</u>
Change in Net Position of Governmental Activities	\$ <u>64,210.34</u>

**Bandera County River Authority and
Ground Water District
Notes to the Financial Statements
For the Year Ended September 30, 2017**

NOTE 2 – DEPOSITS, SECURITIES AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits 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 District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not participating in foreign currency transactions.

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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 a governmental entity 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 entity to invest in (1) obligations of 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 entity 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.

Additional policies and contractual provisions governing deposits and investments are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to depository bank certificates of deposits and state sponsored investment pools.

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District investments in both depository bank certificates of deposits and state sponsored investment pools.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in foreign currencies.

**Bandera County River Authority and
Ground Water District
Notes to the Financial Statements
For the Year Ended September 30, 2017**

NOTE 3 – DUE FROM OTHER GOVERNMENTS

This balance represents taxes and penalty and interest that were collected by the Tax Assessor-Collector, before September 30, 2017, but not remitted to the District.

NOTE 4 – PENSION PLAN OBLIGATIONS

The District's employees do not participate in a public retirement system, but are covered by Social Security.

NOTE 5 – CAPITAL ASSET ACTIVITY

Capital asset activity for the twelve months ended September 30, 2017, was as follows:

Capital assets not being depreciated:

Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Construction in Process	-	150,000	-	150,000
Total capital assets not being depreciated	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>300,000</u>

Capital assets being depreciated:

Buildings and Improvements	172,083	-	-	172,083
Vehicles	114,301	-	-	114,301
Monitoring Wells & Equipment	154,602	-	-	154,602
Total capital assets being depreciated	<u>440,986</u>	<u>-</u>	<u>-</u>	<u>440,986</u>
Less accumulated depreciation for:				
Buildings and Improvements	30,115	4,302	-	34,417
Vehicles	79,665	8,403	-	88,068
Monitoring Wells & Equipment	90,988	16,020	-	107,008
Total accumulated depreciation	<u>200,767</u>	<u>28,726</u>	<u>-</u>	<u>229,493</u>
Total capital assets being depreciated, net	<u>240,218</u>	<u>(28,726)</u>	<u>-</u>	<u>211,493</u>
Governmental activities capital assets, net	<u>\$ 390,218</u>	<u>\$ 121,274</u>	<u>\$ -</u>	<u>\$ 511,493</u>

Required Supplementary Information

**BANDERA COUNTY RIVER AUTHORITY
AND GROUND WATER DISTRICT
Budgetary Comparison Statement - General Fund
For Year Ended September 30, 2017**

	Actual	Original Budget	Final Amended Budget	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 770,478.62	\$ 779,700.00	\$ 779,700.00	\$ (9,221.38)
Property taxes penalty & interest	10,063.46	-	-	10,063.46
Interest income	1,080.68	450.00	450.00	630.68
Permits and deposits	15,438.65	10,000.00	10,000.00	5,438.65
USGS Gauge Station	6,800.00	6,800.00	6,800.00	-
Water analysis	5,552.36	4,050.00	4,050.00	1,502.36
Misc	-	4,000.00	4,000.00	(4,000.00)
Total revenues	<u>809,413.77</u>	<u>805,000.00</u>	<u>805,000.00</u>	<u>4,413.77</u>
Expenditures:				
Service operations:				
Appraisal District	19,834.97	19,500.00	20,700.00	865.03
Bonds & Insurance	5,580.42	6,860.00	6,860.00	1,279.58
Building Maintenance	9,045.94	15,000.00	15,000.00	5,954.06
Dues & Subscriptions	3,857.82	4,000.00	4,000.00	142.18
Education	4,126.92	5,500.00	4,250.00	123.08
Computer Software and Support	4,499.01	5,500.00	5,870.00	1,370.99
Small Equipment & Supplies	5,318.59	17,400.00	8,400.00	3,081.41
Elections	5,395.29	3,000.00	5,500.00	104.71
Public Relations	10,735.33	9,500.00	11,500.00	764.67
Health Insurance	26,841.60	25,000.00	27,500.00	658.40
Website	5,324.82	5,500.00	5,500.00	175.18
Monitoring Units	-	1,000.00	1,000.00	1,000.00
Office Supplies	3,913.17	5,500.00	5,500.00	1,586.83
Office Rent	3,600.00	3,600.00	3,600.00	-
Payroll Tax	27,770.16	32,000.00	29,000.00	1,229.84
Postage	409.83	750.00	750.00	340.17
Professional Services	251,764.87	136,800.00	250,567.00	(1,197.87)
Salaries	360,464.83	388,000.00	361,000.00	535.17
Tax Collection Exp.	15,280.20	-	-	(15,280.20)
GMA Expense	-	5,000.00	1,000.00	1,000.00
Travel & Conferences	14,807.78	17,000.00	17,000.00	2,192.22
Employee Training	5,666.15	8,000.00	7,630.00	1,963.85
Utilities	14,258.19	14,500.00	14,500.00	241.81
USGS - Gauges	16,580.00	16,580.00	16,580.00	-

**BANDERA COUNTY RIVER AUTHORITY
AND GROUND WATER DISTRICT**
Budgetary Comparison Statement - General Fund
For Year Ended September 30, 2017

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Variance Positive (Negative)</u>
Expenditures: (Continued)				
Vehicle Operations	8,924.99	14,500.00	11,500.00	2,575.01
Water Quality Project	11,588.12	15,000.00	12,000.00	411.88
Water Samples Exp.	8,197.45	7,500.00	8,500.00	302.55
Well Plugging	116.48	2,500.00	2,500.00	2,383.52
Illegal Dumping Litter Abatement	-	7,500.00	-	-
Medina River Cleanup	708.00	1,000.00	1,000.00	292.00
Brush Control	3,500.00	3,500.00	3,500.00	-
Well Logging Equip	-	1,250.00	1,250.00	1,250.00
ASR & Water Catchment Projects	-	1,250.00	-	-
Flood Awareness - Rainfall Project	-	4,510.00	15,344.00	15,344.00
Contingencies	-	1,000.00	-	-
	<u>848,110.93</u>	<u>805,000.00</u>	<u>878,801.00</u>	<u>30,690.07</u>
Excess (deficiency) of revenues over expenditures	<u>(38,697.16)</u>	<u>-</u>	<u>(73,801.00)</u>	<u>35,103.84</u>
Other financing sources (uses)				
Transfers out	<u>(25,000.00)</u>	<u>-</u>	<u>-</u>	<u>(25,000.00)</u>
Total other financing sources (uses)	<u>(25,000.00)</u>	<u>-</u>	<u>-</u>	<u>(25,000.00)</u>
Change in fund balance/net position	(63,697.16)	-	(73,801.00)	10,103.84
Fund balance:				
Beginning of the year	174,780.15	174,780.15	174,780.15	-
End of the year	<u>\$ 111,082.99</u>	<u>\$ 174,780.15</u>	<u>\$ 100,979.15</u>	<u>\$ 10,103.84</u>

**BANDERA COUNTY RIVER AUTHORITY
AND GROUND WATER DISTRICT
Schedule of Delinquent Taxes Receivable
For the Year Ended September 30, 2017**

LAST TEN YEARS ENDED SEPTEMBER 30,	TAX RATE	ASSESSED VALUE FOR TAX PURPOSES (in thousands)	BEGINNING BALANCE 10/1/16	CURRENT YEAR TOTAL LEVY	ENTIRE YEAR'S ADJUSTMENTS	TOTAL COLLECTIONS	BALANCE 9/30/17
2007 & Prior	Var	Var	\$ 6,786.22		\$ (23.95)	\$ 164.59	\$ 6,597.68
2008	.029	1,369,933	1,177.90		(5.89)	104.82	1,067.19
2009	.026849	1,544,243	1,511.79		(4.03)	117.91	1,389.85
2010	.024000	1,683,008	1,604.01		(0.76)	165.32	1,437.93
2011	.023414	1,796,477	2,103.92		(0.79)	287.61	1,815.52
2012	.024474	1,842,781	2,697.80		78.34	560.70	2,215.44
2013	.026001	1,878,945	4,343.66		113.43	1,379.00	3,078.09
2014	.028058	1,903,192	7,633.05		67.71	3,507.76	4,193.00
2015	.034739	2,015,732	15,729.19		20.13	7,323.52	8,425.80
Current	.037300	2,088,705		779,086.84	(1,975.03)	756,867.39	20,244.42
			<u>\$ 43,587.54</u>	<u>\$ 779,086.84</u>	<u>\$ (1,730.84)</u>	<u>\$ 770,478.62</u>	<u>\$ 50,464.92</u>