

MEMORANDUM

TO: South Texas Water Authority Board of Directors
FROM: Jose Graveley, President
DATE: January 27, 2023
SUBJECT: Meeting Notice and Agenda for the South Texas Water Authority

A Regular Meeting of the STWA Board of Directors is scheduled for:

Tuesday, January 31, 2023
5:30 p.m.
South Texas Water Authority
2302 East Sage Road, Kingsville, Texas

The Board will consider and act upon any lawful subject which may come before it, including among others, the following:

Agenda

1. Call to order.
2. Citizen comments. This is an opportunity for citizens to address the Board of Directors concerning an issue of community interest that is not on the agenda. Comments on the agenda items must be made when the agenda item comes before the Board. The President may place a time limit on all comments. The response of the Board to any comment under this heading is limited to making a statement of specific factual information in response to the inquiry, or, reciting existing policy in response to the inquiry. Any deliberation of the issue is limited to a proposal to place it on the agenda for a later meeting.
3. Proposed Fiscal Year 2022 Audit. (Attachment 1)
4. **Resolution 23-02.** Resolution accepting the Fiscal Year 2022, Audit prepared by John Womack & Co., P.C. of Kingsville, Texas. (Attachment 2)
5. Approval of Minutes. (Attachment 3)
6. Quarterly Report/Treasurer's Report/Payment of Bills. (Attachment 4)
7. Reports from O&M and CP: (Attachment 5)
 - Operations & Maintenance Report
 - Cathodic Protection Update
8. Discussion/Action on ARV (Attachment 6)

9. STWA Master Plan 2023-2027 (Attachment 7)
 - WFX Partnership Agreement
 - ICE Professional Services Agreement
10. **Resolution 23-03.** Resolution entering into agreement to partner with WFX for economic development and infrastructure improvements. (Attachment 8)
11. **Resolution 23-04.** Resolution entering into a Professional Services contract with ICE. (Attachment 9)
12. Update on conveyance of section of STWA 42" waterline to the City of Corpus Christi (Attachment 10)
13. Update on NCWCID#5 Wholesale Water Supply Contract and Operation and Maintenance of Facilities Contract. (Attachment 11)
14. Administration Report.
15. Adjournment.

The Board may go into closed session at any time when permitted by Chapter 551, Government Code. Before going into closed session, a quorum of the Board must be assembled in the meeting room, the meeting must be convened as an open meeting pursuant to proper notice, and the presiding officer must announce that a closed session will be held and must identify the sections of Chapter 551, Government Code, authorizing the closed session.

JG/JM/fdl
Attachments

This meeting notice was posted on STWA's website, www.stwa.org, and on indoor and outdoor bulletin boards at STWA's administrative offices, 2302 East Sage Road, Kingsville, Texas at 3:00 am/pm on January 27, 2023

Frances DeLeon /EM
Assistant Secretary

ATTACHMENT 1

FY 2021 Audit

SOUTH TEXAS WATER AUTHORITY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

STWA

SOUTH TEXAS WATER AUTHORITY

SOUTH TEXAS WATER AUTHORITY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

South Texas Water Authority
Annual Financial Report
For The Year Ended September 30, 2022

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Financial Section

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Independent Auditor's Report

To the Board of Directors
South Texas Water Authority
2302 East Sage Road
Kingsville, Texas 78363

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Texas Water Authority ("the Authority"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the South Texas Water Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of South Texas Water Authority as of September 30, 2022, 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 Opinions

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

Responsibilities of Management for the Financial Statements

South Texas Water Authority's 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 South Texas Water Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.



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 GAAS 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 GAAS, 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 including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of

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 budgetary comparison information identified as Required Supplementary Information in the table of contents 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 South Texas Water Authority's 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.

Other Information Included in the Annual Report

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

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

Respectfully submitted,



John Womack & Co., P.C.
Kingsville, Texas
November 23, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the South Texas Water Authority's ("the Authority") annual financial report represents our discussion and analysis of the Authority's financial performance during the Fiscal Year ended September 30, 2022. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

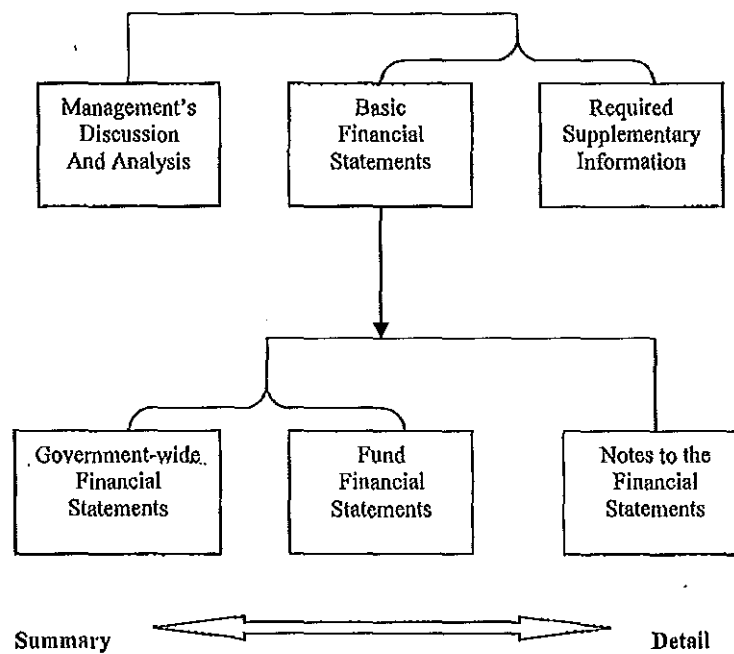
- The Authority's total net position was \$9,674,195 at September 30, 2022.
- During this year, the Authority's expenses, including depreciation, were \$289,011 less than the \$4,365,669 generated in taxes and other revenues for water related sales and management fees.
- The General Fund reported a fund balance this year of \$4,690,353.

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 Authority:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Authority's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the Authority's operation in *more detail* than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.

Figure A-1. Required Components of the Authority's Annual Financial Report



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.

Figure A-2 summarizes the major features of the Authority's financial statements, including the portion of the Authority they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Type of Statements	Government-Wide	Governmental Funds
Scope	Entire Authority's government (except fiduciary funds) and the Authority's component units	The activities of the Authority that are not proprietary or fiduciary
Required financial statement	*Statement of net position	*Balance Sheet
	*Statement of activities	*Statement of revenues, expenditures & changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-Wide Statements

The government-wide statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Authority's net position and how they have changed. Net position -- the difference between the Authority's assets and liabilities -- are one way to measure the Authority's financial health or *position*.

- Over time, increases or decreases in the Authority's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Authority, you need to consider additional non-financial factors such as changes in the Authority's tax base.

The financial statements of the Authority include the Governmental activities. The Authority's basic service is wholesale water. Water revenue, property taxes and management fees finance most of these activities.

Fund Financial Statements

- The *fund financial statements* focus on individual parts of the Authority, reporting the Authority's operations in greater detail than the government-wide statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

- All of the funds of the Authority can be divided into two categories: governmental funds and fiduciary funds.

The Authority has two fund types:

- Governmental funds - Most of the Authority's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or difference) between them.
- Fiduciary funds -- These statements provide information about the financial relationships in which the Authority acts solely as a *trustee* or *agent* for the benefit of others, to whom the resources belong. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the governments. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Authority's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

Net position

The Authority's combined net position were \$9,674,195 at September 30, 2022.
(See Table A-1)

Table A-1
The Authority's Net Position

	Governmental Activities		% Change
	2022	2021	
Current and other assets	\$ 5,378,574	\$ 4,693,567	14.59%
Capital and non-current assets	<u>7,804,628</u>	<u>8,471,012</u>	-7.87%
Total Assets	<u>13,183,202</u>	<u>13,164,579</u>	0.14%
Current liabilities	431,537	449,756	-4.05%
Long-term liabilities	<u>3,077,470</u>	<u>3,329,639</u>	-7.57%
Total Liabilities	<u>3,509,007</u>	<u>3,779,395</u>	-7.15%
Net position			
Net Investment			
in capital assets	4,518,309	4,962,246	-8.95%
Restricted	625,159	1,031,486	-39.39%
Unrestricted	<u>4,530,727</u>	<u>3,391,452</u>	33.59%
Total Net Position	<u>\$ 9,674,195</u>	<u>\$ 9,385,184</u>	3.08%

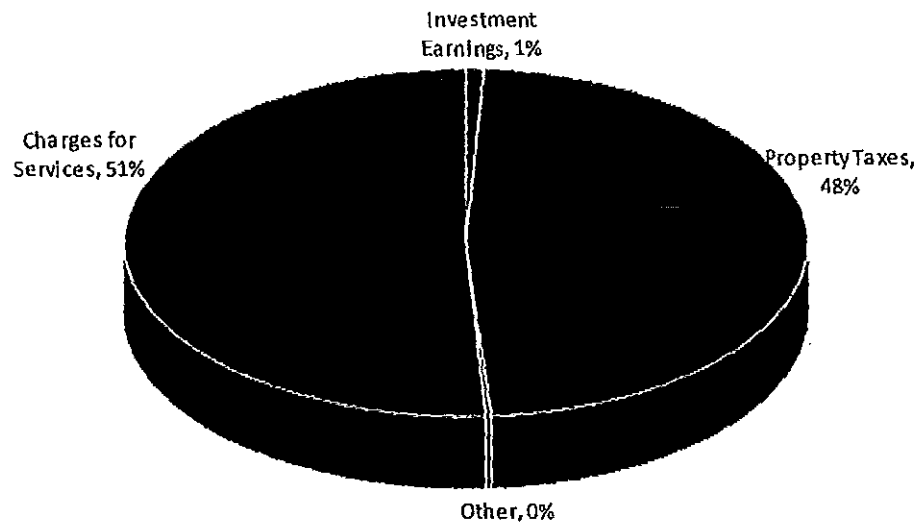
The \$4,530,727 of unrestricted net position represents resources available to fund the operations of the Authority in the next year.

Changes in balance sheet

Current and other assets increased \$685,007, or 14.59%, as a result of operations and ongoing capital projects, and capital assets decreased primarily due to current year depreciation. Current liabilities decreased by \$18,219 or 4.05% due to a decrease in accounts payable.

Changes in net position

The Authority's total revenues were \$4,365,668. A significant portion, 51%, of the Authority's revenue was derived from water and management service revenues. Approximately 48% was from property taxes, and the remaining 1% was generated from investment earnings and other revenues. The total expenses were \$4,076,657, of which \$1,291,316 was for purchased water costs, and that was down by 7.55% from the prior year. Payroll costs decreased by \$24,199 or by 2.0% over 2021, to \$1,173,919.



Governmental Activities

- The Operation and Maintenance tax rate decreased slightly to \$0.067506 and the Debt Service tax rate decreased slightly to \$0.014920 per \$100 valuation. An increase in assessed valuations of \$190,894,025, or 8.34% resulted in an increase in tax revenue of \$69,213 which was 3.42% more than tax revenues in the preceding year.
- The cost of all governmental activities this year was \$4,076,657.
- However, the amount that our taxpayers paid for these activities through property taxes was \$2,092,839.
- A majority portion of the costs were paid by those who directly benefited from water service, \$2,223,544, or a 6.16% decrease from last year.

Table A-2
Authority Revenues and Expenses

	Governmental Activities		Total % Changes
	2022	2021	
Revenues:			
Program Revenues:			
Charges for service	\$ 2,223,544	\$ 2,369,390	-6.16%
General Revenues:			
Property taxes	2,092,839	2,023,626	3.42%
Investment earnings	37,202	12,245	203.81%
Miscellaneous	12,083	24,279	-50.23%
Total Revenue	4,365,668	4,429,540	-1.44%
Expenses:			
Cost of water sales	1,291,316	1,396,843	-7.55%
Other operating expenses	2,044,414	2,036,615	0.38%
Depreciation	740,927	739,574	0.18%
Total Expenses	4,076,657	4,173,032	-2.31%
Increase (Decrease) in net position	289,011	256,508	12.67%
Beginning - net position	9,385,184	9,128,676	2.81%
Ending - net position	<u>\$ 9,674,195</u>	<u>\$ 9,385,184</u>	3.08%

Table A-3 presents the cost of each of the Authority's largest functions as well as each function's *net cost* (total cost less fees generated by the charges for services). The net cost reflects what was funded by local tax dollars, and other income.

Table A-3
Net Cost of Selected Authority Functions

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2022	2021		2022	2021	
Water Delivery	\$ 4,076,657	\$ 4,173,032	-2.31%	\$ 1,853,113	\$ 1,803,642	2.74%

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

Revenues from governmental fund types total \$4,353,130. The vast majority of revenues were generated from tax revenues, water sales and management fees.

General Fund. The South Texas Water Authority sold water to all customers at the same rate during Fiscal Year 2022. The wholesale cost of water to the customers included the cost of water from the City of Corpus Christi, which varies slightly since it is based on the number of gallons purchased, and a fixed handling charge of \$0.426386 per 1,000 gallons of water. The average charge per 1,000 gallons was \$2.22.

Nueces County Water Control and Improvement District #5 is outside the Authority's taxing district, therefore, an "in Lieu of Taxes" fee is charged monthly to NCWCID #5. The monthly fee for Fiscal Year 2022 is \$796.82.

In Fiscal Year 2022, the Authority paid \$1,291,316 for the purchase of approximately 581.40 million gallons of treated water from the City of Corpus Christi and the Authority's wholesale customers paid \$1,571,291 for the delivered water, with a difference of \$279,975 from the total paid to the City of Corpus Christi. This compares to Fiscal Year 2021 when the Authority paid \$1,396,843 for the purchase of approximately 553.00 million gallons and the Authority's wholesale customers paid \$1,685,244.

During FY 2017, NewGen Strategies, Inc., a rate consultant, was hired to research whether any financial risk exists for the Authority as a result of wholesale customers that do not enter into a long-term contract. The study found that there is and recommended the adoption of a premium rate increase for those customers. The Board adopted an Order to that effect which was effective as of December 1, 2017. The Nueces County Water Control and Improvement District #5 pays a premium of \$0.426386 per 1,000 gallons. NCWCID #5 is the only wholesale customer that has not entered into a long-term contract as of September 30, 2022.

South Texas Water Authority manages Nueces Water Supply Corporation and Ricardo Water Supply Corporation by management contracts. The Authority charges the Corporations for various services including operations, administration, meter readings, billing and notices, water samples, taps, extensions, and repairs. The agreement allows the Authority and Corporations to utilize the equipment and manpower needed to operate efficiently. The Authority analyzes the charges for services to the Corporations biannually to assure that the Authority is fully compensated by the Corporations.

BUDGETARY HIGHLIGHTS

General Fund. The Authority amended its budget after six months and at the end of the Fiscal Year. Even with these adjustments, actual expenditures were \$231,371 below final budget amounts. The most significant positive variance resulted from supplies and materials, which were \$56,651 below the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The South Texas Water Authority's investment in capital assets as of September 30, 2022 amounts to \$27,911,874, which includes land, buildings, water systems and vehicles. This amount represents a net increase, including additions and deductions, of \$42,033 compared to last year. The Authority's policy is to capitalize all individual capital items over \$5,000. Accumulated depreciation increased by \$735,404 which includes additions and deductions.

**Table A-4
Authority's Capital Assets**

	Governmental Activities		Total % Change
	2022	2021	
Land and easements and right of ways	\$ 1,242,369	\$ 1,242,369	0.00%
Construction in progress	865,965	856,793	1.07%
Total capital assets not being depreciated	<u>2,108,334</u>	<u>2,099,162</u>	0.44%
Buildings	843,772	843,772	0.00%
Water system	23,974,270	23,974,270	0.00%
Machinery and equipment	497,382	497,382	0.00%
Vehicles	350,205	315,407	11.03%
Furniture and fixtures	137,911	139,848	-1.39%
Total Depreciable Assets	<u>25,803,540</u>	<u>25,770,679</u>	0.13%
Totals at historical cost	27,911,874	27,869,841	0.15%
Total accumulated depreciation	<u>(20,134,233)</u>	<u>(19,398,829)</u>	3.79%
Net capital assets	<u>\$ 7,777,641</u>	<u>\$ 8,471,012</u>	-8.19%

The Authority had general obligation bonds of \$3,165,000, related premium and discount of \$94,336 and \$78,924 in long-term outstanding compensated absences at year end.

**Table A-5
Authority's Long-Term Debt**

			Total % Change
	2022	2021	
General Obligation Bonds			
Series 2013	\$ 3,165,000	\$ 3,405,000	-7.05%
Premium & Discount	94,336	103,769	-9.09%
Accrued Compensated Absences	78,924	76,092	3.72%
Total Long-Term Debt	<u>\$ 3,338,260</u>	<u>\$ 3,584,861</u>	-6.88%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATE

General Fund

- Appraised values used for the 2022 tax year are up by \$191,350,458, or 8.36% from the 2021 tax year.
- The taxes collected are for Operations and Maintenance and Debt Service, and the combined tax rate is at \$0.078489 per \$100 valuation.
- The cost per 1,000 gallons is the handling charge of \$0.50 plus the monthly cost of water from the City of Corpus Christi except for Nueces County Water Control & Improvement District #5, which pays an additional in lieu of taxes rate of \$1,004.76 per month.

These indicators were taken into account when adopting the General Fund Budget for FY 2023. Budgeted revenues are \$4,106,975, an increase of \$139,948 from actual Fiscal Year 2022. The anticipated tax revenues for the Fiscal Year 2023 at a 95.30% collection rate are \$1,674,136 which will be used to cover a portion of the Authority's fixed costs such as insurance, payroll, legal, repairs, capital expenditures, appraisal district and tax assessor collector fees.

Expenditures are budgeted to increase in capital outlays, and to increase, primarily, in recurring operating costs due to the inflationary outlook.

The 2023 adopted budget indicates that South Texas Water Authority is operating under a budget with a \$288,056 ending fund balance. This includes \$204,675 for capital outlays for a new truck, technology upgrades, a hydrovac unit, forklift, GIS and shoring. An additional truck may be added since last year's truck never arrived.

Beginning October 1, 2005, South Texas Water Authority implemented a different method of charging for water whereby the customers are billed a variable rate based on the monthly cost of water from the City of Corpus Christi, plus a handling charge, which, for fiscal year 2023, increased to \$0.50 per 1,000 gallons.

The City of Agua Dulce, Ricardo Water Supply Corporation and Nueces Water Supply Corporation signed 20-year contracts during Fiscal Year 2015. During FY 2017, negotiations for a long-term contract continued with the City of Kingsville, City of Bishop, City of Driscoll and the Nueces County Water Control and Improvement District #5. These negotiations resulted in a long-term contract with the City of Kingsville with an initial 5-year term. The City of Kingsville contract stipulates that it will, beginning in 2018, purchase \$350,000 of water at the rate described above, increasing \$10,000 per year over the next five years, reaching a total of \$400,000, at the end of the initial 5 years with three (3) automatic 5-year renewals, provided neither party gives notice of termination or a desire to re-negotiate the contract provisions. In addition, a similar contract has been accepted by the City of Bishop; but, is contingent on a license agreement for the usage of the Bishop East location. In FY 2020, the City of Driscoll also accepted a contract with an additional agreement for STWA to provide O&M services for the City at a cost contingent on 5 year average repairs divided by water usage.

Nueces County Water Control and Improvement District #5 is outside the Authority's taxing district. Therefore, an "in Lieu of Taxes" fee is charged monthly to NCWCID #5. This is calculated by multiplying NCWCID #5's taxable value, obtained from the Nueces County Appraisal District, by STWA's tax rate. The fee is divided into 12 monthly payments. The fee for fiscal year 2023 is \$1,004.76 per month. Negotiations continue on a long-term contract with NCWCID #5.

Debt Service Fund

STWA also collects a Debt Service tax to pay for the \$5,110,000 in bonds that sold in May 2013. Anticipated tax revenue of \$367,422 to cover Fiscal Year 2023 principal and interest payment on the bonds will be collected.

Capital Projects Fund

On November 6, 2012, South Texas Water Authority had three bond proposals on the ballot of the General Election. Proposition #1 was for the issuance of \$1,900,000 water system improvement bonds for relocation of the Authority's regional water transmission line as a result of TXDOT's upgrade of US Hwy 77 to interstate standards and the levy of taxes in payment of the bonds. Proposition #2 was for the issuance of \$2,925,000 water system improvement bonds for storage tank and pump improvements at the Kingsville Pump Station and the levy of taxes in payment of the bonds. Proposition #3 was for the issuance of \$375,000 water system improvement bonds for installation of pumps at the Bishop pump station and facility improvements at the Bishop Westside pump station and the levy of taxes in payment of the bonds.

All three propositions passed. Proposition 3 was completed in Fiscal Year 2015 while Proposition 1 was completed in Fiscal Year 2016. Proposition 2 was completed in Fiscal Year 2017. A portion of those remaining funds were used to complete construction of the Driscoll LAS Booster Station which will enable injection of chloramines into the 42" transmission line. This project is a direct result of the TCEQ Order which requires a 0.5 mg/l chloramine residual to be maintained in all portions of STWA's waterlines. The remaining funds will be used to install anodes for Cathodic Protection on the 42" distribution line and other improvements to the South Texas Water Authority's regional system.

The Authority sold \$5,110,000 of water system improvement bonds for the above three mentioned projects.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional information, contact the South Texas Water Authority at (361) 592-9323.

Basic Financial Statements

SOUTH TEXAS WATER AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Assets:	
Cash and Investments	\$ 4,876,399
Receivables:	
Property Taxes	266,566
Allowance for Uncollectible Taxes	(99,946)
Service Accounts	230,967
Due from Other Governments	817
Inventory	39,347
Note Receivable	64,424
Capital Assets, net	7,777,641
Other Assets	26,987
Total Assets	<u>13,183,202</u>
LIABILITIES AND EQUITY	
Liabilities:	
Accounts Payable	158,256
Accrued Interest Payable	12,496
Current Portion of Long-Term Liabilities:	
Bonded Debt Payable	245,000
Accumulated Unpaid Compensated Absences	15,785
Non-current Portion of Long-Term Liabilities:	
Bonded Debt Payable	3,014,332
Accumulated Unpaid Compensated Absences	63,138
Total Liabilities	<u>3,509,007</u>
NET POSITION:	
Net Investment in Capital Assets	4,518,309
Restricted For:	
Debt Service	328,514
Construction	296,645
Unrestricted	4,530,727
Total Net Position	<u>\$ 9,674,195</u>

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT A-2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Government Activities:</u>		<u>Charges for Services</u>	<u>Governmental Activities</u>
Water Delivery	\$ 4,076,657	\$ 2,223,544	\$ (1,853,113)
Total Government Activities	<u>4,076,657</u>	<u>2,223,544</u>	<u>(1,853,113)</u>
Total Primary Government	<u>\$ 4,076,657</u>	<u>\$ 2,223,544</u>	<u>(1,853,113)</u>
General Revenues:			
Property Taxes			2,092,839
Unrestricted Investment Earnings			37,202
Miscellaneous Income			12,083
Transfers			..
Total General Revenues and Transfers			<u>2,142,124</u>
Change In Net Assets			289,011
Net Assets - Beginning			9,385,184
Net Assets - Ending			<u>\$ 9,674,195</u>

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	Debt Service Fund	Capital Improvements Fund	Total Governmental Funds
ASSETS				
Assets:				
Cash and Investments	\$ 4,363,813	\$ 119,653	\$ 392,934	\$ 4,876,400
Receivables:				
Property Taxes	208,328	58,238	--	266,566
Allowance for Uncollectible Taxes	(88,575)	(11,371)	--	(99,946)
Service Accounts	230,967	--	--	230,967
Due from Other Governments	665	152	--	817
Due from Other Funds	153,192	5,185	9,816	168,193
Inventory	39,347	--	--	39,347
Note Receivable	64,424	--	--	64,424
Other Assets	26,987	--	--	26,987
Restricted assets:				
Total Assets	<u>\$ 4,999,148</u>	<u>\$ 171,857</u>	<u>\$ 402,750</u>	<u>\$ 5,573,755</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 158,256	\$ --	\$ --	\$ 158,256
Compensated Absences	15,785	--	--	15,785
Due to Other Funds	15,001	37,915	115,277	168,193
Total Liabilities	<u>189,042</u>	<u>37,915</u>	<u>115,277</u>	<u>342,234</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred Tax Revenue	119,753	46,888	--	166,621
Total Deferred Inflows of Resources	<u>119,753</u>	<u>46,888</u>	<u>--</u>	<u>166,621</u>
FUND BALANCES:				
Restricted for Capital Projects	--	--	287,473	287,473
Restricted for Debt Service	--	87,074	--	87,074
Nonspendable - Inventory	39,347	--	--	39,347
Unassigned Fund Balance	4,651,006	--	--	4,651,006
Total Fund Balances	<u>4,690,353</u>	<u>87,074</u>	<u>287,473</u>	<u>5,064,900</u>
Total Liabilities, Deferred Inflows, and Equity	<u>\$ 4,999,148</u>	<u>\$ 171,857</u>	<u>\$ 402,750</u>	<u>\$ 5,573,755</u>

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2022

Total fund balances - governmental funds balance sheet	\$ 5,064,900
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	7,777,641
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	166,621
Payables for bond principal which are not due in the current period are not reported in the funds.	(3,165,000)
Payables for debt interest which are not due in the current period are not reported in the funds.	(12,497)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(63,138)
Bond premiums are amortized in the SNA but not in the funds.	<u>(94,332)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 9,674,195</u>

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Debt Service Fund	Capital Improvements Fund	Total Governmental Funds
Revenue:				
Water Service Revenue	\$ 1,571,291	\$ 1,731	\$ --	\$ 1,573,022
Tax Revenue	1,701,911	378,390	--	2,080,301
Interest	32,898	1,764	2,540	37,202
Service Revenue	650,522	--	--	650,522
Other Revenue	12,083	--	--	12,083
Total revenues	<u>3,968,705</u>	<u>381,885</u>	<u>2,540</u>	<u>4,353,130</u>
Expenditures:				
Current:				
Water Service Expenditure:				
Purchased Water	1,291,316	--	--	1,291,316
Payroll Cost	1,173,919	--	--	1,173,919
Supplies and Materials	106,349	--	--	106,349
Other Operating Expenditures:				
Professional Fees	204,546	18,996	--	221,542
Supplies and Materials	217,582	--	--	217,582
Recurring Operating Cost	210,377	--	--	210,377
Debt Service & Related Costs	--	348,750	--	348,750
Miscellaneous	11,584	--	--	11,584
Capital outlay	40,751	--	9,172	49,923
Total expenditures	<u>3,256,424</u>	<u>365,746</u>	<u>9,172</u>	<u>3,631,342</u>
Net Change in Fund Balance	712,281	16,139	(6,632)	721,788
Fund balances/equity, October 1	3,978,072	70,935	294,105	4,343,112
Fund balances/equity, September 30	<u>\$ 4,690,353</u>	<u>\$ 87,074</u>	<u>\$ 287,473</u>	<u>\$ 5,064,900</u>

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - total governmental funds	\$ 721,788
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	49,923
The depreciation of capital assets used in governmental activities is not reported in the funds.	(740,927)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(2,368)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	12,539
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	240,000
(Increase) decrease in accrued interest from beginning of period to end of period.	<u>8,056</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 289,011</u>

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Significant Accounting Policies

The combined financial statements of South Texas Water Authority (the "Authority") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Authority's basic financial statements include the accounts of all its operations. The Authority evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority
- the exclusion of the organization would result in misleading or incomplete financial statements

Based on these criteria, the Authority has no component units. Additionally, the Authority is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Authority does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Authority's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Authority reports the following major governmental funds:

General Fund. This is the Authority's primary operating fund. It accounts for all financial resources of the Authority except those required to be accounted for in another fund.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Debt Service Fund. The Authority accounts for revenues collected to pay interest on and retire long-term debt, including bonds, long-term mortgage notes, etc., in this fund, which is a budgeted fund.

Capital Projects Fund: The Authority accounts for proceeds from the sale of bonds, and related expenditures for capital improvements, in this fund.

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Authority considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end, with the exception of property taxes, which are fully deferred. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the Authority incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the Authority's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

The assessed value of the roll on January 1, 2021, upon which the levy for the 2022 fiscal year was based, was \$2,481,166,635, net of exemptions.

The tax rate assessed for the year ended September 30, 2022, to finance General Fund operations was \$.067506 per \$100 valuation, and the Debt Service Fund tax rate was \$0.014920 per \$100 valuation.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Current tax collections for the year ended September 30, 2022 were 96.94% of the year-end adjusted tax levy.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the Authority is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The following table shows a schedule of delinquent taxes receivable and the allowance for uncollectible taxes for the Authority:

	Balance 10/01/21	Current Year Levy(1)	Total Collections	Yearly Adjustments	Balance 09/30/22
Delinquent Taxes Receivable	\$ 254,025	\$ 2,045,859	\$ 2,044,170	\$ 10,858	\$ 266,572
Allowance for Uncollectible Taxes	(99,945)				(99,945)
Net Delinquent Taxes Receivable	<u>\$ 154,080</u>	<u>\$ 2,045,859</u>	<u>\$ 2,044,170</u>	<u>\$ 10,858</u>	<u>\$ 166,627</u>

(1) Year-end adjusted tax levy.

b. Inventories and Prepaid Items

The Authority records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	5-15
Office Equipment	3-15
Computer Equipment	3-15

Impairment losses related to capital assets are recognized and measured when there has been a significant, unexpected decline in the service utility of capital assets. The events or changes in circumstances which lead to impairment determinations are not considered to be normal or ordinary. The service utility of a capital asset is the usable capacity which, at acquisition, was expected to be

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

used or provide service. Common Indicators of impairment include - evidence of physical damage where the level of damage is such that restoration efforts are needed to restore service utility; enactment of laws or approval of regulations as well as changes in environmental factors; technological developments, or other evidence of obsolescence; changes in the manner of duration or use of capital assets; or construction stoppage due to lack of funding. There were no impairment charges during fiscal year 2022.

d. **Receivable and Payable Balances**

The Authority believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. **Deferred Inflows and Outflows of Resources**

In addition to assets, the statements of financial position (the government-wide and proprietary Statements of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

f. **Compensated Absences**

The Authority provides vacation time for employees at the rate of 8 hours per month up to 5 years of service at which time it increases to 10 hours per month, and over 10 years of service, a one-time longevity adjustment is made to the salary equal to 80 hours of pay divided by 2,080 hours. This compensation is for two weeks of vacation no longer given after ten years. Sick leave accumulates at the rate of 2 hours per week, and personal leave accumulates at the rate of 2 hours per month. 100% of accumulated vacation (up to 480 hours), personal, and compensatory time (up to 240 hours) is paid upon termination of employment for any reason, but accumulated unpaid sick leave is not paid upon termination.

g. **Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the Authority's Board of Directors. Committed amounts cannot be used for any other purpose unless the Board of Directors removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Directors. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the Authority intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Authority itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

6. **Implementation of New Standards**

In the current fiscal year, the Authority did not implement any new standards from the Governmental Accounting Standards Board (GASB).

B. Compliance and Accountability

1. **Finance-Related Legal and Contractual Provisions**

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The Authority's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Authority's agent bank approved pledged securities in an amount sufficient to protect Authority 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.

Cash Deposits:

At September 30, 2022, the carrying amount of the Authority's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$348,248 and the bank balance was \$350,862. The Authority's cash deposits at September 30, 2022 and during the year ended September 30, 2022, were entirely covered by FDIC insurance or by pledged collateral held by the Authority's agent bank in the Authority's name.

Investments:

The Authority is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the Authority adhered to the requirements of the Act. Additionally, investment practices of the Authority were in accordance with local policies.

The Act determines the types of investments which are allowable for the Authority. These include, with certain restrictions, (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, and (10) common trust funds.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

The Authority's investment at September 30, 2022 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool, rated AAAM	N/A	\$ 4,135,217
TexStar Investment Pool, rated AAAM	N/A	392,934
Total Investments		<u>\$ 4,528,151</u>

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the Authority was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the Authority was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Authority's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name.

At year end, the Authority was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the Authority was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the Authority was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the Authority was not exposed to foreign currency risk.

Investment Accounting Policy

The Authority's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The Authority's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

TexSTAR

The Authority invests in the Texas Short Term Asset Reserve Program (TexSTAR), which has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. TexSTAR is managed by a five-member board of directors (Board). In accordance with the Public Funds Investment Act, TexSTAR maintains an advisory board composed of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR. Advisory board members are appointed and serve at the will of the Board of Directors. J.P. Morgan Investment Management, Inc. (JPMIM) and First Southwest Company (FSC) serve as co-administrators for TexSTAR under an agreement with the Board. JPMIM provides investment management services, and FSC provides participant services and marketing. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A., and/or its subsidiary J.P. Morgan Investor Services Co. Transfer agency services are provided by Boston Financial Data Services, Inc. The business affairs of TexSTAR are managed by the Board in accordance with its bylaws. The bylaws set forth procedures governing the selection procedures governing the selection of, and action taken by, the Board. Board oversight of TexSTAR is maintained through various reporting requirements. TexSTAR is rated AAAM by Standard and Poor's and is not operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which generally approximates the market value of the securities. The stated objective of TexSTAR is to maintain a stable \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured.

TexPool

The Authority invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttslc.org.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land, Easements, & Right of Ways	\$ 1,242,369	\$ --	\$ --	\$ 1,242,369
Construction in progress	856,793	9,172	--	865,965
Total capital assets not being depreciated	<u>2,099,162</u>	<u>9,172</u>	<u>--</u>	<u>2,108,334</u>
Capital assets being depreciated:				
Buildings and improvements	843,772	--	--	843,772
Water Systems	23,974,270	--	--	23,974,270
Machinery & Equipment	497,382	--	--	497,382
Autos & Trucks	315,407	34,798	--	350,205
Furniture & Fixtures	139,848	5,953	7,890	137,911
Total capital assets being depreciated	<u>25,770,679</u>	<u>40,751</u>	<u>7,890</u>	<u>25,803,540</u>
Less accumulated depreciation for:				
Buildings and improvements	(628,135)	(20,678)	--	(648,813)
Water Systems	(18,188,752)	(627,502)	--	(18,816,334)
Machinery & Equipment	(359,090)	(29,888)	--	(388,978)
Autos & Trucks	(241,495)	(44,331)	--	(285,826)
Furniture & Fixtures	(81,357)	(18,448)	(5,523)	(94,282)
Total accumulated depreciation	<u>(19,398,829)</u>	<u>(740,927)</u>	<u>(5,523)</u>	<u>(20,134,233)</u>
Total capital assets being depreciated, net	<u>6,371,850</u>	<u>(700,176)</u>	<u>2,367</u>	<u>5,669,307</u>
Governmental activities capital assets, net	<u>\$ 8,471,012</u>	<u>\$ (691,004)</u>	<u>\$ 2,367</u>	<u>\$ 7,777,641</u>

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2022, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Capital Projects	\$ 115,277	Capital projects expenditures
General Fund	Debt Service Fund	37,915	Short-term loans
Debt Service Fund	General Fund	5,185	Short-term loans
Capital Projects	General Fund	9,816	Refund of expenditures
	Total	<u>\$ 168,193</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

There were no transfers to or from other funds during the year ended September 30, 2022.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2022 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds:					
Series 2013	\$ 3,405,000	\$ --	\$ 240,000	\$ 3,165,000	\$ 245,000
Premium & Discount	103,769	--	9,433	94,336	--
Compensated absences	76,092	38,906	36,074	78,924	15,785
Total governmental activities	\$ 3,584,861	\$ 38,906	\$ 285,507	\$ 3,338,260	\$ 260,785

Bonds Payable consist of the following:

\$5,110,000 General Obligation Bonds Series 2013, payable in annual installments of \$348,550 to \$346,722 including interest at 2.00% to 3.50%, for various construction projects, maturing on August 15, 2033.

	2022	2021
	\$ 3,165,000	\$ 3,405,000

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2022, are as follows:

Year Ended September 31,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 245,000	\$ 101,350	\$ 346,350
2024	255,000	94,000	349,000
2025	260,000	86,350	346,350
2026	270,000	78,550	348,550
2027	275,000	70,450	345,450
2028-2032	1,525,000	217,875	1,742,875
2033-2037	335,000	11,725	346,725
Totals	\$ 3,165,000	\$ 660,300	\$ 3,825,300

G. Risk Management

The Authority is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2022, the Authority obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The Authority pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The Authority continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

H. Health Care Coverage

During the year ended September 30, 2022, employees of the Authority were covered by a health insurance plan (the Plan). The Authority paid premiums of \$2,102 per month per employee and dependents to the Plan. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the Authority and the licensed insurer is renewable November 1, 2022, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Blue Cross Blue Shield of Texas are available for the year ended December 31, 2021, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

I. Commitments and Contingencies

1. Contingencies

The Authority participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Authority has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the Authority, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the Authority at September 30, 2022.

J. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through November 23, 2022 (the date of the audit report). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management and those charged with governance have determined that there are no non-recognized Type II subsequent events that require additional disclosure.

K. Retirement Plan

Plan Description

All full-time employees are covered under the South Texas Water Authority Thrift Plan and Trust, a defined contribution pension plan, established October 1, 1983. As of September 30, 2022, there were 16 plan members. Eligible employees contribute 7.5% of their pre-tax earnings, and may elect to contribute up to 4.5% of their post-tax earnings (for a total of up to 12%), which are matched dollar for dollar by the Authority. The participants become 20% vested in employer contributions after two years of participation and an additional 20% for each year of service thereafter. Employees may receive their vested portion of benefits upon termination. Contributions to the plan by the Authority for the years ended September 30, 2022 and 2021 amounted to \$81,581 and \$87,856, respectively, or 11.42% and 11.39% based on payroll expense of \$714,100 and \$771,367 respectively. The Plan is administered by G&M Administrators, Inc. (formerly Carley and McCaw, Inc.). Plan provisions and contribution requirements are established and may be amended by the Authority's board of directors. There were no forfeitures in fiscal years ending September 30, 2021 or 2022.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

L. Water Service Contracts

1. Wholesale Water Rates

Beginning October 1, 2005, South Texas Water Authority implemented a different method of charging for water whereby the customers are billed a variable rate based on the monthly cost of water from the City of Corpus Christi (see below) plus a handling charge, which, for fiscal year 2021, is \$426386 per 1,000 gallons. These contracts expired on 10/01/2012. The City of Kingsville, the City of Agua Dulce, the City of Bishop, the City of Driscoll, the Nueces Water Supply Corporation, and the Ricardo Water Supply Corporation have entered into twenty year contracts that are based on the rate described above. The remaining customer, Nueces County Water Control and Improvement District #5, is currently paying monthly based on the terms of the expired contracts plus a premium fee adopted by the Board.

The City of Kingsville contract stipulates that it will, beginning in 2018, purchase \$350,000 of water at the rate described above, increasing \$10,000 per year over the next five years reaching a total of \$400,000.

Nueces County Water Control and Improvement District #5 is outside the Authority's taxing district. Therefore, an "In Lieu of Taxes" fee is charged monthly to NCWCID #5. This is calculated by multiplying NCWCID #5's taxable value, obtained from the Nueces County Appraisal District, by STWA's tax rate. The fee is divided into 12 monthly payments. The fee for fiscal year 2022 is \$796.82 per month.

2. Purchased Water Rates

In 1980, the South Texas Water Authority entered into an agreement to purchase water from the City of Corpus Christi. The purchase agreement is for a period of forty years commencing with the date on which water was first delivered to the Authority. The water rates beginning August 1, 1998, reflected treatment cost calculated on a declining block rate schedule. Beginning August 1, 2008, the treated water is no longer being calculated on a declining block schedule. The treated water is charged at a fixed rate per 1,000 gallons after the first 2,000 gallons. An additional cost for raw water is still charged using a fixed rate per 1,000 gallons.

Purchased water rates from the City of Corpus Christi are as follows:

Gallons	Rates as of 01/01/22	Rates as of 1/1/21
First 2,000	minimum of \$966.58	minimum of \$775.20
Over 2,000	\$1.210 per 1,000 gallons	\$1.459 per 1,000 gallons
Raw Water	\$0.90 per 1,000 gallons	\$1.148 per 1,000 gallons

M. Economic Dependency

The Authority has a very small base of seven customers that purchase water. Nueces Water Supply Corporation accounts for 22.2% (\$347,030) of the Authority's water related revenue, the City of Kingsville accounts for 25.46% (\$400,076) of the Authority's water related revenue, and Ricardo Water Supply Corporation account for 19.18% (\$301,368) of the Authority's water related revenue. Total water related revenue in the General Fund was \$1,571,291.

N. Loan Receivable

In 2021, the Authority established a loan receivable for \$122,152 with one of its customers for unpaid water supply bills, with payments of \$5,136 per month including interest at 10%, and final payment of \$2,156 in February, 2023. The loan is unsecured. The client fell behind in payments during 2022 and the balance of the loan at September 30, 2022 is \$64,424. However, subsequent to year end, the client has made seven payments totaling \$35,954, including interest of \$2,942. The remaining balance is expected to be paid during fiscal year 2023.

Required Supplementary Information

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

SOUTH TEXAS WATER AUTHORITY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Water Service Revenue	\$ 1,688,790	\$ 1,572,258	\$ 1,571,291	\$ (967)
Tax Revenue	1,642,934	1,697,550	1,701,911	4,361
Interest	9,634	27,880	32,898	5,018
Service Revenue	11,300	652,589	650,522	(2,067)
Other Revenue	13,500	16,750	12,083	(4,667)
Total revenues	<u>3,366,158</u>	<u>3,967,027</u>	<u>3,968,705</u>	<u>1,678</u>
Expenditures:				
Current:				
Water Service Expenditure:				
Purchased Water	1,441,652	1,304,353	1,291,316	13,037
Payroll Cost	1,194,269	1,225,977	1,173,919	52,058
Supplies and Materials	176,000	183,000	106,349	56,651
Other Operating Expenditures:				
Professional Fees	170,310	227,900	204,546	23,354
Supplies and Materials	143,500	231,265	217,582	13,683
Recurring Operating Cost	237,800	229,300	210,377	18,923
Miscellaneous	9,500	13,000	11,584	1,416
Capital outlay	83,000	93,000	40,751	52,249
Total expenditures	<u>3,456,031</u>	<u>3,487,795</u>	<u>3,256,424</u>	<u>231,371</u>
Net Change In Fund Balance	(89,873)	479,232	712,281	233,049
Fund balances/equity, October 1	<u>3,978,072</u>	<u>3,978,072</u>	<u>3,978,072</u>	--
Fund balances/equity, September 30	<u>\$ 3,888,199</u>	<u>\$ 4,457,304</u>	<u>\$ 4,690,353</u>	<u>\$ 233,049</u>

SOUTH TEXAS WATER AUTHORITY
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT C-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Water Service Revenue	\$ 1,731	\$ 1,731	\$ 1,731	\$ --
Tax Revenue	383,658	376,830	378,390	1,560
Interest	100	1,560	1,764	204
Total revenues	<u>385,489</u>	<u>380,121</u>	<u>381,885</u>	<u>1,764</u>
Expenditures:				
Other Operating Expenditures:				
Professional Fees	20,908	18,500	16,996	1,504
Debt Service & Related Costs	348,750	348,450	348,750	(300)
Total expenditures	<u>369,658</u>	<u>366,950</u>	<u>365,746</u>	<u>1,204</u>
Excess (deficiency) of revenues (under) expenditures	15,831	13,171	16,139	2,968
Net Change in Fund Balance	15,831	13,171	16,139	2,968
Fund balances/equity, October 1	70,935	70,935	70,935	--
Fund balances/equity, September 30	<u>\$ 86,766</u>	<u>\$ 84,106</u>	<u>\$ 87,074</u>	<u>\$ 2,968</u>

SOUTH TEXAS WATER AUTHORITY
CAPITAL IMPROVEMENTS FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT C-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Interest	\$ 250	\$ 1,750	\$ 2,540	\$ 790
Total revenues	<u>250</u>	<u>1,750</u>	<u>2,540</u>	<u>790</u>
Expenditures:				
Capital outlay	<u>333,833</u>	<u>50,000</u>	<u>9,172</u>	<u>40,828</u>
Total expenditures	<u>333,833</u>	<u>50,000</u>	<u>9,172</u>	<u>40,828</u>
Net Change in Fund Balance	(333,583)	(48,250)	(6,632)	41,618
Fund balances/equity, October 1	294,105	294,105	294,105	--
Fund balances/equity, September 30	<u>\$ (39,478)</u>	<u>\$ 245,855</u>	<u>\$ 287,473</u>	<u>\$ 41,618</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

SOUTH TEXAS WATER AUTHORITY
 SCHEDULE OF RATES AND SERVICES
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. **Services Provided by the District:**

- | | | |
|---|---|-------------------------------------|
| <input type="checkbox"/> Retail Water | <input checked="" type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input checked="" type="checkbox"/> Other (specify) <u>Management Services - Nueces and Ricardo Water Supply Corporations</u> | | |

2. **Retail Rates Based on 5/8" Meter:** Retail Rates Not Applicable

3. **Retail Service Providers:** This Section Not Applicable

4. **Total Water Consumption (In Thousands) During the Fiscal Year:**

Gallons pumped into system:	<u>581,599,000</u>
Gallons billed to customers:	<u>587,290,940</u>

5. **Standby Fees:** Does the District assess standby fees: Yes
 No

For the most recent full fiscal year, FYE September 30, 2022:

Operations & Maintenance:	Total Levy	\$ 2,045,859
	Total Collected	\$ 1,983,170
	Percentage Collected	\$ 96.9%

Have standby fees been levied in accordance with Water Code Section 49.231, thereby constituting a lien on property? Yes No

(Continued)

SOUTH TEXAS WATER AUTHORITY
 SCHEDULE OF TEMPORARY INVESTMENTS
 SEPTEMBER 30, 2022

<u>FUNDS</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BALANCES AT END OF YEAR</u>
<u>GENERAL FUND</u>			
Interest Bearing	0.2000%	-	\$ 0
Interest Bearing	0.2000%	-	0
Interest Bearing	0.2000%	-	<u>347,847</u>
			<u>347,847</u>
Texpool	1.4600%	-	<u>4,015,566</u>
Total General Fund			<u>4,363,413</u>
<u>CAPITAL PROJECTS FUND</u>			
TexStar	1.4010%	-	<u>392,934</u>
Total Capital Projects Fund			<u>392,934</u>
<u>DEBT SERVICE FUND</u>			
Texpool	1.4600%	-	<u>119,651</u>
Total Debt Service Fund			<u>119,651</u>
TOTAL ALL FUNDS			<u>\$ 4,875,998</u>

SOUTH TEXAS WATER AUTHORITY
ANALYSIS OF TAXES RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

		<u>Maintenance & Operations and Interest & Sinking Taxes</u>
Taxes receivable, beginning of year	\$	254,025
Tax levy		<u>2,045,859</u>
Total to be accounted for		<u>2,299,884</u>
Tax collections		
Current year		1,983,170
Prior years		61,000
Adjustments		<u>(10,858)</u>
Total collections & adjustments		<u>2,033,312</u>
Taxes receivable, end of year	\$	<u><u>266,572</u></u>

Property Valuations:		2019		2020		2021		2022
Land	\$	337,684,199	\$	347,777,190	\$	354,094,478	\$	377,618,321
Improvements		935,843,797		976,005,684		1,247,930,871		1,406,486,587
Personal Property		608,427,368		647,477,161		478,856,106		667,327,736
Minerals		62,717,653		232,442,662		208,934,722		29,733,991
Total	\$	<u>1,944,673,017</u>	\$	<u>2,203,702,697</u>	\$	<u>2,289,816,177</u>	\$	<u>2,481,166,635</u>

Tax rates per \$100 valuation

	Kleberg	\$	0.086664	\$	0.086911	\$	0.086911	\$	0.082426
	Nueces		0.086664		0.086911		0.086911		0.082426
Tax levy	Kleberg		988,630		1,031,138		1,059,021		1,107,669
	Nueces		697,502		884,899		930,905		938,190
		\$	<u>1,686,132</u>	\$	<u>1,916,037</u>	\$	<u>1,989,926</u>	\$	<u>2,045,859</u>

Percent of current taxes collected
to current taxes levied

	95%	98%	97%	97%
--	-----	-----	-----	-----

Tax rates for overlapping jurisdictions. Include any taxing entities which overlap 10% or more of the district:

Taxing Jurisdiction	Tax Rate
County: Kleberg	\$ 0.771870
City: Kingsville	0.840000
School Districts: Kingsville Independent School District	1.518900
Total Authority (from above)	<u>0.082426</u>
Total overlapping tax rate	<u>\$ 3.213196</u>

SOUTH TEXAS WATER AUTHORITY
ANALYSIS OF CHANGES IN LONG-TERM DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General Obligation Bonds, Series 2013	\$ 3,405,000	\$ -	\$ 240,000	\$ 3,165,000	\$ 245,000
Premium & Discount	103,769	-	9,433	94,336	-
Accrued Compensated Absences	<u>76,092</u>	<u>38,906</u>	<u>36,074</u>	<u>78,924</u>	<u>15,785</u>
	<u>\$ 3,584,861</u>	<u>\$ 38,906</u>	<u>\$ 285,507</u>	<u>\$ 3,338,260</u>	<u>\$ 260,785</u>

SOUTH TEXAS WATER AUTHORITY
 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
 GENERAL FUND AND DEBT SERVICE FUND
 FIVE YEARS ENDED SEPTEMBER 30, 2022

	AMOUNTS				
	2022	2021	2020	2019	2018
GENERAL FUND:					
<u>Revenues:</u>					
Water Service Revenue	\$ 1,571,291	\$ 1,685,244	\$ 1,685,449	\$ 1,670,942	\$ 1,638,434
Tax Revenue	1,701,911	1,643,299	1,549,329	1,365,753	1,145,244
Interest	32,898	11,895	26,443	60,811	33,061
Service Revenue	650,522	682,352	648,081	560,036	523,818
Other Revenue	12,083	24,279	37,995	19,921	29,848
Total Revenues	<u>3,968,705</u>	<u>4,047,069</u>	<u>3,947,297</u>	<u>3,677,463</u>	<u>3,370,405</u>
<u>Expenditures:</u>					
Water Service Expenditures					
Purchased Water	1,291,316	1,396,843	1,362,680	1,316,013	1,290,842
Payroll Costs	1,173,919	1,198,118	1,165,109	1,107,492	1,052,258
Supplies and Materials	106,349	150,872	167,504	92,679	145,991
Other Operating Expenditures					
Professional Fees	204,546	193,241	148,877	99,194	197,969
Supplies and Materials	217,582	176,237	141,477	180,871	158,301
Recurring Operating Costs	210,377	196,350	186,380	198,745	180,777
Miscellaneous	11,584	10,133	7,633	6,644	5,235
Capital Outlay	40,751	203,844	196,560	263,933	101,934
Total Expenditures	<u>3,256,424</u>	<u>3,525,638</u>	<u>3,376,220</u>	<u>3,265,571</u>	<u>3,133,307</u>
Excess of Revenues over Expenditures	712,281	521,431	571,077	411,892	237,098
<u>Other Sources (Uses):</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,238</u>	<u>24,257</u>
Excess of Revenues over Expenditures and Other Uses:	<u>\$ 712,281</u>	<u>\$ 521,431</u>	<u>\$ 571,077</u>	<u>\$ 427,130</u>	<u>\$ 261,355</u>
DEBT SERVICE FUND:					
<u>Revenues:</u>					
Tax Revenue	\$ 378,390	\$ 369,775	\$ 373,145	\$ 379,133	\$ 372,631
Interest & Misc.	3,495	1,875	3,699	7,060	5,422
Total Revenues	<u>381,885</u>	<u>371,650</u>	<u>376,844</u>	<u>386,193</u>	<u>378,053</u>
<u>Expenditures:</u>					
Purchased & Contracted Services	16,996	18,523	18,109	18,062	18,801
Debt Service & Related Costs	348,750	348,450	348,050	347,550	346,950
Miscellaneous	0	0	0	0	0
Total Expenditures	<u>365,746</u>	<u>366,973</u>	<u>366,159</u>	<u>365,612</u>	<u>365,751</u>
Excess of Revenues over Expenditures	16,139	4,677	10,685	20,581	12,302
<u>Other Sources (Uses):</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Resources over Expenditures:	<u>\$ 16,139</u>	<u>\$ 4,677</u>	<u>\$ 10,685</u>	<u>\$ 20,581</u>	<u>\$ 12,302</u>
Total Active Retail Water and/or Wastewater Connections	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

PERCENT OF FUND TOTAL REVENUES

2022	2021	2020	2019	2018
39.6%	41.6%	42.7%	45.4%	48.6%
42.9%	40.6%	39.3%	37.1%	34.0%
0.8%	0.3%	0.7%	1.7%	1.0%
16.4%	16.9%	16.4%	15.2%	15.5%
0.3%	0.6%	1.0%	0.5%	0.9%
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
32.5%	34.5%	34.5%	35.8%	38.3%
29.6%	29.6%	29.5%	30.1%	31.2%
2.7%	3.7%	4.2%	2.5%	4.3%
5.2%	4.8%	3.8%	2.7%	5.9%
5.5%	4.4%	3.6%	4.9%	4.7%
5.3%	4.9%	4.7%	5.4%	5.4%
0.3%	0.3%	0.2%	0.2%	0.2%
1.0%	5.0%	5.0%	7.2%	3.0%
<u>82.1%</u>	<u>87.1%</u>	<u>85.5%</u>	<u>88.8%</u>	<u>93.0%</u>
17.9%	12.9%	14.5%	11.2%	7.0%
0.0%	0.0%	0.0%	0.4%	0.7%
<u>17.9%</u>	<u>12.9%</u>	<u>14.5%</u>	<u>11.6%</u>	<u>7.8%</u>
99.1%	99.5%	99.0%	100.6%	98.9%
0.9%	0.5%	1.0%	1.8%	1.4%
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>102.4%</u>	<u>100.3%</u>
4.5%	5.0%	4.9%	4.9%	5.1%
91.3%	93.8%	92.4%	92.2%	92.1%
0.0%	0.0%	0.0%	0.0%	0.0%
<u>95.8%</u>	<u>98.7%</u>	<u>97.2%</u>	<u>97.1%</u>	<u>97.1%</u>
4.2%	1.3%	2.8%	5.3%	3.2%
0.0%	0.0%	0.0%	0.0%	0.0%
<u>4.2%</u>	<u>1.3%</u>	<u>2.8%</u>	<u>5.3%</u>	<u>3.2%</u>
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

SOUTH TEXAS WATER AUTHORITY
INSURANCE COVERAGE
SEPTEMBER 30, 2022

<u>TYPE OF COVERAGE</u>	<u>TYPE OF CORPORATION</u>	<u>POLICY CLAUSE: CO-INSURANCE</u>	<u>AMOUNT OF COVERAGE</u>	<u>INSURER'S NAME</u>
Worker's Compensation	Governmental Pool	No	Statutory	Texas Municipal League
General Liability	Governmental Pool	No	\$ 5,000,000 10,000,000 Agg.	Texas Municipal League
Automobile Liability	Governmental Pool	No	\$ 2,000,000	Texas Municipal League
Errors & Omissions Liability	Governmental Pool	No	\$ 4,000,000 Aggregate \$ 2,000,000 Per Claim	Texas Municipal League
Property Coverage	Governmental Pool	No	\$ 5,341,970	Texas Municipal League
Portable Equipment	Governmental Pool	No	\$ 72,532	Texas Municipal League
Mobile Equipment	Governmental Pool	No	\$ 337,633	Texas Municipal League
Auto Physical Damage	Governmental Pool	No	Actual Cash Value	Texas Municipal League
Board of Directors Surety Bond	Stock	No	\$ 10,000 ea.	Western Surety Company
Notary E & O	Stock	No	\$ 10,000	Western Surety Company
Employee Dishonesty	Stock	No	\$ 25,000	Western Surety Company
Employee Dishonesty (Pension Plan)	Stock	No	\$ 200,000	Western Surety Company

SOUTH TEXAS WATER AUTHORITY
 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
 SEPTEMBER 30, 2022

SOUTH TEXAS WATER AUTHORITY
 2302 SAGE ROAD
 KINGSVILLE, TEXAS 78363
 (361) 592-9323

NAME AND ADDRESS	TERM OF OFFICE ELECTED & EXPIRES OR DATE HIRED	FEES	EXPENSE REIMBURSEMENTS	TITLE AT YEAR END	RESIDENT OF DISTRICT?
BOARD MEMBERS:					
Rudy Galvan 217 JayVee Kingsville, TX 78363	(Appointed) 04-01-21 / 04-01-23	\$ 650.00	-0-	Director	Yes
Kathleen Lowman 6246 FM 70 Bishop, TX 78343	(Appointed) 04-01-21 / 04-01-23	\$ 650.00	-0-	Director	Yes
Imelda Garza 238 N. CR 1016 Kingsville, TX 78363	(Appointed) 04-01-21 / 04-01-23	\$ 500.00	-0-	Sec./Treas.	Yes
Patsy Rodgers P.O. Box 221 Agua Dulce, TX 78330	(Appointed) 04-01-20 / 04-01-22	\$ 550.00	-0-	Director	Yes
Frances Garcia 2207 Colorado Kingsville, TX 78363	(Appointed) 02-22-21 / 04-01-22	\$ 600.00	-0-	Director	Yes
Jose M. Graveley 343 W. CR 2170 Kingsville, TX 78363	(Appointed) 04-01-21 / 04-01-23	\$ 650.00	-0-	Vice-President	Yes
Brandon W. Barrera 1809 W. Sage Rd. Kingsville, TX 78363	(Appointed) 04-01-20 / 04-01-22	\$ 600.00	-0-	President	Yes
Joe Morales 311 E. 2nd Street Bishop, TX 78343	(Appointed) 06-01-21 / 04-01-22	\$ 600.00	-0-	Director	Yes
Angela Pena P.O. Box 262 Driscoll, TX 78351	(Appointed) 5-19-21 / 04-01-23	\$ 450.00	-0-	Director	Yes

NOTE: NO DIRECTOR HAS ANY DIRECT BUSINESS OR FAMILY RELATIONSHIPS (AS DEFINED BY THE TEXAS WATER CODE) WITH MAJOR LAND-OWNERS IN THE DISTRICT, WITH THE DISTRICT'S DEVELOPER, OR WITH ANY OF THE DISTRICT'S CONSULTANTS.

SOUTH TEXAS WATER AUTHORITY
 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
 SEPTEMBER 30, 2022

NAME AND ADDRESS	TERM OF OFFICE		EXPENSE		TITLE AT YEAR END	RESIDENT OF DISTRICT?
	ELECTED & EXPIRES OR DATE HIRED	FEES	REIMBURSEMENTS			
KEY ADMINISTRATIVE PERSONNEL:						
Edward John Marez JMAR Management Consulting, LLC 521 Vacy Street Corpus Christi, TX 78404	07-21	\$100,000	-0-		Administrator	No
Jo Ella Wagner 2302 East Sage Road Kingsville, TX 78363	08-95	-0-	-0-		Assistant Executive Director/ Finance Manager	Yes
Frances DeLeon 2302 East Sage Road Kingsville, TX 78363	09-04	-0-	-0-		Business/Risk Manager	Yes
Nigel Gomez 2302 East Sage Road Kingsville, TX 78363	09-11	-0-	-0-		O & M Supervisor	Yes
INVESTMENT OFFICERS:						
Jo Ella Wagner 2302 East Sage Road Kingsville, TX 78363	08-95	-0-	-0-		Assistant Executive Director/ Finance Manager	Yes
CONSULTANTS:						
ICE-International Consulting Engineers 261 Saratoga Blvd Corpus Christi, TX 78417	01-22	\$0	-0-		Engineers	No
John Womack & Co., P.C. Certified Public Accountants P. O. Box 1147 Kingsville, TX 78364	03-90	\$9,075	-0-		Independent Auditors	Yes
Orlando Juarez, Jr. McCall, Parkhurst, & Horton 700 N. St. Mary's Street, Ste 1525 San Antonio, TX 78205	09-79	\$0	-0-		Bond Counsel	No

SOUTH TEXAS WATER AUTHORITY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2022

NAME AND ADDRESS	TERM OF OFFICE ELECTED & EXPIRES OR DATE HIRED	FBES	EXPENSE REIMBURSEMENTS	TITLE AT YEAR END	RESIDENT OF DISTRICT?
Vicky Valadez Kleberg County Tax Office P. O. Box 1457 Kingsville, TX 78364	08-81	\$25,120	-0-	Tax Collector	Yes
Kevin Keischnick Nueces County Tax Office Nueces Co. Courthouse Suite 301 Corpus Christi, TX 78401	08-81	\$34,267	-0-	Tax Collector	No
Kleberg Co. Appraisal District P. O. Box 1027 Kingsville, TX 78364	08-81	\$20,660	-0-	Appraiser	Yes
Nueces Co. Appraisal District 201 N. Chaparral Suite 206 Corpus Christi, TX 78401	08-81	\$10,846	-0-	Appraiser	No
Robert Viera Ardurra/LNV 801 Navigation, STE 300 Corpus Christi, TX 78408	10-13	\$6,750	-0-	Engineers	No
Bill Flickinger Willatt & Flickinger, PLLC 12912 Hill Country Blvd. Suite F-232 Austin, TX 78738	03-83	\$8,773	-0-	Attorneys	No
Newgen Strategies & Solutions 1300 E. Lookout Drive, STE 100 Richardson, TX 75082	01-02	\$0	-0-	Rate Consultant	No
Hilltop Securities Ann Burger Entekin 211 E. Seventh, Suite 707 Austin, TX 78701	07-84	\$2,500	-0-	Financial Advisors	No
Walker Partners 600 Austin Avenue, STE 20 Waco, TX 76701	01-17	\$0	-0-	Engineers	No

ATTACHMENT 2

Resolution 23-02

SOUTH TEXAS WATER AUTHORITY

Resolution 23-02

A RESOLUTION ACCEPTING THE FISCAL YEAR 2022 AUDIT PREPARED BY JOHN WOMACK & CO., P.C. OF KINGSVILLE, TEXAS.

WHEREAS, the South Texas Water Authority is a functioning Reclamation and Conservation District established by the Texas Legislature, and

WHEREAS, the South Texas Water Authority is required to submit an annual audit in accordance with the Financing Reporting Requirements as established by the Texas Commission on Environmental Quality, and

WHEREAS, the Authority has received and reviewed the Fiscal Year 2022 Audit.

NOW, THEREFORE, BE IT RESOLVED that the South Texas Water Authority Board of Directors accepts the audit prepared by John Womack & Co., P.C. of Kingsville, Texas, for submission to the Texas Commission on Environmental Quality.

Duly adopted this 31st day of January, 2023.

JOSE M. GRAVELEY, PRESIDENT

ATTEST:

IMELDA GARZA, SECRETARY/TREASURER

ATTACHMENT 3

Approval of Minutes

**Minutes for December 20, 2022 & January 17, 2023
will be available for Review & Approval
during the February 28, 2023 Meeting**

ATTACHMENT 4

Quarterly Report/Treasurer's Report/Payment of Bills

Quarterly Report/Treasurer's Report/Payment of Bills

**Will be submitted to the Board on a Separate Email and Presented
during the 1/31/23 Board Meeting**

ATTACHMENT 5

Field Reports

Memorandum

To: South Texas Water Authority Board of Directors and John Marez, Executive Director
From: Nigel Gomez, O&M Supervisor
Date: January 26, 2023
Re: O&M Activities

During the Week of December 5th:

Admin:

- Review GPS records
- City Gallons Report

Operations:

- Collect/Monitor NAP samples – STWA, RWSC & NWSC
- Monitor residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC Meter Run @ Office
- Collect Bac-T Samples
- Weekly CL 17 Verification
- Locates – STWA, RWSC, NWSC
- Completed service orders for NWSC and RWSC
- RWSC Flushing
- Remote Readings – NWSC
- RWSC Meter Readings
- Third Coast Samples

Safety & Maintenance:

- Safety Meetings:
 - “Cutting Pipe Safely With Power Saws”
- Generators – Exercise Transfer Switch
- Weekly Preventative Maintenance – Heavy Equipment
- Disinfect Pump Stations
- Office AC Maintenance, Main AC Filter Change out & Clean Ice Machine
- Daily Vehicle Maintenance Report – Interior, Exterior & Under The Hood Inspections
- Office AC Maintenance

During the Week of December 12th:

Admin:

- Review GPS records
- Water Loss Report
- Water License Exam - NM

Operations:

- Collect/Monitor NAP samples – STWA, RWSC & NWSC

Monitor residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on the 42" line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC Meter Run @ Office

Collect Bac-T Samples

Weekly CL17 Verification

Completed service orders for NWSC and RWSC

Flushing – NWSC & RWSC

Taps & Bores

Fire Extinguisher Maintenance

DR 900 Calibration

Safety & Maintenance:

Safety Meetings:

“Vehicle Safety: Check, Inspect, Drive!”

Generators – Exercise Transfer Switch

Weekly Preventative Maintenance – Heavy Equipment

Daily Vehicle Maintenance Report - Interior, Exterior & Under The Hood

Inspections

During the Week of December 19th:

Admin:

Review GPS records

Christmas Holiday

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC

Monitor residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on the 42" line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC Meter Run @ Office

Collect Bac-T Samples

Weekly CL 17 Verification

Completed service orders for NWSC and RWSC

Exercise Banquete Pump Station Valves

Flushing – NWSC & RWSC

Lockouts – NWSC

Safety & Maintenance:

Safety Meetings:

“Safe Fuel Handling Practices”

Generators – Exercise Transfer Switch

Weekly Preventative Maintenance – Heavy Equipment

Daily Vehicle Maintenance Report - Interior, Exterior & Under The Hood

Inspections

During the Week of December 26th:

Admin:

Christmas Holiday
Review GPS records

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC
Monitor residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on
the 42" line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run &
RWSC Meter Run @ Office
Collect Bac-T Samples
Weekly CL 17 Verification
Taps- RWSC & NWSC
Completed service orders for NWSC and RWSC

Safety & Maintenance:

Generators – Exercise Transfer Switch
Weekly Preventative Maintenance – Heavy Equipment
Daily Vehicle Maintenance Report - Interior, Exterior & Under The Hood
Inspections
Taps- RWSC & NWSC
Completed service orders for NWSC and RWSC
Lockouts – RWSC

To: John Marez, Executive Director

From: Oscar Ortegon, CP Technician

Danny Hinojosa, Assistant CP Technician

Date: January 27, 2023

Re: CP Update

For the month of December 2022, no changes to Contract 2 at this time. Martin Marietta, has started cleaned up our easement so that we have access to install anodes but not completed. CP crew has installed 576 anodes on 397 joints on Contract 2 of the 42" water line. We have replaced 46 old test stations since the beginning of the project. We have completed 45,259 feet out of 51,511 feet in Contract 2. In the meantime, the CP crew has relocated Contract 3. We have been working in Calallen south of Hummingbird Lane and have now installed 112 anodes on 86 joints and 3 test stations on the 42" water line. Compared to last month's report of 99 anodes and 79 joints. We have completed 3,424 feet out of 46,324 feet in Contract 3. Once all Contracts are complete, we can contact to submit quotes for a survey to determine continuity throughout the 42" water main, but the crew has remained busy with other CP related tasks and assisting with other field work for all three entities.

We continue to work on CP related work and helping with other field personnel as follows:

- Continue to perform maintenance and test rectifiers/test stations.
- Continue to maintain grass with herbicide around vaults, manholes, test stations and rectifiers along 42" line.
- Exercise valves pm 42" water main @ FM 2826, Driscoll, Bishop, CR 36, Stevens Plant & Kingsville valve.
- Performed locates for 42" water main.
- Continue to assist O&M with ongoing operations.
- Worked with Clark Pipeline Services on leak ARV west Hearn Rd. behind Fire Station #2 in Calallen.
- Spot dig and locate 42" for AT&T, Hot Wire and AEP on Silverado Rd in Calallen for the new subdivision.
- Worked on getting quotes for a new rectifier on CR 12 & Highway 77 to provide better Cathodic Protection for Contract 2.

ATTACHMENT 6

ARV

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Executive Director/Administrator
Date: January 27, 2023
Re: Discussion/Action on ARV

Background:

Beginning on December 23, 2022 our Cathodic Protection (CP) crew observed serious corrosion on our ARV (Air Release Valve) which connects from the City of Corpus Christi O.N. Stevens Plant to our 42" Transmission line that passes from Leopard & I-37 south to the STWA Office in Kingsville. For nearly a week our Operations & Maintenance Department along with our partners from CCW (Corpus Christi Water Department) worked on locating parts and devising a plan to replace this essential lifeline for the STWA system.

Ultimately CCW connected us to Clark Pipeline which is the go-to contractor for all CCW repairs, replacements to their Transmission lines within the Corpus Christi Water System. Clark Pipeline helped our staff locate hard to replace parts and finally got all parts replaced on January 10, 2023.

Analysis:

The repairs were made by Clark Pipeline staff since this type of work was beyond the scope and size of our crews. Had the ARV malfunctioned prior to repairs the loss of water would have been catastrophic and felt system wide for the STWA and our wholesale customers.

Attached is an itemized list of the final price tag to repair this vital piece. Based on STWA's own assessment the repair and associated labor cost is far less than what we were initially informed.

Staff Recommendation:

Accept approval of the invoice submitted by Clark Pipeline

Board Action:

Motion to Accept Invoice as Submitted

Summary:

The replacement of the ARV should have been monitored with a proper maintenance schedule throughout the years leading up to this event. Thankfully our staff are now aware of that issue and will review any other ARVs we have throughout the STWA. It is important to note that this ARV is essential to water throughout our system and any other ARV could have noticeable impact but nothing on the scale had this piece failed in December. Along through our on-site meetings we were accompanied by ICE to provide the STWA an engineer review to evaluate the critical nature of replacing this part.



TIME AND MATERIAL INVOICE SUBMISSION

Invoice #: STX01102023

Date:	1/10/2023
Customer:	South Texas Water Authority
Job Name:	STX 42" ARV Replacement
Work Authorized By:	John Marez

SCOPE OF WORK

Clark Pipeline Was tasked with the emergency repair of a 42" ARV located in a cul de sac near Hearn Rd.

MATERIALS EXPENSE		Invoice Amount	Description
1	Fergusons	Invoice 1353109	\$ 750.95 16x6 in Flanged Ductile Iron
2	Fergusons	Invoice 1353126	\$ 364.50 Flange Adapters
3	Fergusons	Invoice 1353132	\$ 5,749.89 6" ARV
		TOTAL	\$ 6,865.34

GENERAL CONTRACTOR LABOR EXPENSE

Employee Name	Hourly Rate	Hrs	Total
1 Thomas Tise (Regular)	\$ 54.75	40	\$ 2,190.00
1 Thomas Tise (Overtime)	\$ 82.13	10	\$ 821.25
2 Erick Garcia (Regular)	\$ 57.69	7	\$ 403.85
2 Erick Garcia (Overtime)	\$ 86.54		\$ -
3 Luis Urbina (Regular)	\$ 18.00	40	\$ 720.00
3 Luis Urbina (Overtime)	\$ 27.00	12	\$ 324.00
4 Adrian Ramirez (Regular)	\$ 15.00	40	\$ 600.00
4 Adrian Ramirez (Overtime)	\$ 22.50	10	\$ 225.00
5 Eliseo Navarro (Regular)	\$ 17.00	40	\$ 680.00
5 Eliseo Navarro (Overtime)	\$ 25.50	10	\$ 255.00
6 Nilesch Patel (Regular)	\$ 60.10	2.5	\$ 150.24
6 Nilesch Patel (Overtime)	\$ 90.14		\$ -
TOTAL			\$ 6,369.34

GENERAL CONTRACTOR EQUIPMENT EXPENSE

Equipment	Daily Rate	Days	Total
Work Truck	\$ 227.46	5	\$ 1,137.30
Work Truck	\$ 227.46	5	\$ 1,137.30
Generator	\$ 23.41	2	\$ 46.82
Cat 420 Backhoe	\$ 487.66	1	\$ 487.66
Submersible Pump & Hoses	\$ 81.00	3	\$ 243.00
TOTAL			\$ 3,052.08

PROJECT INVOICE SUMMARY

Material Expense	\$ 6,865.34
Material Overhead and Profit (20%)	\$ 1,373.07
G.C. Labor Expense	\$ 6,369.34
Labor Expense Overhead and Profit (20%)	\$ 1,273.87
Contractor Payroll Tax and Insurance (55%)	\$ 3,503.14
Contractor Equipment Expense	\$ 3,052.08
Contractor Equipment Overhead and Profit (20%)	\$ 610.42
TOTAL	\$ 23,047.24

Please Make Check Payable To: Clark Pipeline Services
 Clark Pipeline Services LLC
 6229 Leopard Street
 Corpus Christi, Texas 78409
 361-929-5822 * Billing@clarkpipeline.com



ARV Replacement Labor Breakdown Summary

Employees	Site Assessment and Coordination with Suppliers	Stabilization of the valve and replacement of valve stem bolts. Exercising the valve to reduce the flow thru the ARV assembly		Removal and Replacement of rusted bolts on 16" Valve connection to flange adapter. Bolts were not able to be excised mechanically so they had to be torched and drilled		Removal and Replacement of ARV assembly/ Final Cleanup	Total
		28-Dec	1/4/2023	1/5/2023	1/6/2023		
Luis Urbina	0	10.5	10.5	10.5	10.5	10	52
Adrian Ramirez	0	10	10	10	10	10	50
Eliseo Navarro	0	10	10	10	10	10	50
Thomas Tise	0	10	10	10	10	10	50
Erick Garcia	1	0	0	1	1	4	7
Nilesh Patel	1	0	0.5	0	1	0	2.5
TOTAL							211.5

John Marez

From: John Marez <jmarez@stwa.org>
Sent: Tuesday, January 10, 2023 8:53 PM
To: Jose Gravely
Cc: John Marez
Subject: Re: ARV Replacement near ON Stevens Plant

Resending latest email update. I got a return error message.

On Jan 10, 2023, at 8:48 PM, John Marez <jmarez@stwa.org> wrote:

Update: all repairs were made successfully. Please review the additional photos that show how essential it was to replace part of the valve.

Our staff will work on developing a better method to observe and repair any old or faulty parts for our 20+ ARVs throughout the entire system.











On Jan 10, 2023, at 12:07 PM, John Marez <jmarez@stwa.org> wrote:

President Graveley & Board,

We currently have a contractor replacing an Air Release Valve located on our transmission line near the O.N. Stevens plant in Corpus Christi. Our crews along with the help of Clark Construction identified the imminent need for replacement. Our water tanks are topped off to provide water to customers.

You will be notified once the project is complete which should be no later than the close of business today.

Let me know if you have any questions on this or any other item.



ATTACHMENT 7

STWA Master Plan

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Executive Director/Administrator
Date: January 27, 2023
Re: STWA Master Plan

Background:

For all companies, whether privately owned, membership based or government run, each must establish a set of short- and long-term goals that establish a finish line for projects and holds management and staff accountable to reach those objectives.

With our presentations from both the Water Finance Exchange and International Consulting Engineers during our December 20, 2022 meeting the board was giving a presentation that outlined the philanthropic funding opportunities from WFX and the engineering network of ICE that will be the key to our future success in reaching our current needs and planning for our future ambitions. The items before you will formalize the motion made during last month's meeting which establishes both WFX and ICE to work on the financial and engineering visioning for the STWA.

Analysis:

The resolutions before you allow the South Texas Water Authority to enter into a formal agreement with WFX and ICE to guide and complete a Mater Plan that establishes our goals for at least the next 5 years.

Staff Recommendation:

Accept both resolutions and authorize the formal agreement with Water Finance Exchange and International Consulting Engineers.

Board Action:

Motion to Accept Resolution 23-03 & 23-04

Summary:

Both companies are nationally recognized for their expertise in the areas of finance, water/environmental policy and engineering. Entering into these agreements allows the STWA board to actively guide our vision for the future while ensuring that our current small- and large-scale projects receive funding options not previously available to the Authority and our entire system.

January 25, 2023

Hon. John Marez
Exec Dir/Administrator
South Texas Water Authority
2302 E. Sage Road
Kingsville, Texas 78363

Honorable John Marez,

We have appreciated being a part of the impactful discussions with you and Mr. Jesus Jimenez regarding the outlook of economic development opportunities and the importance of the residential customers that the South Texas Water Authority (“STWA”) serves. Your leadership in helping the STWA region address its water infrastructure challenges and economic development opportunities is admirable, and we look forward to supporting your efforts. The purpose of this letter is to set forth the scope of work and expectations of the respective parties.

As we have discussed, WFX is a partnership with federal and state funders, water sector leaders, traditional lenders and philanthropy to solve the funding shortage of water infrastructure projects impacting thousands of communities across the U.S. As a 501(c)(3) non-profit, WFX is not selling any products or financial instruments; rather, our mission is to achieve sustainable outcomes by helping communities access pre-development support, expertise, and financing opportunities.

While the path to a sustainable outcome can be filled with daunting challenges and difficult decisions, sustainable water and wastewater systems are integral not only to protecting public health but serve as a solid foundation for local economic stability and growth.

We are excited about the opportunity to work with you and the residents in the STWA region, and we are offering to support the efforts on four fronts:

- (1) offer guidance to STWA in organizing an approach to addressing capital project planning;
- (2) work with STWA to engage the region to provide collaborative solutions for water resource sustainability;
- (3) assist with identifying funding opportunities and help guide the application process to develop a financial plan to support the communities’ efforts to secure funds for the various projects under consideration; and
- (4) provide expertise to help the STWA determine the best path forward for sustainability and affordability.

In developing such guidance, WFX will communicate with the STWA to request necessary documents, provide applicable in-house expertise, evaluate financing capacity, and assist with outside

professionals as needed or requested. Any financial plan will include a high-level estimation of the revenue requirements, based on a community's revenue and operating cost history, planned capital improvements, and current and anticipated debt service payments. The purpose of the financial plan is to provide the STWA with insights regarding how much revenue will need to increase under alternative funding and financing scenarios that may be a part of the larger funding options.

We view the primary success metrics for the four elements identified above to be:

- (1) creating a capital improvement plan to address the economic development and water resource opportunities;
- (2) successfully achieving a menu of funding options that can address the capital improvement program through time while offering affordability options through financial planning; and
- (3) encouraging sustainability of the projects through the application of WFX expertise for long term solutions

Our collective experience has shown that communities who demonstrate bold leadership to address their infrastructure needs – and who are willing to roll-up their sleeves to do the hard work – will be rewarded for their diligence. We believe that progress is possible with a regional approach and collaborative mindset, a regional approach and collaboration among the neighboring communities, commercial opportunities and residence.

WFX is excited to work with the you and the other communities of Nueces and Kleberg County and at this stage has agreed to waive fees to provide the support as described. The only condition to our assistance is the South Texas Water Authority continue its commitment on behalf of these efforts; for example, holding regular action-oriented meetings and assisting in the collaboration of regional communities. If STWA authorizes working with WFX under these terms, please sign below and return an executed copy.

Sincerely,

Rogelio Rodriguez
Texas Director, WFX

On Behalf of:
South Texas Water Authority

Honorable John Marez or designee
Exec Dir/Administrator
South Texas Water Authority



January 26, 2023

John Marez
Executive Director
South Texas Water Authority (STWA)
2302 E Sage Rd
Kingsville, Texas 78363

Re: STWA Water Master Plan – MSA TASK ORDER PROPOSAL

Dear John,

International Consulting Engineers (ICE) is pleased to furnish the following scope of work for professional services for the preparation of the STWA Water Masterplan.

The proposed scope of work for Professional Services is as follows:

- Project Kickoff Meeting
- Planning and Coordination with Client and Other Agencies
- Develop Master Water Plan Timeframe and Schedule
- Data Collection
- Site Visits / Field Observations
- Baseline Study / Analyze Current Conditions
- Review Existing Water Infrastructure Needs
- Assess Environmental Impact
- Forecast Future Growth / Identify Second Source
- GIS Model Review / Coordination for Improvements
- Identification of Area of Concern
- Perform Financial and Economic Analysis
- CIP Recommendations

Our fee for providing the professional services stated above total **\$81,372** (*Eighty-One Thousand Three Hundred Seventy-Two Dollars and No Cents*). If we can provide additional information or be of further service, please do not hesitate to contact me at 361.826.5805 or via e-mail at JJ@icengineers.net or Ivan Luna at 361.826.5805 or via e-mail ivan@icengineers.net

Sincerely,

A handwritten signature in black ink, appearing to read 'Jesus J. Jimenez', with a stylized flourish at the end.

Jesus J. Jimenez, P.E., CFM
President / CEO

TASK	PROJ. MANAGER II	ENGINEER IV	ENGINEER II	DESIGNER II	TECHNICIAN IV	2 MAN SURVEY CREW	SR. SURVEY TECH.	ADMIN. / CLERICAL	REIMBURSED COSTS
A. PROFESSIONAL SERVICES:									
Hourly Rates	\$ 178	\$ 146	\$ 104	\$ 120	\$ 98	\$ 175	\$ 119	\$ 52	
I. PROJECT COORDINATION									
1.1 Project Kickoff Meeting	4	4	4					4	
1.2 Planning and Coordination with Client and Other Agencies	2	20						4	
1.3 Develop Master Water Plan Timeframe & Schedule			2						
TOTAL PROJECT COORDINATION MAN-HOURS	6	24	6	0	0	0	0	8	\$0
TOTAL PROJECT COORDINATION FEES	\$1,068	\$3,504	\$624	\$0	\$0	\$0	\$0	\$416	\$0
TOTAL PROJECT COORDINATION COST	\$5,612								

II. ENGINEERING DESIGN SERVICES									
2.1 Data Collection / Site Visits / Field Observations	2	16	16	8	16	8	8	4	
2.2 Baseline Study / Analyze Current Conditions	2	20	12					4	
2.3 Review Existing Water Infrastructure Needs	4	16	32					4	
2.4 Assess Environmental Impact	4	24	20					4	
2.5 Forecast future growth / identify second source	8	48	24	8	16			4	
2.6 GIS Model Review / Coordination for Improvements	4	24	20					2	
2.7 Identification of Areas of Concern	8	8	16	8	16			2	
2.8 Perform financial and economic analysis	4	40	24					2	
2.9 CIP Recommendations / Future Requirements	4	24	28	16	32			4	
TOTAL ENGINEERING DESIGN MAN-HOURS	40	220	192	40	80	8	8	30	0
TOTAL ENGINEERING DESIGN FEES	\$7,120	\$32,120	\$19,968	\$4,800	\$7,840	\$1,400	\$952	\$1,560	\$0
TOTAL ENGINEERING DESIGN COST	\$75,760								

IV. SPECIAL SERVICES									
4.1 Mileage									
4.2 Per Diem									
TOTAL PER DIEM AND TRAVEL	0	0	0	0	0	0	0	0	0
TOTAL PER DIEM AND TRAVEL FEES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PER DIEM AND TRAVEL COST	\$0								
TOTAL EST. MAN-HOURS FOR PROFESSIONAL SERVICES	46	244	198	40	80	8	8	38	
SERVICES	\$8,188	\$35,624	\$20,592	\$4,800	\$7,840	\$1,400	\$952	\$1,976	\$0
SERVICES	\$81,372								

ATTACHMENT 8

Resolution 23-03

RESOLUTION 23-03

Whereas, water is vital to all aspects of life, and

Whereas, one of our central tasks as the South Texas Water Authority, Texas is to ensure the access for our citizens to this vital resource, and;

Whereas, communities and our environment depend on clean water, and;

Whereas, one of the best ways to ensure this access and service delivery is to incorporate resiliency and readiness into our existing and future water system, and;

Whereas, access and availability to water resources can encourage economic development, and;

Whereas, data monitoring and testing can inform smart approaches to water infrastructure to enhance the ability of our natural environment to generate and sustain the water resources necessary to sustain all life in our region, and;

Whereas, resiliency, readiness, data monitoring, testing, and water infrastructure can be combined to form the soundest approach to sustained economic growth and job creation, and;

Whereas, we are aware that the billions of dollars currently available for water infrastructure under the Federal Infrastructure Investment and Jobs Act through the State Revolving Funds and other funding sources represent an historic and generational opportunity that will not soon return, and;

Whereas, we understand that the best chance of obtaining our fair share of this funding is to work together as a region, and;

Whereas, the South Texas Water Authority will participate in paving the way toward greater regional cooperation and collaboration to meet the many water needs within our communities, and;

Whereas, the South Texas Water Authority currently enjoys the expert services of Water Finance Exchange and other consultants at no cost;

BE IT HEREBY RESOLVED that the South Texas Water Authority officially commits itself to actively participate in the local and regional process, to identify, develop, and pursue water focused projects and funding for the benefit of all our residents.

PASSED AND APPROVED on 1/31/2023

Jose Graveley
President of the Board
South Texas Water Authority

Imelda Garza
Secretary of the Board
South Texas Water Authority [attest]

ATTACHMENT 9

Resolution 23-04

SOUTH TEXAS WATER AUTHORITY

Resolution 23-04

A RESOLUTION ENTERING INTO A PROFESSIONAL SERVICES CONTRACT WITH INETERNATIONAL CONSULTING ENGINEERS OF CORPUS CHRISTI, TEXAS.

WHEREAS, the South Texas Water Authority is a functioning Reclamation and Conservation District established by the Texas Legislature, and

WHEREAS, the South Texas Water Authority is allowed to enter into Professional Service Contracts as established by state statute, and

WHEREAS, the Authority has received and reviewed the proposed contract to create a Master Plan to set future goals and pursue funding and infrastructure opportunities, and

WHEREAS, the Authority by entering into agreement with Water Finance Exchange will assist the Authority in compensating for the contract entered with International Consulting Engineers.

NOW, THEREFORE, BE IT RESOLVED that the South Texas Water Authority Board of Directors accepts the professional services contract with International Consulting Engineers, of Corpus Christi, Texas, for services to provide a Master Plan for the South Texas Water Authority.

Duly adopted this 31st day of January, 2023.

JOSE M. GRAVELEY, PRESIDENT

ATTEST:

IMELDA GARZA, SECRETARY/TREASURER

ATTACHMENT 10

Conveyance of Section of Waterline to City of Corpus Christi

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Executive Director
Date: January 27, 2023
Re: Update On Conveyance of Section of 42" Waterline to the City of Corpus Christi

Background:

The relocation of the master meter is located at the ON Stevens Water Treatment Plant (WTP) in the Calallen of Corpus Christi near the intersection of US 77/I-69 and Leopard Street. The relocate of this meter is set for the intersection of US 77/I-69 and County Road 52. This agreement was previously taken by board action and will convert the ownership title of the approximately 7,000 LF (linear feet) of 42" waterline from the STWA to the City. This shift will allow the City who has determined that the area south of Calallen will likely require water service as a result of increased housing developments in response to new industries locating within our region. In order to avoid extending the City's own lines under a pre-existing railroad track, the City has requested the relocation of STWA's meter thereby acquiring ownership of a portion of the 42" waterline.

Analysis:

Our management team and I have been in communication with CCW management in planning for the future relocation. We have met with CCW in person in December for an in-office meeting and have met with field staff on-site along County Road 52. Our previous STWA board already approved this move and now staff will work to coordinate the timeframe for the relocation of the meter.

We have had some discussion with CCW about the size of the new meter. CCW has advised to reduce the overall size of the meter (currently we are 16") and to reduce to an 8" meter that can provide for 10 MGD (million gallons per day). Our engineers are reviewing and will assist the STWA to determine what exact size to use.

Staff Recommendation:

Staff will provide CCW a response once we receive a recommendation for future capacity.

Board Action:

No action is needed at this time. This item is informational only.

Summary:

With the plans for at least one large industrial water customer with STWA boundaries it is essential that the STWA have the proper sized meter installed. Our management team will continue to work with our engineers to determine the appropriate size.

ATTACHMENT 11

NCWC&ID #5 Wholesale Water Supply and Operation & Maintenance of Facilities Contracts

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Executive Director
Date: January 27, 2023
Re: Update on NCWCID#5 Wholesale Water Supply Contract and O&M of Facilities Contract

Background:

Since November 2015, the STWA has made numerous attempts to get an agreement with the Nueces County Water Control & Improvement District #5 (Banquete) to sign a water and O&M contract with the STWA. Because NCWCID#5 has not agreed to a water contract they and their customers are paying a higher water rate compared to our other STWA wholesale customers that pay at a lower water contracted rate. From the onset of my appointment to the STWA I have made numerous contacts and attempted contacts with the NCWCID#5 and their board officers. While I have recently received some promising news that the NCWCID#5 would be interested in signing a water contract talks have ended.

Analysis:

The STWA continues to make it's due diligence in reaching out to the NCWCID#5 to resolve this matter in their favor. Unfortunately when discussions with NCWCID#5 seem promising they fall apart until the STWA is called upon to assist with a dire water emergency for their residents. We assist despite not having a signed O&M agreement with the NCWCID#5 and support their emergency needs as a sign of good will.

Staff Recommendation:

I will continue to reach out to the NCWCID#5 Board President and make arrangements to have a signed water contract between both entities.

Board Action:

No formal board action is required. This item is informational only.

Summary:

The NCWCID#5 is an independent water system that is a wholesale customer of the STWA. They are paying a higher water rate as compared to if they signed a water & Operations and Maintenance Facility contract with us. In the attachment you will find the NCWCID#5 overall have paid nearly \$50,000 in higher rates as a result of not signing a contract with the STWA.

Nueces County Water Control & Improvement District #5
Bulk Water Sales

<i>Month of Purchase</i>	<i>Water Cost from CC per 1000g</i>	<i>Gallons</i>	<i>Cost of Water</i>	<i>Handling Charge</i>	<i>Incremental Increase</i>	<i>Amount</i>	<i>In Lieu of Taxes</i>	<i>Net Amount</i>
				\$0.500000	\$0.500000			
<i>October-22</i>	\$2.132716	1,667,660	\$3,556.65	\$833.83	\$833.83	\$5,224.31	\$1,004.76	\$6,229.07
<i>November-22</i>	\$2.134378	1,520,720	\$3,245.79	\$760.36	\$760.36	\$4,766.51	\$1,004.76	\$5,771.27
<i>December-22</i>	\$2.130609	1,950,980	\$4,156.78	\$975.49	\$975.49	\$6,107.76	\$1,004.76	\$7,112.52
<i>January-23</i>	\$0.000000							
<i>February-23</i>	\$0.000000							
<i>March-23</i>	\$0.000000							
<i>April-23</i>	\$0.000000							
<i>May-23</i>	\$0.000000							
<i>June-23</i>	\$0.000000							
<i>July-23</i>	\$0.000000							
<i>August-23</i>	\$0.000000							
<i>September-23</i>	\$0.000000							
TOTAL		5,139,360	\$10,959.21	\$2,569.68	\$2,569.68	\$16,098.57	\$3,014.28	\$19,112.85

Nueces County Water Control & Improvement District #5

Bulk Water Sales

<i>Month of Purchase</i>	<i>Water Cost from CC per 1000g</i>	<i>Gallons</i>	<i>Cost of Water</i>	<i>Handling Charge</i>	<i>Incremental Increase</i>	<i>Amount</i>	<i>In Lieu of Taxes</i>	<i>Net Amount</i>
				\$0.426386	\$0.426386			
<i>October-21</i>	\$2.626163	2,055,980	\$5,399.34	\$876.64	\$876.64	\$7,152.62	\$796.82	\$7,949.44
<i>November-21</i>	\$2.630873	1,538,950	\$4,048.78	\$656.19	\$656.19	\$5,361.16	\$796.82	\$6,157.98
<i>December-21</i>	\$2.628523	1,788,870	\$4,702.09	\$762.75	\$762.75	\$6,227.58	\$796.82	\$7,024.40
<i>January-22</i>	\$2.113888	1,757,900	\$3,716.00	\$749.54	\$749.54	\$5,215.09	\$796.82	\$6,011.91
<i>February-22</i>	\$2.137577	1,455,620	\$3,111.50	\$620.66	\$620.66	\$4,352.81	\$796.82	\$5,149.63
<i>March-22</i>	\$2.132770	1,808,160	\$3,856.39	\$770.97	\$770.97	\$5,398.34	\$796.82	\$6,195.16
<i>April-22</i>	\$2.128306	1,941,460	\$4,132.02	\$827.81	\$827.81	\$5,787.64	\$796.82	\$6,584.46
<i>May-22</i>	\$2.125846	2,092,240	\$4,447.78	\$892.10	\$892.10	\$6,231.98	\$796.82	\$7,028.80
<i>June-22</i>	\$2.125441	1,830,550	\$3,890.73	\$780.52	\$780.52	\$5,451.77	\$796.82	\$6,248.59
<i>July-22</i>	\$2.121555	2,508,310	\$5,321.52	\$1,069.51	\$1,069.51	\$7,460.53	\$796.82	\$8,257.35
<i>August-22</i>	\$2.125162	2,159,900	\$4,590.14	\$920.95	\$920.95	\$6,432.04	\$796.82	\$7,228.86
<i>September-22</i>	\$2.136999	1,590,550	\$3,399.00	\$678.19	\$678.19	\$4,755.38	\$796.82	\$5,552.20
TOTAL		22,528,490	\$50,615.29	\$9,605.83	\$9,605.83	\$69,826.95	\$9,561.84	\$79,388.79

Nueces County Water Control & Improvement District #5
Bulk Water Sales

<i>Month of Purchase</i>	<i>Water Cost from CC per 1000g</i>	<i>Gallons</i>	<i>Cost of Water</i>	<i>Handling Charge</i>	<i>Incremental Increase</i>	<i>Amount</i>	<i>In Lieu of Taxes</i>	<i>Net Amount</i>
				\$0.426386	\$0.426386			
<i>October-20</i>	\$2.510093	1,634,680	\$4,103.20	\$697.00	\$697.00	\$5,497.21	\$815.01	\$6,312.22
<i>November-20</i>	\$2.513835	1,985,700	\$4,991.72	\$846.67	\$846.67	\$6,685.07	\$815.01	\$7,500.08
<i>December-20</i>	\$2.527490	1,784,340	\$4,509.90	\$760.82	\$760.82	\$6,031.54	\$815.01	\$6,846.55
<i>January-21</i>	\$2.631209	1,991,150	\$5,239.13	\$849.00	\$849.00	\$6,937.13	\$815.01	\$7,752.14
<i>February-21</i>	\$1.789671	1,402,100	\$2,509.30	\$597.84	\$597.84	\$3,704.97	\$815.01	\$4,519.98
<i>March-21</i>	\$2.625722	1,632,890	\$4,287.52	\$696.24	\$696.24	\$5,680.00	\$815.01	\$6,495.01
<i>April-21</i>	\$2.623022	1,896,060	\$4,973.41	\$808.45	\$808.45	\$6,590.31	\$815.01	\$7,405.32
<i>May-21</i>	\$2.624472	1,913,610	\$5,022.22	\$815.94	\$815.94	\$6,654.09	\$815.01	\$7,469.10
<i>June-21</i>	\$2.623123	1,411,500	\$3,702.54	\$601.84	\$601.84	\$4,906.23	\$815.01	\$5,721.24
<i>July-21</i>	\$2.623056	1,431,650	\$3,755.30	\$610.44	\$610.44	\$4,976.17	\$815.01	\$5,791.18
<i>August-21</i>	\$2.619882	1,738,940	\$4,555.82	\$741.46	\$741.46	\$6,038.74	\$815.01	\$6,853.75
<i>September-21</i>	\$2.624316	2,293,890	\$6,019.89	\$978.08	\$978.08	\$7,976.06	\$815.01	\$8,791.07
<i>TOTAL</i>		21,116,510	\$53,669.94	\$9,003.78	\$9,003.78	\$71,677.50	\$9,780.12	\$81,457.62

Nueces County Water Control & Improvement District #5

Bulk Water Sales

<i>Month of Purchase</i>	<i>Water Cost from CC per 1000g</i>	<i>Gallons</i>	<i>Cost of Water</i>	<i>Handling Charge</i>	<i>Incremental Increase</i>	<i>Amount</i>	<i>In Lieu of Taxes</i>	<i>Net Amount</i>
				<u>\$0.426386</u>	<u>\$0.426386</u>			
<i>October-19</i>	\$2.555317	2,031,690	\$5,191.61	\$866.28	\$866.28	\$6,924.18	\$805.00	\$7,729.18
<i>November-19</i>	\$2.554158	1,869,870	\$4,775.94	\$797.29	\$797.29	\$6,370.52	\$805.00	\$7,175.52
<i>December-19</i>	\$2.556238	1,717,560	\$4,390.49	\$732.34	\$732.34	\$5,855.18	\$805.00	\$6,660.18
<i>January-20</i>	\$2.517187	1,607,490	\$4,046.35	\$685.41	\$685.41	\$5,417.18	\$805.00	\$6,222.18
<i>February-20</i>	\$2.520362	1,490,560	\$3,756.75	\$635.55	\$635.55	\$5,027.86	\$805.00	\$5,832.86
<i>March-20</i>	\$2.516457	1,618,160	\$4,072.03	\$689.96	\$689.96	\$5,451.95	\$805.00	\$6,256.95
<i>April-20</i>	\$2.513452	1,619,360	\$4,070.18	\$690.47	\$690.47	\$5,451.13	\$805.00	\$6,256.13
<i>May-20</i>	\$2.512156	1,864,900	\$4,684.92	\$795.17	\$795.17	\$6,275.25	\$805.00	\$7,080.25
<i>June-20</i>	\$2.514564	2,546,650	\$6,403.71	\$1,085.86	\$1,085.86	\$8,575.43	\$805.00	\$9,380.43
<i>June invoice corrections</i>		-27,000	-\$67.89	-\$11.52	-\$11.52	-\$90.93		-\$90.93
<i>July-20</i>	\$2.511054	1,744,010	\$4,379.30	\$743.62	\$743.62	\$5,866.55	\$805.00	\$6,671.55
<i>August-20</i>	\$2.510710	1,711,330	\$4,296.65	\$729.69	\$729.69	\$5,756.03	\$805.00	\$6,561.03
<i>September-20</i>	\$2.509620	1,571,720	\$3,944.42	\$670.16	\$670.16	\$5,284.74	\$805.00	\$6,089.74
<i>TOTAL</i>		<u>21,366,300</u>	<u>\$53,944.48</u>	<u>\$9,110.29</u>	<u>\$9,110.29</u>	<u>\$72,165.06</u>	<u>\$9,660.00</u>	<u>\$81,825.06</u>

Nueces County Water Control & Improvement District #5

Bulk Water Sales

Month of Purchase	Water Cost from CC per 1000g	Gallons	Cost of Water	Handling Charge	Incremental Increase	Amount	In Lieu of Taxes	Net Amount
				\$0.426386	\$0.426386			
<i>October-18</i>	\$2.400926	1,969,400	\$4,728.38	\$839.72	\$839.72	\$6,407.83	\$776.49	\$7,184.32
<i>November-18</i>	\$2.394856	2,079,220	\$4,979.43	\$886.55	\$886.55	\$6,752.53	\$776.49	\$7,529.02
<i>December-18</i>	\$2.397809	2,301,060	\$5,517.50	\$981.14	\$981.14	\$7,479.78	\$776.49	\$8,256.27
<i>January-19</i>	\$2.563857	1,919,740	\$4,921.94	\$818.55	\$818.55	\$6,559.04	\$776.49	\$7,335.53
<i>February-19</i>	\$2.562148	1,638,550	\$4,198.21	\$698.65	\$698.65	\$5,595.52	\$776.49	\$6,372.01
<i>March-19</i>	\$2.560199	1,621,910	\$4,152.41	\$691.56	\$691.56	\$5,535.53	\$776.49	\$6,312.02
<i>April-19</i>	\$2.558795	1,739,270	\$4,450.44	\$741.60	\$741.60	\$5,933.64	\$776.49	\$6,710.13
<i>May-19</i>	\$2.558340	1,848,830	\$4,729.94	\$788.32	\$788.32	\$6,306.57	\$776.49	\$7,083.06
<i>June-19</i>	\$2.556945	1,866,580	\$4,772.74	\$795.88	\$795.88	\$6,364.51	\$776.49	\$7,141.00
<i>July-19</i>	\$2.553430	2,027,620	\$5,177.39	\$864.55	\$864.55	\$6,906.48	\$776.49	\$7,682.97
<i>August-19</i>	\$2.551188	2,619,900	\$6,683.86	\$1,117.09	\$1,117.09	\$8,918.03	\$776.49	\$9,694.52
<i>September-19</i>	\$2.554608	2,297,950	\$5,870.36	\$979.81	\$979.81	\$7,829.99	\$776.49	\$8,606.48
TOTAL		23,930,030	\$60,182.60	\$10,203.43	\$10,203.43	\$80,589.46	\$9,317.88	\$89,907.34

Nueces County Water Control & Improvement District #5

Bulk Water Sales

<i>Month of Purchase</i>	<i>Water Cost from CC per 1000g</i>	<i>Gallons</i>	<i>Cost of Water</i>	<i>Handling Charge</i>	<i>Incremental Increase</i>	<i>Amount</i>	<i>In Lieu of Taxes</i>	<i>Net Amount</i>
				\$0.426386	\$0.426386			
<i>October-17</i>	\$2.312247	2,107,860	\$4,873.89	\$898.76	\$0.00	\$5,772.65	\$731.47	\$6,504.12
<i>November-17</i>	\$2.316174	1,979,060	\$4,583.85	\$843.84	\$0.00	\$5,427.69	\$731.47	\$6,159.16
<i>December-17</i>	\$2.349496	2,033,820	\$4,778.45	\$867.19	\$867.19	\$6,512.84	\$731.47	\$7,244.31
<i>January-18</i>	\$2.397528	2,288,560	\$5,486.89	\$975.81	\$975.81	\$7,438.51	\$731.47	\$8,169.98
<i>February-18</i>	\$2.400483	1,929,340	\$4,631.35	\$822.64	\$822.64	\$6,276.63	\$731.47	\$7,008.10
<i>March-18</i>	\$2.392127	2,270,690	\$5,431.78	\$968.19	\$968.19	\$7,368.16	\$731.47	\$8,099.63
<i>April-18</i>	\$2.394525	2,277,260	\$5,462.04	\$970.99	\$970.99	\$7,404.02	\$731.47	\$8,135.49
<i>May-18</i>	\$2.396732	2,324,680	\$5,571.63	\$991.21	\$991.21	\$7,554.06	\$731.47	\$8,285.53
<i>June-18</i>	\$2.390820	1,910,140	\$4,566.80	\$814.46	\$814.45	\$6,195.71	\$731.47	\$6,927.18
<i>July-18</i>	\$2.389603	1,913,790	\$4,573.20	\$816.01	\$816.01	\$6,205.22	\$731.47	\$6,936.69
<i>August-18</i>	\$2.391852	2,158,260	\$5,162.24	\$920.25	\$920.25	\$7,002.74	\$731.47	\$7,734.21
<i>September-18</i>	\$2.396571	1,950,330	\$4,674.10	\$831.59	\$831.59	\$6,337.29	\$731.47	\$7,068.76
TOTAL		25,143,790	\$59,796.22	\$10,720.96	\$8,978.34	\$79,495.51	\$8,777.64	\$88,273.15