
ANNUAL FINANCIAL REPORT

CAMERON COUNTY DRAINAGE
DISTRICT NO. 5

SEPTEMBER 30, 2020

CAMERON COUNTY DRAINAGE DISTRICT NO. 5

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

ALAN MOORE
GENERAL MANAGER

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED

SEPTEMBER 30, 2019

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BUFFO & BERKMAN

CERTIFIED PUBLIC ACCOUNTANTS

**324 E. HIDALGO BOX 710 956-689-2479
RAYMONDVILLE, TEXAS 78580**

March 9, 2021

Independent Auditor's Report

Board of Directors
Cameron County Drainage District No. 5
Harlingen, Texas 78550

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund for Cameron County Drainage District No. 5, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Cameron County Drainage District No. 5, as of September 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information such as management's discussion and analysis, budgetary comparison information and pension information on pages 7 through 12, page 35 and pages 37 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cameron County Drainage District No. 5's basic financial statements. The other schedules are presented for purpose of additional analysis and are not a required part of the basic financial statements.

These other schedules are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion the other schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

BUFFO & BERKMAN
Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION

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CAMERON COUNTY DRAINAGE DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

(UNAUDITED)

Our discussion and analysis of Cameron County Drainage District No. 5's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the District's basic financial statements and accompanying notes to those financial statements which begin on page 15.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

For governmental activities, fund financial statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and the non-appropriated budget.

The notes to the financial statements (starting on page 19) provide narrative explanations or additional data needed for full disclosure in the government-wide statements of the fund financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$36,940,758 (*net position*). Of this amount \$3,863,853 (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$1,335,192.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,671,437, an increase of \$127,325 in comparison with the prior year. \$3,671,437 is *available for spending* at the District's discretion (unassigned fund balance).

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 15. Its primary objective is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities while the Statement of Activities includes all the income and expenses generated by the District's operations during the year. These apply the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's income and expenses are taken into account regardless of when cash is received or paid. All the District's assets are reported whether they serve the current or future years. Liabilities are considered whether they must be paid in the current or future years.

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

In the Statement of Net Position and the Statement of Activities, the District has one kind of activity:

Government Activities - The District's basic services are reported here. Ad valorem taxes finance these basic services.

Reporting the District's Governmental Funds

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$35,605,566 to \$36,940,758. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$3,863,853 at September 30, 2020.

This increase in governmental net position was the net result of four factors. First, the District's revenues exceeded the expenditures by \$127,325. Second, the District's net position was increased by miscellaneous reclassification of revenues and expenditures of \$4,128. Third, the District increased its net position by \$1,205,318 as a result of the purchase of capital assets. Fourth, the District decreased its net position by \$1,579 as a result of depreciation expense.

TABLE I
NET POSITION

	Governmental Activities	
	2020	2019
Current and other assets	\$ 3,913,005	\$ 3,775,240
Capital assets	33,076,905	31,873,166
Total assets	<u>\$ 36,989,910</u>	<u>\$ 35,648,406</u>
Deferred outflow of resources		
Pension contributions	\$ 9,832	\$ 9,139
Investment <gains> or losses- pension	27,729	43,529
Economic/Demographic		
<gains> or losses-pension	692	791
Assumption changes or		
inputs-pension	1,614	1,844
Total outflows of resources	<u>\$ 39,867</u>	<u>\$ 55,303</u>
Current and other liabilities	<u>\$ 46,467</u>	<u>\$ 80,970</u>
Total liabilities	<u>\$ 46,467</u>	<u>\$ 80,970</u>
Deferred inflows of resources		
Investment <gains> or losses- pension	\$ 39,426	\$ 14,163
Economic/Demographic		
<gains> or losses- pension	2,461	2,262
Assumption change		
inputs-pension	665	748
Total inflows of resources	<u>\$ 42,552</u>	<u>\$ 17,173</u>
Net position:		
Invested in capital assets, net		
of related debt	\$ 33,076,905	\$ 31,873,166
Unrestricted	3,863,853	3,732,400
Total net position	<u>\$ 36,940,758</u>	<u>\$ 35,605,566</u>

TABLE II
CHANGE IN NET POSITION

	Governmental Activities	
	2020	2019
Income:		
Taxes	\$ 2,661,074	\$ 2,545,173
Interest	42,595	97,745
Intergovernmental	477,045	75,929
Other	6,250	1,859
Total income	<u>\$ 3,186,964</u>	<u>\$ 2,720,706</u>
Expenses:		
Health and public safety	\$ 1,834,824	\$ 879,244
Pension	15,369	20,255
Depreciation	1,579	1,579
Total expenses	<u>\$ 1,851,772</u>	<u>\$ 901,078</u>

CHANGE IN NET POSITION	\$ 1,335,192	\$ 1,819,628
NET POSITION, OCTOBER 1	<u>35,605,566</u>	<u>33,785,938</u>
NET POSITION, SEPTEMBER 30	<u>\$ 36,940,758</u>	<u>\$ 35,605,566</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2020, the District had approximately \$33,076,905 invested in capital assets, including right-of-way, drainage ditches and equipment.

This year's major additions included:

Right-of-way	\$ 260,459
Drainage ditches	\$ 944,859

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2020 budget. The District expects expenditures to exceed revenues for fiscal year 2021 due to construction projects.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have a question about this report or need additional financial information, contact the District Administration Office, at 301 East Pierce, Harlingen, Texas, 78550.

BASIC FINANCIAL STATEMENTS

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CAMERON COUNTY DRAINAGE DISTRICT NO. 5
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement Of Net Position</u>
ASSETS			
Cash & cash equivalents	\$ 3,240,860	\$	\$ 3,240,860
Accounts receivable NRCS	477,045		477,045
Ad valorem taxes receivable	263,196		263,196
Allowance for uncollectible taxes	(77,615)		(77,615)
Capital assets			
Right-of-way		5,269,275	5,269,275
Drainage ditches		25,382,032	25,382,032
Structures and improvements		2,420,508	2,420,508
Equipment (net of depreciation)		5,090	5,090
Net pension asset		9,519	9,519
Total assets	<u>\$ 3,903,486</u>	<u>\$ 33,086,424</u>	<u>\$ 36,989,910</u>
Deferred outflows of resources			
Pension contributions	\$	\$ 9,832	\$ 9,832
Investment <gains> or losses - pension		27,729	27,729
Economic/Demographic <gains> or losses-pension		692	692
Assumptions changes or inputs - pension		1,614	1,614
Total outflows of resources	<u>\$</u>	<u>\$ 39,867</u>	<u>\$ 39,867</u>
LIABILITIES			
Accounts payable	<u>\$ 46,467</u>	<u>\$</u>	<u>\$ 46,467</u>
Total liabilities	<u>\$ 46,467</u>	<u>\$</u>	<u>\$ 46,467</u>
Deferred inflows of resources:			
Unavailable advalorem taxes	\$ 185,582	\$ (185,582)	\$ -0-
Investment <gains> or losses - pension		39,426	39,426
Economic/Demographic <gains> or losses – pension		2,461	2,461
Assumption changes or inputs - pension		665	665
Total deferred inflow of resources	<u>\$ 185,582</u>	<u>\$(143,030)</u>	<u>\$ 42,552</u>
Fund balance/Net position			
Unassigned fund balances	<u>\$ 3,671,437</u>	<u>\$(3,671,437)</u>	
Total fund balances	<u>\$ 3,671,437</u>	<u>\$(3,671,437)</u>	
Total liabilities, deferred inflows & fund balances	<u>\$ 3,903,486</u>		

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement Of Net Position</u>
Net position			
Invested in capital assets, net of related debt		\$ 33,076,905	\$ 33,076,905
Unrestricted		<u>3,863,853</u>	<u>3,863,853</u>
Total net position		<u>\$ 36,940,758</u>	<u>\$ 36,940,758</u>

The accompanying notes are an integral part of these financial statements.

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Total Fund Balance - Governmental Funds	\$	3,671,437
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Capital assets used in governmental activities are not financial resources and; therefore, are not reported in governmental funds. At the beginning of the year, the cost of these assets net of depreciation was \$31,873,166. The net effect of including the beginning balances for capital assets in the governmental activities is to increase net position.

31,873,166

Pension plan net asset and deferred outflows and inflows are not financial resources and therefore not reported in the funds. The net effect of including the pension plan net liability and deferred outflows and inflows are to increase net position.

6,834

Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increase in capital assets in the governmental-wide financial statements. The net effect of including 2020 capital outlays is to increase net position.

1,205,318

The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.

(1,579)

Other reclassifications are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unearned revenue as revenue in the amount of \$60,857, adjusting prior year's delinquent taxes from unearned revenue to beginning net position in the amount of \$124,725. The net effect of these reclassifications is to increase net position.

185,582

Net Position of Governmental Activities

\$ 36,940,758

The accompanying notes are an integral part of these statements.

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	<u>Adjustments</u>	Statement Of Activities
Revenues/Income			
Taxes	\$ 2,654,473	\$ 6,601	\$ 2,661,074
Interest	42,595		42,595
Intergovernmental	477,045		477,045
Other	<u>6,250</u>	<u> </u>	<u>6,250</u>
Total revenues/income	<u>\$ 3,180,363</u>	<u>\$ 6,601</u>	<u>\$ 3,186,964</u>
Expenditures/Expenses			
Health & public safety	\$ 1,847,720	\$(12,896)	\$ 1,834,824
Capital outlay	1,205,318	(1,205,318)	-0-
Pension	-0-	15,369	15,369
Depreciation	<u>-0-</u>	<u>1,579</u>	<u>1,579</u>
Total expenditures/expenses	<u>\$ 3,053,038</u>	<u>\$(1,201,266)</u>	<u>\$ 1,851,772</u>
Excess (deficiency) of revenues over expenditures	\$ 127,325	\$ 1,207,867	
Other financing sources/uses			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u>\$ -0-</u>		
Excess (deficiency) of revenue & other sources over expenditures & other uses	\$ 127,325	\$(127,325)	
Change in net position		1,335,192	\$ 1,335,192
Fund balance/net position			
Beginning of year	<u>3,544,112</u>	<u>32,061,454</u>	<u>35,605,566</u>
End of year	<u>\$ 3,671,437</u>	<u>\$ 33,269,321</u>	<u>\$ 36,940,758</u>

The accompanying notes are an integral part of these financial statements.

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
RECONCILIATION OF THE GOVERNMENTAL FUNDS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Total Net Changes in Fund Balances - Governmental Funds	\$ 127,325
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Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the governmental-wide financial statements. The effect of removing the 2020 capital outlays is to increase net position.	1,205,318
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Depreciation net recognized in governmental funds as it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(1,579)
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unearned revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's ad valorem taxes and removing pension contributions and recognizing pension expense. The net effect of these reclassifications and recognitions is to increase net position.	<u>4,128</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 1,335,192</u></u>
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The accompanying notes are an integral part of these statements.

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cameron County Drainage District No. 5 is local drainage district operating under the applicable laws and regulations of the State of Texas. It is governed by a three member Board of Trustees (the “Board”) elected by the voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources indentified in ***Statement on Auditing Standards No. 69*** of the American Institute of Certified Public Accountants.

A. CREATION OF DISTRICT

Cameron County Drainage District No. 5 (herein referred to as “District”), created September 4, 1994, operates under the direction of three directors elected to four year terms. The Board elects its president, vice-president and secretary. The District operates by providing essentially one governmental function of “Stormwater Drainage.” The following is a summary of the more significant accounting policies of the District:

B. REPORTING ENTITY

The Board of Directors (the “Board”), a three member group, has governance responsibilities over all activities related to the Drainage District. The District is a financial reporting entity as defined by the Government Accounting Standards Board (“GASB) in its Statement No. 14, “The Financial Reporting Entity”, since the board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. There are no component units included within the reporting entity. The District receives funding from local and federal sources and must comply with the requirements of these funding sources.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District’s activities. *Governmental activities* include operations supported primarily by tax assessments.

The fund financial statements provide reports on the financial condition and results of operations for the general fund.

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The District does not consider taxes as available if they are collectible within 60 days after year end.

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues, and expenditures. The District reports the following major governmental fund:

General Fund - The General Fund is used to account for financial resources used for general operations. It is the basic fund of the District and covers all activities. Any fund balances are considered resources available for current operations.

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. OTHER ACCOUNTING POLICIES

1. Cash and cash equivalent include cash on hand, in bank checking, savings accounts, bank certificates of deposit maturing 90 days after September 30, and Tex Pool Investments.
2. The District records purchases of supplies as expenditures. If any supplies are on hand at the end of the year, their total cost is recorded as inventory and as a nonspendable fund balance.
3. Capital assets, which include land, structures, improvements and equipment are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Equipment	15
Structures and improvements	50

The District depreciates its one half interest in a shredder.

4. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments within the deferred expenditures (expenses) line item in both government-wide and fund financial statements.
5. The official non-appropriated budget was prepared for adoption for the general fund. The budget is prepared using the modified accrual basis of accounting. The original budget was not amended during the year.
6. Encumbrance accounting which uses purchase orders, contracts and other commitments for the expenditure of resources is not utilized in the Governmental Fund of the Cameron County Drainage District No. 5. Expenditures are recognized when the goods purchased are received or when services have been performed.

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. DEPOSITS AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Deposits

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

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Cameron County Drainage District No. 5 is in substantial compliance with the requirements of the Act and with local policies.

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. DEPOSITS AND INVESTMENTS (Continued)

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act (Continued)

As of September 30, 2020, Cameron County Drainage District No. 5 had the following investments.
Investment Maturities (in years)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
TexPool	3,233,103	3,233,103			

Additional policies and contractual provisions governing deposits and investments for Cameron County Drainage District No. 5 are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments to Certificates of Deposit and TexPool. TexPools are like funds meaning that they are structured similarly to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant value of \$1.00, although this cannot be fully guaranteed. TexPools are rated AAA and maintains a weighted average maturity of 37 days. Although the TexPools portfolio had a weighted average maturity of 37 days, the District considers the holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

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

Concentration of Credit Risk As of September 30, 2020, TexPool represents 100% of the portfolio.

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND BALANCE POLICIES

The District has classified its fund balances in the following classifications:

Nonspendable	
Inventory	
Restricted	
Committed	
Unassigned	\$ 3,671,437

The Board of Directors is the District's decision making authority for both committing and restricting fund balances.

The Board of Directors must by formal board action establish, modify or rescind a fund balance commitment.

When the District incurs an expense for which it may use either restricted or unassigned assets, it uses the restricted assets first unless unassigned assets will have to be returned because they were not used.

H. PENSION BENEFIT PLAN

Pensions. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to /deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. DETAILED NOTES ON ALL FUNDS

A. AD VALOREM TAXES

Ad valorem taxes are levied by October 1. 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 levied. On January 1 of each year, a lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed.

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

II. DETAILED NOTES ON ALL FUNDS (Continued)

B. DELINQUENT TAXES RECEIVABLES

Delinquent taxes are accounted for in the General Fund. Allowances for uncollectible tax receivables accounts within the General Fund are based on historical experience in collecting taxes.

C. CAPITAL ASSET ACTIVITY

Capital asset activity for the District, for the year ended September 30, 2020, was as follows

	Balance 10-01-19	Addition	Deletion	Reclassifications	Balance 09-30-20
Right-of-way	\$ 5,008,816	\$ 260,459		\$	\$ 5,269,275
Drainage ditches	26,857,681	269,176		(1,744,825)	25,382,032
Structures and Improvements		675,683		1,744,825	2,420,508
Equipment	23,678				23,678
Total at historical cost	<u>\$ 31,890,175</u>	<u>\$ 1,205,318</u>		<u>\$ 0</u>	<u>\$ 33,095,493</u>
Less accumulated depreciation for equipment	<u>\$ (17,009)</u>	<u>\$ (1,579)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (18,588)</u>
	<u>\$ (17,009)</u>	<u>\$ (1,579)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (18,588)</u>
Governmental activities capital assets net	<u>\$ 31,873,166</u>	<u>\$ 1,203,739</u>	<u>\$</u>	<u>\$ 0</u>	<u>\$ 33,076,905</u>

III. RIGHT OF WAY

The District has adopted a policy of contracting with the Harlingen Irrigation District Cameron County No. 1 to supply personnel, officing and equipment for the operation and maintenance of the drainage ditches. The La Feria Irrigation District Cameron County No. 3 also maintains the ditches within the Wilson Tract. Informal agreements, or understanding, between the District's Board and the two Irrigation Districts' Boards, provide that upon completion of an inventory of the various drainage ditches within the District, and documentation of ownership, the District will purchase the ditches and their respective rights-of-way from the Irrigation Districts.

The only fixed assets the District has acquired is drainage ditch right-of-way and some existing drains. Existing right-of-way, belonging to the Irrigation District, and usually in the form of dedicated or prescriptive easements, is being acquired by the District by "donation". Additional right of way is purchased at fair market value plus cost of easements. Donated right-of-way is recorded at appraised fair market value at the time of the transaction.

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

IV. EMPLOYEE BENEFITS

The District has adopted a policy for annual leave that all employees must utilize their annual leave by September 30 of each year or the leave is lost. Accordingly, there are no accumulated benefits owed employees at year end.

V. PLAN DESCRIPTION

A. Plan Description

Cameron County Drainage District No. 5 provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of statewide agent multiple-employer public employee retirement system consisting of 656 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR can be obtained at www.tcdrs.com.

B. Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum before they are eligible to retire, are not entitled to any amounts contributed by their employer.

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

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

V. PLAN DESCRIPTION (Continued)

Employees covered by benefit terms.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>2</u>

C. Contributions

The contribution rates for employees in TCDRS are either 4%, 5%, 6% or 7% of employee gross earnings, and the District is required to contribute at actuarially determined rates as adopted by the governing body of the District. Under the state law governing TCDRS, the contribution rate for each District is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method,. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the District were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the District were 7.97% and 8.50%, in calendar years 2019 and 2020, respectively. The District's contributions to TCDRS for the year ended September 30, 2020, were \$12,888, and were equal to the required contributions.

D. Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Actual Cost Method Entry Age

Amortization Method	Level percentage of payroll, closed
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Remaining Amortization Period	12.5 years (based on contribution rate calculated in 12/31/2019 valuation)
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Asset Valuation Method	5-year smoothed market
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CAMERON COUNTY DRAINAGE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

V. PLAN DESCRIPTION (Continued)

Inflation	2.75% per year
Salary increases	Varies by entry age and service, 4.9% over career including inflation
Investment Rate of Return	8.00% net of investment and administrative expenses, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females. Both projected with 110% of the MP-2014 Ultimate Scale after 2014.

The long-term expected rate of return on pension plan investments is 8.00%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term funding needs of TCDRS.

The long-term expected rate of return on TCDRS Assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correction. The Capital Market Assumptions and information shown below are provide by TCDRS Investment Consultant Cliff Water LLC. The numbers shown are based on April 2020 information for a 10 year time horizon.

Asset Class	Target Allocation	Geometric Real Rate of Return
US Equities	14.50%	5.40%
Private Equity	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities- Developed Markets	7.00%	5.20%
International Equities- Emerging Markets	7.00%	5.70%
Investment-Global-Bonds	3.00%	-0.20%
Strategic Credit	12.00%	3.14%
Direct Lending	11.00%	7.16%
Distressed Debt	4.00%	6.90%
REIT Equities	3.00%	4.50%

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

V. PLAN DESCRIPTION (Continued)

MLPS	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.30%

Discount Rate

The discount rate used to measure the total Pension Liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability/(Assets)	Increase(Decreased)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a-b)
Balance at 12/31/2018	\$ 490,618	\$ 461,795	\$ 28,823
Changes for the year:			
Service cost	19,990		19,990
Interest on total pension liability	41,359		41,359
Effect of plan changes	0		0
Effect of economic/demographic			
Gains or losses	(523)		(523)
Effect of assumptions changes or inputs	(0)		(0)
Refund of contributions	0		0
Benefit payments	0		0
Contributions-employer		12,203	(12,203)
Contributions-employee		10,718	(10,718)
Net investment income		75,813	(75,813)
Administrative expense		(427)	427
Other changes		863	(863)
Balance at 12/31/2019	\$ 551,445	\$ 560,964	\$ (9,519)

Sensitivity of the net pension liability to changes in the discount rate

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

V. PLAN DESCRIPTION (Continued)

The following presents the net pension liability of the district calculated using the discount rate of 8.10%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.10%) or 1-percentage-point higher ((9.10%) than the current rate:

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
District's net pension Liability/(Assets)	\$ 61,981	\$(9,519)	\$(70,740)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the internet at www.tcdrs.com.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the ended September 30, 2019 the District recognized pension expense of \$15,369.

At September 30, 2020, the district reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 2,461	\$ 692
Changes of assumptions	665	1,614
difference between projected and actual earning	11,697	
Contributions subsequent to the Measurement date		12,888

\$12,888 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

V. PLAN DESCRIPTION (Continued)

Year ended Dec. 31:

2020	\$(12,641)
2021	\$(3,257)
2022	\$ 14,616
2023	\$(7,573)
2024	\$(77)
Thereafter	\$(435)

VI. DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources at September 30, 2020, consisted of the following:

	<u>General Fund</u>
Net ad valorem taxes	<u>\$ 185,582</u>

VII. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District is a member of the Texas Water Conservation Association Risk Management Fund, a joint self-insurance pool of Texas Political Subdivisions, which provides workers' compensation coverage and liability and property coverage for the District based upon a sharing of risks among members of the pool.

The District continues to carry commercial insurance for the risks of loss from employee dishonesty and for the bonding of its directors. There have been no claims resulting from these risks in any of the past three fiscal years. There has been no significant reduction in insurance coverage from coverage in the prior year.

VIII. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 9, 2021, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

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REQUIRED SUPPLEMENTARY INFORMATION

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
BUDGETARY COMPARISON SCHEDULE-
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Tax Revenue:			
Current taxes	\$ 2,684,510	\$ 2,630,920	\$(53,590)
Delinquent taxes	60,000	68,318	8,318
Supplemental taxes	600	3,669	3,069
Penalty & interest	45,000	46,666	1,666
Discounts	(54,000)	(59,940)	(5,940)
Errors & adjustments	(10,000)	(8,384)	1,616
Collection expense	<u>(25,000)</u>	<u>(26,776)</u>	<u>(1,776)</u>
Total tax revenue	\$ 2,701,110	\$ 2,654,473	\$(46,637)
Interest	50,000	42,595	(7,405)
Intergovernmental	300,000	477,045	177,045
Other	<u>1,500</u>	<u>6,250</u>	<u>4,750</u>
Total revenue	<u>\$ 3,052,610</u>	<u>\$ 3,180,363</u>	<u>\$ 127,753</u>
EXPENDITURES			
Health and public safety	\$ 910,387	\$ 1,847,720	\$(937,333)
Capital outlay	<u>2,300,000</u>	<u>1,205,318</u>	<u>1,094,682</u>
Total expenditures	<u>\$ 3,210,387</u>	<u>\$ 3,053,038</u>	<u>\$ 157,349</u>
Excess (deficiency) of revenues over expenditures	\$(157,777)	\$ 127,325	\$ 285,102
Other financing sources/uses			
Transfer in			
Transfer out			
Total other financing sources (uses)			
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$(157,777)	\$ 127,325	\$ 285,102
Fund balances			
Beginning of year	<u>3,544,112</u>	<u>3,544,112</u>	
End of year	<u>\$ 3,386,335</u>	<u>\$ 3,671,437</u>	<u>\$ 285,102</u>

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CAMERON COUNTY DRAINAGE DISTRICT NO. 5
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
PENSION INFORMATION

SCHEDULE OF PENSION EXPENSE

January 1, 2019 to
December 31, 2019

1. Total Service Cost	\$ 19,990
2. Interest on the Total Pension Liability	41,359
3. Effect of plan changes	0
4. Employee contributions	(10,718)
5. Expected investment return net of investment expenses	(38,333)
6. Administrative Expense	427
7. Recognition of deferred inflows/ outflows of resources	
Recognition of economic/demographic gains or losses	(225)
Recognition of assumption changes or inputs	148
Recognition of investment gains or losses	3,583
8. Other	<u>(863)</u>
9. Pension expense	\$ 15,369

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
PENSION INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

A. Total pension liability	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
1. Service cost	\$ 19,990	\$ 19,393	\$ 19,414	\$ 19,325
2. Interest (on the Total Pension Liability)	41,359	36,794	32,727	28,039
3. Effect of plan changes	0	0	0	0
4. Effect of economic/demographic gains or losses	(523)	(422)	(1,000)	578
5. Effect of assumptions changes or inputs	0	0	(914)	0
6. Benefit payments/refunds of contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7. Net change in total pension liability	\$ 60,827	\$ 55,765	\$ 50,227	\$ 47,942
8. Total pension liability – beginning	<u>490,618</u>	<u>434,854</u>	<u>384,627</u>	<u>336,685</u>
9. Total pension liability – ending	<u>\$551,445</u>	<u>\$ 490,618</u>	<u>\$ 434,854</u>	<u>\$ 384,627</u>
B. Plan fiduciary net position				
1. Contributions – employer	\$ 12,203	\$ 10,425	\$ 11,234	\$ 12,070
2. Contributions – employee	10,708	12,153	10,108	9,813
3. Net investment income	75,813	(8,074)	54,512	24,067
4. Benefit payments/refunds of contributions	0	0	0	0
5. Administrative expense	(427)	(371)	(297)	(262)
6. Other	<u>863</u>	<u>718</u>	<u>283</u>	<u>1,635</u>
7. Net change in plan fiduciary net position	\$ 99,169	\$ 14,851	\$ 75,840	\$ 47,323
8. Plan fiduciary net position – beginning	<u>461,795</u>	<u>446,944</u>	<u>371,105</u>	<u>323,782</u>
9. Plan fiduciary net position – ending	<u>\$560,964</u>	<u>\$ 461,795</u>	<u>\$ 446,945</u>	<u>\$ 371,105</u>
10.				
C. Net pension liability/(Asset) (A.9 – B.9)	<u>\$(9,519)</u>	<u>\$ 28,823</u>	<u>\$(12,091)</u>	<u>\$ 13,522</u>
D. Plan fiduciary net position as a percentage of the total pension liability (B.9 / A.9)	101.73%	94.13%	102.78%	96.48%
E. Covered-employee payroll	\$153,113	\$ 148,938	\$ 144,396	\$ 140,189
F. Net pension liability as a percentage of covered employee payroll (C / E)	-6.22%	19.35%	-8.37%	9.65%

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
PENSION INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(continued)

<u>2015</u>	<u>2014</u>
\$ 18,213	\$ 17,354
24,648	21,420
(2,670)	0
(1,596)	603
2,768	0
<u>0</u>	<u>0</u>
\$ 41,363	\$ 39,377
295,321	255,944
<u>\$ 336,685</u>	<u>\$ 295,321</u>
\$ 12,242	\$ 12,012
9,392	8,945
(4,769)	18,297
0	0
(228)	(222)
(27)	(16)
\$ 16,610	\$ 39,016
307,172	268,156
<u>\$ 323,782</u>	<u>\$ 307,172</u>
<u>\$ 12,903</u>	<u>\$(11,851)</u>
96.17%	104.01%
\$ 134,177	\$ 127,787
9.62%	- 9.27%

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 12,203	\$ 12,153	\$ 11,234	\$ 12,070	\$ 11,982	\$ 12,012
Actual employer contributions	\$ 12,203	\$ 12,153	\$ 11,234	\$ 12,070	\$ 12,242	\$ 12,012
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (260)	\$ 0
Covered employee payroll	\$153,113	\$ 148,938	\$ 144,396	\$ 140,189	\$ 134,177	\$ 127,787
Contributions as a percentage of covered employee payroll	8.0%	8.2 %	7.8%	8.6%	9.1%	9.4%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes

Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll closed
Remaining Amortization period	12.3 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5 years smoothed market
Inflation	2.75%
Salary Increases	Varies by entry age and service. 4.9 % average over career including inflation.
Investment Rate of Return	8.00% net of investment and administrative expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assured to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for Males and 110% of the RP-2014 Healthy Annuitant Mortality Table for Females, both projected with 110% of the MP-2014 Ultimate Scale after 2014.

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
(continued)

Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
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Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule 2017: New Annuity Purchase Rates were reflected for benefits earned After 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule.
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*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

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OTHER SCHEDULES

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CAMERON COUNTY DRAINAGE DISTRICT NO. 5
SCHEDULE OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Cash	
Cash on deposit at	
Compass Bank	
Checking Account	<u>\$ 7,757</u>
Total Cash	<u>\$ 7,757</u>
Cash Equivalents	
Tex Pool	<u>\$ 3,233,103</u>
Total Cash Equivalents	<u>\$ 3,233,103</u>
Total Cash and Cash Equivalents	<u>\$ 3,240,860</u>

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
SCHEDULE OF TAXES RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Changes in tax receivables:

Taxes receivables at beginning of year	\$ 253,722	
Adjustments	<u>(2,791)</u>	\$ 250,931
2019 Year – Levy	2,661,302	
Adjustments	<u>41,818</u>	2,703,120
2020 Collections		
Current year	2,625,281	
Prior years	<u>65,573</u>	<u>2,690,854</u>
Taxes receivable end of year		<u>\$ 263,197</u>

Taxes receivable by year:

2019	\$ 77,838
2018	40,111
2017	25,196
2016	18,372
2015	14,212
2014	11,125
2013	9,944
2012	9,235
2011	8,249
2010 and prior	<u>48,915</u>
	<u>\$ 263,197</u>

CAMERON COUNTY DRAINAGE DISTRICT NO. 5
SCHEDULE OF OPERATING EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Health and Public Safety

Administrative contract	\$ 25,000
Appraisal district fees	33,345
Audit	5,000
Board meetings	15,850
Environmental compliance	10,790
General engineering	140,822
Health insurance	21,632
Insurance and bonds	3,408
Legal	2,445
Maintenance ditches	1,390,377
Mileage	106
Miscellaneous	14,450
Office	4,959
Payroll tax	12,429
Retirement	12,888
Salary – employee	45,583
Salary – general manager	<u>108,636</u>

Total Health and Public Safety	<u>\$ 1,847,720</u>
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