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**EDWARDS  
UNDERGROUND  
WATER  
DISTRICT  
ANNUAL  
REPORT  
1995**

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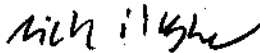
Dear Citizens of the Edwards Aquifer Region:

It is my pleasure to submit the Edwards Underground Water District's annual report for fiscal year-ended September 30, 1995.

In a year in which all of us saw much legal and political activity surrounding the Edwards Aquifer, the District's board and staff never wavered in their commitment to safeguarding the aquifer. While the flurry of activity may have caused others to lose sight of the fundamental purpose at hand – protection of the resource – our programs continued to focus on the Edwards Aquifer. Some highlights are listed in the report, which is followed by our audited financial statements. It is important to remember that the benefits of our basic operations, including collecting data, stressing conservation and monitoring recharge zone development, will benefit this region well into the future.

The Edwards Underground Water District will continue to conduct business as developments surrounding management of the Edwards Aquifer unfold. Until we know otherwise, the Edwards Underground Water District will continue to move forward, as we did throughout this past challenging year. As we have in the past, we will comply fully with the law and continue to carry out our statutory charge.

Sincerely,

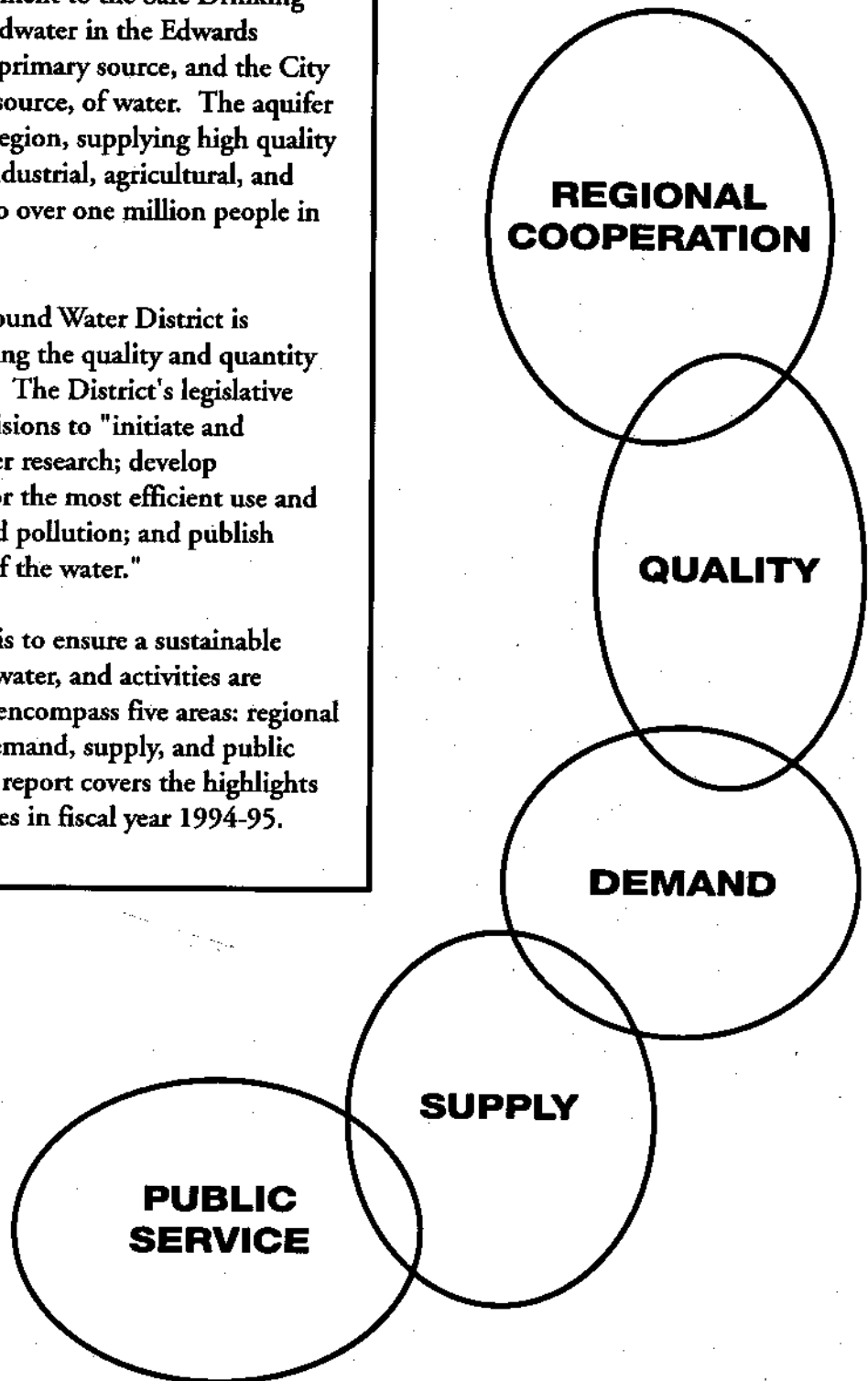


Rick Illgner  
General Manager

In 1977, the Edwards Aquifer was the first in the nation to be designated a sole source aquifer by the Environmental Protection Agency under the Sole Source Aquifer Amendment to the Safe Drinking Water Act. The groundwater in the Edwards Aquifer is the region's primary source, and the City of San Antonio's only source, of water. The aquifer is the lifeblood of the region, supplying high quality water for municipal, industrial, agricultural, and recreational purposes to over one million people in south central Texas.

The Edwards Underground Water District is responsible for protecting the quality and quantity of water in the aquifer. The District's legislative mandate includes provisions to "initiate and implement groundwater research; develop comprehensive plans for the most efficient use and prevention of waste and pollution; and publish information for users of the water."

The District's mission is to ensure a sustainable supply of high quality water, and activities are guided by goals which encompass five areas: regional cooperation, quality, demand, supply, and public service. The following report covers the highlights of the District's activities in fiscal year 1994-95.



On October 10, 1994, the Edwards, Medina County, and Uvalde County Underground Water Districts signed an **interlocal contract** committing to regional management of the Edwards Aquifer. The three agencies have jurisdiction over water management in five counties. This agreement joined the five counties for the first time since Medina and Uvalde Counties pulled out of the Edwards Underground Water District in 1989. The framework for management was based on five principles: springflow protection; local control with regional cooperation; whoever benefits pays; preservation of property rights; and equitable funding.

Throughout the year, the Edwards District continued to participate in **Trans-Texas**, a statewide program which is to determine the best method of providing supplies to meet Texas' needs in a cost-effective and environmentally-sensitive manner, as well as examine local alternatives for water supplies. Phases I and IA were completed, examining over 45 water supply alternatives for their potential in meeting future demands.

**QUALITY**  
To prevent  
degradation of  
water quality to  
meet the needs of  
the Edwards  
Aquifer region.

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Since 1989, the District has closed or assisted in the voluntary closure of over 300 **abandoned wells**, approximately 60 in FY 1994-95. Abandoned wells represent a direct path for pollution to enter the aquifer. Each time one is plugged, another point at which the aquifer could be contaminated is removed.

The District's **well logging program** provides valuable data to ensure the proper construction of new wells, as well as the correct plugging of abandoned wells. In FY 1994-95, 94 wells were logged in the Edwards Aquifer, 39 of which were abandoned, 41 were private, and 14 were public water supply wells.

The District's **data collection program** is one of the most comprehensive in the state of Texas for an underground water supply. Over 240 samples, analyzed for 78 water quality parameters, were collected in FY 1994-95 from a network of over 140 wells.

**Protecting the sensitive Edwards Aquifer Recharge Zone** is among the District's highest priorities. This is the portion of the aquifer system where rainfall seeps directly into the ground. Ongoing efforts in FY 1994-95 included: reviewing 71 water pollution abatement plans and conducting 55 site inspections; conducting 63 inspections of recharge features at construction sites to determine their geologic sensitivity; inspecting 50 petroleum storage facilities; and responding to reports of 27 spills and leaks of hazardous materials and 12 complaints of illegal dumping.

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**REGIONAL  
COOPERATION**  
To bring  
together all who  
rely upon water  
from the  
Edwards Aquifer  
for achieving a  
sustainable  
supply of high  
quality water.

**DEMAND**  
To manage the water resources of the Edwards Aquifer region to meet the needs of all users and uses.

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The Edwards District adopted the region's first **Drought Management Plan (DMP)** in 1987. In FY 1994-95, the District temporarily changed the plan as a result of a compromise voluntary emergency withdrawal reduction agreement between a panel of attorneys appointed by Federal Judge Lucious Bunton. Formerly driven by springflow at Comal Springs, the temporary plan changed the trigger condition to water levels at the Bexar County Index Well (J-17).

Since the District's leak detection program began in 1989, technicians have conducted 75 **leak detection surveys**, locating 5,800+ leaks which, when repaired by participating utilities and municipalities, will result in a savings of over 6.5 million gallons of water per day. Fourteen leak detection surveys were conducted in FY 1994-95, saving an estimated 765,065 gallons of water per day upon repair of the leaks.

The **Nueces River Basin** provides approximately 65% of the recharge to the Edwards Aquifer. In FY 1994-95, further study of four recommended **recharge enhancement projects** continued so that each site can be advanced to the permitting phase prior to actual dam construction. If built, the projects would annually contribute an estimated 45,000 acre-feet of water through recharge.

The District has **funded local governments through Interlocal Agreements** for the purpose of providing water from sources other than the Edwards Aquifer. In FY 1994-95, the District contributed \$274,867 to purchase 6,140 acre-feet of water for New Braunfels. Contributions to the City of San Marcos are slated to begin in 1996.

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**SUPPLY**

To increase the water supply of the region by implementing a management system that involves the coordinated, cost-effective and planned operation of both surface water and groundwater resources.

Installation of a **real-time data collection network** now supplies instantaneous information on recharge, spring discharge and aquifer levels from 72 fully-automated data collection sites, bringing the total number to over 100 rainfall and streamflow gauging sites in the drainage and catchment areas of the Edwards Aquifer. This increased available rain gauge data for the calculation of recharge by 900%. Data from the network on the frequency and intensity of rainfall is being compared to digital data from water level observation wells in the recharge zone to quantify the affect of precipitation events on recharge to the Edwards Aquifer.

A study on **regional permeability in the aquifer** provided a clearer picture of how much water can move through the aquifer and the paths it might take. Data from the study is being used to develop an interactive, dynamic 3-D model of the Edwards Aquifer which will help in understanding the flow patterns water takes when moving through the aquifer.

Results from a **study of groundwater divides** in the aquifer now gives scientists a better indication of where the boundaries of the San Antonio portion of the Edwards Aquifer are believed to be. The results indicated that both divides are at slightly different locations than previously mapped, and new boundaries have been established. Researchers found that Las Moras Springs in Brackettville (the western divide) discharges from the San Antonio region of the aquifer, and Onion Creek near Buda (the eastern divide) recharges the San Antonio pool of the Edwards Aquifer, which was contrary to previous beliefs.

Results from a study which assessed whether **water moves across** faults from the **Glen Rose Aquifer to the Edwards Aquifer**, thus providing additional recharge, indicated that only a small amount of Glen Rose water enters the Edwards Aquifer compared with other recharge sources.

In-service programs, workshops, field trips, curriculum, resource materials, audiovisual materials, in-classroom presentations, contests and other participatory activities are all a part of the District's **education program**. In FY 1994-95, more than 500 teachers distributed 75,000+ pieces of information to 30,000 students.

**Information programs**, which focus on conservation and educating adults on the aquifer, reach an estimated 1.1 million people each year. This is accomplished through seasonal/ topical campaigns and special promotions, distribution of specially developed brochures, flyers and conservation materials, a quarterly newsletter, a speakers' bureau and more.

**Public Service**  
To provide leadership to the citizens of the region for the successful management of the Edwards Aquifer.

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# Board of Directors

Gene L. Ames, III, Bexar County  
Harry Bishop, Hays County  
Jo Ann S. De Hoyos, Bexar County  
Hans R. F. Helland, Bexar County  
S. Craig Hollmig, Comal County  
Dr. Kenneth G. Ikels, Comal County

Gunter Krellwitz, Bexar County  
Jerri W. Martin, Hays County  
Jack R. Ohlrich, Comal County  
Carol G. Patterson, Bexar County  
Ernest Quiroga, Bexar County  
A. Kaylene Ray, Hays County



# **Financial Statements**

## Independent Auditors' Report

October 17, 1995

The Board of Directors  
Edwards Underground Water District  
San Antonio, Texas

We have audited the general purpose financial statements of Edwards Underground Water District (the "District") for the year ended September 30, 1995, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Edwards Underground Water District as of September 30, 1995, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Edwards Underground Water District. This information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Padgett, Steteman & Co. L.L.P.*

Certified Public Accountants

**Edwards Underground Water District  
 Combined Balance Sheet – All Fund Types & Account Groups  
 September 30, 1995**

ASSETS	<u>Governmental Fund Types</u>		<u>Account Groups</u>		Totals (memo only)
	<u>General Fund</u>	<u>Special Revenue</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	
Cash	\$ 7,198	\$ 596	\$ —	\$ —	\$ 7,794
Investments	<u>712,208</u>	<u>4,698,872</u>	—	—	<u>5,411,080</u>
	719,406	4,699,468	—	—	5,418,874
Receivables:					
Delinquent taxes, net of allowance for uncollectibles	286,749	—	—	—	286,749
Interest	286	19,354	—	—	19,640
Other receivables	67,698	—	—	—	67,698
Due from other fund	2,801	28	—	—	2,829
Fixed assets	—	—	3,865,486	—	3,865,486
Amount to be provided for retire- ment of general long-term debt	—	—	—	26,995	26,995
<b>Total Assets</b>	<u><b>\$1,076,940</b></u>	<u><b>\$4,718,850</b></u>	<u><b>\$3,865,486</b></u>	<u><b>\$26,995</b></u>	<u><b>\$9,688,271</b></u>
<b>LIABILITIES</b>					
Accounts payable	\$ 233,084	\$ —	\$ —	\$ —	\$ 233,084
Accrued salaries payable	513	—	—	—	513
Accrued Edwards Aquifer Authority costs	36,015	—	—	—	36,015
Due to other fund	28	2,801	—	—	2,829
Deferred revenue	286,749	—	—	—	286,749
Compensated absences	<u>45,965</u>	—	—	26,995	<u>72,960</u>
<b>Total Liabilities</b>	<u><b>602,354</b></u>	<u><b>2,801</b></u>	—	<u><b>26,995</b></u>	<u><b>632,150</b></u>
Commitments & contingent liabilities	—	—	—	—	—
<b>EQUITY</b>					
Investment in general fixed assets	—	—	3,865,486	—	3,865,486
Fund balance:					
Unreserved	<u>474,586</u>	<u>4,716,049</u>	—	—	<u>5,190,635</u>
<b>Total Equity</b>	<u><b>474,586</b></u>	<u><b>4,716,049</b></u>	<u><b>3,865,486</b></u>	—	<u><b>9,056,121</b></u>
<b>Total Liabilities &amp; Equity</b>	<u><b>\$1,076,940</b></u>	<u><b>\$4,718,850</b></u>	<u><b>\$3,865,486</b></u>	<u><b>\$26,995</b></u>	<u><b>\$9,688,271</b></u>

*The accompanying notes are an integral part of this statement.*

**Edwards Underground Water District**  
**Combined Statement of Revenues, Expenditures, & Changes in Fund Balances**  
**All Governmental Fund Types**  
**Year Ended September 30, 1995**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals (memo only)</u>
<b>REVENUES</b>			
Ad valorem taxes	\$3,289,361	\$ —	\$3,289,361
Litigation settlement	261,040	—	261,040
Interest	56,289	235,970	292,259
State grant	12,000	—	12,000
Miscellaneous	<u>22,341</u>	<u>—</u>	<u>22,341</u>
<b>Total Revenues</b>	<b><u>\$3,641,031</u></b>	<b><u>235,970</u></b>	<b><u>3,877,001</u></b>
<b>EXEPNDITURES</b>			
Current:			
Executive Division	1,623,616	—	1,623,616
Technical Resources Section	473,034	—	473,034
Administration Division	595,679	—	595,679
Field Operations Division	605,503	—	605,503
Planning & Environmental Management Division	628,290	—	628,290
Information & Education	300,715	—	300,715
Capital outlay	780,681	—	780,681
Edwards Aquifer Authority	<u>36,015</u>	<u>—</u>	<u>36,015</u>
<b>Total Expenditures</b>	<b><u>5,043,533</u></b>	<b><u>—</u></b>	<b><u>5,043,533</u></b>
Excess of revenues over (under) expenditures before other financing sources & uses	<u>(1,402,502)</u>	<u>235,970</u>	<u>(1,166,532)</u>
<b>OTHER FINANCING SOURCES &amp; USES</b>			
Operating transfers in	1,415,000	—	1,415,000
Operating transfers out	<u>—</u>	<u>(1,415,000)</u>	<u>(1,415,000)</u>
<b>Total other financing sources     &amp; uses</b>	<b><u>1,415,000</u></b>	<b><u>(1,415,000)</u></b>	<b><u>—</u></b>
Excess of revenues & other financing sources over (under) expenditures & other financing uses	<u>12,498</u>	<u>(1,179,030)</u>	<u>(1,166,532)</u>
Fund balances at October 1, 1994, as previously reported	193,448	5,895,079	6,088,527
Adjustments to restate fund balance	<u>268,640</u>	<u>—</u>	<u>268,640</u>
Fund balances at October 1, 1994, as restated	<u>462,088</u>	<u>5,895,079</u>	<u>6,357,167</u>
Fund balances at September 30, 1995	<u>\$474,586</u>	<u>\$ 4,716,049</u>	<u>\$5,190,635</u>

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

**Edwards Underground Water District**  
**Combined Statement of Revenues, Expenditures & Changes in Fund Balances**  
**Budget (GAAP Basis) & Actual – General & Special Revenue Fund Types**  
**Year Ended September 30, 1995**

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Ad valorem taxes	\$3,232,430	\$3,289,361	\$ 56,931	\$ —	\$ —	\$ —
Litigation settlement	—	261,040	261,040	—	—	—
Interest	50,000	56,289	6,289	100,000	235,970	135,970
State grant	—	12,000	12,000	—	—	—
Miscellaneous	—	22,341	22,341	—	—	—
<b>Total Revenues</b>	<b>3,282,430</b>	<b>3,641,031</b>	<b>358,601</b>	<b>100,000</b>	<b>235,970</b>	<b>135,970</b>
<b>EXPENDITURES</b>						
Current:						
Executive Division	1,757,287	1,623,616	133,671	—	—	—
Technical Resources Section	535,108	473,034	62,074	—	—	—
Administration Division	750,210	595,679	154,531	—	—	—
Field Operations Division	677,325	605,503	71,822	—	—	—
Planning & Environmental Management Division	723,157	628,290	94,867	—	—	—
Information & Education	397,230	300,715	96,515	—	—	—
Contingency	3,235	—	3,235	—	—	—
Capital outlay	821,850	780,681	41,169	—	—	—
Edwards Aquifer Authority	—	36,015	(36,015)	—	—	—
<b>Total Expenditures</b>	<b>5,665,402</b>	<b>5,043,533</b>	<b>621,869</b>	<b>—</b>	<b>—</b>	<b>—</b>
Excess of revenues over (under) expenditures before other financing sources & uses	(2,382,972)	(1,402,502)	980,470	100,000	235,970	135,970
<b>OTHER FINANCING SOURCES &amp; USES</b>						
Operating transfers in	1,482,972	1,415,000	(67,972)	—	—	—
Operating transfers out	—	—	—	(1,482,972)	(1,415,000)	67,972
<b>Total other financing sources &amp; uses</b>	<b>1,482,972</b>	<b>1,415,000</b>	<b>(67,972)</b>	<b>(1,482,972)</b>	<b>(1,415,000)</b>	<b>67,972</b>
Excess of revenues & other financing sources over (under) expenditures & other financing uses	(\$ 900,000)	12,498	\$ 912,498	(\$1,382,972)	(1,179,030)	\$203,942
Fund balances at October 1, 1994, as previously reported		193,448			5,895,079	
Adjustments to restate fund balance		268,640			—	
Fund balances at October 1, 1994, as restated		462,088			5,895,079	
Fund balances at Sept. 30, 1995		474,586			4,716,049	

The accompanying notes are an integral part of this statement.

**Edwards Underground Water District  
Notes to Financial Statements  
September 30, 1995**

**NOTE A – SUMMARY OF ACCOUNTING POLICIES**

A summary of the District's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**1. The Reporting Entity**

The District is governed by an elected 12-member board. The reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Financial accountability exists if a primary government appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the primary government.

In accordance with Governmental Accounting Standards Board requirements, the District has reviewed other entities and activities for possible inclusion in the reporting entity and has determined that there are none.

**2. Fund Accounting**

The District's accounts are organized on the basis of funds or account groups, 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, fund equity, revenues, and expenditures. The following is a description of the fund types and account groups used by the District in the accompanying financial statements:

**GOVERNMENTAL FUND TYPES**

*General Fund*

The General Fund accounts for the resources used to finance the fundamental operations of the District. It is the basic fund of the District and covers all activities for which a separate fund has not been established.

*Special Revenue Fund –*

*Surface Water Ground Water Conservation & Development Fund*

The Surface Water Ground Water Conservation & Development Fund was originally established on September 14, 1982 as the Surface Water Development Fund. The fund was originally established to provide funding for surface water development and other related projects within the District such as land and right-of-way acquisitions and water rights purchases. The name of the fund was revised to its current name on September 10, 1985 to include ground water conservation and development projects and all associated costs, such as studies, educational programs, permits, and legal and other associated administrative expenses.

**ACCOUNT GROUPS**

*General Fixed Assets*

This account group is established to account for the fixed assets owned by the District. Expenditure transactions to acquire general fixed assets occur in the General and Special Revenue Funds.

*General Long-Term Debt*

This account group records the long-term portion of accrued vacation pay and is offset by the amount to be provided in future years.

**3. Memorandum Only – Total Columns**

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE A (continued)**

**4. Basis of Accounting**

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

The District employs the modified accrual basis of accounting in all funds. The modified accrual basis recognizes revenues that are susceptible to accrual when measurable and available and recognizes expenditures when incurred except for unmatured interest on general long-term debt. Property tax revenues, the District's primary revenue source, is susceptible to accrual and is considered available to the extent of delinquent taxes collected within sixty (60) days after the fiscal year-end.

All District funds are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Property, plant, and equipment used in District fund operations are accounted for in the General Fixed Asset Account Group, rather than in District funds. Long-term debt is accounted for in the General Long-Term Debt Account Group rather than in District funds.

**5. Budgets**

The original budget is adopted by the Board of Directors in September. Amendments are made during the year on approval by the board. The final amended budget is used in this report.

Budgets are required for all governmental funds. The budgets are adopted on the same basis of accounting as described in note A4. Budgets should not be exceeded at the fund total level.

Unused appropriations lapse at the end of each fiscal year.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Original budget	\$5,495,382	\$ —
Amendments—increase	<u>170,020</u>	<u>—</u>
Final amended budget	<u>\$5,665,402</u>	<u>\$ —</u>

The expenditures associated with the Edwards Aquifer Authority were not included in the final amended budget because the total was not known at the time the final amended budget was approved by the Board of Directors.

**6. Temporary Investments**

Temporary investments consist of certificates of deposit and interest-bearing money market accounts valued at cost.

**7. Delinquent Taxes Receivable**

Delinquent taxes have been reported in the financial statements net of the allowance for uncollectible taxes. Tax revenues are recognized as they become available. Accordingly, an amount equal to taxes not yet available (not collectible within sixty (60) days after year-end) has been reported as deferred revenue.

The following is a summary, by fund, of the gross delinquent taxes and the allowance for uncollectible taxes at September 30, 1995:

	<u>Delinquent Taxes</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Net Delinquent Taxes</u>
General Fund	<u>\$352,812</u>	<u>\$66,063</u>	<u>\$286,749</u>

**8. Property Taxes**

On January 1 of each year, a tax lien attaches to the property to secure the payment of all ad valorem taxes, penalties, and interest ultimately imposed on the property for the year. In September of each year or as soon as practicable thereafter, the board sets the tax rate. The Bexar County Tax Assessor bills the taxes, and they are payable from October 1 in the year in which they are levied to January 31 of the following year without penalty or interest. The Tax Assessor collects the taxes and remits to the District. Discounts are allowed for taxes paid during October, November, and December. Taxes become delinquent on February 1 and are subject to penalty and interest. On that date, the District may file suit for collection of unpaid taxes. On July 1, unpaid taxes are subject to additional penalties for collection expenses.

**9. General Fixed Assets**

General fixed assets are recorded at original cost, or if donated are recorded at fair market value on the date donated. Costs incurred for the purchase or construction of general fixed assets are recorded as capital outlay expenditures in the General and Special Revenue Funds. All such costs are capitalized in the General Fixed Assets Account Group.

NOTE A (continued)

9. General Fixed Assets (continued)

Public domain ("infrastructure") fixed assets consist of dams that have been constructed within the District out of General Fund revenues but have not been included as part of the General Fixed Assets Account Group. The costs were shown as expenditures of General Fund revenues in the years constructed.

	<u>Date of Completion</u>	<u>Cost</u>
Parker	April 20, 1974	\$409,479
Verde	May 24, 1978	389,233
San Geronimo	November 13, 1979	659,266
Seco Creek	November 18, 1982	<u>421,516</u>
		<u>\$1,879,494</u>

No depreciation is provided for on the general fixed assets of the District.

10. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available resources are reported in the General Long-Term Debt Account Group. At September 30, 1995, accumulated vacation leave amounts to \$72,960. The current portion of vacation leave payable, \$45,965, is recorded in the General Fund, and the long-term portion, \$26,995, is recorded in the General Long-Term Debt Account Group.

In accordance with the provisions of Statement of Financial Accounting Standards No. 43, "Accounting for Compensated Absences," no liability is recorded for nonvesting accumulating rights to received sick pay benefits.

NOTE B – CASH AND INVESTMENTS

All cash, money market accounts, and certificates of deposit (time deposits) are held in one financial institution and are carried at cost plus accrued interest.

The District may legally invest in, at a minimum, obligations of the United States Government, obligations of the State of Texas, other states, cities, and counties with an A rating, common trust funds held in banks in Texas, certificates of deposit, money market accounts, and repurchase agreements.

In addition, the District invested in the Texas Local Government Investment Pool (TexPool). Authorized investments by TexPool are United States Obligations, State and A-rated local government obligations, insured or

secured certificates of deposit, and certain fully collateralized direct repurchase agreements. These investments are carried at cost, which approximate market value.

Cash and temporary investments shown on the balance sheet at September 30, 1995 are comprised of:

	<u>General Fund</u>	<u>Special Revenue Surface Water Fund</u>	<u>Total</u>
Checking account	\$ 6,934	\$ 596	\$ 7,530
Money market accrs.	212,208	598,872	811,080
Certificates of deposit	<u>500,000</u>	<u>4,100,000</u>	<u>4,600,000</u>
Total in financial institutions	719,142	4,699,468	5,418,610
Petty cash	<u>264</u>	<u>—</u>	<u>264</u>
Total in cash & investments	<u>\$719,406</u>	<u>\$4,699,468</u>	<u>\$5,418,874</u>

	<u>Book Balance</u>	<u>Bank Balance</u>	<u>Insurance &amp; Market Value of Collateral</u>
Insured (FDIC)	\$ 152,716	\$ 152,716	\$ 152,716
Collateral held by pledging bank in District's name	<u>6,151,246</u>	<u>6,151,246</u>	<u>6,151,246</u>
Total coverage	6,303,962	6,303,962	<u>6,303,962</u>
Cash balance at September 30, 1995	<u>5,418,610</u>	<u>5,463,797</u>	
Excess coverage	<u>\$ 885,352</u>	<u>\$ 840,165</u>	

NOTE C – GENERAL FIXED ASSETS

The following is a summary of changes in general fixed assets:

	<u>Balance at Oct. 1, 1994 as restated (see Note K)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Balance at Sept. 30, 1995</u>
Land	\$ 575,244	\$ —	\$ —	\$ —	\$ 575,244
Buildings & improvements	1,426,131	—	—	—	1,426,131
Furniture, fixtures, & equipment	741,446	780,681	—	195,772	1,717,899
Vehicles	154,573	—	8,361	—	146,212
Fixed assets in progress	<u>195,772</u>	<u>—</u>	<u>—</u>	<u>(195,772)</u>	<u>—</u>
	<u>\$3,093,166</u>	<u>\$780,681</u>	<u>\$8,361</u>	<u>\$ —</u>	<u>\$ 3,865,486</u>

NOTE D – INTERFUND RECEIVABLES & PAYABLES

The following is a summary of amounts due from and due to other funds:



**NOTE D (continued)**

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 2,801	\$ 28
Special Revenue Fund:		
Surface Water Ground Water		
Conservation & Development Fund	28	2,801
	<u>\$ 2,829</u>	<u>\$2,829</u>

**NOTE E – EDWARDS AQUIFER PRESERVATION PROGRAM**

The Edwards Aquifer Preservation Program, established by the Board for Directors on March 12, 1991, is designed to identify and protect hydrologically sensitive land areas in the Edwards Aquifer region. This program has resulted in expenditures for property acquisition and maintenance. Once additional properties are identified, this program may result in significant expenditures in subsequent fiscal years.

**NOTE F – RETIREMENT PLAN**

*Plan Description*

The District provides pension, disability, and death benefits for all of its full-time employees through a nontraditional, joint contributory, defined contribution plan in the state-wide Texas County and District Retirement System (TCDRS), one of over 450 administered by TCDRS, an agent multiple-employer public employee retirement system. It is the opinion of the TCDRS management that the plans in TCDRS are substantially defined contribution plans, but they have elected to provide additional voluntary disclosure to help foster a better understanding of some of the nontraditional characteristics of the plan.

Under the state law governing TCDRS, the contribution rate of the District has been a fixed percent equal to the contribution rate payable by the employee member, which is 7% as adopted by the governing body of the District. This rate is not actuarially determined and is one of the rates that can be adopted in accordance with the TCDRS Act. However, the plan of benefits adopted by the employer at the time of plan inception or when benefit increases are adopted before 1992 is limited by statute to what the actuary determines can be adequately financed by the commitment of the employer to contribute the same amount as the employees. The statute specifies that the actuary's determination is based on a maximum period for amortizing the unfunded pension benefit obligation of 30 years. Since 1991, the District has had the option of selecting the plan of benefits to provide in the future, while at the same time considering the level of the employer contribution rate required to adequately finance the plan.

The plan provisions are adopted by the governing body of the District, within the options available in the state

statutes governing TCDRS. Members can retire at ages 60 and above with ten or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. A member is vested after ten years but must leave his accumulated contributions in the plan. If a member withdraws his personal contributions in a lump-sum, he is not entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits, with interest. The level of these monetary credits is adopted by the governing body of the District. The District's current benefit plan provides for employer-financed monetary credits for service since the plan began of 180% of the employee's accumulated contributions and for employer-financed monetary credits for service before the plan began of 140% of a theoretical amount equal to twice what would have been contributed by the employee, with interest, prior to establishment of the plan. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions and the employer-financed monetary credits were used to purchase an annuity within TCDRS.

*Payroll & Contribution Information*

The District's total payroll in calendar year 1994 was \$1,102,200, and the District's contributions were based on a covered payroll of \$986,352. Employer and employee contributions for the year were made as required and are detailed below. Employee contributions may include the purchase of credits for military or legislative service or the buyback of previously forfeited service credit. There were no related-party transactions.

	<u>Contributions</u>	<u>Total</u>	<u>Contribution Rates</u>	
			<u>Normal Cost</u>	<u>Prior Service</u>
Employee	\$69,215	7%	N/A	N/A
Employer	\$69,215	7%	3.18%	3.82%

*Voluntary Additional Disclosure*

Even though the substance of the District's plan is not to provide a defined benefit in some form, some additional voluntary disclosure is appropriate due to the nontraditional (for a defined contribution plan) existence of an unfunded pension benefit obligation in earlier years and employer-financed monetary credits in excess of 100% of the employee's personal contributions. Part of the District's contribution is the normal cost, while the remaining portion is to amortize the unfunded actuarial liability.

Effective January 1, 1995, the District adopted an annually determined contribution rate plan, which has its total

**NOTE F (continued)***Voluntary Additional Disclosure (continued)*

employer contribution rate actuarially determined each year, consisting of the normal cost contribution rate plus the rate required to amortize the unfunded actuarial liability over a 25-year amortization period. As a result, the total employer contribution rate may vary from year to year after 1994.

Statement No. 5 of the Governmental Accounting Standards Board (GASB 5) defines pension benefit obligation as a standardized disclosure measure of the actuarial present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of public employee pension plans, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee pension plans.

The pension benefit obligation shown below is similar in nature to the standardized disclosure measure required by GASB 5 for defined benefit plans except that there is no need to project salary increases since the benefit credits earned for service to date are not dependent upon future salaries. The calculations were made as part of the annual actuarial valuation as of December 31, 1994. Significant actuarial assumptions used to compute the actuarially determined contributions requirements in that valuation are the same as those used to compute the pension benefit obligation. Because of the money-purchase nature of the plan, the interest rate assumptions, currently 9% and 7% per year with a weighted average of 8%, do not have as much impact on the results as for a defined benefit plan. An annual rate of 9% is used for calculating the actuarial liability and normal cost contribution rate. For accumulated existing monetary credits after the valuation date, an annual rate of 7% is assumed, 2% lower than the 9% assumption in recognition of the statutory interest allocation method. Market value of assets is not determined separately for each plan, but the market value of assets for TCDRS as a whole was 100.3% of book value as of December 31, 1994.

*Pension Benefit Obligation*

Annuitants currently receiving benefits	\$ 55,095
Terminated employees	505,911
Current employees:	
Accumulated employee contributions	
including allocated investment earnings	372,995
Employer-financed vested	134,538
Employer-financed nonvested	<u>156,784</u>
Total	<u>\$1,225,323</u>
Net assets available for benefits, at book value	<u>\$1,299,758</u>
Assets in excess of pension benefit obligation	<u>\$ 74,435</u>

The pension benefit obligation amounts shown above reflect changes in benefit provisions adopted since the previous actuarial valuation, which had the effect of increasing the pension benefit obligation by \$22,070.

*Trend Information*

The three-year historical trend information is as follows:

	<u>1994</u>	<u>1993</u>	<u>1992</u>
Net assets available for benefits as percentage of pension benefit obligation	100.3%	111.8%	111.2%
Unfunded pension benefit obligation as percentage of covered payroll	None	None	None
Employer contributions as percentage of covered payroll	7%	7%	7%

The ten-year historical trend information can be found in the annual reports of the Texas County and District Retirement System (TCDRS). TCDRS annual report contains detail pension information on each of its members.

**NOTE G – LONG-TERM DEBT**

Changes in long-term debt during the year ended September 30, 1995 are as follows:

	Balance at <u>Oct. 1, 1994</u>	<u>Additions</u>	<u>Deletions</u>	Balance at Sept. 30, <u>1995</u>
Compensated absences	<u>\$53,139</u>	<u>\$19,821</u>	<u>\$45,965</u>	<u>\$26,995</u>

**NOTE H – COMMITMENTS**

The District's Interlocal Agreement with New Braunfels Utilities, executed in 1989, resulted in expenditures of \$1,079,476 through September 30, 1995. The total amount of the agreement is \$1.5 million over five years. Subsequent funding activity in the remaining years of the agreement, if budgeted and approved by the board, shall not exceed \$424,460.

The District's Interlocal Agreement with the City of San Marcos, executed during fiscal year 1991-1992, will require funding on completion of the surface water treatment plant. Funding for the term of this agreement is \$1.1 million over five years.

The District's contract with HDR Engineering, Inc. to conduct Phase II of the Guadalupe/San Antonio River Recharge Study, executed during fiscal year 1993-1994, resulted in expenditures of \$235,554 through September 30, 1995. Subsequent funding activity, if budgeted and approved by the board, shall not exceed \$107,786.

The District's contract with HDR Engineering, Inc. to conduct Phase IV of the Nueces River Basin Study,

#### **NOTE H (continued)**

executed during fiscal year 1993-1994, resulted in expenditures of \$211,634 through September 30, 1995. Subsequent funding activity, if budgeted and approved by the board, shall not exceed \$183,296.

The District's contract with Pollution Control Services for water quality testing, executed during fiscal year 1994-1995, resulted in expenditures of \$48,150 through September 30, 1995. Subsequent funding activity, if budgeted and approved by the board, shall not exceed \$22,800.

#### **NOTE I - LITIGATION & REGULATORY MATTERS**

The District is involved in several cases involving, among other matters, use of water from the Edwards Aquifer. While the result of any litigation contains an element of uncertainty, the District's management believes that the aggregate amount of any liability and costs which might result would not have a material adverse effect on the District's financial statements.

In addition, a petition has been filed with the Texas Natural Resource Conservation Commission (TNRCC) seeking supervision of the District by the TNRCC. This matter has not yet been docketed by the TNRCC, and it is unknown what, if any, action the TNRCC may take. The District's management believes that the aggregate amount of any liability and costs which might result would not have a material adverse effect on the District's financial statements.

#### **NOTE J - EDWARDS AQUIFER AUTHORITY**

The Texas Legislature passed Senate Bill 1477 in 1993, which created the Edwards Aquifer Authority (EAA) with appointed board members rather than elected board members. In 1995, the Texas Legislature passed House Bill

3189, which replaced the appointed Edwards Aquifer Authority members with an interim appointed board, and provides for elections for EAA directors in 1996. Under the legislation, as amended in 1995, all assets and liabilities of the District are to be transferred to the new EAA. In addition, all staff are to be transferred to the new EAA.

Because of the change from an elected board to an appointed board, the Secretary of the State of Texas submitted House Bill 3189 to the U.S. Department of Justice (DOJ) for preclearance under Section 5 of the Voting Rights Act. The DOJ precleared House Bill 3189 on August 8, 1995. After receiving preclearance, the District was scheduled to be changed to the EAA on August 28, 1995; however, in a case filed August 22, 1995, in the Medina County District court, a temporary restraining order and a temporary injunction were entered by the Court to, inter alia, restrain the new members of the EAA from taking their new office and from conducting meetings, and staying the abolition of the District, pending a trial on the merits which is currently in progress. Under the terms of the temporary injunction, the District is obligated to pay the expenditures of the EAA. The financial statements include an accrual of \$36,015 which represents an estimate for the EAA's costs which are subject to approval by the Court.

#### **NOTE K - ADJUSTMENT TO RESTATE FUND BALANCE**

In the prior year, the District recognized certain capital outlay expenditures that should have been recognized during the year ended September 30, 1995 since the goods were not received until that time. As a result, an adjustment of \$268,640 is reflected in the financial statements to restore the beginning fund balance; record capital outlay and additions to general fixed assets in the current period; reduce the beginning general fixed asset balance for furniture, fixtures, and equipment; and reduce the investment in general fixed asset balance.

# **Supplemental Information**

**Edwards Underground Water District  
Schedule of General Fund Expenditures – Budget & Actual  
Year Ended September 30, 1995**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Executive Division:</b>			
Salaries	\$ 305,900	\$ 301,255	\$ 4,645
FICA, retirement, TEC	44,400	34,971	9,429
Employee insurance	12,700	11,595	1,105
Staff expense	6,800	4,919	1,881
Employee development	2,992	2,879	113
Operating expenses	5,185	4,472	713
Directors' expenses	210,000	177,702	32,298
Information management system	67,760	52,982	14,778
Legal services	694,050	662,054	31,996
Comprehensive management/planning	<u>407,500</u>	<u>370,787</u>	<u>36,713</u>
	<u>1,757,287</u>	<u>1,623,616</u>	<u>133,671</u>
<b>Technical Resources Section:</b>			
Salaries	1,115	-	1,115
FICA, retirement, TEC	6,250	-	6,250
Employee insurance	1,850	-	1,850
Staff expense	100	-	100
Employee development	500	334	166
Operating expenses	400	-	400
Engineering/consulting services	79,985	72,979	7,006
Studies, research	<u>444,908</u>	<u>399,721</u>	<u>45,187</u>
	<u>535,108</u>	<u>473,034</u>	<u>62,074</u>
<b>Administration Division:</b>			
Salaries	257,850	234,040	23,810
FICA, retirement, TEC	41,600	37,110	4,490
Employee insurance	16,250	13,501	2,749
Staff expense	500	212	288
Employee development	3,780	3,367	413
Operating expenses	50,200	26,894	23,306
Appraisal districts	52,556	40,496	12,060
Automobile expenses	18,800	17,601	1,199
Human resources services	12,800	3,421	9,379
Consultants	30,000	28,550	1,450
Facility services	45,105	40,268	4,837
Office administration	32,570	26,632	5,938
Property/casualty insurance	64,500	42,892	21,608
Tax collection fees	94,169	54,109	40,060
Telephone services	<u>29,530</u>	<u>26,586</u>	<u>2,944</u>
	<u>750,210</u>	<u>595,679</u>	<u>154,531</u>

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Field Operations Division:</b>			
Salaries	\$ 246,050	\$ 231,108	\$ 14,942
FICA, retirement, TEC	37,050	31,054	5,996
Employee insurance	14,000	11,536	2,464
Staff expense	500	204	296
Employee development	9,700	6,833	2,867
Operating expenses	12,975	9,474	3,501
Data collection, studies, research	291,000	263,511	27,489
Ground water monitoring	65,050	51,386	13,664
Recharge activities	<u>1,000</u>	<u>397</u>	<u>603</u>
	<u>677,325</u>	<u>605,503</u>	<u>71,822</u>
<b>Planning &amp; Environmental Management Division:</b>			
Salaries	258,800	254,764	4,036
FICA, retirement, TEC	38,875	38,178	697
Employee insurance	14,250	13,250	1,000
Staff expense	500	139	361
Employee development	6,437	5,108	1,329
Operating expenses	23,295	10,899	12,396
Interlocal agreements	301,000	274,867	26,133
EAPP	10,000	1,306	8,694
Water conservation	<u>70,000</u>	<u>29,779</u>	<u>40,221</u>
	<u>723,157</u>	<u>628,290</u>	<u>94,867</u>
<b>Information &amp; Education:</b>			
Salaries	119,200	108,837	10,363
FICA, retirement, TEC	20,300	9,163	11,137
Employee insurance	7,250	3,398	3,852
Staff expense	500	122	378
Employee development	2,650	1,385	1,265
Operating expenses	6,530	2,980	3,550
Public education	146,650	108,746	37,904
Public information	<u>94,150</u>	<u>66,084</u>	<u>28,066</u>
	<u>397,230</u>	<u>300,715</u>	<u>96,515</u>
Contingency	<u>3,235</u>	<u>—</u>	<u>3,235</u>
Capital outlay	<u>821,850</u>	<u>780,681</u>	<u>41,169</u>
Edwards Aquifer Authority	<u>—</u>	<u>36,015</u>	<u>(36,015)</u>
<b>Total Expenditures</b>	<b><u>\$5,665,402</u></b>	<b><u>\$5,403,533</u></b>	<b><u>\$621,869</u></b>





EDWARDS UNDERGROUND  
WATER DISTRICT

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