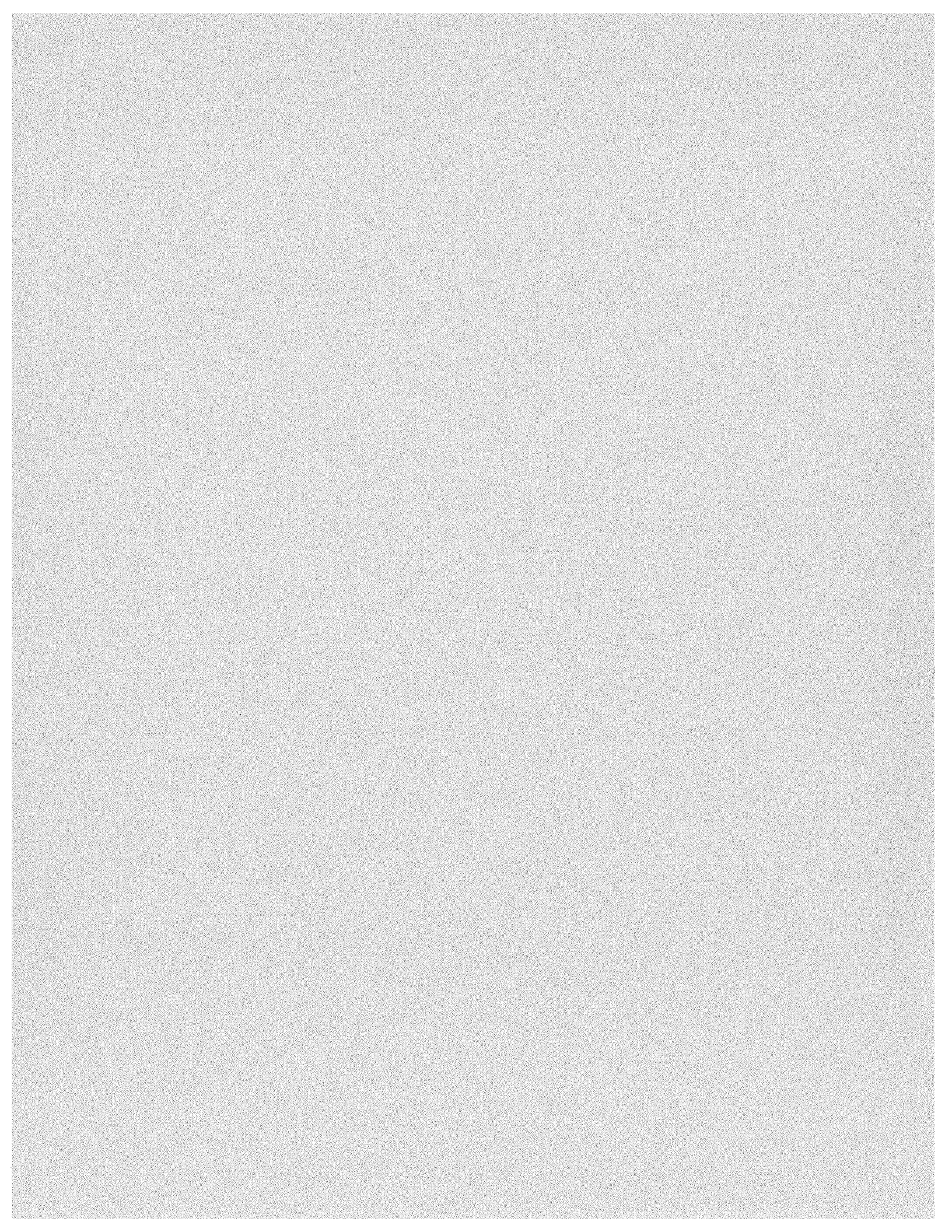

ANNUAL FINANCIAL REPORT

CAMERON COUNTY DRAINAGE
DISTRICT NO. 3

SEPTEMBER 30, 2021

BUFFO & BERKMAN
CERTIFIED PUBLIC ACCOUNTANTS



CAMERON COUNTY DRAINAGE DISTRICT NO. 3

SAN BENITO, TEXAS

SEPTEMBER 30, 2021

CAMERON COUNTY DRAINAGE DISTRICT NO. 3

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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CAMERON COUNTY DRAINAGE DISTRICT NO. 3

SEPTEMBER 30, 2021

BOARD OF DIRECTORS

Ronaldo Garcia

President

Randall McMurray

Secretary

Matthew McCarthy

Director

ATTORNEY

B. R. Dossett

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BUFFO & BERKMAN

CERTIFIED PUBLIC ACCOUNTANTS

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

Unmodified Opinions on Basic Financial Statements Accompanied by Required Supplementary Information and Other Information State or Local Governmental Entity

Independent Auditor's Report

Members of the Board of Directors
Cameron County Drainage District No. 3
San Benito, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and the major fund, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Cameron County Drainage District No. 3 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 opinion.

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. 3, as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

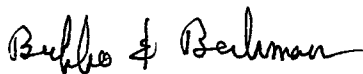
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information and budgetary comparison for the general fund on pages 9 through 15, page 45 and pages 47 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cameron County Drainage District No. 3'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. The 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
Raymondville, TX 78580
August 8, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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CAMERON COUNTY DRAINAGE DISTRICT NO. 3 MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021

This discussion and analysis of the Cameron County Drainage District No. 3's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2021. The MD&A should be read in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following is an analysis of Cameron County Drainage District No. 3 for the fiscal year ending September 30, 2021. The District held \$4,656,637 in various operating and maintenance checking accounts.

The District's basic financial statements include three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The Government-Wide Financial Statements *The government-wide financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including infrastructure) as well as all liabilities (including long-term debt).

The statement of net position includes all the District's assets and liabilities, with the difference between the two reported as total net position:

- Invested in capital assets, net of related debt
- Unrestricted

The statement of net position provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The statement of activities presents information which shows how the District's net position changed during the year. All of the year's income and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of activities measures the success of the District's operations during the year and determines fund net position whether the District has recovered its costs through other charges.

Fund Financial Statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Cameron County Drainage District No. 3, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District operates solely under a General Fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

BASIS OF REPORTING

The government-wide statements are reported using the flow of economic resources measurement focus and the full accrual basis of accounting. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Notes to the Financial Statements – The notes to the financial statements provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

Other Information – The section Required Supplemental Information (RSI) immediately follows the basic financial statements section of this report. The District adopts an annual appropriated budget for the General Fund.

FINANCIAL HIGHLIGHTS

The District's major purchases include equipment, and drainage improvements during the current year. This increase in equipment and trucks allows the District to serve its taxpayers better.

Another highlight of the District during a prior period was the implementation of a development policy, which allows the Board to recognize the donation of detention ponds and rights-of-way with the granting of an IRS 8283 Form. Through this program, developers donate assets such as ponds to the District and the District acknowledges the donation by providing an 8283 Form in return. This program allows developers to get a tax break against the profits of their developments. It also has many developers thinking about giving land to the District, which allows the District to serve its taxpayers better through the enlargement of its drainage system.

FINANCIAL ANALYSIS OF THE DISTRICT

The District's net position was \$23,659,001 at September 30, 2021, and are summarized as follows:

TABLE I
NET POSITION

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Assets		
Current assets	\$ 5,302,173	\$ 4,251,189
Capital assets	<u>18,383,218</u>	<u>18,732,828</u>
Total assets	<u>\$ 23,685,391</u>	<u>\$ 22,984,017</u>
Deferred outflow of resources		
Pension contributions	\$ 56,407	\$ 48,476
Changes of assumption - pension	<u>99,128</u>	<u>8,736</u>
Total outflows of resources	<u>\$ 155,535</u>	<u>\$ 57,212</u>
Liabilities		
Current liabilities	\$ 78,689	\$ 660,205
Accrued payroll	<u>21,494</u>	<u>59,147</u>
Total liabilities	<u>\$ 100,183</u>	<u>\$ 719,352</u>
Deferred inflows of resource		
Actual experience vs. assumptions-pension	\$ 65,877	\$ 43,518
Investment experience – pension	<u>15,865</u>	<u>47,596</u>
Total inflows of resources	<u>\$ 81,742</u>	<u>\$ 91,114</u>
Net position:		
Invested in capital assets, Net of related debt	\$ 18,383,218	\$18,732,828
Unrestricted	<u>5,275,783</u>	<u>3,497,935</u>
Total net position	<u>\$ 23,659,001</u>	<u>\$22,230,763</u>

The current assets consist primarily of cash on deposit of \$4,656,637.

TABLE II
NET POSITION

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
General Income:		
Property taxes including penalty & interest	\$ 3,538,042	\$ 3,090,589
Contribution	-0-	-0-
Grant-NRCS		6,363,437
Other general income	<u>221,191</u>	<u>219,920</u>
Total general income	<u>\$ 3,759,233</u>	<u>\$ 9,673,946</u>
Expenses:		
Service operations	<u>\$ 2,330,995</u>	<u>\$ 11,211,234</u>
	<u>\$ 2,330,995</u>	<u>\$ 11,211,234</u>
Increase (decrease) in net position	<u>\$ 1,428,238</u>	<u>\$ (1,537,288)</u>
Total change in net position	<u>\$ 1,428,238</u>	<u>\$ (1,537,288)</u>

The property tax rate remained at \$0.147218 in 2020; the District is in good financial shape. The Board's vision has allowed the District to grow conservatively while providing a large increase in the service to its taxpayers.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year revenues had a negative variance of \$406,539, and expenditures were less than budgetary estimates by \$6,147,573, ^{plus} this allowing the District to avoid the need to draw upon the existing fund balance.

ANALYSIS OF CHANGES IN CAPITAL ASSETS AND LONG-TERM DEBT

Assets such as heavy equipment are generally funded through the reserve fund balance. All equipment purchases during the year were funded through operations thus eliminating the need to finance the purchases. As of September 30, 2021 the District had no outstanding debt.

CAPITAL ASSETS ASSESSMENT

**Capital Assets at Year-End
(Net of Depreciation)**

	<u>General Fund</u>	
	<u>2021</u>	<u>2020</u>
Buildings	\$ 117,694	\$ 126,984
Sites	207,746	221,165
Machinery & equipment	1,800,138	2,101,147
Vehicles	110,875	139,672
Office furniture & equipment	2,186	2,882
Infrastructure	15,452,071	15,448,470
Right-of-ways easements	<u>692,508</u>	<u>692,508</u>
Totals	<u>\$ 18,383,218</u>	<u>\$ 18,732,828</u>
This year's major additions included:		
Equipment	\$ 46,521	\$ 463,818
Infrastructure	3,600	13,106
Trucks	0	102,953
Sites	0	0
Office furniture & equipment	<u>0</u>	<u>0</u>
	<u>\$ 50,121</u>	<u>\$ 579,877</u>

THE BUDGET, ECONOMIC ENVIRONMENT AND RATES

The local economy within the District is robust. Commercial and residential building permits remain high. Appraisal values of existing buildings are on the rise as well. All of this activity has led to an increase in overall revenue for the District. This is a trend that is expected to continue in the next several years. As the local community grows, undeveloped permeable farmland is converted to less permeable commercial and residential types of uses. This increase in development leads to a demand for an increase in the services that are provided to the public by the District. Therefore, with each passing year, the amount of District employees and equipment that is needed will continue to rise.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Manager, Cameron County Drainage District No. 3, P. O. Box 937, 1301 FM 510, San Benito, Texas 78586-0937.

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BASIC FINANCIAL STATEMENTS

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CAMERON COUNTY DRAINAGE DISTRICT NO. 3
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2021

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash & cash equivalents	\$ 4,657,137	\$	\$ 4,657,137
Ad valorem taxes receivable	388,438		388,438
Allowance for uncollectible taxes	(98,402)		(98,402)
Net pension asset		355,000	355,000
<u>Capital assets (net of accumulated depreciation)</u>			
Easements & R.O.W.		692,508	692,508
Infrastructure assets		15,452,071	15,452,071
Equipment		1,800,138	1,800,138
Buildings		117,694	117,694
Sites & improvements		207,746	207,746
Trucks and radios		110,875	110,875
Office furniture & equipment		2,186	2,186
Total assets	\$ 4,947,173	\$ 18,738,218	\$ 23,685,391
Deferred outflows of resources			
Pension contributions		\$ 56,407	\$ 56,407
Changes of assumption- pension		99,128	99,128
Total outflows of resources		\$ 155,535	\$ 155,535
LIABILITIES			
Accounts payable	\$ 78,689	\$	\$ 78,689
Accrued payroll		21,494	21,494
Total liabilities	\$ 78,689	\$ 21,494	\$ 100,183
Deferred inflows of resources			
Unavailable advalorem taxes	\$ 290,036	\$(290,036)	\$
Investment experience – pension		15,865	15,865
Actual experience vs assumption-pension		65,877	65,877
Total deferred inflow of resources	\$ 290,036	\$(208,294)	\$ 81,742
Fund balance/net position	\$	\$	
Fund balances:			
Unassigned	4,578,448	(4,578,448)	
Total fund balances	\$ 4,578,448	\$(4,578,448)	
Total liabilities, deferred inflows & fund balances	\$ 4,947,173		
Net position			
Invested in capital assets, net of related debt		\$ 18,383,218	\$ 18,383,218
Unrestricted		5,275,783	5,275,783
Total net position		\$ 23,659,001	\$ 23,659,001

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

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

Total Fund Balance – Governmental Funds \$ 4,578,448

Capital assets used in governmental activities are not financial resources and are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$18,732,828. The net effect of including the beginning balances for capital assets and other capital asset adjustments is to increase net position. 18,732,828

Pension plan, net asset, deferred outflows and deferred inflows are not financial resources and therefore are not reported in the funds. The net effect of including the pension plan net asset, deferred outflows and deferred inflows is to increase net position. 428,793

Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the statement of net position. The net effect of including the 2021 capital outlays is to increase net position. 50,121

The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. (329,529)

Other reclassifications are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include reclassifying deferred inflows in the amount of \$290,036, recognizing the liabilities associated with accrued payroll of \$21,494 and recognizing the undepreciated basis of capital asset dispositions of \$70,202. The net effect of these reclassifications is to increase net position. 198,340

Net position of Governmental Activities \$ 23,659,001

The accompanying notes are an integral part of these financial statements

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues/Income:			
Taxes	\$ 3,513,141	\$(33,477)	\$ 3,479,664
Penalties & interest	94,454		94,454
Collection fees	(36,076)		(36,076)
Interest	6,177		6,177
Pension		18,951	18,951
Sale of assets	75,133	(70,202)	4,931
Miscellaneous	<u>191,132</u>		<u>191,132</u>
Total revenues	<u>\$ 3,843,961</u>	<u>\$(84,728)</u>	<u>\$ 3,759,233</u>
Expenditures & Expenses:			
Operations	\$ 2,075,206	\$(73,740)	\$ 2,001,466
Capital outlay	50,121	(50,121)	
Depreciation		<u>329,529</u>	<u>329,529</u>
Total expenditures	<u>\$ 2,125,327</u>	<u>\$ 205,668</u>	<u>\$ 2,330,995</u>

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND (Con't)
For the Year Ended September 30, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Excess (deficiency) of revenues over expenditures	\$ 1,718,634	\$ 290,396	\$
Other financing sources/uses	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ 1,718,634	\$(1,718,634)	\$
Changes in net position		1,428,238	1,428,238
Fund balances/net position			
Beginning of year	<u>2,859,814</u>	<u>19,370,949</u>	<u>22,230,763</u>
End of year	<u>\$ 4,578,448</u>	<u>\$ 19,080,553</u>	<u>\$ 23,659,001</u>

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

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

Total Net Changes in Fund Balances – Governmental Funds	\$ 1,718,634
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year’s depreciation is to decrease net position.	(329,529)
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2021 capital outlays is to increase net position.	50,121
Other reclassifications are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unearned revenue as income, adjusting current year revenue to show the income earned from the current year’s tax levy, recognizing the liabilities associated with accrued payroll, removing pension contributions, recognizing pension income and recognizing the undepreciated basis of capital asset dispositions. The net effect of these reclassifications and recognitions is to decrease net position.	<u>(10,988)</u>
Change in Net Position of Governmental Activities	<u>\$ 1,428,238</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

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CAMERON COUNTY DRAINAGE DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – CREATION OF THE DISTRICT

On February 12, 1912, a petition was filed pursuant to Article 3, Section 52 of the TEXAS CONSTITUTION and Texas Rev. Civ. Stat. 1911, Art. 2567 with the Commissioners Court of Cameron County by residents of the San Benito, Texas, area calling for the creation of a drainage district to be known as San Benito Cameron County Drainage District No. 3. The Commissioners Court ordered that the election be held May 9, 1912. The election results were canvassed on May 13, 1912, and the District declared created on that date. The District provides essentially one governmental function: Storm water drainage. It does NOT provide retail water or sewer services, and has no legal authority to do so. The District is governed by Chapter 56 and 49 of the Texas Water Code.

Originally created pursuant to Article 3, Section 52 of the TEXAS CONSTITUTION, effective February 19, 1929, the Texas Legislature converted the District to one operating under Article 16, Section 59 of the TEXAS CONSTITUTION, Acts 1929, 41st Leg., Reg. Sess., Ch. 45 (signed by the Governor on February 19, 1929).

Effective May 29, 1998, the name of the District was changed to CAMERON COUNTY DRAINAGE DISTRICT NO. 3 by order issued by the Texas Natural Resources Conservation Commission pursuant to TEXAS WATER CODE 49.071.

NOTE 2 – NATURE OF OPERATIONS

Cameron County Drainage District Number 3 is located in the north central part of Cameron County and encompasses the City of San Benito, Texas. The District operates as a drainage district whose principal purpose is maintaining drainage ditches and improving drainage in the district. The District provides essentially one governmental function: Storm water drainage.

NOTE 3 – USES OF ESTIMATES

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

NOTE 4 – REPORTING ENTITY

The Board of the drainage district (Board), a three member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to maintaining drainage canals within the jurisdiction of the Cameron County Drainage District No. 3. The Board receives primarily local funding (except for emergency disaster assistance) and the local funding is derived primarily from property taxes. The Board is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 – REPORTING ENTITY (Continued)

Accounting and Financial Reporting Standards. Board members have previously been appointed by the Commissioner's Court, however, under Chapters 49 and 56 of the Texas Water Code and provisions of Chapter 56 which were repealed effective September 1, 1995, the office is now elective. The Board members have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

NOTE 5 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Fund Accounting – The accounts of the District are organized on the basis of governmental funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprises its assets, liabilities, fund equity, revenues and expenditures.

General Fund – Accounts for financial resources in use for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. At present, this is the only fund in use by the District.

- B. General Fixed Assets and General Long-Term Debt – Fixed assets and general long-term liabilities are reported in the Statement of Net Position. Fixed assets are reported at historical cost less accumulated depreciation. Both fixed assets and long-term liabilities are concerned only with financial position and are not involved with the measurement of the results of operations. Depreciation is not recorded on the books, but rather is recorded as a reduction in the investment of the assets. At present, the District has no long-term liabilities.

- C. Capitalization Policy – The District has adopted a policy in which any capital asset purchased for an amount over \$5000 will be capitalized.

- D. Basis of Accounting – The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become available and measurable, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- E. Budget – The Drainage District follows these procedures in establishing the budgetary data reflected in the financial statements:
1. Prior to September 1, the General Manager submits to the Board of Directors a proposed operating budget for the year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
 2. Public hearings are conducted to obtain taxpayer comments.
 3. Prior to October 1, the budget is legally enacted by Board approval.
 4. The General Manager is authorized to change spending of budgeted amounts between expenditure categories within the General Fund however, any revisions that alter the total expenditures of the General Fund must be approved by the Board of Directors.
 5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
 6. The official Non-Appropriated Budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget for the General Fund was not amended during the year.
- F. Encumbrances – The encumbrance system of accounting was not used during the fiscal year.
- G. Reporting of Infrastructure Assets – The infrastructure assets of the District are recorded at cost in the amount of \$16,144,578 and are recorded in the Statement of Net Position. Infrastructure assets consist of drainage ditches, right-of-ways, easements and associated assets.
- H. Capitalization of Interest Costs – Interest is capitalized for the construction of improvements only during the construction period. Interest on other assets is considered an expenditure of the District.
- I. Depreciation of Capital Assets – Depreciation expense is recognized for capital assets, other than infrastructure type assets, and is not recorded upon the books of the District. The straight-line method of depreciation is used. The capital assets and estimated useful lives are listed below:

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Buildings	30 Years
Sidewalks & concrete pads	40 Years
Meters, signs & flagpole	20 Years
Paving	15 Years
Machinery & equipment	7-10 Years
Automobiles & radios	7 Years
Computers	7 Years
Office equipment	7 Years
Air conditioning units	5 Years
Office furniture	10 Years

- J. Fund Balance Policies - The District has classified its fund balances in the following classifications:

Nonspendable	-0-
Restricted	-0-
Committed	-0-
Assigned	-0-
Unassigned	\$ 4,578,448

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.

- K. Pension Benefit Plan – Pensions. For purposes of measuring the net pension liability, 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.

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 6 – MEASUREMENT FOCUS

The objective of a measurement focus is expressed in reporting an entity's financial performance and position. A particular measurement focus is accomplished by considering not only which resources are measured (for example, financial or economic resources), but also when the effects of transactions or events involving those resources are recognized. The measurement focus of government-wide financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

NOTE 7 – PROPERTY TAX ASSESSMENTS

During the year ended September 30, 2021, the District levied an ad valorem maintenance tax at the rate of \$.147218 per \$100 of assessed valuation which resulted in a tax levy of \$3,496,971 on the taxable valuation of \$2,375,369,180 for the 2020 tax year. Uncollected taxes at year end were \$290,036 of which \$88,198 were on the current tax roll and \$201,838 were on the delinquent tax roll. The taxes are levied in October and are due by January 31. The taxes become delinquent on February 1. Delinquent taxes are considered fully collectible until deemed insolvent. The district does not consider property taxes as available if they are collected within 60 days after year-end because the amount is insignificant.

The maintenance tax was authorized by the election held on May 9, 1912, respecting the creation of the District and the levy of the tax for operation and maintenance purposes. No act or special law specifies the maximum tax rate the District may levy. Texas Constitution Article 16, Section 59 (under which the District has been operating since 1929) imposes no limitation on the amount of maintenance taxes which may be collected by the District.

NOTE 8 – PREPAID EXPENSES

There were no prepaid expenses at September 30, 2021.

NOTE 9 – CHANGES IN GENERAL FIXED ASSETS

Governmental Accounting Standards Board Statement 34 (GASB 34) changed the reporting and measurement focus for governmental entities. Of major importance was the method of reporting general fixed assets. Previous to GASB 34 requirements, general fixed assets were reported in the combined Balance Sheet at original cost in the 'Account Group' and did not recognize depreciation except for enterprise type funds. General Fixed Assets are now reported in the 'Net Position Statement; net of accumulated depreciation of prior and current reporting periods.

During the current operating year ended September 30, 2021, the District acquired \$50,121 of fixed assets and capital improvements. The largest expenditures were equipment and trucks.

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – CHANGES IN GENERAL FIXED ASSETS (Continued)

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

	09-30-20			09-30-21
	<u>Balance</u>	<u>Addition</u>	<u>Deletion</u>	<u>Balance</u>
Buildings	\$ 278,674	\$	\$	\$ 278,674
Site & improvements	312,843			312,843
Machinery & equipment	4,057,671	46,521	(100,289)	4,003,903
Trucks & radios	300,249			300,249
Office furniture & fixtures	41,393			41,393
Infrastructure – ditches	15,448,470	3,600		15,452,070
Right-of-ways & easements	692,508			692,508
Total at historical cost	<u>\$ 21,131,808</u>	<u>\$ 50,121</u>	<u>\$ (100,289)</u>	<u>\$ 21,081,640</u>
Less accumulated depreciation				
Buildings	\$(151,690)	\$(9,289)	\$	\$(160,979)
Site & improvements	(91,679)	(13,419)		(105,098)
Machinery & equipment	(1,956,523)	(277,328)	30,087	(2,203,764)
Trucks & radios	(160,577)	(28,797)		(189,374)
Office furniture & fixtures	(38,511)	(696)		(39,207)
Infrastructure – ditches				
Right-of-ways & easements				
Total accumulated depreciation	<u>\$(2,398,980)</u>	<u>\$(329,529)</u>	<u>\$ 30,087</u>	<u>\$(2,698,422)</u>
Capital assets – net	<u>\$ 18,732,828</u>	<u>\$(279,408)</u>	<u>\$(70,202)</u>	<u>\$ 18,383,218</u>

Maintenance of the infrastructure is predetermined by the Board of Directors and the system is evaluated annually to determine if the ditches are maintained at goal levels and maintained within adopted budgets.

NOTE 10 – SHARED FACILITIES

The operation of the District is managed by a manager who is employed by Cameron County Irrigation District Number 2. The manager for C.C.I.D. #2 submits a monthly report to the District's directors and the manager and the directors discuss drainage projects and equipment needs of the District. The District hires its own employees and an agreement has been reached with Cameron County Irrigation District No. 2 in which hourly rates are charged for the use of the equipment of each District. The District reimburses a portion of the salary of the manager of Cameron County Irrigation District No. 2. The two districts jointly constructed a building and warehouse during a prior period.

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 11 – DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. Deposits were with the contracted depository bank in interest bearing accounts. Deposits consisted of cash in the general fund operating account of \$4,623,416, and cash in the payroll account of \$31,104 were secured by \$250,000.00 in FDIC coverage on the demand accounts, and \$4,571,783, in securities held by the First Community Bank, the market value of these securities was \$4,696,602. The District is not exposed to Custodial Credit Risk for its deposits as all were either insured or collateralized with securities held by the District’s agent in the District’s name at September 30, 2021. Cash and cash equivalent include cash on hand, in the bank checking and savings accounts.

Cash and cash equivalents	
Cash in bank accounts	\$ 4,623,416
Cash in bank certificates of deposit	<u>0</u>
Total cash and certificates of deposit	<u>\$ 4,623,416</u>

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 11 – DEPOSITS AND INVESTMENTS (Continued)

- b. Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District had no investments at September 30, 2021, exposed to Custodial Credit Risk.

- c. Interest Rate Risk: Investment strategies have as the primary objectives of investment liquidity. As a means of minimizing risk of loss due to interest rate fluctuations, certificates of deposit do not have a stated final maturity date which exceeds 365 days.

NOTE 12 - PLEDGE OF REVENUES, COMPLIANCE WITH DEBT SERVICE REQUIREMENTS AND REDEMPTION OF BONDS

The District had no pledge of revenues during the fiscal period and was not required to comply with debt service requirements or redemption of bonds.

NOTE 13 – CAPITAL LEASES AND NON CAPITALIZED LEASE COMMITMENTS

The District had no capital leases or non capitalized lease commitments during the fiscal period.

NOTE 14 – CHANGES IN GENERAL LONG-TERM DEBT

The District had no general long-term debt during the fiscal period.

NOTE 15 – PLAN DESCRIPTION

A. Plan Description

Cameron County Drainage District No. 3 provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the 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 is available www.tcdrs.com.

**CAMERON COUNTY DRAINAGE DISTRICT NO. 3
SCHEDULE OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 15 – PLAN DESCRIPTION (continued)

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 age 60 and above with 10 or more years of service, with 30 years services 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-financial benefit. Members who withdraw their personal contributions in a lump sum, 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 contributions and the employer-finances monetary credits to a monthly annual purchase rate prescribed by the TCDRS Act.

Employees covered by benefit terms.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	12
Active employees	30

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 7.00%, in calendar years 2018, 2019 and 2020, respectively. The District's contributions to TCDRS for the year ended September 30, 2020, were \$67,810, and were equal to the required contributions.

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
SCHEDULE OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 15 – PLAN DESCRIPTION (continued)

D. Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increase	Varies by age and service, 4.6% average over career including inflation
Investment Rate of Return	7.50% net of pension plan investment expenses, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on (110% of the MP 2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is RP-200 table projected with Scale AA to 2014.

Actuarial assumptions used in the December 31, 2020, valuation were based on the results of actuarial experience studies. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality experience Investigation Study. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2020 valuation.

The long-term expected rate of return on pension plan investments is 7.50%. 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 pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
SCHEDULE OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 15 – PLAN DESCRIPTION (continued)

arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target allocation	Geometric Real Rate of Return
US Equities	11.50%	4.25%
Private Equity	25.00%	7.25%
Global Equities	2.50%	4.55%
International Equities- Developed	5.00%	4.25%
International Equities- Emerging	6.00%	4.75%
Investment-Grade-Bonds	3.00%	-0.85%
Strategic Credit	9.00%	2.11%
Direct Lending	16.00%	6.70%
Distressed Debt	4.00%	5.70%
REIT Equities	2.00%	3.45%
MLPS	2.00%	5.10%
Private Real Estate Partnerships	6.00%	4.90%
Hedge Funds	6.00%	1.85%
Cash Equivalents	2.00%	-0.70%

Discount Rate

The discount rate used to measure the total Pension Liability was 7.60%. 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.

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 15 – PLAN DESCRIPTION (Continued)

Changes in the Net Pension Liability	Total Pension Liability (a)	Increase(Decrease)	
		Fiduciary Net Pension (b)	Net Pension Liability (a-b)
Balance at 12/31/2019	\$ 1,586,237	\$ 1,954,240	\$(368,003)
Changes for the year:			
Service cost	88,875		88,875
Interest on total pension liability	133,514		133,514
Effect of plan changes	0		0
Effect of economic/demographic Gains or losses	20,427		20,427
Effect of assumptions changes or inputs	108,810		108,810
Refund of contributions	(3,853)	(3,853)	0
Benefit payments	(50,784)	(50,784)	0
Contributions-employer		67,810	(67,810)
Contributions-employee		67,810	(67,810)
Net investment income		202,052	(202,052)
Administrative expense		(1,638)	1,638
Other	0	2,590	(2,590)
Balance at 12/31/2020	\$ 1,883,226	\$ 2,238,227	\$(355,000)

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

The following presents the net pension liability of the district calculated using the discount rate of 7.60%, 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 (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
District's net pension Liability/(Asset)	\$(95,863)	\$(355,000)	\$(575,545)

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.

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 15 – PLAN DESCRIPTION (Continued)

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

For the ended September 30, 2021 the District recognized pension income of \$18,951.

At September 30, 2021, 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	\$ 15,865	\$
Changes or assumptions	0	99,128
Net difference between projected and actual earning	65,877	
Contributions subsequent to the measurement date		56,407

\$56,407 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	
2021	(14,361)
2022	5,167
2023	(27,069)
2024	14,611
2025	20,573
Thereafter	18,465

NOTE 16 – POST EMPLOYMENT BENEFITS

The District provides no post employment benefits for the employees. Once any employee has separated from the employment of the District, the District has no contractual obligation to provide any post employment benefits.

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 17 – COMPENSATED ABSENCES

The District employees are each entitled to ten days vacation time after the first year of full-time employment. After ten years of employment, the employee is entitled to an additional day for each year over the ten year minimum up to a maximum of twenty days.

The District employees are each entitled to five days sick time per year. Sick time carries over from year to year. In certain circumstances, the employee is entitled to twenty days; however, it must be for major surgery or a life-threatening disease or accident.

The District is responsible for compensated absences of approximately \$21,494 for the year ended September 30, 2021.

NOTE 18 – LITIGATION, COMMITMENTS, CONTINGENT LIABILITIES AND EFFECTS OF SUBSEQUENT EVENTS

The District is not currently involved in litigation or aware of any pending litigation. The District has made no commitments under lease agreements or otherwise. There are no contingent liabilities and no events have occurred subsequent to the year ended September 30, 2021 which would have a material effect on the financial statement.

NOTE 19 – INTERFUND RECEIVABLES AND PAYABLES

The District had no interfund receivables and payables during the fiscal period.

NOTE 20 – SHORT-TERM DEBT INSTRUMENT

The District had no short-term debt instruments during the fiscal period.

NOTE 21 – 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 contractors; and natural disasters. The District purchases commercial insurance to cover these risks of loss. There were no significant reductions in insurance coverage in the prior year by major categories of risk.

NOTE 22 – MATERIAL VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

The District had no material violations of finance-related legal and contractual provisions.

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 23 –DEFICIT FUND BALANCE

The District had no deficit fund balance during the fiscal period.

NOTE 24 – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources at December 31, 2021, consisted of the following:

	<u>General Fund</u>
Net advalorem taxes	\$ 290,036

NOTE 25 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 8, 2022, 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

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CAMERON COUNTY DRAINAGE DISTRICT NO. 3
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2021

	Original &Final Budget	Actual Amounts	Variance with Budget
Revenues:			
Taxes	\$ 4,001,400	\$ 3,513,141	\$(488,259)
Penalties & interest	80,000	94,454	14,454
Collection fees	(30,500)	(36,076)	(5,576)
Interest	4,600	6,177	1,577
Sale of assets	5,000	75,133	70,133
Miscellaneous	190,000	191,132	1,132
Total revenues	<u>\$ 4,250,500</u>	<u>\$ 3,843,961</u>	<u>\$(406,539)</u>
Expenditures:			
Appraisal district fees	\$ 45,000	\$ 44,845	\$ 155
Audit fees	8,000		8,000
Directors' fees	21,600	19,800	1,800
Engineering fees	10,000	3,864	6,136
General manager services	105,000	81,935	23,065
Insurance & bonds	34,500	47,500	(13,000)
Legal fees	30,000	22,769	7,231
Miscellaneous	28,900	23,793	5,107
Office expense	4,500	8,640	(4,140)
Tools & safety supplies	8,500	6,366	2,134
Utilities	15,000	17,329	(2,329)
Salaries & wages	979,500	1,007,768	(28,268)
Employee benefits	256,800	260,096	(3,296)
Payroll taxes	94,400	97,655	(3,255)
Uniforms & physicals	7,500	7,539	(39)
Seminars & training	4,100	140	3,960
Gas & oil – trucks	45,000	20,771	24,229
Gas & oil – equipment	180,000	160,197	19,803
Expenditures for maintenance:			
Repairs to trucks	16,000	13,069	2,931
Repairs to equipment	150,000	192,536	(42,536)
Repairs to pipeline & structures	115,000	23,712	91,288
Other repairs	3,500	3,068	432
Machine moves	7,500	10,200	(2,700)
Tire collection/disposal	100,000	1,614	98,386
Capital outlays:			
Infrastructure	5,039,600	3,600	5,036,000
Equipment & vehicle	960,000	46,521	913,479
Office equipment	3,000		3,000
Total expenditures	<u>\$ 8,272,900</u>	<u>\$ 2,125,327</u>	<u>\$ 6,147,573</u>
Excess (deficiency) of revenues over expenditures	\$(4,022,400)	\$ 1,718,634	\$ 5,741,034
Other financing sources/uses	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$(4,022,400)	\$ 1,718,634	\$ 5,741,034
Changes in net position			
Fund balances			
Beginning of year	<u>2,859,814</u>	<u>2,859,814</u>	<u>0</u>
End of year	<u>\$(1,162,586)</u>	<u>\$ 4,578,448</u>	<u>\$ 5,741,034</u>

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**CAMERON COUNTY DRAINAGE DISTRICT NO. 3
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
PENSION INFORMATION**

**SCHEDULE OF PENSION EXPENSE
CURRENT PERIOD**

	December 31, <u>2020</u>
1. Total Service Cost	\$ 88,875
2. Interest on the Total Pension Liability	133,514
3. Effect of plan changes	0
4. Employee contributions	(67,810)
5. Expected investment return net of investment expenses	(161,547)
6. Administrative Expense	1,638
7. Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(11,304)
Recognition of assumption changes or inputs	18,418
Recognition of investment gains or losses	(18,145)
8. Other	<u>(2,590)</u>
9. Pension expense	\$(18,951)

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
PENSION INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Total pension liability	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 88,875	\$ 86,158	\$ 79,613	\$ 77,339
Interest (on the Total Pension Liability)	133,514	120,214	107,605	106,445
Effect of plan changes	0	0	0	0
Effect of economic/demographic gains/losses	20,427	14,765	14,986	(116,300)
Effect of assumptions, changes or inputs	108,810	0	0	10,457
Benefit payments, including refunds of employee contributions	<u>(54,637)</u>	<u>(64,468)</u>	<u>(42,147)</u>	<u>(88,720)</u>
Net Change in total Pension Liability	\$ 296,989	\$ 156,669	\$ 160,057	\$ (10,779)
Total Pension Liability – Beginning	<u>1,586,237</u>	<u>1,429,569</u>	<u>1,269,512</u>	<u>1,280,291</u>
Total Pension Liability – Ending (a)	<u>\$1,883,226</u>	<u>\$1,586,237</u>	<u>\$ 1,429,569</u>	<u>\$ 1,269,512</u>
Plan Fiduciary Net Position				
Contributions – Employer	\$ 67,810	\$ 62,546	\$ 59,403	\$ 55,774
Contributions – Employee	67,810	62,546	59,403	55,774
Net Investment Income	202,052	266,932	(28,515)	198,318
Benefit payments, including refunds of employee contributions	<u>(54,637)</u>	<u>(64,468)</u>	<u>(42,147)</u>	<u>(88,720)</u>
Administrative Expense	<u>(1,638)</u>	<u>(1,489)</u>	<u>(1,306)</u>	<u>(1,048)</u>
Other	<u>2,590</u>	<u>2,348</u>	<u>2,442</u>	<u>296</u>
Net change in Plan Fiduciary Net Position	\$ 283,987	\$ 328,415	\$ 49,281	\$ 220,394
Plan Fiduciary Net Position – Beginning	<u>1,954,240</u>	<u>1,625,826</u>	<u>1,576,545</u>	<u>1,356,152</u>
Plan Fiduciary net Position – Ending (b)	<u>\$ 2,238,227</u>	<u>\$ 1,954,240</u>	<u>\$ 1,625,826</u>	<u>\$1,576,545</u>
Net Pension Liability(Assets)				
Ending(a)–(b)	<u>\$ (355,000)</u>	<u>\$ (368,003)</u>	<u>\$ (196,258)</u>	<u>\$ (307,033)</u>
Plan fiduciary Net Position as a Percentage of Total Pension Liability	118.85%	123.20%	113.73%	124.19%
Covered Employee Payroll	\$ 968,709	\$ 893,515	\$ 848,621	\$ 796,765
Net Pension Liability as a Percentage of Covered Employee Payroll	(36.65%)	(41.19%)	(23.13%)	(38.53%)

**CAMERON COUNTY DRAINAGE DISTRICT NO. 3
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
PENSION INFORMATION**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 88,405	\$ 81,684	\$ 74,987
93,519	83,882	73,629
0	(13,033)	0
2,621	(23,731)	8,101
0	9,662	0
<u>(30,355)</u>	<u>(18,721)</u>	<u>(44,331)</u>
\$ 154,190	\$ 119,742	\$ 112,386
 <u>1,126,101</u>	 <u>1,006,359</u>	 <u>893,972</u>
<u>\$ 1,280,291</u>	<u>\$ 1,126,101</u>	<u>\$ 1,006,359</u>
 \$ 34,943	 \$ 35,303	 \$ 35,162
56,884	55,909	53,624
88,705	(1,924)	68,501
(30,355)	(18,721)	(44,331)
(964)	(837)	(824)
<u>14,217</u>	<u>507</u>	<u>(233)</u>
\$ 163,430	\$ 70,237	\$ 111,899
 <u>1,192,723</u>	 <u>1,122,486</u>	 <u>1,010,588</u>
<u>\$ 1,356,152</u>	<u>\$ 1,192,723</u>	<u>\$ 1,122,486</u>
 <u>\$(75,861)</u>	 <u>\$(66,622)</u>	 <u>\$(116,128)</u>
 105.93%	 105.92%	 111.54%
\$ 812,626	\$ 798,706	\$ 766,050
 (9.34%)	 (8.34%)	 (15.16%)

**CAMERON COUNTY DRAINAGE DISTRICT NO. 3
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 7,847	\$ 7,237	\$ 22,488	\$ 24,540
Contributions in relation to the actuarially determined	\$ 67,810	\$ 62,546	\$ 59,403	\$ 55,774
Contribution deficiency (excess)	\$(59,963)	\$(55,309)	\$(36,915)	\$(31,233)
Covered employee payroll	\$ 968,709	\$ 893,515	\$ 848,621	\$ 796,765
Contributions as a percentage of covered employee payroll	7.0%	7.0%	7.0%	7.0%

**CAMERON COUNTY DRAINAGE DISTRICT NO. 3
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 34,943	\$ 35,303	\$ 35,162
Contributions in relation to the actuarially determined	\$ 34,943	\$ 35,303	\$ 35,162
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0
Covered employee payroll	\$ 812,626	\$ 798,706	\$ 766,050
Contributions as a percentage of covered employee payroll	4.3%	4.4%	4.6%

**CAMERON COUNTY DRAINAGE DISTRICT NO. 3
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS**

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Actuarially determined contribution rates are calculated 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	0.0 years (based on contribution rate calculated in 12/31/2020 valuations)
Asset Valuation Method	5 year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service, 4.6% average over career including inflation
Investment Rate of Return	7.50% net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed 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.
Changes in assumptions and Methods Reflected in the Schedule of employer Contribution*	<p>2015: New inflation, mortality and other assumptions were reflected.</p> <p>2017: New mortality assumptions were reflected.</p> <p>2019: New inflation, mortality and other assumptions were reflected.</p>
Changes in Plan Provisions Reflected in the Scheduled Of Employer Contributions*	<p>2015: No changes in plan provisions were reflected in the Schedule.</p> <p>2016: No changes in plan provisions were reflected in the Schedule.</p> <p>2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.</p>

**CAMERON COUNTY DRAINAGE DISTRICT NO. 3
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS**

NOTES TO SCHEDULE OF CONTRIBUTIONS

2018: No changes in plan provisions were reflected in the Schedule.

2019: No changes in plan provisions were reflected in the Schedule.

2020: No changes in plan provisions were reflected in the Schedule.

*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

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
SCHEDULE OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>
<u>Cash:</u>	
Petty cash	\$ 500
Cash on deposit at	
First Community Bank:	
Checking Account	<u>4,656,637</u>
Total cash	<u>\$ 4,657,137</u>
 <u>Cash Equivalents:</u>	
Certificates of deposit at	
First Community Bank	<u>\$ 0</u>
Total cash equivalents	<u>\$ 0</u>
 Total cash and cash equivalents	 <u>\$ 4,657,137</u>

CAMERON COUNTY DRAINAGE DISTRICT NO. 3
SCHEDULE OF TAXES RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Changes in Tax Receivables:

Tax receivables at beginning of year	\$ 423,372	
Adjustments	<u>(2,129)</u>	\$ 421,243
2020 Year - Levy	\$ 3,177,147	
Adjustments	<u>(64,977)</u>	3,112,170
2020 Collections		
Current year	\$ 2,976,167	
Prior year	<u>115,885</u>	<u>3,092,052</u>
Tax receivable end of year		<u>\$ 441,361</u>

Tax receivables by year

2020	\$ 113,880
2019	66,610
2018	44,145
2017	29,411
2016	21,886
2015	17,421
2014	13,691
2013	12,425
2012	11,967
2011	10,682
2010 and prior	<u>46,320</u>
	<u>\$ 388,438</u>

