

**SOUTHERN TRINITY GROUNDWATER
CONSERVATION DISTRICT**

**BASIC FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2017 and 2016

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Southern Trinity Groundwater Conservation District

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Southern Trinity Groundwater Conservation District
Waco, Texas 76703

We have audited the accompanying financial statements for the business-type activities of Southern Trinity Groundwater Conservation District as of and for the years then ended September 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the business-type activities of Southern Trinity Groundwater Conservation District as of September 30, 2017 and 2016 and the changes in net position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

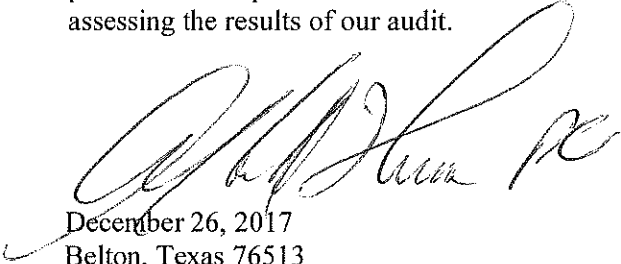
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require management's discussion and analysis (MD&A) on pages iii through vi, and the budgetary comparison information on page 8, 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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2017, on our consideration of Southern Trinity Groundwater Conservation District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, page 7. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



December 26, 2017
Belton, Texas 76513

Southern Trinity Groundwater Conservation District

Management's Discussion and Analysis

The management of Southern Trinity Groundwater Conservation District (the District) offers the following overview and analysis of the financial statements and financial activities for the District for the fiscal years ended September 30, 2017 and 2016.

Financial Highlights 2017

- The assets of the District exceeded the liabilities at the close of the most recent Fiscal year by \$422,600, an 11% increase from the prior year. This unrestricted net position may be used to meet the District's on-going obligations to customers and creditors.
- Accounts Receivable of the district, based on rates and fees, was \$12,867, 3% of current assets. A litigious settlement of \$8,840 was expensed as uncollectable.
- Payables of the District were \$11,199, a 27% decrease from \$15,244 the prior year.

Financial Highlights 2016

- The assets of the District exceeded the liabilities at the close of the most recent Fiscal year by \$379,514. This unrestricted net position may be used to meet the District's on-going obligations to customers and creditors.
- Receivables of the district included, based on rates and fees, \$12,827, 3% of current assets and a litigious settlement remaining of \$8,840.
- Payables of the District were \$15,244, a substantial increase from \$6,958 the prior year.

Overview of the Financial Statements

The intent of the discussion and analysis is to serve as an introduction to the District's basic financial statements.

Fund financial statements: A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The only fund used by the District is classified as a proprietary fund.

Proprietary funds: The District maintains one type of proprietary fund, considered to be its major fund and referred to as its enterprise fund. The District uses this enterprise fund to account for and report the business-type activities such as its well production fees, and, other permits, fees, and expenditures in the proprietary fund financial statements.

Notes to the financial statements: These notes provide additional information that is essential to the full understanding of data provided in the proprietary fund financial statements.

Financial Analysis of the District's Funds

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$422,600 at the close of the most recent fiscal year. Typically, a portion of the District's net position reflects its investments in capital assets (i.e., office and field equipment) less any related debt used to acquire those assets that is still outstanding. Currently, the District does not recognize any material capital assets. (Note IV)

Southern Trinity Groundwater Conservation District Net Position – Proprietary Fund September 30, 2017 and 2016

	Business- type Activities <u>2017</u>	Business- Type Activities <u>2016</u>	Business- Type Activities <u>2015</u>
Assets:			
Current assets	\$433,799	\$385,918	\$391,616
Capital and other assets (net of accumulated depreciation and/or amortization)	<u>-0-</u>	<u>8,840</u>	<u>8,840</u>
Total assets	<u>\$433,799</u>	<u>\$394,758</u>	<u>\$400,456</u>
Liabilities:			
Short-term liabilities outstanding	<u>\$11,199</u>	<u>\$15,244</u>	<u>\$6,958</u>
Total liabilities	<u>\$11,199</u>	<u>\$15,244</u>	<u>\$6,958</u>
Net position:			
Net investment in capital assets	\$ -0-	\$ -0-	\$ -0-
Unrestricted net position	<u>422,600</u>	<u>379,514</u>	<u>393,498</u>
Total net position	<u>422,600</u>	<u>379,514</u>	<u>393,498</u>
Total liabilities and net position	<u>\$433,799</u>	<u>\$394,758</u>	<u>\$400,456</u>

The balance of unrestricted net position, (100%) of the total net position, may be used to meet the District's ongoing obligations to customers and creditors.

At the of the fiscal year ended September 30, 2017, the District reports a favorable balance in all categories of net position.

**Southern Trinity Groundwater Conservation District
Revenues, Expenditures, and Changes in Net Position – Proprietary Fund
September 30, 2017 and 2016**

	Business- Type Activities <u>2017</u>	Business- Type Activities <u>2016</u>	Business- Type Activities <u>2015</u>
Operating revenues:			
Service and regulatory fees	\$207,167	\$150,846	\$138,663
Other revenues:			
Investment earnings and other miscellaneous revenues	13,202	1,030	1,065
Total revenues	<u>\$220,369</u>	<u>\$151,876</u>	<u>\$139,728</u>
Expenditures:			
Operating:			
Salaries, benefits, and intern	79,138	84,766	81,943
Professional fees	49,585	31,258	49,828
General and administrative	23,337	41,836	35,425
Total operating expenditures	<u>152,060</u>	<u>157,860</u>	<u>167,196</u>
Special projects	25,223	8,000	11,255
Total expenditures	<u>177,283</u>	<u>165,860</u>	<u>178,451</u>
Increase (decrease) in net Position	43,086	(13,984)	(38,723)
Net position, beginning of the year	379,514	393,498	432,221
Change in Capital Assets	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net position, end of the year	<u>422,600</u>	<u>379,514</u>	<u>393,498</u>

The District's net position increased \$43,086 during the fiscal year ended September 30, 2017. Overall, operation cost decreased by \$5,801, 4%, and, there was a 37% increase, \$56,321, in revenue from well production. A significant part of this increase was from the collection of past production fees from an unregistered well.

Capital Asset Administration

Capital Assets: The District's investment in capital assets for its business-type activities as of September 30, 2017, amounts to \$ -0- (net of accumulated depreciation). In February of 2012, the District enacted, through Board action, a Capital Policy of \$25,000. All new capital assets acquired costing less than \$25,000 per item will be expensed as budgeted. This policy is also consistent with the District's bid protocol for purchases of \$25,000 or more.

Requests for Information

The design of this financial report is to provide a general overview of the District's finances for all those with an interest. Address any questions concerning the information provided in this report or requests for additional financial information to the General Manager of Southern Trinity Groundwater Conservation District, P.O. Box 2205, Waco, Texas 76703.

Financial Section

Southern Trinity Groundwater Conservation District
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2017 and 2016

	Business-Type Activities Enterprise Fund Well Production Fund 2017	Business-Type Activities Enterprise Fund Well Production Fund 2016
	<u> </u>	<u> </u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 173,011	\$ 125,782
Invested Funds	247,921	247,309
Accounts Receivable	12,867	12,827
Total Current Assets	<u> 433,799</u>	<u> 385,918</u>
NON-CURRENT ASSETS		
Capital Assets		
Furniture and Equipment	-	-
Less Accumulated Depreciation	<u> </u>	<u> </u>
Total Capital Assets (net of accum. deprec.)	-	-
Notes Receivable	<u> </u>	<u> 8,840</u>
Total Non-Current Assets	<u> </u>	<u> 8,840</u>
TOTAL ASSETS	<u><u> \$ 433,799</u></u>	<u><u> \$ 394,758</u></u>
 LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 11,199	\$ 15,244
Accrued Payroll Liabilities	<u> </u>	<u> </u>
Total Current Liabilities	<u> 11,199</u>	<u> 15,244</u>
TOTAL LIABILITIES	<u> 11,199</u>	<u> 15,244</u>
 NET POSITION		
Net Investment in Capital Assets	-	-
Unrestricted	<u> 422,600</u>	<u> 379,514</u>
TOTAL NET POSITION	<u> 422,600</u>	<u> 379,514</u>
 TOTAL LIABILITIES AND NET POSITION	<u><u> \$ 433,799</u></u>	<u><u> \$ 394,758</u></u>

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report

Southern Trinity Groundwater Conservation District
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
For the years ended September 30, 2017 and 2016

	<u>Business-Type Activities Enterprise Fund Well Production Fund 2017</u>	<u>Business-Type Activities Enterprise Fund Well Production Fund 2016</u>
Operating Revenues:		
Annual Well Fees	\$ 7,650	\$ 7,450
Well Production Fees	186,017	130,317
Well Drilling Permit	7,000	3,479
NHUPP Application Fee	-	6,000
HUPP Application Fee	-	-
Well Registration Fee	6,500	3,600
Total Operating Revenue	207,167	150,846
Operating Expenses:		
Advertising	800	576
Intern	19,921	25,388
Salaries	55,000	55,000
Payroll Taxes	4,216	4,379
Education	1,271	-
Insurance	1,195	1,154
Professional Fees - Accounting	5,242	4,832
Professional Fees - Auditing	4,698	4,525
Professional Fees - Engineering	15,400	11,430
Professional Fees - Geologist	-	3,109
Professional Fees - Legal	24,245	7,363
Professional Fees - Website	-	-
Dues and Fees	4,224	2,944
General and Administrative	15,848	37,161
Total Operating Expenses	152,060	157,861
Operating Income (Loss)	55,107	(7,015)
Nonoperating Revenues (Expenditures)		
Interest Income	1,202	1,031
BRA Alluvium	12,000	
Uncollectable Accounts	(8,840)	
Special Projects	(16,383)	(8,000)
Total Nonoperating Revenues (Expenditures)	(12,021)	(6,969)
Change in Net Position	43,086	(13,984)
Total Net Position - Beginning	379,514	393,498
Adjustments	-	-
Total Net Position - Ending	\$ 422,600	\$ 379,514

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report

Southern Trinity Groundwater Conservation District
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the years ended September 30, 2017 and 2016

	Business-Type Activities Enterprise Fund Well Production Fund 2017	Business-Type Activities Enterprise Fund Well Production Fund 2016
<u>Cash Flows from Operating Activities</u>		
Cash received from customers	\$ 207,167	\$ 150,845
Cash payments to suppliers	(104,326)	(98,641)
Cash payments to employees	(55,000)	(55,000)
Net Cash Provided by Operating Activities	47,841	(2,796)
<u>Cash Flows from Capital and Related Investing Activities</u>		
Acquisition of certificates of deposit	(612)	(619)
Acquisition of capital assets	-	-
Net Cash Used by Capital and Related Financing Activities	(612)	(619)
Net (Decrease) Increase in Cash and Cash Equivalents	47,229	(3,415)
Cash and cash equivalents - beginning of year	125,782	129,197
Cash and cash equivalents - end of year	\$ 173,011	\$ 125,782
<u>Reconciliation of operating income to net cash provided by or (used for) operating activities:</u>		
Change in net position	\$ 43,086	\$ (13,984)
Adjustments to reconcile operating increase in net position to net cash provided by operating activities:		
Depreciation expense	-	-
(Increase) decrease in accounts receivable	(40)	2,902
(Increase) decrease in notes receivable	8,840	-
Increase (decrease) in accounts payable	(4,045)	8,286
Increase (decrease) in accrued payables	-	-
Total adjustments	4,755	11,188
Net Cash Used for Operating Activities	47,841	(2,796)

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report

Southern Trinity Groundwater Conservation District
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

I. The Reporting Entity

Southern Trinity Groundwater Conservation District (the District), formerly known as McLennan County Groundwater District, was formed July 23, 2007. The creation of the District is under Senate Bill number 1985. A five member board of Directors, the members of which are appointed by the McLennan County Commissioners, governs the District.

The accounting policies of the District conform to U.S. generally accepted accounting principles, as applicable to special purpose governmental units. Since the District has a separately appointed governing body, is legally separate and is fiscally independent of other state and local governments, it is treated as a primary government unit not included in any other governmental financial reporting entity. No other entities were identified or included within the "reporting entity" as defined by Governmental Accounting Standards Board (GASB) Statement No. 61, The Financial Reporting Entity.

II. Summary of Significant Accounting Policies

Measurement focus, basis of accounting and financial statement presentation

The operations of the District are reported in the proprietary fund.

The proprietary fund financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as capital contributions as soon as all eligibility requirements imposed by the provider have been met.

The District reports the following major proprietary fund:

The enterprise fund accounts for the activities of water well production throughout the District solely within McLennan County.

Proprietary funds distinguish operating revenues and expenditures from non-operating items. Operating revenues and expenditures generally result from providing services and well production in connection with the proprietary fund's principal on-going activities. The principal operating revenues of the enterprise fund are charges to customers for well production and services. Operating expenditures for the enterprise funds include the cost of monitoring, billing of well production, administrative expenses and depreciation on capital assets. All revenues and expenditures not meeting this definition are reported as non-operating revenues and expenditures.

Budgeting

The Board of Directors adopts an official budget at the beginning of each fiscal year. The Board approves amendments to the budget as needed throughout the year.

Accounts Receivable

Service accounts receivable as reported are considered collectable. The District uses the direct write off method for uncollectible accounts. Unbilled fee and permit revenues are not material and are not recorded at year end.

Southern Trinity Groundwater Conservation District
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

III. Deposits and Investment Risk

The Board has designated one bank as the primary depository for the District's operating funds; American Bank of Waco, with a fiscal year-end balance of \$173,011. The secondary bank, from which a certificate of deposit was purchased, is Community Bank & Trust of Waco, with a fiscal year-end balance of \$247,921.

The District's cash and cash equivalents at September 30, 2017, were entirely covered by FDIC insurance to the standard maximum deposit insurance amount of \$250,000 per institution and account type at the time of the highest combined balance.

The *Public Funds Investment Act* (PFIA) (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and the establishment of appropriate policies. The district has adopted the PFIA as its investment policy.

IV. Capital Assets

Property and equipment are carried at cost or at fair market value, if acquired other than by purchase. Estimated useful lives for depreciation calculations are as follows:

	<u>Years</u>
Office and field equipment	3 - 5

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized according to policy. In February of 2012, the District enacted, through Board action, a Capital Policy of \$25,000. All new capital assets acquired costing less than \$25,000 per item will be expensed as budgeted. This policy is also consistent with the District's bid protocol for purchases of \$25,000 or more. Expenditures for maintenance and repairs are charged to expense as incurred. No assets were pledged as collateral on September 30, 2017.

Depreciation

Depreciation of capital assets was previously calculated using the straight-line method for the estimated useful life of the assets, when applicable. Currently, there are no Capital Assets that have not been fully depreciated and/or retired.

V. Litigation

The District has no pending litigation not covered by insurance that would materially affect the financial statements of the District. However, there was a litigious settlement in the amount of \$13,000 under collection. The court ordered the settlement to be paid out in monthly installments of \$260 per month for 50 months. The balance, \$8,840, net of previous installments at the fiscal year end was expensed as uncollectable as there were no installments made during the fiscal year under audit. Continued litigation in this matter is expected.

The District also filed suit against a local entity for using an unregistered water well, final resolution of this suit is pending, but, approximately \$17,000 have been collected for past water well production fees and other fees.

Southern Trinity Groundwater Conservation District
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

VI. Concentration of Business

As of the fiscal year end and of the fifty-four entities that pay production fees, there are five entities that comprise fifty percent of the total revenue from these fees with one entity holding thirteen percent overall. There was an additional entity that was found to be using an unregistered well that paid fees to account for use of the well for several years; this amount, increases the current production fees by nine percent.

VII. Subsequent Events

The District management has evaluated subsequent events through the date of the *Independent Auditors' Report*; the date the financial statements were available to be issued. While there is no change to the financial statements for the fiscal year September 30, 2017 deemed necessary as a result of this evaluation, there were items of mention.

First, the District was involved in litigious and potentially litigious events at the fiscal year-end and subsequent to then, these issues were mostly resolved to the satisfaction of the District management.

Second, subsequent to fiscal year end, there was a payment received for 31% of the remaining settlement balance that was written off as uncollectable. (Note V)

Overall Compliance and Internal Control Section

ALTON D. THIELE, P.C.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Southern Trinity Groundwater Conservation District
Waco, TX

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the business-type activities, of Southern Trinity Groundwater Conservation District (the District) as of and for the year ended September 30, 2017, and have issued our report thereon dated December 26, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

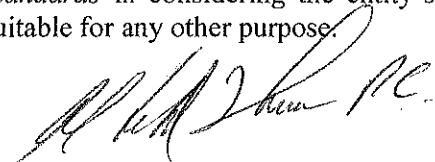
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Belton, Texas
December 26, 2017

REQUIRED SUPPLEMENTARY INFORMATION

Southern Trinity Groundwater Conservation District
STATEMENT OF REVENUE AND EXPENDITURES - PROPRIETARY FUND,
BUDGET (GAAP) AND ACTUAL
For the year ended September 30, 2017

USE OF FUNDS	Adopted Budget	Amendment Entries	Final Budget	Actual	Variance (favorable) unfavorable
Operations					
Advertising - Public Notice	\$ 1,200.00	-	\$ 1,200.00	\$ 800.35	(399.65)
Education	500.00	-	500.00	1,271.00	771.00
Equipment Expense	21,900.00	-	21,900.00	9,079.30	(12,820.70)
Insurance & Bonds	1,120.00	-	1,120.00	1,194.70	74.70
Intern/Contract Labor	24,180.00	-	24,180.00	19,921.06	(4,258.94)
Manager Salary	55,000.00	-	55,000.00	54,999.96	(0.04)
Membership Dues	6,135.00	-	6,135.00	4,223.34	(1,911.66)
Mileage Reimbursement	3,600.00	-	3,600.00	1,455.00	(2,145.00)
Miscellaneous	1,500.00	-	1,500.00	535.96	(964.04)
Office Expense	750.00	-	750.00	1,502.84	752.84
Payroll Taxes	4,207.48	-	4,207.48	4,216.49	9.01
Postage	720.00	-	720.00	724.95	4.95
Professional Fees					
Accounting	5,700.00	-	5,700.00	5,242.33	(457.67)
Auditing	4,650.00	-	4,650.00	4,698.10	48.10
Engineering/Geologist/Hydrologist	18,000.00	-	18,000.00	15,400.00	(2,600.00)
Legal	30,000.00	-	30,000.00	24,245.11	(5,754.89)
Website	1,000.00	-	1,000.00	-	(1,000.00)
Travel and Meetings					
Meetings, Conventions, Seminars	2,000.00	-	2,000.00	541.95	(1,458.05)
Telephone	3,900.00	-	3,900.00	2,007.78	(1,892.22)
Total Use of Funds from Operations	<u>186,062.48</u>	<u>-</u>	<u>186,062.48</u>	<u>152,060.22</u>	<u>(34,002.26)</u>
SOURCE OF FUNDS					
Operations					
Annual Well Fees	7,450.00	-	7,450.00	7,650.00	(200.00)
Production Fees	165,921.61	-	165,921.61	186,017.39	(20,095.78)
Well Drilling Permit Fees	-	-	-	7,000.00	(7,000.00)
NHUPP Application Fees	-	-	-	6,500.00	(6,500.00)
HUPP Application Fees	-	-	-	-	0.00
Well Registration Fee	-	-	-	-	0.00
Reserves from fund balance	-	-	-	-	0.00
Total Operations	<u>173,371.61</u>	<u>-</u>	<u>173,371.61</u>	<u>207,167.39</u>	<u>(33,795.78)</u>
Investments					
Interest	1,020.00	-	1,020.00	1,202.25	(182.25)
Total Investments	<u>1,020.00</u>	<u>-</u>	<u>1,020.00</u>	<u>1,202.25</u>	<u>(182.25)</u>
Total Source of Funds	<u>174,391.61</u>	<u>-</u>	<u>174,391.61</u>	<u>208,369.64</u>	<u>(33,978.03)</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(11,670.87)</u>	<u>-</u>	<u>(11,670.87)</u>	<u>56,309.42</u>	
(excluding special projects)					
SPECIAL PROJECTS					
Trinity Aquifer Assessment	-	-	-	-	
Brazos Alluvium - BRA Contribution	(12,000.00)	-	(12,000.00)	(12,000.00)	
Brazos Alluvium - Project Expense	16,000.00	-	16,000.00	16,383.53	
Hensell Formation	-	-	-	-	
FHLM Grant	-	-	-	-	
Uncollectable Accounts	-	-	-	8,840.00	
	<u>4,000.00</u>	<u>-</u>	<u>4,000.00</u>	<u>13,223.53</u>	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>\$ (15,670.87)</u>	<u>\$ -</u>	<u>\$ (15,670.87)</u>	<u>\$ 43,085.89</u>	