Port Mansfield Public Utility District

FINANCIAL STATEMENTS

May 31, 2021

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BOARD

John Avara	President
Michael Bourne	Secretary
Doug Trapp	Member
Jarvis “Bubba” Garst	Member
Eric Kennedy	Member

GENERAL MANAGER

Mr. Ronald Mills

ATTORNEY

Mr. William McCormick

DISTRICT TAX ASSESSOR-COLLECTOR

Elizabeth Barnhart
County Tax Assessor - Collector

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS)
COUNTY OF WILLACY)

I, ____ of the
(Name of Duly Authorized District Representative)

Port Mansfield Public Utility District hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the _________________ its annual audit report for the fiscal period ended May 31, 2021 and that copies of the annual audit report have been filed in the District's office, located at 400 West Hidalgo, Raymondville, Texas 78580 .
(Address of the District's Office)

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date:_____________________ By: ____
(Signature of District Representative)

____
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this ___ day of ____________________________, ____________.

(SEAL) ____
(Signature of Notary)

My Commission Expires On: ________________________, _____________.
Notary Public in the State of Texas.

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REPORT

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
402 East Tyler Avenue
Harlingen, TX 78550-9122

(956) 423-3765
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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Port Mansfield Public Utility District
Raymondville, Texas

We have audited the accompanying financial statements of the business-type activities of the Port Mansfield Public Utility District (the "District") as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Port Mansfield Public Utility District as of May 31, 2021, and the respective changes in financial position and cash flows thereof 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 on pages 7-9 be presented to supplement the basic financial statements. Such information, although not 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplementary information, and Texas supplementary information are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information and the Texas supplementary information are the responsibility of management and were 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 additional 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 supplementary information and the Texas supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
December 7, 2021

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As management of Port Mansfield Public Utility District (the "District"), we offer readers of the District's financial statements this narrative overview of the financial activities of the District for the fiscal year ended May 31, 2021. We encourage readers to consider the information presented here.

Financial Highlights

The District's revenues exceeded expenditures by $156,597.

Revenues for water and sewer sales remained comparable to prior year. This is due to water and sewer rates remaining the same as well as no significant changes in customer accounts.

Overview of the Financial Statements

The District maintains only an enterprise fund that reports financial statements similar to a private-sector business. 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 statement of net position presents information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

The statement of cash flows reports how the District's cash and cash equivalents were used. It also reports how the District was provided with cash by its operating, non-capital financing, capital and related financing, and investing activities during the periods reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash and cash equivalent balances at May 31, 2021. The District uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income.

The notes to the financial statements (starting on page 13) provide narrative explanations or additional data needed for full disclosure in the financial statements.

Financial Analysis

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

Net position: The District's total net position at close of the most recent fiscal year is $1,951,526. This amounted to an increase in net position of $156,597.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was $954,608 at May 31, 2021.

The increase in net position was the result of revenues exceeding expenses by $156,597. The increase in net position was due to increases in utility service revenue. Also, operating expenses, which include expenses for payroll, professional fees, consumable supplies and materials and recurring operating expenditures increased from the prior year.

TABLE I
NET POSITION

May 31,	**2021**	2020
Current assets	**$ 968,219**	$ 734,913
Noncurrent assets:		
Restricted assets	**40,750**	68,794
Capital assets	**1,186,919**	1,261,485
Total assets	**2,195,888**	2,065,192
Current and other liabilities	**60,362**	80,263
Bonds payable and long-term liabilities	**184,000**	190,000
Total liabilities	**244,362**	270,263
Net position		
Net investment in capital assets	**996,919**	1,065,485
Unrestricted	**954,608**	729,444
Total net position	**$1,951,526**	$1,794,929

TABLE II
CHANGES IN NET POSITION

May 31,	**2021**	2020
Operating revenue		
Utility services	**$ 707,116**	$ 662,906
Capital improvement fees	**102,830**	103,220
Miscellaneous	**20,413**	10,663
Total operating revenue	**830,359**	776,789
Expenses		
Operating expenses	**713,298**	634,968
Total expenses	**713,298**	634,968
Operating income	**117,061**	141,821
Nonoperating revenues (expenses)		
Taxes	**42,422**	40,915
Interest on time deposits	**908**	4,488
Dividend income	**-**	1,420
Interest expense	**(3,794)**	(3,808)
Total nonoperating revenue (expenses)	**39,536**	43,015
Change in net position	**156,597**	184,836
Net position, June 1	**1,794,929**	1,610,093
Net position, May 31	**$1,951,526**	$1,794,929

Capital Asset and Debt Administration

Capital Assets

At May 31, 2021, the District had $1,186,919 invested in capital assets net of depreciation.

There were no capital asset additions for the year ended May 31, 2021. Additional information on the District's capital assets can be found in Note 3 of this report.

Debt

On April 7, 2016, the District issued revenue bonds with a par value upon issuance of $220,000 to provide funds for the acquisition and construction of major capital facilities. Revenue bonds pledge the revenues of the District's waterworks and sewer system. As of May 31, 2021, $190,000 of the bonds remain outstanding.

Additional information on the District's debt can be found in Note 3 of this report.

Economic Factors and Next Year's Budgets and Rates

The District's elected and appointed officials adopted a budget for the year ending May 31, 2022. The Districts tax rate increased by about 1% to $0.068673 per $100 for the 2022 tax year. Budgeted revenues exceed budgeted expenditures by $137,281.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, (956) 689-3332, at 400 W. Hidalgo, Suite 200, Raymondville, Texas 78580.

FINANCIAL STATEMENTS

May 31, 2021	
Assets	
Current assets:	
Cash and cash equivalents	$ 798,594
Certificate of deposit	81,626
Accounts receivable, net	
Utilities	71,833
Ad valorem taxes	4,481
Other taxes	1,818
Capital improvements	9,867
Total current assets	968,219
Non-current assets	
Restricted assets	
Cash and cash equivalents	40,750
Capital assets:	
Structures and improvements, net	2,639
Equipment, net	1,087,279
Water rights	97,001
Total non-current assets	1,227,669
Total assets	$ 2,195,888
Liabilities	
Current liabilities:	
Accounts payable	$ 8,984
Customer deposits	18,223
Compensated absences	27,155
Bonds payable due in one year	6,000
Total current liabilites	60,362
Non-current liabilities:	
Bonds payable	184,000
Total non-current liabilites	184,000
Total liabilities	244,362
Net position	
Net investment in capital assets	996,919
Unrestricted	954,607
Total net position	$ 1,951,526

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

Port Mansfield Public Utility District
Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended May 31, 2021		
Operating revenues		
Water service	$	310,475
Wastewater service		211,684
Garbage service		184,957
Capital improvement fees		102,830
Miscellaneous		20,413
Total operating revenues		830,359
Operating expenses		
Purchased water		44,016
Payroll and related expenditures		331,502
Professional fees		41,891
Consumable supplies and materials		127,176
Recurring operating expenditures		94,147
Depreciation		74,566
Total operating expenses		713,298
Operating income		117,061
Nonoperating revenues (expenses)		
Taxes		42,422
Interest on time deposits		908
Interest expense		(3,794)
Total nonoperating revenues (expenses)		39,536
Change in net position		156,597
Net position - beginning		1,794,929
Net position, ending	$	1,951,526

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

For the Year Ended May 31, 2021		
Cash flows from operating activities:		
Cash received from customers	$	803,522
Cash payments to suppliers		(331,483)
Cash payments for employees and benefits		(331,502)
Other receipts (payments)		(823)
Net cash provided by operating activities		139,714
Cash flows from non-capital financing activities		
Ad valorem tax collections		42,422
Net cash provided by non-capital financing activities		42,422
Cash flows from capital and related financing activities		
Bond and loan principal payments		(6,000)
Bond and loan interest payments		(3,794)
Net cash used by capital and related financing activities		(9,794)
Cash flows from investing activities		
Interest and dividends		908
Net cash provided by investing activities		908
Net decrease in cash and cash equivalents		173,250
Cash and cash equivalents - beginning of year		666,094
Cash and cash equivalents - end of year	$	839,344
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	117,061
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation expense		74,566
(Increase) decrease in assets:		
Receivables, net		(31,188)
Due from other governments		(823)
Increase (decrease) in liabilities:		
Accounts payable		(24,253)
Customer deposits		4,351
Net cash provided by operating activities	$	139,714

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

NOTES TO
FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Port Mansfield Public Utility District was created in February 1963 by Act of the Texas Legislature under the provisions of Section 59, Article XVI of the Texas Constitution.

Reporting Entity

The Board of Supervisors (Board), a five member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities within the jurisdiction of the Public Utility District. The Board is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since the Board members have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the District are described below.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District's operations are presented as a single enterprise fund. Enterprise funds distinguish operating revenues and expenses from non-operating items in accordance with the flow of *economic resources measurement focus* and the *accrual basis of accounting*. All assets, liabilities, net assets, revenues and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred. For this type of fund, the basic financial statements and required supplemental information consist of:

Management Discussion and Analysis (MD&A)
Enterprise fund financial statements consisting of:
- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

Notes to the Financial Statements
Other Supplemental Information

Revenues from providing utility services are reported as operating revenues. All expenses related to operating the District are reported as expenses. Grants, taxes, interest and investment income are reported as non-operating income. Interest expense, financing costs and grant expenses are reported as non-operating expenses. Capital contributions, special and extraordinary items are reported separately after non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the enterprise fund. The appropriated budget is prepared by operations. The General Manager may make transfers of appropriations within operating expenses. Transfers of appropriations between operations require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the operating level.

Excess of expenditures over appropriations

For the year ended May 31, 2021, expenditures exceeded appropriations in depreciation operating expenses by $74,567. Although the District does not budget for depreciation, the District instead budgets for capital expenditures in a given year in place of depreciation expense. However, it is nevertheless considered a budgetary violation.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments, such as certificates of deposit with a maturity of 90 days or less from the date of acquisition.

Restricted cash represents the amounts held in an escrow account at a separate bank for capital projects approved and financed by revenue bonds and loans issued and immediately forgiven by the Texas Water Development Board.

Investments

The only investments held by the District are certificates of deposit which are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Accounts Receivable

Receivables consist of utility billings and taxes that have not yet been collected. No allowance for doubtful accounts has been provided for utilities based upon historical collection experience. Property tax receivables are shown net of an allowance for uncollectible accounts. The estimated allowance for uncollectible taxes receivable is based on historical experience in collecting taxes.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

Certain assets of the District are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Restricted cash represents the amounts held in an escrow account at a separate bank for capital projects approved and financed by revenue bonds and loans issued and immediately forgiven by the Texas Water Development Board.

Capital Assets

Capital assets, which include water rights, equipment, and structures and improvements (e.g. water towers, storage tanks, treatment plants, and similar items), are reported in the in the District's financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years.

In the case of the initial capitalization of structures and improvements assets, the District chose to include all such items regardless of their acquisition date or amount. As the District constructs or acquires additional capital assets each period, including structures and improvements assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Water rights and construction in progress are not depreciated. All other assets which include vehicles, structures, improvements and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Vehicles	7
Structures and improvements	50
Equipment	5-40

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the enterprise fund financial statements. The liability for compensated absences includes salary-related benefits, where applicable. Upon an employee's termination of employment with the District, only the employee's accrued vacation balance is paid out and it is paid out at 100%.

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees with less than five years of service with the District earn 3.08 hours of paid vacation time per pay period. Employees with over five years of service earn 4.62 hours of paid vacation time per pay period. In addition, all employees earn 3.08 hours of paid sick leave per pay period.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the District's statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

Revenues and Expenses

Property taxes – Property taxes attach as an enforceable lien on real property and are levied as of October 1st. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The tax rate assessed was .068017 per $100 of valuation for the year ended May 31, 2021.

Operating and non-operating revenues and expenses – The District's financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Uses of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 7, 2021. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for years beginning after June 15, 2021.

NOTE 3: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The District’s deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at May 31, 2021. At year-end, the respective bank balance totaled $832,579. Of the total bank balance, $250,000 of the District’s bank balances is covered by federal depository insurance (FDIC). The remainder was covered by collateral with a value of $612,697.

Custodial Credit Risk - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The District’s deposit balance was fully collateralized all year and as a result, the District believes it has no custodial credit risk for deposits. In addition, all of the District’s investments are registered in the District’s name; therefore the District is not exposed to custodial credit risk.

Interest Rate Risk - Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires investments to have maturities of less than one year on a weighted average maturity basis.

Credit Risk - Section I50: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligation, the District limits investments to certificates of deposit.

Concentration Credit Risk **-** Section I50: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. As of May 31, 2021, bank certificates of deposit represent 100% of the portfolio.

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Investments Authorized by Debt Agreements - Investment of debt proceeds held by the loan trustee are governed by the provisions of the debt agreement rather than the general provisions of the Public Funds Investment Act (Government Code Chapter 2256) or the District's investment policy. The restricted cash held in escrow at BOK Financial is held in the type of account that is authorized by the loan agreement (money market mutual fund) and as such does not expose the District to interest rate risk, credit risk or concentration of credit risk.

Compliance with the Public Funds Investment Act

The Public Funds Investment Act (Government Code Chapter 2256) authorizes the District to invest in funds under a written investment policy. The primary objectives of the District's investment strategy, in order of priority, are preservation and safety of principal, liquidity and yield. The District is authorized by law to invest in the following investment instruments provided that they meet the guidelines established in the investment policy: (1) obligation 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, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Port Mansfield Public Utility District believes it is in substantial compliance with the requirements of the Act except for the adoption of a written investment policy.

The following table sets forth the District's cash balances as of May 31, 2021

Cash	
Petty cash	$ 225
Cash in demand deposit at First Community Bank	798,369
Restricted cash held in escrow at BOK Financial	40,750
Total cash	$839,344

As of May 31, 2021, Port Mansfield Public Utility District had only the certificate of deposit in the amount of $81,626 as an investment and is recorded at cost.

Accounts Receivable

For the enterprise funds, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of unpaid services delivered for the period from the last billing date to May 31, 2021 is accrued at year end. The District deems all amounts collectable therefore an allowance for doubtful accounts is not necessary. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Receivable (Continued)

All account receivables are shown net of allowances for uncollectable accounts for the District. The accounts receivable and allowance for uncollectible accounts at May 31, 2021, were as follows:

	Utilities	Ad Valorem Taxes	Other	Capital Improvement
Receivable	$71,833	$7,040	$1,818	$9,867
Less: allowance for uncollectibles	-	(2,559)	-	-
Total receivables	$71,833	$4,481	$1,818	$9,867

There are no other reserves for receivables recorded by the District as of May 31, 2021.

Capital Assets

The following is a summary of changes in capital assets during the year ended May 31, 2021:

	Beginning Balance 5/31/20	Additions	Transfers	Deletions	Ending Balance 5/31/21
Capital assets, not being depreciated					
Water rights	$ 97,001	$ -	$ -	$ -	$ 97,001
Total capital assets, not being depreciated	97,001	-	-	-	97,001
Capital assets, being depreciated					
Structures and improvements	36,319	-	-	-	36,319
Equipment	3,867,806	-	-	-	3,867,806
Total capital assets, being depreciated	3,904,125	-	-	-	3,904,125
Less accumulated depreciation for					
Structures and improvements	(32,481)	(1,202)	-	-	(33,683)
Equipment	(2,707,160)	(73,364)	-	-	(2,780,524)
Total accumulated depreciation	(2,739,641)	(74,566)	-	-	(2,814,207)
Total capital assets being depreciated, net	1,164,484	(74,566)	-	-	1,089,919
Capital assets, net	$1,261,485	$ (74,566)	$ -	$ -	$1,186,919

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities

Water and Sewer Bond payable

On April 7, 2016, the District issued revenue bonds with a par value upon issuance of $220,000 with an interest rate of 1.73% to provide funds for the acquisition and construction of major capital facilities. Revenue bonds pledge the revenues of the District's waterworks and sewer system. Principal and interest are payable semiannually on April 1 and October 1 of each year. As of May 31, 2021, $190,000 of the bonds remain outstanding. The following is a schedule of bonds outstanding at May 31, 2021:

	Interest		Bonds Outstanding
Description	Rates	Dates Payable	May 31, 2021
Waterworks and Sewer System			
Revenue Bonds, Series 2016	1.73%	10/01; 04/01	$190,000

The Series 2016 bonds maturing on April 1, 2026 and thereafter are subject to redemption in whole, or from time to time in part, at the option of the District, prior to their maturity dates or any date thereafter. Upon redemption, the bonds will be payable at a price of par plus accrued interest to the date of redemption.

The annual debt service requirements to maturity for revenue bonds are as follows:

	Principal	Interest	Total Requirements
Years Ended May 31,			
2022	$ 6,000	$ 3,769	$ 9,769
2023	6,000	3,731	9,731
2024	6,000	3,678	9,678
2025	6,000	3,613	9,613
2026	6,000	3,538	9,538
2027-2031	35,000	16,122	51,122
2032-2036	37,000	12,772	49,772
2037-2041	41,000	8,525	49,525
2042-2046	47,000	3,452	50,452
	$190,000	$ 59,201	$249,200

Note 8 to the financial statements describes the District's compliance with covenants and provisions included in the bond issue agreement.

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Long-Term Liabilities

During the year ended May 31, 2021, the following changes occurred in liabilities reported in long-term debt:

Description	June 1, 2020	Additions	Reductions	May 31, 2021	Amounts Due Within One Year
Waterworks and Sewer System Revenue Bonds, Series 2016	$196,000	$ -	$ 6,000	$190,000	$6,000
Total long-term liabilities	$196,000	$ -	$ 6,000	$190,000	$ 6,000

Net Investment in Capital Assets

	Business-Type Activities
Capital assets (net)	$1,186,919
Outstanding debt related to capital assets	(190,000)
Net investment in capital assets	$996,919

NOTE 4: RETIREMENT PLAN

The District provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after approximately one year's service. The District contributes 5% of the employee's base salary each month. Contributions to the plan for the year ended May 31, 2021 were $10,676.

NOTE 5: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District is a member of the Texas Municipal League Intergovernmental Risk Pool, a joint self-insurance pool of Texas Political Subdivisions, which provides workers' compensation coverage and liability and property coverage for the District based upon a sharing of risk by the members of the pool.

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

NOTE 6: COMMITMENTS AND CONTINGENCIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

NOTE 7: RELATED ORGANIZATION

The District officials of the Willacy County Navigation District are responsible for appointing the members of the Board of the Port Mansfield Public Utility District, but the Willacy County Navigation District's accountability for the Port Mansfield Public Utility District does not extend beyond these appointments. The Willacy County Navigation District does not provide funding, has no obligation for the debt issued by the Port Mansfield Public Utility District, and cannot impose its will on the Port Mansfield Public Utility District.

On June 14, 1978, the District entered into a fifty year lease agreement with the Willacy County Navigation District whereby the District leased the existing water meters, water storage system and water distribution systems from the Navigation District to use in providing water and garbage collection services to the Navigation District and to the lessees of the Navigation District.

NOTE 8: COMPLIANCE AND ACCOUNTABILITY

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

At May 31, 2021, the District was in compliance with the provisions of the Series 2016 Waterworks and Sewer System Revenue bond covenants.

NOTE 9: WATER, SEWER AND GARBAGE SERVICE RATES

Currently, the District has established the following water, sewer and garbage service rates:

CLASSIFICATION

INDUSTRIAL

Water: $26.07 flat rate per month for first 2,000 gallons, plus $7.49 per each thousand gallons thereafter.

Sewer:* $21.88 flat rate per month for first 2,000 gallons, plus $3.56 per each thousand gallons thereafter.

Sewer charge plus surcharge for excessive BOD and TSS load.

Garbage: $64.28 per month

Capital improvement fee: $13.00 per month

COMMERCIAL

Water: $20.00 flat rate per month for first 2,000 gallons, plus $7.49 per each thousand gallons thereafter.

Sewer:* $21.88 flat rate per month for first 2,000 gallons, plus $3.56 per each thousand gallons thereafter.

Sewer charge plus surcharge for excessive BOD and TSS load.

Garbage: $43.38 per month

Capital improvement fee: $13.00 per month

RV AND MOBILE HOME PARKS

Water: $37.07 flat rate per month for first 2,000 gallons, plus $7.49 per each thousand gallons thereafter.

Sewer: $37.07 flat rate per month for first 2,000 gallons, plus $3.56 per each thousand gallons thereafter.

Garbage: $6.12 for each mobile home and RV on site

Capital improvement fee: $26.00 per month for each RV or mobile home on site at least 28 days during a month.

NOTE 9: WATER, SEWER AND GARBAGE SERVICE RATES (Continued)

RESIDENTIAL

Water: $15.26 flat rate per month per unit for first 2,000 gallons, plus $7.24 per each thousand gallons thereafter.

Sewer: $18.34 flat rate per month per unit for first 2,000 gallons, plus $3.56 per each thousand gallons thereafter.

Garbage: $18.78 per month

Capital improvement fee: $13.00 per month

OTHER SUPPLEMENTARY INFORMATION

Port Mansfield Public Utility District
Schedule of Revenues, Expenses and Changes
In Net Position – Budget and Actual

For the Year Ended May 31, 2021

	Original & Final Budget	Actual	Final Budget Positive/ (Negative)
Operating revenues			
Utility services	$ 645,000	$ 665,730	$ 20,730
Service standby fees	33,000	41,386	8,386
Capital improvement fees	102,000	102,830	830
Miscellaneous	12,000	20,413	8,413
Total operating revenues	792,000	830,359	38,359
Operating expenses			
Purchased water	45,000	44,016	984
Payroll and related expenditures	347,519	331,502	16,017
Professional fees	42,500	41,891	609
Consumable supplies and materials	139,000	127,176	11,824
Recurring operating expenditures	82,700	94,146	(11,446)
Depreciation	-	74,567	(74,567)
Capital expenditures	41,000	-	41,000
Total operating expenses	697,719	713,298	(15,579)
Operating income (loss)	94,281	117,061	22,780
Non-operating revenues (expenses)			
Taxes	37,000	42,422	5,422
Interest on time deposits	6,000	908	(5,092)
Dividend income	-	-	-
Interest expense	-	(3,794)	(3,794)
Total nonoperating revenues (expenses)	43,000	39,536	(3,464)
Change in net position	137,281	156,597	19,316
Net position, beginning	1,180,832	1,794,929	-
Net position, ending	$1,318,113	$ 1,951,526	$ -

TEXAS SUPPLEMENTARY SCHEDULE

1. Services Provided by the District during the Fiscal Year:

☒ Retail Water ☐ Wholesale Water ☐ Drainage

☒ Retail Wastewater ☐ Wholesale Wastewater ☐ Irrigation

☐ Parks/Recreation ☐ Fire Protection ☐ Security

☒ Solid Waste/Garbage ☐ Flood Control ☐ Roads

☐ Participates in joint venture, regional system, and/or wastewater service

☐ Other (specify): ______________________________

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	Minimum Charge	Flat Rate Y/N	Rate per 1,000 Gallons	Usage Levels
WATER:	$15.26	Y	$0.00	0 to 2,000
			7.49	2,001 to and up
WASTEWATER:	$18.34	Y	$0.00	0 to 2,000
			3.56	2,001 to and up

SURCHARGE: ______________________________

District employs winter averaging for wastewater usage? Yes ☐ No ☒

Total charges per 10,000 gallons usage: Water: $73.18 Wastewater: $46.82

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	115	115	x1.0	115
<¾"	591	591	x1.0	591
1"	38	38	x2.5	95
1½"	6	6	x5.0	30
2"	9	9	x8.0	72
Total Water	759	759		903
Total Wastewater	759	759		903

3. **Total Water Consumption during the Fiscal Year** (rounded to the nearest thousand):
(You may omit this information if your district does not provide water)

Gallons pumped into system: 59,185,300

Water Accountability Ratio:
(Gallons billed / Gallons pumped)

Gallons billed to customers: 55,297,650 70.63%

4. **Standby Fees** (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ☒ No ☐

If yes, Date of the most recent Commission Order: 2004

Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

If yes, Date of the most recent Commission Order:______________________

5. **Location of District** (required for first audit year or when information changes, otherwise this information may be omitted):

County(ies) in which the District is located: Willacy

Is the District located entirely within one county? Yes ☒ No ☐

Is the District located within a city? Entirely ☐ Partly ☐ Not at all ☒

5. **Location of District** (required for first audit year or when information changes, otherwise this information may be omitted) - Continued

City(ies) in which the District is located: ____Port Mansfield_

Is the District located within a city's extra territorial jurisdiction (ETJ)?

Entirely ☐ Partly ☐ Not at all ☒

ETJs in which the District is located: ______________

Are Board members appointed by an office outside the district? Yes ☒ No ☐

If Yes, by whom? __Willacy County Navigation District

Port Mansfield Public Utility District
TSI-2. Enterprise Fund Expenditures

For the Year Ended May 31, 2021

Personnel expenditures (including benefits)	$ 331,502
Professional fees:	
Auditing	18,605
Legal	7,117
Grant and paying agent	-
Purchased services for resale:	
Water purchases	44,016
Contracted services:	
Appraisal district	1,160
Utilities	30,751
Repairs and maintenance	37,228
Administrative expenditures:	
Insurance	21,609
Office supplies	7,881
Other administrative expenses	-
Maintenance and operation supplies	65,358
Solid waste disposal	11,761
Other expenditures	140,104
Total expenditures	$ 717,092

Number of persons employed by the District:	3	Full-time
(Not including independent contractors or consultants)	9	Part-time

TSI-3. Temporary Investments

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accumulated Interest Receivable at End of Year
Certificate of Deposit	6717376216	0.07%	01/29/2022	$81,626	$ -
Total				$81,626	$ -

TSI-4. Analysis of Taxes Levied and Receivable

For the Year Ended May 31, 2021

	Taxes
Taxes receivable at beginning of year	$ 6,513
2020 original tax roll	41,518
Abatements and adjustments	502
Total to be accounted for	48,533
Tax collections:	
Current year	38,713
Prior year	2,780
Total Collections	41,493
Taxes receivable, end of year	$ 7,040
Taxes receivable, by years	
2006 & prior	$ 721
2007	222
2008	40
2009	114
2010	147
2011	163
2012	120
2013	125
2014	129
2015	125
2016	88
2017	220
2018	390
2019	656
2020	3,779
Taxes receivable, end of year	$ 7,040

For the Years Ended May 31,

Property valuations	2020	2019	2018	2017
Land	$ 14,507,481	$ 11,262,418	$ 10,843,573	$ 10,736,342
Improvements	46,360,462	45,557,271	44,172,571	43,038,689
Personal property	873,597	1,872,886	2,035,150	1,205,420
Total property valuations	$ 61,741,540	$ 58,692,575	$ 57,051,294	$ 54,980,451
Tax rates per $100 valuation				
Debt service tax rates	$ 0.0680	$ 0.0680	$ 0.0680	$ 0.0928
TOTAL TAX RATES PER $100 VALUATION	$ 0.0680	$ 0.0680	$ 0.0680	$ 0.0928
ORIGINAL TAX LEVY	$ 41,518	$ 39,921	$ 38,805	$ 51,000
PERCENT OF TAXES COLLECTED TO TAXES LEVIED*	99%	99%	99%	99%

*Calculated as tax collected (current and prior years) divided by tax levy.

Port Mansfield Public Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2016 – by Years

Due during fiscal years ending	Series 2016 Principal Due 04-01	Series 2016 Interest Due 04-01, 10-01	Total
2022	$ 6,000	$ 3,769	$ 9,769
2023	6,000	3,731	9,731
2024	6,000	3,678	9,678
2025	6,000	3,613	9,613
2026	6,000	3,538	9,538
2027	7,000	3,455	10,455
2028	7,000	3,346	10,346
2029	7,000	3,231	10,231
2030	7,000	3,110	10,110
2031	7,000	2,981	9,981
2032	7,000	2,847	9,847
2033	7,000	2,706	9,706
2034	7,000	2,562	9,562
2035	8,000	2,414	10,414
2036	8,000	2,242	10,242
2037	8,000	2,068	10,068
2038	8,000	1,890	9,890
2039	8,000	1,708	9,708
2040	8,000	1,523	9,523
2041	9,000	1,336	10,336
2042	9,000	1,124	10,124
2043	9,000	910	9,910
2044	9,000	696	9,696
2045	10,000	481	10,481
2046	10,000	241	10,241
	$ 190,000	$ 59,200	$ 249,200

TSI-6. Changes in Long-Term Bonded Debt

May 31, 2021

	Series 2016	Total
Interest rate	1.73%	
Dates interest payable	10/01 ; 04/01	
Maturity dates	5/31/2046	
Beginning bonds outstanding	$ 196,000	$ 196,000
Bonds sold during the fiscal year	-	-
Bonds retired during the fiscal year	6,000	6,000
Ending bonds outstanding	$ 190,000	$ 190,000
Interest paid during the fiscal year	$ 3,794	

Paying agent's name city:
Series 2016 — BOK Financial - Austin, Texas

Bond authority:	Tax Bonds	Other Bonds	Refunding Bonds
Amounts authorized	$ -	$ 220,000	$ -
Amount issued	-	220,000	-
Remaining to be issued	$ -	$ -	$ -

Average annual debt service payment (Principal and Interest) for remaining term of all debt:	$ 9,968

Port Mansfield Public Utility District
TSI-7. Comparative Statement of Revenue and Expenses
Enterprise Fund

	AMOUNTS *		
For the Five Years Ended May 31,	2021	2020	2019
Operating revenues:			
Water service	$ 310,475	$ 273,202	$ 277,831
Wastewater service	211,684	205,335	209,342
Garbage service	184,957	184,369	183,855
Capital improvement fee	102,830	103,220	103,766
Miscellaneous	20,413	10,663	9,871
Tap connection fees	-	-	-
Total operating revenues	830,359	776,789	784,665
Operating expenses:			
Purchased water	44,016	40,434	44,578
Professional fees	41,891	22,459	18,791
Payroll	331,502	327,248	355,114
Utilities	22,954	32,529	26,605
Materials and supplies	64,111	42,993	48,824
Repairs and maintenance	37,228	47,524	60,641
Other expenditures	97,028	58,191	64,436
Depreciation expense	74,567	63,590	47,874
Total operating expenses	713,297	634,968	666,863
Operating income	117,062	141,821	117,802
Non-operating revenues (expenses)			
Grant revenue	-	-	45,931
Taxes	42,422	40,915	39,350
Interest on time deposits	908	4,488	4,431
Dividend income	-	1,420	3,954
Interest expense	(3,794)	(3,808)	(5,541)
Total non-operating revenues (expenses)	39,536	43,015	88,125
Net income	$ 156,598	$ 184,836	$ 205,927

*Prior to fiscal year end May 31, 2016, the District reported results under the modified accrual basis of accounting in a governmental fund. In 2016, the District implemented proprietary fund accounting. Certain amounts reported in this statement for years prior to 2016 have been revised to conform to this presentation.

Port Mansfield Public Utility District
TSI-7. Comparative Statement of Revenues and Expenses
Enterprise Fund

AMOUNTS		PERCENT OF FUND TOTAL REVENUES				
2018	2017	2021	2020	2019	2018	2017
$ 280,333	$ 263,722	35.5%	33.2%	31.6%	26.0%	27.5%
207,416	191,072	24.2%	24.9%	23.8%	19.0%	20.7%
185,589	180,880	21.2%	22.4%	20.9%	17.0%	19.5%
93,744	79,880	11.8%	12.5%	11.8%	8.8%	8.5%
12,503	18,991	2.3%	1.3%	1.1%	1.6%	2.4%
-	-	0.0%	0.0%	0.0%	0.0%	0.0%
779,585	734,545	95.0%	94.3%	89.3%	72.4%	78.7%
43,615	45,371	5.1%	5.0%	5.1%	4.1%	5.8%
18,949	30,531	4.8%	2.7%	2.1%	1.8%	6.4%
335,218	354,262	37.9%	39.7%	40.4%	31.4%	37.6%
24,068	24,530	2.6%	3.9%	3.0%	2.3%	2.7%
47,130	57,218	7.3%	5.2%	5.6%	4.4%	4.6%
50,027	58,036	4.3%	5.8%	6.9%	4.7%	3.9%
110,961	105,300	11.1%	7.1%	7.3%	10.4%	11.9%
39,428	36,059	8.6%	7.8%	5.5%	3.8%	1.5%
669,396	711,307	81.6%	77.2%	75.9%	62.7%	74.5%
110,189	23,238	13.4%	17.2%	13.4%	9.8%	4.2%
349,375	145,525	0.0%	0.0%	5.2%	22.1%	11.4%
38,734	34,801	4.9%	5.0%	4.5%	4.9%	3.1%
2,400	933	0.1%	0.5%	0.5%	0.2%	0.0%
2,711	996	0.0%	0.2%	0.5%	0.3%	0.0%
(7,211)	(8,685)	-0.4%	-0.5%	-0.6%	-0.7%	0.0%
386,009	173,570	4.5%	5.2%	10.0%	26.9%	14.5%
$ 496,198	$ 196,808	17.9%	22.4%	23.3%	36.6%	18.7%

Complete District Mailing Address: Port Mansfield Public Utility District
400 W. Hidalgo
Raymondville, Texas 78580

District Business Telephone: (956) 689-3332

Name and Address	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid (05/31/21)	Expense Reimbursements (05/31/21)	Title at Year End
Board Members				
John Avara 818 Mansfield Dr Unit 112 Raymondville, Texas 78598	01/21 - 01/23	None	None	President
Michael Bourne 818 Mansfield Dr., Unit 189 Port Mansfield, Texas 78598	01/21 – 01/23	None	None	Secretary
Doug Trapp Rt 2, Box 312 Raymondville, Texas 78580	01/21 – 01/23	None	None	Member
Jarvis “Bubba” Garst 818 Mansfield Dr., Unit 151 Port Mansfield, Texas 78598	01/20 – 01/22	None	None	Member
Eric Kennedy 818 Mansfield Dr., Unit 166 Port Mansfield, Texas 78598	01/21 – 01/23	None	None	Member

Note: No director is disqualified from serving on this Board under the Texas Water Code.

Name and Address	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid (05/31/21)	Expense Reimbursements (05/31/21)	Title at Year End
Key Administrative Personnel				
Ronald Mills 400 West Hidalgo, Ste. 200 Raymondville, Texas 78580	03/10/21	$ -	$ -	General Manager
Consultants				
William McCormick P. O. Box 867 Raymondville, Texas 78580	-	$7,117	$ -	Attorney
Willacy County Appraisal 688 FM 3168 Raymondville, Texas 78580	-	$1,160	$ -	Central Appraisal District